



**FAIRA BOARD & EXECUTIVE
BOARD MEETING
December 12, 2022**



FAIRA Key Contacts

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FAIRA MEETING CALENDAR 2022

MEETING DATES	TIME	MEETING	LOCATION
Monday, December 12, 2022 AS CALLED ON BY THE BOARD PRESIDENT	9:00 a.m.	Board and Executive Meeting	Via Teams
Monday, March 13, 2023	10:30 a.m.	Board and Executive Meeting	Orange County Fire Authority Headquarters
Monday, June 12, 2023	10:30 a.m.	Annual Board Meeting	San Diego Gallagher Office
Monday, September 11, 2023 AS CALLED ON BY THE BOARD PRESIDENT	TBD	Board and Executive Meeting	TBD

*All dates and meeting venues are subject to change as directed by the President of the Board

President

Chief Criss Brainard

San Miguel Consolidated FPD
Spring Valley, CA

Director

**Assistant Chief
Ryan McIntosh**

Central Lyon County FPD
Dayton, NV

Director

Chief Richard Pearce

Tiburon FPD
Tiburon, CA

Vice President

Chief Don Butz

Lakeside FPD
Lakeside, CA

Director

Chief Mike Sims

Bonita-Sunnyside FPD
San Diego, CA

Director

Chief Howard Wood

Vacaville FPD
Vacaville, CA

Treasurer

Chief Mark Pomi

Kentfield, FPD
Kentfield, CA

Director

Chief Jason Gibeaut

Northstar CSD
Truckee, CA

Director

Chief George Nunez

Aromas Tri-County FPD
Monterey, CA

Secretary

Chief Dustin Hail

Fresno FPD
Sanger, CA

Director

Chief Brian Boggeln

Alpine FPD
Alpine, CA

Elected Executive Board Member

Rhonda Haynes

Orange County Fire Authority
Irvine, CA

Director

Ken Musso

South Placer FPD
Granite Bay, CA



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

December 12, 2022 at 9:00 a.m.

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

This meeting will be conducted in a manner that protects the statutory and constitutional rights of the parties or public appearing before the FAIRA Board of Directors. The Fire Agencies Insurance Risk Authority (FAIRA) will hold the Board Meeting on Monday December 12, 2022 at:

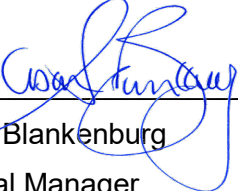
Meeting ID: 276 753 346 81

Passcode: 7ZPZNW

AGENDA

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	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. -----	8
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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.	39
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I certify that this Authority Agenda was posted and sent by email to all Members of the Authority 72 hours before the noted meeting.	42



 Susan Blankenburg
 General Manager

Date: December 12, 2022

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 Continuing Resolution: Assembly Bill-361

Assembly Bill- 361 was passed by the Board on December 13, 2021. The provisions of the act allow FAIRA Board Meetings to include a virtual component while being Brown Act compliant.

This resolution must be continued in order to host a remote meeting.

Consideration and Possible Action

FIRE AGENCIES INSURANCE RISK AUTHORITY

RESOLUTION NO. 2022-1

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE
FIRE AGENCIES INSURANCE RISK AUTHORITY AUTHORIZING CONTINUING
USE OF EMERGENCY REMOTE TELECONFERENCING PROVISIONS**

WHEREAS, the Board of Directors of the Fire Agencies Insurance Risk Authority (“Board of Directors”) is committed to open and transparent government, and full compliance with the Ralph M. Brown Act (“Brown Act”); and

WHEREAS, the Brown Act generally requires that a public agency take certain actions in order to use teleconferencing to attend a public meeting virtually; and

WHEREAS, the Board of Directors recognizes that a local emergency persists due to the worldwide COVID-19 pandemic; and

WHEREAS, the California Legislature has recognized the ongoing state of emergency due to the COVID-19 pandemic and has responded by creating an additional means for public meetings to be held via teleconference (inclusive of internet-based virtual meetings); and

WHEREAS, on September 16, 2021, the California legislature passed Assembly Bill (“AB”) 361, which amends Government Code, section 54953 and permits a local agency to use teleconferencing to conduct its meetings in any of the following circumstances: (A) the legislative body holds a meeting during a proclaimed state of emergency, and state or local officials have imposed or recommended measures to promote social distancing; (B) the legislative body holds a meeting during a proclaimed state of emergency for the purpose of determining, by majority vote, whether as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees; or (C) the legislative body holds a meeting during a proclaimed state of emergency and has determined, by majority vote, pursuant to subparagraph (B), that, as a result of the emergency, meeting in person would present imminent risks to the health or safety of attendees; and

WHEREAS, in order for the Board of Directors to use teleconferencing as allowed by AB 361 after October 1, 2021, it must first adopt findings in a Resolution, allowing the Board of Directors to conduct teleconferenced meetings for a period of thirty (30) days; and

WHEREAS, if the state of emergency remains active, or state or local officials have imposed or recommended measures to promote social distancing, in order to continue to teleconference under 361, the Board of Directors shall make findings in a Resolution every thirty (30) days regarding the current state of the emergency.

