



Approved: March 15, 2021

Executive Committee Meeting

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

February 9, 2021

This meeting consisted of a simultaneous Zoom teleconference call at the ACWA JPIA, 2100 Professional Drive, Roseville, CA 95661 and remote sites.

MEMBERS PRESENT

Chairman: E.G. “Jerry” Gladbach, Santa Clarita Valley Water Agency
Vice-chair: Thomas A. Cuquet, South Sutter Water District
Fred R. Bockmiller, Mesa Water District
Brent Hasteley, Yuba Water Agency
David Drake, Rincon del Diablo Municipal Water District (*left @ 2:50 p.m.*)
Melody A. McDonald, San Bernardino Valley Water Conservation District
Randall Reed, Cucamonga Valley Water District
Pam Tobin, San Juan Water District, ACWA VP

MEMBERS ABSENT

J. Bruce Rupp, Humboldt Bay Municipal Water District

STAFF PRESENT

Chief Executive Officer/Secretary: Walter “Andy” Sells
Kristan Brown, Administrative Assistant II
Mathew Bunde, Sr. Risk Control Advisor
Chimene Camacho, Executive Assistant to the CEO (*Recording Secretary*)
Jesse Cota, Sr. Risk Control Advisor
Cassie Crittenden, Human Resource Specialist
David deBernardi, Director of Finance
Robin Flint, Risk Control Manager
Robert Greenfield, General Counsel
Peter Kuchinsky, Lead Risk Control Advisor
Debbie Kyburz, Lead Member Services Representative
Jennifer Nogosek, Liability/Property Claims Manager
Lee Patton, Sr. Risk Control Advisor
Sylvia Robinson, Publications/Web Editor
Jillian Sciancalepore, Administrative Assistant I
Patricia Slaven, Director of Human Resources and Administration
Sandra Smith, Employee Benefits Manager
Dan Steele, Finance Manager
Karen Thesing, Director of Insurance Services

Shelley Tippit, Accountant II
Melody Tucker, Workers' Compensation Manager
Chuck Wagenseller, Cost Estimator/Risk Control Advisor
Nidia Watkins, Member Services Representative II

OTHERS IN ATTENDANCE

Tiffany Giammona, ACWA Senior Director of Operations and Member Engagement
Carrie Guarino, Cucamonga Valley Water District, Finance & Audit Committee Chair.

WELCOME

Chairman Gladbach welcomed everyone in attendance.

CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

Chairman Gladbach called the meeting to order at 1:04 p.m. He announced there was a quorum.

PLEDGE OF ALLEGIANCE/EVACUATION PROCEDURES

Chairman Gladbach led the Pledge of Allegiance.

ANNOUNCEMENT RECORDING OF MEETING

Chairman Gladbach announced that the meeting would be recorded to assist in preparation of minutes. Recordings are 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 introduced the Executive Committee and asked Mr. Sells to introduce staff in attendance.

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 (Hastey/Tobin) (Bockmiller-Yes; Cuquet-Yes; Drake-Yes; Hastey-Yes; McDonald-Yes; Reed-Yes; Tobin-Yes; Gladbach-Yes): That the Executive Committee approve the minutes of the December 8, 2020 meeting; excuse the absence of Director 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: December 1-15, 2020; December 16-30, 2020; January 1-15, 2021; and January 16-31, 2021.

ADMINISTRATION

Meetings attended on behalf of the JPIA

Director Bockmiller attended the Orange County Water District board meeting this month.

Executive Committee Per Diem Rate

Mr. Sells stated that the current daily rate of Per Diem for Executive Committee members and Directors attending Program Committee meetings is \$327. The maximum increase of 5% allowed by Government code would move the rate to \$343, effective February 9, 2021. This is a standing agenda item for the first Executive Committee meeting of each calendar year.

M/S/C (Cuquet/Hastey) (Bockmiller-Yes; Cuquet-Yes; Drake-Yes; Hastey-Yes; McDonald-Yes; Reed-Yes; Tobin-Yes; Gladbach-Yes): That the Executive Committee approve raising the Per Diem rate to \$343, effective February 9, 2021.

Finance & Audit Committee Structure

Mr. Sells stated that when the Finance and Audit Committee was created in 1979, its original role included approving warrants, preparing budgets and help with arranging and preparing for the annual audit. Now, the Committee is more policy focused, similar to that of other JPIA Program committees. The current structure of the Committee established by the By-Laws consists of seven members, all of which are to be a finance officer of a member district and have a financial background. The structure for the other Program Committees are nine members on each committee: members of the Executive Committee sit as Chair and Vice-chair and the other seven members are composed of staff and Directors of the JPIA member agencies. Staff proposed a change in the structure of the Finance and Audit Committee to match that of the other JPIA Program Committees and submit a change in the By-Laws to the Board at spring conference.

A discussion was held on the advantages of keeping the current members, all of which have strong financial backgrounds vs. adding Directors. Ultimately, the Executive Committee decided to keep the seven members as staff with financial backgrounds and add two members of the Executive Committee to sit as Chair and Vice-chair.

M/S/C (Hastey/Tobin) (Bockmiller-Yes; Cuquet-Yes; Drake-Yes; Hastey-Yes; McDonald-Yes; Reed-Yes; Tobin-Yes; Gladbach-Yes): That the Executive approve changing the structure of the Finance and Audit Committee to match that of the other JPIA Program Committees by adding two Executive Committee members to sit as Chair and Vice-chair; keep

other members of the Committee as staff members; and submit to the Board of Directors for a change to the By-Laws.

