



California JPIA
El Capitan Room
8081 Moody Street
La Palma, California 90623
(Teleconference Locations Listed Below)

AGENDA

MANAGERS COMMITTEE

February 9, 2026

12:00 P.M.

CALL TO ORDER

Thaddeus McCormack, Chairman, Managers Committee

ORAL COMMUNICATIONS

Any persons present desiring to address the Managers Committee on any proper matter may do so at this time.

CONSENT CALENDAR

All items under Consent Calendar may be enacted by one motion. Any item may be removed from the Consent Calendar and acted upon separately by the Managers Committee.

1. APPROVAL

Managers, Finance Officers and Risk Managers Committee Minutes for the joint meeting of November 17, 2025

2. RECEIVE AND FILE

2026 Executive Committee Workshop Call for Items

REPORTS AND RECOMMENDATIONS

3. RECEIVE AND FILE

Risk and Insurance Update

ADJOURNMENT

To a regular Managers Committee meeting on May 11, 2026 at 12:00 p.m.

In compliance with Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Agency Clerk at (562) 467-8736. Notification 48 hours before meeting will enable the Authority to make reasonable arrangements to ensure accessibility. (28 CFR 35.102.35.104 ADA Title II)

TELECONFERENCE PARTICIPATION

To be a voting participant in action items appearing on the agenda, the participant's teleconference location must appear below, and the participant must have posted the agenda in a location accessible to the general public no less than 72 hours prior to the announced meeting time, in accordance and within the requirements of the Brown Act (Gov. Code, § 54950 et seq.). At the announced time of the meeting, teleconference participants (unless otherwise instructed) shall call the California JPIA's teleconference number at **1(669)254-5252**, enter **Meeting ID: 161 549 6602** and **Password 591927**, and identify themselves for the record.

To access the video conferencing and view the meeting online, go to
<https://cjpiia-org.zoomgov.com/j/1615496602?pwd=qFu2btSH4cWZYRgGfgfwgPRxrb0kH6v.1&jst=1>.

If you have any problems with the meeting link or connecting to the meeting, please call Veronica Ruiz at (562) 455-0321.

TELECONFERENCE LOCATIONS

City of La Verne, 3660 D Street, La Verne, CA 91750

City of Lake Forest, 25550 Commercentre Dr, Lake Forest, CA 92630 | (949) 461-3400

City of Needles, 817 Third Street, Needles, CA 92363

City of Paso Robles, 4305 Second Wind Way, Paso Robles, CA 93446

City of Pismo Beach, 760 Mattie Road, Pismo Beach, CA 93449 | (805) 773-4657

City of San Clemente, 910 Calle Negocio, San Clemente, CA, 92673 | (949) 361-8200

Dated: February 5, 2026

Posted: February 5, 2026

s/Veronica Ruiz
Veronica Ruiz, CMC
Agency Clerk

AFFIDAVIT OF POSTING

I, Veronica Ruiz, declare as follows: That I am the duly designated Agency Clerk for the California Joint Powers Insurance Authority, and that I caused to be posted the foregoing agenda in accordance with the Brown Act. Dated this 5th day of February, 2026.

By: Veronica Ruiz, CMC, Agency Clerk

CALIFORNIA JPIA

MINUTES

MANAGERS, FINANCE OFFICERS AND RISK MANAGERS COMMITTEE

JOINT MEETING

November 17, 2025

12:00 P.M.

CALL TO ORDER

Chairman McCormack called to order the joint meeting of the Managers, Finance Officers and Risk Managers Committees of the California Joint Powers Insurance Authority at 12:08 p.m. in the El Capitan Room at the California JPIA, 8081 Moody Street, La Palma, CA 90623.

ATTENDANCE

A quorum was established by roll call.

PRESENT:

Managers Committee Chairman Thaddeus McCormack, Lakewood
Finance Officers Committee Chairman Jose Gomez, Lakewood
Risk Managers Committee Chairman Brad McKinney, San Dimas
Abel Avalos, Artesia
Melissa Burke, Artesia
Jamie Murguia, Artesia
Ericka Jackson, Artesia (*Teleconference*)
Lara Christensen, Atascadero (*Teleconference*)
Jeri Rangel, Atascadero (*Teleconference*)
Vu Nguyen, Azusa (*Teleconference*)
Andrew Tse, Bell Gardens
Jeanette Prickett, Big Bear CCSD
(*Teleconference*)
Rachel Bowman, Big Bear Lake (*Teleconference*)
Robert Lopez, Cerritos
Lauren Vargas, Cerritos
Susan Shaker, Chino Hills (*Teleconference*)
Katie Wand, Claremont (*Teleconference*)
Albert Galvan, Desert Recreation District
(*Teleconference*)
Brian Villalobos, Duarte

Maribel Garcia, El Centro (*Teleconference*)
Rebecca Eageman, Goleta (*Teleconference*)
Arabo Parseghian, La Canada Flintridge
(*Teleconference*)
Tony Moreno, La Mirada
Andrew Camacho, Lakewood
Pam Kobylarz, Mammoth Lakes (*Teleconference*)
Ann Marie Hoyt, Midpeninsula Regional Open
Space District (*Teleconference*)
Kathy Holman, Midpeninsula Regional Open
Space District (*Teleconference*)
Ellis Chang, Mission Viejo (*Teleconference*)
Patrick Martinez, Needles (*Teleconference*)
Kathy Holman, Ojai (*Teleconference*)
Matthew Morgensen, Pacific Grove
(*Teleconference*)
Andrea Staehle, Palm Desert (*Teleconference*)
Lana Dich, Paramount (*Teleconference*)
Jorge Garcia, Pismo Beach (*Teleconference*)
Karina Banales, Rolling Hills (*Teleconference*)
Brian Brower, San Clemente (*Teleconference*)
James Ramirez, SCAG
Bryan Cook, Temple City

ATTENDEES: Mike DeMattei, Milliman (*Teleconference*)

STAFF: Alex Smith, Chief Executive Officer
Habib Ali, Accountant (*Teleconference*)
Olga Berdial, Communications Director
(*Teleconference*)
Toni Consolo, Senior Risk Manager
(*Teleconference*)
Melaina Francis, Senior Risk Manager
(*Teleconference*)
Maria Galvan, Senior Risk Manager
Chris Gray, Insurance Program Manager
(*Teleconference*)
Chris Kustra, Liability Program Manager
(*Teleconference*)
Jason McBride, Finance Director
Alex Mellor, Risk Services Director
Jessica Ramos, Administrative Assistant
Ben Rodriguez, Technology Projects Manager
Veronica Ruiz, Agency Clerk (*Teleconference*)
Jennifer Torres, Administrative Analyst

Aaron Webb, Data and Underwriting Analyst
(*Teleconference*)
Tracey Yonemura, Accountant (*Teleconference*)
Paul Zeglovitch, Chief Operating Officer

**ORAL
COMMUNICATIONS**

There were no comments from the audience.

CONSENT CALENDAR

Chairman McCormack presented the items appearing on the Consent Calendar.

The Consent Calendar included:

- Joint Managers, Finance Officers, and Risk Managers Committee Minutes for the meeting of March 20, 2025, Managers Committee Minutes for the meeting of May 12, 2025, and Risk Managers Committee Minutes for the meeting of June 26, 2025
- Treasurer's Monthly Compliance Reports for August, September, and October 2025
- Local Agency Investment Fund Quarterly Report as of September 30, 2025
- Los Angeles County Pooled Investment Fund Report as of September 30, 2025
- 2025 Committee Meeting Dates

It was moved by Tse, that the Consent Calendar items be approved in one action. The motion was seconded by Lopez. The motion carried unanimously by roll call vote.

RECEIVE AND FILE
Investment Performance
Review for the Quarter Ended
September 30, 2025

Chairman McCormack presented the Investment Performance Review for the Quarter Ended September 30, 2025 item.

Jason McBride, Finance Director, presented a market update and review of the Authority's investment portfolio for the quarter ended September 30, 2025. For the quarter ended September 30, 2025, the portfolio returned 1.33%, while the benchmark returned 1.25%.

There being no objection, Chairman McCormack received and filed the Investment Performance Review for the Quarter Ended September 30, 2025.

RECEIVE AND FILE
Actuarial Study as of June 30,
2025

Chairman McCormack presented the Actuarial Study as of June 30, 2025 item.

Jason McBride, Finance Director, introduced Mike DeMattei, Principal and Consulting Actuary with Milliman. DeMattei presented the results of the actuarial study of claim reserves for the period ending June 30, 2025. A comparison to previous estimates, as well as frequency and severity trend analysis was provided.

There being no objection, Chairman McCormack received and filed the Actuarial Study as of June 30, 2025.

RECEIVE AND FILE
Woodchipper Safety Shield

Chairman McCormack presented the Woodchipper Safety Shield item.

Alex Mellor, Risk Services Director, presented information on the Woodchipper Safety Shield, a patented magnetic proximity technology that addresses the primary cause of woodchipper fatalities: operator entanglement in feed mechanisms. Mellor stated that the Authority would fund the purchase and installation of one (1) WCSS per member on a first-come, first-served basis until available funds are exhausted. Mellor encouraged participation from members with active woodchipper operations. There being no objection, Chairman McCormack received and filed the Woodchipper Safety Shield report.

ADJOURNMENT

The meeting adjourned at 1:08 p.m. to a regular Managers Committee meeting on February 9, 2026 at 12:00 p.m., Finance Officers Committee meeting on March 12, 2026 at 12:00 p.m., and Risk Managers Committee meeting on March 16, 2026 at 12:00 p.m.