WHEREAS, Governor Gavin Newsom declared a state of emergency for the State of California due to the COVID-19 pandemic in his order entitled “Proclamation of a State of Emergency,” signed March 4, 2020; and

WHEREAS, the California Occupational and Safety Health Administration (CalOSHA) continues to recommend certain social distancing requirements, as described in detail in California Code of Regulations Title 8, section 3205 Covid Prevention; and

WHEREAS, on December 13, 2021, the Board of Directors adopted Resolution No. 2021-1 that found that the state and local emergencies have caused and will continue to cause imminent risks to the health or safety of attendees; and

WHEREAS, the Board of Directors is conducting its meetings through the use of telephonic and internet-based services so that members of the public may observe and participate in meetings and offer public comment.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Fire Agencies Insurance Risk Authority as follows:

1. The Board of Directors is conducting meetings during a state of emergency.
2. CalOSHA recommends measures to promote social distancing.
3. The Board of Directors has determined that given the state of emergency, holding in-person only meetings would present imminent risks to the health or safety of members and attendees.
4. The actions taken by the Board of Directors through this Resolution may be applied to all FAIRA Boards and committees governed by the Brown Act unless otherwise desired by that Body.
5. The Board of Directors authorizes the General Manager or their designee(s) to take all actions necessary to conduct Board of Directors meetings in accordance with Government Code section 54953(e) and all other applicable provisions of the Brown Act, using teleconferencing for a period of thirty (30) days from the adoption of this Resolution after which the Board of Directors will reconsider the circumstances of the state of emergency.
6. Staff is directed to return for the next board meeting with an item for the Board to consider making the findings required by AB 361 in order to continue meeting under its provisions.

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PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Fire Agencies Insurance Risk Authority held this 12th day of December, 2022.

AYES: _____

NOES: _____

ABSTAIN: _____

ABSENT: _____

Board President, Criss Brainard

ATTEST:

General Manager, Susan Blankenburg

5 Approval of the Minutes of the June 13, 2022 Board and Executive Board Meeting



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

June 13, 2022 at 10:00 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:

Gallagher Office

3655 Nobel Drive, Suite 450

San Diego, CA 92122

Present: President Criss Brainard (San Miguel Consolidated FPD); Brian Boggeln (Alpine FPD); Mike Sims (Bonita-Sunnyside FPD); Don Butz (Lakeside FPD); Sean Bailey (Northstar CSD); Dustin Hail (Fresno FPD); Ken Musso (South Placer FPD)

Remote: Rhonda Haynes (Orange County FA)

Absent: Reno DiTullio Jr (Aromas Tri-County FPD); Richard Pearce (Tiburon FPD); Howard Wood (Vacaville FPD)

Staff: Susan Blankenburg (FAIRA General Manager); Zack Phillips (FAIRA Financial Consultant); Natalie Bates (Arthur J Gallagher); Tay Gonzalez (FAIRA Administrative Analyst); Jim Smith (Arthur J Gallagher)

Item 1 - CALL TO ORDER AND DETERMINATION OF A QUORUM

President Criss Brainard called the meeting to order at 10:05 a.m. Quorum was confirmed via roll call.

Item 2 – Confirmation of Agenda

A **motion** was made by Brain Boggeln to approve the agenda as presented in the Board packet. A second on the motion was provided by Don Butz.

Motion passed with all Directors in attendance voting in the affirmative. Approvals by: President Criss Brainard (San Miguel Consolidated FPD); Brian Boggeln (Alpine FPD); Mike Sims (Bonita-Sunnyside FPD); Don Butz (Lakeside FPD); Sean Bailey (Northstar CSD); Dustin Hail (Fresno FPD); Ken Musso (South Placer FPD); Rhonda Haynes (Orange County FA)

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 the Minutes of the March 14, 2022 Board Meeting

A **motion** was made to approve the minutes of the March 14, 2022 FAIRA Board Meeting with an amendment by Mike Sims to add the full role of Board Members who voted to approve Item 2- Confirmation of the Agenda which was approved unanimously.

M/S/P Butz/Bailey

The motion passed with all Directors in attendance voting in the affirmative. Approvals by: President Criss Brainard (San Miguel Consolidated FPD); Brian Boggeln (Alpine FPD); Mike Sims (Bonita-Sunnyside FPD); Don Butz (Lakeside FPD); Sean Bailey (Northstar CSD); Dustin Hail (Fresno FPD); Ken Musso (South Placer FPD); Rhonda Haynes (Orange County FA)

Item 5.1- Professional Property Appraisals

General Manager Susan Blankenburg explained that Staff will review the Property Appraisals that were delivered by Kroll at the end of April. Districts will receive their Appraisal report after said review.

Ms. Blankenburg reported to the Board that in-between appraisals, Staff consults with property engineers to add an inflationary factor to property values every year. The total appraised value of properties came in 3% above what had been factored by Staff. This is a positive indication of the accuracy of FAIRA's management.

Ms. Blankenburg assured the Board that all properties insured through FAIRA have Full Replacement Cost coverage. The Appraisers were directed by General Manager Blankenburg to take all exclusions out of the property valuations so that the values would not be overstated. This reduces the possibility of overpaying on property premiums.

No action required.

Item 5.2 – Vegetation/Fuel Treatment Activity Survey Results

General Manager Susan Blankenburg explained the purpose of the Vegetation/ Fuel Treatment Activity Survey is to gather information regarding the activities of FAIRA Member Districts for Risk Management.

Don Butz detailed the scoring matrix he developed to assess the Survey. We need to go back and engage the highest scorers to assess at what level their Fuel Management Programs are occurring. These activities may be built into their Community Wildfire Protection Plans, but not necessarily an action by the agency itself. The more actions by the Agency, the more possibility of liability.

Chief Butz explained that if there are a large portion of FAIRA Members engaging in some sort of vegetation or fuels management activities, then there should be a discussion about a development of a policy for standard practices. Ms. Blankenburg echoed Chief Butz's sentiment that any mitigation actions will be helpful to reduce liability.

Ms. Blankenburg explained that the liability exposure from Districts that engage in these activities is a lot higher than that of the Districts that have no Fuels Treatment activities at all. FAIRA funds the first \$500,000 of losses in the first layer of liability coverage. This means that FAIRA can dictate varying deductibles based on Fuels Treatment Activities.

Staff will review the highest scoring surveys, make observations, and work with Chief Butz to create a follow-up survey to get a clearer picture of the activities occurring among FAIRA Members.

No action required.

Item 5.3 – Drive to Survive

Staff are working to arrange Drive to Survive seminar courses for 3 Districts: Sonoma Valley, Monterey County Regional, and one other District in Southern California.

Chiefs Butz, Sims, and Brainard will discuss amongst themselves in regard to which of their respective Districts will host. Staff will coordinate with them to solidify plans to host.

No action required.

Item 5.4 – EPLI Protocol Update

Susan Blankenburg informed the Board that, at their direction, all districts had been sent notice of the new EPLI Protocols that went into effect on January 1st.

Since the notice went out, there have been several districts that have contacted Ms. Blankenburg regarding retention of their own Employment Practices Liability professional as an advisor to their district.

Staff will continue to keep an account of which districts are using the services of Attorney Peter Flanderka. Staff will bring that information to the Board as appropriate.

No action required.

Item 5.5 – Prospects

There are four prospective members for the July 1st 2022- 2023 term. The prospects are Sacramento Metropolitan Fire District (Sac Metro), North County Fire Protection District, Rancho Adobe Fire Protection District, and Graton Fire Protection District.

After General Manager Susan Blankenburg spoke with FAIRA's insurance carrier, Paul Fuller, Graton Fire Protection District was no longer a desirable candidate for membership.

Sac Metro and North County Fire have loss ratios well below the 40% loss ratio benchmark for General Manager Approval.

President Brainard explained that Sac Metro had a very good loss experience over the past 10 years. Because of the size and good loss experience, Sac Metro's addition to FAIRA would have reduced the premium costs for all Member Districts.

President Brainard, Vice President Butz, and General Manager Blankenburg are set to have a face to face follow up meeting with Sac Metro in August.

Rancho Adobe had a large loss that our carriers could not overlook. Their addition to the program would increase rates. They will not be considered for addition to FAIRA at this time.

No action required

Item 5.6 – Insurance Renewal Committee Report

Authority was given to form a committee to review rates and lock in rates for the 2022-2023 insurance term at the soonest possible time. The committee was comprised of Criss Brainard, Rhonda Haynes, and Don Butz. The committee had a Discussion with Zack Phillips and Susan Blankenburg.

Renewal coverage was bound successfully by the committee.

Rhonda Haynes asked how soon Staff could present renewal premium quotes next term. She requested projections of premium costs in advance of her Board's meetings regarding their yearly budget. General Manager Blankenburg responded that Staff will help however they can to get good estimates to Members as early as possible.

No action required.

Item 6.1- 2022-2023 Insurance Proposal

Natalie Bates reported on the Insurance Renewal for the 2022-2023 term. Renewal process, update on the market, renewal highlights, etc.

Renewal apps were sent on January 5th and were due back on February 11th. Submissions went out to the market on March 7th.

In the market, on the property side, carriers are increasing rates, reducing capacity, and changing their coverages due to wild fires, extreme weather, and civil unrest. Up until this year, FAIRA's carrier has not passed extra costs onto us. The property insurance market has had to cover huge losses in the past two years which has led to the current state of things.

Inflation has led to increase on the valuation buildings. Staff has used statistics to keep on top of these increases to maintain accuracy when completing submissions for our program's insurance.

Rates are increasing and capacities are being reduced. General Manager Susan Blankenburg explained that a 12% increase in our general liability is very good in the current marketplace. Broker Natalie Bates added that most increases are in the 30% range and even higher with some increases being 100%.

No action needed

Item 7.1 – CPA and Accounting Services

Zack Phillips explained that FAIRA has transitioned their accounting services to George Hills. In the past, checks sent on FAIRA's behalf for payment to vendors had to be sent in the mail to our President, signed, and sent off by the President. Through this new partnership, FAIRA is able to streamline its vendor payment process.

Board Member Ken Musso asked how the partner selection process was conducted and about the security of George Hills and our banking partner, California Bank and Trust. General

Manager Susan Blankenburg described how George Hills was selected in an RFP process. Ms. Blankenburg explained that George Hills has a great relationship with California Bank and Trust. She expounded on her confidence in these partnerships.

Additionally, George Hills has their own cyber insurance that will cover FAIRA in the event of a breach. They will also get involved directly if needed in cases of fraudulent charges and assist with reclaiming FAIRA funds should they ever be lost to criminal activity.

After further discussion, Staff will arrange for John Chaquica, George Hills' CEO, to have an informational meeting with the Board.

No action required.

Item 7.2 – Review of KCM Investments at May 31, 2022

At our March Board meeting, the Board heard from KCM Investments regarding FAIRA's investments. Zack Phillips explained that FAIRA's investments are in good shape.

