

MINUTES

EXECUTIVE COMMITTEE MEETING February 23, 2017

SAN ANDREAS I/II CONFERENCE ROOMS

CALL TO ORDER

The meeting was called to order by President Steve Jorgensen at 12:38 p.m.

ATTENDANCE

Those in attendance were:

Executive Committee

Steve Jorgensen	President	Windsor Unified
Joe Pandolfo	Vice President	Rincon Valley Union
Mary Downey	Sec./Treasurer/Auditor	So. County Office of Ed.
Bob Raines	Director	Shoreline Unified
Sue Field	Director	Bennett Valley U.S.D.
Eric Hoppes	Director	Wilmar Union

RESIG Staff

Rose Burcina	Executive Director
Chris Spencer	Workers' Compensation Claims Manager
Suzanne Pelz	Workers' Compensation Claims Supervisor
Will Davis	Director of Environmental Risk Services
Erin Tarkhanian	Loss Prevention Coordinator
Patty Baumunk	Director of Employee Benefits
Steven Fields	Property & Liability Risk Manager
Deborah Fraser	Property & Liability Senior Claims Adjuster
Ronda Bergesen	Business Manager
Diane Vieyra	Executive Secretary

Guests

Eryn Elola	Alliant Insurance Services
Lola Nickell	Self-Insured Schools of CA (SISC)

APPROVAL OF AGENDA

A motion was made by Bob Raines and seconded by Sue Field to approve the agenda as presented. Ayes: Jorgensen, Pandolfo, Downey, Field, Raines, and Hoppes. Motion passed unanimously.

INTRODUCTIONS & RECOGNITIONS

The following individuals were introduced:

- Lola Nickell—Self-Insured Schools of CA (SISC)
- Eryn Elola—Alliant Insurance Services
- Chris Thomas—Petaluma City Schools
- Carmen Diaz-French—Piner-Oliver Union School District

PUBLIC COMMENTS

None

CONSENT CALENDAR

- A. Minutes Approval – January 19, 2017**
- B. Warrants Issued – January 2017**
- C. Quarterly Investment Report – December 31, 2016**
- D. RESIG’s Employee Handbook**
- E. Strategic Planning Follow-Up**

A motion was made by Bob Raines and seconded by Sue Field to approve the Consent Calendar as presented. Ayes: Jorgensen, Pandolfo, Downey, Field, Raines, and Hoppes. Motion passed unanimously.

- F. Joint Powers Board Meeting Resolution**

President Jorgensen referenced Resolution 16/17-03 establishing the Joint Powers Board Meeting to be held on Thursday, June 8, 2017. The Executive Committee reviewed their calendars and determined that the date was still acceptable. The time was yet to be determined.

It was moved by Eric Hoppes and seconded by Mary Downey that the Executive Committee approve Resolution #16/17-03 designating the Joint Powers Board Meeting date to be June 8, 2017. Motion passed unanimously with the following roll call vote:

Steve Jorgensen	Aye	Sue Field	Aye
Eric Hoppes	Aye	Joe Pandolfo	Aye
Mary Downey	Aye	Bob Raines	Aye

G. Post Offer/Pre-Placement Program (POPP)

President Jorgensen stated that at a previous meeting the Executive Committee had received a request to look at the POPP Program and had discussed the \$20,000 high deductible outlined in the POPP Policy #1.5.302. Currently, if an applicant is not POPPED according to RESIG's policy a district is subject to a high deductible of up to \$20,000 for any Workers' Compensation or Property & Liability claim for any illness or injury that is filed for any individual for any reason during the course of their employment with the district.

RESIG Staff was directed to survey other JPAs regarding POPP Programs, high deductibles and incentives. Rose Burcina did an informal survey by contacting the Northern California JPAs that RESIG regularly works with and they do not have a high deductible policy but received a few comments stating that they respected RESIG's practice and have considered implementing high deductibles in their own JPAs as well.

In addition, there was a request to have an appeal process included in the POPP policy. Jorgensen referenced the bottom of page 61 of the agenda packet, where the current policy (1.1.103) appeal language was added to the proposed amended policy, indicating that the process is to go through the Executive Director first and if not satisfied then the appeal could be presented to the Executive Committee.

POPP Policy 1.5.302 on page 58 lists the positions for those applicants that are required to be screened prior to offering employment with a district; the positions are reviewed annually. Burcina requested that Erin Tarkhanian speak to how the positions are determined to be POPPED. Tarkhanian stated that before the end of the school year she sends out an email to the schools' Human Resource contact person, superintendents, Chief Business Officials and Business Managers asking them if they feel there are other positions they feel are a high risk for injury. Tarkhanian requests that they inform her so that she can run reports to determine if there has been an increase in claims for those positions. A few years ago a district informed RESIG that the warehouse worker position was definitely a position they were having an issue with. RESIG then ran a report for a 5 year period which revealed three injuries, and of those injuries, two injuries were for the same employee. Therefore, at that time, it was determined not to add the warehouse worker position to the policy. In addition, on an annual basis, the top five injuries are evaluated. If there is a particular job classification that's starting to rise in the level of injuries then it will be evaluated and determined if that position needs to be added to the POPP policy.

Jorgensen stated that Burcina has responded to the requests for a JPA survey and appeal language has been added to the POPP policy. He asked the Executive Committee if there were any further questions they may have for clarity.

Clarity was provided as to when an employee or potential employee is required to be POPPED. Burcina explained that a potential employee needs to be POPPED prior to the applicant being hired in one of the required eight POPP

classifications. Current employees should be POPPED if they are being moved to a POPP position and there is a material change of their job description. Burcina stated that some districts POPP potential employees across the board to allow the district flexibility to move employees around, i.e., Instructional Assistant to Special Education Assistant. Burcina explained that there are legal limitations as to when POPP is allowed.

Joe Pandolfo stated that there is quite a bit of physical demand on the position of a warehouse worker; he suggested that reconsideration be given. Rincon Valley screens their potential warehouse workers as they define the position as high risk. Burcina stated that the position will be considered when the program is reviewed again this year.

There was discussion regarding the Special Day Class Teacher classifications and job descriptions. Tarkhanian stated that the actual job description needs to be reviewed, not the job title, as they vary amongst school districts. For example, if Special Ed Assistants and Teachers were pushing, pulling, lifting, or having to work with the student physically then that's the indication that they need to be run through the POPP Program. Sue Field requested that high physical demands and moderate physical demands be defined for Special Education Assistant and Special Day Class Teacher positions. These two positions will be included in the information that is distributed annually to districts going forward, evaluating high risk positions.

There were concerns expressed regarding the warehouse worker position. Jorgensen asked the Executive Committee if they would like to add the position to policy, required to be POPPED. The consensus of the Executive Committee was to add the warehouse worker to the list of positions in the policy. Jorgensen informed the Board that the request would need to be added to the motion once it comes time for that.

Chris Thomas had questions based on the discussion:

- JPA survey – She questioned who Burcina contacted for the informal survey; Burcina stated that she contacted the Executive Directors. Thomas stated that district responses might be different.
- Petaluma City Schools is currently reviewing their job descriptions. She questioned if an existing district employee could legally be POPPED if their job description changes or their position changes.
- Regarding the annual survey of positions to evaluate positions, Thomas questioned how it affects current employees when they're transferred to a position on the list in the POPP policy. Tarkhanian stated that you are able to POPP a current employee if they are being transferred to a POPP position or if they are applying for a short-term position in the POPP Program, i.e., summer positions in Special Ed. You cannot, however, POPP a current employee if they are currently in a POPP position and were not previously put through the POPP Program. She provided an example: During the summertime there are many regular educational teachers that want to work as Special Ed Teachers; they go through the

POPP Program every summer. It's a different job description and it's a new position for them. RESIG always recommends that districts POPP at the highest level they can to have that flexibility. Thomas then questioned whether teacher substitutes for a Special Ed IA are to be POPPed.

Thomas stated that she is in full support of the POPP Program but believes the \$20,000 high deductible is harsh. She requested that a sub-committee be formed to evaluate some of the issues addressed.

Jorgensen requested RESIG Staff to obtain clarification on when the job description changes for an existing employee.

Shoreline Unified just reviewed their classified job descriptions and their board approved them. They tried not to change the work conditions. In the event that there was a change to the job description that changes the working conditions then that existing position would need to be POPPed. Likely, negotiations would be involved for current employees that will have changes to their positions. He suggested that legal be asked how much districts are able to change job descriptions.

Burcina stated that she will get clarity and bring back at a future meeting.

Field requested clarification on the substitutes which staff will bring back at a future meeting.

Tarkhanian asks that the districts review their job descriptions and determine if there are other job duties that are part of the POPP Program, incorporate that into the job description, and also recommended they talk to legal about it.

President Jorgensen stated that there will be a report back in a future Executive Committee Meeting.

RESIG Staff recommended that the Executive Committee delete the Loss Prevention POPP Policy #1.5.302 and adopt the revised Workers' Compensation Post Offer/Pre-Placement Program (POPP) Policy #1.2.204 effective immediately, with the addition of the warehouse worker position.

A motion was made by Sue Field and seconded by Mary Downey to delete the Loss Prevention POPP Policy #1.5.302 and adopt the revised Workers' Compensation Post Offer/Pre-Placement Program (POPP) Policy #1.2.204 effective immediately, with the addition of the warehouse worker position. Ayes: Jorgensen, Pandolfo, Downey, Field, Raines, and Hoppes. Motion passed unanimously.

H. Community Relations, Petaluma City Schools (PCS)

The Executive Committee received a letter from Chris Thomas—Chief Business Official—Petaluma City Schools, regarding a bus that was totaled, and requested an exception be made to the coverage, providing replacement of Bus #43 at its full value.

The documentation for this claim was provided in the agenda packet. President Jorgensen requested Thomas speak to the reasons why this item was requested along with her thoughts.

Thomas stated that vehicles insured through RESIG's policy, for Property & Liability, that are less than \$100,000 go through a process to determine a comparable value of the vehicle, which is what RESIG would reimburse the member minus the deductible. For a vehicle that is over \$100,000 the member would receive replacement value. She expressed the challenge of finding comps for specialized vehicles. PCS provides special education transportation for all of the districts in Petaluma and some outside of Petaluma such as Shoreline. This particular bus was their newest bus, a 2011 model, with special equipment. Typically a transportation bus will last 40-50 years. The bus had a lot of additional accessories that had been ordered and added to the bus in order to be able to transport special education students' wheelchairs and others types of equipment. Therefore, it was hard to obtain comps—to find a replacement bus that was used, the buses that were found did not have the specialized equipment and were far older or had more mileage. PCS requested that RESIG consider augmenting the insurance for the RESIG layer and taking into account this unique situation. She thought the policy should address school buses differently, in general, than regular vehicles. The potential impact to PCS is over \$50,000 which is a hardship to the district.

Eric Hoppes questioned if he should abstain from voting due to Wilmar Union being a member of the special education consortium that receives transportation from PCS, and therefore, a conflict of interest.

Thomas stated that she was not making this request solely on the behalf of PCS; it could impact other schools that offer transportation. She thought the issue is around the policy which is why PCS is asking for an exception to be made.

Jorgensen clarified that the request from PCS is for the Executive Committee to consider replacing bus #43 at full value and not amending the policy; Ms. Thomas confirmed.

Jorgensen agreed, as a member of the consortium Hoppes does have a conflict of interest and the consensus of the Executive Committee was for Hoppes to abstain from voting on this item.

Bob Raines questioned the parameters of coverage. Rose Burcina informed the Executive Committee that the parameters are driven by the excess coverage which starts at \$100,000, in this particular case for property. Under that is RESIG's self-insured retention (SIR), and that SIR has a Memorandum of Coverage (MOC). The MOC is very specific to this type of coverage for the \$100,000 value which was outlined on page 81—*“Auto physical damage (APD) is adjusted at actual cash value within RESIG's SIR.”* If the claim was over \$100,000 it would be passed on to Traveler's and would be an excess coverage claim.

Thomas stated that districts that provide transportation would want to have replacement value coverage for all buses. Burcina stated that RESIG's excess coverage does not currently offer that option because of RESIG's \$100,000 self-insured tier. If RESIG were to consider adding replacement cost coverage for buses in the \$100,000 self-insured tier, then RESIG would literally pay for replacement cost of those vehicles. It could be done if that is the direction of the Executive Committee, by changing the MOC going forward; however, at this time, the policy is dictated by the MOC which states the bus to be adjusted at actual cash value within RESIG's SIR.

Joe Pandolfo pointed out that whether it's a good or bad policy, can be reviewed at a later date. The question is what would be a fair actual cash value if what was presented doesn't seem fair.

Jorgensen summarized the situation: \$36,000 (net) is being offered for the actual cash value of the bus and PCS has provided additional actual cash value quotes, the highest being \$63,600; the replacement cost is \$90,000. One request is to grant a hardship above the \$36,000 that is being offered. Sue Field clarified that PCS is requesting a replacement bus/full value, with approximately the same mileage on it and the specialized equipment. Thomas stated that the intent was to request replacement value, but they wouldn't be able to find a used bus and therefore the reason to purchase a new bus. She stated that PCS would be willing to entertain determining a true comparable fair cash value, but thought it would be difficult receiving \$39,000 or \$36,600 net value compared to what would need to be paid for a new bus, which is approximately \$90,000.

Steve Fields clarified the Market Valuation summary on page 82. He reported that the actual cash value is what the vehicle would be worth before the accident. RESIG did encounter some issues and approached PCS to discuss the issues but had not received a response. RESIG had an outside appraiser inspect the bus, they reviewed all the options on it and try to find something comparable which was difficult to find. This is the valuation received—the actual cash value less the salvage value. At this point, RESIG is not waiting for any additional information. Fields stated that this was the first time he had seen the memo dated January 9, 2017, on page 66, from Cristal Goering. Thomas stated that PCS could not find good comparable buses either and then requested a memo from Goering to appeal this claim.

Raines suggested reviewing the existing policy. He heard that the conversation amongst RESIG Staff and Thomas was not completed and therefore thought the conversation needs to be continued prior to the Executive Committee taking action.

Burcina pointed out that the comps that PCS obtained would not be enough to replace the bus, and although Thomas was willing to have further conversation about the actual cash value, she confirmed that the district would still seek additional funding from RESIG for the full replacement cost of the bus above the actual cash value.

Ms. Field wanted to clarify if there are two different premium rates based on the vehicle whether it's under or over \$100,000. Therefore the premium that the member pays for one of the buses that isn't going to be fully replaced is considerably less than one would pay for a bus that is over \$100,000 and at replacement value. She thought this should be taken into consideration and also if an exception was made to the policy, it would be setting a precedent. Burcina stated that buses under \$100,000 are not listed in the coverage documents while buses over \$100,000 are. The structure of the rates accounts for buses under \$100,000 being paid for in RESIG's SIR while buses over \$100,000 are included in the excess coverage. The SIR MOC allows for actual cash value, not replacement cost.

Pandolfo suggested that since it appeared the claim hadn't been fully adjusted, to take another look at it to see if RESIG and PCS could come up with a value that was amicable to both parties. If not, then present the item to the Executive Committee.

Burcina clarified "*adjusted at actual cash value*" is that the market valuation takes into account the age of the vehicle and depreciation. RESIG contacted an expert to physically inspect the bus and to determine what the actual cash value is, in his opinion. Burcina confirmed that totaled buses are not typical and RESIG has not had one for at least eight years.

Further discussion on rates took place, with Burcina stating that there are a lot of components that establish the Property & Liability rate. Pandolfo mentioned that if RESIG were to insure a bigger risk, the rates would increase.

Raines agreed, that the conversation needs to continue between RESIG and PCS to come up with an agreed upon actual cash value. In addition, he suggested that the coverage be reviewed and that any recommendations be presented to the Executive Committee. He thought this to be an opportunity for RESIG and PCS to close the gap.

Mary Downey recalled that when she was employed at Windsor Unified School District and there were bus accidents, they didn't get to negotiate or didn't realize they should've been negotiating and they ended up paying out the difference when a bus was damaged. She also stated that if an exception were to be made, it would be setting a precedent. Jorgensen thought that was a good point, but expressed his concern that there was information (1/9 memo) that wasn't available and therefore not taken into account; it's not necessarily negotiating. He agreed, that when there is an accident, it's the district's responsibility; districts are aware of the terms and conditions of the coverage and it's up to the district to make up the difference.