Respectfully submitted,

Thaddeus McCormack, Chairman of the Managers Committee

Jose Gomez, Chairman of the Finance Officers Committee

Brad McKinney, Chairman of the Risk Managers Committee

CALIFORNIA JPIA

AGENDA REPORT

To: **MANAGERS COMMITTEE**

From: **Alexander Smith, Chief Executive Officer**

Date: **February 9, 2026**

Subject: **2026 Executive Committee Workshop Call for Items**

The Authority typically conducts an Executive Committee Workshop in the spring of each year. The Workshop was established to provide extended time to consider operational and strategic issues facing the Authority. The next Executive Committee Workshop will be held April 16-19, 2026.

Members of the Managers Committee are encouraged to suggest items for discussion at the Workshop. Proposed items for the agenda should be received by March 19, 2026, to allow sufficient time for development and preparation.

Recommended Action

Receive and file.

CALIFORNIA JPIA

AGENDA REPORT

To: **MANAGERS COMMITTEE**

From: **Alexander Smith, Chief Executive Officer**

Date: **February 9, 2026**

Subject: **Risk and Insurance Update**

Summary

This report provides a briefing on critical issues affecting the Authority and its members:

- State of the Liability Insurance Market
- Workers' Compensation, Property, and Cyber Coverage
- Claim Statistics
- California JPIA's Strategic Response
- Impact of Risk Management and Training
- Lawsuit Abuse Reform

State of the Liability Insurance Market

Liability coverage remains the most challenging line and has been for some time. Over the past two years, the Authority has experienced a substantial escalation in liability claim costs. The liability insurance market for California public entities continues to harden, characterized by diminished carrier capacity, fewer insurers willing to underwrite California casualty business, and larger self-insured retentions either imposed directly or strongly incentivized through pricing.

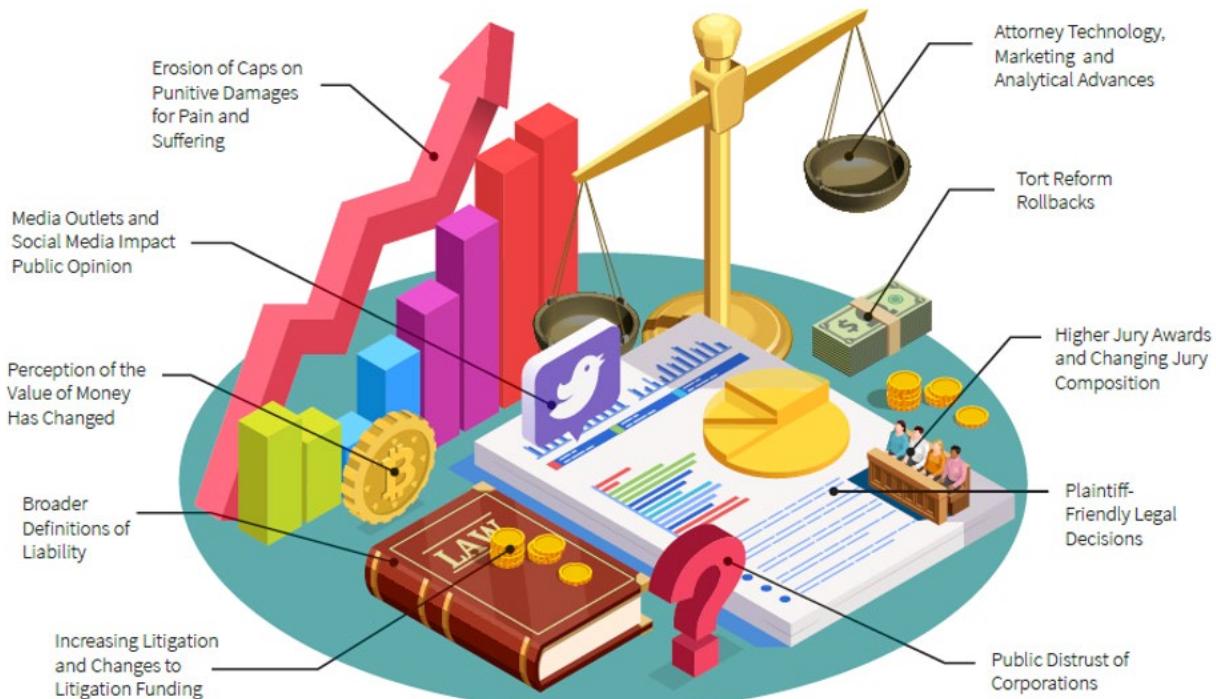
A reversal—or even stabilization—of these market conditions is unlikely in the near term. The fundamental driver is the legal environment itself, which continues to produce a growing number of high-severity claims both statewide and nationally. Sub-categories experiencing major cost escalation among cities and other municipal service organizations include (1) vehicle accidents, (2) hazardous conditions of public property, (3) employment practices liability, (4) slip-and-fall incidents, and (5) police use of force.

This sharp increase in high-severity losses is not unique to cities or to the California JPIA. Schools, counties, special districts, risk pools, and local government agencies of all types are grappling with the budgetary and operational impacts of nuclear verdicts, third-party litigation

financing, inflated settlement valuations, and an increasingly aggressive and well-organized plaintiffs' bar. These factors collectively constitute social inflation.

Another dimension of social inflation is growing public distrust and skepticism toward large corporations and governmental institutions—a sentiment that extends to local agencies, though often to a lesser degree. Law enforcement is particularly vulnerable to this sentiment in courtrooms, resulting in jury awards in the millions and sometimes tens of millions of dollars. Larger verdicts establish new baselines for future settlement demands in comparable cases, creating an unsustainable upward trajectory.

Social Inflation



Workers' Compensation

Workers' compensation coverage, by contrast, has remained relatively stable and has performed well from a loss development standpoint and a market conditions standpoint. We expect workers' compensation premiums to remain steady and in line with inflation, assuming current conditions persist. Medical cost inflation remains a concern and continues to impact pricing and program

performance. The Authority retains the first \$1 million of each workers' compensation occurrence. Sequoia Pacific, the Authority's captive, covers the next \$1 million with a \$5 million aggregate limit. Excess attaches at \$2 million and provides statutory coverage limits.

Property

The property insurance market is finally softening—a welcome development after a prolonged period of rate corrections and tightening terms. Competition among carriers to retain and attract clients has intensified, particularly in the London markets where the Authority places most of its property coverage. In 2025, Authority members received an average all-risk property rate reduction of -18.1%. Although total insured values increased by +6.3%, this resulted in a net average nominal contribution decrease of -12.9%—an excellent outcome.

The Authority leveraged favorable market conditions to expand coverage for members, and purchase higher limits:

- All-risk coverage - from \$500 million to \$750 million
- Earthquake coverage - from \$200 million to \$225 million
- Terrorism coverage - from \$100 million to \$150 million

The Authority seeks to expand coverage whenever practical and economically advantageous. However, to maintain program sustainability, member deductibles did increase last year as part of the Authority's multi-year deductible modernization plan. Effective July 1, 2025, all-risk deductibles increased from \$10k to \$15k. Additional increases are scheduled for 2026 (to \$20k) and 2027 (to \$25k). These adjustments were necessary because the \$10k deductible had remained unchanged since 2015 and it no longer reflected the current cost of construction materials and labor.

Cyber Liability

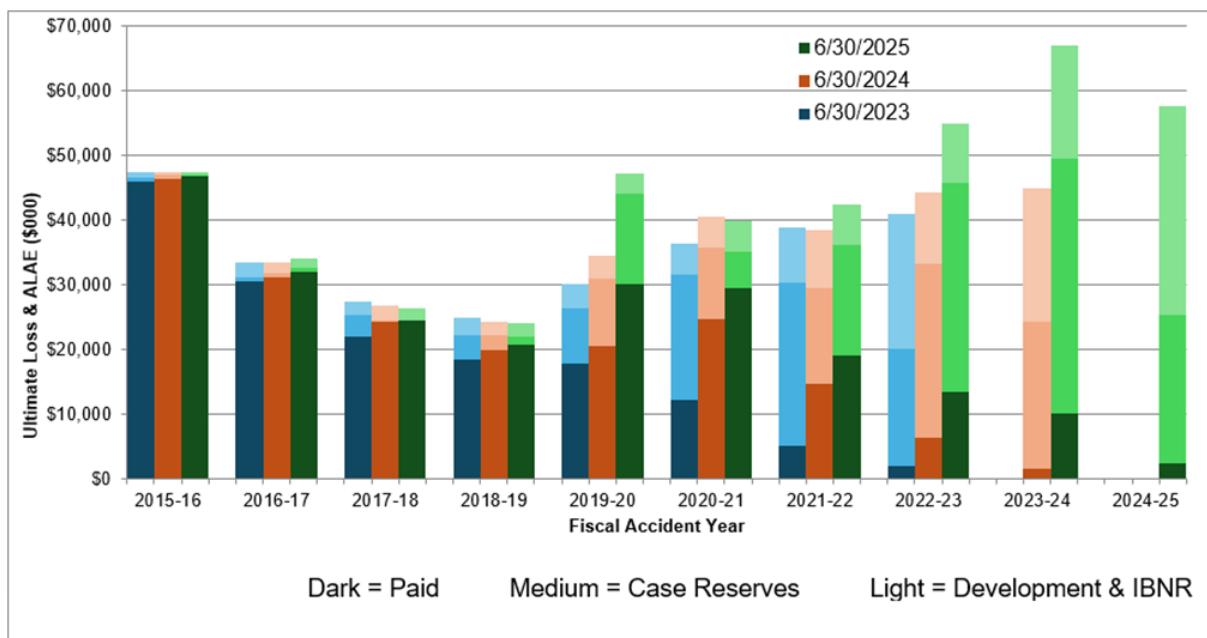
In 2025, the Authority bolstered its cyber liability coverage with higher limits and lower deductibles. The per-member coverage limit increased from \$1.25 million to \$2.5 million (subject to a \$10 million shared aggregate limit), while member deductibles decreased from \$250k to \$100k. No deductible applies to incident response consulting expenses. These improvements were achieved with only a nominal overall premium increase.