No action required.

Item 7.3– Experience Modifications

Zack Phillips presented to the Board a list of each FAIRA Member District with their respective Experience Modification rate. The table featured a comparison between the Experience Modifications from 2021-2022 to 2022-2023 for each District.

Mr. Phillips described the process Staff uses to arrive at the numbers presented as well as the purpose of the Experience Modifications. He explained that we look at each District's Loss Experience and use a factor to determine the Modification rate. This rate is then applied to the premium of each District. The rates can be between .95 and 1.15 based on loss experience. A modification of .95 equates to a 5% discount in premium. A modification of 1.15 equates to a 15% surcharge on premium.

General Manager Susan Blankenburg observed that most Districts' Experience Modifications were fairly modest being in the 3-6% range.

President Brainard asked about the length of time that a loss will be considered. Mr. Phillips responded that it is a 10 year view of losses. Ms. Blankenburg explained that it also depends on when the carrier puts the reserve up on the claim.

A **motion** was made to accept the Experience Modifications as presented to the Board.

M/S/P Butz/Sims

The motion passed with all Directors in attendance voting in the affirmative. Approvals by: President Criss Brainard (San Miguel Consolidated FPD); Brian Boggeln (Alpine FPD); Mike Sims (Bonita-Sunnyside FPD); Don Butz (Lakeside FPD); Sean Bailey (Northstar CSD); Dustin Hail (Fresno FPD); Ken Musso (South Placer FPD); Rhonda Haynes (Orange County FA)

Item 7.4 – Budget Review and Projections

Zack Phillips presented two variations for the 2022-2023 Fiscal Year Budget.

In the option titled "Option 4," all Members would have saved 3% by the addition of Sacramento Metropolitan Fire District to the FAIRA program.

A **motion** was made to approve budget as detailed in Option 1.

M/S/P Rhonda/Bailey

The motion passed with all Directors in attendance voting in the affirmative. Approvals by: President Criss Brainard (San Miguel Consolidated FPD); Brian Boggeln (Alpine FPD); Mike Sims (Bonita-Sunnyside FPD); Don Butz (Lakeside FPD); Sean Bailey (Northstar CSD); Dustin Hail (Fresno FPD); Ken Musso (South Placer FPD); Rhonda Haynes (Orange County FA)

Item 7.5 – Gallagher Drive

Zack Phillips explained that he worked with a Gallagher analytics team to build a dashboard for FAIRA. Members can request access and see their losses online. This tool will help Mr. Phillips, FAIRA's Risk Consultant Jim Smith, and FAIRA Staff to view losses for all Members.

Staff will schedule a live demonstration of the tool.

No action required.

Item 8.1 – Gallagher STEP Resources

Jim Smith gave an introduction to Gallagher STEP, previously Core360 Training, is a learning management center to supplement the current training practicing that Members already have in place at their individual Districts.

There are 100 modules to choose from and each District may choose 10 courses. There are unlimited seats available for every course that a District chooses. In the past year, 20 Districts have used the training modules. There are 400 individual users who have participated in these training courses.

Districts have to register to use the system and it is free to them as a value added service from Gallagher.

No action required.

Item 8.2 – Risk Management Manual

Jim Smith reported out to the Board explaining his progress on updating the FAIRA Risk Management Manual. He gave a demonstration of how to navigate the document using embedded hyperlinks.

Key sections Mr. Smith updated are the Fleet Safety and Employment Practices Liability. Director Rhonda Haynes provided samples from OCFA's Employment Practices Liability policies for reference on this project.

No action required.

Item 9—Losses and Loss Ratios

General Manager Susan Blankenburg presented the Loss Ratios for all active Members from 2012 to the present.

Item 10.1 – Potential Litigation. [Government Code 54956.9(b)]

Item 10.2 – Potential Litigation. [Government Code 54956.9(a)]

Item 10.3 – FAIRA Claims and Loss Report

No business in this section.

Item 11 – Other Business

No other business.

Item 12 – Correspondence and Informational Items

No business in this section.

Item 13 – Adjournment

The meeting was adjourned at 12:25 p.m.

Consideration and Possible Action

DRAFT

6 General Manager's Report

6.1 Board of Directors Elections (Susan Blankenburg)

Every 4 years, half of our Board Members' seats will be up for election. Those elected will serve for a term from July 1, 2023 to July 1, 2027.

The following District's positions are coming to the end of their term: Fresno County Fire Protection District, Northstar Community Service District, San Miguel Fire Protection District, Kentfield Fire Protection District, South Placer Fire Protection District, Tiburon Fire Protection District, and Vacaville Fire Protection District.

Nomination ballots will be sent out to FAIRA Board Members before the 1st of January offering Districts who would like to keep their seats an opportunity to seek reelection. If a District would prefer to discontinue their Board service, any other District may run for that vacant seat. Those nomination ballots will be due back to Staff by March 1, 2023. After the nomination phase is complete, Staff will report the results to the Board at the June meeting to be seated effective July 1st.

Receive and File

6.2 Board Member Retirements (Susan Blankenburg)

Board Members Reno DiTullio Jr. of Aromas Tri-County and Sean Bailey of North Star have retired. Their respective replacements Chief George Nunez and Chief Jason Gibeaut will take their seats on the Board effective immediately.

