FAIRA BOARD & EXECUTIVE BOARD MEETING
September 9, 2019

FAIRA Key Contacts

Contact Name	Office #	Alternate / Cell #	E-Mail
Susan Blankenburg (FAIRA)	415-536-4005	415-517-8028	susan_blankenburg@faira.org
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Scott Draper (Mason Valley FPD)	775-463-2261	775-750-4398	sdraper@lyon-county.org
Mark A. Johnson (Fresno County FPD)	559-493-4355	559-281-4300	mark.a.johnson@fire.ca.gov
Don Butz (Lakeside FPD)	619-390-2350		dbutz@lakesidefire.com
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Richard Pearce (Tiburon FPD)	415-435-7208	415-328-1323	rpearce@tiburonfire.org
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Jonathan Wilby (Orange County FA)	714-573-6832	714-309-5975	jonathanwilby@ocfa.org
Howard Wood (Vacaville FPD)	707-447-2252	707-480-7017	howard.wood@vfpd.net
Dale Bacigalupi (FAIRA Counsel)	559-431-5600	559-246-8639	dbacigalupi@lozanosmith.com
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Joe Mastro (Mastro & Associates)	559-261-4300	559-917-5632	joemcpa@sbcglobal.net
Jack Joyce (Bay Actuarial Consultants)	925-377-5269	902-286-0685	jjoyce@bayactuarial.com
Sam Black (Charles Schwab & Co)	415-945-6464	415-994-7941	sam.black@schwab.com
Don Jesberg (KCM Investments)	415-461-7788		djesberg@kcmadvisors.com

FAIRA MEETING CALENDAR
2019-2020

MEETING DATES	TIME	MEETING	LOCATION
Monday, March 11, 2019	**10:00 a.m.**	Board and Executive Board Meeting	Arthur J. Gallagher 1255 Battery Street, Suite 450 San Francisco, CA 94111
Monday, June 17, 2019	**TBD**	Annual Board and Executive Board Meeting	Arthur J. Gallagher 1255 Battery Street, Suite 450 San Francisco, CA 94111
Monday, September 9, 2019 *AS CALLED BY THE BOARD PRESIDENT – IF NEEDED*	**TBD**	Board and Executive Board Meeting	Arthur J. Gallagher 1255 Battery Street, Suite 450 San Francisco, CA 94111
Monday, December 9, 2019 *AS CALLED BY THE BOARD PRESIDENT – IF NEEDED*	**TBD**	Board and Executive Board Meeting	Arthur J. Gallagher 1255 Battery Street, Suite 450 San Francisco, CA 94111
Monday, March 16, 2020	**TBD**	Board and Executive Board Meeting	Arthur J. Gallagher 1255 Battery Street, Suite 450 San Francisco, CA 94111
Monday, June 15, 2020	**TBD**	Board and Executive Board Meeting	Arthur J. Gallagher 1255 Battery Street, Suite 450 San Francisco, CA 94111

**All dates and venues are subject to change as directed by the President or Board.*

FAIRA Board

President
Chief Bill Paskle
Alpine FPD
Alpine, CA

Vice President
Jonathan Wilby
Orange County FA
Irvine, CA

Treasurer
Chief Mark Pomi
Kentfield FPD
Kentfield, CA

Secretary
Chief Mark Johnson
Fresno FPD
Sanger, CA

Member-at-Large
Chief Criss Brainard
San Miguel Consolidated FPD
Spring Valley, CA

Director
Chief Mike Sims
Bonita-Sunnyside FPD
San Diego, CA

Director
Chief Howard Wood
Vacaville FPD
Vacaville, CA

Director
Chief David Fulcher
Aromas Tri-County FPD
Monterey, CA

Director
Chief Sean Bailey
Northstar CSD
Truckee, CA

Director
Chief Scott Draper
Mason Valley FPD
Yerington, NV

Director
Chief Don Butz
Lakeside FPD
Lakeside, CA

Director
Chief Eric Walder
South Placer FPD
Granite Bay, CA

Director
Chief Richard Pearce
Tiburon FPD
Tiburon, CA

Current as of 6/30/18

1 Call to Order and Determination of a Quorum

Call to Order and Determination of a Quorum

2 Confirmation of Agenda

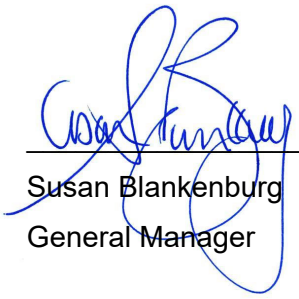
NOTICE AGENDA OF THE FIRE AGENCIES MEETING OF THE BOARD

September 9, 2019 at 10:30 a.m.

To be posted by all Districts in accordance with the Ralph M. Brown Act, California Government Code Section 54950, et seq.

The Fire Agencies Insurance Risk Authority ("FAIRA" or the "Authority") will hold the Board and the Executive Board Meeting on Monday, September 9, 2019, at 10:30 a.m. in the offices of Arthur J. Gallagher, 1255 Battery Street, Suite 450, Board Room, San Francisco, CA 94111.

AGENDA



Date: September 3, 2019

Susan Blankenburg
General Manager

FAIRA, in complying with the Americans with Disabilities Act (ADA), requests individuals who require specific accommodations to access, attend or participate in the Board Meeting, due to disability, to please contact the General Manager at 415-536-4005 at least two (2) business days prior to the scheduled meeting to ensure that the Authority may assist you. Others with questions concerning this Agenda please contact the General Manager at 415-536-4005.

3 Public Comment

Oral Communications to the Board, opportunity for public comment with respect to matters not on the Agenda

This portion of the Agenda may be utilized by any person to address the Board of Directors' on any matter within the jurisdiction of FAIRA not listed on the agenda. Depending on the subject matter, per the Ralph M. Brown Act, the Board may not be able to respond at this time or until the specific item is placed on the Agenda for a future meeting. Speakers are limited to three (3) minutes.

4 Approval of the Minutes of the June 17, 2019 Board and Executive Board Meeting

FAIRA Board and Executive Board Meeting Minutes – June 17, 2019

FIRE AGENCIES INSURANCE RISK AUTHORITY MINUTES OF THE BOARD AND EXECUTIVE BOARD MEETING

June 17, 2019 at 10:30 a.m.

To be posted by all Districts in accordance with the Ralph M. Brown Act, California Government Code Section 54950, et seq.

The meeting was held at the Arthur J. Gallagher Offices, 1255 Battery Street, Suite 450, San Francisco, CA 94111.

PRESENT: President Bill Paskle (Alpine FPD); Mark Pomi (Kentfield FPD); Criss Brainard (San Miguel Consolidated FPD); Mike Sims (Bonita-Sunnyside FPD); Sean Bailey (Northstar CSD); Eric Walder (South Placer FPD); Richard Pearce (Tiburon FPD); Jonathan Wilby (Orange County FA); David Fulcher (Aromas Tri-County FPD).

Absent: Don Butz (Lakeside FPD); Peter Liebig (Lakeside FPD); Mark Johnson (Fresno FPD); Scott Draper (Mason Valley FPD); Howard Wood (Vacaville FPD).

Staff: Susan Blankenburg (FAIRA General Manager); Marco Guardi (FAIRA Loss Control Consultant). Zack Phillips (Arthur J. Gallagher), Alex Banks (Arthur J. Gallagher); Darby Hughes (Arthur J. Gallagher), Aaron Aragon (Arthur J. Gallagher); Eric Kikalo (Arthur J. Gallagher).

ITEM 1 - CALL TO ORDER AND DETERMINATION OF A QUORUM

President Bill Paskle called the meeting to order at 10:30 a.m. Confirmed we have 8 of the 13 board members present. President Paskle asked for everyone to introduce themselves.

Item 2 – Confirmation of Agenda

Susan Blankenburg advised that Marco Guardi is running late and we will move up several other items. Ms. Blankenburg suggest starting with 8.2.1. President Paskle agreed with that.

A **motion** was made to approve the Agenda.

M/S/P Pomi/Brainard

ITEM 3 - ORAL COMMUNICATIONS TO THE BOARD, OPPORTUNITY FOR PUBLIC COMMENT WITH RESPECT TO MATTERS NOT ON THE AGENDA

There was no public comment.

ITEM 4 - APPROVAL OF MINUTES OF THE March 11, 2019 BOARD MEETING OF THE FAIRA BOARD AND EXECUTIVE BOARD.

A **motion** was made to approve the minutes of the March 11, 2019 FAIRA Board and Executive Meeting, as submitted.

M/S/P Sims/Walder

Item 5.1 – Loss Activity – Historical Trends

Mr. Guardi advised that the frequency with Auto Physical Damage and Auto Liability are high with Auto Physical Damage having high severity and Auto Liability having low severity. Employment Practices Liability doesn't have a lot of frequency but the severity is high. He advised that Auto Physical Damage represents a large component of FAIRA losses and provided a chart showing a downward trend since earlier years, and that even though there are two weeks left, we are looking good. He stated that there is a big drop with auto claims; this may be because of the Drive to Survive courses which are happening again. Director Criss Brainard asked if we can send the slide out to the group. Mr. Guardi confirmed we can. The loss severity chart showed that the trend is going very much down, which is great. Director Eric Walder asked if a loss is paid in 18-19 but happened in 16-17, where would it land on the chart. Mr. Guardi advised it would go in the year the loss happened, and for this example that would be 16-17. Mr. Guardi highlighted how we are doing loss control. One way is the Drive to Survive courses. Looking ahead we have 3 locations that are hosting Drive to Survive. We are also working on getting district's trained for SB 1343, which goes into effect January 2020; and AB1825, which has been a requirement.

