Utah Risk Management Agency

MINUTES

ANNUAL BOARD MEETING

July 30, 2021, 10:30 a.m.
Bryce Canyon Conference Center – Red Canyon Room
26 South Main St., Bryce Canyon City, UT

Members Present:	*Seth Perrins, Chairman (Spanish Fork); Jason Roberts (Brigham City); Paul Bittmenn (Cedar City); Brant Hanson (Centerville); David Dobbins (Draper); Adam Bowler (Enterprise); Greg Davis (Farmington); Joe Decker (Kanab); Alex Jensen (Layton); Mark Johnson (Ogden); James Davidson (Orem); Dustin Lewis (South Jordan); Duane Huffman (West Bountiful); Wayne Pyle (West Valley)*
URMA Staff Present:	*David Petersen; Jason Davis; Elizabeth Christensen; Jordan Rapp; Ann Nielsen; Shianne Wadley; Libby Lowther (Lowther & Associates)*
Others Present:	*Kery Oldroyd, Gary Ogden, Matt Campasano, Robert Oldroyd (Moreton & Company); Brett Milburn (Brigham City); Mara Brown and Leslie Judkins (Ogden)*

1. **WELCOME –** Seth Perrins, Chairman

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   Mr. Perrins welcomed everyone and called the meeting to order at 10:50 a.m. He thanked URMA staff and requested that feedback regarding the conference and location be directed to Mr. Petersen and Ms. Wadley.

2. **MOTION -** Approval of Minutes from February 11, 2021 Board Meeting
   Board Minutes 02 11 2021

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   Mr. Perrins asked for questions regarding minutes from the February Board Meeting. Seeing no questions, he asked for a motion to approve the minutes.

   MOTION

   Mr. Dobbins motioned to approve the minutes, seconded by Mr. Decker. Voting was unanimous to approve the minutes.

3. **CONSENT AGENDA**

3.1 RESOLUTION B0821-3.1 – Joint Protection Program Update

Resolution B0821-3.1

JPP 06 30 2021

Memo JPP Changes Summary

3.2 PRESENT – FY2021 End of Year Financial Reports

FY 2021 Budget Report

Balance Sheet 06 30 2021

Profit/Loss 06 30 2021

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Mr. Perrins asked for a motion to approve the consent agenda.

MOTION

Mr. Mark Johnson motioned to approve the consent agenda, seconded by Mr. Davidson. Voting was unanimous to approve the consent agenda.

4. **SCHEDULED ITEMS**

4.1 PRESENTATION/DISCUSSION – Insurance Market Update – Moreton & Company

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Mr. Kery Oldroyd presented and remarked that, as Mr. Johnson said yesterday, the URMA philosophy and culture as a risk management agency is not standard in the insurance market, and this is going to serve URMA in the future. The Chubb representatives were impressed with the conference. The insurance industry has too few dollars chasing too many risks, creating a hard market, with mines and cyber being a problem to insure. Qualified immunity is under attack and police behavior is under a microscope from citizens and media. Mr. Oldroyd remarked that insurance companies don't like uncertainty, which results in increased underwriting on applications. URMA's experience, philosophy, training, and inspection program are important. Reinsurers are offering lower limits, increased attachment points, wanting to share limits with other carriers or quota-share, and it is becoming difficult to find insurance to $10 million. Currently URMA has $1 million retention on its largest cities and a proposed renewal may be for $1 retention plus 20% of losses up to a certain limit, or may exclude, ,cap, or share defense costs within a limit. URMA will inevitably be asked to take on more risk to lessen premium increases, to participate with quota-share, or add additional insurance companies. He summed by saying URMA is in a good financial position to take on rainy days like these.

Mr. Petersen asked for questions. Mr. Perrins said that URMA may be uniquely qualified and capable of dealing with the transition because a similar market was the reason URMA was formed decades ago.

In response to a question about attachment point, Mr. Kery Oldroyd gave the example that the smaller cities excess insurance attachment point is $250,000, the next group $475,000, the highest $1 million. The higher the attachment point, the less risk to the excess insurer, and the more attractive to the insurer.

Mr. Jensen asked the benefit of the five year relationship with Chubb. Mr. Oldroyd said they try to work ahead with Chubb, provide them with the information they request, and to have Chubb come out and see the client [by attending the conference] is very valuable. He said our renewal is in single digits while the competitors are in mid-teens. Mr. Jensen remarked on the ebb and flow, that if we prepare we can weather the storm. Mr. Perrins said it was good to see the storm in the distance.