Receive and File

6.3 FAIRA Loss Run Dashboard Access (Susan Blankenburg)

Gallagher Drive, presented by Zack Phillips at a previous meeting, has a feature that allows access to Loss Runs for each individual FAIRA Member Districts. In addition to staff having access to all member's loss data this authority level will be extended to the individuals serving as FAIRA's President and Vice President, as we work in tandem on a number of loss containment projects throughout the course of the year.

Receive and File

6.4 Report: Meeting with Sacramento Metropolitan (Susan Blankenburg)

On August 15th, FAIRA's General Manager Susan Blankenburg, President Criss Brainard, and Vice President Don Butz met with the Chief and personnel from Sac Metro FPD at their request for a debriefing after deciding to stay with their current Insurance Program. From the time that they received FAIRA's final pricing to the date of their Board meeting, did not leave them with adequate time to make an informed decision. Their two primary concerns were the application of limits – which we were able to put a chart together to explain, and the 3 year commitment when seeing that FAIRA had just under 100% increases the prior year. A discussions was led by Chief Brainard regarding offering them flexibility to withdraw prior to satisfying the full three 3 year commitment, in exchange for a 10% higher premium.

In an effort to keep the momentum moving forward, a follow up meeting was held November 15th. General Manager Blankenburg, President Brainard, and Vice President Butz met with Fire Chief Todd Harms, Deputy Chief Ty Bailey, Human Resources Specialist Michelle Dehoney, and Brad Svennungsen from Sacramento Metropolitan Fire Department. We identified significant dates and Sac Metro's current Insurance Broker Mr. Svennungsen suggested presenting to the Board an overview of what FAIRA is and walk them through our organizational structure and coverage offering that will take place in March.

Chief Harms, who will be retiring at the end of the year, suggested that he saw no reason that FAIRA would not be a good program for Sac Metro. They will be sent an online application with the balance of FAIRA members and we believe that they will join this coming fiscal year.

Consideration and Possible Action



Fire Agencies Insurance Risk Authority

595 Market Street, Suite 2100, San Francisco, CA 94105

Office 415-536-4005 Fax 415-536-8499

November 15, 2022

AGENDA

SACRAMENTO METROPOLITAN FIRE DEPARTMENT AND FIRE AGENCY INSURANCE RISK AUTHORITY

Join Zoom Meeting

<https://us06web.zoom.us/j/83353583538?pwd=RINoMXE1bGtZV29DbDNrMnRZWGY4dz09>

Meeting ID: 833 5358 3538

Passcode: 101891

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+16699006833,,83353583538#,,,,*101891# US (San Jose)

- I. FAIRA's relationship with Members
- II. The Process
 - a. Renewal Applications
 - b. Vehicles updates
 - c. Building updates
- III. Reporting claims, Requesting Certificates of Insurance
- IV. Services
 - a. Contract Review
 - b. Insurance Requirement Manual
 - c. Risk Management Manual
 - d. Presentation on importance of proper contract language and risk transfer
 - e. Property Appraisals
 - f. Drive to Survive
 - g. Loss Control – EPLI New Requirements
 - h. Fuel Treatment Survey
 - i. Gallagher Free Trainings
 - j. DEI Presentation
- V. Legal Documents
- VI. Board Approval at December 12, 2022 BOD meeting
 - a. Will present and request approval for Sac Metro to join 2023
 - b. Will request approval for terms to terminate membership early, subject to an additional premium.
- VII. Sac Metro additional data to move forward?
- VIII. Timeline

FAIRA

2022-23 DRAFT BUDGET @ 5/16/22 v1

Member Scenario:	Expiring	Renewing	Add Sac Metro
Primary Deductible; Aggregate Scenario:	\$500K; \$2M	\$500K; \$2M	\$500K; \$2.5M
Surplus Scenario:	\$250K	\$0K	\$0K
OCFA Deductible Scenario:	\$250K EPL	\$250K EPL	\$250K EPL
Sac Metro Deductible Scenario:	n/a	n/a	\$50K All Lines
	2020-21 Audited	2021-22 Updated	2022-23 Option1
			2022-23 Option4
	<i>Reinsurance</i>	<i>Reinsurance</i>	<i>Reinsurance</i>
			<i>Reinsurance</i>
Summary			
INCOME			
Package Premium	\$ 2,404,304	\$ 2,715,451	\$ 3,578,524
Umbrella Premium	\$ 661,029	\$ 2,538,433	\$ 3,033,718
Aggregate Deductible Fund	\$ 750,000	\$ 2,000,000	\$ 2,000,000
Surplus Used to Fund Aggregate Deductible Fund	\$ (225,000)	\$ (250,000)	\$ -
Pool Supplemental Premium	\$ 65,413	\$ (408,336)	\$ (599,503)
Rate Stabilization Fund Adjustment	\$ (63,726)	\$ (49,361)	\$ -
TOTAL INSURANCE REVENUE	\$ 3,592,020	\$ 6,546,187	\$ 8,012,739
Member Deductibles	\$ 186,570	\$ 389,000	\$ 389,000
Pool Supplemental Premium Adjustment	\$ 125	\$ -	\$ -
Commission Income	\$ 443,317	\$ 659,402	\$ 838,368
Net Investment Income	\$ 44,581	\$ (110,000)	\$ 1,000
TOTAL GROSS INCOME	\$ 4,266,613	\$ 7,484,589	\$ 9,241,107
EXPENSES			
Package Premium	\$ 2,404,304	\$ 2,715,451	\$ 3,578,524
Umbrella Premium	\$ 661,029	\$ 2,538,433	\$ 3,033,718
Aggregate Deductible Fund + Trailing Deductible	\$ 895,749	\$ 2,000,000	\$ 2,000,000
TOTAL INSURANCE EXPENSES	\$ 3,961,082	\$ 7,253,884	\$ 8,612,242
Total Brokerage Fee	\$ 225,500	\$ 225,500	\$ 225,500
Other Expenses			
Total Claims & Risk Mgmt Expenses	\$ 3,450	\$ 14,000	\$ 45,000
General Management Fee	\$ 211,821	\$ 219,870	\$ 228,665
Total Support Services	\$ 125	\$ 100	\$ 100
Total Board Expenses	\$ 1,728	\$ 13,000	\$ 13,000
Total Professional Fees	\$ 76,972	\$ 179,575	\$ 99,600
Total Other Expenses	\$ 15,000	\$ 17,000	\$ 17,000
Total OTHER EXPENSES	\$ 309,096	\$ 443,545	\$ 403,365
TOTAL EXPENSES	\$ 4,495,678	\$ 7,922,929	\$ 9,241,107
NET INCOME (SHORTFALL)	\$ (229,065)	\$ (438,340)	\$ -