Item 5.2 – Mandatory Training and Regulatory Changes

Mr. Guardi reported that last June we talked AB1825 training. Once the training is complete, districts are eligible for a deductible of $5,000 for EPLI losses. The deductible for non-compliant districts is $7,500. Certain districts can also have a high deductible if they have EPLI losses higher than the average. If they don't have the training and meet that requirement also, their deductible will be $10,000. President Paskle asked if we have notified the districts that are non-compliant. Ms. Blankenburg noted we have been contacting districts and that there are 16 members have not completed the training, and that we have about 5 more to call. The ones we spoke to either needed more information or are now complaint. President Paskle thinks we need to confirm AB1825 is complete for members we are pursuing to add to FAIRA. Chief Brainard believes that districts will roll the dice and just hope they do not get an EPLI claim, and that it puts all districts at risk. Ms. Blankenburg mentioned that we need to bring it back to the board to see if we want these districts in FAIRA. Director Mike Sims asked if they are having a hard time affording the training and Ms. Blankenburg advised that we have something on the agenda to discuss funding for these districts. Chief Brainard wants to get a future item to figure out how to take care of the districts who have not done the training. Ms. Blankenburg suggested that we give them 60 days to get compliant. Mr. Guardi mentioned this has been on the books for 10 years and there is no real excuse to not have the training done. Chief Walder suggested a premium increase could get them to do it. Chief Brainard suggested a possible 10% increase. Chief Sims suggested sending a letter from the board and that it might push them to get the training done. Ms. Blankenburg stated that we will advise of possible premium increases or fees on future calls. She included that we are asking districts to send some sort of confirmation once

training is completed. Chief Brainard suggested that if districts fraudulently say it is done and they get an EPLI claim, the claim should be denied.

tem 5.3 – Grant Fund Program

Ms. Blankenburg stated that we put together this program after talking to some districts and they advised money was tight. She thought we could get a $3,000 Grant put into the budget and if a district honestly doesn't have the money, we would split it with them and pay $300. Director David Fulcher asked how we confirm they do not have the money. Ms. Blankenburg added we really do not have a way to verify, but they do need to submit a form saying they want to apply. Chief Fulcher asked if they say they need it and they are one of the first ten, if they will get it. She confirmed yes. President Paskle added that they get it from Target Solutions since they already pay for it. Director Jonathan Wilby asked how it will be communicated to the districts, and Ms. Blankenburg confirmed it will come from a mailing.

A **motion** was made to approve the Grand Fund Program

M/S/P Pearce/Walder

Item 5.4 – Drive to Survive

Mr. Guardi stated that this is the 3rd year we are doing Drive to Survive and even though the losses are down, the job is not done. We are still pushing to get the auto claims down. Mr. Guardi confirmed the host sites of South Placer, Alpine and Fresno County.

Item 5.5 – Northern California Loss Control Consultant

Mr. Guardi noted it is just him as the Loss Control Consultant. We looked at 3 different consultants with a background in fire. Former Chief Mark Shadowens was selected by FAIRA. President Paskle affirmed that this is a good choice.

Item 6.1 – Historical Overview

Item 6.2 – Presentation of FAIRA's 2019-2020 Insurance Renewal Proposal

Eric Kikalo advised what we will go over. He started with the renewal process. He mentioned it was similar to last year, in that we sent online applications and did follow ups until we got them all back. There was a little challenge with the quoting as the property market is not so good. FAIRA was offered a flat renewal rate. Ms. Blankenburg asked Mr. Kikalo for an example of some of our renewals to show how bad it can be. Mr. Kikalo advised a client with values similar to FAIRA is expected to get a 100% increase with a decrease in limits of 30%. Clients with concrete and steel are also getting huge increases (one 43%, the other not even quoted), and reduced the $500,000,000 limit down to $20,000,000. Mr. Kikalo showed the exposure comparison which included some aggressive changes in the total insurable values. This change came from Mr. Kikalo and Ms. Blankenburg urging the districts to look at their values and making sure they are as up to date as possible. Mr. Kikalo showed historical rates since 2012-13 and that we are averaging 2.5% increase a year, and that this is a pretty good average. For the renewal marketing effort, we went to the incumbent and a few carriers who we thought would fit well. All carriers declined to quote, except the incumbent, who we received 2 quotes from. Coverage enhancements include the broad coverage for agreed value. Also, FAIRA will get 350 training courses (seats) for free and these courses would possibly satisfy SB 1343 and does satisfy AB1825. Ms. Blankenburg stated that even some of these enhancements (unintentional errors, outdoor property) are still good coverages for

things you may not expect. Mr. Kikalo gave a breakdown of funds transferring coverage. He advised this applies if you accidently send money to a bogus person and that it does happen quite often. Mr. Kikalo presents insurance option 1. This option has a $100,000 deductible and a $750,000 aggregate deductible. The total for this is $2,856,998 and is with the current program. Mr. Kikalo noted that the $750,000 aggregate is the most we will have to pay for claims during the year. We conducted an actuarial study and our 75% probability that we like to use, FAIRA would pay $1,340,000 in deductibles for the 19-20 term, so the $750,000 is a good deal. Option 2 is a $500,000 deductible with no aggregate and the premium is $3,818,000 when factoring in the deductibles. Chief Walder asked what some good things about option 2 are and Mr. Kikalo answered that it is cheaper initially, but Zack Phillips added that at the end it most likely will be more expensive. Ms. Blankenburg added that if there is a historically great year, option 2 can save money, but when facing reality, option 1 is going to be cheaper. Mr. Phillips advised we are getting close to the $750,000 deductible and we are still experiencing claims coming in and expect more for the current term. President Paskle asked what our recommendation is and Mr. Kikalo answered our recommendation would be option 1. After the motion was passed, Mr. Kikalo touched on marketing efforts to get more districts to join FAIRA.

A **motion** was made to approve Option 1 insurance proposal

M/S/P Brainard/Pearce

Item 7.1 – Allied World Claims Payments to Date

Mr. Phillips stated we have a $750,000 aggregate and, as of 4/30/19, there is a total incurred of $430,000, $90,000 is in reserve; leaving $340,000 paid out by Allied World. They currently have billed FAIRA $206,000, so there is a slight timing delay. Part of that delay is due to possible subrogation, in which case FAIRA will not be billed that amount.

Item 7.2 – Review of Accountant's Financial Statements at April 30, 2019

Mr. Phillips mentioned we are phasing out WestAmerica bank after the remaining $6,700 is used, which should be by the end of the year. Investment income is up $24,000 from what was expected. The pool expense is lower than budgeted, which goes along with accrued liability for the aggregate deductible. Loss control is $25,000 lower. Part of that is because we deferred Drive to Survive for next year. FAIRA also saved $10,000 by not having a loss control consultant this year.

Item 7.3 – Review of KCM Investments at May 31, 2019

As mentioned, investments are higher than expected. We are getting a return of 3.8%. A relative number is 1.6%, so we are doing really well. We are projected to finish $20,000-$25,000 above budget.

Item 7.4 – Presentation of the Proposed 2019-20 Budget and Updated 2018-19 Budget

There is $10,000 budgeted for legal fees. The insurance premium increase is $80,000, or approximately 3%, which is a flat renewal, as it is rated on exposures. Loss Control expense is $33,000 and is split between 3 categories. First, $15,000 for the NorCal Loss Consultant. $3,000 for the Grant Fund Program, and the remaining $15,000 will be used for the Drive to Survive courses. The board has already approved the $5,000 for the legal fees which is already in the budget. The question that comes up is how we use the surplus. We can keep the same as last year. Alternatively, we can use $350,000 of

surplus, and members would have a 5% increase in rate and 3% in exposure. Ms. Blankenburg broke down the two options. President Paskle recommended the lower surplus and take to on the 5% increase. Chief Fulcher asked what we will do with the difference and President Paskle noted it will sit in the account for future use. Ms. Blankenburg added that pools should have a surplus and we have a $100,000 deductible with a $750,000 aggregate that could eventually go away, and we will have this surplus to help offset that.

A **motion** was made to approve the 19-20 budget and updated 18-19 budget

M/S/P Brainard/Sims

Item 7.5 – Rate Stabilization Fund (RSF)

Mr. Phillips showed how we built up the fund and used a third of it last year, as well as how we will use a third this year. Chief Walder added that we have not collected since 2013. He believes that it is on a downwards trajectory and thinks we should use the whole RSF this year and get rid of it. He motions, and Chief Brainard seconds. All other members vote “no”.

A **motio**n was made to dry out the RSF this year and discontinue it.

M/S/P Walder/Brainard

All other members vote no. The motion does NOT pass.

A **motion** was made to keep the RSF as is.

M/S/P Wilby/Fulcher

Item 8.1 – Board Elections

Item 8.1.1 – Governing Board Elections

Ms. Blankenburg stated everyone who has a seat is interested in keeping their seats. Alex Banks announced 30 ballots were received. Mr. Banks reads the results, and all members keep their seats.

A **motion** was made to accept the Governing Board Elections

M/S/P Sims/Wilby

Item 8.1.2 – Board Officers Elections

This was agreed to be moved to the September meeting.

