



**FAIRA ANNUAL BOARD AND EXECUTIVE BOARD MEETING  
June 13, 2016 10:30 A.M.  
Offices of Arthur J Gallagher, 1255 Battery Street, Suite 450, San Francisco, CA 94111**

**PRESENT:**

President: Mark Shadowens (Northstar CSD). Directors: Eric Walder (South Placer FPD), Mark A. Johnson (Fresno County FPD), Peter Liebig (Lakeside FPD), Bill Paskle (Alpine FPD), Richard Pearce (Tiburon FPD), Risk Manager Jonathan Wilby (Orange County FA), Darrin Howell (San Miguel Consolidated FPD), Tim Isbell (Bonita Sunnyside FPD), Mark Pomi (Kentfield FPD).

**Absent:** Don Cloughesy (Rancho Cucamonga FPD), Brennan Blue (Aromas Tri-County FPD), Scott Draper (Mason Valley FPD), and Howard Wood (Vacaville FPD).

**Staff:** Susan Blankenburg (FAIRA General Manager), Loann Le (Arthur J. Gallagher), Richard Blacker (FAIRA Board Liaison Officer), Dale Bacigalupi (FAIRA's Legal Counsel via teleconference – departed at 10:59 AM), Marco Guardi (Arthur J. Gallagher), Denise Simpson (Arthur J. Gallagher), Kylie Bailey (Arthur J. Gallagher), Jill Chase (Arthur J. Gallagher – via teleconference)

**ITEM 1 - CALL TO ORDER AND DETERMINATION OF A QUORUM**

A quorum of the Board and Executive Board was present and the meeting was called to order at 10:34 a.m.

**ITEM 2 - CONFIRMATION OF AGENDA**

A MOTION was made to confirm and approve the agenda.

**M/S/P Pearce/Paskle**

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

General Manager, Ms. Susan Blankenburg, introduced Kylie Bailey to the FAIRA Board, noting that Kylie is the newest member of the Public Entity team. Ms. Blankenburg mentioned that FAIRA's Executive Assistant position, previously occupied by Jillian Stoorza, would be filled by another new colleague, Rachel, who will be joining the team the middle of July.

**ITEM 4 - APPROVAL OF MINUTES OF THE March 14, 2016 BOARD MEETING OF THE  
FAIRA BOARD AND EXECUTIVE BOARD.**

A MOTION was made to approve the minutes of the March 14, 2016, FAIRA Board and Executive Board Meeting, as submitted.

**M/S/P Walder/Liebig**

## **ITEM 5 - GENERAL MANAGER'S REPORT**

### **5.1 Rate Stabilization Fund**

Due to the Board's consensus that the wording in Resolution 2013-01 did not accurately reflect the intent, staff was directed to work with Mr. Dale Bacigalupi, FAIRA's General Counsel, to revise Resolution 2013-01. A new resolution was created to reflect the intent that the interest generated from the fund be used as a credit to reduce the annual premium. Ms. Blankenburg has reviewed Resolution 2016-02 that was included in the board packet and confirmed that it that properly reflects the intent.

A MOTION was made to replace Resolution 2013-01 with Resolution 2016-02.

**M/S/P Paskle /Pearce**

### **5.2 FAIRA Distribution of Loss Runs**

At the March 14, 2016 meeting, Mr. Bacigalupi agreed to research proper protocols for disseminating claims data electronically in compliance with the Brown Act. Following his research, staff reported that the distribution of loss runs could be performed in two ways: (1) by having Mr. Bacigalupi email the data to the Board or (2) Ms. Blankenburg could hand out hard copies of the loss runs at Board meetings. Staff requested authorization from the Board to utilize either method.

The Board supported authorizing the General Manager authority to make the decision as to when and by what method loss runs would be delivered. President Shadowens asked that additional visual graphics be included to help support the data in the future.

A MOTION was made to authorize staff to distribute loss runs in hard copy at board meetings or via email correspondence from Mr. Bacigalupi, dependent upon circumstances at hand.

**M/S/P Pearce /Johnson**

### **5.3 Bonita Sunnyside replaces Rancho Cucamonga**

Ms. Blankenburg asked the Board to formally approve Chief Isbell, of Bonita Sunnyside, as the new Board Member to replace Don Cloughesy of Rancho Cucamonga. Rancho Cucamonga exits the program effective July 1, 2016.

A MOTION was made to approve the appointment of Chief Tim Isbell to the Board of Directors of FAIRA.

**M/S/P Howell /Paskle**

#### **5.4 Approve North Sonoma County FPD**

Earlier this year Ms. Blankenburg was asked to speak about FAIRA at the Sonoma Fire District Association dinner. Sonoma County FPD is currently insured under a master program provided by the County of Sonoma covering several other local Districts and Fire Companies. Ms. Blankenburg reported that a proposal had been requested and presented to North Sonoma County FPD to join FAIRA, and that the proposal had been accepted.

A MOTION was made to approve the membership of North Sonoma County to the FAIRA program effective July 1, 2016.

**M/S/P Pearce /Pomi**

#### **5.5 Revision of Bylaws**

Ms. Blankenburg explained that the resignation of Rancho Cucamonga FPD had necessitated a change in the organization's Bylaws, since they specifically referenced the District by name. Also noted was outdated language that required updating this document to bring it into conformity with the current JPA Agreement. Staff worked with Mr. Bacigalupi to revise the wording. Ms. Blankenburg noted that the updates did not alter the intent of the Bylaws.

#### **Summary of Changes:**

*101.1 was deleted. We have added "The Governing Board will consist of 13 Member Districts elected according to the JPA Agreement and Board Policy."*

*201.1 "charter" was eliminated*

*202.2 "charter" was eliminated*

A MOTION was made to accept the amended bylaws as presented.

**M/S/P Pearce /Johnson**

#### **5.6 Property Appraisals**

Ms. Blankenburg presented several options from professional property appraisal firms. The Board for authorized her to finalize negotiations for professional property appraisals for all member Districts' buildings, for an amount not to exceed \$50,000. She noted that the FAIRA roster was being updated and sent to the selected appraiser shortly.

Based on the current number of buildings the fee comes to \$42,300. The \$50,000 proposed fee was to account for any additional buildings the appraiser finds when out in the field, and leave a small budget for new districts that may join mid-year. The intent is to have an adequate budget so that we don't need to go back to the board for an adjustment(s).

A MOTION was made to authorize Ms. Blankenburg to complete the appraisal negotiations, for an amount not to exceed \$50,000.

**M/S/P Paskle /Pearce**

*Break taken at 11:55 a.m.; reconvened at 12:10 p.m.*

## **5.7 Presentation of 2016-2017 Budget**

Ms. Blankenburg reviewed the proposed budget with the Board and noted the budget provided two options: an option to renew with VFIS, the incumbent, and an option to renew with Fire Plus. Both carriers offered an overall reduction in premium.

The Board discussed both carrier options and material changes but delayed approval of the budget until carrier options were discussed in greater detail later in the meeting.

*At 12:50 the Board returned to this item following a detailed review of the carrier options discussed in Agenda Item 8.1.*

A MOTION was made to approve the 2016-17 budget with Fire Plus.

**M/S/P Pearce/Liebig**

## **ITEM 6 – Board Liaison Officers’ Report**

### **6.1 Review of KCM Investments, Charles Schwab Custodial Funds and LAIF balance**

Mr. Richard Blacker reported that KCM is recommending short term municipal bonds since bank interest rates are so low. The upside is that there isn’t a requirement to pay taxes on the gain from investment which will increase net return. The downside is that there is a premium paid when purchasing bonds. Mr. Blacker explained that the investment would need to be amortized to see the rate of return.

### **6.2 Review of Accountant’s Financial Statements as of April, 30, 2016**

Mr. Blacker presented the Financial Statements as of May 31, 2016 and noted that he would send a copy to each Board Member with follow up detail via email.

### **6.3 Update on Loss Control Activities**

Mr. Blacker reported that he had attended a conference in which industry losses were discussed and noted that there appeared to be a developing trend in rollovers. In response to that trend, Mr. Blacker suggested that each District implement a policy for accessing driver phone records.