FAIRA

2022-23 DRAFT BUDGET @ 5/16/22 v1

Member Scenario:	Expiring	Renewing	Add Sac Metro
Primary Deductible; Aggregate Scenario:	\$500K; \$2M	\$500K; \$2M	\$500K; \$2.5M
Surplus Scenario:	\$250K	\$0K	\$0K
OCFA Deductible Scenario:	\$250K EPL	\$250K EPL	\$250K EPL
Sac Metro Deductible Scenario:	n/a	n/a	\$50K All Lines

	2020-21 Audited	2021-22 Updated	2022-23 Option1	2022-23 Option4
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	<i>Reinsurance</i>	<i>Reinsurance</i>	<i>Reinsurance</i>	<i>Reinsurance</i>
All Members: Premium Billable	\$ 3,592,020	\$ 6,546,187	\$ 8,012,739	\$ 9,642,807
Billable % Change versus Prior Year	23.3%	82.2%	22.4%	47.3%
New Member(s): Premium Billable	n/a	\$ 3,100,000	n/a	\$ 1,831,554
Billable % Change versus Prior Year	n/a	n/a	-100.0%	-40.9%
Renewing Members: Premium Billable	\$ 3,592,020	\$ 6,546,187	\$ 8,012,739	\$ 7,811,253
Billable % Change versus Prior Year	23.3%	82.2%	22.4%	19.3%
Rate Stabilization Fund	\$ 49,361	\$ -	\$ -	\$ -
Surplus	\$ 2,302,317	\$ 1,913,338	\$ 1,913,338	\$ 1,913,338
Total Equity	\$ 2,351,678	\$ 1,913,338	\$ 1,913,338	\$ 1,913,338

** Breakdown of selected Expenses Categories

Claims & Risk Management Expense Breakdown:

Drive to Survive	\$ 3,450	\$ 11,000	\$ 25,000	\$ 25,000
Loss Control Services	\$ -	\$ -	\$ 15,000	\$ 15,000
Risk Management And Website	\$ -	\$ 3,000	\$ 5,000	\$ 5,000
Total Claims & Risk Management Expense Breakdown:	\$ 3,450	\$ 14,000	\$ 45,000	\$ 45,000

Professional Fees Breakdown:

Legal Fees - Retainer	\$ 1,795	\$ 5,000	\$ 5,000	\$ 5,000
Legal Fees - Other	\$ 1,035	\$ 5,000	\$ 5,000	\$ 5,000
Actuarial Fees	\$ 7,800	\$ 7,500	\$ 7,500	\$ 7,500
Investment Professional Fees	\$ 6,741	\$ 6,317	\$ 6,500	\$ 6,500
Accounting & Bookkeeping	\$ 21,550	\$ 30,437	\$ 35,500	\$ 35,500
Banking Service Charges	\$ 251	\$ 18,406	\$ 600	\$ 600
Annual Certified Audit	\$ 9,300	\$ 10,425	\$ 11,000	\$ 11,000
AAATraq	\$ 28,500	\$ 28,500	\$ 28,500	\$ 28,500
Property Appraisals	\$ -	\$ 67,990	\$ -	\$ -
Total Professional Fees Breakdown:	\$ 76,972	\$ 179,575	\$ 99,600	\$ 99,600

Other Expenses Breakdown:

FDAC Sponsor Fee	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Communication	\$ -	\$ 1,000	\$ 1,000	\$ 1,000
Miscellaneous Other Expenses	\$ -	\$ 1,000	\$ 1,000	\$ 44,500
Total Other Expenses Breakdown:	\$ 15,000	\$ 17,000	\$ 17,000	\$ 60,500

6.5 Member Withdrawals (Susan Blankenburg)

South Coast FPD and Kneeland FPD provided proper notice and will be withdrawing their membership from FAIRA effective July 1, 2023. The loss ratio for South Coast FPD was 270% and Kneeland FPD's was 180%.

Receive and File



Kneeland Fire Protection District

6201 Greenwood Hts. Drive, Kneeland, CA 95549

"Making the difference in our community."

June 8, 2022

Susan Blankenburg
Area Executive Vice President
Arthur J. Gallagher & Co. Insurance Brokers of California, Inc.
595 Market Street, Suite 2100
San Francisco, CA 94105

On behalf of the Board of Directors of the Kneeland Fire Protection District, I would like to formally request that our FAIRA policy be non-renewed. We understand this to be effective July 1, 2023.

Thank you,

Lindsay Green
Secretary

The Kneeland Fire Protection District is a tax-exempt, nonprofit, 501(c)(4) organization listed with the Internal Revenue Service under EIN #68-0041406. All donations are tax deductible. No goods or services were exchanged in consideration of this donation.

From: [Susan Blankenburg](#)
To: [Jason warner](#); [Susan Blankenburg](#)
Cc: [Tay Gonzalez](#); [Natalie Bates](#)
Subject: RE: Insurance withdrawal
Date: Thursday, June 30, 2022 12:31:35 PM
Attachments: [image001.png](#)
[image002.png](#)

We will report this to the Board at our September Board meeting. Your notice was received on a timely basis in accordance with our governing documents.

Best regards,

Susan Blankenburg
General Manager
FAIRA
595 Market Street, Suite 2100
San Francisco, CA 94105
(415) 536-8417 Telephone
(415) 517-8028 Cell
415-536-5703 Fax
Susan_Blankenburg@ajg.com



From: Jason warner <jason@southcoastvfd.org>
Sent: Thursday, June 30, 2022 11:39 AM
To: Susan Blankenburg <susan_blankenburg@ajg.com>; Susan Blankenburg <Susan_Blankenburg@faira.org>
Subject: Insurance withdrawal

[EXTERNAL]

Susan,
Per our discussion earlier today it is the wishes of the South Coast Fire Protection District to withdraw from the insurance services provided by FAIRA effective 7/1/2023. If there is any further discussion required on this please feel free to reach out to me.

Thank you

Jason Warner
Fire Chief
South Coast Fire Protection District
39215 Church St. P.O. Box 334

6.6 Cuttone & Mastro Audit- Budget Adjustment (Susan Blankenburg)

General Manager Susan Blankenburg and Zack Phillips were informed by Joe Mastro that Cuttone & Mastro had reviewed their book of business and found that the pricing offered to FAIRA has been significantly under that of other accounts of similar size. They advised that if we were to continue to do business the C&M that the fee would increase from \$10,000 to \$15,000 per year and provide significant notice allowing us to receive alternative pricing. Ms. Blankenburg has done her due diligence in obtaining pricing indications by reaching out to three other firms who conduct audits for pool and found that C&M's pricing to possible alternative partners. Given the responses she obtained, the pricing from the incumbent firm continues to be the most cost effective.

Three firms were contacted for pricing indications:

1. Gilbert and Associates stated that FAIRA is getting a good deal. His firm would be at least double.
2. James Marta responded that his minimum pricing starts at \$25,000 and that this would be more than that.
3. Risk Program Administrators (RPA) does not offer audit services.

There will need to be an adjustment to the 2022/2023 budget increasing from \$10,000 to \$15,000.

Discussion and Possible Action

6.7 AGRIP Leadership Conference (Susan Blankenburg)

AGRIP Leadership conference was created for Pool managers throughout the US to take advantage of trainings specific to JPAs and offers a forum to sharing best practices. The membership has grown to include more than 213 member pools. In past years Susan Blankenburg had participated using a free membership that has been discontinued. There is great value to the information provided for Pool Managers and we would like to continue.

The annual fee is based on a percentage of our budget that amounts to \$ 1,285.77. Per the Agreement between FAIRA and Gallagher for General Management services, the cost of travel and other expenses will be paid by Gallagher.

Discussion and Possible Action

6.8 Marketplace Update (Susan Blankenburg and Natalie Bates)

General Manager Susan Blankenburg and Broker Natalie Bates will provide a verbal report on current state of the Insurance marketplace, specifically activity in the Fire District space.

Receive and File

6.9 Drive to Survive (Tay Gonzalez)

The Board agreed that holding in-person Drive to Survive seminars after fire season would deliver the best turnout. The seminars were held December 5th through the 8th.

This year, FAIRA sponsored the offering of four Drive to Survive Seminars hosted by:

1. December 5th: Central Lyon County Fire
2. December 6th: Sonoma County Fire Protection District
3. December 7th: Monterey County Regional Fire District
4. December 8th: Lakeside Fire Protection District

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“DRIVE TO SURVIVE”

One of the Nation’s Leading Fire & EMS Safety Seminars is coming to...

CENTRAL LYON COUNTY FIRE PROTECTION DISTRICT

246 Dayton Valley Road – Suite 105, Dayton NV 89403

ON

DECEMBER 5, 2022 from 0900 – 1200 hours

Each year, nearly 25% of firefighter and EMS fatalities are the result of motor vehicle crashes, yet few agencies train their members on the safe operation of emergency apparatus and personal vehicles. The **“Drive to Survive”** training program is designed to teach members that no matter how long they have been driving, or how “good” they think they are, there are limits to the safe operation of an emergency apparatus or personal vehicle. Using the same techniques used by crash investigators, this class is designed to provide a better understanding of important topics that are essential for safe driving, such as:

- ✓ Vehicle Dynamics
- ✓ Rollover Crashes
- ✓ Curve Crashes
- ✓ Roadway Friction
- ✓ Lateral G-Force
- ✓ Siren Limitations
- ✓ Intersection Crashes



- ✓ The Friction Circle
- ✓ Anti-Lock Brakes
- ✓ Drunk Driving
- ✓ Case Studies
- ✓ Tire Blowouts
- ✓ Driver Training Ideas
- ✓ Seat Belt Use

As Featured at the Fire Department Instructor’s Conference (FDIC)

The **“Drive to Survive”** training program is a 3-hour, lecture-based seminar, which has been featured at over 570 different locations throughout the United States, including:

- ✓ FDIC 2006 thru 2022
- ✓ New York Chief’s Conference 2015
- ✓ Orange County (CA) Fire Authority
- ✓ Whatcom County, WA Fire Dept.
- ✓ City of Vandalia, OH Fire Dept.
- ✓ City of Manhattan, KS, Fire Dept.

