

**CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES  
(CARMA)**

**MINUTES OF THE BOARD OF DIRECTORS  
MEETING OF JUNE 15, 2016**

A regular meeting of the Board of Directors of CARMA was held on June 15, 2016, via teleconference.

**BOARD MEMBERS PRESENT:** Tim Przybyla, CSJVRMA, President  
Dan Schwarz, BCJPIA, Vice President  
Ric Burwell, MPA  
Rene Mendez, MBASIA  
Gary Goodman, VCJPA

**ALTERNATE MEMBERS PRESENT:** Patrice Hildreth, City of Porterville  
Tamara Davis, Marin-Sonoma Mosquito VCD

**OTHERS PRESENT:** Rob Kramer, Executive Director  
Maria de Leon, Board Secretary  
Gerry Preciado, Litigation Manager  
Craig Farmer, Board Counsel  
Nancy Broadhurst, Finance Manager  
Seth Cole, Alliant Insurance Services  
Jeanette Workman, CSJVRMA Administrator  
Chrissy Mack, CSJVRMA Assistant Administrator  
Breanne Hughey, Bickmore, Sr. Accountant  
Craig Wheaton, Bickmore, Litigation Manager

**1. CALL TO ORDER**

The June 15, 2016, Board of Directors meeting was called to order at 10:01 a.m. by President Tim Przybyla.

**2. INTRODUCTIONS**

A roll call was taken and it was determined that a quorum of the Board was present.

**3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)**

**Gary Goodman moved, seconded by Rene Mendez, to approve the agenda as posted. A roll call was taken and the motion passed unanimously.**

**4. PUBLIC COMMENTS**

None

5. **CONSENT CALENDAR**

- A. Minutes of the April 13, 2016, Board of Directors Meeting
- B. Warrant Listing from April 1, 2016, through May 31, 2016
- C. Treasurer's Report as of March 31, 2016
- D. CARMA 2016/2017 Memorandum of Coverage
- E. CARMA 2016/2017 Strategic Goals & Action Items Update

Mr. Rob Kramer, Executive Director, requested agenda item 5.D. be pulled from Consent Calendar. Mr. Kramer noted further modifications need to be made to sections of the CARMA MOC pertaining to drone coverage, including: 1) confirming that the correct definition for a drone is in line with current regulations; 2) confirming that the FAA regulation cited in Section VI. Exclusion, 11 (Title XIV) is currently in effect; 3) adding item "c) Unmanned Aerial Vehicle" (or whatever definition of drone is adopted) to Section VI. Exclusions, 11; and 4) clarifying whether a member's governing body need only to approve the use of drones for their operations once or whether an approval is required for each time there is a need to use the device for their operation.

*Gary Goodman moved, seconded by Ric Burwell, to approve the Consent Calendar, excluding agenda item 5.D. A roll call vote was taken. The motion passed unanimously.*

*Rene Mendez moved, seconded by Dan Schwarz, to approve agenda item 5.D. with direction to Mr. Craig Farmer, Board Counsel, to make final adjustments to the sections of the MOC relative to drones or Unmanned Aerial Vehicle as discussed above. A roll call vote was taken. The motion passed unanimously.*

6. **ADMINISTRATIVE MATTERS**

- A. Resolution of the Board of Directors of CARMA Establishing Meeting Dates for the 2016/2017 Fiscal Year

Mr. Kramer noted that the proposed meeting dates are similar to the current year's meeting dates. He noted that the September 2016 meeting will be held in conjunction with the CAJPA Annual Fall Conference in Lake Tahoe, CA.

The Board concurred with the proposed meeting dates; however, it was noted that the location of the Annual Workshop and Board Meeting on January 5-6, 2017, is still tentative and will be determined at the September 2016 meeting.

*Rick Burwell moved, seconded by Gary Goodman, to adopt Resolution No. 1-2016/2017, Establishing Meeting Dates for 2016/2017 Fiscal Year. A roll call vote was taken. The motion passed unanimously.*

7. **COVERAGE MATTERS**

A. Renewal Rates for Specific Reinsurance and Excess Coverage for the 2016/2017 Program Year

Mr. Seth Cole, Alliant Insurance Services (Alliant), reported that as indicated at the April 12, 2016, meeting, both AmTrust and Colony have proposed a flat renewal, at the same terms and conditions as expiring, for the 2016/17 program year. AmTrust provides coverage for the \$10,000,000 excess of \$4,000,000 reinsurance layer; and Colony provides coverage for the \$15,000,000 excess of \$10,000,000 optional, excess layer. He noted that the Terrorism Risk Insurance Act (TRIA) coverage is not included in the Colony price quote. It will cost an additional \$28,000 to add TRIA coverage. He added that Colony requires CARMA to either accept or decline the TRIA coverage.

Mr. Kramer noted that the Board has historically declined the TRIA coverage.

Additionally, Mr. Cole indicated that the proposed changes to the CARMA MOC pertaining to drone coverage have been shared with AmTrust. He noted that AmTrust is comfortable with the proposed language. He added that he does not believe the reinsurer will have any issue with the additional clarifications discussed earlier.

***Ric Burwell moved, seconded by Dan Schwarz, to approve placement of reinsurance with AmTrust for the \$10,000,000 excess of \$4,000,000 reinsurance coverage; and with Colony for the \$15,000,000 excess of \$10,000,000 optional excess coverage; and to decline the TRIA coverage for 2016/17. A roll call vote was taken. The motion passed unanimously.***

8. FINANCIAL MATTERS

A. Presentation of the Internal Financial Statements as of March 31, 2016

Ms. Nancy Broadhurst, Finance Manager, reported that typically the internal financial statements are included in the Consent Calendar. However, due to the significant increase in equity resulting from the recent actuarial ultimate loss revision, staff believed it would be beneficial to present the results during the meeting. Ms. Broadhurst noted that CARMA's total net equity position as of March 31, 2016, is \$15.1 million at the expected confidence level, and \$8.2 million at the 80% confidence level. Equity at the expected confidence level represents an increase of \$5.7 million or 61% over the prior quarter as a result of the actuary's projected ultimate loss decrease of \$5.1 million for all program years.

Mr. Kramer stated that a presentation regarding changes in actuarial projections will be included in the agenda for the September 2016 Board meeting.

***Rene Mendez moved, seconded by Ric Burwell, to approve the CARMA Internal Financial Statements as of March 31, 2016. A roll call vote was taken. The motion passed unanimously.***

B. CARMA Annual Operating Budget for the 2016/2017 Program Year

Ms. Broadhurst reported that the Board approved a draft budget for 2016/17 at the

April 12, 2016, meeting. She added that a revised budget was distributed to the Board prior to the current meeting, which reflected the final reinsurance and excess insurance numbers provided by Mr. Cole. All other items on the budget remained the same as was presented in April.

Mr. Kramer noted the invoices for 2016/17 will be calculated based on the revised budget. He reminded the Board that the invoices will be distributed on July 1, 2016, and requested that the members remit their payments timely so CARMA can in turn make the payment to the reinsurance and excess carriers on time.

*Gary Goodman moved, seconded by Dan Schwarz, to adopt the CARMA 2016/17 Annual Operating Budget at the 80% confidence level, and using a discount factor of 2.0%. A roll call vote was taken. The motion passed unanimously.*

## 9. ELECTION AND APPOINTMENT OF OFFICERS

### A. Nomination and Election of President and Vice President, and Appointment of Treasurer for the 2016/17 Program Year

*Dan Schwarz moved, seconded by Gary Goodman, to nominate Tim Przybyla for the position of CARMA President. A roll call vote was taken. The motion passed unanimously.*

*Tim Przybyla moved, seconded by Gary Goodman, to nominate Dan Schwarz for the position of CARMA Vice President. A roll call vote was taken. The motion passed unanimously.*

President Przybyla appointed Gary Goodman as CARMA Treasurer.

*Gary Goodman moved, seconded by Ric Burwell, to elect Tim Przybyla as CARMA President, Dan Schwarz as Vice President, and to accept the appointment of Gary Goodman as CARMA Treasurer. A roll call vote was taken. The motion passed unanimously.*

## 10. CLAIMS MATTERS

### B. Closed Session Pursuant to Government Code Section 54956.95(a) to Discuss Claims

Pursuant to Government Code Section 54956.95(a), the Board recessed to closed session at 10:29 a.m. to discuss the following claims for the payment of tort liability losses, public liability losses, or workers' compensation liability incurred by the joint powers authority:

- Padgett v. Wright/Monte Sereno (BCJPIA)
- O'Malley v. San Ramon (MPA)
- Randolph v. Antioch (MPA)
- Dowlati/Pirdavari/Ghezavat v. Danville (MPA)

C. Report from Closed Session

The Board of Directors reconvened to open session at 10:42 a.m., and it was reported that the Board granted settlement authority on the matters discussed during closed session.

**11. CLOSING COMMENTS**

A. Board

President Przybyla thanked everyone for their participation on the meeting.

B. Staff

None

**12. ADJOURNMENT**

The June 15, 2016, Special Board of Directors meeting adjourned at 10:43 a.m. by general consensus of the Board.



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Maria de Leon, Board Secretary