



414 W. Napa St. • P.O. Box 885 • Sonoma, CA 95476 • 707.938.2388 • Fax: 707.938.0374

Members: Arcata Cloverdale Cotati Eureka Fort Bragg Fortuna Healdsburg Lakeport

Rohnert Park St. Helena Sebastopol Sonoma Ukiah Willits Windsor

AGENDA
REMIF EXECUTIVE COMMITTEE MEETING
Thursday, May 30, 2019 – **3:00 P.M. (Telephonic Meeting)**
REMIF, 414 W. Napa Street, Sonoma, CA 95476

1. *City of Sebastopol, City Hall, City Manager's Office, 7120 Bodega Avenue, Sebastopol, CA 95476*
2. *City of Rohnert Park, City Hall, City Manager's Office, 130 Avram Ave. Rohnert Park, CA 94928*
3. *City of Lakeport, 224 Park St., Lakeport, CA 95453*
4. *City of Eureka, 531 K Street, Eureka, CA 95501*
5. *City of Cotati, 201 West Sierra Ave, Cotati, CA 94931*

CALL TO ORDER
ROLL CALL

PUBLIC COMMENT

TIME RESERVED FOR THE PUBLIC TO OFFER COMMENTS REGARDING CONSENT CALENDAR OR BOARD BUSINESS NOT LISTED ON THE AGENDA. THE PUBLIC COMMENT PERIOD IS LIMITED TO FIVE MINUTES PER SPEAKER UNLESS ADDITIONAL TIME HAS BEEN ALLOWED BY THE CHAIRPERSON. STATE LAW PROHIBITS ACTION BY THE BOARD ON NON-AGENDA ITEMS.

CONSENT CALENDAR (I) Information Item (A) Action Item –

1. Minutes from the REMIF Executive Committee Meetings on April 25, 2019 (A)

STAFF REPORTS (I) Information item (A) Action item –

2. Update on REMIF Building (I)
3. PARSAC – MOU and Meeting between REMIF & PARSAC (A)

PUBLIC COMMENT

TIME RESERVED FOR THE PUBLIC TO OFFER COMMENTS REGARDING CLOSED SESSION ITEMS THE PUBLIC COMMENT PERIOD IS LIMITED TO FIVE MINUTES PER SPEAKER UNLESS ADDITIONAL TIME HAS BEEN ALLOWED BY THE CHAIRPERSON. STATE LAW PROHIBITS ACTION BY THE BOARD ON NON-AGENDA ITEMS.

ADJOURN INTO CLOSED SESSION – No Closed Session Items

REPORT OUT OF CLOSED SESSION - None

ADJOURNMENT

I, _____, certify that this document has been posted at my location on
_____ (date)

City/Town: _____

Signature

Print Name

Once posted and signed, please scan and email a copy back to Anna Santos at REMIF

Per Government Code section 54954.2, persons requesting disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact REMIF at (707) 938-2388 ext. 100, 24 hours in advance of this meeting.

MINUTES **ITEM 1.0**
REMIF EXECUTIVE COMMITTEE MEETING

Thursday, April 25, 2019
Ukiah Valley Conference Center, 200 South School St., Ukiah, CA 95482

CALL TO ORDER

President McLaughlin called the meeting to order at 1:35 p.m.

ROLL CALL

PRESENT:

1. Larry McLaughlin, Sebastopol
2. Darrin Jenkins, Rohnert Park
3. Pam Powell, Eureka
4. Damien O'Bid, Cotati

ABSENT: Margaret Silveira, Lakeport

OTHERS PRESENT: Amy Northam, REMIF General Manager; Doug Alliston, REMIF General Counsel, Cameron Dewey, Claims Examiner, Dana Calkins, Claims Examiner

PUBLIC COMMENT - There were no public comments.

CONSENT CALENDAR (I) Information Item (A) Action Item –

1. Minutes from the REMIF Executive Committee Meetings on Nov. 26, 2018 and Feb. 19, 2019. (A)

A motion was made by Director Jenkins and seconded by Director Powell to approve the consent calendar item 1 (approval of the minutes on November 26, 2018 and Feb 19, 2019).