The class will be presented by Chris Daly, a full-time police officer who specializes in the reconstruction of serious and fatal vehicle crashes. Chris is also a 32-year veteran of the fire service having held numerous ranks, including Assistant Chief. Chris is a contributing author to *“Fire Engineering Magazine”* and *“Fire Apparatus and Emergency Equipment Magazine”* and is a court qualified expert in emergency vehicle operations. He is author to the *Fire Engineering Magazine* EVOC textbook *“Drive to Survive – The Art of Wheeling the Rig”*.

This in-person class is sponsored by the Fire Agencies Insurance Risk Authority (FAIRA) and there is no cost for students.

RSVP to Nick Hernandez at nhernandez@centralfirenv.org

Optional textbooks can be purchased at Fireengineeringbooks.com and online courses can be found at courses.drivetosurvive.org

www.drivetosurvive.org

7 Risk Control Consultant (Jim Smith)

7.1 EPLI Claims Report

The pricing for FAIRA's last few renewals has been driven by Employment Practice Liability claims. Looking ahead at the 2023/2024 renewal General Manager Susan Blankenburg asked that our Risk Control Consultant Jim Smith provide a comparison that outlines the progressions of our EPLI Claims.

Following is a chart showing the development of 10 years of EPLI losses (for current members only) at three different valuation points, similar to what our carrier will be looking at when pricing our upcoming renewal. The number of claims is not as significant as the development in the dollar amount of the claims.

Receive and File

8 Financial (Zack Phillips)

8.1 State of Finances

FAIRA's asset balances and cash flow are in good condition as of 11/30.

The FAIRA checking account balance is approximately \$3.6M which is \$2.7M higher than as of 6/30. During January \$1.5M will be used to pay the second installment of 2023 premiums to carriers. The investment account balance is approximately \$2.4M which is essentially the same as 6/30.

Claims for the 2021 and 2022 policy years have been developing relatively slowly compared to prior years. FAIRA has only had to reimburse \$240K to AWAC for policy deductibles since 6/30. However, total incurred losses for the last 5 years have increased approximately \$1.8 million since 6/30 which could continue to put upward pressure on premiums charged by carriers during 2023 and beyond.

Interest income is approximately \$32K as of 11/30, but due to the impact of unrealized losses, net investment income is only \$6K. However, those unrealized losses are not expected to be realized because FAIRA's financial position is strong enough to hold the bonds to maturity.

Receive and File

8.2 Delinquent Premiums (Zack Phillips)

As of 11/30/22 the premiums receivable from members totaled \$442,420 per the list below. Staff proposes to send out late notices stating that we will levy a penalty per the terms of our bylaws if payment is not received within 10 days of the date of notice.

Please note that last year only one member, Lake Forest FPD, was assessed the 10% penalty.

Anderson Fire Protection District	\$ 32,097
Central Lyon County Fire Protection District	\$ 129,419
Fort Bidwell Fire Protection District	\$ 4,813
Humboldt Bay Fire Authority	\$ 127,966
Lone Pine Fire Protection District	\$ 32,124
Penn Valley Fire Protection District	\$ 41,421
Ramona MWD Fire Department	\$ 47,835
Samoa Peninsula Fire Protection District	\$ 9,825
White Mountain Fire Protection District	\$ 16,920
Total	\$ 442,420

Receive and File

8.3 Access to LAIF Account (Zack Phillips)

FAIRA's Local Agency Investment Fund (LAIF) account was established in 1990 based on a Board Resolution.

John Chaquica of George Hills has advised that updates need to be made to FAIRA's Board of Directors and Accounting Firm information on file with LAIF. Mr. Chaquica also advises that the current account balance, approximately \$46,000, be reduced to approximately \$10,000 by transferring \$35,000 to the checking account at California Bank & Trust. FAIRA's President and Vice President would need to sign off, with Board approval, on an Authorization Form for both updating information and transferring funds.

The current interest rate is approximately 2%. Mr. Chaquica advises that it is very common for JPA's to have funds deposited with LAIF and it is reasonable for FAIRA to continue to use this account as an investment option.

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.

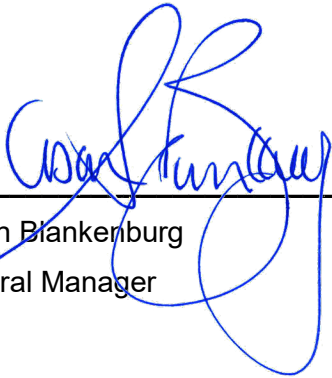
10 Other Business

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

12 Adjournment

I certify that this Authority Agenda was posted and sent by email to all Members of the Authority 72 hours before the noted meeting.



Susan Blankenburg
General Manager

Date: December 12, 2022