PROGRAMS

Rate Stabilization Funds

Mr. deBernardi reported that total refunds to members with no changes to the Rate Stabilization Fund (RSF) calculation are anticipated at \$8.9 million. Staff has projected that member refunds may not continue past 2022 where the hard market for both the Property and Liability Programs is likely to put the funding backwards. To smooth the refunding process, staff proposed changing the refund calculation by modifying the target balance of RSF accounts from 50% of their basic Liability Program premium to the proposed 70%. This change revises member refunds to \$6.2 million. These refunds will go out to approximately 195 active members. The grounds for these refunds are largely due to Workers' Comp policy year 2016/17 (\$5.2 million) and Liability policy year 2016/17 (\$3.8 million) having favorable adjustments. Property retrospective premium adjustments of approximately \$100,000 were excluded from the process this year to reduce the anticipated amounts due from Property Program members for policy year 2018/19.

M/S/C (Bockmiller/Drake) (Bockmiller-Yes; Cuquet-Yes; Drake-Yes; Hastey-Yes; McDonald-Yes; Reed-Yes; Tobin-Yes; Gladbach-Yes): That the Executive Committee approve changing the balance exceeds threshold from 50% of the basic Liability Program premium to 70% and approve approximately \$6.2 million refunds to members as a result of the change to the 70% threshold.

Liability, Property, Workers' Compensation Claims Audit

Mr. Sells reported that the latest claims audit was completed September 2020. The packet included the Executive Summary from the auditors. All programs received an average rating of 99 (out of 100) or above.

M/S/C (McDonald/Reed) (Bockmiller-Yes; Cuquet-Yes; Drake-Yes; Hastey-Yes; McDonald-Yes; Reed-Yes; Tobin-Yes; Gladbach-Yes): That the Executive Committee approve the Sedgwick Claims Audit for the Liability, Property, and Workers' Compensation Programs, as presented.

MEMBERSHIP

Southwest Kings Groundwater Sustainability Agency

Ms. Watkins presented Southwest Kings Groundwater Sustainability Agency's application for admission into the Liability Program.

M/S/C (McDonald/Hastey) (Bockmiller-Yes; Cuquet-Yes; Drake-Yes; Hastey-Yes; McDonald-Yes; Reed-Yes; Tobin-Yes; Gladbach-Yes): That the Executive Committee approve Southwest Kings Groundwater Sustainability Agency's application for admission into the Liability Program.

MISCELLANEOUS

Future agenda item

Review cyber incident in Florida.

CEO and Directors Update

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

- Return to work schedule for staff
- Spring Conference
- Claims Department recruitment of Sr. Claims Adjuster
- Property, General Liability, and Cyber Liability renewals
- Software challenges
- California Water Insurance Fund (CWIF) audit
- Training Department update
- Human Resources webinars
- Current staff activities
- COVID vaccine update
- Workers' Compensation COVID cases

Insurance Market Update

Mr. Sells provided a short update on the state of the insurance market. The excess/reinsurance market for the Liability and Property Programs continues to be very challenging. Both JPIA programs saw significant increases in the costs of the excess/reinsurance purchased for the 2019/20 and 2020/21 policy years. Looking forward to the 2021/22 policy years, the current projections are anticipating continued increases in the excess/reinsurance costs. The exception to the rising costs is the Workers' Compensation Program. Current indications are that excess pricing will remain stable. A meeting with insurance brokers will take place in the next few weeks with the Property Program renewal as the first to be addressed.

General Counsel Report

Mr. Greenfield reported on some of the new legislation or case laws which may have an impact on the JPIA.

Availability for next meeting: The Executive Committee's next scheduled meeting is April 9, 2021. The JPIA Meeting and Conference Calendar was distributed as a handout at today's meeting.

CLOSED SESSION

Before proceeding into closed session, General Counsel announced the items to be discussed.

M/S/C (Reed/Tobin) (Bockmiller-Yes; Cuquet-Yes; Drake-Yes; Hastey-Yes; McDonald-Yes; Reed-Yes; Tobin-Yes; Gladbach-Yes): That the Executive Committee adjourn to closed session.

At approximately 2:43 p.m., the Executive Committee, upon advice of General Counsel, adjourned to closed session pursuant to Government Code(s) Section 54956.95 to discuss Liability and/or Workers' Compensation claims in:

1. Benigni v. Lower Tule Irrigation District
2. Castro v. Madera Irrigation District
3. City of Yorba Linda v. Yorba Linda Water District

M/S/C (Reed/Hastey) (Bockmiller-Yes; Cuquet-Yes; Drake-Yes; Hastey-Yes; McDonald-Yes; Reed-Yes; Tobin-Yes; Gladbach-Yes): That the Executive Committee reconvene to open session.

Director Drake left the meeting at 2:50 p.m.

The Committee returned to open session at approximately 2:51 p.m.

- Closed session item #1:

M/S/C (Reed/Tobin) (Bockmiller-Yes; Cuquet-Yes; Drake-Yes; Hastey-Yes; McDonald-Yes; Reed-Yes; Tobin-Yes; Gladbach-Yes): That the Executive Committee give authority for settlement of Benigni v. Lower Tule River Irrigation District in the amount of \$205,000.

- Closed session item #2:

M/S/C (Reed/Tobin) (Bockmiller-Yes; Cuquet-Yes; Drake-Yes; Hastey-Yes; McDonald-Yes; Reed-Yes; Tobin-Yes; Gladbach-Yes): That the Executive Committee give authority for settlement of Castro v. Madera Irrigation District in the amount of \$251,000.

- Closed session item #3: No action was taken, instructions given to staff.

The Executive Committee meeting adjourned at 2:52 p.m.

Attest:

X

E.G. "Jerry" Gladbach
Chairman

X

Walter A. Sells
Secretary