

MINUTES

Monday/October 12, 2009

10:00 AM

BOARD OF DIRECTORS – Garden alley Fire protection District WORKSHOP MEETING

Location: 4860 Marshall Road – Garden Valley, CA 95633 – Training Room

The meeting was called to order at 10:03 AM

ROLL CALL: Directors present are: Frank Clark, Dave Souza, Chairman Rick Nelson, Richard Smith and Karen Smith. Also in attendance are Chief Wm Dekker, Assistant Chief Linda Szczepanik, and Board Clerk Ms. Jo Cleaver. Captain Jeff Burch and Pat Snelling, reporter for the Mother Lode Press is also present.

There is a quorum so the meeting proceeds to the only agenda item: INSURANCE RENEWAL
Representatives from ISU Insurance are Don Erickson and Nancy Terpstra

Don Erickson starts the proceedings with a little overview of the companies' history with special fire districts within El Dorado County. "For the new members here, we represent the NCFDA (Northern California Fire District Association). We, as brokers, represent the VFIS (Volunteer Fire Insurance Services); this is our carrier for property, casualty, and management liability, issues. We've been doing this for close to 30 years. This program has been in place for approximately 25 years. We have 125 members, and we continue to research each year to find out which carriers are out there, and stay with the state-of-the art coverage, that's the least expensive, with the broadest coverage. Right now it's with VFIS (Volunteer Fire Insurance Company); they've been in the business forever and they are the largest in the nation. This carrier represents almost 90% of all districts, throughout California. These districts are all in this one program. So this district is not alone, in its coverage. We've been with VFIS for five years. They continue to be the best option."

VFIS has been doing this for along time. They have good loss control, and claim settlements. The main office is back in York, Pennsylvania, but our local office is in Stockton. Therefore we have local representation. Nancy Terpsta, "they have over 12 thousand emergency service clients in 49 states and Canada. They've been around for a long time, which is why we are comfortable with this program. We have all of El Dorado County, with the exception of Cameron Park, which is CALfire, insured in this program. The limits may vary some, but overall it's the same coverage."

Don Erickson, "it's all packaged. You go from a general liability...that's property damage/bodily injuries type issues, to property, all your equipment, and your entire vehicle schedule. Management liability picks up the directors/officers, employment practices, UPLI, (central harassment law), wrongful termination and all those issues and then it goes into professional liabilities for paramedics."

Nancy Terpsta, "you've got your crime coverage (for anyone handling money), portable equipment, and an umbrella policy! You actually have two policies. One is your primary and the other is your umbrella. Your primary limit provides a million dollar per occurrence with a three million dollar aggregate limit, and then your umbrella is on top of that, which is four million per occurrence and then 8 million aggregate. So you have a total of 5 million per occurrence and an 11 million aggregate limit."

Chairman Nelson, “are our limits the same as other districts in the County?” Erickson, they all vary! Terpsta, “they all vary depending on who can afford and what their budget dictates. Most of them do have the 4 million dollar umbrella. Just about everyone in the county has that and has the same limits has what your district is carrying. This is an average. We have 122 fire districts insured, and most of them carry the 4 million. For each million dollar increase you’re talking maybe another \$500 dollars. So if you wanted to increase your policy to 5 million you’re looking at another \$500.”

Director Richard Smith; does this policy cover anyone we send out under the All-Risk team, that we send some place else? Terpsta, the policy will defend anyone on mutual aid, strike teams, etc. “So all employees are covered,” asks the Chief. Yes, says Terpsta. Chairman Nelson, states we have a division that operates from this district, as do other districts in California and Chairman Richard Smith is asking specifically when these specialists are deployed, to an All-Risk Team will they be covered? Terpsta, “if this is part of their duty within the GVFPD, to be on this team, and this board has approved this, then yes.” Erickson asks are they paid or volunteers? Chief Dekker says, “There are no volunteers in Garden Valley. Every person here is an employee, per the County Auditor’s office.” “Now, as for the coverage for the board; is that just errors and omissions?” asks Nelson Erickson says the coverage is for *wrongful acts* and gives a clarification of wrongful acts as he reads excerpts from the policy guidelines. Nelson, “it was brought up in our last meeting, and then reviewing the policy, coverage is only for any litigation, in a suit (that has been) filed.” “Correct,” says Erickson and continues, “as far as legal representation, there is none unless you have a suit going.” Nelson asks, “Is there a policy outside of this one that covers the cost of complaints being filed, numerous complaints, and aggravated complaints?” “Complaints are a tough thing; as far as legal representation, not unless you have a suit going” reiterates, Erickson. The carrier may assist and give you guidance. Once the litigation starts, the company jumps in. Nelson, “we’re just looking at the possibilities in any situation, after we’ve received complaints filed with numerous agencies, like EEOC, Department of Fair Housing, and PERS. Were bound to answer each one with attorney assistance (with fees) and its an exposure we are very aware of right now, nipping at our heels and chewing our pant legs off until it comes to a suit and that person or persons don’t have to file an actual suit to do these complaints. “Insurance is not a ‘legal service’ per se, their there to indemnify you if you’ve done something wrong, defend you if there is a law suit and pay any indemnity if you are instructed by the courts to pay,” clarifies Erickson. Most districts have tried to handle these types of complaints internally and when they can’t they must hire attorneys. There is no district in El Dorado County that can be recommended as having a portfolio on information as to how they handle their complaints, says Terpstra. “There is a Tort Claim Notice form that I have sent the Chief,” says Terpstra. “So we are all in a learning process?” says Director Karen Smith. With a nod, Terpstra says yes, and Karen Smith adds, “So...it ‘s not just Garden Valley?”

Chief Dekker asks, “Then it would be safe to say there are other fire departments in this county that have issues, besides, Garden Valley?” “Oh, absolutely says Don Erickson. It doesn’t seem to be well known, says the Chief Dekker and then adds “to clarify for the press there’s other personnel issues going on through-out the county with other fire districts!” Oh, everyone has their own problems, and issues, remarks Nancy Terpstra. “Thank you,” says Chief Dekker. “There are wrongful termination issues, medical malpractices, and all kinds of things, when you get into employment practices issues and then you get all these other agencies involved in complaints... Erickson is interrupted. “None of us are experts at any one of these complaints that are being filed and how to respond, so we are required by law to seek legal representation regarding those responses and we must seek legal council for each and every one of them,” says Nelson. They have to be done correctly and our process has been impeccable and transparent. “Anything we can do to eliminate these fees is why we have you out here!” says Nelson. “However if you don’t document everything correctly then you’re denigrated for that, also” says Karen Smith.

We've been walking the razor, for the last couple of years now, and the Chief kind of walked into a hornet's nest when he was hired. He's been doing a very diligent job in guiding us, through these situations but it doesn't help to have the airing of situations throughout the press that we get constantly, year after year with a rehash of old items that get thrown out there. It continues to bring us back into the spotlight. We are transparent and it implies bring it on! We're open for that and so the partial statements and innuendo gets everyone fired up about what's going on out here in Garden Valley. Chief Dekker, "in all fairness Don and Nancy, you guys have been excellent to work within the parameters of what our coverage has been, I've found you to be very approachable and helpful." Chief continues, my concern is with the coverage itself and the last time we met you said this was the best coverage available, for what we're paying for. Everything has a price and if there's better coverage that might cost a little more, then it will certainly save us money on this end. This will be one of the things we will need to look at for the future. This isn't a volunteer fire department anymore! There are more than two employees (seven full-time employees) and almost 20 part-time employees. The world has changed a lot since the original documents were generated, and I think this is something we might change. I certainly will recommend this to this board to see if we can move up a more career/professional mode department requiring different coverage. Director Karen Smith asks the question of the two visitors..."did you say you did not know of local attorneys that handle this or is there a recommendation that you can make that we might use in the future?" A negative nod from Don Erickson is noted.

Director Richard Smith clarifies the cap of 11 million dollars. Does this legal representation chip away at this 11 million? No, says Don and Nancy simultaneously. You have unlimited defense, says Don Erickson. Chief Dekker says the attorney that we are working with Mr. Gorham has been excellent. Karen Smith, but all of our attorneys are out of the county, correct? Yes, says Chief Dekker. "I just would like to work with someone a little closer," says Director Karen Smith. "There is no limitation on this policy", answers Don Erickson, to Chairman Nelson query about keeping current with the times. You've got unlimited representation. "I guess I was talking about the caps on the liabilities," says Nelson. Continuing, Nelson asks, have there been any other departments raising those because of tort claims? No, says Terpstra. The limits the other 122 have stayed the same the last few years. This policy is not limited to small, country, rural departments you've got big city departments that have the exact same policy. It is the most comprehensive policy you can get. Chairman Nelson, "it sounds like we're in the right place!" Nancy Terpstra, "if you're more comfortable having a higher umbrella limit you're looking at about \$500 more dollars per million." Captain Burch (President of GVFPD Union) asks if our coverage is equal to those departments of equal size. Yes, answers Terpstra. We don't advocate over-insuring says Don Erickson. We don't want you under-insuring yourselves, and putting yourselves at risk, but we don't want you paying too much either. Burch...I was just trying to get a ball-park idea of our department versus the others. "Does this policy cover us as individuals," asks Karen Smith? As Directors, to the full policy limits answers Erickson. \$5 million per occurrence. "I'd like to make this statement, this is why the GVFPD strives through our certification process, and our training process to meet all the professional standards, so nobody finds themselves in that position and making decisions their not qualified to make," says Chief Dekker. Assistant Fire Chief Linda Szczepanik makes the statement, "just to back up what the Chief says, since I got here I started a qualifications system, at ground zero. I brought every one of our folks up to correctly, legally, and qualify where they belong. They now have all the certifications they need if they were to come under scrutiny. The chief won't send anyone out on those trucks or on incident management teams, if they are not qualified. The lead person is the most qualified individual under IQS, which is what the state follows." Chief Dekker says, "and this ties in with the insurances!"

So in closing, Chairman Nelson asks, in regards to our policy you feel we are where we are suppose to be at this point in time? Yes, both Don Erickson and Nancy Terpstra respond. “How much is the premium,” asks Karen Smith. \$13, 716.00 is your annual premium. answers Terpstra. This covers all your properties, your fidelity, rolling stock, all your buildings, at three locations. If things change we notify the insurance company, says the Chief. It is suggested to have a Loss Control expert (Todd Thompson) reevaluate the district’s current replacement value on all buildings. You can also check with a local contractor for an evaluation, says Terpstra. This suggestion is taken under advisement from the board. Director Karen Smith asks, and is answered, when does this policy expire? And she is told November 1st.

Director Clark, “most districts have attorneys sitting in on their board meetings, how can we get an attorney on our board?” Chairman Nelson, “that wouldn’t be a question for them!” Clark, “I think so.” After a brief discussion, this question comes full circle with the knowledge that other boards may have a director whose profession is an attorney but of course cannot be paid for his/her services while serving on the board. “Well we don’t have an election until next year, says Nelson so we can put it out there we’re looking for an attorney to run!”

The board thanks the two representatives for coming to this workshop and the meeting ends at 10:52AM

Respectfully submitted,

Ms. Jo Cleaver

Dated: