

LAKE ARROWHEAD COMMUNITY SERVICES DISTRICT

MEMORANDUM

DATE: AUGUST 25, 2020

TO: BOARD OF DIRECTORS
Lake Arrowhead Community Services District

FROM: NATALIE POTTER, Human Resources Manager

CATHERINE CERRI, General Manager

SUBJECT: APPOINT A MEMBER OF THE BOARD AND AT
LEAST ONE ALTERNATE TO THE
ASSOCIATION OF CALIFORNIA WATER
AGENCIES JOINT POWERS INSURANCE
AUTHORITY BOARD OF DIRECTORS

A. RECOMMENDATION

That the Board designates one Board Member, at least one Alternate and a Risk Management employee to represent the District on matters related to the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA).

B. REASON FOR RECOMMENDATION

In accordance with Article 7 of the Joint Powers Agreement approved by the Board of Directors on July 28, 2020 via Resolution 2020-08, the District is required to designate one Board Member and at least one Alternate to represent the District on the ACWA JPIA Board of Directors. The designee must be a member of the District's Board of Directors. The alternate may be an employee of the District.

Article 7 of the ACWA JPIA Agreement states the following:

Board of Directors

(a) The Authority shall be governed by the Board of Directors which is hereby established, and which shall be composed of one representative from each Member, who shall be a Member director selected by the governing board of that Member. Each Member, in addition to appointing its member of the Board, shall appoint at least one alternate who shall be an officer, member of the governing board, or employee of that Member. The alternate

appointed by a Member shall have the authority to attend and participate in any meeting of the Board when the regular member for whom he or she is an alternate is absent from said meeting.

(b) Each Director or alternate of the Board shall serve until a successor is appointed. Each Director or alternate shall serve at the pleasure of the Member by which he or she has been appointed.

(c) Each Director representing a Member, or his or her alternate, shall have one vote.

In addition, Article 20(b) states that an employee of the District shall appoint an employee to be responsible for risk management:

(b) Each Member shall appoint an employee of the Member to be responsible for the risk management function within that Member and to serve as a liaison between the Member and the Authority as to risk management.

C. BACKGROUND INFORMATION

The Board member or alternate(s) shall attend at least one annual regular meeting. Meetings are held in the Spring or the Fall at the ACWA conference. There can be special meetings and those would be announced accordingly.

Additionally, the Director designated will be required to file a Fair Political Practices Commission (FPPC) Statement of Economic Interests using the Form 700. The ACWA JPIA designated Directors are considered “Officials Who Manage Public Investments” as they approve the audited financial statements, budget, and investment policy of the ACWA JPIA. The FPPC Statement of Economic Interests filing is required annually and any time there is a change in the District’s ACWA JPIA designated Director.

D. FISCAL IMPACT

The Fiscal impact associated with attending ACWA meetings has been included in the adopted Budget.

E. ENVIRONMENTAL IMPACT

None

F. ATTACHMENTS

- **Directors’ Manual Sections 1 – 9**

ACWA JPIA

Board of Directors' Manual



Revised December 2019

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Section 1 — Introduction

During the mid-1970s, many water agencies in California were having difficulty in finding suitable liability insurance coverages at an affordable price. They asked the Association of California Water Agencies (ACWA) to explore the feasibility of developing a liability insurance program designed specifically for water agencies which would address the issues of applicable specialized coverages at reasonable prices.

Outside consultants were called upon to perform the research, and after a number of months, the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA, aka JPIA) was formed to provide liability coverages tailored to the unique needs of California water agencies.

Because risk sharing among water agencies was so successful in its first few years, a Property Program was added in January of 1983 and a Workers' Compensation Program was added in July of 1984. In July 2012, the Employee Benefits Program was added.

Each water agency that joins the JPIA must also be a member of ACWA, be a public entity, and be directly involved with water. Each member names one of its directors to sit on the JPIA's Board of Directors. In addition, the water agency's board members and staff become eligible to participate on the JPIA's various Committees of the Programs for which they are members.

This manual is designed to help you better understand your duties and obligations as a member of the JPIA's Board of Directors. It contains information on the governing documents, contracts outlining coverages, and resources published by the JPIA to aid members in fulfilling their obligations of membership. It is designed to help you meet your obligations under the Brown Act, AB 1234, and the Fair Political Practices Act.

You will also find a glossary of terms to help you with the language of insurance. If you have any questions regarding the information in this manual or need help in any way, please feel free to contact me or anyone on the JPIA staff. We stand ready to assist you in any way we can.

Walter "Andy" Sells
Chief Executive Officer

Section 2 — JPIA Directors and Alternates

JPIA Directors

The JPIA Board of Directors is composed of one representative from each Member of the Authority, who is a member of the governing board thereof and selected by that governing board to be the JPIA Director Representative.

JPIA Alternates

Each Member should also appoint at least one alternate who shall be an officer, member of its governing board, or employee of that member. The alternate appointed by a Member shall have the authority to attend and participate in any meeting of the Board when the regular member for whom he or she is an alternate is absent from said meeting.

Each JPIA Director or alternate shall serve until a successor is appointed. They shall serve at the pleasure of the Member by which they have been appointed.

