



CALIFORNIA ASSOCIATION OF MUTUAL WATER COMPANIES JOINT POWERS RISK
AND INSURANCE MANAGEMENT AUTHORITY
BOARD MEETING THURSDAY, MAY 12, 2022 11:00 AM

Celestino Ristorante, 141 S Lake Ave, Pasadena, CA 91101

MINUTES

1. Call to Order. President Michalko called the meeting to order at 11:20 AM.
2. Roll Call.

Present:	<i>Staff</i>
Dave Armstrong, South Mesa Water Company	Jim Ciampa, General Counsel
Ken Bradbury, Montebello Land and Water	Myra Malner, Assistant Secretary and Treasurer
Jim Byerrum, California Domestic Water Company	Adán Ortega, Communications Director
Dave Michalko, President, Valencia Heights Water Company	Susan Allen, Chief Executive Officer
Ken Tcheng, Sunny Slope Water Company	Ceili Tuttle, Ortega Strategies Group
Marina West, Bighorn-Desert View Water Agency	Tim Worley, CWSA Managing Director
Lisa Yamashita-Lopez, Rubio Cañon Land and Water Association	<i>Members</i>
	Jennifer Betancourt, Lincoln Avenue Water Company
	Gloria Galindo, Valencia Heights Water Company
	Steve Lenton, Bellflower Somerset Mutual Water Company
- Absent:
 - Doug Nunneley, Oildale Mutual Water Company
 - Dave Pedersen, Las Virgenes Municipal Water Company
3. Public comment. No public comment.
4. Approval of the Minutes of the CalMutuals JPRIMA Board Meeting on April 19, 2022. On a motion by Director Tcheng, seconded by Secretary Bradbury the minutes of the CalMutuals JPRIMA Board of Directors meeting were unanimously approved.
5. President's Report. No President's report.
6. Consideration and Potential Approval 2021 Federal Income Tax Returns. Treasurer Malner reviewed the draft Income Tax Returns included in the Board meeting packet. Director West asked if the Authority made quarterly tax payments for 2021 and was

advised that we did not as we were awaiting outcome of our application for Federal tax exemption. On a motion by Director Byerrum, seconded by Secretary Bradbury the Board unanimously approved filing 2021 Federal Income Tax returns as drafted.

7. Consideration and Potential Approval of Proposal to modify allocation of insurance residuals. President Michalko reminded the Board that CalMutuals JPRIMA and CalMutuals currently receive 5% of insurance premiums and allocate 3% to CalMutuals JPRIMA and 2 % to CalMutuals. Following denial of the Authority's Federal tax exempt status we have been exploring options for reducing our tax liability. President Michalko asked the Board for feedback on limiting the allocation to CalMutuals JPRIMA to the funds needed to cover expenses and allocating the balance to CalMutuals. Director Byerrum asked if this change would be implemented to ensure that insurance residuals are not used for advocacy. CEO Allen assured that diligent accounting will be implemented to ensure that the funds are used for support of small water suppliers as delineated in the authorizing legislation. Treasurer Malner proposed adjusting the distribution percentages as an alternative. President Mickalko noted that this option has been considered and may not address our needs given that the Authority's revenues are likely to continue to grow and change over time. Director Byerrum offered a potential alternative of setting allocation percentages annually. The Board generally of supportive of the proposed change and invited the leadership team to develop a formal proposal for consideration and action by the Board at the June meeting.
8. Consideration and Approval of Demand Sheet. Treasurer Malner reviewed the Demand Sheet included in the Board meeting packet, which included an estimated Federal tax payment of \$7,700. President Michalko recommended pulling the payment from Demand Sheet in light of plans to reduce the Authority's tax liability for 2022. On a motion, with this revision, by Director Tchong, seconded by Secretary Bradbury, the Demand Sheet was unanimously approved.
9. Financial Report.
 - a. Review of Financial Reports for the period ending April 30, 2022. Treasurer Malner reviewed the Budget and Cash flow report in agenda packet. She noted that cash inflow has been limited as the bulk of Property and Casualty insurance fees are anticipated in June. Expenses reflect the Association's contracted managerial, financial and legal support. Finally, she highlighted balances in the Authority's checking and reserve accounts. On a motion by Secretary Bradbury, seconded by Director West the Financial Reports were received and filed as submitted.
 - b. Consideration of proposal to transition financial management services from Rowland Water District to Valencia Heights Water Company. President Michalko recommended that financial management services for the Authority be transferred to Gloria Galindo, Office Manager at Valencia Heights Water Company as Myra Malner steps away from this role. He shared in consultation with Clifton, Larsen, Allen associated with the Authority's audit, they independently made the same recommendation. Director Yamashita-Lopez asked if a formal agreement was in place for Treasurer Malner's

work and was advised that the agreement was informal. She expressed support for the proposal and asked that a service agreement be developed. On a motion by Director West, seconded by Director Tcheng the Board unanimously approved the transition of management services to Valencia Heights Water Company.

