



Approved 3.21.19

Executive Committee Meeting

ACWA JPIA Executive Conference Room
2100 Professional Drive
Roseville, CA 95661
(800) 231-5742

January 29, 2019

MEMBERS PRESENT

Chairman: E.G. "Jerry" Gladbach, Santa Clarita Valley Water Agency
Vice-chair: Thomas A. Cuquet, South Sutter Water District
David Drake, Rincon del Diablo Municipal Water District
W.D. "Bill" Knutson, Yuima Municipal Water District (*via WebEx-not part of quorum*)
Melody A. McDonald, San Bernardino Valley Water Conservation District
Kathleen Tiegs, Cucamonga Valley Water District

MEMBERS ABSENT

Steven E. LaMar, Irvine Ranch Water District, ACWA Vice President
J. Bruce Rupp, Humboldt Bay Municipal Water District

STAFF PRESENT

Chief Executive Officer/Secretary: Walter "Andy" Sells
Carol Barake, Risk Control Manager
Thor Benzing, Sr. Risk Control Advisor
Linda Craun, Administrative Assistant III (*WebEx Coordinator*)
David deBernardi, Director of Finance
Robert Greenfield, General Counsel
Debbie Kyburz, Lead Member Services Representative
Jennifer Nogosek, Liability/Property Claims Manager
Sylvia Robinson, Publications & Web Editor
Monica Sisco, Senior Workers Compensation Examiner
Patricia Slaven, Director of Human Resources and Administration
Sandra Smith, Employee Benefits Manager
Dianna Sutton, Finance Manager
Karen Thesing, Director of Insurance Services
Melody Tucker, Workers' Compensation Claims Manager
Nidia Watkins, Member Services Representative II
Bobbette Wells, Executive Assistant to the CEO (*Recording Secretary*)

OTHERS IN ATTENDANCE

Lawrence A. Baskin, Stinson Beach County Water District
Sandra Cross, Stinson Beach County Water District
Dave Eggerton, ACWA Executive Director

Tiffany Giammona, ACWA Director of Member Outreach & Engagement
Kevin Phillips, Paradise Irrigation District, JPIA Finance & Audit Committee Chairman
Ed Schmidt, Stinson Beach County Water District

WELCOME

Chairman Gladbach welcomed everyone in attendance.

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

Chairman Gladbach called the meeting to order at 8:33 a.m. He announced there was a quorum. Director Knutson joined the meeting by WebEx, but, due to posting requirements, was not counted as part of the quorum.

PLEDGE OF ALLEGIANCE/EVACUATION PROCEDURES

Chairman Gladbach led the Pledge of Allegiance and Mr. Sells gave the evacuation procedure instructions.

ANNOUNCEMENT RECORDING OF MEETING

Chairman Gladbach announced that the meeting would be recorded to assist in preparation of minutes. Recordings are only kept 30 days following the meeting, as mandated by the California Brown Act.

PUBLIC COMMENT

Chairman Gladbach 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 on the agenda, or not on the agenda, were also welcomed. No comments were brought forward.

INTRODUCTIONS

Chairman Gladbach asked that all staff in the office to be in attendance at the beginning of the meeting. Chairman Gladbach thanked staff for a great 2018, and commended staff on their dedication and service to the members. After the staff left the meeting, all remaining attendees were asked to introduce themselves.

ADDITIONS TO OR DELETIONS FROM THE AGENDA

Chairman Gladbach asked for any additions to, or deletions from, the agenda; staff had none.

CONSENT AGENDA

Chairman Gladbach called for approval of the Consent Agenda:

M/S/C (Rupp/Tiegs) (Cuquet-Yes; Drake-Yes; Gladbach-Yes; McDonald-Yes; Tiegs-Yes): That the Executive Committee approve the minutes of the November 26, 2018 and December 13, 2018 meetings; approve the absence of Directors LaMar and Rupp; and approve the JPIA disbursements of:

Vendor Payments, Employee Benefits Claim Payments, Payroll, and summary of confidential claims payments for the Liability, Property, & Workers' Compensation Programs: November 1-15, 2018; November 16-30, 2018; December 1-15, 2018; and December 16-31, 2018.

ADMINISTRATION

Meetings attended on behalf of the JPIA

None noted.

Resolution 2019-1 to Honor W.D. "Bill" Knutson

Chairman Gladbach stated that Director Knutson was leaving his board at Yuima Municipal Water District and, thusly, the JPIA Executive Committee. The JPIA would like to show their appreciation to Bill for his years of service to the JPIA and its members. Director Knutson has served on the Executive Committee for fourteen years, served as chair of the Workers' Compensation Program Committee for fourteen years, and vice-chair of the Property and Employee Benefits Programs.

M/S/C (Drake/McDonald) (Cuquet-Yes; Drake-Yes; Gladbach-Yes; McDonald-Yes; Tiegs-Yes): That the Executive Committee approve resolution honoring W.D. "Bill" Knutson for fourteen years of service on the JPIA Executive Committee.

Personnel Committee

Chairman Gladbach reported on recommendations of the Personnel Committee from its meeting on January 16, 2019. The following action items were presented for approval:

M/S/C (McDonald/Drake) (Cuquet-Yes; Drake-Yes; Gladbach-Yes; McDonald-Yes; Tiegs-Yes): That the Executive Committee approve the staffing/grade changes and the Employee Handbook changes, as noted in the January 16, 2019 Personnel Committee packet.

Per Diem for 2019

Mr. Sells stated that Government code allows for an annual maximum increase to the daily Per Diem rate of 5%. The last increase to Per Diem was January 30, 2018. The current daily rate of Per Diem for Executive Committee members and Directors attending program committee meetings is \$297.56. The maximum increase of 5% would increase the rate to \$312.00, effective January 29, 2019.

M/S/C (Cuquet/McDonald) (Cuquet-Yes; Drake-Yes; Gladbach-Yes; McDonald-Yes; Tiegs-Yes): That the Executive Committee approve to increase the current rate of Per Diem to \$312.00 effective January 29, 2019.

Rate Stabilization Fund Refunds

Mr. deBernardi explained that the 2014/15 policy year for both the Liability Program and Workers' Compensation Program will go through the retro process for the first time. These policy years have been very favorable to date and accordingly will return \$2.1 million from the Liability Program and \$3.3 million from the Workers' Compensation Program to participating members' Rate Stabilization Fund (RSF) accounts. These adjustments are the catalyst for member refunds this year.

Using recent actuary numbers to recalculate the Liability Catastrophic Fund goal reduces the target by \$2.4 million. The current goal for the Liability Catastrophic Fund is \$24.2 million. Furthermore, the same calculation for the Workers' Compensation Catastrophic Fund reduces the target \$1.4 million; the current goal is \$13.9 million. The proposed reductions would translate to additional refunds to members. Given the volatility of these target numbers, the question has come up whether this is the best direction for JPIA members.

Staff distributed a listing of refunds by member that exclude any transfers from the Catastrophic Funds to members' Rate Stabilization Funds. Total refunds to active members are anticipated at \$4.5 million. These refunds will go out to 193 members.

M/S/C (McDonald/Cuquet) (Cuquet-Yes; Drake-Yes; Gladbach-Yes; McDonald-Yes; Tiegs-Yes): That the Executive Committee approve the Rate Stabilization Fund refunds of approximately \$4.5 million as presented.

Name of Captive Insurance Company

Mr. Sells stated at the last Executive Committee meeting on December 13, 2018, that there was discussion on changing the name of the Captive Insurance Company. The item on that agenda was tabled to the January 2019 meeting. After much discussion, the name of the Captive to be presented for approval will be: California Water Insurance Fund or California Water Insurance Authority.

M/S/C (Cuquet/Drake) (Cuquet-Yes; Drake-Yes; Gladbach-Yes; McDonald-Yes; Tiegs-Yes): That the Executive Committee approve to rename the Captive to either California Water Insurance Fund or California Water Insurance Authority, pending approval from the State of Utah.

Composition of Captive "Member-at-Large" Directors

Mr. Sells explained that the Executive Committee has been tasked with determining the composition of the members-at-large to serve on the Captive Board of Directors and to determine whether their member district should be participating in one or all four JPIA pooled insurance programs.