Mr. Oldroyd said cities will want to comply with the training provided [legislative developments regarding police and use of force], insurance will ask about the department's interaction with the community and if they have provided the required training. Mr. Perrins gave the example of the public night out. Mr. Oldroyd agreed.

Mr. Kery Oldroyd remarked that there are no discounts available on insurance premiums by reason of membership in [accreditation] organizations. [Accreditation is a later topic on agenda.]

Mr. Davidson said indicators in the financial markets appear strong and asked if claims or fear of claims is driving the increase. Mr. Kery Oldroyd said the data show the insurance markets are doing well and Chubb said 96%, making four cents on underwriting plus three cents on investments. He said the issues and types of claims are changing and insurance companies do not like the uncertainty. He said the past data showed good risk, but risk going forward is not clear. Risk for police and cyber appear to be getting larger.

Mr. Petersen said he and Mr. Oldroyd want to keep the board abreast of the changes because insurance renewals do not coincide with budget schedules, and we want to help cities plan for their budgets, or use reserves to offset premium increases. He said there is the option to accept more risk by increasing our retention and leverage reserves; or find the best premium and have URMA reserves fund the first year increases while cities prepare their future budgets. He reminded that the U of U paid out $10 million for the McCluskey case and that under section 1983, federal statute, tort caps do not apply. There is an increase in use of force and police liability cases. URMA was created to leverage the pooling concept. URMA can buffer significant premium increases and be prepared for the effects of the changes in the industry.

4.2 DISCUSSION/MOTION – Utah Law Enforcement Accreditation Program – David Petersen and Jordan Rapp

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Mr. Petersen said Utah Chiefs of Police Association (UCOPA) administers the Utah Law Enforcement Professional Standards Accreditation Program, and is advertising that URMA will reimburse the cost of accreditation to cities. It is requiring participation in new software which cost will be $550 per year for agencies with less than 50 employees and $650 per year for agencies with over fifty employees. Mr. Petersen and Mr. Rapp researched to find data to support the assertion that accreditation reduces the number of claims, types of claims, or payouts of claims, or cost of insurance and there is no data. Mr. Petersen reminded that the board previously agreed to provide reimbursement of the initial application cost of accreditation after accreditation was received.

Mr. Huffman asked how that amount differed from the initial accreditation process. Mr. Petersen said the initial application is $500 and URMA has reimbursed several departments.

Mr. Jensen asked if there was a way to produce data that would show a correlation to accreditation and claims. Mr. Petersen said he sourced the ISO and other outside sources. Mr. Jensen asked if there was data to show that accreditation improves a department, improves its relationship with a community or has other value.

Mr. Huffman said he is in support of accreditation and remarked that the largest cost of accreditation to a department is the time commitment and that the yearly cost of $500-600 is a small amount and not something URMA needs to be involved in.

Mr. Perrins said that it does not appear that URMA reimbursement is causing cities to jump into accreditation. Mr. Petersen said this is the type of thing we would like to track and be able to report in 5-6 years that there is a decrease in claims for cities that have accreditation, but right now, even though there is the assertion, there is not data, and he cannot say it would save money in the future.

Mr. Greg Davis asked what the police departments see as a benefit. Mr. Petersen replied they provide a third-party review of policies, operations, organizational structure, and "meeting a national standard," based on the standards of CALEA [The Commission of Accreditation for Law Enforcement Agencies].

Mr. Pyle said his was the only nationally accredited agency and they have a full time position for it. He volunteered to answer questions or provide a presentation to the board. He said the requirements made by the legislature are things they are already doing. Mr. Perrins said it may cause departments to look at things they might not otherwise see. Mr. Perrins asked for a motion.

MOTION

Mr. Huffman motioned for URMA to continue to reimburse for the initial cost of accreditation for police, but not any ongoing yearly costs. Question by Mr. Lewis if the motion covered reaccreditation fee charged at five years which process his department is going through. Mr. Huffman clarified to say one-time payment. Second by Mr. Johnson. Voting was unanimous to approve.

Mr. Perrins said he would like to hear more from Mr. Pyle about the national accreditation. Mr. Lewis also offered to provide information.

4.3 PRESENTATION/DISCUSSION – Police Liability Claims, Litigation and Insurance Issues – David Petersen and Kery Oldroyd

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This item was not addressed due to time constraints.

