

San Joaquin Valley Insurance Authority

BOARD OF DIRECTORS

SUSAN B. ANDERSON

JUDITH CASE

MIKE ENNIS

ALLEN ISHIDA

PHIL LARSON

DEBORAH POOCHIGIAN

PETE VANDER POEL

Meeting Location:
Tulare County Employee Retirement
Association Board Chambers
136 N. Akers Street
Visalia, CA 93291
January 20, 2012
9:00 AM

AGENDA DATE: January 20, 2012

ITEM NUMBER: 11

SUBJECT: Receive Direction Regarding the SJVIA Governance and the Composition of the Board of Directors

REQUEST(S): That staff receives direction regarding the SJVIA Governance and the Composition of the Board of Directors

DESCRIPTION:

The purpose of this item is to consider and receive direction on the governance of the SJVIA as potential growth and marketing is considered.

The current SJVIA JPA agreement stipulates that the SJVIA shall be governed by the Board of Directors, which shall be composed as follows: four of whom are appointed by the Board of Supervisors of the COF and three of whom are appointed by the Board of Supervisors of the COT. Each of the Board of Supervisors shall designate other members of their respective Boards of Supervisors to serve as the alternate or alternates in the absence of one or more appointed directors.

On November 5, 2010 the issue of governance when adding new entities was discussed with your Board. The minutes reflect that your Board directed at that time that the governance remain unchanged. However, since that time your Board has adopted the shared risk model and a growth and marketing strategy for the SJVIA. The issue of governance for the SJVIA is expected to be a consideration for entities that are considering the JPA. For that reason, staff felt it was prudent to request renewed direction on this issue and consider the advantages and disadvantages of each model. Several options for consideration are summarized below:

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Option 1: Status Quo

- Four Directors appointed by County of Fresno
- Three Directors appointed by County of Tulare

This option maintains the status quo and ensures that the founders of the SJVIA maintain control. However, this does not consider the possibility of one of the founder's leaving the entity in the future or allow a vote for potential new entities.

If your Board elected to maintain the status quo governance, the SJVIA may elect the creation of a sub-committee or "*SJVIA Benefits Council*" made up of participating entities and representatives of the SJVIA Board. This option would give potential participating entities representation on the sub-committee and the ability to make joint recommendations to the SJVIA Board of Directors. The sub-committee may be delegated certain responsibilities but would ultimately require SJVIA Board approval

Option 2: Founders Option

- Four Directors appointed by County of Fresno
- Three Directors appointed by County of Tulare
- One Director appointed by Participating Entity (Founding Members may veto)

This option maintains the Founders majority and allows for a veto by the Founding entities. However, this option does not consider variation in the size of the Participating Entity in relation to representation on the Board. Directors may also need to be appointed in pairs to maintain an odd number of Directors. This option would dilute the representation of the Founding entities over time but may encourage entities to join.

Option 3: Founders Option by Size

- Four Directors appointed by County of Fresno
- Three Directors appointed by County of Tulare
- Other Director's appointed by weight and size
 - Less than 2,000 not eligible for appointment
 - 2,000 to 4,000 participants = 1 Appointment
 - 4,001 to 8,000 participants = 2 Appointments

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- 8,000 + participants = 3 Appointments

This option maintains the current representation of seats regardless of size for the Founding entities. Participating entities may be added to the Board of Directors with representation based on size. This option would dilute the representation of the Founding entities over time but may encourage entities to join.

Staff will incorporate your direction into a revised SJVIA Joint Exercise of Powers Agreement. The amended and restated agreement would then be taken to each County's respective Board of Supervisors for approval. Subsequently, this direction would be incorporated into marketing material for the SJVIA.

FISCAL IMPACT/FINANCING:

None.

ADMINISTRATIVE SIGN-OFF:



Paul Nerland
SJVIA Manager



Jeffrey Cardell
Assistant SJVIA Manager

**BEFORE THE BOARD OF DIRECTORS
SAN JOAQUIN VALLEY INSURANCE
AUTHORITY**

IN THE MATTER OF staff receiving direction regarding the SJVIA Governance and the
Composition of the Board of Directors

RESOLUTION NO. _____
AGREEMENT NO. _____

UPON MOTION OF DIRECTOR _____, SECONDED BY DIRECTOR _____
_____, THE FOLLOWING WAS ADOPTED BY THE BOARD OF DIRECTORS, AT AN
OFFICIAL MEETING HELD _____, BY THE FOLLOWING VOTE:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST:

BY: _____

* * * * *

That staff received direction regarding the SJVIA Governance and the Composition of the Board
of Directors