

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

**MINUTES OF THE BOARD OF DIRECTORS  
MEETING OF June 11, 2008**

A regular meeting of the Board of Directors of CARMA was held on June 11, 2008, at the offices of Bickmore Risk Services in Sacramento, California.

**BOARD MEMBERS PRESENT:** Geoff Grote, BCJPIA, President  
John Stroh, VCJPA, Vice President  
Jake O'Malley, MPA, Treasurer

**BOARD MEMBERS ABSENT:** Joe Donabed, CSJVRMA  
Kent Rice, MBASIA  
Joanne Rennie, PARSAC

**ALTERNATE MEMBERS PRESENT:** Kin Ong, PARSAC

**OTHERS PRESENT:** Rob Kramer, Executive Director  
Kim Santin, Assistant Executive Director  
Sandra Spiess, Board Secretary  
Nancy Broadhurst, Bickmore Risk Services  
Linzie Kramer, Bickmore Risk Services  
Brian Kelley, Bickmore Risk Services  
Jeanette Workman, Bickmore Risk Services  
Karen Thesing, Bickmore Risk Services  
Mike Simmons, Alliant Insurance Services  
Susan Adams, Alliant Insurance Services  
Craig Farmer, Legal Counsel  
Rick Brush, Bickmore Risk Services  
Rob Yorke, Public Member Guest  
John Gawlista, Public Member Guest  
Heather Bricken-Lawes, Public Member Guest  
Dee Moore, Public Member Guest

**1. CALL TO ORDER**

The June 11, 2008, Board of Directors' meeting was called to order at 10:00 a.m. by President Geoff Grote.

2. **INTRODUCTIONS**

Those present introduced themselves.

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

**John Stroh moved to approve the agenda as presented. Seconded by Jake O'Malley. Motion passed unanimously.**

4. **PUBLIC COMMENTS**

None.

5. **CONSENT CALENDAR**

**Jake O'Malley moved to approve/accept the following items: A) Minutes of the April 17, 2008, Board Meeting; B) Warrant Listings from April 1, 2008, through May 31, 2008; C) Treasurer's Report as of March 31, 2008; D) Review of Investment Performance for the Quarter Ended March 31, 2008; E) Internal Financial Statements for the Nine Months Ended March 31, 2008; F) Information Regarding California Association of Joint Powers Authorities (CAJPA) Fall Conference and Training Seminar. Seconded by John Stroh. Motion passed unanimously.**

**Mr. Rob Kramer indicated that materials concerning the 2008 California Association of Joint Powers Authorities Fall Conference was included with the Consent Calendar and if members of the Board need assistance making arrangements to attend they may contact Board Secretary Sandra Spiess.**

6. **ADMINISTRATIVE MATTERS**

A. **Resolution of the Board of Directors of CARMA Establishing Meeting Dates for the 2008/2009 Program Year**

The Board reviewed and discussed the proposed meeting dates for the 2008/2009 program year. Mr. O'Malley noted the January 2009 date scheduled for the Board retreat and workshop and indicated at the September 21, 2007, meeting the Board discussed the possibility of holding the Board retreat and workshop on a bi-annual basis.

Discussion as to whether the Board should hold the 2009 retreat and workshop ensued, with the Board deciding to table the decision until the September 2008 meeting.

The Board directed staff to set aside time on the September 2008 meeting agenda to revisit the discussion of holding a 2009 Board retreat and workshop.

**John Stroh moved to approve Resolution 1-2008/2009 Establishing Meeting Dates for the 2008/2009 Program Year as presented. Motion seconded by Jake O'Malley. Motion passed unanimously.**

B. Update on Changes to the Brown Act – Senate Bill No. 343

Mr. Rob Kramer presented an update on changes to the Brown Act contained in Senate Bill No. 343. The bill, which takes effect July 1, 2008, requires all documents relating to open session agenda items for a regular meeting of the board that are distributed to the board 72 hours prior to the meeting, must be made available for public inspection at a designated public location at the same time they are provided to the board. The agenda must also indicate the location where these documents are available for inspection.

Mr. Kramer indicated staff has already made the required changes and beginning with the current agenda, all agendas will now reflect language indicating that documents and materials relating to an open session agenda item provided to the CARMA Board of Directors less than 72 hours prior to a regular meeting will be available for public inspection at the corporate office and available on the CARMA website.

7. **FINANCIAL MATTERS**

A. Renewal Rates for the 2008/2009 Program Year

Mr. Mike Simmons indicated that during the course of the current Alliant Insurance Services (Alliant) contract with CARMA, the brokers have exceeded the scope outlined in the contract in seeking additional levels, as well as alternative options of coverage for the group. Mr. Simmons stated he wanted to provide the Board with notice this year that Alliant will be seeking an increase in fees in the course of renewing the Alliant contract in 2009.

