Utah Risk Management Agency

BOARD MEETING MINUTES

December 12, 2024, 12:00-2:00 p.m.
Draper City Council Chambers
1020 East Pioneer Rd., Draper, UT 84020

Members Present: Alex Jensen, Chairman (Layton); Brant Hanson, Vice Chair (Centerville); Derek Oyler (Brigham City) Mike Barker (Draper); Adam Bowler (Enterprise); Kyler Ludwig (Kanab); Cory Branch (Mapleton); Mara Brown (Ogden); Keri Rugg (Orem); Margaret Plane (Park City); Seth Perrins (Spanish Fork); Duane Huffman (West Bountiful); Eric Bunderson (West Valley)

Absent: Paul Bittmenn (Cedar City); Brigham Mellor (Farmington)

URMA Staff Present: David Petersen; Jason Davis; Jordan Rapp; Elizabeth Christensen; Ann Richey; Shianne Wadley; Libby Lowther (Lowther & Associates)

Others Present: Jeff Miles (HBME); Kellie Challburg (Draper); Carson Hardy and intern Crystal (Spanish Fork); Matt Campasano and Judi Davis (Moreton & Company)

1. **LUNCH**

2. **WELCOME** – Alex Jensen, Chairman

   MINUTES

   Mr. Jensen welcomed Mr. Barker as the new Board member from Draper and asked everyone to introduce themselves.

3. **MOTION** – Approval of Minutes - Board Meeting August 1, 2024
   Draft Minutes 08 01 2024 Board Meeting

MINUTES & MOTION

Mr. Jensen asked if there were additions or deletions to the minutes and asked for a motion. Motion by Mr. Hanson to approve the minutes, seconded by Mr. Branch. Voting was unanimously affirmative to approve.

4. CONSENT AGENDA

4.1. QUARTERLY FINANCIAL REPORT

[FY 2024 Budget Report 10 31 2024]

4.2. ACTUARIAL STUDY

[Actuarial Report 08 26 2024]

MINUTES & MOTION

Mr. Jensen asked if there were questions or comments regarding the consent agenda. Motion to approve the Consent Agenda by Mr. Oyler, seconded by Mr. Perrins. Voting was unanimously affirmative to approve.

5. SCHEDULED ITEMS

5.1. PRESENTATION – AUDIT REPORT – Jeff Miles, HBME

[HBME 2024 Audit Report]

MINUTES

Mr. Miles introduced the audit and referenced the opinion on page one:

"In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of Utah Risk Management Agency, as of June 30, 2024, and the respective change in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America."

He referenced the financial overview on page 5:

Description of assets:	**As of 06/30/2024**	**As of 06/30/2023**
Cash and cash equivalents at fair value	**$ 3,734,385**	**$ 7,581,066**
Investments in debt securities	**7,349,443**	**5,305,711**
Member receivables, net	**7,675,735**	**5,971,186**
Prepaid expenses	-	-
Office building and equipment, net	**397,567**	**459,736**
Total assets	**19,157,130**	**19,317,699**

Mr. Miles noted financial assets were fairly flat, cash was down due to more investments [$1.5m was transferred to Moreton Asset Management] and paying claims, which the cities will pay back over five years, which is a net wash for assets.

He said reserves losses were minimal for the year, meaning the actuary was successful. In 2023 there was an increase in claims payouts, which he attributes to the normal five-to-seven-year insurance cycle.

Mr. Miles explained part of the audit is to understand the internal controls of the organization, and there were no significant deficiencies or material weaknesses. He noted URMA utilizes a third-party accountant, Mr. Sanderson, for reconciliation, who does not have access to assets.

He said this year they evaluated state compliance requirements in the areas of Budgetary Compliance, Fraud Risk Assessment, and Fund Balance, and the Agency complied with the state compliance requirements for fiscal year ending June 30, 2024.

He asked for questions. There were none. Mr. Jensen thanked Mr. Miles for his presentation.

5.2. PRESENTATION – INSURANCE MARKET UPDATE – Moreton & Company

MINUTES

Mr. Campasano said now that the presidential election has run its course, they anticipate a softening in the marketplace, compared to the double digit increases of the past years. He said they expect a good renewal in cyber, with rates and deductibles lowering; and barring a large catastrophe in the country, property rates should have low increases. Auto liability and auto physical damage are more challenging; he read a report that the number of auto accidents in the last 3 years is more than the combined 15 years prior. He said Utah does not have the liability judgments that are occurring in the East. He asked for questions. There were none.

Ms. Lowther arrived at 12:33 p.m.

5.3 DISCUSSION & MOTION – HB 257 INDEMNIFICATION

HB 257 Memo 11 26 2024
HB 257 Proposed JPP Update
63G-31-402
HB 257

MINUTES

Mr. Petersen reviewed the documents he provided regarding HB 257. He said there is a provision that the State Attorney General will indemnify any governmental entity acting under color of state law to enforce HB 257, for claims and damages including court costs and attorney fees that are not covered by the entity's insurance policies. Mr. Petersen proposed that the Board consider excluding this coverage from the JPP, which should transfer the risk to the State Attorney General's office.

Mr. Petersen said he contacted the Trust and County Indemnity Pool about this issue, and they had not yet addressed the issue, but wanted to meet with him about it.

He said there is no statutory cap on the damages that can be sought if a suit is filed as a civil rights case.

Mr. Perrins asked how the transfer of indemnity to the Attorney General would occur. Mr. Petersen said Mr. Crowther researched and thus far, no claims have been filed. He presumes that if a city were served or a claim filed, we would forward it to the Attorney General's office, requesting they represent our interests. Ms. Plane said she expected it would be like tendering a defense to your insurer and that the indemnity provision was included to make the legislation acceptable to cities. Mr. Barker asked if any entity has experience tendering a defense to the Attorney General. Ms. Plane said it might happen the same way a case is prosecuted by a city, but the Attorney General takes over an appeal.

Mr. Perrins asked if there had been a conversation with the Attorney General's office. Mr. Petersen said Mr. Crowther has spoken to attorneys; there is a person assigned specifically to this, and no claims have been received. Reading the back-info and discussion, the intent is to indemnify governmental entities.

Mr. Barker asked if the exclusion would be perceived as the organization trying to play games, but said it is also his experience that the legislature expects cities to read between the lines. Mr. Perrins said the penalty of failure is to retroactively rescind the exclusion. Mr. Jensen said the language is clear and should be taken at face value, exclusion is the wise thing to do to, to transfer the risk and protect the organization.

MOTION

Mr. Oyler motioned to approve the exclusion in the JPP, with the provision that if an entity has an experience in which the Attorney General's office does not indemnify a city as expected, a board meeting is immediately convened to revisit the amendment. Mr. Barker seconded the motion. Mr. Jensen asked for any additional discussion. There was none.

Voting was unanimously affirmative to approve.

5.4 DISCUSSION & MOTION – AUTO PHYSICAL DAMAGE PROGRAM UPDATE

APD Program Coverage Adjustment Request 11 26 2024
APD Program Actuarial Study and Options 11 18 2024

MINUTES

Mr. Petersen said auto costs have increased, and he has been asked if it was possible to expand coverage in the auto physical damage program to $75k. The actuary estimated the increase would be $137 annually per vehicle with no change in deductible (which would remain $5k); coverage up to $50k would remain $270 per vehicle; coverage for $50-75k would be $407 per vehicle. The options are to 1) make no change, 2) expand coverage to $75k, 3) bifurcate coverage ($270 & $407). He said he first wants to confirm there is no adverse impact on the high-value vehicle policy, and Mr. Campasano will provide that information in January-February. Mr. Petersen said he is not asking for a decision but wanted to make the Board aware of the possibility; implementation would be July 1, and he will bring the information back to the Board at the April meeting.

Ms. Rugg expressed interest in having both coverages because Orem is interested in the current $270 coverage but does not want to pay more for all vehicles. Mr. Jensen said over $50k used to be a "high value" vehicle, but that is no longer the case, we need to adjust.

Mr. Petersen said to self-insure as much as possible is a fundamental tenant of risk pooling. Right now, the auto line will be the highest premium jump, and it is wise to look at the option, but he does not want a negative impact on the high value policy.

Mr. Perrins agrees with looking at this option, and said working through the URMA APD program is easier; he is interested in the cost of increased coverage.

Mr. Oyler asked if it could be raised to $80k because most of their new vehicles cost $79k. Mr. Petersen said he would run the numbers for $80-85k.

No vote necessary, report at April Board Meeting.

5.5 DISCUSSION & MOTION – JPP DEDUCTIBLE LANGUAGE UPDATE

JPP Deductible Language Memo 11 26 2024
Deductible Proposed JPP Update
Current JPP 04 14 2023

MINUTES

Mr. Petersen previously provided a memo proposing an update in deductible language in the JPP and referenced the memo and proposed language. He explained the JPP says URMA coverage does not begin until the deductible has been paid, which is not the way URMA operates. He said if a member requests assistance with a claim or potential claim, assistance begins immediately. He wants the language of the JPP to reflect the practice of URMA. He said deductibles are a risk management strategy for those who want to use them this way, but it is not URMA practice to wait until deductible is paid before coverage starts.

5.6 RESOLUTION NO. B1224 – 5.6 JOINT PROTECTION PROGRAM UPDATE

Resolution No. B1224 - 5.6 Joint Protection Program Update

MOTION

Mr. Bowler motioned to approve the proposed language changes to the JPP as presented by Mr. Petersen. Second by Mr. Bunderson.

Voting was unanimously affirmative to approve.

5.7 DISCUSSION & MOTION – REQUEST TO AMEND POLICE PHYSICAL FITNESS TESTING

Police Physical Fitness Test Memo 12 02 2024
Police Physical Fitness Standards Memo 12 05 2024
Police Physical Fitness Standards Testing Memo SCM 12 19 2012
URMMA Physical Readiness Test Manual 01 18 2017
Texas DPS Concept 2 Rower Instructor Training

MINUTES

Mr. Petersen referenced the long history of the police physical fitness program with URMA, going back to 1999; and said periodically a member requests an additional exercise. Park City has requested rowing be added as a testing exercise and has provided a validation study. Rowing currently is used by 129 agencies as an alternative to the 1.5-mile run.

Mr. Petersen said Mr. Crowther has researched the validation requirement and found a test must be validated, but how it is validated is the organization's choice. Mr. Petersen said most police chiefs, aside from runners, agree that the 1.5-mile run is not indicative of an officer's ability to perform their job, and running is the most common cause of workers' compensation claims for officers nationwide.

Mr. Petersen said there have been three requests in the past three years (change to allow planking as alternative to sit-ups and Schwinn Airdyne as an alternative to the 1.5-mile run), *and he wants to confirm that the Board desires to address each change request. Mr. Petersen posed three questions to the Board:*

1) *Does the Board want to adopt the row as another alternative to the 1.5-mile run;*
2) *Does the Board want a validation study for all or part of the police physical fitness program; and*
3) *Does the Board want to see the requests for changes or have staff review them?*

He said in the past the Board has been disinclined to expend funds for a new validation study, which cost is significant. The original study was $119k (in 1999); a completely new study would be $225-250k for all aspects; a re-validation of an individual exercise test would be $20-50k each; and a re-validation letter would be $7,500.

Mr. Jensen confirmed the row would be an alternative option to the 1.5-mile run.

Mr. Davis said the test is Concept 2 Rower 2000-meter row, and the validation study was extensive.

Mr. Huffman asked why an additional test is needed. Ms. Plane said she believes the department has the equipment for the row and the bicycle test is cumbersome – they had to go to POST for someone qualified to administer it. Mr. Bunderson said the one time their department needed an alternative, they also had to go to POST for the Airdyne test.

Mr. Jensen asked if POST is using the row. Mr. Petersen said POST uses the Cooper Institute standard, because it is used at the Department of Justice and all federal agencies and is unlikely to be challenged. He said URMA is under no obligation to use the same standard. Mr. Petersen said the Cooper requirement for his age for 1.5-mile run is over 20 minutes, which he could walk. Mr. Petersen said he is not a proponent of 1.5-mile run or Cooper standard as a measurement of fitness.

Mr. Jensen said his police administration explained that the Cooper standard makes accommodation for age and gender, and he is only interested in a test that has a single standard.

Mr. Oyler asked Mr. Davis how many agencies' policies are in compliance. Mr. Davis said they are all in compliance, most use the JTST, most agencies allow officers to choose which test to do, and most officers choose the JTST. Mr. Oyler said he had no objection to Park City using the row, and no objection if others do not want to use it.

Mr. Ludwig asked Mr. Petersen if he is comfortable with staff making the decision about what is allowed because of their expertise.

Mr. Huffman questioned the third-party validation and expressed concern that an agency could present any validation study; there should be a logical reason to accept one and discount another.

Mr. Hanson said he agrees the row is a great full-body workout but does not necessarily agree that it is a test of fitness for police duty and expressed concern about losing the fitness benchmark.

Ms. Plane asked if bringing requests for changes to the fitness program to the Board would alleviate the concern that adding the row option would make the test less effective. She said Chief Carpenter was past president of IACP, and the row test is currently popular nationwide.

Mr. Perrins said when the police physical fitness program was adopted, URMA broke ground with the test and officer fitness improved which saved lives. He said he is not comfortable with staff amending the program (without Board direction). He wants to understand the reason for the preference for the row test but is not opposed to it.

Mr. Branch suggested police chiefs meet with Mr. Davis and discuss it. Mr. Jensen suggested a panel of chiefs to determine if the row is a good fit and define parameters, performing the run or row followed by the other tasks.

Ms. Brown said Ogden is supportive of the row test. She said Ogden does the run for new hires; incumbents do the JTST. She said Mr. Crowther is working with her city attorney regarding revalidation, and Ogden is in favor of an entire revalidation study. She asked if all the alternatives would be included in a revalidation. Mr. Petersen confirmed that if a revalidation were conducted, all options would be included. Ms. Brown said she would like to see a whole revalidation study.