M/S/C (Drake/Cuquet) (Cuquet-Yes; Drake-Yes; Gladbach-Yes; McDonald-Yes; Tiegs-Yes): That the Executive Committee approve that the Members-at-Large for the Captive be a designated JPIA Director, that the agency be a member of the Liability Program, and at least one other JPIA program.

Appointment Process for Executive Committee on Captive Board

Mr. Sells stated in May of 2019, that four Executive Committee members will be up for election at Spring Conference. It was proposed that the other four Executive Committee members, not up for election, to be appointed to the Captive Board.

The four Executive Committee members appointed to the Captive Board would be up for re-election two years later and the remaining four would be appointed to the Captive Board.

Each Executive Committee member would sit on the Captive Board for two years of their four-year term. The ACWA VP would not be included in the appointment process.

M/S/C (Drake/McDonald) (Cuquet-Yes; Drake-Yes; Gladbach-Yes; McDonald-Yes; Tiegs-Yes): That the Executive Committee approve that Executive Committee members serving on the Captive Board serve for two years of their four-year term, as presented by staff.

Stinson Beach County Water District

Mr. Greenfield explained that on January 5, 2018, Stinson Beach County Water District was presented with a Statutory Notice of Violations and Intent to File Suit under the Clean Water Act. Claimant, California River Watch, contends that the District's service area consists of 706 residential and commercial on-site septic systems. Claimant alleged that between January 1, 2013 to January 1, 2018, pollutants were discharged from the septic systems that exceeded water quality objectives including those set by the Regional Water Quality Control Board. The septic systems allegedly in violation are not owned, controlled or maintained by the District.

The District tendered this action to the JPIA to defend and indemnify the District pursuant to the District's participation in the Liability Program. The JPIA denied coverage of the claim based upon the terms of the Memorandum of Coverage.

The District requested a dispute of the denial of coverage and sought Executive Committee review as set forth in the Memorandum of Coverage.

Three representatives from the Stinson Beach County Water District were in attendance: Ed Schmidt, General Manager; Lawrence Baskin, board member; and Sandra Cross, board member. All three spoke with the Executive Committee and presented facts to this case.

There was much discussion and many questions to the attendees from the district. The Executive Committee members were sympathetic to the situation, but ultimately determined that there was no coverage for this claim.

Motion/Failed: Director Drake made a motion to authorize a payment to the Stinson Beach County Water District in the amount of \$20,000. The motion failed with no second.

M/S/C (Cuquet/Drake) (Cuquet-Yes; Drake-Yes; Gladbach-Yes; McDonald-Yes; Tiegs-Yes): That the Executive Committee deny the Stinson Beach County Water District's appeal of the previously denied claim.

MEMBERSHIP

Ramirez Water District

Ms. Watkins presented the Ramirez Water District's application for admission into the Workers' Compensation Program.

M/S/C (Cuquet/Drake) (Cuquet-Yes; Drake-Yes; Gladbach-Yes; McDonald-Yes; Tiegs-Yes): That the Executive Committee approve Ramirez Water District's application for admission into the Workers' Compensation Program.

MISCELLANEOUS

Future agenda items:

- None stated.

CEO Update

Mr. Sells and staff updated the Executive Committee on relevant current issues. Those discussed were:

- Goals & Objectives for 2019
- Staffing
- MedImpact transition – Sandra
- Recent claim developments

General Counsel Report

Mr. Greenfield updated the Executive Committee on new legislation or case law which may have an impact on the JPIA. Counsel also provided an update of coverage denials since the last report:

- Sierra Northwest Properties, LLC vs. Tahoe City Public Utility District
- Georgetown Divide Taxpayers Association vs. Georgetown Divide Public Utility District
- Percoats vs. Panoche Water District
- U.S. vs. Panoche

Availability for next meeting: Thursday, March 21, 2019 – no conflicts noted.

The Executive Committee meeting adjourned at 11:47 a.m.

Attest:

X

E.G. "Jerry" Gladbach
President

X

Walter A. Sells
Secretary