Claim Statistics

To get a bird's eye view of how Authority claims have developed over the past few years in each of our four major risk-sharing pools a useful metric to examine is the actuary's estimate of ultimate loss and allocated loss adjustment expense (ALAE). In the Primary and Excess Liability Programs, coverage years 2021-22, 2022-23, and 2023-24 have rapidly exceeded their initial cost estimates, as the following graphics demonstrate.

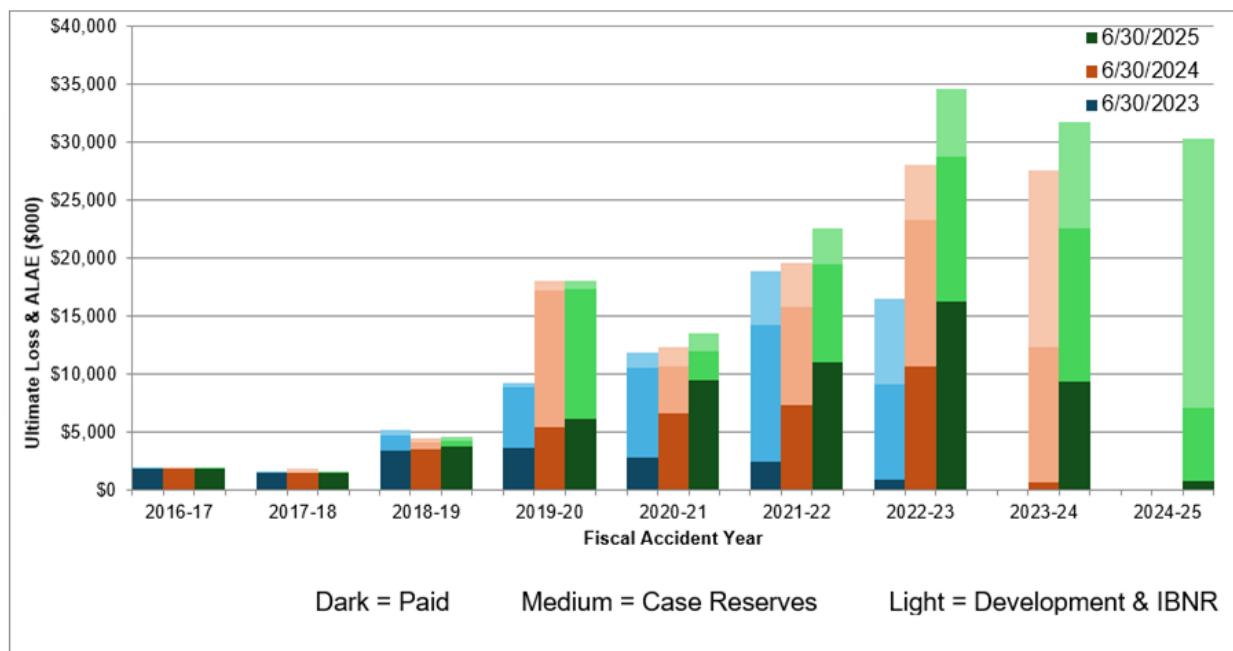
Primary Liability Program

Ultimate Loss & ALAE Historical Estimates (Unlimited, Gross of Recoveries)



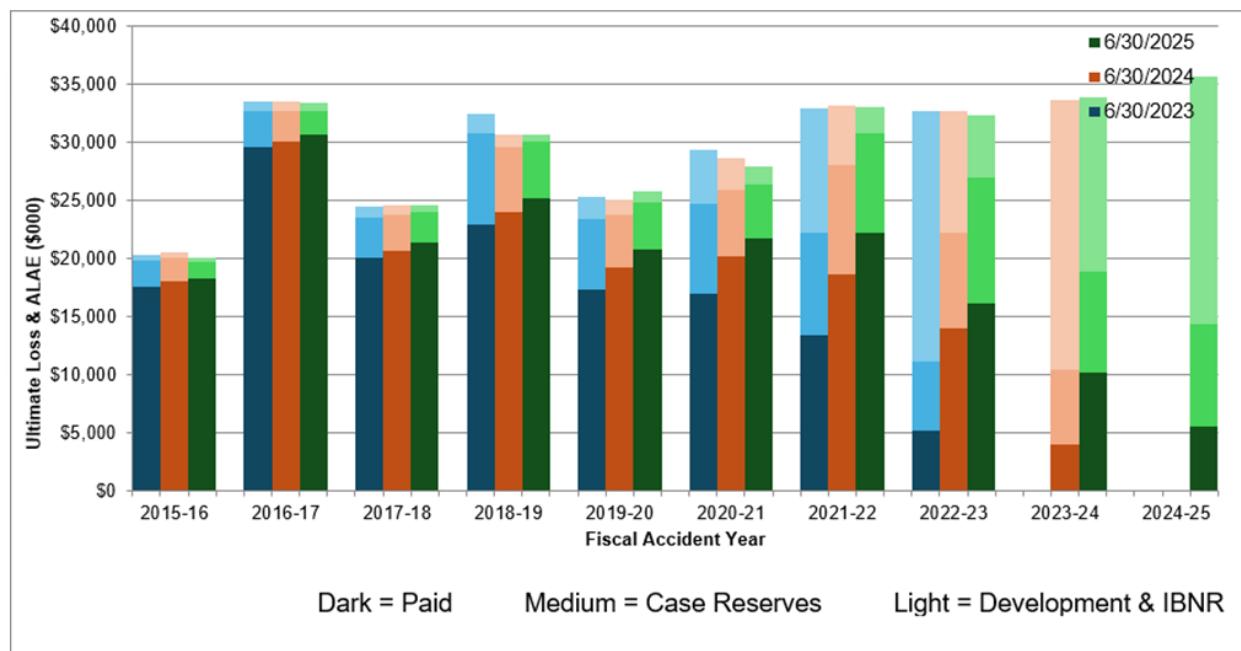
Excess Liability Program

Ultimate Loss & ALAE Historical Estimates (Unlimited, Gross of Recoveries)



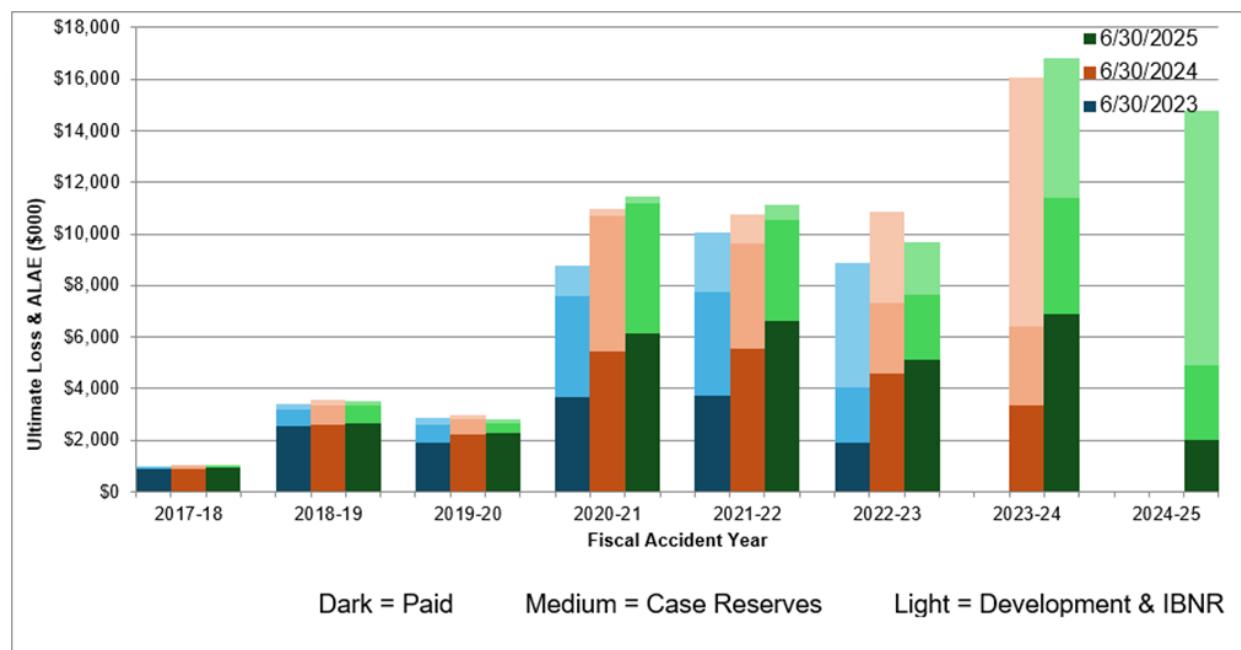
Primary Workers' Compensation Program

Ultimate Loss & ALAE Historical Estimates (Unlimited, Gross of Recoveries)



Excess Workers' Compensation Program

Ultimate Loss & ALAE Historical Estimates (Unlimited, Gross of Recoveries)



California JPIA's Strategic Response

While the substantial increase in liability claim severity presents us with significant challenges, it underscores the value of the Authority's longstanding practices and risk management focus. We are well-positioned to navigate this difficult environment because we have prepared for it. The fundamental strength of pooling—our collective resources, shared expertise, and unified market presence—is most valuable precisely in moments like this.

Collective Purchasing Power: The combined strength of 126 member agencies provides leverage and economies of scale unavailable to individual entities. We negotiate from a position of strength, access domestic and international markets, maximize competitive dynamics, and secure high-quality excess and reinsurance protection.

