

ACWA/JOINT POWERS INSURANCE AUTHORITY

Unapproved 03/31/10
Approved 05/03/10

EXECUTIVE COMMITTEE MEETING

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

March 30, 2010

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
Joseph Dion, Citrus Heights Water District
E. G. "Jerry" Gladbach, Castaic Lake Water Agency
W. D. "Bill" Knutson, Yuima Municipal Water District
Melody McDonald, San Bernardino Valley Water Conservation District
Randy Record, ACWA Vice President

MEMBERS ABSENT

Lou Reinkens, Tahoe City Public Utility District (Excused)

STAFF PRESENT

Chief Executive Officer/Secretary: Daniel N. Klaff
Chief Financial & Operations Officer: Walter "Andy" Sells
Dick Damon, Liability/Property Claims Manager (Arrived 9 a.m./Departed 10:30 a.m.)
David deBernardi, Director of Finance
John Gilstrap, Director of Member Services
Debbie Kyburz, Member Services Rep. II (Arrived 9 a.m./Departed 9:20 a.m.)
Sylvia Robinson, Publications & Web Editor (Arrived 8:45 a.m./Departed 9 a.m.)
Nancy Stangel, Director of Administration
Jeanette Waterstradt, Executive Assistant to the CEO
Nidia Watkins, Member Services Rep. II (Arrived 9 a.m./Departed 9:20 a.m.)

OTHERS PRESENT

Eldon Boone, Vista ID, ACWA/JPIA Auditor/Controller
Judy Jacobs, Carson Development (Arrived 9:30 a.m./Departed 10 a.m.)
Robin Stewart, Kronick, Moskovitz, Tiedemann & Girard, JPIA Legal Counsel

WELCOME

Vice Chair Finnegan called the meeting to order at 8:30 a.m., announced that there was a quorum, and welcomed everyone. 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. Vice Chair Finnegan then reviewed the evacuation procedures. There were no guests in attendance.

ADDITIONS TO OR DELETIONS FROM THE AGENDA

None were noted.

CONSENT CALENDAR

Vice Chair Finnegan called for approval of the Consent Calendar.

Ms. McDonald requested that the February 12, 2010, batch of regular checks be pulled from the Consent Calendar to be addressed separately. She further noted that she wished to make a statement regarding attendance without prior approval, and requests for reimbursement for attendance, at Wes Bannister's celebration of life memorial service on Saturday, January 16, 2010. She read the following statement, which she directed to be included in the minutes:

"March 30, 2010

Written statement submitted by Melody McDonald, Director, Board of Directors ACWA/JPIA, San Bernardino Valley Water Conservation District's representative to ACWA/JPIA, also ACWA/JPIA Board of Directors representative on the ACWA/JPIA Executive Committee.

Subject: Attendance at various events representing the JPIA and how approval for such attendance should be handled.

At the September 30, 2009 Executive Committee meeting, a list of regular events was submitted for consideration for approval by the Executive Committee. (See attached agenda item) The item was approved with a unanimous 6-0 vote. It was agreed anything not on the list would need approval by the Committee or the Chair.

*After reviewing copies of all Executive Committee expense reports for the month of January 2010, I discovered requests for per diems/stipends were submitted, approved, and paid, for attendance at Wes Bannister's celebration of life memorial on Saturday, January 16th, 2010. This was not a conference, training class, meeting, nor was any presentation made by **any** EXCO member. It is my opinion this event doesn't even come close to resembling the description of the list of regular or various events recently approved and would like to have some discussion on the matter. It is assumed that the other Executive Committee members in attendance, who did not need to be paid to attend such an event, are of the same opinion. I do not however, believe it unreasonable, that any Committee member traveling from the northern part of the state have help with expenses incurred. It is appropriate to have staff expenses covered as well and we appreciate their dedication to Wes's family in those rough times. It was noted that no other Executive Committee Member, even those traveling in excess of 200 miles, submitted any expense reimbursement or mileage.*

Wes Bannister's celebration of life was a personal event, where no one needed to be represented. If you feel you were representing me as a member of the JPIA at this type of function, or felt it was your obligation/duty, and needed to be paid, I would have preferred you stay home. The membership did not need representation, the membership was there. Friends were invited to come eat, drink, remember, and tell a funny story about him. If you were invited you were considered a friend. If you were

able to go and went, you considered him a friend in return, worthy of your time and respect. You went to extend support to his wife Betty and family.