Item 8.2 – Update of FAIRA’s Governing Documents

Item 8.2.1 – Liability Risk-Sharing Agreement

Ms. Blankenburg advised that the Risk Sharing Agreement defined what the pool does in its self-insured pool structure and was written before 1993. This was specifically written for a 3 year term and clearly is outdated and no longer applied to the terms FAIRA has today. We asked for an updated document that is simpler and more flexible and specified. This document is specifically written for liability only and we have a $100,000 deductible for liability, property and auto physical damage. Ms. Blankenburg also advised that the document was cleaned up and streamlined. Ms. Blankenburg stated we hav`e 2 copies of the redlined version, which is 61 pages should anyone want to see it. Dale Bacigalupi asked if the Board Members received the summary memo that came

from the attorney who drafted the document. The Board confirmed that they did. He asked if they received the red line and Ms. Blankenburg advised that it was mailed and we have two hard copies at the meeting. Mr. Bacigalupi gave a brief overview of what the document now entails. He mentioned that even though the redlined version may make it look like it is a completely new document, the majority of the changes were done to reorganize in a way that is easier to read, clarifying definitions, and removing language that no longer applied. There were three new provisions added. There is a provision on how a member can exit coverage. There is a provision added to the coverage agreement that clarified the circumstances under which annual premiums can be adjusted. There is a provision that relates to the termination of a member. Mr. Bacigalupi advised that his view on this is that the basic coverage that FAIRA and the members have become accustom to have not changed. Mr. Bacigalupi reiterated that it is a document that is much easier to read and is consistent with the Joint Powers Agreement and has no old language that meant something in 1993, but has been superseded and no longer applies. Ms. Blankenburg advised that she spent two hours on the phone with Athena Troy, of Meyers Fozi & Dwork, LLP, to better understand the document. Chief Brainard asked Ms. Blankenburg if the document that was attached to the May 29th memo was the accepted changes. She advised it was the final version. Director Wilby asked Ms. Blankenburg and Mr. Bacigalupi if they are comfortable with the new document. She confirmed she is and has spent 5 or 6 hours reviewing it. Chief Brainard confirmed that he read it and is comfortable with the new document, knowing legal and Ms. Blankenburg are.

A **motion** was made to approve the Liability Risk-Sharing Agreement

M/S/P Brainard/Wilby/Pearce

Item 8.2.2 – Joint Powers Authority

Mr. Bacigalupi advised that at our next board meeting, he will prepare and have on the agenda, the amendments to the Joint Powers Agreement, which will be necessary to make it consistent with the new Risk-Sharing Agreement. President Paskle commented that the new JPA will have to go to the board for approval. Ms. Blankenburg confirmed that both the JPA and the Risk-Sharing Agreement will have to go out for approval.

Item 8.2.3 – FAIRA Memorandum of Coverage

Ms. Blankenburg stated that we have negotiated some broadened coverage on the basic insurance renewal, so it will not be necessary at this point to use our own coverage document. Ms. Blankenburg advised that there is a shift in the property marketplace. The market is starting to harden. One of the things pools do when times get tough is instead of using commercial insurance per the terms the carrier gives, the pools will take their own coverage document, and have that reinsured. We will be working with Meyers Fozi & Dwork, LLP, to help us through working to update a memorandum of coverage, all of which has already been approved by the board. Hopefully this will be done by December.

Item 8.2.4 – Resolution For The Late Receipt Of Applications

Ms. Blankenburg advised we got 85% of applications on time. Despite how many times we tried to get in touch, we have a hard time getting the completed applications. Ms. Blankenburg advised that we have reached out to Mr. Bacigalupi and asked for a resolution to be put in writing which is that there will be a penalty for applications received 60 days after the due date. Ms. Blankenburg advised the resolution is on page

71. Ms. Blankenburg advised we will be putting this notice in the very first email next year when renewal applications are sent out. Another notice will be sent at least 7 to 10 days before the applications are due. Chief Sims asked if there is a common reason for late applications. Ms. Blankenburg answered that there is no real reason. They don't have enough people, don't have it as a priority, and a lot of times we will ask if there have been changes. If not, all they have to do is review the application and hit enter.

A **motion** was made to approve the resolution. A roll call is required for a resolution. Mr. Banks read the name and district for each member that was present. The motion passes unanimously.

M/S/P Bailey/Walder

Item 8.3 – CAJPA Tort Liability Study

Ms. Blankenburg stated there are about 30 pools that were approached asking for donations to fund for the study. What they are trying to do is take a look at growing costs of Tort Liability. We are hitting a period where the property insurance market is being affected and it is only natural that the next to go is liability. What he is trying to do is compile data to see where the majority of tort liability lies, and if there are any trends. If there are, he would like to identify what some proactive steps are moving forward to see if there is any solution. They were asking for a contribution of $10,000 from most pools but we can possibly do $5,000. It is in our budget and Ms. Blankenburg asked if the FAIRA pool is behind it. Director Richard Pearce noted he believes it will be a waste of money and maybe the carriers would be willing to pony up as well. He asked what the other pools are doing and Ms. Blankenburg answered that 5 others were asked and they all said yes. President Paskle's recommendation is to approve the $5,000 as the price is reasonable and we have it in the budget. Ms. Blankenburg advised that Mr. Trout came out of retirement to do this and that he is doing this for the passion. Director Wilby see's the value in seeing commonality and trends from all the pools, and that there are actions that can come and work for FAIRA. Chief Walder asked if he is receiving compensation, and Ms. Blankenburg answered she imagines he is, but he does not have a consulting service.

A **motion** was made to approve the CAJPA Tort Liability Study at $5,000

M/S/P Brainard/Wilby

Item 8.4 – Establish Vehicle Definitions

Ms. Blankenburg advised that we were very successful with figuring out how to define vehicles and that Mr. Kikalo will touch on it in his presentation. Agreed value was only allowed with Chief's vehicles. Any vehicle that is sanctioned for district use for an emergency is going to be agreed value. This gives much richer coverage. The only vehicles that are ACV (Actual Cash Value) are just basic vehicles without lights or sirens, or cars that are for around town use. Mr. Phillips asked if it is not marked as emergency vehicle, if that effects the application. Ms. Blankenburg answered no.

Item 8.5 – Claims Update As Needed

Was not needed.

Item 9.1 – As Needed

Nothing to report.

Item 12 – Adjournment

The meeting is adjourned at 12:42 pm.

A **motion** was made to adjourn the meeting.

M/S/P

Consideration and Possible Action

5 Financial Update

5.1 Deductible Reimbursement

On July 1, 2018, FAIRA implemented a deductible plan assuming the first $100,000 of all insured losses, with a maximum annual aggregate of $750,000. Our carrier, Allied World, is responsible for paying all claims and FAIRA is to reimburse monies due upon receipt of any their invoice. With the disclosure of the claim type, we identify if a deductible is applicable and if so, identify the deductible amount and invoice the District accordingly.

The total deductible amounts due for reimbursement totaled $94,000 for claim payments through 4/30/2019, for which FAIRA had already reimbursed Allied World. In turn, we have billed each member for any deductible amounts due. The table below shows the member deductibles per type of claim. An example of the cover letter and invoice FAIRA are included on the following pages.

Member Deductible Amounts per 2018-19 Claim:
NIL GL, Auto & Garage Liability
$5,000 or $7,500 Management Liability
$5,000 Auto Physical Damage: Emergency Vehicles Comp & Collision
$1,000 Auto Physical Damage: Private Passenger Comp & Collision
$250 / $500 Garage Keepers Comprehensive / Collision
$5,000 Property
$1,000 Crime

2018-2019 Annual Aggregate update

As of 4/30/19, Allied World has paid $455,000 of 2018-19 claims on behalf of FAIRA compared to $341,000 as of 4/30/19. FAIRA has reimbursed Allied World for $206,000 as of 6/30/19 and currently owes an additional $101,000 for a total of $307,000.

The difference between Allied World payments of $455,000 and FAIRA's required reimbursements of $307,000 is primarily due to glass claims, which are covered on a first dollar basis, and claims with potential subrogation.

Allied World has reserved an additional $301,000 as of 6/30/19 for total incurred of $756,000, which exceeds FAIRA's maximum obligation of $750,000.

FAIRA's financial position benefits from the gradual development of claims, the timing of reimbursement requests from the carrier, and the collection of member deductibles.

Receive and File

Fire Agencies Insurance Risk Authority
Susan Blankenburg, General Manager
1255 Battery Street, Suite 450
San Francisco, CA 94111
Office 415-536-4005 Fax 415-536-8499

Date: 8/5/2019

To: Orange County FA
Risk Manager, Jonathan Wilby
One Fire Authority Road
Irvine, CA 92602

From: Susan Blankenburg

SUBJECT: DEDUCTIBLE REIMBURSEMENT - AUTOMOBILE LOSS

DATE OF LOSS: 7/23/2018, 8/11/2018, 9/26/2018, 10/1/2018, 12/21/2018

In the 2018-19 Summary of Insurance your district's deductibles are shown for each types of claims. In prior years, deductibles were accounted for either as a partial payment directly to vendor(s), or as a reduction in the reimbursement you received from the insurance carrier.

Losses effective 7/1/2018 or later were managed differently in that the deductibles were fronted by the pool and now you are responsible for reimbursing FAIRA your deductible amount.

This new process enabled your District to hold funds longer and coincides with FAIRA's cash flow for remitting deductibles to the insurance carrier. The insurance carrier allowed FAIRA extra time implement this new process for 2018-19. In future months you should expect to receive deductible invoices more frequently for both the 2018-19 policy year and the 2019-20 policy year.

Please submit your payment per the invoice enclosed and call us if you have any questions.

Sincerely,

Susan Blankenburg, General Manager
cc: Alex Banks, Administrative Analyst

Fire Agencies Insurance Risk Authority

TO:
Orange County FA
Risk Manager, Jonathan
Wilby One Fire Authority
Road Irvine, CA 92602

Invoice No.: 2019-09D
Invoice Date: 8/5/2019

DUE BY: 9/30/2019

Date of Loss	Claim No.	Description	Coverage Line	Insured Member Deductible	FAIRA Transmit Date	AMOUNT DUE
7/23/2018	2018018319-1	Unit 2329 - E/R	APD-Coll	$5,000.00	8/5/2019	$5,000.00
8/11/2018	2018020629-1	Unit 5164 - E/R	APD-Coll	$5,000.00	8/5/2019	$5,000.00
9/26/2018	2018022675-2	Unit 5147 - E/R	APD-Coll	$5,000.00	8/5/2019	$1,716.00
10/1/2018	2018022718-1	Unit 5215 - E/R	APD-Coll	$5,000.00	8/5/2019	$1,648.50
12/21/2018	2018029163-1	2005 Chevy F250-E/R	APD-Coll	$5,000.00	8/5/2019	$4,073.39
					Total Due	**$17,437.89**

PAYMENT INSTRUCTIONS

Make checks payable to: FAIRA

Remit-To:
FAIRA
c/o Artex Risk Solutions
6040 E. Main Street, #142
Mesa, AZ 85205

Wire Instructions:
FAIRA
Chase Bank
ABA/Routing #: 021000021
Account #: 298582658

ACH Instructions:
FAIRA
Chase Bank
ABA/Routing #: 322271627
Account #: 298582658

For questions, please call Susan Blankenburg at (415) 536-4005

6 General Manager Report

6.1 District Meetings

Our General Manager, Susan Blankenburg, continues to meet with member districts providing the FAIRA overview. The meetings consist of reviewing the summaries of insurance, the FAIRA coverage outline, values on vehicle and property schedules, risk management services and the easy to read ten-year loss history charts, followed by the detailed loss run.

Susan has met with the districts outlined below.

- Tiburon FPD
- Montecito FPD
- South Placer FPD
- North Star CSDFD (Marco Guardi and Mark Shadowens were also in attendance)
- Valley Center FPD.

Attendance from the Districts varied greatly from just the Fire Chief to the Chief to the entire Board of Directors' and administrative staff. The feedback has been great. Most have commented that they really did not understand their insurance program; many immediately re-evaluated vehicle, building and content values and were pleasantly surprised to understand the depth of all of the various coverages that are part of the package.

Receive and File

6.2 Updated Joint Powers Authority

At the June 17, 2019 meeting, Dale Bacigalupi agreed to update the language in FAIRA's Joint Powers Authority to coincide with the Liability Risk Sharing Agreement. This was approved at the June 17, 2019 meeting and attached is the updated Joint Powers Authority.

Consideration and Possible Action

Lozano Smith
ATTORNEYS AT LAW

7404 N. Spalding Avenue, Fresno, California 93720-3370
Telephone: (559) 431-5600 Fax: (559) 261-9366

MEMORANDUM

DATE: September 9, 2019

CLIENT/MATTER: 1913-01

TO: FAIRA Board

FROM: Dale E. Bacigalupi
FAIRA General Counsel

RE: FAIRA Revised JPA Agreement Revisions and FAIRA Revised Liability Risk Coverage Agreement

At the FAIRA Board meeting on June 17, 2019, the Board reviewed and approved a comprehensive update to the FAIRA Liability Risk Coverage Agreement.

The revised and updated Liability Risk Coverage Agreement necessitated some language revisions in the FAIRA Joint Powers Agreement, since those 2 documents work together and must be consistent.

The Board authorized FAIRA legal counsel to prepare an update to the JPA Agreement.

Attached is a red-lined update to the JPA Agreement and is titled the Sixth Amended Joint Powers Agreement.

There are language changes in the following sections of the JPA Agreement: Introductory paragraph; Article 2 – Definitions; Article 7 – Governing Board; Article 19 – Member Agency Responsibilities; and Article 22 – Termination and Distribution.

These revisions are either needed to conform the JPA Agreement to the updated Liability Risk Sharing Agreement, or are changes that the Board has reviewed and approved in the recent past.

The Board will need to take 2 actions:

1. Approve the Sixth Amended Joint Powers Agreement; and

2. Direct that both the Sixth Amended Joint Powers Agreement and the revised Liability Risk Coverage Agreement be circulated to all FAIRA members for approval. Once a majority of the FAIRA members have approved both documents, they will be deemed approved and in effect.

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~~FIFTH~~ SIXTH AMENDED JOINT POWERS AGREEMENT

of the

FIRE AGENCIES INSURANCE RISK AUTHORITY

PARTICIPANTS LISTED IN EXHIBIT "1" HERETO

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JOINT POWERS AGREEMENT

CREATING THE FIRE AGENCIES INSURANCE RISK AUTHORITY

This JOINT EXERCISE OF POWERS AGREEMENT ("Agreement") among those local agencies signatory to this Agreement is for the purpose of establishing, operating and maintaining self-insurance programs for the purpose of general liability insurance, including coverage for motor vehicle liability and such other forms of insurance as may be agreed upon by the Authority. ~~Participation in such programs shall be mandatory for the first three annual Coverage Periods, as defined in the Liability Risk Coverage Agreement, as defined below, and shall thereafter be at the option of each local agency signatory to this Agreement, subject to the terms of the Liability Risk Coverage Agreement.~~ The Agreement has been amended several times since FAIRA was established. The current Agreement, entitled the ~~Fifth~~Sixth Amended Joint Powers Agreement," was approved by action of a majority of the Members, as required by Article 27 of the Agreement. The consent of a majority of the membership of the Authority, acting through their legislative bodies, and in compliance with all applicable requirements of the Joint Powers Law, was received on _____, 2019~~October 22, 2007~~. The "~~Fifth~~Sixth Amended Joint Powers Agreement," supersedes all previous agreements entered into by the Authority Member local agencies. It is dated _____, 2019~~October 22, 2007~~. The Agreement is effective as to individual Authority member local agencies when it is executed consistent with Agreement Article 5.

RECITALS

This Agreement is predicated upon the following facts:

1. WHEREAS, the Member Agencies are public agencies organized and operating under the laws of the State of California.

2. WHEREAS, the following state laws, among others, authorize the Member Local Agencies to enter into this Agreement:

(a) Health and Safety Code Section 13861(j), permitting a Fire Protection District to enter into joint powers agreements;

(b) Health and Safety Code Section 13861(k), permitting a Fire Protection District to provide insurance;

(c) California Water Code Section 71680(a), permitting a water district to exercise any of the powers functions and duties which are vested in a Fire Protection District;

(d) Government Code Sections 989 and 990, permitting local public entities to insure itself against liability and other losses;

(e) Government Code Section 990.4, permitting a local public entity to provide insurance and self-insurance in any desired combination;

(f) Government Code Section 990.8, permitting two or more local public entities to enter into an agreement to jointly fund such expenditures under the authority of Government Code Sections 6500 - 6515;

(g) Government Code Sections 6500 - 6515, permitting two or more local public entities to jointly exercise under an agreement any power which is common to each of them; and,

(h) Article XVI, Section 6 of the California Constitution, which provides that insurance pooling arrangements under joint exercise of power agreements shall not be considered in giving or lending of credit as prohibited therein.

3. WHEREAS, each of the parties to this Agreement desires to join together with other parties for the purposes of (a) developing an effective risk management program to reduce the amount and frequency of their losses; (b) pooling their self-insured losses; and, (c) jointly purchasing excess insurance and administrative services in connection with a joint protection program for said parties; and,

4. WHEREAS, it has been determined that it is economically feasible and practical for the parties to this Agreement to do so;

NOW, THEREFORE, for and in consideration of all the mutual benefits, covenants, and agreements contained herein, the parties hereto agree as follows:

ARTICLE 1. PURPOSE

This Agreement is entered into by Member Agencies pursuant to the provisions of California Government Code Sections 990, 990.4, 990.8, and 6500 et seq. in order to develop an effective risk management program: (a) to reduce the amount and frequency of their losses; (b) pooling their self-insured losses; and, (c)jointly purchase excess insurance and administrative services in connection with a joint protection program for said parties. These purposes, among other things, shall be accomplished through the exercise of the powers of Member Agencies jointly in the creation of a separate entity, to be known as the Fire Agencies Insurance Risk Authority ("FAIRA"), to administer a joint protection program wherein Member Agencies will pool their losses and claims, jointly purchase excess insurance and administrative and other services, including claims adjusting, data processing, risk management, loss prevention, legal and related services.

It is also the purpose of this Agreement to provide for the removal of participating agencies for cause, or upon request.

ARTICLE 2. DEFINITIONS

Unless the context otherwise requires;

(a) "Authority" means the Fire Agencies Insurance Risk Authority FAIRA") created by this Agreement;

(b) "Board" is the governing board of the Authority, the composition of which is defined by Agreement Article 7(a);

(c) "Executive Board" means the President, Vice President, Secretary, Treasurer and one other Board member;

(d) "Insurance Program" means a program of providing insurance administered by the Authority for Member Agencies, implemented by this Agreement and by an insurance program agreement by and among the Authority and such Member Agencies;

(e) "Insurance Program Agreement" or "Liability Risk Coverage Agreement" means an insurance program agreement by and among the Authority and Members providing for implementation of an Insurance Program;

(f) "Joint Powers Law" means Articles 1 through 4, Chapter 5, Division 7, title 1 (commencing with Section 6500) of the Government Code;

(g) "Liability Risk Coverage Agreement" means that certain insurance program agreement among the Member Agencies and the Authority, dated as of _____, 2019~~February 1, 1993~~, as it is updated or replaced from time to time by the Board;

(h) "Member Agency" means any of the public agencies which are a party to this Agreement and a member of the Authority; and,

(i) "Treasurer" is the officer of the Authority selected by the Board to manage, administer

and invest moneys in accordance with this Agreement. The Treasurer shall be the Financial Officer of the Authority.

~~(i)~~(j) "Claims Administrator" is the agency appointed by the Authority to investigate all claims and determine the extent of the pools liability.

ARTICLE 3. PARTIES TO THE AGREEMENT

Each party to this Agreement certifies that it intends to, and does, contract with all other parties who are signatories of this Agreement and, in addition, with such other parties as may later be added as parties to, and signatories of, this Agreement pursuant to Article 23. Each party to this Agreement also certifies that the withdrawal of any party from this Agreement, pursuant to Article 21, shall not affect this Agreement nor the remaining parties' intent to contract as described above with the other parties to the Agreement then remaining.

ARTICLE 4. CREATION OF AUTHORITY

Pursuant to the Joint Powers Law, it is hereby reaffirmed that the Authority is created as a public entity, separate and apart from the parties to this Agreement.

ARTICLE 5. TERM OF AGREEMENT

This Agreement is effective as against each Member Agency as of the date such Member Agency executes this Agreement and continues until terminated as hereinafter provided.

ARTICLE 6. POWERS OF AUTHORITY

The Authority is authorized, in its own name, to do all acts necessary for the exercise of those powers referred to in Recital 2 including, but not limited to, each of the following:

(a) make and enter into contracts, including but not limited to the Liability Risk Coverage Agreement;

(b) incur debts, liabilities and obligations and to encumber real or personal property; but no debt, liability or obligation of the Authority is a debt, liability or obligation of any Member Agency which is a party to this Agreement, except as otherwise provided by Articles 21 and 22;

(c) acquire, hold or dispose of real and personal property;

(d) receive, hold and dispose of contributions and donations of property, funds, services and other forms of assistance from any source;

(e) sue and be sued in its own name, and settle any claim against it;

(f) employ agents and employees;

(g) acquire, construct, manage and maintain buildings;

(h) lease real or personal property including that of a Member Agency;

(i) receive, collect, invest and disburse moneys;

(j) receive and use contributions and advances from Members as provided in California Government Code Section 6504, including contributions or advances of personnel, equipment or property;

(k) invest any money in its treasury that is not required for its immediate necessities, pursuant to California Government Code Section 6509.5;

(1) develop and implement insurance risk management programs, including pooling of self-insurance losses, purchase of excess insurance and reinsurance and paying related administrative expenses; and,

(m) exercise other reasonable and necessary powers in furtherance or support of any purpose of the Authority or power granted by the Joint Powers Law, this Agreement or the Bylaws of the Authority.

These powers shall be exercised in the manner provided by law and in accordance with the requirements of the Executive Board where specifically designated in this Agreement, and except as expressly set forth in this Agreement, subject only to those restrictions upon the manner of exercising the powers which are imposed upon local public agencies in the exercise of similar powers.

ARTICLE 7. GOVERNING BOARD

(a) Composition of Board.

Beginning as of the Board meeting held on or after June, 2005, the Authority shall be governed by a Board composed of thirteen (13) members. Of the 13 seats on the Board, one shall be reserved for one of the Member Agencies located in the state of Nevada, and one shall be reserved for the largest FAIRA Member Agency (as determined by premium paid in the last fiscal year). Thereafter, every four (4) years or as otherwise determined by the Board of Directors to be election years, the FAIRA Manager shall invite nominations from all of the Member Agencies to fill the remaining eleven seats on the Board. Thereafter, the Manager shall compile a list of Board nominations and shall submit the list of nominations to all of the Member Agencies for a vote. Only the Member Agencies located in the state of Nevada shall vote to select the Member Agency to fill the seat reserved for the Nevada Member Agencies. At the FAIRA Board meeting convened in June of an election year, the Board of Directors shall review and count the ballots and shall determine, based on the balloting, the Agencies who shall be represented on the Board of Directors for the upcoming 4-year period. The Board may establish written procedures for the conduct of nominations, balloting and Board Member selection as needed. Board members shall be elected for a term of four (4) years. Each Member Agency represented on the Board shall be either a member of the legislative body, its administrative officer, or its fire chief or staff person responsible for its risk management function as its representative to the Board. Each Member Agency legislative body shall also appoint one alternate as a Board member, who shall have the same qualifications as the Member Agency Board member, and who may attend, participate in, and vote at any meeting of the Board at which the regular Board member is absent. A Board member is not entitled to compensation from the Authority. However, the Board may authorize reimbursement for expenses, consistent with its Board of Directors Policy, incurred by a member in connection with the duties of a Board member.

(b) Vacancy on Board.

Any vacancy in a Board member or alternative Board member position shall be filled by the Member Agency's legislative body for the remaining term of the Board member or alternative Board member position.

Any vacancy created on the Board by the departure or withdrawal of any member agency shall be filled by appointment by the Board. The newly appointed Board member shall serve for the unexpired term of the Board position that became vacant as a result of the departure or withdrawal. The appointment may be made at any, regular or special meeting of the Board.

During the interim between the vacancy and the date of the next general meeting, the appointment of an interim Board member may be made by the consent of the majority of the Board if the remaining Board feels a replacement is necessary for the proper continued conduct of Board business. However, if the number of Board members drops to less than seven (7) for more than three (3) months prior to the next general meeting, the Board must appoint an interim Board member.

The number of Board members may increase temporarily by vote at the general meeting if such an increase is being made in anticipation of the withdrawal of a member(s) of the Board prior to the next general meeting; the appointment would be subject to the final withdrawal of the member.

(c) Removal from Board.

A Board member and/or alternate Board member shall be removed from the Board upon the occurrence of any one of the following, as appropriate, events:

(1) Receipt by the Authority of written notice from the appointing Member Agency of the removal of the Board member or alternate Board member, together with a certified copy of the resolution of the legislative body of the Member Agency effecting such removal;

(2) Receipt by the Authority of written notice of ~~T~~the withdrawal of the Member Agency from this Agreement;

(3) The death or resignation of the Board member or alternate Board member; and,

(4) Receipt by the Authority of written notice from the Member Agency that the Board member or alternate Board member is no longer qualified as provided in section (a) of this Article.

(d) Powers of Board.

The Board shall have the following powers.

(1) Except as otherwise provided in this Agreement, the Board shall exercise all powers and conduct all business of the Authority, either directly or by delegation to other bodies or persons.

(2) The Board shall form an Executive Board, as provided in Article 10. The Board may delegate to the Executive board, and the Executive Board may discharge, any powers or duties

of the Board except adoption of the Authority's annual budget. Any powers and duties so delegated shall be specified in a resolution adopted by the Board.

(3) The Board may form, as provided in Article 11, such other committees as it deems appropriate to conduct the business of the Authority, or it may delegate such power to the Executive Board in the Bylaws or by resolution of the Board. The membership of any such other committee may consist in whole or in part of persons who are not members of the Board; provided that the Board and the Executive Board may delegate decision-making powers and duties only to a committee a majority of the members of which are Board members. Any committee a majority of the members of which are Board members may function only in an advisory capacity.

(4) The Board shall elect the officers of the Authority and shall appoint or employ necessary staff in accordance with Articles 9 and 12, respectively.

(5) The Board shall cause to be prepared, and shall review, modify as necessary, and adopt the annual operating budget of the Authority. Adoption of the budget may not be delegated.

(6) The Board, by and through its Executive Board, shall receive, review and act upon periodic reports and audits of the funds of the Authority, as required under Articles 17 and 18 of this Agreement.

(7) The Board shall have such other powers and duties as are reasonably necessary to carry out the purpose of the Authority.

ARTICLE 8. BOARD MEETINGS AND VOTING

(a) Regular and Special Meetings.

The Board shall hold at least one (1) regular meeting each year. The Board shall fix the date, hour and place for each regular meeting. The President or General Manager may request special meetings as necessary. Special meetings may also be called upon written request by at least one-third (1/3) of the Board members. Notice of such special meetings shall be delivered personally or by mail to each Board member at least twenty-four (24) hours before the time of such meeting.

(b) Ralph M. Brown Act.

Each meeting of the Board, including without limitation regular, adjourned regular, and special meetings shall be called, noticed, held, and conducted in accordance with the Ralph M. Brown Act, Section 54950 et seq. of the Government Code.

(c) Minutes.

The Authority Board shall keep minutes of regular, adjourned regular, and special meetings kept by the Secretary. As soon as practicable after each meeting, the Secretary shall forward to each Board member a copy of the minutes of such meeting.

(d) Quorum.

A majority of the members of the Board is a quorum for the transaction of business. A vote of the majority of a quorum at a meeting is sufficient to take action.

(e) Voting.

Each member of the Board shall have one (1) vote.

ARTICLE 9. SELECTION OF OFFICERS AND CONSULTANTS

(a) Officer Selection: Vacancies.

Except as may be otherwise provided in the Bylaws of the Authority, the Board shall elect a new President and Vice President in the last meeting of each fiscal year. The Board may appoint such other officers as it considers necessary. Each officer shall assume the duties of his office upon election or appointment. The President shall preside at and conduct all meetings of the Board. In the absence or inability of the President to act, the Vice President shall act as President. If either the President or Vice President ceases to be a member of the Board, the resulting vacancy shall be filled at the next regular meeting of the board held after the vacancy occurs or at a special meeting of the Board called to fill such vacancy.

(b) Qualification of Treasurer.

Pursuant to Government Code section 6505.5, the Treasurer shall be the treasurer of the legislative body of one of the Member Agencies of the Authority or the county treasurer in which one of the Member Agencies is situated, or, pursuant to Government Code Section 6505.6, the Board may appoint one of its officers or employees to the position of Treasurer, who shall comply with the requirements set forth for such office in the Joint Powers Law. Should the Joint Powers Law be amended to permit the selection of the Treasurer from another class of persons, the Treasurer may be selected from such class.

ARTICLE 10. EXECUTIVE BOARD

The Board shall establish an Executive board which shall consist solely of members selected from the membership of the Board. The terms of office of the members of the Executive Board shall be provided in the Bylaws of the Authority. The Executive

Board shall conduct the business of the Authority between meetings of the Board, exercising all those powers as provided for in section (d)(2) of Article 7, or as otherwise delegated to it by the Board.

ARTICLE 11. COMMITTEES

The Board may establish committees as it deems appropriate to conduct the business of the Authority or it may, in the Bylaws or by resolution, delegate such power to the Executive Board. Members of Committees shall be appointed by the Board or the Executive board, as the case may be. Each Committee shall have those duties as determined by the Board or the Executive board, as the case may be, or as otherwise set forth in the Bylaws. Each Committee shall meet on the call of its chairperson, and shall report to the Executive Board and the Board as directed by the Board or the Executive Board, as the case may be.

ARTICLE 12. STAFF

The Board or Executive Board shall provide for the appointment of such other staff as may be necessary for the administration of the Authority. Members of the staff or employees of the Authority shall be compensated in such manner as shall be approved by the Board as permitted by applicable law.

ARTICLE 13. FISCAL YEAR

The "fiscal year" of the Authority is the period from the first day of July of each year to and including the last day of June of the following year. The first full fiscal year for the reaffirmed Authority shall be the period of time from July 1, 1995 through June 30, 1996.

ARTICLE 14. ESTABLISHMENT AND ADMINISTRATION OF FUNDS

(a) The Authority, through its Treasurer, shall establish the following funds:

(1) A Central Loss Fund, which shall be used only for the purpose of paying the covered losses and related settlement costs (including claims adjusting and legal defense fees) for which the Authority is self-insured and of establishing a reserve to cover probable future payments for claims and suits not settled; and,

(2) An Operating Fund for the purpose of paying excess insurance premiums, brokers' fees, consultant fees, legal fees (not including claims, legal defense costs), employee salaries, claims administration fees and such other operating expenses as the Board directs.

The Authority through its Treasurer, may establish such other funds as the Board considers necessary.

(b) All Authority funds shall be deposited in one or more of the following:

(1) The treasury of the Member Agency from which the Treasurer of the Authority is selected;

(2) A bank, or savings and loan association, selected by the Board; or,

(3) The treasury of the State of California.

The Treasurer shall invest and reinvest the funds in compliance with Government Code Section 53601 or any other provision of law governing the investment of public agency moneys, as may be enacted and become effective from time-to-time. All interest received on the Authority's invested funds shall be credited to the respective fund of the Authority from which the investment was made.

(c) The Treasurer shall authorize the drawing of warrants on funds only in accordance with procedures established by the Board. The Board may delegate the Authority to draw warrants against the Central Loss Fund to a claims committee comprised of two (2) Board members, and the management consultant or claims adjuster to draw a warrant for a claim settlement for an amount of not more than $5,000. The Board may increase or reduce this authority by fixing a larger or lesser maximum amount. The Board my delegate the Authority to draw warrants on the Operating Fund and on such other funds as it creates.

ARTICLE 15. BUDGET

The Authority shall adopt an annual budget, in accordance with Article 7 hereof, not later than the first day of its fiscal year. For the first full fiscal year, the reaffirmed Authority shall adopt a budget not later than June 15, 1995.

ARTICLE 16. ASSESSMENT OF FEES

The Authority, through its Executive Committee, may establish such fees for costs of administration of the Authority as it deems necessary.

ARTICLE 17. ACCOUNTS, RECORDS AND AUDITS

(a) Accounts and Records.

The Treasurer shall establish and maintain the funds and accounts in accordance with acceptable accounting practices and shall maintain such other records as the Executive Board requires. Books and records of the Authority in the possession of the Treasurer shall be open to inspection at all reasonable times by designated representatives of the Member Agencies. Within ninety (90) days after the close of each fiscal year, the Treasurer shall give a complete written report of all financial activities for that fiscal year to each Member Agency. The Authority shall adhere to the standard of strict accountability for funds set forth in the Joint Powers Law.

(b) Audits.

The Executive Board shall contract with a certified public accountant to make an annual audit of the accounts and records of the Authority at the end of each fiscal year. The minimum requirements of the audit shall be those prescribed by the State Controller for special districts under Government Code Section 26909 and shall conform to generally accepted auditing standards. When an audit is completed, the Authority shall have a copy of the audit report filed as a public record with each Member Agency. The audit report shall be filed within six (6) months after the end of the fiscal year under examination. The Authority shall bear the costs of the audit, which costs are a charge against the operating funds of the Authority.

ARTICLE 18. RESPONSIBILITY FOR MONEYS AND PROPERTY

The Treasurer of the Authority shall have the custody of and shall disburse Authority funds as directed by the Executive Board; as provided in the Liability Risk Coverage Agreement, as provided by accounting procedures developed in accordance with this Agreement, and as nearly as possible in accordance with generally accepted accounting principles.

ARTICLE 19. MEMBER AGENCY RESPONSIBILITIES

Each Member Agency has the following responsibilities:

(a) Appoint, if applicable, its alternate to the Authority Board and remove such alternate, if necessary, as provided in Article 7 hereof;

(b) Appoint an employee to be responsible for the risk management function within the Member Agency and to serve as a liaison between the Member Agency and the Authority regarding risk management matters;

(c) Adopt a risk management statement;

(d) Adopt and implement a risk management program and other Agency training and instructional programs which can reasonably be expected to reduce, or minimize, the Member Agency's losses;

(e) Establish and maintain an active safety committee;

~~(e)~~(f) Promptly notify the Authority and the Claims Administrator of the existence of all claims.

(g) Cooperate fully with the Authority in determining the cause of losses and in the settlement of claims;

(h) Pay its premiums, and administrative costs and fees, and any adjustments thereto, promptly to the Authority when due. After withdrawal or termination, such agency shall pay promptly to the Authority its share of any additional premium and withdrawal penalty, when and if required of it by the Board under Article 21 or 22 of this Agreement;

(i) Cooperate with and assist the Authority and any insurer, claims adjuster or legal counsel of the Authority in all matters relating to this Agreement, the Liability Risk Coverage Agreement and covered losses, and comply with all bylaws, policies, rules and regulations adopted by the Board;

(j) Consider proposed amendments to this Agreement as set forth in Article 27 hereof; and,

(k) Provide the Authority with such other information or assistance as may be necessary for the Authority to carry out the joint protection program under this Agreement.

ARTICLE 20. CANCELLATION

The Authority shall have the right to cancel any Member Agency's membership in the Authority upon a majority vote of the Governing Board. Any Member Agency so canceled shall, on the effective date of the cancellation, be treated the same as if the Member Agency had voluntarily withdrawn from this Agreement.

ARTICLE 21. WITHDRAWAL

(a) A Member may withdraw from membership in the Authority upon advance written notice delivered to the Authority no later than twelve (12) months prior to the end of a Coverage Period; provided that the Liability Risk Coverage Agreement or another Insurance Program Agreement may set forth additional conditions to withdrawal. A Member which no longer participates in any Insurance Program of the Authority, by reason of expulsion from an Insurance Program or otherwise, shall be deemed to have withdrawn from this Agreement and shall no longer be a party to this agreement. No withdrawal, however, shall relieve such Member from its obligations under any outstanding agreements except in accordance with such agreements.

(b) A Member Agency which withdraws or is expelled as a party to this Agreement must pay to the Authority, upon withdrawal or expulsion, the equivalent of ten percent (10%) of its annual Participation Premium payment.

(c) A Member Agency which withdraws as a party to this Agreement shall not be reconsidered for new membership until the expiration of one year from the effective date of the Member Agency's withdrawal.

(d) The withdrawal of any Member Agency from this Agreement shall not terminate this Agreement, and no Member Agency, by withdrawing, shall be entitled to payment for, or return of, any premium, consideration, or property paid or donated by the Member Agency to the Authority, or to any distribution of assets.

(e) If a Member Agency provides less than the required period of notification of termination and/or withdrawal, or if such notice is not clear and unequivocal, that Member Agency shall remain a participant for the next Coverage Period, as defined in the Liability ~~risk~~ Risk Coverage Agreement, and should be liable to the Authority for all ~~Participation~~ Premiums provided for its said Agreement.

ARTICLE 22. TERMINATION AND DISTRIBUTION

(a) This Agreement may be terminated ~~before the expiration of the third Coverage Period as defined in the Liability Risk Coverage Agreement only by the written consent of all Member Agencies, and thereafter~~ by the written consent of three-fourths (3/4) of the Member Agencies, provided, however, that this Agreement and the Authority shall continue to exist for the purpose of disposing of all claims, distribution of assets and all other functions necessary to wind up the affairs of the Authority, and Member Agencies shall continue to honor all obligations arising under this Agreement and the Liability Risk Coverage Agreement until the business affairs of the Authority are finalized.

(b) Upon termination of this Agreement, all assets of the Authority shall, after payment of all unpaid costs, expenses and charges incurred under this Agreement, be distributed among the parties that have been Participants of the joint protection program under the Liability Risk Coverage

Agreement, including any of those parties which previously withdrew pursuant to Article 21 of this Agreement, in accordance with and proportionate to their cash (including premium) payments and property contributions, if any (at market value when received by the Authority), made during the term of this Agreement. The Board shall determine such distribution within six (6) months after the last pending claim or loss covered by the Liability Risk Coverage Agreement has finally been disposed of in accordance with that agreement.

(c) The Board is vested with all powers of the Authority for the purpose of concluding and dissolving the business affairs of the Authority. The decision of the Board under this Article shall be final.

ARTICLE 23. NEW MEMBERS

Additional qualified agencies shall be permitted to become parties to this Agreement with the written approval of a majority of the members of the Board and upon compliance with all applicable requirements of the Joint Powers Law, this Agreement, and the Liability risk Coverage Agreement. Agencies joining the Authority under this Article shall be required to pay their share of organizational expenses as determined by the Board. The Board may also charge an entrance fee to new members which shall be distributed on a pro rata basis among the original Member Agencies of the Authority to defray their initial expenses in creating the Authority. The date of admission of a new member to the Authority shall be determined by the Board.

ARTICLE 24. LIABILITY OF MEMBER AGENCIES, BOARD MEMBERS, OFFICERS AND COMMITTEE MEMBERS

(a) The debts, liabilities and obligations of the Authority shall not be the debts, liabilities and obligations of the Members Agencies. Any Member Agency may separately contract for, or assume responsibility for, specific debts, liabilities or obligations of the Authority. Pursuant to Section 895.2 of the Government Code, the Member Agencies may be jointly and severally liable for any liability which is imposed by any law for injury caused by a negligent or wrongful act or omission occurring in the performance of this Agreement. In the event that such liability arises out of a negligent or wrongful act or omission with respect to a negligent or wrongful act or omission with respect to an Insurance Program, the Member Agencies hereby provide, pursuant to Section 895.6 of the Government Code, that such liability shall be borne by the Member Agencies participating in such Insurance Program in the same proportion as administrative expenses of the Insurance Program are allocated among such participating Member Agencies at the time the liability is determined. In the event a Member Agency is held liable upon any judgment for damages caused by such an act or omission and makes payment in excess of its proportional share, as determined in the preceding sentence, such Member Agency is entitled to reimbursement from each of the Member Agencies which have not paid their proportional share.

(b) The members of the Board, officers and committee members of the Authority shall use ordinary care and reasonable diligence in the exercise of their powers and in the performance of their duties pursuant to this Agreement, they shall not be liable for any mistake of judgment or any other action made, taken or omitted by any agent, employee or independent contractor selected with reasonable care, nor for loss incurred through investment of Authority funds, or failure to invest. No director, officer or committee member shall be responsible for any action taken or omitted by any other director, officer or committee member. No director, officer or committee member shall be required to give a bond or other security to guarantee the faithful performance of his or her duties to this Agreement.

ARTICLE 25. NOTICES

Notices and other communications to Member Agencies under this Agreement shall be sufficient if delivered or sent by first-class mail to the office of the Chief Administrative Officer, or Fire Chief, of the respective Member Agency. Each Member Agency shall provide the Authority with the address to which such communications are to be sent. Notices and other communications to the Authority shall be sufficient if delivered or sent by first-class mail to the office of the General Manager and to the office of the President of the Authority. The Authority shall provide each Member Agency with the address of such officers promptly after their election or appointment.

ARTICLE 26. PROHIBITION AGAINST ASSIGNMENT

No Member Agency may assign any right, claim, or interest it may have under this Agreement, and any purported assignment shall be void. No creditor, assignee or third party beneficiary of any Member Agency shall have any right, claim, or title to any part, share, interest, fund, premium or asset of the Authority.

ARTICLE 27. AMENDMENT TO AGREEMENT

This Agreement may be amended from time to time with the consent of a majority of the Member Agencies voting on the proposed amendment, so long as not less than 51% of the Member Agencies have voted, acting through their legislative bodies, and in compliance with all applicable requirements of the Joint Powers Law. Any amendment of this Agreement shall become effective upon receipt by the Authority of notice of the approval of such amendment by the legislative bodies of a majority of the Member Agencies voting on the proposed amendment, so long as not less than 51% of the Member Agencies have voted, and satisfaction of the applicable requirements of the Joint Powers Law.

ARTICLE 28. AGREEMENT COMPLETE

The foregoing constitutes the full and complete Agreement of the parties with respect to the matters set forth herein. In the event of conflict between the terms of this Agreement and the Liability Risk Coverage Agreement, the Liability Risk Coverage Agreement shall control.

Should any portion, term, condition, or provision of this Agreement be decided by a court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or be otherwise rendered unenforceable or ineffectual, the validity of the remaining portions, terms, conditions, and provisions shall not be affected thereby.

ARTICLE 29. FILING WITH SECRETARY OF STATE

The Secretary of the Board shall file a copy of this Agreement with the Office of the California Secretary of State within thirty (30) days of its execution as required by Government Code Section 6503.5.

ARTICLE 30. AFFIRMATIVE ACTION

The Authority shall comply with the nondiscrimination and affirmative action provisions of the laws of the United States of America and the State of California. In performing the terms and conditions of this Agreement, the Authority, and its Member Agencies, shall not discriminate in its employment practices

against any employee or applicant for employment because of such person's race, religion, national origin, ancestry, sex, age, or physical handicap.

ARTICLE 31. BYLAWS

The Board may adopt Bylaws consistent with this Agreement which shall provide for the administration and management of the Authority.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement by their duly authorized officers.

FIRE PROTECTION DISTRICT

Dated: _____ BY: _____

ATTEST: _____

FIRE AGENCIES INSURANCE RISK AUTHORITY

Dated: _____ BY: _____

J:\wdocs\01913\001\agt\00682565.DOCX

6.3 CAJPA Tort Liability Study

At the June 17, 2019 meeting, the Board approved a donation of $5,000 for evaluating the possibility of conducing a California specific General Liability Tort Liability Study on behalf of CAJPA, to be conducted by Greg Trout.

Many pools have been approached for a contribution and it appears that we are in a holding pattern. The reason for the delay had not been disclosed, and Susan will be following up for periodical updates on when the study, as they become available.

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7 Board Officers Elections

At the June 2019 Board meeting the Board approved the slate of officers on the agenda to serve for two-year terms.

We were informed that our current Board President, Chief Bill Paskle, would be retiring in December of 2019 and will need to fill his position. Section 9 from our JPA states under the SELECTON OF OFFICERS AND CONSULTANTS that the Board may appoint such officers as it considers it necessary.

As such it will be in line to open up for nominations.

Consideration and Possible Action

8 Loss Control Consultant

8.1 Loss Control Consultant Activities

Over the last quarter, nine FAIRA member agencies were either contacted or visited. Visits were made at the following five agencies: North Star, Humboldt Bay, Kneeland, Arcata and Placer Hills. These visits focused on the loss control survey, FAIRA coverage and resource offerings, and finally loss histories. The agency Chiefs visited have been on the job for less than a few years. Most seemed to have very little information regarding FAIRA and appreciated the outreach provided. Other key findings were:

- Agencies with highest loss ratios have been less responsive.
- The ten-year loss summary is of most interest.
- On some claims, the cost for defense is surprising to the Chiefs, making them more appreciate the efforts of FAIRA.

These members were selected based on their Employment Practice Liability and Automobile loss histories. The table below represents the target.

Above FAIRA average Auto Losses	Above FAIRA average EPL Losses
Aromas Tri-County FPD	Carpentaria
Branciforte FPD	Central of Santa Cruz
Carmel Highlands FPD	Moraga Orinda
Central County Fire Department	Murrieta
Cypress FPD	San Ramon
Gold Ridge FPD	Vacaville
Humboldt Bay Fire JPA	Five Cities FA
Kentfield FPD	Placer Hills FPD
Kenwood FPD	Smith Valley FPD
Kneeland FPD	Tiburon FPD
Lakeside FPD	
Montecito Fire Protection District	
Murrieta Fire & Rescue	
North Sonoma Coast FPD	
Occidental CSD	
Orange County FA	
Pajaro Valley FPD	
Ramona MWD	
Sacramento River FPD	
San Ramon Valley FPD	
Southern Inyo FPD	
Valley Center FPD	
Waterloo Morada FPD	

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8.2 Drive to Survive Courses

The annual Drive to Survive courses were once again taught by Chris Daly. The courses were held on 7/29/19 at South Placer FPD, 7/30/19 at Fresno County FPD, and 7/31/19 at Alpine FPD. Chris started the class off with giving an overall objective, which was to identify common causes of emergency vehicle crashes.

Points of interest included:

- 27% of accident related deaths were due to the individual being ejected from the car.
- Of those 27% ejected, 79% were not wearing seatbelts.
- "The Other Guy" (someone walking by, etc.) – 146 innocent civilians were killed between 2000-2009 by fire trucks.
- The most common causes for accidents were either poor judgement, lack of knowledge about traffic laws, physics and dangers, poor training and attitude (dangerous shortcuts, improper use of sirens, etc.)

Another interesting fact was that speed contributes to 33% of annual car fatalities. The general equation to use to see how many feet per second you are traveling is to take your MPH and multiply it by 1.466. You also have to factor in the time it takes to see a problem, register it is a problem, and react. That is an average of 1.6 seconds. Therefore, if you are traveling at 50 MPH, from the time you see the problem and presumably hit the brakes, you will travel roughly 117 feet. This is all dependent on weight of vehicle, road conditions, etc. This is just an average.

Chris suggested conducting a new training "Jake Brake" with a focus on roads that are wet/slick and the Jake Brake is off, so you aren't surprised by how the truck drives.

Chris spoke quite a bit about G-Force. G-Force at about .2 to .3 is when you start to feel uncomfortable on turns. At .55 is when the average fire truck will flip. He recommended purchasing a G-Force device, which is about $60, and mounting it to the fire truck just so you can see what G-Force you are putting out and to train your body when you should feel uncomfortable or know when you are okay. For example, you know what .34 G-Force feels like, so you know you are okay.

The average noise ambience in a car is 65 dB A (music, traffic etc.). Sirens need to emit +10 dB A to be heard. About 35 dB A is lost. A siren, generally speaking, needs to be 110 dB A to be heard right outside of a car. This increases as distance grows. The point is not every one hears you – STOP at intersections. The common argument is "what if your significant other is in that burning house?" You can make the same argument "what if my significant other is in the van the fire truck T-Boned?"

Check the date of your tires. They should be replaced every 10 years. To know the date: 4615 = 46th week of '15.

Overall, the three courses were well received and dates are being discussed for this time next year at three new venues.

Receive and File

8.3 Mandatory Training and Regulatory Changes

At the June 17, 2019 meeting, a listing was presented identifying the Districts who were non-compliant with the mandatory Sexual Harassment and Discrimination training for supervisors, per AB 1825/1661 – based on their responses provided on their renewal applications. Emails were sent to all Districts who had not completed the training, with a link to the Core360 Loss Control Portal registration application. Follow-up phone calls were made to see if the Districts have completed the training, whether it be Core360, TargetSolutions or any other modules.

Below is an updated list of the non-compliant Districts, those who signed up for Core360 and District's now is compliance. We will continue to follow-up will all non-compliant districts.

District Who Have NOT Completed Mandatory Sexual Harassment and Discrimination Training
Aromas Tri-County FPD (Directors have **NOT**)
Bald Mountain FPD
Blue Lake FPD (Directors have **NOT**)
Carlotta CSD
Carmel Highlands FPD (Directors have **NOT**)
Chalfant Valley Fire Department Community Service District
Clements Rural FPD (Directors have **NOT**)
Cordelia FPD
Cypress FPD (Directors have **NOT**)
Fort Bidwell FPD
Garberville FPD (Directors have **NOT)**
Geyserville FPD
Gonzales Rural FPD (Supervisors have **NOT**)
Happy Valley FPD
Kneeland FPD
Lake Forest FPD (Directors have **NOT**)
Los Altos Hills County FD (Directors have **NOT**)
Mason Valley FPD (Directors have **NOT**)
Moraga-Orinda Fire Protection District
Murphys FPD (Superviors have **NOT**)
North Central FPD (Directors have **NOT**)
Occidentral CSD (Supervisors have **NOT**)
Parjaro Valley FPD (Directors have **NOT)**
Shasta CSD
Shasta Lake FPD (Directors have **NOT)**
Smith Valley FPD (Directors have **NOT**)
South Monterey County FPD (Directors have **NOT**)
Telegraph Ridge FPD
Wheeler Crest FPD
White Mountain FPD
Zayante FPD (Directors have **NOT**)

District Who Have Signed Up For Core360 Training
Arbuckle-College City FPD
Aromas Tri-County FPD
Carmel Highlands FPD
Cypress FPD
Happy Valley FPD
South Monterey County FPD

District Who Have Completed Mandatory Training and Deductibles have been reduced
Miwuk Sugarpine FPD

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8.4 Premium Increase for Non-Compliant Districts

At the June 17, 2019 meeting, the Board approved increasing members Employment Practice Liability deductible by an increment of $2,500 for non-compliance with Sexual Harassment and Discrimination training for managers and supervisors - AB 1825/1661.

Premium Increase

There was discussion of also imposing a 10% penalty based on each district's annual premium, in addition to the increased deductible for those who have not become compliant effective July 1, 2020.

Come January 1, 2020 SB 1343 becomes effective and all non-supervisory employees must have training, making two mandatory trainings required.

Staff will distribute a letter prior to releasing the renewal applications early January 2020 (if not sooner), alerting them to the subjectivities of the required trainings, ramifications of non-compliance, and provide options to satisfy **one or both** of the trainings.

- AB 1825/1661 - Sexual Harassment and Discrimination training for managers and supervisors
- SB 1343 – Sexual Harassment becomes effective 1/1/2020 where all non-supervisory employees

Upon receipt of the 2020/2021 completed renewal applications due late February, staff will send notices to all non-compliant Districts.

Addition Deductible Imposed or Denial of Coverage for Non-Compliance

A question was received asking if coverage could be denied in its entirety due to non-compliance. FAIRA's General Counsel's *response to the question is:*

"The FAIRA Board could certainly adopt a policy that would establish monetary penalties for non-compliance with training requirements, and those penalties could, for example, include an increased deductible in the event of a claim (or other possible penalties). However, I do not believe the Board could adopt a policy that would deny a defense or coverage on a claim altogether as a penalty for a failure adhere to the training requirements. A full denial of defense or coverage would be the equivalent of terminating a District's membership, and the JPA Agreement has a process for doing that."

Dale E. Bacigalupi – Attorney at Law, Lozano Smith

FAIRA has control of its current $100,000 Deductible and options could be implemented within this layer. Our lead carrier, Allied World would not exclude coverage, nor could Trident who provides following form coverage for the $10 Million excess limit. We would need to be mindful that all claims would still need to be reported.

Consideration and Possible Action

9 Closed Session Conference with Legal Counsel

The Board may enter into Closed session at this time.

9.1 Potential Litigation. [Government Code § 54956.9(b)]

9.2 Pending Litigation. [Government Code § 54956.9(a)]

9.3 FAIRA Claims and Loss Reports

The above matters described on the agenda may be held in closed session as a conference with counsel under the provisions of Government Code § 54956.9 (a) and (b). If closed sessions are held, a report of actions subject to disclosure will be made by the Authority's Counsel upon return to open session respectively.

10 Other Business

Other business as necessary so that FAIRA can perform its functions as authorized by law and which has arisen within seventy-two (72) hours prior to the initiation of this meeting and may be considered under the Brown Act.

11 Correspondence and Informational Items

11.1FASIS-FDAC EBA Correspondence

Michael P. McMurry
430 Roxas Street
Santa Cruz CA 95062
(831} 359-0943

August 7, 2019

Board of Directors
FDAC EBA
700 R St.
Sacramento, CA 95811

Board of Directors
FASIS
1750 Creekside Oaks Dr.
Suite 200
Sacramento, CA 95833

Sent Via Email

Dear Board Members,

By way of introduction, my name is Mike McMurry. I was recently asked to consult on a project to look into merging FASIS with the FDAC EBA, for which I am humbled and honored to be asked to serve in this manner. I served on the FDAC Board of Directors for many years and was the first president of the FDAC EBA after formation of that pool. I retired in 2012 after working 34 years at the Scotts Valley Fire Protection District, the last sixteen as the chief.

I will not be executing the agreement for services and wanted to articulate some of the background and reasons for my decision. I have carefully reviewed the previously released RFP for the study, JPA agreements for both pools and other relevant information. My understanding is that the Boards of each JPA released the RFP and got no responses. As a result, the contracted administrators for the pools (Jennifer Jobe of York for FASIS and Melissa Manchester of SMA for FDAC EBA) were directed to conduct an "in-house" study of issues to consider to merge the pools. I believe that there is an inherent conflict in this approach and that the decision to merge the pools (or not) really needs to be a "top down" decision or direction from the Boards. I understand the need for data and information, but also believe that if the political will is there, the obstacles can be overcome.

I wanted to give you some background from my perspective that some of you may remember. Prior to forming the FDAC EBA, a group of fire chiefs were commiserating at a FDAC meeting about the significant increases in both health care for employees and workers' compensation. Due to the workers compensation presumptions for firefighters for many serious {and expensive) injuries and illnesses, we felt that there should be a method of reducing health insurance costs. Since workers' compensation paid for some of the most expensive claims, it seemed logical that we should be able to see reduced health care premiums for the specific group.

The first step was to determine if one of the existing pools would undertake providing health care coverage for our employees and their families. We also needed to provide coverage for retirees since several of us were already covering pre Medicare retirees through the Cal PERS health program. We approached FASIS first and were turned down. We then approached FAIRA and then SDRMA, who also both turned us down. The reasons varied. The FDAC EBA was formed as a result in 2005.

Currently, there are likely different motivations for the discussion of merging the pools (or not). Continued access to insurance products, improved service to the members and reducing costs are the most important. If there are gaps in any of those three issues, a merge will not likely succeed. Intuitively, access to the products means retaining the ability to include all of the current members in the merged pool. Further, it would stand to reason that "one stop shopping" for all of the insurance products would help marketing, streamline billing and give members a single point of contact. Costs for administration would not likely decrease too much, since the level of work effort would likely stay consistent. In fact, in the short term (first few years), the workload of the successor administrator would likely go up relative to current costs to merge systems and integrate programs.

There are essentially two options for merging the pools.

1. Form a new JPA that includes all of the desired components.
2. One of the existing JPAs becomes a successor agency and the members from the other are transitioned into the successor JPA.

Utilization of one of the JPAs as a successor would be the most expedient and least disruptive. After reviewing the JPA agreements, FASIS is best suited to be a successor agency for various reasons. They are already authorized to provide employee benefits (and property/ liability insurance) within the agreement. The EBA is limited to Employment Benefits.

The FDAC EBA amended their agreement to expand their membership to include agencies other than fire protection districts. To ensure continued access for all of the existing members, the FASIS agreement would need to be amended to include those member agencies.

One of the most significant issues for the boards to face is the future board make up. In my humble opinion, an 11 member board (FASIS) is the maximum manageable size. A transition plan to include FDAC EBA board members, perhaps through an attrition process, would be recommended. This recommendation would utilize a transition agreement to consolidate the board, then utilize the FASIS model going forward with an 11 member board. I also do not believe that board positions should be restricted to a particular line of coverage that the district is participating in.

Key questions for the boards:

- Is there enough of a benefit to the members to make the effort worth the work to merge?
- Are there board members from either board approaching retirement or transitioning out?
- Are there board members willing to give up their seat to transition to a consolidated pool?

If the answers to these questions are no from either perspective, then the two organizations should continue with their current successful operations. If the answers are yes, then further discussions to facilitate a transition plan would be in order to facilitate merging the pools.

I don't mean to derail your existing process, but I have participated in too many studies over the years that have been commissioned by well meaning boards that have been strung out. The study gains a life of its own and becomes a distraction to all other business. I believe that if the Boards truly want to merge for the benefit of the members, it can happen and that many of you already have ideas on how it should go (or if it should happen).

Another approach may be to have a facilitated joint board meeting where the board members can express their thoughts and determine the course directly. If a merge is to move forward, then a transition plan can be developed with escape clauses at various significant decision points. If there is not enough interest or perceived benefit by the boards, then there would be little sense in moving forward.

My apologies for the lengthy letter, but I have given the matter a lot of thought and wanted to share them. Thank you for the opportunity for input on this important topic. My contact information is listed below and I would be happy to discuss any of this further.

Respectfully Submitted,

Michae1 P. McMurry
mikemcmurrv@comcast.net
831.359.0943

Copy: Catherine Smith, FDAC Executive Director

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12 Adjournment

I certify that this Authority Agenda was posted and sent by First Class United States Mail to all Members of the Authority 72 hours before the noted meeting.

Date: September 9, 2019

Susan Blankenburg
General Manager