When the Member appoints a new JPIA Director Representative or alternate, they should notify the JPIA so that the JPIA's data base may be updated.

Section 3 — Fair Political Practices Commission (FPPC) Statement of Economic Interest

Filing Rules

The JPIA's Conflict of Interest Code requires that its Member agencies designated JPIA Director file an FPPC Statement of Economic Interest (SEI) using the Form 700. The JPIA designated Directors are considered "Officials Who Manage Public Investments" as they approve the audited financial statements, budget, and investment policy of the JPIA. All schedules on the Form 700 need to be addressed, keeping in mind that the JPIA is a statewide public agency (multi-county agency).

The JPIA is the filing officer and the JPIA office is where all electronically filed and original Form 700s are kept for public inspection. The filing officer/official is responsible for providing members with the access to file their Form 700 through an online filing system or to mail a current Form 700. A link to the current Form 700/Statement of Economic Interest, Reference Packet, and Conflict of Interest Code for the JPIA is available on the JPIA's website at www.acwajpia.com, under Committees, on the Board of Directors page.

The Member is the filing official whose responsibilities include obtaining and forwarding the statement to the JPIA filing officer/official, notifying the JPIA filing officer of a change to the member's JPIA designated Director, and maintaining a copy and current list of all statements forwarded to the JPIA filing officer. A link to reporting a change of director is also found on the JPIA website, under Committees, on the Board of Directors page, as above.

The FPPC Statement of Economic Interest filing is required annually and any time there is a change in the Member's JPIA designated Director. The new Director is to file an Assuming Office statement and the past Director is to file a Leaving Office statement, both of which are on the Form 700 and are due within 30 days of the change in their position. The SEI is to be filed with the JPIA.

If members have questions regarding the filing procedure, please contact the JPIA at (800) 231-5742. If members need advice, to ask questions, track down statements, and/or receive technical assistance in completing the Form 700, please contact the FPPC free of charge at 1-866-ASK-FPPC (1-866-275-3772). For further information and forms the FPPC web site is www.fppc.ca.gov.

Section 4 — Brown Act

By now, most everyone has heard of the California Brown Act and understands it requires careful consideration as to how public agencies conduct their business. Members who are unsure of a procedure and how it may fit into the Brown Act should be sure to check a Brown Act Manual.

The basic intent and purpose of the Brown Act, however, is:

Declaration of Policy

“The legislature finds and declares that public commissions, boards and councils, and other public agencies in the state exist to aid in the conduct of the people’s business. It is the intent of the law that their actions be taken openly and that their deliberations be conducted openly.”

“The people, in delegating authority, do not give their public servants the right to decide what is good for the people to know and what is not good for them to know. The people insist on remaining informed so that they may retain control over the instruments they have created.” (*Section 54950 of the California Government Code*)

Openness: The Underlying Public Policy

There is a strong public policy underlying the Brown Act that all aspects of the decision-making process of multi-member public bodies, including acquisition of information, discussion, and voting should be open to public scrutiny. It calls for “open decisions, openly arrived at.”

The Countervailing Policy: Need for Privacy and Secrecy

There is a second public policy, which is in “tension” with the first. Certain situations require that aspects of the deliberative process be secret to protect other important interests such as privacy of individuals, public safety, or the public treasury. This tension is expressed in exceptions to the general rule of open meetings.

Section 5 — Code of Ethics

Purpose and Scope

The policy of JPIA is to maintain the highest standards of ethics from its Board members, officers and employees. The proper operation of JPIA requires decisions and policy to be made in the proper channels of governmental structure, that public office not be used for personal gain, and that all individuals associated with JPIA remain impartial and responsible towards the public. Accordingly, it is the policy of JPIA that JPIA Board members, officers and employees shall maintain the highest standard of personal honesty and fairness in carrying out their duties. This policy sets forth the minimal ethical standards to be followed by the Board of Directors of JPIA.

Responsibilities of Public Office

Board members are obliged to uphold the Constitution of the United States and the Constitution of the State of California, and to carry out the laws of the nation, the State, and local governmental agencies. Board members shall comply with applicable laws regulating Board member conduct, including conflict of interests and financial disclosure laws. Board members should work in full cooperation with other public officials unless prohibited by law or prohibited by an officially recognized confidentiality of their work.

Fair and Equal Treatment

No Board member shall grant any special consideration, treatment, or advantage to any person or group beyond that which is available to every other person or group in the same circumstances.

[See, e.g., Age Discrimination in Employment Act of 1967; Americans with Disabilities Act of 1990; California Fair Employment and Housing Act (*California Government Code Section 12940, et seq.*); Rehabilitation Act of 1973; Title VII of the Civil Rights Act of 1964; *California Labor Code Section 1102.1.*]

Proper Use and Safeguarding of JPIA Property and Resources

Except as specifically authorized, no Board member shall use or permit the use of JPIA owned vehicles, equipment, materials, or property for personal convenience or profit. No Board member shall require a JPIA employee to perform services for the personal convenience or profit of a Board member. Each Board member must protect and properly use any JPIA asset within his or her control, including information recorded on paper or in electronic form. Using JPIA assets for personal profit is forbidden. Board members shall safeguard JPIA property, equipment, moneys, and assets against unauthorized use or removal, and against loss due to criminal act or breach of trust.

