



California JPIA
El Capitan Room
8081 Moody Street
La Palma, California 90623
(Teleconference Locations Listed Below)

AGENDA

MANAGERS COMMITTEE

REGULAR MEETING

February 4, 2019

12:00 P.M.

CALL TO ORDER

Thaddeus McCormack, Chairman, Managers Committee

ORAL COMMUNICATIONS

Any persons present desiring to address the Manager Committee on any proper matter may do so at this time.

CONSENT CALENDAR

All items under Consent Calendar may be enacted by one motion. Any item may be removed from the Consent Calendar and acted upon separately by the Managers Committee.

1. APPROVAL

Combined Managers Committee and Finance Officers Committee Minutes for the meeting of November 8, 2018

2. RECEIVE AND FILE

2019 Executive Committee Workshop Call for Items

REPORTS AND RECOMMENDATIONS

3. RECEIVE AND FILE

Captive Insurance Company Update

4. CONSIDERATION

Risk Managers Advisory Committee

ADJOURNMENT

To a regular Managers Committee meeting on May 13, 2019 at 12:00 p.m. in the El Capitan Room of the California JPIA 8081 Moody Street, La Palma, CA 90623.

In compliance with Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Agency Clerk at (562) 467-8736. Notification 48 hours before meeting will enable the Authority to make reasonable arrangements to ensure accessibility. (28 CFR 35.102.35.104 ADA Title II)

TELECONFERENCE PARTICIPATION

To be a voting participant in action items appearing on the agenda, the participant's teleconference location must appear below and the participant must have posted the agenda in a location accessible to the general public no less than 72 hours prior to the announced meeting time, in accordance and within the requirements of the Brown Act (Gov. Code, § 54950 et seq.). At the announced time of the meeting, teleconference participants (unless otherwise instructed) shall call the California JPIA's teleconference number at 1-562-467-8764 and when prompted, enter the participant code 547899, and identify themselves for the record. To access the video conferencing and view the meeting online, go to [Join Skype Meeting](#)

TELECONFERENCE LOCATIONS

Big Bear City Community Services District, 139 E. Big Bear Blvd., Big Bear City, CA 92314
(909) 585-2565

City of Big Bear Lake, 39707 Big Bear Boulevard, Big Bear Lake, CA 92315, (909) 866-5831

City of Bradbury, 600 Winston Avenue, Bradbury, CA 91008-1123 (626) 303-3218

City of Dana Point, 33282 Golden Lantern, Dana Point, CA 92629, (949) 248-3500

City of Irwindale, 5050 N. Irwindale Ave. Irwindale, CA 91706, (626) 430-2217, (626) 430-2204,
(626) 430-2221

City of Lake Forest, 25550 Commercentre Drive, Lake Forest, CA 92630 (949) 461-3511

City of Paso Robles, 821 Pine Street, Suite A, Paso Robles, CA 93446 (805) 237-3999

City of Port Hueneme, 250 North Ventura Road, Port Hueneme, CA 93041, (805) 986-6501

City of Rosemead, 8838 E. Valley Boulevard, Rosemead, CA 91770, (626) 569-2171

City of San Clemente, 100 Avenida Presidio, San Clemente, CA 92672, (949) 361-8200

City of San Luis Obispo, 990 Palm Street, San Luis Obispo, CA 93401, (805) 781-7253

City of Seal Beach, 211 Eighth Street, Seal Beach, CA 90740, (562) 431-2527

City of Sierra Madre, 232 West Sierra Madre Boulevard, Sierra Madre, CA 91024, (626) 355-7135

City of Solvang, 1644 Oak Street, Solvang, CA 93463, (805) 688-5575

City of Temple City, 9701 Las Tunas Drive, Temple City, CA 91780, (626) 285-2171

Town of Apple Valley, 14955 Dale Evans Parkway, Apple Valley, CA 92307 (760) 240-7000

Dated: January 31, 2019
Posted: January 31, 2019

s/Veronica Ruiz
Veronica Ruiz, CMC
Agency Clerk

CALIFORNIA JPIA

MINUTES

MANAGERS AND FINANCE OFFICERS COMMITTEE

REGULAR MEETING

November 8, 2018

12:00 P.M.

CALL TO ORDER

Chairman McCormack called to order the combined meeting of the Managers and Finance Officers Committee of the California Joint Powers Insurance Authority at 12:14 p.m. in the El Capitan Room of the California JPIA, 8081 Moody Street, La Palma, CA 90623.

ATTENDANCE

A quorum was established by those present.