Ms. Susan Adams reviewed the options for excess and reinsurance available to the group for the next program year. Ms. Adams indicated it was a flat premium renewal, although there is actually a 9% rate decrease due to the overall higher payroll amount of the group.

Ms. Adams indicated the first option for higher levels of coverage is for \$5 million in excess of \$25 million in coverage. This would cost the group \$125,000. The second option is through the Alliant CLIP program which would provide the group with \$25 million in excess of the highest layer of coverage. Ms. Adams noted that if all six JPA members participate the cost would be \$.05 per \$100 of payroll, and with individual JPA members participating the cost would be \$.07 per \$100 of payroll.

Ms. Adams indicated quotes were obtained for drop-down options. The markets

approached showed no interest in attaching at the \$3 million retention level; however, a quote in the amount of \$397,000 was provided to buy-down \$1 million and attach at the \$4 million retention level.

After a discussion of the various options Mr. Rob Kramer indicated the Board had three separate questions to answer in order to purchase the optimum levels of coverage for the group: 1) is a buy-down an appropriate option for the group at this time; 2) at what confidence level does the Board wish to fund; and 3) what is the highest level of excess desired by the group.

Ms. Nancy Broadhurst reviewed the CARMA Funding Scenarios distributed to the Board and highlighted the cost of the buy-down options at the 80% and 85% confidence levels.

After further discussion the Board consensus was that the group was not interested in the CLIP program levels of coverage at this time; however, the Board felt an additional \$5 million in coverage was appropriate.

**Mr. Jake O'Malley moved to buy-down to \$3 million in excess of \$1 million, for a cost not to exceed \$397,000, with \$10 million in excess of \$4 million reinsurance coverage purchased with the ANIMAL program and \$10 million in excess of \$14 million excess coverage purchased with Colony. Motion seconded by John Stroh. Motion passed unanimously.**

**Mr. Jake O'Malley moved to purchase \$5 million in excess of \$24 million, for a cost not to exceed \$125,000, and share the cost among the six JPA members by payroll and no experience modification factor adjustment. Motion seconded by Kin Ong. Motion passed unanimously.**

B. Consideration of the Approved Annual Operating Budget for the 2008/2009 Program Year

**Mr. John Stroh moved to approve the 2008/2009 Annual Operating Budget at the 85% confidence level, with a \$1 million buy-down in excess coverage, and the purchase of \$5 million in excess of \$24 million. Motion seconded by Jake O'Malley. Motion passed unanimously.**

C. Discussion Regarding Assessment for the 2000/2001 Program Year

Mr. Rob Kramer indicated the Board conducted preliminary discussions at the September 2007, and January and April 2008, meetings regarding an assessment for the 2000/2001 program year. Mr. Kramer confirmed the ultimate losses for this program year, as projected by the actuary in the most recent study, reflects a deficit position in the amount of \$949,643. It was further explained that the assessment will be based on the internal financial statements as of March 31, 2008, which includes the most recent

actuarial projections.

Mr. Kin Ong indicated that as the Alternate Board member for PARSAC he has not been attending CARMA meetings; however, he was aware that the Board has been discussing the possibility of an assessment for the 2000/2001 program year. He indicated that he was not aware, nor was the primary Board member for PARSAC that the Board would be levying an assessment of the program year in question at this time. He further explained that PARSAC did not budget for this assessment and requested the possibility of deferring the assessment or deferring payment of the assessment.

The Board discussed the options of deferring the assessment and deferring payment of the assessment. The Board consensus was that the assessment itself should not be deferred, but some accommodation for PARSAC should be considered with respect to payment of the assessment and the easiest way to handle the issue might be to allow PARSAC up to one full year to pay the assessment at an interest rate of 2%, which is roughly equivalent but slightly lower than the LAIF rate. It was discussed that PARSAC should be able to make more than this rate of return internally, thus making this a reasonable solution.

**Mr. John Stroh moved to approve an assessment of the 2000/2001 program year, due and payable at July 31, 2008, and provided PARSAC with the opportunity to defer payment until July 31, 2009, with a 2% interest penalty per annum. Motion seconded by Jake O'Malley. Motion passed unanimously.**

## 8. **COVERAGE MATTERS**

### A. Report by Board Legal Counsel, Mr. Craig Farmer

Mr. Craig Farmer, Board Legal Counsel, updated the Board on various legal items of interest in the recent news.

### B. Draft Memorandum of Coverage for the 2008/2009 Program Year

Mr. Farmer indicated he has reviewed the Memorandums of Coverage for each of the underlying members of CARMA, and based upon this review, is not recommending any changes to the CARMA Memorandum of Coverage at this time.