Board members are responsible for maintaining written records, including expense accounts, in sufficient detail to reflect accurately and completely all transactions and

expenditures made on JPIA's behalf. Creating a document with misleading or false information is prohibited.

Conflict of Interest

- A. No Board member shall vote on a matter before the Board of Directors if he or she has any interest, financial or otherwise, direct or indirect, or any obligation of any nature, which is in conflict with the proper performance of his or her duties as a Board member. No Board member shall participate in any discussion of a matter before the Board of Directors if he or she has any interest, financial or otherwise, direct or indirect, or any obligation of any nature which is in conflict with the proper performance of his or her duties as a Board member, unless he or she discloses the full nature of the conflict on the record of the Board.
- B. Circumstances establishing a conflict of interest include but are not limited to situations where:
 - 1. The Board member has more than a remote financial or personal interest in the outcome of a matter before the Board, or is associated as an owner, member, partner, officer, employee, broker or stockholder in an enterprise that will be affected by the outcome of a matter before the Board;
 - 2. The Board member has reason to believe or expect that he or she will receive, or a member of his or her immediate family will receive, a direct or indirect monetary gain or loss by reason of his or her participation in a matter before the Board;
 - 3. The Board member, because of bias or prejudice, or because he or she has prejudged a matter, is incapable of providing fair treatment to a matter before the Board;
 - 4. The Board member is participating in a decision affecting a person, vendor, contractor, firm, consultant or organization while seeking employment with that same person or entity; or
 - 5. The Board member has a prohibited interest as defined by Government Code Section 1090, et seq., or by the Political Reform Act, Government Code Section 81000, et seq., relating to conflicts of interest.
- C. A Board member who has a conflict of interest and who participates in discussions with, or gives an official opinion to, the Board relating to the matter upon which the Board member has a conflict, shall disclose on the records of the Board the nature and extent of the conflict of interest.
- D. Board members shall refrain from voting on or otherwise influencing matters involving any person with whom the member is negotiating for, or has accepted, future employment, or with whom the member has (or is negotiating for) a direct or indirect ownership interest or business relationship. Nothing in the foregoing shall apply to the member's appointing authority or to any non-controlling interest in a publicly held entity. Board members are prohibited from recommending the employment of a relative by JPIA. In addition, a Board

member is prohibited from recommending the employment of a relative to any person known by the Board member to be bidding for or negotiating a contract with JPIA.

[California Government Code, Section 1090, et seq. and Section 81000, et seq. (Political Reform Act).]

Gifts

- A. No Board member shall receive or agree to receive, directly or indirectly, any compensation, reward or gift from any source except from his or her appointing authority or employer, for any action related to the conduct of JPIA business, except as set forth below:
1. Acceptance of food and refreshments of nominal value on infrequent occasions in the ordinary course of a breakfast, luncheon or dinner meeting or other meeting or on an inspection tour where the arrangements are consistent with the transaction of official business.
 2. Acceptance of transportation, lodging, meals or refreshment in connection with attendance at widely attended gatherings sponsored by industrial, technical or professional organizations; or in connection with attendance at public ceremonies or similar activities financed by non-governmental sources where the Board member's participation on behalf of JPIA is the result of an invitation addressed to him or her in his or her official capacity, and the transportation, lodging, meals or refreshment accepted is/are related to, and is/are in keeping with, his or her official participation.
 3. Purchase of articles or admissions at advantageous rates where such rates are offered to JPIA personnel as a class.
 4. Acceptance of unsolicited advertising or promotional material, such as pens, pencils, note pads, calendars, or other items of nominal value.
 5. Acceptance of incidental transportation from a private organization, provided it is furnished in connection with the performance of the Board member's official duties and is of a type customarily provided by the private organization in the regular course of business to persons without regard to official status, and the private organization does not have or plan to have, business before the official.
 6. Acceptance of commendations, certificates or plaques for outstanding individual service, or work on JPIA projects.
- B. In no event shall any Board member accept gifts from any single source the cumulative value of which exceeds the applicable gift limit under California law. This limit is subject to change on January 1 of each odd numbered year.
- C. A gift or gratuity, the receipt of which is prohibited under this section, shall be returned to the donor. If return is not possible, the gift or gratuity shall be turned over to a public or charitable institution without being claimed as a charitable deduction and a report of such action and the reasons why return was not

feasible shall be made on the records of the Board. When possible, the donor also shall be informed of this action.

[California Government Code, Sections 89503 and 89506; California Penal Code Section 70; Federal Hobbs Act (18 U.S.C. Section 1951).]

Contracts with JPIA

Board members are prohibited from offering inducements to a potential vendor, contractor, consultant, or other party, to the exclusion of similar persons or firms, in hopes of obtaining reciprocal favors. JPIA policies pertaining to the procurement of goods, services, and contractors, as well as the hiring of personnel, must be followed to ensure fairness to the participants. A Board member shall not exercise any decision-making power with respect to any transaction, contract or sale to which JPIA is a party and in which the Board member has a financial or personal interest. Proposed relationships with former Board members or JPIA employees subject to Board approval must be evaluated carefully in advance of completing any agreement with such persons, to ensure that no unfair advantage is given to them and that JPIA's interests are fully protected in such situations.

[California Government Code, Section 1090, et seq., and Section 81000, et seq. (Political Reform Act).]

Use of Confidential Information

Any confidential information you receive as a Board member may not lawfully be released to unauthorized persons, unless the disclosure is first approved by the Board of Directors. In the case of confidential information subject to the attorney-client privilege (such as confidential communications with legal counsel regarding pending litigation), no individual Board member may lawfully waive the privilege and disclose such information, as the privilege belongs to the JPIA and may only be waived by the Board (or, where applicable, the Executive Committee) acting as a whole. Board members are prohibited from using any confidential information for personal advantage or profit.

[Ralph M. Brown Act (California Government Code Sections 54950, et seq.); California Government Code Section 1098; California Attorney General's Opinions, Opinion No. 97-410 (August 14, 1997), 80 Ops. Attorney General 231.]

Soliciting Political Contributions

Board members are prohibited from soliciting political funds or contributions at JPIA facilities.

Improper Activities and the Reporting of Such Activities

Board members shall not interfere with the proper performance of the official duties of others. Board members are strongly encouraged to fulfill their own moral obligations to the public and JPIA by disclosing to the extent not expressly prohibited by law improper activities within their knowledge. No Board member shall directly or indirectly use or attempt to use the authority or influence of his or her position for the purpose of intimidating, threatening, coercing, commanding, or

influencing any person with the intent of interfering with that person's duty to disclose improper activity.

Nondiscrimination and Affirmative Action

Board members shall not, in the performance of their Board functions, discriminate against any person in a protected class. Board members shall cooperate in achieving the equal opportunity goals and objectives of JPIA.

[Age Discrimination in Employment Act of 1967; Americans with Disabilities Act of 1990; California Fair Employment and Housing Act; (*Government Code Section 12940, et seq.*); Rehabilitation Act of 1973; Title VII of the Civil Rights Act of 1964; *California Labor Code Section 1102.1.*]

Violation of Ethics Policy

If a director is reported to have violated JPIA's ethical standards, the matter shall be referred to the Executive Committee for investigation and consideration of any appropriate action warranted.

Section 6 — Committees

The JPIA has Executive, Finance & Audit, and Personnel Committees, as well as Property, Liability, Workers' Compensation, and Employee Benefits Program Committees and a Risk Management Committee.

Chair and Member Selection Process

The Executive Committee members are elected by the Board of Directors. (See the Elections section of this manual.) The Chair of the Executive Committee appoints Executive Committee members to act as Chairs and Vice Chairs for the Program and Risk Management Committees and Personnel Committee. The Executive Committee Chair also solicits volunteers from the JPIA Directors and member agency staff and appoints members to these Committees.

The Finance & Audit Committee is composed of representatives from member agencies, each of whom has a financial background.

Purpose and Function of Committees

The Program Committees were created as a means of facilitating input from Members. The Program Committees are composed only of representatives from Members which participate in those specific Programs, thus not diluting their input by comments from Members not participating in a given Program.

The Program Committees and Risk Management Committee make their recommendations to the Executive Committee, which has the responsibility for balancing their requests with the needs of the JPIA as a whole.

Section 7 — Meetings and Agendas

Meeting Scheduling

In September of each year, a proposed calendar of meeting dates for the upcoming year is prepared for the Executive Committee's approval. This calendar is then presented to the Board of Directors at its fall conference meeting. The calendar can be found on the JPIA's website.

Agendas and Packets

The JPIA staff typically prepares a preliminary agenda two to four weeks prior to a scheduled meeting and a link to the final agenda and meeting packet are emailed to all Committee members seven to ten days in advance of a meeting. Meeting packets can be found on the JPIA's website under Committees.

Should a staff member or JPIA member wish to add an item to an agenda, it must be approved by the Committee Chair. Anytime an addition to the final agenda occurs, it must be posted 72 hours in advance of the meeting. The only exception to this rule is in the case of an emergency as defined in the Brown Act. Agendas can also be found on the JPIA's website.

For Board meetings, a notice of where and when the meeting is to be held shall be given electronically or by first class mail no later than 45 days prior to the date of the meeting. The notice will also include directions on how to request a printed copy of the packet. The complete board packet will be available for viewing and downloading from the JPIA's website approximately 14 days prior to the meeting. The agenda and meeting packet (for those who have requested a packet) are mailed approximately 14 days prior to the meeting.

Section 8 — Executive Committee Elections

Executive Committee

Eight of the nine Executive Committee member positions each have four-year terms. Elections to fill these terms are held at a spring Board of Directors' meeting, every other year. The ninth Executive Committee member position is an ex-officio position, which is held by the current ACWA Vice President.

Nominating Procedures

Approximately 120 days prior to an election, members are notified of the upcoming election. The notice includes date and place of election, positions and terms of office to be filled, incumbent office holders, and the nominating procedures.

Candidates are required to be their district's director representative on the JPIA's Board of Directors in order to be nominated to the Executive Committee. Also, the member district must participate in all of the JPIA's Programs: Liability, Property, Workers' Compensation, and at least one of the Employee Benefits programs. Nominations must be by resolution and three other current JPIA members must, by resolution, also concur in the candidate's nomination. These resolutions must be submitted to the JPIA office no later than 30 days prior to the date of the election. This is the sole method for placing candidates into nomination for Executive Committee positions.

Members have until 30 days prior to the election to submit their nominating resolutions, three concurring in nomination resolutions, and statement of qualifications for their candidate.

Fourteen days before the election, a final notice of the upcoming election is sent. This notice includes the date, time, and place of the election; name and district of all qualified candidates; the candidates' statements of qualifications; and the election procedures and rules. This notice is sent out as part of the Board of Directors' meeting packet to those who have requested a packet. It is also posted on the JPIA's website.

Election Rules

1. The ballots with the names of all qualified candidates are distributed at the entrance to the meeting room before the meeting is called to order.
2. Only the Board of Directors member or Alternate Board of Directors member may obtain the ballot.
3. Only those JPIA member agencies with either a Director or Alternate Director present may vote. **Proxy voting is not permitted.**
4. Additional color-coded ballots are supplied for any necessary subsequent balloting.

5. Ballots are counted by the three (3) appointed election inspectors and the results are announced at the board meeting.
6. All nominated candidates run for election at the same time. Those candidates with the greatest majority of votes are elected to the longest term of office.
7. Since the Bylaws require a **majority vote** to elect Executive Committee members (Article II, Section 9), subsequent ballots may be needed if the required number of candidates do not receive a majority of votes from the members present and voting.
8. If candidates for office do not receive a majority of cast votes, a subsequent ballot is held with one more candidate's name than the number of vacancies to be filled; i.e. the **three** candidates who receive the most votes to run for **two vacancies**; or, the **two** candidates who receive the most votes to run for **one vacancy**.
9. If a tie vote occurs in a preliminary ballot (majority of votes not obtained by required number of candidates), the tied candidates are included in the subsequent ballot if they have received the required number of ballots as determined in seven above.
10. If a tie vote occurs in a final ballot (two candidates for one office or position) the presiding officer will designate one of the tied candidates to call a coin toss, by the presiding officer, to determine the election results.

Section 9 — ACWA Conferences

The JPIA's Bylaws set its Board of Directors' meeting to be held on a date and at a time designated by the Executive Committee. The JPIA's Board of Directors' meetings are held at both the spring and fall ACWA conferences. In addition to the board meetings, the JPIA also holds an Executive Committee meeting, seminars, and other committee meetings during the ACWA conferences.

Registration and Reservations

There is no registration fee to attend the JPIA's Board of Directors' meeting, seminars, or other meetings at conference. However, if members are going to attend the ACWA portion of the conference, they must register. To register, they should check ACWA's website for information on conference registration and how to obtain hotel accommodations.

Registration fees, hotel costs, and other expenses incurred by the directors to attend these conferences are the responsibility of their respective districts.

DIC (Difference In Conditions) – A specialized property insurance policy written to provide coverage for perils not covered in a standard property policy or in the JPIA's Memorandum of Property Coverage. In particular, it is most often used to provide coverage for earthquake and/or flood losses.

Directors, Officers and Trustees Liability – Intended to protect nonprofit board members, officers, and directors for faulty decisions which imperil the entity. Usually written to include entity reimbursement for legal actions and personal liability of specific wrong-doers.

EAP (Employee Assistance Program) – A benefit that provides numerous services to covered employees and eligible members of their household and/or dependents (as determined by the plan). The programs are designed to help employees manage the health of their personal lives, allowing them to be productive and focused at work.

EE – Employee.

EGWP “egg whip” (Employer Group Wavier Plan) – A group purchase program for Medicare Part D prescription drugs for retirees.

E-mod – See Experience Modification.

Employers' Liability – Included as part of a worker's compensation insurance policy. Covers liability for losses arising out of injuries to employees that are not covered by statutory workers' compensation benefits.

Employment Liability Hotline – Contact for employment related issues.

Environmental Impairment Liability (EIL) – Also referred to as “Pollution” and “Pollution Legal” Liability; can be written to protect an entity from actions resulting from contamination of air, water, property. First-party (damage to owned property) and third-party (liability for damage to others) protection can often be combined.

EOB (Explanation of Benefits) – A statement issued by a PPO claims administrator for each claim that details costs for services, broken down by: full cost, network negotiated rate, ineligible amount (if any), plan responsibility and participant responsibility.

EOC (Evidence of Coverage) – The detailed document that describes a medical plan's coverage provisions.

EPL (Employment Practices Liability) – Written to protect an entity from liabilities arising from allegations of discrimination, failure to promote or hire, harassment, ADA responsibilities, wrongful termination, etc. A relatively new coverage, this is one of the fastest growing areas of litigation.

ER – Employer.

Errors and Omissions Liability – Excludes bodily injury and property damage; intended to afford protection for the “misfeasance, malfeasance or non-feasance” of public officials, employees and volunteers. May also include incidental medical personnel (paramedics), police and fire personnel, architects and plan checkers, engineers, and on-staff attorneys.

Excess Insurance – Insurance that is purchased to provide higher limits than the primary policy provides.

Excess Loss – The portion of a loss that is allocated to, or paid by, excess insurance. The JPIA Liability Program self-insures, through a pool, the first \$1 million of each occurrence. Losses in excess of that amount are paid by an excess liability insurance policy purchased by the JPIA on behalf the Program members.

Experience Modification – A mathematical factor used to modify a member’s premium in both the JPIA Liability Program and the Workers’ Compensation Program. It is based on a member’s previous actual loss experience compared to the average or expected loss experience. A calculated factor of greater than 1.0 is a debit and reflects higher than expected loss experience. Conversely, a factor of less than 1.0 is a credit and reflects more favorable loss experience. Also known as **E-mod**, **Ex-mod**, and **X-mod**.

Experience Modifier – A numerical factor developed by measuring the difference between a member’s actual loss experience and the expected losses of the payroll classifications (for workers’ compensation) or the average losses of the pool (for liability). The experience period used is the earliest three of the last four years. The factor may increase or decrease a member’s standard premium in response to their past lost experience. Members with a favorable loss record will have a factor lower than 1.0 and will pay a lower premium. Member with a poorer loss record will have a factor greater than 1.0 and will pay a higher premium. Also known as **experience modification factor**, **e-mod**, **ex-mod**, and **X-mod**.

FASB – Financial Accounting Standards Board.

Fidelity Bonds – Written as financial guarantees of employees’ honesty. Personnel with money-handling responsibilities are considered exposures to loss.

Fiduciary Liability – Covers board members, executives and other decision-making personnel with responsibilities for pension funds, retirement plans and employee benefit monies for negligent decisions that result in losses to such funds.

FLSA (Fair Labor Standards Act) – The FLSA establishes minimum wage, overtime pay, recordkeeping, and youth employment standards affecting employees in the private sector and in Federal, State, and local governments.

FPPC (Fair Political Practices Commission).

FSA (Flexible Spending Account) – An account to which an employee contributes a portion of earnings to pay for certain expenses such as medical or dependent care. Contributions are exempt from payroll taxes.

FSC (Family Status Change) – See Qualifying Event.

Fully Insured Plan – A plan for which premiums are paid to an insurance company, who in turn pays claims. These plans are referred to as pass through plans in associations, because premiums are collected and remitted directly to the insurer.

Full Value – A term used in the JPIA’s MOPC to provide “guaranteed” replacement cost coverage, which will pay the full cost to replace damaged property regardless of the “limit” carried. Applies to buildings and personal property.

G&A – General & Administrative.

GAAP – Generally Accepted Accounting Principles.

GASB – Governmental Accounting Standards Board.

General Liability – Written to protect the member's assets against liability for property damage of or bodily injury to third parties (see definition of parties).

GFOA (Government Finance Officers' Association) – International association whose purpose is to enhance and promote the professional management of governments for the public benefit by identifying and developing financial policies and best practices and promoting their use through education. The GFOA is the organization that oversees the CAFR Program.

HCR (Health Care Reform) – See Affordable Care Act.

HDHP (High Deductible Health Plan) – See Consumer Driven Health Plan (CDHP).

Health Plan – May be used to reference a medical plan, but also often refers to medical, dental and vision plans.

HIPAA (Health Insurance Portability and Accountability Act) – Federal legislation that, among other things, establishes standards for electronic medical records, and protects the privacy of a patient's protected health information. See PHI.

HMO (Health Maintenance Organization) – A plan whose benefits are limited solely to a participating network of providers, for which capitation (per head) payment is made to the participant's assigned provider, regardless of whether the participant seeks services. Claims payments are also made for services exceeding those deemed to be covered by capitation. Deductibles are not often part of an HMO plan design, with the exception of ABHPs, which utilize the network and certain elements of plan design of traditional HMOs.

HRCP (Human Resources Certification Program) – One of the professional certification "tracks" within the JPIA's Professional Development Program (PDP).

HSA (Health Savings Account) – A triple tax-advantaged account that allows contributions, investment growth and withdrawals for medical, dental and vision expenses, free from Federal taxes. To contribute to an HSA, an individual must be enrolled in a Consumer Driven Health Plan (CDHP). An individual does not need to be enrolled in a CDHP to withdraw the funds. Before age 65 the withdrawals must be for health expenses to avoid penalties and taxation. Upon reaching age 65, funds can be withdrawn as taxable income free from penalty. These accounts are governed by IRS Publication 969.

IBNR (Incurred But Not Reported) – This is a claim term. It is that part of the total claims that is unknown at any point in time. When a claim is reported, its final value must be estimated. The JPIA tracks how accurately it estimates and knows that historically the average claims' value will grow over time. The JPIA also understands that at any point in time occurrences have taken place that will certainly generate claims that have not yet been reported.

Incurred Loss – This is the ultimate expected total value of any claim. It includes the amount already paid, plus the estimated amount yet to be paid (reserves).

Inverse Condemnation – Both the United States Constitution and the California Constitution require that a private citizen be compensated if property is "taken" by a public entity. When the property is taken proactively it is called eminent domain. When the property is taken "accidentally," without due course, it is called inverse condemnation. Negligence need not be proven. The claimant's legal expenses are payable in addition to actual damages.

LAIF (Local Agency Investment Fund) – It is part of the California State Pooled Money Investment Account (PMIA), sometimes used by JPIA as a short-term investment vehicle.