The Authority will additionally need to identify a Board member to replace Myra Malner as Treasurer. Director West shared her willingness to serve in this capacity. Election of a new Treasurer will be formally considered at the June meeting.

- d. *Review and potential approval to update the Authority's signatories to remove Director Byerrum and Treasurer Malner and add Director Bradbury and Gloria Galindo.* On a motion by Director Yamashita-Lopez, seconded by Director Armstrong the Board unanimously approved update of the Authority's signatories as proposed.
- e. *Recognition of Treasurer Malner for distinguished service to the Authority.* President Michalko, Director Byerrum, CEO Allen and Board expressed thanks and appreciation to Treasurer Malner for her extraordinary contributions to CalMutuals and CalMutuals JPRIMA since the founding of CalMutuals in 2013.

10. Chief Executive Officer's Report.

- a. *Resources and Education Report.* CEO Allen shared a high-level overview of the resources and education report included in the Board meeting packet. She asked the Board for help in responding to a request from San Miguelito Water Company for an onboarding check list or other onboarding resources. Director Yamashita-Lopez indicated that she has resources to share. She asked for detail about how the questions and requests for assistance had been addressed and CEO Allen provided details on each request. Director Yamashita-Lopez asked that detail about follow up be included in future monthly reports.
- b. *Update on Fighting Fraud in CA Workers' Compensation Webinar, Tuesday, May 10, 2022, 10:00 AM – 11:00 AM.* CEO Allen reported on the webinar co-hosted this week by CalMutuals JPRIMA and The Zenith. While participation was more modest than hoped the webinar was successful and shared valuable information about how to address suspected Workers' Compensation fraud as an employer. We hope to be able to make the recording of the webinar available to members/insureds.
- c. *Update on AWWA Cybersecurity co-regulation proposal and efforts.* CEO Allen called attention to a briefing included in the Board meeting packet with a high level description of the AWWA initiative to work with stakeholders in the water sector to draft and enact a new coregulatory approach for cyber security in the water sector. She noted that Tim Worley facilitated an introduction of Paul Fuller to the AWWA leaders of this effort to ensure that the needs and concerns of very small systems are included in this endeavor. Director Byerrum shared that co-regulation was actively discussed at 2022 ACWA Conference and reinforced the importance of very small system voice in developing co-regulation proposal.

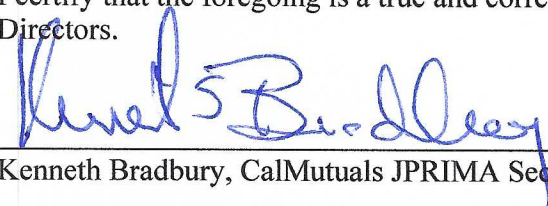
d. *Preview of planned discussion on CalMutuals JPRIMA Branding.* CEO Allen invited interested Board members to participate in a discussion of how to strengthen CalMutuals JPRIMA Branding after our meetings and lunch.

11. General Counsel's Report. General Counsel Ciampa shared that he gave a presentation at the recent California Rural Water Association conference on the requirements of AB 552 (Hertzberg) and offer to share the presentation with CalMutuals. CEO Allen reminded the Board the law will require Director Yamashita-Lopez noted that it may be time for CalMutuals JPRIMA and/or CalMutuals to identify consultants we can work with to assist our members/insureds with grant writing to secure funding to help them comply with this and other laws and regulations.
12. Communications Report. No communications report.
13. Director Comments. No Director's comments.
14. Recognition of founding CEO and President Jim Byerrum. President Michalko, CEO Allen, Communications Director Ortega and the Board of Directors expressed their profound thanks and appreciation to Director Byerrum for his vision and leadership in founding and shepherding the successes of the Authority in its first five years. Communications Director Ortega read the tribute to Director Byerrum featured in the 2021 CalMutuals JPRIMA Annual Report and President Michalko presented him with a framed copy of the tribute.
15. Adjournment. The meeting was adjourned at 12:30 PM.

Agenda Posted: May 6, 2022

SECRETARY'S CERTIFICATE:


I certify that the foregoing is a true and correct copy of the minutes approved by the Board of Directors.



Kenneth Bradbury, CalMutuals JPRIMA Secretary

5/30/2022
Date

Affirmed By:



David Michalko, CalMutuals JPRIMA President

MAY 30, 2022
Date