The motion carried by the following voice vote:

Aye: Directors McLaughlin, Jenkins, Powell and O'Bid

Absent: Director Silveira

STAFF REPORTS (I) Information item (A) Action item - NONE

PUBLIC COMMENT

There was no public comment

ADJOURN INTO CLOSED SESSION

Government Code Section 54956.95 – Conference regarding a claim for the payment of tort liability losses, public liability losses, or workers' compensation liability incurred by the joint powers' agency or a local agency member of the joint powers' agency.

1. Claimant: Robles
Agency claimed against: City of Sebastopol
2. Claimant: Lares
Agency claimed against: City of Eureka
3. Claimant: Close
Agency claimed against: City of Healdsburg

REPORT OUT OF CLOSED SESSION

Staff will proceed as directed.

ADJOURNMENT

The meeting was adjourned at 1:50 p.m.



ITEM 2.0

AGENDA ITEM SUMMARY

TITLE: UPDATE ON REMIF BUILDING

PRESENTED BY: AMY NORTHAM

ISSUE

The Executive Committee will be updated on the tenants for the REMIF building.

BACKGROUND

REMIF owns a two-story commercial building on Highway 12 in Sonoma. The REMIF staff occupy about half of the space on the second floor. The tenant that had previously occupied the first floor is now renting space on the second floor (the space not occupied by the REMIF staff).

At the June of 2018 Board of Directors meeting, the Board of Directors authorized the General Manager to enter into an agreement with Keegan & Coppin for real estate services and to enter a final lease with Keegan & Coppin's assistance for tenants on the vacant first floor space in the building. As previously reported to the Executive Committee, two tenants were found to occupy the entire first floor space. The first-floor tenants were a physician's office (sinus specialists) and a property manager's office.

For the first-floor space, we, as the building owner, are responsible for ADA and dividing the HVAC/electric panels into their respective spaces. All tenant improvements were to be the responsibility of the tenant (with an allowance provided for by REMIF).

We have had costs and will have costs (ADA, HVAC/electrical division, architect, realtor, etc.), but REMIF should realize that money through the lease payments.

At the writing of this agenda item, REMIF received notice that one of the tenants (the property manager) has backed out of the project. While the intent was to provide final price estimates for the work to the Executive Committee at this meeting, the pricing will now change as a result of this change.

FISCAL IMPACT

Unknown, although costs will be amortized.

RECOMMENDED ACTION

None - Informational only

ATTACHMENTS

None

ITEM 3.0

AGENDA ITEM SUMMARY

TITLE: PARSAC – MOU AND MEETING BETWEEN REMIF AND PARSAC EXECUTIVE COMMITTEES

PRESENTED BY: AMY NORTHAM, GENERAL MANAGER

ISSUE

1. The Board of Directors directed the General Manager to work with the Executive Committee on exploring a partnership with PARSAC and enter into an exploratory partnership agreement.
2. A joint meeting with the PARSAC Executive Committee and the REMIF Executive Committee has been requested. We will discuss your availability in August and September (please bring your calendar/available dates), as well as location.

BACKGROUND

1. The Public Agency Risk Sharing Authority of California (PARSAC) and REMIF have had preliminary discussions about a strategic partnership between the two organizations. The discussions have evolved over the past several months and both organizations are now ready to move forward with a Memorandum of Understanding to set forth the terms, responsibilities, timelines, etc. for exploring the benefits and viability of this partnership. The analysis will consider all options that will benefit and strengthen both organizations and may range from sharing resources to a potential merger. The analysis will be completed during the next fiscal year and staff will continue work with the Executive Committee and the Board of Directors to provide updates as projects relating to the agreement are completed.

Throughout the past decade, there have been many changes in the pooling industry. Some pools have dissolved due to retirement of key personnel, inability to remain fiscally solvent or they have merged with larger organizations. The industry has also become very competitive with pools competing for new members in a finite market. Larger organizations can leverage their assets to offer attractive rates, programs and services to attract new members; while smaller organizations, such as REMIF, could become vulnerable to these marketing campaigns. The loss of members could destabilize the organization.