Mr. Davis explained that the Schwinn Airdyne test is cumbersome, measuring heart rate at several points at different resistance to determine cardio-respiratory fitness level to then compare to 1.5-mimle run, where the row is 2000-meters - timed only, making it easier to administer. Mr. Davis said the row test is a validated exercise that measures cardiovascular fitness of an officer; the law states a validation study can be used from another entity, as long as it is used in its entirety. Mr. Davis summed that there is one alternative for sit-ups, one alternative for run. He said the validation for the row test occurred before the bike validation.

Ms. Rugg said her chief is very interested in the row option because they do not use the bike test. She asked how many agencies use the bike, and if the row could replace the bike so the program is not watered down.

Mr. Perrins said he is comfortable moving forward and is interested in Ms. Rugg's suggestion. He is not interested in a revalidation study now but may be interested in the future.

Mr. Hanson asked if the alternative is for medical reason or by choice? (Several answered.) Whether a medical reason is required or if the choice is allowed as a preference is determined by each agency by policy.

Mr. Petersen said URMA will reach out to police chiefs to see which tests they are using.

MOTION

Ms. Plane motioned to adopt the Concept 2 Rower 2000-meter rowing test as alternative to 1.5-mile run, and have staff report back which alternative tests are currently being used. Second from Mr. Perrins.

Motion was approved, with Mr. Huffman voting against.

Ms. Plane was excused at 1:37 p.m.

5.8 DISCUSSION – REQUEST TO CHANGE BOARD MEETING SCHEDULE

MINUTES

Mr. Petersen explained that Park City has a scheduling conflict with Board Meeting as their council meeting is in the afternoon following this board meeting. Ms. Plane has requested the Board change the day or schedule the meeting earlier. Mr. Jensen asked Mr. Bowler his travel time, he replied it is 4.5 hours; Mr. Ludwig's is 4 hours. Mr. Perrins expressed concern about their travel time. Mr. Bowler said he could move up an hour. The consensus was Thursday works best.

Mr. Jensen said the meeting is only three times per year. Mr. Petersen pointed out that the third meeting is during summer conference, and not likely an issue. Mr. Jensen suggested moving to 11 a.m., on the second Thursday. Mr. Ludwig suggested digital participation. Mr. Petersen said the Board values interaction in person. Mr. Branch asked if one hour would help. Mr. Petersen said yes. Discussion about changing the week (first or third) to which Ms. Rugg replied she thought Park City meets weekly.

MOTION

Mr. Perrins made a motion to start Board meeting at 11:30 a.m. and begin at 11:35. Mr. Bowler seconded. Voting was unanimous to approve (Ms. Plane absent).

5.9 INFORMATION – DOT GOV UPDATE

.gov 63D-2-105 Memo 12 02 2024
63D-2-105

MINUTES

Mr. Petersen explained cyber security amendments require governmental entities to be .(dot)gov. URMA petitioned for "URMA.gov" which was denied a number of times. CISA *finally approved "URMA.gov." Effective January 1st, the URMA website will be URMA.gov.; emails will be first name (dot) last name @urma (dot) gov. Website and emails will be forwarded.*

5.10 INFORMATION – OSHA EMERGENCY RESPONSE STANDARD

OSHA Emergency Response Standard Proposed Rule 02 05 2024

MINUTES

Mr. Petersen gave a heads up that OSHA published an emergency response standard that training and equipment levels must be the same for volunteer police, fire, EMS, search and rescue, as full-time personnel. Utah Sheriffs' Association filed a letter of opposition on behalf of their Search and Rescue. November 18 was the final hearing. Mr. Petersen said he has not seen the published rule yet. He said this will create hardship for volunteers to attend the required training, costs for equipment, and the risk of potential OSHA fines.

6. OTHER ITEMS

6.1. DATES for upcoming meetings:

- Board Meeting – April 10, 2025, 11:30 a.m. – Draper Council Chambers
- Risk Managers' Roundtable – May 2025 – TBD
- Summer Conference – July 30-31, 2025 – NewPark Resort, Park City
- Annual Board Meeting – July 31, 2025, 12:30 p.m. – NewPark Resort, Park City

MINUTES

Mr. Davis advised that a committee has been formed to review the Inspection Program, the first meeting scheduled for January. He said he hopes to have final decisions of the committee to the Board for approval at August Board meeting for implementation for next fiscal year 2025-2026.

Mr. Jensen again welcomed Mr. Barker and offered any assistance he needed. He thanked all members for their contribution to their communities. He asked for any additional comments. There were none.

7. ADJOURN

MINUTES & MOTION

Mr. Perrins motioned to adjourn at 1:55 p.m., seconded by Mr. Oyler.

APPROVED THIS 10th day of APRIL, 2025,

Utah Risk Management Agency

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Alex Jensen, Chairman of the Board

ATTEST:

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Ann Richey, Secretary