Mr. Blacker also discussed procurement of a driving simulator and stated that he had obtained a quote of \$6,000 from a manufacturer in Poland offering flexible client specifications. He stated that he would contact the company and report back to the Board with his findings.

## **ITEM 7 – Loss Control Consultant Mr. Marco Guardi**

Mr. Marco Guardi presented a PowerPoint presentation on losses and loss control activities.

## **ITEM 8 – Broker’s Report**

### **8.1 Update from FAIRA’s Broker – Ms. Loann Le**

Ms. Loann Le made a presentation to the Board detailing options for the renewal and information on each of the carriers considered for the 2016-17 renewal of FAIRA’s insurance program. Some of the highlights discussed for each of the carriers included:

#### **VFIS:**

- Biggest insurer of fire departments with a good reputation
- Solid claims handling
- \$300M in written premium
- Headquartered in Pennsylvania
- \$25M blanket aggregate limit for earthquake sprinkler leakage
- Provides full limits for flood
- Deep level of Loss control services: provide videos and consultant who will travel to California to provide training sessions. Eleven training sessions were performed in the past year.

#### **Fire Plus:**

- President formerly with VFIS
- President will be lead underwriter - “hands on” approach to business
- Currently write 110 fire districts; will write 130 by July 1, 2016
- \$100M in written premium
- Dedicated team to review contracts: 24 - 48 hour response time
- Allows for Agreed Value Private Passenger Autos, this applies to a total loss
- Headquartered in California
- \$5M blanket each Member limit for earthquake sprinkler leakage
- Provides \$5M limits for flood per Member – not offered in high hazard zones
- Will provide 3 year rate guarantee up to 40% loss ratio
- Loss control services: Will grant FAIRA \$50K annually towards choice of training, driving simulators, EPLI attorney consultation, guest speakers, etc. Will send a dedicated person (Former Fire Chief, Scott Bryant) out to locations for training and follow up with Word documents so that FAIRA can personalize.

### **8.2 Presentation “Elements of Risk Transfer” – Ms. Denise Simpson**

Ms. Denise Simpson presented a PowerPoint presentation on contractual risk transfer. Director Liebig requested that Ms. Simpson repeat and record this training and post it to the website.

### **8.3 Presentation “Something Old and Something New for Fire District Risks” – Mr. Marco Guardi**

This item was presented under item 7.

## **ITEM 9 – General Manager’s Report – Ms. Susan Blankenburg**

Ms. Blankenburg provided a brief overview of the accomplishments for FAIRA during her eleven months as General Manager:

- Updated and refined FAIRA's website
- Reviewed emerging topics and trends within the industry such as employment practices claims, drones, cyber risk, contract review and policies/procedures
- Assisted with large claims handling
- Prepared FAIRA presentations – to Sonoma Fire Group
- Prospecting work
- Prepare accident packets (distribution date is TBD)
- Internal professional standards compliance for Pools

**ITEM 10 – Closed Session Conference with Legal Counsel. The Board may enter into closed session at this time.**

President Shadowens moved to have a closed session.

**10.1 Potential Litigation. Government Code Section 54956.9(b).**

**10.2 Potential Litigation. Government Code Section 54956.9(a).**

**10.3 FAIRA and Third Party Claims Administration Report.  
(1) FAIRA Claims and Loss Run reports**

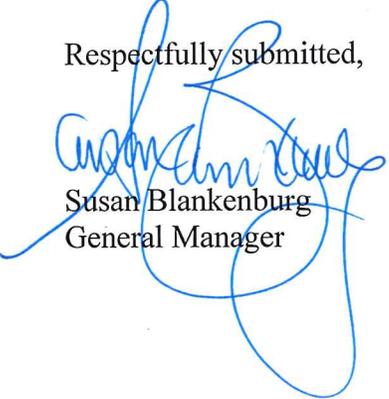
No action was taken out of closed session.

**ITEM 11 - Adjournment**

President Shadowens called for adjournment at 2:17 p.m.

**M/S/P Paskle/Wilby**

Respectfully submitted,

  
Susan Blankenburg  
General Manager