PRESENT:

Finance Officers Chairman Jose Gomez,
Lakewood
Vikki Beatley, Seal Beach
Carlos Carrazco, South El Monte
Kevin Chun, Paramount
Cheryl Dyas, Mission Viejo
Jesus Gomez, Norwalk
Travis Hickey, Santa Fe Springs
Glynis Litvak, Lake Forest
Steve Mandoki, Lawndale
Andrea Pham, Mission Viejo
Michael Killebrew, Dana Point – Teleconference
Mary Reeves, Big Bear CSD – Teleconference
Greg Zocher, San Luis Obispo – Teleconference

ATTENDEES:

Richard Babbe, PFM Asset Management
Sarah Meacham, PFM Asset Management
Mike DeMattei, Milliman

STAFF:

Jon Shull, Chief Executive Officer
Habib Ali, Accounting Specialist
Grazyna Buchowiecki, Senior Accountant
Joe Eynon, Training Manager
Lam Le, Financial Analyst

Norm Lefmann, Assistant Executive Director
Veronica Ruiz, Agency Clerk
Carl Sandstrom, Business Projects Manager
Alex Smith, Chief Financial Officer

**ORAL
COMMUNICATIONS**

There were no comments from the audience.

CONSENT CALENDAR

Chairman Gomez presented the items appearing on the Consent Calendar.

The Consent Calendar included:

- Managers Committee Information Only Minutes for the meeting of August 13, 2018
- Finance Officers Committee Minutes for the meeting of August 9, 2018
- Combined Managers Committee and Finance Officers Committee Minutes for the meeting of July 10, 2018
- Treasurer's Monthly Compliance Reports for July, August, and September 2018
- Local Agency Investment Fund Quarterly Report as of September 30, 2018
- Los Angeles County Pooled Investment Fund Report as of June 30, 2018 and September 30, 2018

It was moved by Beatley, that the Consent Calendar items #1 – 6 be approved in one action, which was seconded by Dyas, with no members present opposed.

CONSIDERATION
2019 Committee Meeting Dates

Due to the Veterans Day holiday, Chairman Gomez recommended the November 11, 2019 meeting date for the Combined Managers and Finance Officers Committee Meeting be rescheduled to November 18, 2019.

CEO Shull also noted that the February meeting dates of the Managers Committee and the Finance Officers Committee conflict with other conferences and recommended moving them up a week.

It was moved by Beatley, and seconded by Hickey, with no objection from the Committee, to reschedule the following meetings: Managers Committee Meeting to February 4, 2019, Finance Officers Committee Meeting to February 9, 2019, and the Combined Managers and Finance Officers Committee Meeting to November 18, 2019.

RECEIVE AND FILE
Investment Performance
Review for the Quarter Ended
September 30, 2018

Chairman Gomez presented the Investment Performance Review for the Quarter Ended September 30, 2018 item.

Alex Smith, Chief Financial Officer (CFO) introduced Richard Babbe and Sarah Meacham of PFM Asset Management. Babbe and Meacham presented a market update and review of the Authority's investment portfolio for the quarter ended September 30, 2018.

There being no objection, Chairman Gomez received and filed the Investment Performance Review for the Quarter Ended September 30, 2018 item.

RECEIVE AND FILE
Actuarial Study as of June 30,
2018

Chairman Gomez presented the Actuarial Study as of June 30, 2018 item.

Mike DeMattei, Principal and Consulting Actuary with Milliman, presented the results of the actuarial study of claim reserves for period ending June 30, 2018.

It was moved by Hickey, seconded by Litvak, with no objection received, to receive and file the Actuarial Study as of June 30, 2018.

CONSIDERATION
Annual Contribution 2019-20

Chairman Gomez presented the Annual Contribution 2019-20 item.

Jon Shull, Chief Executive Officer, introduced Alex Smith, Chief Financial Officer, who presented a review of the Annual Contribution computations for 2019-20.

It was moved by Dyas, seconded by Hickey, with no objection received, to approve and recommend adoption of the Annual Contribution 2019-20 by the Executive Committee.

CONSIDERATION
October 2018 Retrospective
Computations

Chairman Gomez presented the October 2018 Retrospective Computations item.

Lam Le, Financial Analyst, presented the retrospective computations for October 2018. Le reported of the 128 members in the liability program, 30 have additional deposits due and 98 will receive refunds; and of the 109 members in the workers' compensation program, 26 have additional deposits due and 83 will receive refunds.

It was moved by Dyas, seconded by Litvak, with no objection received, to approve and recommend adoption of the October 2018 Retrospective Computations by the Executive Committee.

ADJOURNMENT

The meeting adjourned at 1:45 p.m. to a regular Managers Committee meeting on February 4, 2019 and Finance Officers Committee meeting on February 7, 2019 at 12:00 p.m. in the El Capitan Room of the California JPIA 8081 Moody Street, La Palma, CA 90623.

Respectfully submitted,

Jose Gomez, Chairman of the Finance Officers Committee

Thaddeus McCormack, Chairman of the Managers Committee

CALIFORNIA JPIA

AGENDA REPORT

To: MANAGERS COMMITTEE

From: Jonathan Shull, Chief Executive Officer

Date: February 4, 2019

Subject: 2019 Executive Committee Workshop Call for Items

The next Executive Committee Workshop will be held April 11 – 13, 2019. The Workshop was established to provide extended time to consider operational and strategic issues facing the Authority.

Members of the Managers Committee are encouraged to suggest items for discussion at the Workshop. Proposed items for the agenda should be received by March 1, 2019 to allow sufficient time for development and preparation.

Recommended Action

Receive and file.

CALIFORNIA JPIA

AGENDA REPORT

To: MANAGERS COMMITTEE

From: Jonathan Shull, Chief Executive Officer

Date: February 4, 2019

Subject: Captive Insurance Company Update

In 2014, the Executive Committee directed staff to begin researching and analyzing the viability of establishing a captive insurance company in which the Authority could conduct some of its operations. The captive insurance company would not be a government entity, rather, it would be a corporation owned and operated by the Authority. The state of California does not have captive enabling legislation, however, 38 states do, and some of them would be suitable as a domicile for the captive.

The primary benefits of carving out a portion of the Authority's operations and placing it within a captive include (1) lower coverage costs for members resulting from a higher discount rate assumption in annual contribution calculations, (2) less dependence on commercial insurance markets for excess and reinsurance coverage placement, and (3) greater efficiencies when it comes to managing capital and financing risk.

A formal feasibility study was conducted in 2017 by Strategic Risk Solutions (SRS), a large captive management firm. The study indicated that the formation of a captive insurance company is likely to result in a net benefit to members of the Authority. The study ran several models which detailed expenses associated with forming a captive along with itemizing the on-going operating costs, but also pointed out that those expenses would be off-set by improved investment yields and by a better ability to match the long-term payout pattern of claim liabilities with the duration and mix of long-term investments.

In 2018, the Executive Committee directed staff to go beyond the initial research and analysis phase and to start putting together an implementation plan to include more detailed information about which domicile would be optimal, which layers of coverage would be appropriately insured by the captive, how much capitalization makes sense for the new entity, and how to setup strong internal controls and oversight to ensure transparency.

Staff will make a presentation to the Committee at the meeting and respond to questions.

Recommended Action

Receive and file.

CALIFORNIA JPIA

AGENDA REPORT

To: MANAGERS COMMITTEE

From: Jonathan Shull, Chief Executive Officer

Date: February 4, 2019

Subject: Risk Managers Advisory Committee

When the Authority was formed, the staff was very small, and much of the day-to-day work was performed by the Committee of City Managers. As time went by, a Committee of Finance Officers was constituted to address financial issues. The Executive Committee currently has just these two official Advisory Committees, now known as the Managers Committee and the Finance Officers Committee. These committees meet on a quarterly basis. Each member agency has a representative on the committee. Thaddeus McCormack is the chair of the Managers Committee, and Jose Gomez is the chair of the Finance Officers Committee. Based upon the subject matter expertise needed, most policy issues are vetted through either or both committees before being brought to the Executive Committee.

The joint powers agreement requires that each member appoint an employee to be responsible for the risk management function and to serve as a liaison between the member and the Authority as to risk management. For many years, Authority Risk Managers have developed relationships with these risk management representatives. Input from member risk managers is brought forward through staff to the existing Advisory Committees, but the risk managers do not have a direct path to the Executive Committee.

As staff has marketed the excess liability and workers' compensation programs to prospective members currently participating in other pools, we have found that most other pools place greater emphasis on member risk managers in governance and in the policy development process. Some potential members have even expressed that they felt that they would not have a "voice" in the Authority's operations due to the current governance structure.

In addition to the value added by providing direct access to the Executive Committee regarding risk management issues, the addition of a Risk Managers Committee may remove another barrier to membership for some prospective members.

Staff envisions that the Risk Managers Committee would meet quarterly, as do the other advisory committees. The Committee would bring together member agency risk managers who have an interest in managing or addressing risk-related issues and topics with direct access to the Executive Committee and assuage the misperception that members do not have a voice in the Authority's governance.

Recommended Action

Provide input to staff regarding the establishment of a Risk Managers Advisory Committee, and recommend to the Executive Committee that the Committee be established.