LMS (Learning Management System) - a software application for the administration, documentation, tracking, reporting and delivery of education courses or training programs.

Lending Library – Library of videos, tapes, DVDs, and booklets available for borrowing by members to use in their training efforts.

Limit – The most that will be paid in a loss.

MOLC (Memorandum of Liability Coverage) – The JPIA's agreement providing liability coverage to Member Agencies.

MOPC (Memorandum of Property Coverage) – The JPIA's agreement providing property coverage to Member Agencies.

NRSRO – Nationally Recognized Statistical Rating Organization.

Occu-Med – Providers of a service program for members in the JPIA's Workers' Compensation Program, which assists in facilitating pre-employment physicals, fit-for-duty exams, etc.

Occurrence – A) In order for the JPIA to pay a liability claim, it must arise out of an occurrence. This is an accident, event, act or omission to act, which results in "damages", "bodily injury", or "property damage" neither expected nor intended from the covered parties' conduct. B) A provision of an insurance policy that requires it to pay for a claim caused during the policy period regardless of when it is presented. (See "claims made")

Open Enrollment – The annual opportunity to make changes to benefits enrollment selections. JPIA health plans renew January 1. Each October through November, employees may choose to add or delete dependents, and/or switch between the available health plans. Retirees of members who choose to offer retiree open enrollment may also change plans during this period, but may not add dependents.

OOPM (Out of Pocket Maximum) – The maximum a participant will pay for covered services in a plan year.

PARMA (Public Agency Risk Managers Association) – A state-wide association for risk managers in the public sector. Educational and lobbying activities.

Parties – The participants in any claim or suit are referred to as the "parties" to the action. When dealing with insurance claims, the following terms are used: **First Party** - This is the member district; **Second Party** - This is the JPIA; and **Third Party** - This is anyone other than the member or JPIA.

PBM (Pharmacy Benefit Manager) – A third-party administrator responsible for administration of pharmacy benefits and price negotiation for prescription drugs.

PCORI (Patient Centered Outcomes Research Institute) – A consortium put together by the Affordable Care Act to study health treatments and outcomes to identify cost effective treatments that result in long term health and savings. This is funded by fees charged to health plans.

PD – Property damage.

PD (Permanent Disability) – Results when an injury diminishes a worker's future earning capacity. Permanent disability is essentially the disability that remains once the employee's condition has become permanent and stationary. A worker's medical condition is considered permanent and stationary after it has reached maximum medical improvement.

PDP (Professional Development Program) – The framework for JPIA's training program, providing members' employees with opportunities to learn or refine job-related skills while pursuing certifications in their fields of interest.

PE – Registered Professional Engineer.

PEPM (Per Employee Per Month) – Refers to a cost based on the primary enrollee only in a health plan.

PHI (Protected Health Information) – Protected health information (PHI), as defined by HIPAA, is any individually identifiable information about health status, provision of health care, or payment for health care that can be linked to a specific individual. This is interpreted rather broadly and includes any part of a patient's medical record or payment history. This includes health information with data items which reasonably could be expected to allow individual identification. HIPAA applies to health information exchanged or stored electronically, to data transmitted or maintained in any other form or medium, which includes paper records, fax documents and oral communications.

Plaintiff – The party who complains or sues in a personal action. A claimant becomes a plaintiff by filing suit.

PMPM (Per Member Per Month) – Refers to a cost based on each person enrolled in a health plan, including dependents.

Pooled Loss – The portion of a loss that is allocated to, or paid by, the self-insured pool. The JPIA Liability Program pools, or self-insures, the first \$1 million of each occurrence. Loss costs exceeding this amount are paid by excess insurance.

PPACA (Patient Protection and Affordable Care Act) – This is now commonly referred to as the Affordable Care Act. See Affordable Care Act.

PPD (Permanent Partial Disability) – A permanent disability rating from 1% to 99.75%. It is possible for the worker to be permanently partial disabled, even if the worker has returned to the previous job and is doing the same work as before the injury.

PPO (Preferred Provider Organization) – A type of plan design that utilizes a network of providers to provide significant discounts to participants, yet allows the participant

to seek out of network services at a reduced benefit. These plans typically have a Deductible. Once the Deductible is met, Co-insurance applies, resulting in cost sharing between the plan and participant at a predetermined percentage.

PRIMA (Public Risk Management Association) – A national association for risk managers in the public sector. Formed for educational, information gathering and political lobbying purposes.

Property Insurance – This covers the member for damage to its own property, sometimes called first-party coverage.

PTD (Permanent Total Disability) – A permanent disability rating of 100%.

QE (Qualifying Event) – An event like marriage, birth, adoption, that allows a mid-year change to benefits enrollment.

QME (Qualified Medical Evaluator) – A doctor selected from a State panel to address medical, disability, and compensability disputes between the parties.

RAP (Retrospective Allocation Point) – In the JPIA's liability and workers' compensation programs, it is that portion of each claim that the member will be responsible for when the RPA is made. The deposit premium includes an estimate of the expected losses below the RAP. It is not a deductible; the member does not pay additional money at the time of loss. RAP losses are included in the RPA calculation. Members share in the pooled losses of other members only for losses above their RAP. The Liability Program offers RAPs of \$2,500; \$5,000; \$10,000; \$25,000; and \$50,000. Retentions above these amounts are treated differently; they are considered SIRs.