Fields stated that there could be disagreements on a claim and if someone can substantiate more value, it needs to be addressed. RESIG was open to discussion because it is a difficult area to try to determine its value. Downey questioned if the MOC should then be changed to make members aware of that opportunity. Fields stated that there are other options—such as, if an agreement is not reached an arbitrator could be hired.

Burcina reiterated that PCS felt that the \$39,000 was not a fair comp because it didn't address all their needs. It was her understanding that PCS is asking for the committee to consider the full value replacement of this bus which is about \$90,000. Even if RESIG agreed that \$60,000 was the right actual cash value, for instance, there would still be a gap between the actual cash value and the full replacement cost and stated that PCS is asking the committee to consider full replacement cost above the actual cash value. RESIG nor PCS will find an actual cash value at \$90,000.

Thomas agreed but was willing to come to the table and have further conversation since \$39,000 was totally unreasonable to the district. She understood how RESIG came up with the valuation and had an expert look at the bus but was not sure if they understood the built-ins.

Bob Raines motioned to table PCS's request, to consider an exception be made to the coverage, for the time being and encouraged RESIG Staff and PCS Staff to continue the conversation to see if an agreement can be reached regarding the value of the vehicle. In addition, have RESIG Staff review the coverage and present recommendations to the Executive Committee if necessary.

Field questioned if a motion was really necessary.

Jorgensen reminded the Executive Committee that the request from PCS is to replace bus #43 at full value.

The consensus of the Executive Committee was to not take action at this time, but to ask RESIG Staff and Thomas to work together to see if the issue can be resolved, and report back to the Executive Committee.

I. Executive Committee Vacancy

President Jorgensen reported that Steve Eichman—Santa Rosa City Schools, vacated his position on the Executive Committee and RESIG sought out interested candidates through the process determined by RESIG's Bylaws. The following individuals expressed interest in running for this seat on the Executive Committee:

- Jason Lea—Asst. Supt. of Human Resources, Santa Rosa City Schools
- Chris Thomas—Chief Business Official, Petaluma City Schools

Sue Field expressed her appreciation of the two applicants for their expertise they would bring and interest in joining the Executive Committee. RESIG has long had a representative from Santa Rosa City Schools on the Executive Committee as they're the largest district in the JPA and thought it was important to continue to have their presence on the Board.

Sue Field motioned and Bob Raines seconded to nominate Jason Lea as an Executive Committee member to fill the balance of the vacated term through June 30, 2019.

Raines agreed with Field that having representation from the largest district in the county on the Executive Committee was important. He encouraged Chris Thomas to apply for a position in the future since she has the expertise.

Joe Pandolfo thought that having a CBO perspective on board was important and would be valuable for the Executive Committee to have. He believed Jason Lea to be an outstanding individual. He questioned whether the appointment of this seat should be delayed in order to have the Board of Directors vote at the next scheduled meeting in June. There was further discussion about when the election should take place. Rose Burcina informed the Executive Committee that there was no restriction of time, in filling the seat, in the Bylaws.

Jorgensen announced that he tendered his retirement to his school board this week so they'll be another vacant seat on the Executive Committee at the end of June. He will be retiring after 34 years. Jorgensen was congratulated!

Jorgensen reiterated that there was a motion and second that the Executive Committee appoint Jason Lea as an Executive Committee member to fill the balance of the vacated term through June 30, 2019.

Burcina reviewed when the terms would expire for the existing Executive Committee; the seats are stair-stepped.

A motion and second were on the table. Ayes: Jorgensen, Pandolfo, Downey, Field, Raines, and Hoppes. Motion passed unanimously.

The Board expressed their appreciation of Chris Thomas's interest for a seat on the Executive Committee.

REPORT/DISCUSSION

J. Benefits Department

- **Update of Health Program Renewal Rate Ranges**

Patty Baumunk reported the following medical renewal rate ranges:

- Kaiser Active/Early Retiree: the ceiling will be 5%
- Blue Shield PPO Active/Early Retiree: 1% or less
- PPO 65+ Medicare Part A & B: 10% or less (to vary by plan and tier)

Another renewal range that will be introduced, with the Executive Committee's approval, is another option on a 3-tier structure that might appeal to districts that have more families in their district. That option will situate RESIG in a more competitive environment in the marketplace. Currently, RESIG offers a 3-tier, 4-tier, and composite rate.