As a member of the Board of Directors of the ACWA/JPIA, I highly object to any Executive Committee member being paid to attend this event on my behalf. As an Executive Committee member who has but one vote (and recognize I am not a committee of one), I do not approve of this per diem/stipend being paid. I move that we deny these claims for expense reimbursement and I am requesting that acting Chair Ms. Finnegan and Executive Committee member, Mr. Aleshire, pay back to the ACWA/JPIA the per diems/stipends paid to them for attendance at Wes Bannister's celebration of life."

Discussion followed. Ms. Finnegan stated that she had contacted staff; in retrospect she stated that she could have approached her District. Mr. Aleshire agreed that it should have been preapproved and noted that he had asked himself the question, "Would I have attended had I not been an Executive Committee member?" The answer was "No". He felt that he had an obligation to go and that is why he went. He felt that this also applied to staff. He acknowledged Ms. McDonald's concern; however, he stated that he felt it was reasonable to attend.

Mr. Gladbach commented that in his opinion staff is different than an Executive Committee member, as staff does not submit for stipend. This was a way to honor Wes.

Vice Chair Finnegan asked for any further comments. Mr. Cuquet added that this was similar to community service and there should be no per diem.

M/S/C (McDonald/Gladbach) (Yes – 6, No – 0), Abstain (Aleshire/Finnegan):
That the Executive Committee deny the expense reimbursement requests for attendance at Wes Bannister's celebration of life by Executive Committee members.

Mr. Record, ACWA Vice President, requested an addition to the unapproved minutes of January 22, 2010. He directed the Committee to page seven under the discussion on Broker Agreement. He requested the addition of language stating that he had noted that there was no reference of an RFP or RFQ process. He had also asked about the termination of contract process and was informed that it would not be hard to terminate the contract in an orderly manner within 90 days, as provided in the contract.

M/S/C (Record/Gladbach) (Yes – 7, No – 0): That the Executive Committee approve the addition of the above to the unapproved minutes of the January 22, 2010 Executive Committee meeting.

Vice Chair Finnegan again called for approval of the consent calendar.

M/S/C (Cuquet/Knutson) (Yes – 7, No – 0): That the Executive Committee approve the revised minutes of January 22, 2010 and the February 8, 2010, Executive Committee meetings as presented, and approve the JPIA claims disbursements of January 7 -21, January 21 – February 4,

February 4 – 22, and February 22 – March 4, 2010; approve the ACH & Wire Disbursements of January 8 – 20, January 20 – February 4, February 5 – 19, and February 20 – March 5, 2010; approve the payroll disbursements of January 29, February 12, February 25, and March 12, 2010; approve the regular disbursements of January 29, February 12 (excluding the Executive Committee members' per diem and expense reimbursement requests for attendance at Wes Bannister's celebration of life), February 26, and March 12, 2010; approve the Petty Cash Disbursements, and approve an excused absence for Lou Reinkens, who is vacationing in Hawaii.

FINANCE

Recommendations of the Finance & Audit Committee

Mr. Boone reported on the recommendations of the Finance & Audit Committee from its meeting of March 29, 2010. He noted that the Committee had approved revisions to the Investment Policy recommended by staff and PFM. The Committee had also approved a recommendation to take these revisions to the Board for approval at the May 3, 2010, meeting in Monterey.

M/S/C (Knutson/McDonald) (Yes – 7, No – 0): That the Executive Committee approve the Finance & Audit Committee's recommendation to revise the Investment Policy and present it to the Board for approval at the May 3, 2010 meeting in Monterey.

Proposed Budget for FY 2010-2011

Mr. Boone stated that the Finance & Audit Committee had also recommended approval of the proposed budget for fiscal year 2010-2011. He added that the budget reflects a significant decrease in retiree health insurance and pension costs. This decrease is due to prudent planning by the JPIA, in having paid off the actuarially-projected liability for retiree health insurance and the PERS Side Fund.

M/S/C (Cuquet/Gladbach) (Yes – 7, No – 0): That the Executive Committee approve the Finance & Audit Committee's recommendation to approve the proposed budget for fiscal year 2010-2011 as presented.

A brief discussion followed on procedures for Committee/Subcommittee member attendance at a meeting by telephone. Ms. Stewart, JPIA legal counsel, referenced several items that must be done per the Brown Act. Among other things, the agenda must be posted at each telephone-conference location 72 hours prior to the scheduled meeting date, to enable the public to attend; each telephone attendee must orally identify himself/herself before speaking; and all votes must be taken by roll call by all persons attending the meeting.