RC (Replacement Cost) – The cost to replace damaged property with like kind and quality, with no deduction for depreciation.

RDP (Registered Domestic Partner) – A couple registered with the State of California that is same gender of any age, or opposite gender and age 62 or above.

REA – Registered Environmental Assessor.

REHS – Registered Environmental Health Specialist.

Reinsurance – Insurance that is purchased by an insurance company (*insurer*) from another insurance company (*reinsurer*) as a means of risk management, to transfer risk from the *insurer* to the *reinsurer*. The JPIA uses a mix of both reinsurance and excess insurance in its pooled coverage programs.

Reserve – In order to budget for its expected costs, the JPIA estimates the ultimate expected total value of each claim and "reserves" part of the deposit premium to pay for it. As moneys are paid out for a claim, the reserve amount is decreased.

RIMS (Risk and Insurance Management Society) – National professional organization to promote principles of risk management and assist risk managers in their daily activities.

Risk Control – Those risk management techniques designed to minimize the frequency and/or severity of claims. Risk control techniques include exposure avoidance, loss

prevention, loss reduction, segregation of loss exposures, and contractual transfer to shift losses to others.

Risk Financing – Techniques for generating funds to pay for losses that risk control methods do not entirely eliminate. There are two types of risk financing techniques - retention and transfer. Retention involves paying for losses using an organization's own assets; transfer involves covering losses using an outside intermediary for a consideration (such as a payment of a premium). Each agency that participates in the JPIA practices these techniques. Losses are retained to the extent of an agency's RAP; they are transferred to the JPIA pool in excess of this amount.

Risk Management – One of the specialties within the general field of management, the process of managing an organization's activities to minimize the adverse effects of accidental losses on a cost-effective basis. Risk management has two components -- risk control and risk financing.

RPA (Retrospective Premium Adjustment) – At the beginning of each policy period, the JPIA collects a deposit premium representing the estimated costs for that year. Forty-five months after its inception, the JPIA looks back at that estimate and determines how accurate it was and makes an RPA. If it collected too much, a refund is made. If it collected too little, the member is charged for the difference. The process is repeated annually for each coverage year until all claims for that year are closed out.

RPA Fund (Retrospective Premium Adjustment Stabilization Fund) – A separate JPIA fund designed to stabilize the RPA process. A member's refunds from the Catastrophic Loss Fund and from the RPA process are credited to this fund. Any RPAs resulting in additional premiums due will be charged against this fund. When a member's Fund balance exceeds 60 percent of its basic premium, the excess money will be refunded. Members will not be billed for additional premiums unless they have a negative balance in the Fund exceeding 40 percent of their basic premium.

RTW – Return to work.

RX – Prescription.

SBC (Summary of Benefits and Coverage) – A plan summary that utilizes a specific format, required and set forth by the Affordable Care Act. This allows apples to apples comparison of different medical plans, based on the standardized format. These must be distributed to participants becoming newly eligible for coverage and annually.

SCIF (State Compensation Insurance Company) – A state agency that provides workers' compensation insurance to California employers.

SCP (Supervisor Certification Program) – One of the professional certification "tracks" within the JPIA's Professional Development Program (PDP).

Self-Funded Plan – A plan which collects payment from participants and pays claims directly, often utilizing a third party claims administrator. Funds left over can be used to offset future premium increases. Costs for participation are directly tied to the claims cost for the specific group of participants' utilization.

SIEF – Self Insured Excess Fund.

SIR (Self Insured Retention) – In the JPIA’s liability program, members may choose SIRs of \$100,000, \$300,000 or \$500,000. This is the amount of each loss the member will be responsible for. It is payable at the time of the loss. An up-front premium credit is given to members selecting these high SIRs. Retentions below these levels are treated differently; they are considered RAPs.

Special Events – Designed to cover your sponsorship of events, such as fireworks shows, festivals, community/entity celebrations; often written to protect other policies’ loss integrity. Another type of special event coverage, known as a “tenants’ and users” policy, can be issued for third parties who rent or use your owned facilities.

SPD (Summary Plan Description) – The detailed document that describes a medical plan’s coverage provisions.

Supranationals - United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States.

TD (Temporary Disability) – An impairment of bodily function, or physical incapacity that is reasonably expected to be cured or materially improved with proper medical care. This is the healing period following an injury. Temporary disability benefits are intended to be a substitute for lost wages (subject to minimums and maximums) during a period of temporary incapacity.

TIV (Total Insured Values) – The values shown on a Member Agency’s schedule or appraisal for property coverage. Only those items shown on the schedule are covered for loss.

UST (Underground Storage Tanks) – Refers primarily to underground fuel tanks; used most often in reference to the JPIA’s Memorandum of Underground Storage Tank Pollution Liability Program. This program protects member agencies against third-party claims for bodily injury and property damage caused leaks from USTs. It also includes coverage for government mandated clean-up costs.

Workers’ Compensation – A statutory coverage designed as the “sole remedy” for workers injured in the course and scope of their duties.