**Mr. John Stroh moved to approve the 2008/2009 Memorandum of Coverage with the appropriate changes made to the levels of coverage reflected on the declarations page. Motion seconded by Kin Ong. Motion passed unanimously.**

## 9. MARKETING MATTERS

### A. Review of Draft Marketing Plan

Mr. Rob Kramer stated that at the January 2008 Annual Workshop, the Board discussed the possibility of developing a formal marketing plan for CARMA. At that time a general letter of marketing was developed and sent to two JPAs who were considering alternatives to their current coverage through the California Joint Power Risk Management Authority (CJPRMA). The Board also discussed and approved the addition of a small line item to the 2008/2009 budget in order to develop a more formal marketing plan.

Mr. Kramer presented the draft marketing plan developed by staff and requested feedback from the CARMA Board as to the direction they would like to take in moving forward with a formal marketing plan.

It was noted that most JPAs require their members to provide notice of possible withdrawal six months prior to the start of a new program year on July 1. The Board discussed the issue of inviting potential new members to attend the Board retreat and workshop in January 2009 but reached the consensus this would not provide the potential members with sufficient exposure to CARMA prior to their deadline of providing withdrawal notice in December. The possibility of inviting potential new members to the September 2008 meeting, held in conjunction with the CAJPA conference in Lake Tahoe, was discussed and agreed upon as a viable alternative to the January 2009 meeting.

The Board directed staff to distribute the marketing materials to those target markets deemed appropriate for CARMA and research any potential prospects to determine if they would be a good fit for the group.

The Board requested the discussion of whether large individual entities, such as a large city, should be allowed to join CARMA be added to the agenda for the January 2009 Board workshop.

**Mr. Jake O'Malley moved to approve the creation and distribution of the marketing materials to prospective JPAs with the intent of inviting potential new members to the CARMA Board meeting in September 2008. Motion seconded by John Stroh. Motion passed unanimously.**

## 10. LITIGATION MATTERS

### A. Revised Litigation Manager's Report

Mr. Linzie Kramer stated that in response to suggested changes made by the Board at the April 17, 2008, meeting he and his staff have reformatted the Litigation Manager's Report. Mr. Kramer reviewed the new format with the Board. The Board

members confirmed all suggested changes have been captured in the new format and thanked Mr. Kramer.

**11. CLAIMS MATTERS**

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

Pursuant to Government Code Section 54956.95(a), the Board convened to closed session at 12:40 p.m. to discuss the following claim for the payment of tort liability losses, public liability losses, or workers' compensation liability incurred by the joint powers authority:

Amaya v. Union City (BCJPIA)  
Torres v. Madera (CSJVRMA)  
Juarez v. Highland (PARSAC)

B. Report from Closed Session

The Board reconvened to open session at 1:10 p.m. and it was noted there was no report from closed session.

**12. ELECTION AND APPOINTMENT OF OFFICERS FOR THE 2008/2009 PROGRAM YEAR**

A. Nomination and Election of President

**John Stroh moved to nominate Geoff Grote, BCJPIA, as President to the CARMA Board of Directors for the 2008/2009 program year. Seconded by Jake O'Malley. Nominations were then closed and a motion to elect Geoff Grote as President of CARMA was made by John Stroh. Seconded by Jake O'Malley. Motion passed unanimously.**

B. Nomination and Election of Vice President

**Jake O'Malley moved to nominate John Stroh, VCPJPA, as Vice President to the CARMA Board of Directors for the 2008/2009 program year. Seconded by Kin Ong. Nominations were then closed and a motion to elect John Stroh as Vice President of CARMA was made by Jake O'Malley. Seconded by Kin Ong. Motion passed unanimously.**

C. Appointment of Treasurer

**Geoff Grote moved to nominate Jake O'Malley, MPA, as the Treasurer to the CARMA Board of Directors for the 2008/2009 program year. Seconded by John Stroh. Nominations were then closed and a motion to elect Jake O'Malley as Treasurer of CARMA was made by Geoff Grote. Seconded by John Stroh. Motion passed unanimously.**

**13. CLOSING COMMENTS**

A. Board

None

B. Staff

Mr. Rob Kramer indicated there has been some informal discussion as to the possibility of combining CARMA and the Employment Risk Management Authority (ERMA). Mr. Kramer indicated the combination of the two groups could provide a streamlining of administrative and excess coverage costs. ERMA is a primary coverage group and CARMA is an excess coverage group; however, there could be benefit in merging the two groups. Mr. Kramer indicated this concept was raised by an ERMA Board member and would be on the next ERMA agenda for preliminary discussions.

Mr. Jake O'Malley indicated he also sits on the ERMA Board and he will be able to provide the CARMA Board with additional information after the June 23, 2008, meeting of the ERMA Board of Directors. Mr. Geoff Grote requested this item be added as an agenda item for further discussion at the September 2008 meeting.

**11. ADJOURNMENT**

The June 11, 2008, Board of Directors' meeting adjourned at 1:20 p.m. by general consensus of the Board.

*Sandra Spiess*

Sandra Spiess, Board Secretary