Because a vast majority of municipalities already participate in a joint powers authority to fund their risks and the economic environment is unfavorable for communities to incorporate, REMIF's ability to add new members and ensure long term stability for the organization is limited. Recently, staff was approached by PARSAC to discuss a potential partnership between the two organizations.

PARSAC and REMIF share similar cultures in that both organizations are member driven, provide a high level of personalized service, members collaborate and share a commitment to support each other, and members proactively participate in the governance of their respective organizations. Both organizations also serve small to midsized agencies, with some overlap in service areas. For example, PARSAC has Blue Lake, Ferndale, and Trinidad and REMIF has Arcata, Eureka, and Fortuna; Clearlake and Lakeport are neighboring cities; Calistoga and Yountville are close to St. Helena, while Belvedere is an hour drive to Sebastopol, Windsor and Healdsburg.

While exploring this potential partnership, PARSAC and REMIF will consider all opportunities that will provide long term stability, sustainability, cost savings and other benefits to both organizations. This may include: sharing resources, collaborate on training/workshops, eliminating redundancies, program funding, a potential merger of the two organizations and succession planning.

Attached is a DRAFT Memorandum of Understanding (MOU). The MOU outlines the work necessary to determine the viability of this partnership. The MOU does not obligate either party, other than to explore the feasibility and practicability of such a partnership. The agreement has not been reviewed by the general counsels of either organization and is presented for discussion. Once the agreement is finalized and approved by the general counsels of both organizations, it is recommended the Executive Committee authorize the General Manager to execute this document, with the understanding that no substantive changes will be made to the document without Executive Committee review.

2. A joint face-to face meeting with the PARSAC Executive Committee and the REMIF Executive Committee has been requested. Please have your calendar available at this meeting so that we can discuss potential meeting dates in August and September. In addition, we will discuss a preferred meeting location. PARSAC has recommended San Francisco, Oakland or Yountville as potential meeting sites.

FISCAL IMPACT

None

RECOMMENDED ACTION

Once the MOU is finalized and reviewed by General Counsel; authorize the General Manager, to execute the MOU with PARSAC.

ATTACHMENTS

3.1 Draft Memorandum of Understanding (MOU)

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (hereinafter referred to as “MOU”) is entered into this ____ day of May, 2019 by and between the Public Agency Risk Sharing Authority (hereinafter referred to as “PARSAC” or “party”) and the Redwood Empire Municipal Insurance Fund (hereinafter referred to as “REMIF” or “party”), together referred to as the “Parties.”

The Parties agree as follows:

- Intentions of the Parties.** This MOU is designed to cover the Parties during the exploration, collaboration, and vetting of a strategic partnership between the Parties. There is not a commitment between the parties to commit to a partnership (hereinafter referred to as “Partnership”), unless and until the Board of Directors of PARSAC and REMIF, separately, agree to such a commitment. The parties understand that a Partnership may or may not emerge as a result of the exploration. Further, the parties understand that if a Partnership does emerge, it may take many forms, from sharing of training resources to a full merger, or anything in between, by way of example only. Neither party can incur debt on behalf of the Partnership. Each party is responsible for its own debt and for vetting the Partnership before making any commitment.
- Names of the Parties/Partnership.** The Parties will maintain their respective names during the exploration of a potential Partnership.
- Principal Place of Business of the Parties/Partnership.** PARSAC’s principal place of business is 1525 Response Road, Suite 1, Sacramento, CA 95815. REMIF’s principal place of business is 414 W. Napa Street, Sonoma, CA 95476. The parties will maintain their respective places of business during the exploration of a potential Partnership.
- Purpose of MOU.** The purpose of the MOU is to set forth ownership and other terms between the Parties while they collaborate in the initial stages of a business venture. The Parties understand that the Partnership may result in any number of possibilities, from sharing training resources to sharing excess coverage to a full merger (by way of example only). The Parties further understand that a Partnership may not result in any sort of Partnership after the exploration, collaboration and vetting of a strategic Partnership. Should the Parties, through approval of their respective Board of Directors, agree to proceed, the Parties will enter into an agreement at that time and, if necessary, file necessary documentation with the Secretary of State and any other applicable agencies. The Partnership may not conduct any lawful business, unless agreed to in writing by both Parties in advance.
- Authority of Parties.** No party may bind the other party, nor the Partnership, to any material contract or incur any material obligation for the Partnership without the approval of the Parties.
- Term of MOU.** This MOU will become effective as of the date of this agreement and will continue until it is dissolved by the Parties, or until one party notifies the other, in writing, that the party does not wish to pursue.

7. **Contributions of Parties.** Each party will make an initial contribution of \$5,000 to the Partnership to cover the cost of an actuarial study. No party will advance additional funds or cover expenses of the Partnership unless the amount and purpose is approved in writing by the other party. Expenses must be reasonably documented to be reimbursed.

8. **Duties and Roles of Parties.** Each party will participate in the exploration of the Partnership. The participant/duty and timeline of the initial project exploration are as follows (roles, expectations and timelines):

PARSAC/REMIF: Enter into MOU. (Expected completion date: 06/30/19)

PARSAC/REMIF: Joint meeting with respective Executive Committees of each party. (Expected completion date: 09/30/19)

PARSAC/REMIF: Contract with Bickmore Actuarial Services and have actuarial study completed to determine outstanding liabilities and to determine funding on the workers' compensation program (general liability to follow) for a combined program, using claims data from both parties. The parties understand that the self-insured retention (SIR) layers differ between the parties. The parties will consult with the actuary to advise of the differences. The parties may request the actuary to perform an SIR analysis to determine the appropriate SIR's for each member. (Expected completion date: 09/30/19)

PARSAC/REMIF: Review/analyze actuarial results, to include outstanding liabilities and funding. Prepare options and recommendations for a funding model and methodology for potential Partnership. Review options and recommendations with respective Finance Committee, Executive Committee or Board of Directors, as determined by the respective agency, as to what a Partnership might look like from a financial perspective. (Expected completion date: 11/30/19)

PARSAC/REMIF: Prepare options and recommendations as to what a potential Partnership may look like for risk management and safety programs, self-insured medical coverage program, property and auto physical damage programs. (Expected completion date: 03/31/20)

PARSAC/REMIF: Review each parties Memoranda of Coverage to identify coverage gaps and prepare options and recommendations. (Expected completion date: 06/30/20)

PARSAC/REMIF: Prepare options and recommendations as to what a potential Partnership may look like for the excess liability and excess workers' compensation coverage, our respective service providers (to include third party administrators) and governance models. (Expected completion date: 06/30/20)

The parties will addend the agreement or enter into a new agreement after 07/01/20 to include additional duties, roles and timelines.

The parties understand that a Partnership, in full or in part, will not be reached at least until 07/01/20, unless and until the Parties' Board of Directors have elected otherwise. Further, while not likely, the parties understand that a Partnership may not take place, in any form, after the exploratory, collaboration and vetting stage.

9. **Voting Rights.** All partnership decisions must be made by the respective Board of Directors of PARSAC and REMIF. All matters not referred to in this agreement will be determined according to this paragraph.

10. **Governing Law.** This agreement will be governed by the laws of the state of California.

11. **Severability.** If any part of this agreement is adjudged invalid, illegal or unenforceable, the remaining parts will not be affected and will remain in full force and effect.

12. **Binding Agreement/No Other Beneficiary.** This agreement will be binding upon the parties, and upon their heirs, executors, personal representatives, administrators and assigns. No person will have a right or cause of action arising or resulting from this agreement except those who are parties to it and their successors in interest.

13. **Entire Agreement.** This instrument constitutes the entire agreement of the parties. No representations or promises have been made except those that are set out in this agreement. This agreement may not be modified except in writing signed by the parties.

This agreement may be signed in counterparts. Electronic delivery of an executed signature page will have the same binding effect as delivering an executed paper copy.

Effective as of _____.

FOR PARSAC:

Name:

Title:

Date:

FOR REMIF:

Name:

Title:

Date: