



BOARD OF DIRECTORS

ANDREAS BORGEAS

MIKE ENNIS

BUDDY MENDES

BRIAN PACHECO

DEBORAH A. POOCHIGIAN

PETE VANDER POEL

J. STEVEN WORTHLEY

**Meeting Location:
Tulare County Employees' Retirement
Association Board Chambers
136 N Akers St
Visalia, CA 93291
November 6, 2015 9:00 AM**

AGENDA DATE: November 6, 2015

ITEM NUMBER: Item 16

SUBJECT: Review and Discuss Potential Changes in Composition of SJVIA Board of Directors (I)

REQUEST(S): That the Board Review and Discuss Potential Changes in Composition of SJVIA Board of Directors

DESCRIPTION:

Article 6 of the Joint Exercise of Powers Agreement Creating the San Joaquin Valley Insurance Authority which was amended and restated July 1, 2013 states that the composition of the Board of the Directors of the SJVIA will be four Supervisors from the County of Fresno and three from the County of Tulare. Since the creation of the SJVIA on October 6, 2009 the Board of the SJVIA has been as such. At the formation of the SJVIA the Counties of Tulare and Fresno were the only members participating in any of the programs offered with an enrollment of approximately 9,000 employees.

Since that time the SJVIA has grown considerably, starting with the City of Tulare in 2012 and continued to expand to the 25 entities and approximately 13,000 as of today. The attached table lists all entities in the SJVIA, the date they joined and their enrollment in the health plans including HMO, PPO, and Kaiser.

There have been discussions regarding the makeup of the Board in the past and to date, no changes have been made. As entities have joined the SJVIA the subject of Board representation has been a common question. Recently, it has been requested to be discussed as a Board item with potential action to be taken at a future Board meeting. In past Board meetings there has been discussion regarding a few different options regarding governance.

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These options are:

Option 1: Status Quo

Four Directors appointed by the County of Fresno
Three Directors appointed by the 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 would prefer 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 the County of Fresno
- Three Directors appointed by the County of Tulare
- One Director appointed by each Participating Entity

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 – Add Two Seats to the Board

- Four Directors appointed by the County of Fresno
- Three Directors appointed by the County of Tulare
- Other Directors appointed by entity size
 - Less than 250 employees – one appointment
 - More than 250 employees – one appointment

This option maintains the current representation of seats regardless of size for the Founding entities and would add two new seats to the Board. Participating

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entities may be added to the Board of Directors with representation based on size. This option would slightly dilute the representation of the Founding entities over time but may encourage entities to join.

Option 4: Founders Option by Size – Maintain Seven Board Seats

- Three Directors appointed by the County of Fresno
- Two Directors appointed by the County of Tulare
- Other Directors appointed by entity size
 - Less than 250 employees – one appointment
 - More than 250 employees – one appointment

This option maintains the number of seats on the Board but would shift two of them to create representation of other entities by size category. As with option three, this would slightly dilute the representation of the Founding Entities but may encourage entities to join.

Any change in the governance will require a revised SJVIA Joint Exercise of Powers Agreement. The amended and restated agreement would then be taken to each Founding Members' respective Board of Supervisors for approval. Subsequently, this direction would be incorporated into marketing material for the SJVIA.

Staff is requesting direction to return with further information at the next Board Meeting to allow for Board direction with further discussion.

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FISCAL IMPACT/FINANCING:

Informational only.

ADMINISTRATIVE SIGN-OFF:



Rhonda Sjostrom
SJVIA Manager



Paul Nerland
SJVIA Assistant Manager