The districts will appreciate having these rate ranges to assist with their budgets. Baumunk will email this information to the Executive Committee today as the information was just received an hour before this meeting began.

As always, Baumunk offered to assist districts with any benefit questions, changes, etc. Thomas requested RESIG Staff to meet with Petaluma City Schools to discuss possibly changing plans and looking at alternative tiers.

K. Executive Director's Report

Rose Burcina reported the following:

- RESIG Building Damage—Someone hit the south side of the building and it will require some repairs. Chris Carr Construction will provide RESIG with an estimate. It appeared that possibly a crane hit the top of the building. Additionally, the dumpster gate was damaged in the storm. A follow-up report will be provided at a later date.
- Superintendent/CBO Orientation is scheduled for March 15, 2017 and the invitations will be distributed tomorrow.
- Property Excess Coverage Rate 2017/18 – Wells Fargo recently informed BASIC (Bay Area Schools Insurance Cooperative) that Travelers, RESIG's current property excess carrier will be raising the rates 3-5%; they haven't raised the rates over the last four years. It's not a done deal but stated that it should be expected.
- Liability Excess Coverage Rate 2017/18 – Wells Fargo also informed BASIC that the National Casualty layer of RESIG's liability excess coverage, which is \$10 million - \$20,000, is expected to increase rates by 8-9%. She is unable to inform how that will impact RESIG at this time but more information will follow in April.
- Property & Liability Claims Audit – This will be conducted in collaboration with BASIC again so all four JPAs will have their claims audit performed by the same auditor, which is the same auditor who did it last time. The audit will be performed around August 2017.
- CAJPA Legislative Alert – Over the last couple of weeks a proposed federal legislation that if passed will impact workers' compensation rates. The U.S. Senate Bill S.2977 will impose a tax on opioid painkillers. The tax will not be taxed to the patient, but the insurance companies and the workers' compensation carriers. If that tax goes through it will impact RESIG and its member districts. Burcina read this morning that 27% of the prescriptions that are approved in the workers' compensation departments are for opioids, generally speaking. There is another senate bill about trying to change the prescription practice of opioids. CAJPA does not officially advocate on the federal level so there's really no position RESIG has on this, however, Burcina wanted to bring it to the Executive Committee's attention because if it is passed it will impact RESIG's rates.
- Stop-It Program – Kenilworth Junior High is now participating in this program and RESIG has received very good feedback from them on the transition and the operation thus far.

- CalPERS (Handouts) – CalPERS has released information regarding a new discount rate change which was outlined in the January 19, 2017 Circular Letter. Burcina brought it to the Executive Committee’s attention because it will impact every school district and every public agency, including RESIG. Bergesen provided copies to the Executive Committee and the webinar she attended which provides more detail and it’s also available on YouTube.
- Upcoming Meetings and Workshops:
 - Medicare Workshop – March 2nd at 10 a.m. here at RESIG, for individuals that are retired; 3:30 p.m. for active employees nearing the age of 65 or are already 65.
 - Stakeholders Meetings – March 28th at 2:30 p.m. for dental and 3:30 p.m. for medical. The meetings will be held here at RESIG. Patty Baumunk will distribute information about these meetings.
 - The third class of the CSRM (Certificated School Risk Management) course titled *Handling School Risks* will be held at RESIG on March 10th.
 - The Open Enrollment and Rate Renewal Meeting for the Benefit Managers is tentatively scheduled for the morning of April 21st.
 - A free Threat Assessment Workshop through REMS (Risk Evaluation and Mitigation Strategy) and the Department of Education, in collaboration with SCOE, will be held on September 15th at SCOE.
 - AHERA Building Inspector and Management Planner Refresher Course will be held on March 8th. Currently accredited building management planners and inspectors should attend this full day course.
 - The Executive Committee’s Staff Compensation Committee (Mary Downey and Bob Raines) met with RESIG’s Staff’s Committee this morning and started the dialogue for the upcoming fiscal year. This item will be presented to the Executive Committee next month under Closed Session.

BOARD COMMUNICATION

1. BASIC Minutes—October 18, 2016

ADJOURNMENT

The meeting was adjourned by President Steve Jorgensen at 2:04 p.m.

SUBMITTED BY:

APPROVED BY:

Rose R. Burcina, Executive Director

Steve Jorgensen, President