4.4 DISCUSSION/MOTION – Board Meeting Schedule Change – David Petersen
[Meeting Schedule Change]

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Mr. Perrins said there have been incongruencies with the timing of meetings and approval of budgets. Mr. Petersen explained that board meetings are typically held in February and July or August, and executive committee meetings are held in May and November, and the board typically approves the tentative budget in February and the executive committee finalizes the budget in May. But Utah statute requires a "governing board" approve the fiscal budget. The executive committee is large enough that it does contain a majority of the board, but technically we are in error. URMA has the same 30 day filing requirement that cities do. The question is, do we want to reconfigure the meeting schedule to comply with statute and be consistent with our bylaws? He suggested the option to only have board meetings and reduce the number to three times per year, which would allow actions to be implemented more quickly, rather than have the executive committee recommend action to the board and still need the board's approval. Or switch the meetings and keep the executive committee meeting but have the board meet in May to approve the budget.

Mr. Roberts suggested holding an electronic meeting just for budget approval. Mr. Perrins said that if the organization grew, having the board meet with many members would be unwieldy but currently it is a few more bodies. Mr. Davidson suggested a change to the bylaws to allow the executive director the opportunity to call an executive or board meeting.

MOTION

Motion by Mr. Davidson to schedule three board meetings annually and give the Executive Director the discretion to amend the schedule or to call an executive committee meeting. Second by Mr. Johnson. Voting unanimous to approve.

4.5 DISCUSSION/MOTION – Police Physical Fitness/Utah POST Guidelines – Jason Davis & Jordan Rapp
[Exec Summary Police Fitness Tests]

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Mr. Davis presented that URMA had been contacted by police chiefs requesting the option to allow alternative exercises to measure police fitness, planking instead of sit-ups to measure core strength, and the Schwinn Airdyne Ergometer test instead of the run to measure cardiovascular fitness, as a means to reduce the risk of injury during the testing. He reviewed other organizations that permit the alternative, including Utah POST. Mr. Huffman asked if this would be the only portion of the test that is not validated. Mr. Davis answered that planking is the only unvalidated portion of the test. Mr. Jensen expressed that he had concern initially regarding allowing biking to satisfy the test. Mr. Rapp explained that the bike test evaluates VO2 Max which compares to running. Mr. Huffman suggested calling it VO2 Max test and is not concerned about the cardiovascular test because it is validated. Mr. Davidson said policing is not done on a Schwinn.

Mr. Bittmen expressed the concern that POST is recognizing the test; the challenge may be to find evidence to support it. Mr. Davis said POST sent an article from the Navy to show the test was valid. Mr. Bittmen asked when the standard was adopted. Mr. Johnson answered about

2002-2003. Mr. Bittman suggested that back injuries are more common with the equipment weight the officers carry.

MOTION

Mr. Bittman motioned to alter the police physical fitness standard to allow the option of plank and bike test. Mr. Pyle seconded the motion. Voting was unanimously affirmative.

4.6 DISCUSSION/MOTION – Lexipol Fire Funding FY2022 – Jason Davis
Lexipol Fire Funding

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Mr. Davis explained that in the past Lexipol Fire was paid by URMA, with the intention that cities would pay for it moving forward. He said URMA could continue to pay it, or could pay it and then bill the cities to continue to receive the group discount, or the cities could pay for it individually. Mr. Perrins suggested that this be decided, and appreciates that pooling provides a discount. Mr. Dobbins said he thinks it is a great program and that it encourages cities with tight budget which might not participate, to participate, and we should continue. Mr. Decker remarked that if legislative changes are made, Lexipol is updated. Mr. Hanson remarked that two member cities are part of South Davis Fire District [and do not have fire departments] and asked if there could be a pro-rated assessment and if Mr. Davis would research that. Mr. Davis agreed. Mr. Jensen asked Mr. Johnson to confirm that Ogden does not use the Lexipol Fire policies. Mr. Johnson said in the future he expects that Ogden will participate.

Mr. Hanson said his city pays $1 million per year to South Davis Fire and asked if that amount could be deducted from his URMA assessment. Mr. Jensen said there might be equally legitimate policies that URMA is not funding, and something to look into in the future. Mr. Huffman said that his URMA assessment is based on his total budget, which also funds the fire department. Mr. Davidson suggested that it might be fair to have that part of the budget carved out of a city's assessment. Mr. Huffman said Lexipol is a great program, and he thinks all the cities should be using it, but that members that use it should be paying for it. Mr. Jensen said he agreed.

Mr. Johnson said the URMA decision to fund Lexipol Fire the second year was because of the uncertainty of the impact COVID would have on budgets, and it was not intended that URMA continue to pay, but to have the benefit of the pooled pricing. He said because cities have not budgeted for the expense this year, URMA should pay one more year, and going forward URMA would pay and cities reimburse.

MOTION

Motion by Mr. Johnson to approve funding of Lexipol Fire for FY2022 as it is in budget and to bill members for their portion beginning in FY2023; seconded by Mr. Dobbins. Voting unanimous to approve motion.

Mr. Decker asked Mr. Davis to ask about also pooling the expense of Lexipol police policies. Mr. Davis said he would look into that and additional policies that Lexipol has. Mr. Petersen said the discount received by pooling is about 10%.

4.7 DISCUSS/ADOPT – Agency Focus FY2022 – Jason Davis

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Mr. Perrins directed that 4.7 and 4.8 be combined.

4.8 DISCUSS/ADOPT – Inspection Program FY2022 – Jason Davis
Inspection Program FY2022 Redline

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Mr. Davis discussed two changes to the Inspection Program: 1) to allow the alternative police fitness test, and 2) to allow the SL-RAT technology to meet the requirements for sewer inspections. Mr. Pyle and Mr. Bittmen suggested that since the board adopted the police fitness alternative, there was no need to change the language on police fitness testing. Mr. Johnson agreed.

Mr. Bittmen suggested that the sewer inspections could also be done by another qualified company or the city staff. Mr. Bowler said the technology located a problem in a recently inspected line that would not have been found per the inspection schedule for another five years. He said it was affordable enough to do the entire system every year. Mrs. Lowther expressed her support of the technology. Mr. Hanson said the cost of a single claim could be $50K. Mr. Davis said sewer-water was the second highest cause of claims.

MOTION

Mr. Huffman motioned that a change to language regarding police fitness testing is not necessary, and the inspection changes that were presented be approved. Mr. Johnson seconded. Voting unanimously affirmative.

Regarding agency focus, Mr. Davis said at fault accidents are still #1 and sewer #2. Mr. Perrins suggested that the focus may be too broad. Mr. Huffman asked that more specific information be provided and Mr. Davis and Mr. Rapp agreed to the assignment.

5. ELECTIONS

5.1 NOMINATIONS – Board Chair & Vice Chair – Nominating Committee - Mark Johnson

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Mr. Johnson said the last two years have weirdest term because of COVID, and that Mr. Perrins and Mr. Pace great job.

MOTION

Motion by Mr. Johnson that Mr. Perrins and Mr. Pace serve an additional term as chair and vice-chair; seconded by Mr. Bowler. Voting unanimous to approve.

Mr. Johnson left at 12:36 p.m.
Mr. Dobbins left at 12:38 p.m.

6. **OTHER ITEMS**
   - **6.1 GOLF TOURNAMENT**: September 10, 2021 – Lakeside Golf Course, 1201 North 1100 West, West Bountiful, UT
   - **6.2 RISK MANAGEMENT ROUNDTABLE:** October 21, 2021, 11- 1:00 p.m., South Jordan
   - **6.3 DATES** for upcoming meetings: (*subject to discussion above*)
     - Executive Committee – November 11, 2021
     - Board Meeting – February 10, 2022
     - Executive Committee Meeting – May 12, 2022
     - Future summer conference locations

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Mr. Davis reviewed the upcoming events. Mr. Perrins said new dates would be provided with the change in meeting schedule that was approved.

7. **REMARKS** – Seth Perrins and David Petersen

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Mr. Perrins said the board was grateful to Mrs. Christensen and Mr. Davis for five years of service, and all the work that goes into presenting the conference. Mr. Petersen said Mrs. Christensen and Mr. Davis are good representatives of and committed to URMA and its values and principles, and he is grateful for their service.

8. **ADJOURN**

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Mr. Perrins thanked everyone and asked for a motion to adjourn.

MOTION

Mr. Lewis motioned to adjourn; seconded by Mr. Bowler. Voting was unanimous to adjourn. The meeting was adjourned at 12:40 p.m.

APPROVED THIS 9th day of DECEMBER, 2021,

Utah Risk Management Agency

Seth Perrins, Chairman of the Board

ATTEST:

D. Peters

David Petersen, Executive Director