ADMINISTRATION

Executive Committee Election Nomination Status Report

Ms. Robinson gave a verbal report on the qualified candidates for the upcoming Executive Committee member election; March 19 was the deadline for qualifying. She

announced that the following positions would be filled, and that those who had qualified were as follows:

- Office of President – one year to complete Wes Bannister’s term
Joan Finnegan, Municipal Water District of Orange County
E.G. “Jerry” Gladbach, Castaic Lake Water Agency
- Office of Vice President – 3-year term
Merle Aleshire, Valley Center Municipal Water District
Tom Cuquet, South Sutter Water District
- Executive Committee member position (two 3-year terms and one 1-year term)
Joseph Dion, Citrus Heights Water District (incumbent)
Paul Dorey, Vista Irrigation District
Melody McDonald, San Bernardino Valley Water Conservation District (incumbent)
Charles Muse, Helix Water District
Wayne Nygaard, Palm Ranch Irrigation District

Ms. Stangel noted that Wayne Nygaard had been appointed as a ballot inspector, so there would be a need to appoint someone else for this election. Mr. Dion suggested that the Executive Committee give that authority to Joan Finnegan as the Acting President of ACWA/JPIA. Consensus of Committee was to do so.

Mr. Knutson asked why the term for Office of President was not being filled for a three year term. Ms. Stewart noted that the Bylaws state the position is to be filled for the remaining time on the current term.

Ms. Robinson concluded by stating that all of the qualified candidates will be listed in the *Perspective* which was currently at the printer.

Availability for Upcoming Meetings

Vice Chair Finnegan announced that the next Executive Committee meeting is scheduled for the ACWA/JPIA Conference in Monterey on Monday, May 3, 2010. Mr. Gladbach stated that he would be flying in that day from New York City and would not be present at the Executive Committee meeting, but he would definitely be there for the Board of Directors’ meeting. No other conflicts were noted.

New Office Building Recommendations

This agenda item will be addressed later in the meeting.

MEMBERSHIP

Cachuma Operation & Maintenance Board

Ms. Kyburz reviewed the application of Cachuma Operation & Maintenance Board (COMB) for participation in the JPIA’s Workers’ Compensation Program. COMB was formed in 1956, joined ACWA in 1976, and became a member of the JPIA’s Liability and Property Programs in 1985. By joining the Workers’ Compensation Program, the COMB will save an additional \$1,274 on its Liability Program deposit premium, and \$125 on its Property Program premium.

COMB has a total of 17 employees including four COMB employees who are assigned to work for the Cachuma Conservation Release Board (CCRB). The CCRB is a Joint Powers Agency formed by Carpinteria Valley Water District, the City of Santa Barbara, Goleta Water District, and Montecito Water District to represent its members in protecting their Cachuma Project water rights and other related interests.

Following the risk management assessment, Ms. Kyburz noted that there was only one recommendation. Implementation of, or an acceptable action plan for, the risk management recommendation would be required prior to COMB's participation in the JPIA's Workers' Compensation Program. Staff recommendation was for approval.

M/S/C (Knutson/Gladbach) (Yes – 7, No – 0): That the Executive Committee approve the application of Cachuma Operation & Maintenance Board for participation in the JPIA's Workers' Compensation Program pending implementation of, or an acceptable action plan for, the risk management recommendation.

Lake Arrowhead CSD

Ms. Kyburz reviewed the application of Lake Arrowhead Community Services District (LACSD) for participation in the JPIA's Liability, Property, and Workers' Compensation Programs. LACSD was formed in 1978 and joined ACWA in 1978.

LACSD provides water services to the Lake Arrowhead community, and wastewater services to customers in the Lake Arrowhead and surrounding communities. The District serves approximately 7,800 water customers and 10,500 wastewater customers. It operates two water treatment plants, 19 water pumping stations, two wastewater plants, 21 wastewater pumping stations, 20 reservoir tanks, and several hundred miles of pipelines. Elevations range from 4,500 feet to over 6,000 feet and encompass approximately 15 square miles. The District is governed by a five-member Board of Directors. The Board of Directors sets policy that directs the activities of the management team of the District. The District has a total of 79 employees.

Following the risk management assessment, Ms. Kyburz noted that there were twelve recommendations; implementation of, or an acceptable action plan for, the risk management recommendations would be required prior to participation in the JPIA's Liability, Property, and Workers' Compensation Programs. Staff recommendation was for approval subject to compliance with the risk management recommendations.

M/S/C (McDonald/Gladbach) (Yes – 7, No – 0): That the Executive Committee approve the application of Lake Arrowhead Community Services District for participation in the JPIA's Liability, Property, and Workers' Compensation Programs pending implementation of, or an acceptable action plan for, the risk management recommendations.

Richvale Irrigation District

Ms. Kyburz reviewed the application of Richvale Irrigation District (RID) for participation in the JPIA's Workers' Compensation Program. RID was formed in 1937, joined ACWA in 1937, and became a member of the JPIA's Liability Program in 1979 and the Property

Program in 1990. By joining the Workers' Compensation Program, the Agency will save an additional \$533 on its Liability Program deposit premium and \$127 on its Property Program premium.

The District has a total of 11 employees.

Following the risk management assessment, Ms. Kyburz noted that there were three 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.

M/S/C (Cuquet/McDonald) (Yes – 7, No – 0): That the Executive Committee approve the application of Richvale Irrigation District for participation in the JPIA's Workers' Compensation Program pending implementation of, or an acceptable action plan for, the risk management recommendations.

Sunnyslope CWD

Ms. Kyburz reviewed the application of Sunnyslope County Water District (SCWD) for participation in the JPIA's Liability, Property, and Workers' Compensation Programs. SCWD was formed in 1954 and joined ACWA in 1991.

Sunnyslope County Water District serves more than 5,200 customers and operates wastewater facilities for 1,200 customers in approximately 20 square miles. SCWD's water comes from three potential sources: 76 percent from four groundwater wells, 19 percent from San Felipe surface water, and 5 percent through distribution interties with the City of Hollister.

District operations are managed by a general manager who is appointed by the Board of Directors. The Board of Directors sets policy that directs the activities of the management team of the District. SCWD employs 17 staff members.

Ms. Kyburz noted that the loss history for each program is as follows:

- Liability: The District has not sustained any liability losses in the past five years.
- Property: The District sustained three paid property losses in the past five years for a combined total of \$21,521. Three losses were auto physical damage losses, and one was fire damage to an electrical panel.
- Workers' Compensation: The District experienced five claims in the past five years, for a total value of \$3,270. All claims were medical-only losses. The 2009-10 experience modification is 76 percent.

Following the risk management assessment, Ms. Kyburz noted that there were two recommendations; implementation of, or an acceptable action plan for, the risk management recommendations would be required prior to participation in the JPIA's

Liability, Property, and Workers' Compensation Programs. Staff recommendation was for approval.

M/S/C (Gladbach/Cuquet) (Yes – 7, No – 0): That the Executive Committee approve the application of Sunnyslope County Water District for participation in the JPIA's Liability, Property, and Workers' Compensation Programs pending implementation of, or an acceptable action plan for, the risk management recommendations.

Reclamation District No. 1004

Ms. Watkins reviewed the application of Reclamation District No. 1004 (RD No. 1004) for participation in the JPIA's Workers' Compensation Program. RD No. 1004 was formed in 1922, joined ACWA in 1971, and became a member of the JPIA's Liability and Property Programs in 1988.

The District has a total of four full-time employees. By joining the Workers' Compensation Program, the District will save an additional \$314 on its Liability Program deposit premium and \$56 on its Property Program premium. There have been no losses in the past five years.

The District Manager's personal support of safe work practices makes Reclamation District No. 1004 an acceptable candidate to the Workers Compensation Program. Following the risk management assessment, Ms. Watkins noted that there were five 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.

M/S/C (Cuquet/McDonald) (Yes – 7, No – 0): That the Executive Committee approve the application of Reclamation District No. 1004 for participation in the JPIA's Workers' Compensation Program pending implementation of, or an acceptable action plan for, the risk management recommendations.

West Stanislaus Irrigation District

Ms. Watkins then reviewed the application of West Stanislaus Irrigation District (WSID) for participation in the JPIA's Liability and Property Programs. WSID was formed in 1920 and joined ACWA in 1922.

The District has a total of 17 full-time employees and two part-time summer hires.

By joining both the Liability and Property Programs, WSID will also save an additional \$904 on Liability Program Premium and \$153 on the Property Program Premium with multi-program discount.

West Stanislaus Irrigation District was organized to provide agricultural irrigation water to an area of 23,418 acres within Stanislaus and San Joaquin Counties. The main sources of water for this task are the San Joaquin and Tuolumne Rivers. Supplemental water is

obtained from the San Luis-Delta Mendota Water Authority's canal. The District has four irrigation wells and two drainage wells

WSID's loss history for each Program is as follows:

Liability: The District has had no liability losses in the last five years.

Property: The District sustained three paid property losses in the past five years for a combined total of \$ 62,914.

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

M/S/C (Gladbach/Cuquet) (Yes – 7, (No – 0): That the Executive Committee approve the application of West Stanislaus Irrigation District for participation in the JPIA's Liability and Property Programs pending implementation of, or an acceptable action plan for, the risk management recommendations.

POOLED PROGRAMS

Significant Claims Activity

Mr. Damon noted that the Executive Committee has requested to be kept abreast of settlements on those claims that had been previously presented for authority. The following cases have been settled since this Committee's last meeting:

Moushilou vs. Oakdale Irrigation District

District employee caused an auto accident in which the plaintiff injured his knee. The plaintiff underwent knee surgery. The case settled via mediation and the file is closed.

Finkenkeller vs. South Feather Water and Power

The plaintiff stepped onto a broken water meter lid and injured his knee. The plaintiff underwent knee surgery that ultimately led to a knee replacement. The case settled via mediation and the file is closed.

Way vs. Rancho California Water District

The District's 30 inch water main broke and flooded the claimant's property. The claimant worked with the JPIA to complete the repairs. The claim is settled and the file is closed.

Monteville of Scotts Valley vs. Scotts Valley Water District

The District's water main broke and undermined streets, sidewalks, landscaping, and the bank of a man-made lake. The claimant worked with the JPIA to complete repairs. The claim is settled and the file is closed.

City of Laguna Niguel vs. Moulton Niguel Water District

The District's 16-inch recycled water line broke and undermined the City's roadway, causing sinkholes. An individual ran his car into one of the sinkholes. Both claims are settled and the file is closed.

Mr. Sells asked how many of the above claims had been litigated. Mr. Damon said that two had required litigation.

Following Mr. Damon's review, Mr. Cuquet stated that he would like to commend Mr. Damon and his staff for doing an outstanding job. Mr. Gladbach added that the Committee was happy with the results.

MISCELLANEOUS

Report on Meetings Attended on Behalf of the JPIA

Vice Chair Finnegan stated that she had attended the ACWA Board meeting last Friday, this being her last meeting as the JPIA's Executive Committee Vice President. She added that ACWA is recognized in the current *National Geographic*. There had been a brief discussion on reasons for agencies leaving ACWA; the primary reason appeared to be the ailing economy.

Mr. Record added that ACWA had convened a task force to look at policies of the Endangered Species Act. He was pleased to have been named the principal to head that up.

Future Agenda Items

Vice Chair Finnegan asked the Committee members for any future agenda items. Mr. Sells noted that a Workshop would be scheduled in June or July to address the proposed changes to the JPIA's Agreement and Bylaws. Staff is working on a second workshop on reserves. Mr. Cuquet proposed having a two-day session, meeting one afternoon to address one issue and the following morning to address the other. Staff will identify appropriate dates.

New Office Building Recommendations

Judy Jacobs of Carson Development arrived at 9:35 a.m. with drawings of the new JPIA building. Mr. Gladbach, Chair of the Building & Property Ad Hoc Committee, stated that it has worked very closely with staff, the Project Manager, and the Architect. There is an estimate of \$3,069,000 which includes all interior remodeling and exterior work. It also includes such items as new air conditioning units, roof, meeting all ADA requirements, parking lot, and permits. That, added to the cost of the building, \$2.8 million, brings the total up to \$5.8 million. The estimate presented to the Board of Directors last May was \$6.5 million; Mr. Gladbach pointed out that the building will be completed at approximately \$700,000 less than that.

Mr. Dion added that when the current building is sold, it will bring the cost down even more. The drawings shown to the Committee showed the new entrance, noting that there will be brick on the exterior, to blend in with the other buildings in the office park. Mr. Cuquet pointed out the building should achieve a silver level for LEED certification. Mr. Aleshire requested that an 8 ½ x 11" copy of the floor plan be made available to the Executive Committee. Mr. Gladbach acknowledged the request and added that the Committee needs approval so that Carson Development can go to the City Hall and start the permit process.

M/S/C (Gladbach/McDonald) (Yes – 7; No – 0): That the Executive Committee approve \$3,069,000 for completion of the new office building for the JPIA.

At approximately 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 Smoke Tree Condos vs. Sweetwater Authority; Tumbling vs. Merced Irrigation; Flores vs. Merced Irrigation District; and Hunt vs. Merced Irrigation District.

The Committee returned to open session at approximately 10:39 a.m. with no reportable action from closed session.

M/S/C (Knutson/Cuquet) (Yes – 7, No – 0): That the Executive Committee adjourn at 10:40 a.m.

JOAN C. FINNEGAN, VICE CHAIR

ATTEST:

DANIEL N. KLAFF, SECRETARY