Market Relationships: The Authority's brokerage team maintains year-round relationships with excess and reinsurance underwriters, fielding questions, providing claims data and risk management information, and exploring new markets. They continuously analyze coverage structures to maximize value and cost efficiency.

Financial Discipline: Conservative underwriting, sound reserving practices, and prudent investment portfolio management have strengthened the Authority's consolidated net position, which has helped to absorb the impact of large losses in pool's retained layers.

Equitable Cost Allocation: Members with better-than-average loss experience, low claim severity, and/or improving loss trends are recognized and rewarded over time, through the cost allocation formula.

Claims & Litigation Management: In 2024-25, the Authority received 3,138 new liability claims with a litigation rate of approximately 15%. Our experienced claims team composed of fourteen full-time professionals, actively work to identify problematic cases early and move them toward timely resolution during the claims stage, eliminating the need for costly litigation. They conduct rapid investigations and prioritize member communication. They also work closely with our legal defense panel who participate in training together, share lessons learned, and develop strategies to effectively counter plaintiff attorney tactics.

Impact of Risk Management and Training

Member engagement in proactively reducing liability risk exposures through best practices, safety and loss control initiatives, risk management programs, and by participating in Authority trainings are impactful elements of our long-term strategy. Your partnership, diligence, and commitment to these efforts are essential to our shared success and are greatly appreciated.

Lawsuit Abuse Reform

A legislative solution is necessary to address lawsuit abuse and protect local community services as a public good. When liability expenses reach unsustainable levels, essential public services

suffer. Parks, libraries, senior centers, youth sports programs, public education, public safety, health and social services, and municipal infrastructure maintenance all receive reduced funding as liability costs consume an increasing share of municipal budgets.

Individuals who have legitimate injuries due to the negligence of a local government agency deserve fair compensation for medical expenses, lost wages, pain and suffering, and other actual damages. However, compensation should reflect the true extent of harm suffered and the agency's proportional responsibility—not serve as a vehicle for excessive awards, punishment beyond what the evidence supports, or become a profit center for third parties with a financial interest in maximizing claim values.

There are a variety of groups and associations with ongoing advocacy efforts related to this issue. One of those groups is the California Association of Joint Powers Authorities. Last year, the association commissioned a research project to collect and analyze a large volume of liability claims data from public entities throughout the state. This was done to produce graphics illustrating the rate of cost escalation but also to search for correlations to community impacts using other publicly available data sets. The report is attached for your review.

Recommended Action

Receive and file.

Protecting Public Funds

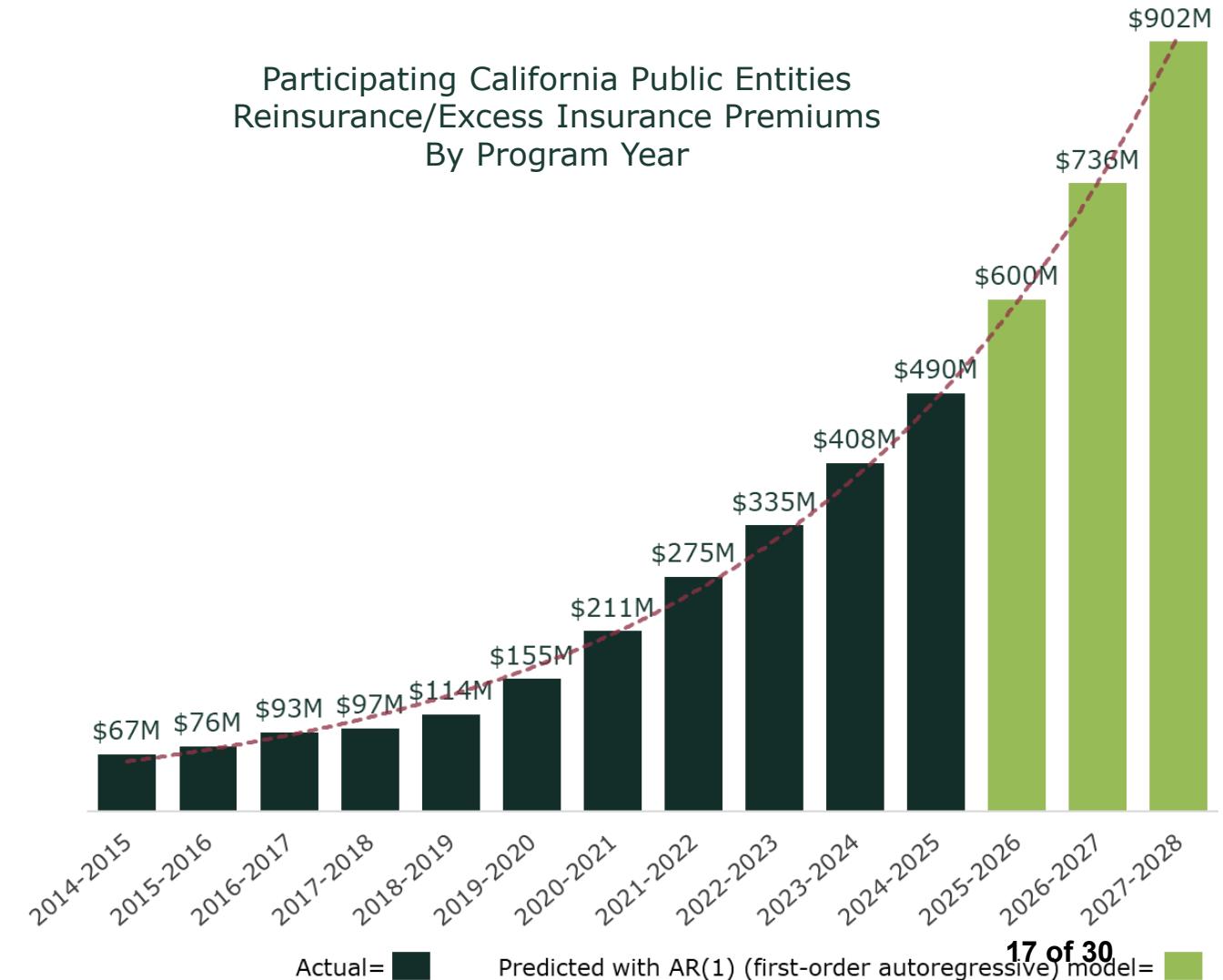
Data valued as of 9/30/2024

Multiple public entities participated in this project due to concerns about the unsustainable increase in the cost of liability claims and insurance coverage.

Type of organization	Organizations		
	N Submitted Data	N that exist in California	% Submitted
County	49	58	84%
Municipality	311	483	64%
School or school district	300	934	32%
Other schools/education-related orgs	137		
Other agencies*	489		
Total	1,340		

**Other agencies include special districts (e.g. water, cemetery, vector control), county fairs or expositions.*

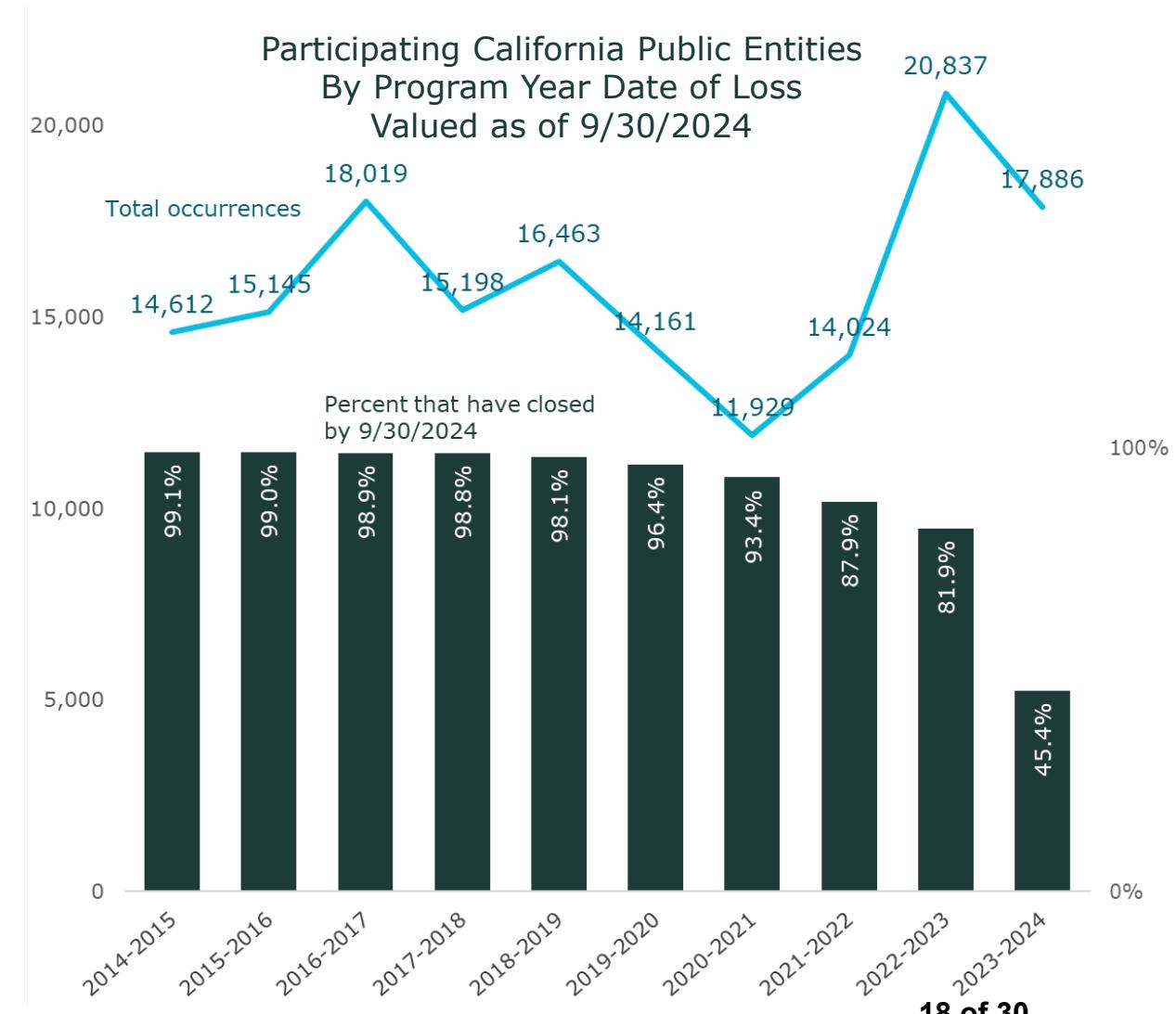
- In addition to the escalating loss payments, public entities are struggling to find insurance coverage.
- The premiums are escalating at an unsustainable pace, forcing many agencies to self-insure to \$5M or more.



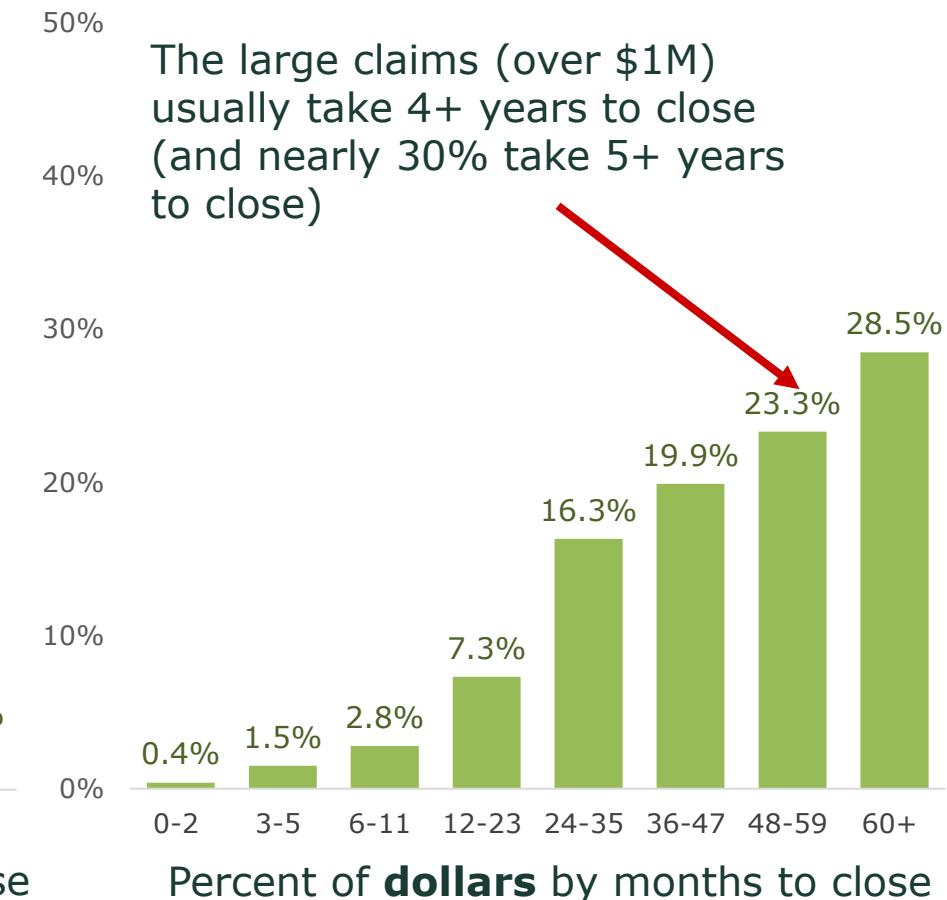
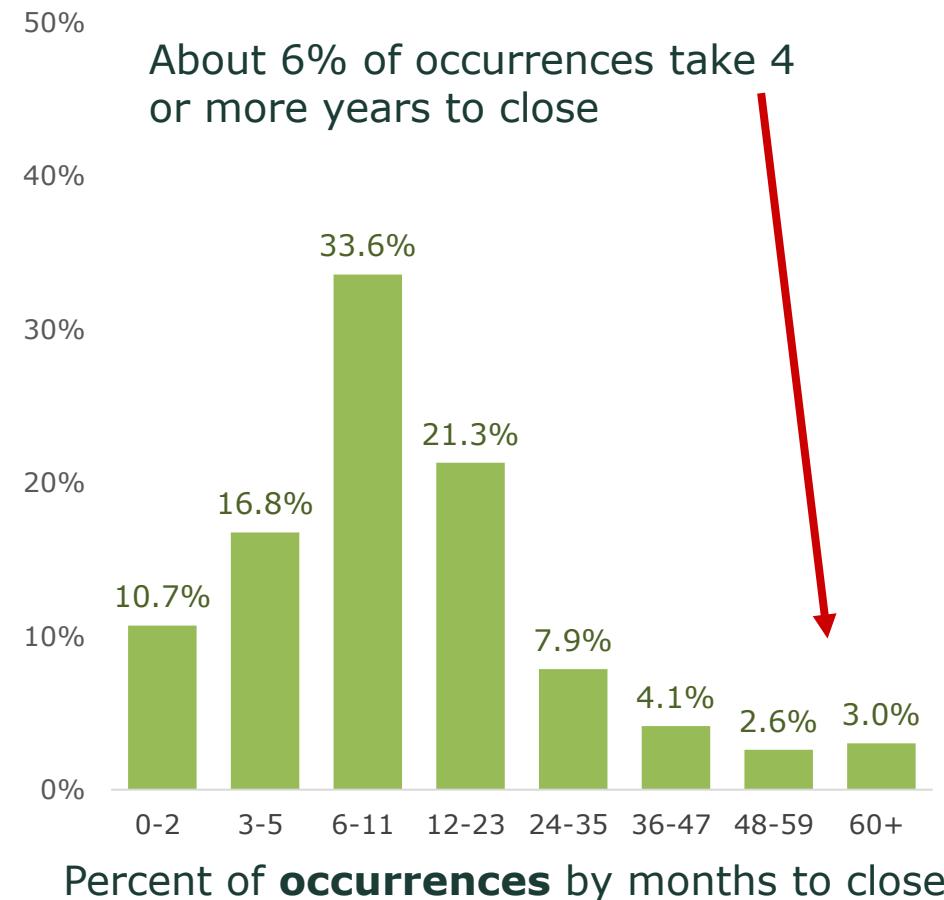
Claims filed against CA public entities have increased 23% over the past 10 years.

On average, it takes liability claims 4-5 years to resolve.

While 98% of claims that occurred between 2014-15 and 2018-19 are closed, only 45% of claims in 2023-24 are closed.

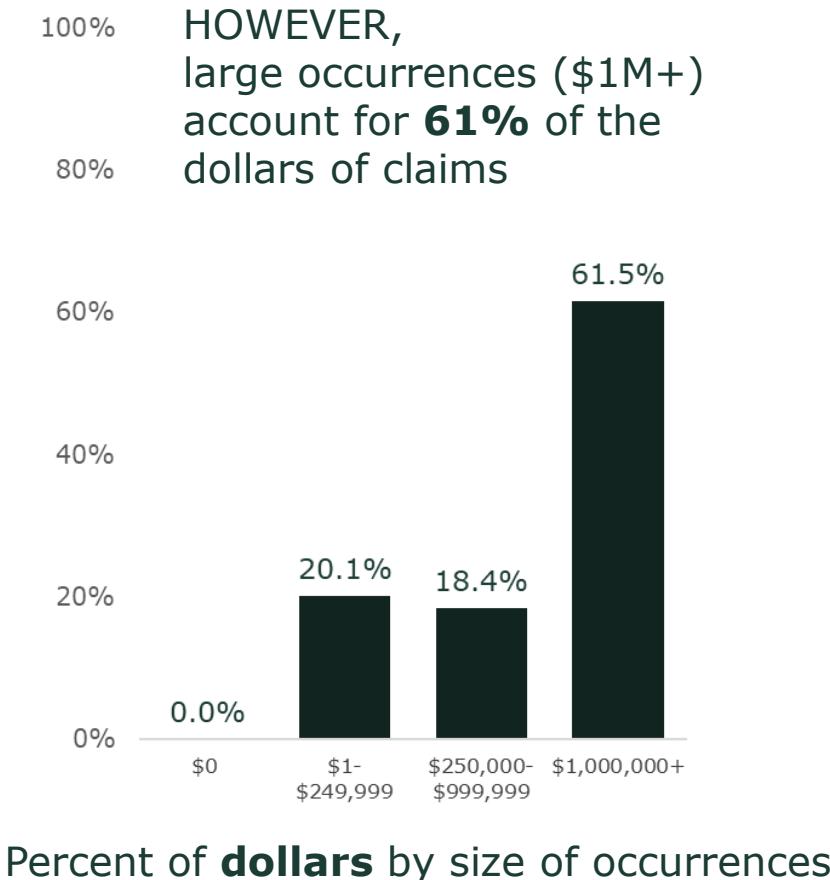
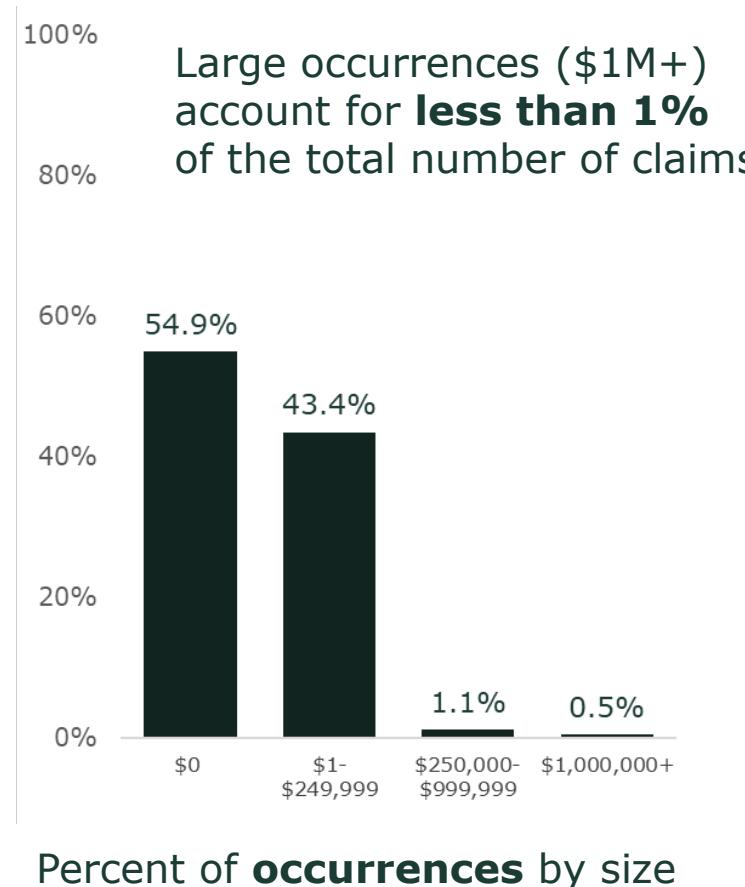


Due to the time it takes for claims to resolve, the taxpayer amount spent on liability claims will continue to grow until all claims in that period are closed.



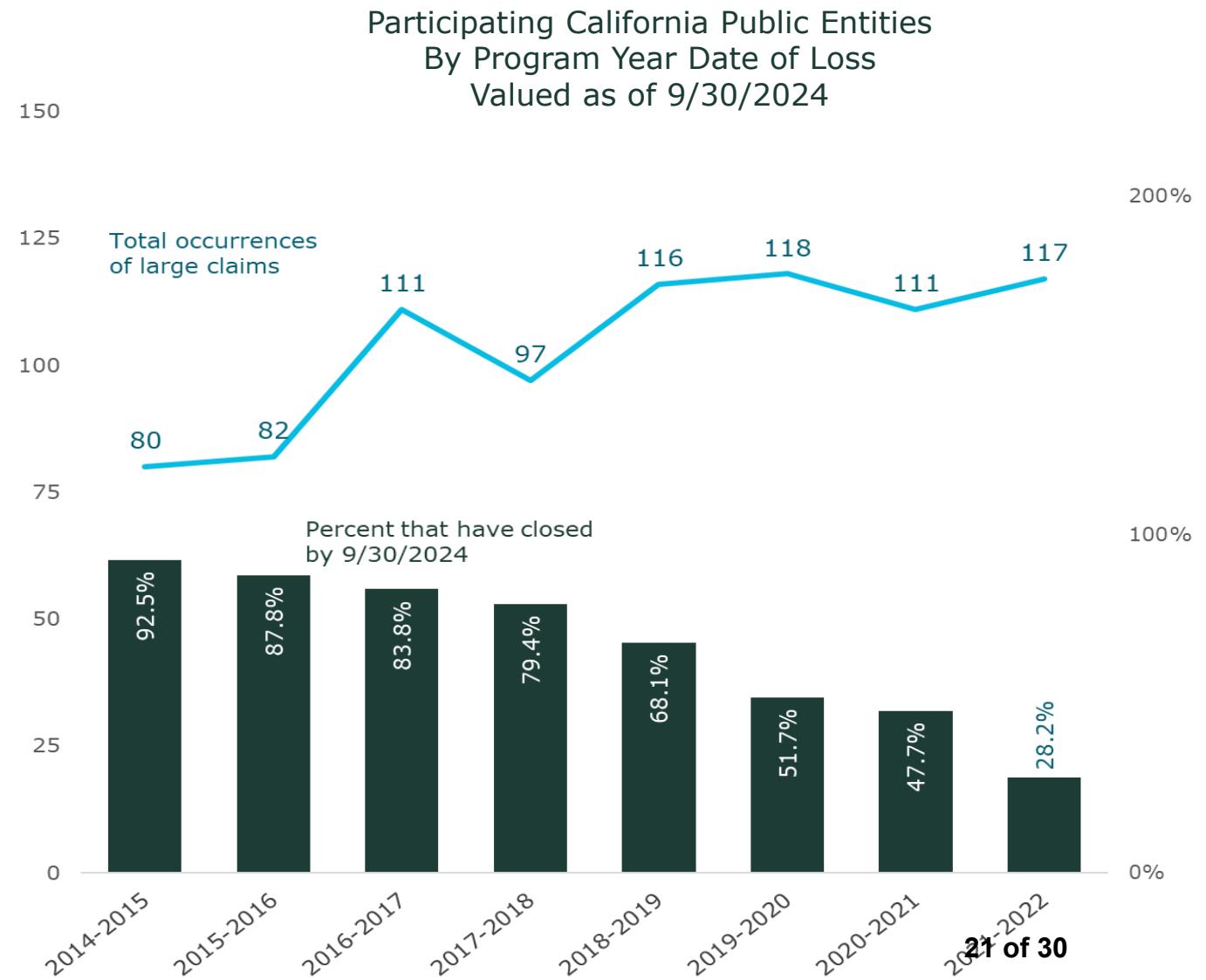
Closed liability losses (aka occurrences) from 2014-15 to 2019-20

Large losses (\$1M or more) make up less than 1% of the claims, however, represent 61% of claim funds spent using taxpayer dollars.

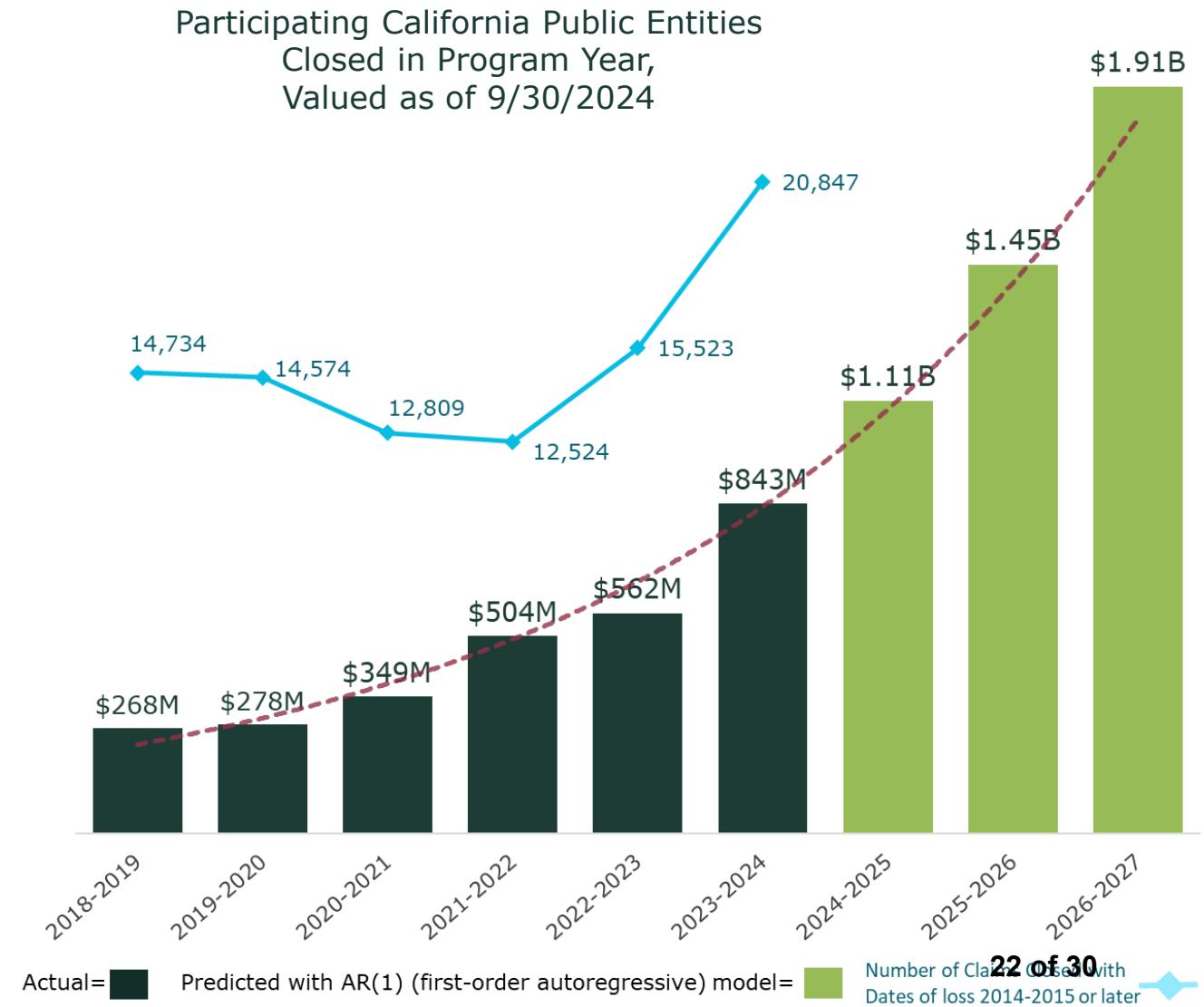


The number of large claims (\$1M or more) are increasing at an alarming rate.

Between 2014-2015 and 2021-2022, the number of large claims increased by 46%.

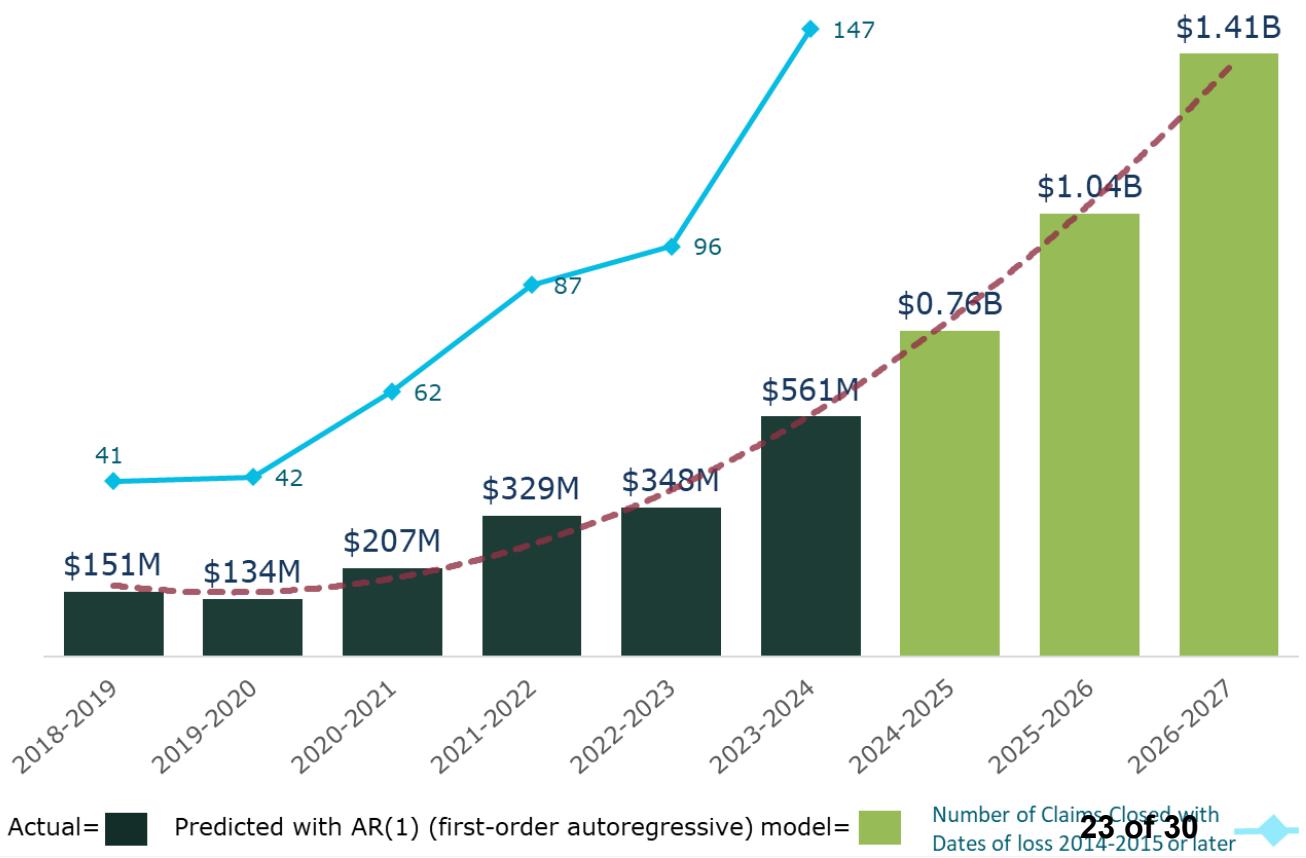


Taxpayer dollars being used to fund claims made against public entities is increasing exponentially, tripling from 2018-2019 to 2023-2024, and is projected to double again by 2026-2027.



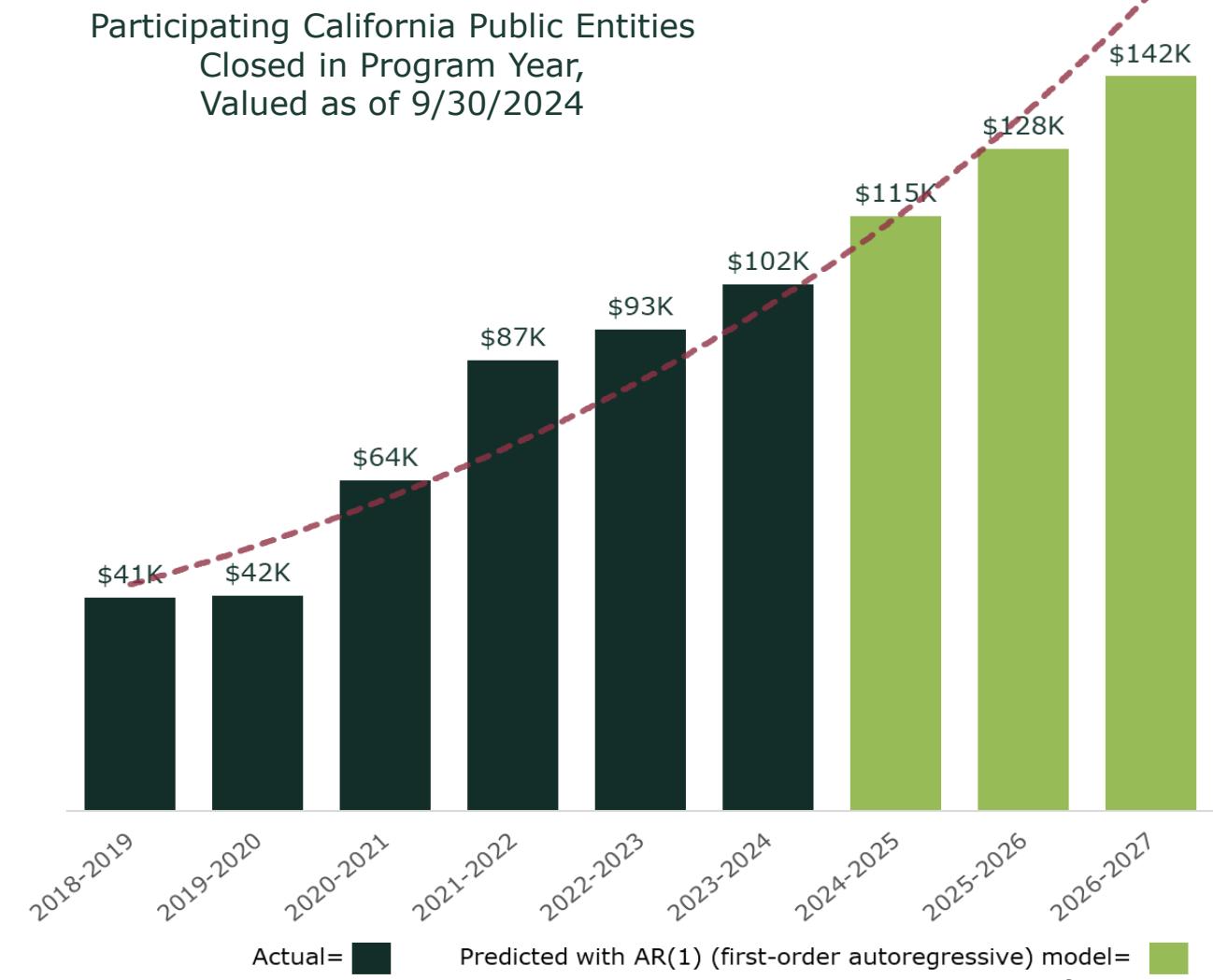
Taxpayer dollars paid to resolve large (over \$1M) claims is increasing exponentially, nearly quadrupling (3.7X) from 2018-2019 to 2023-2024, and is projected to nearly triple by 2026-27.

Participating California Public Entities
Closed in Program Year,
Valued as of 9/30/2024



The average size of closed claims is also increasing incrementally and is outpacing inflation.

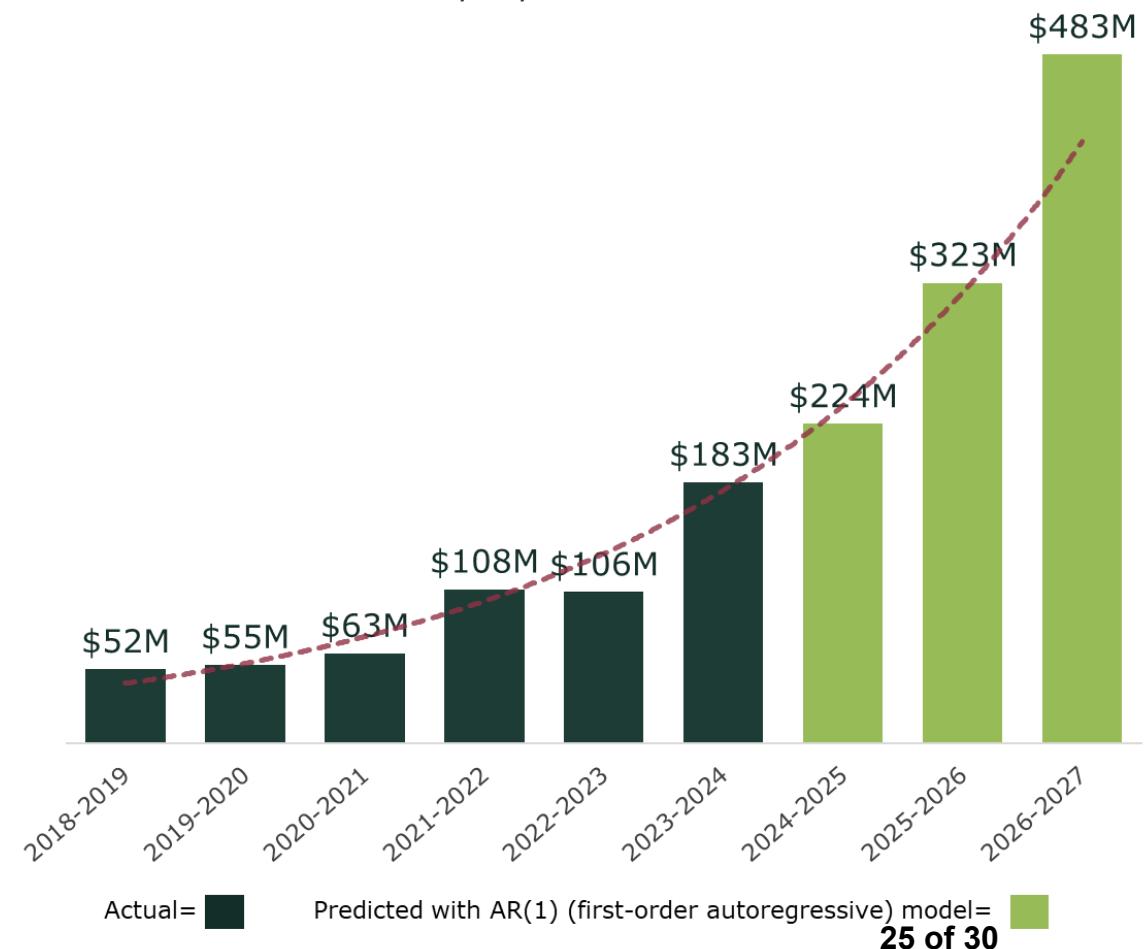
The average more than doubled from 2018-2019 to 2023-2024, and is projected to increase another 50% over the next three years.



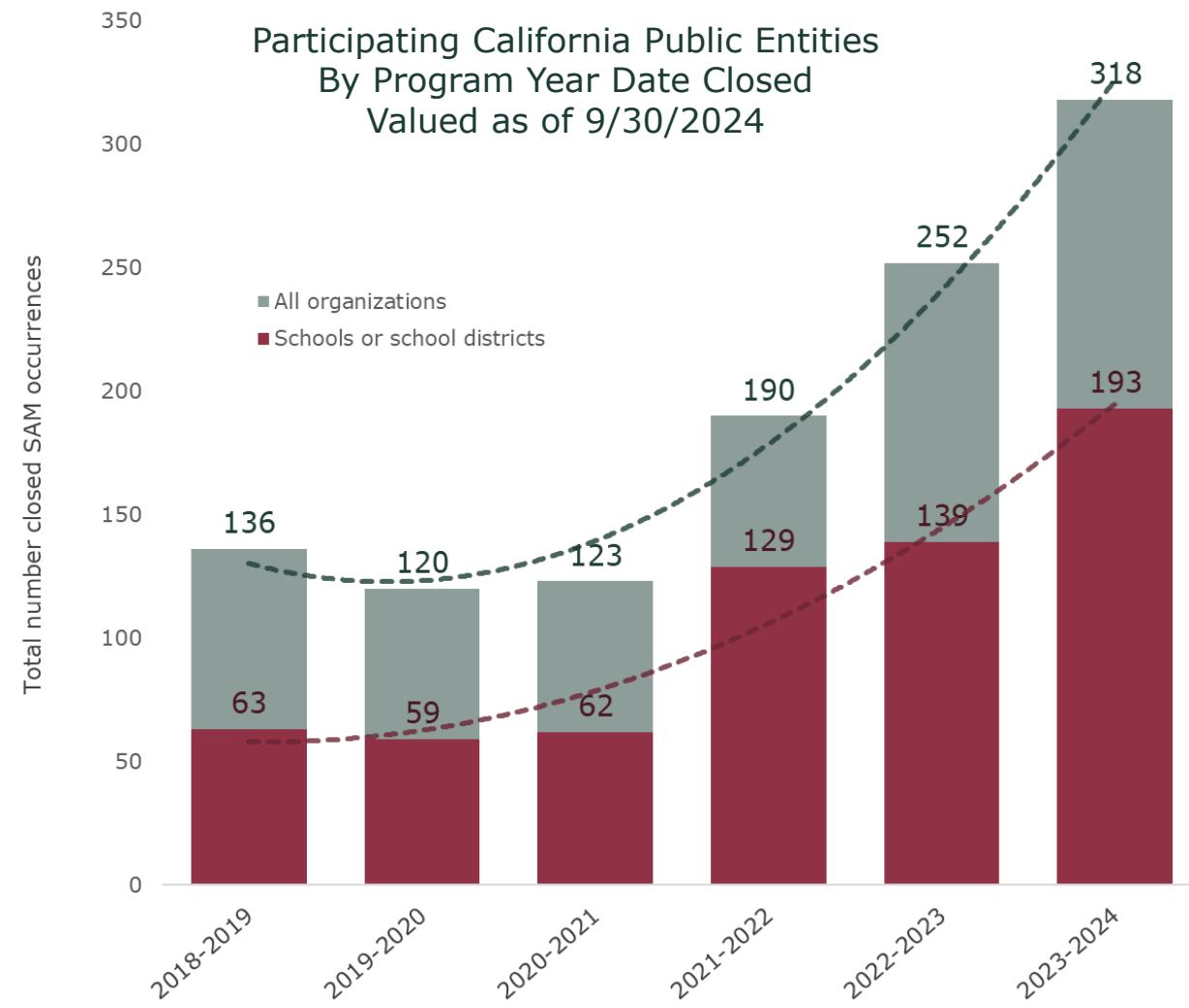
The amount of taxpayer money being paid to plaintiff attorneys to resolve claims against public entities is also increasing exponentially.

Note: This assumes plaintiff attorney fees account for 30% of the total settlement.

Participating California Public Entities
By Program Year Date Closed
Valued as of 9/30/2024

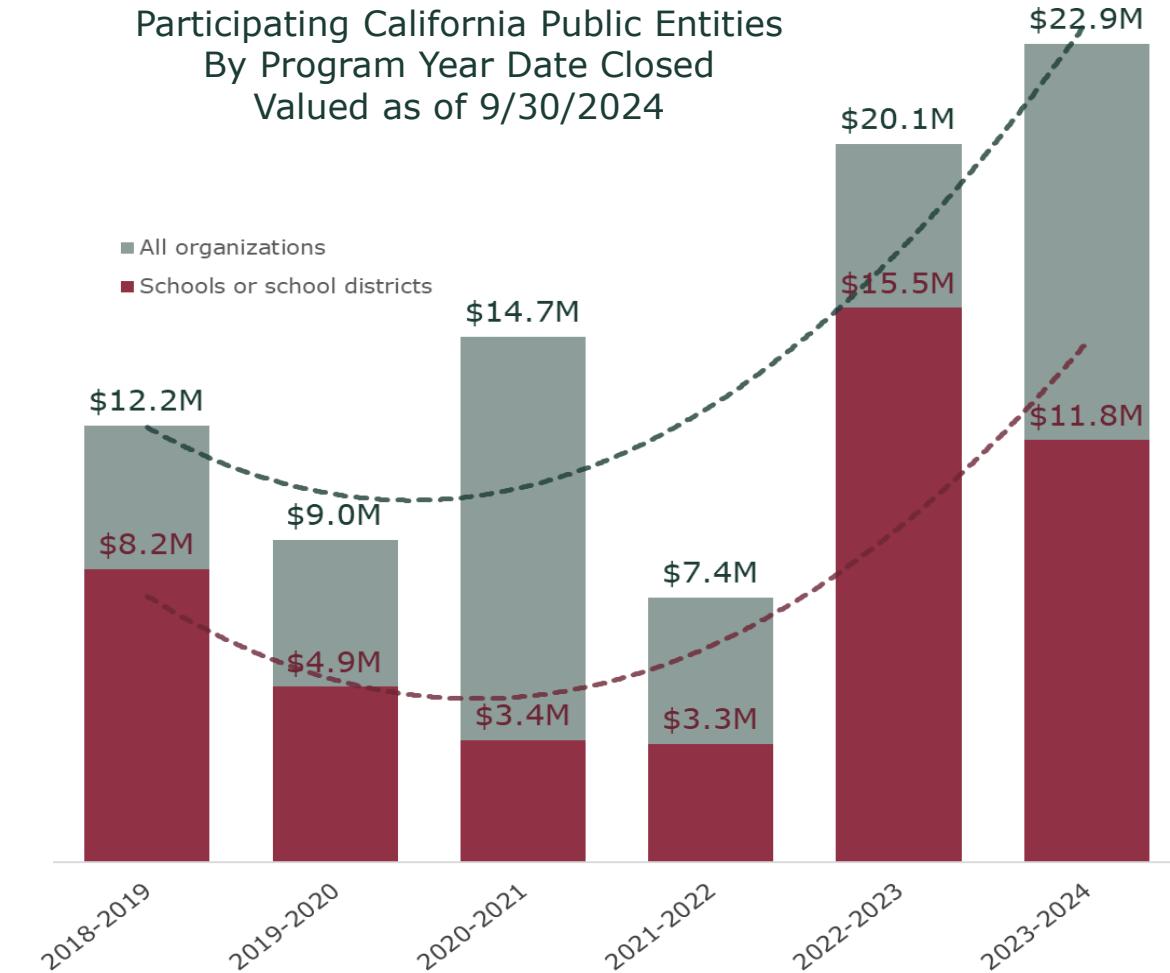


Sexual Abuse and
Molestation (SAM) claims
are increasing by 2.3x for
all organizations and by 3x
for schools or school
districts.

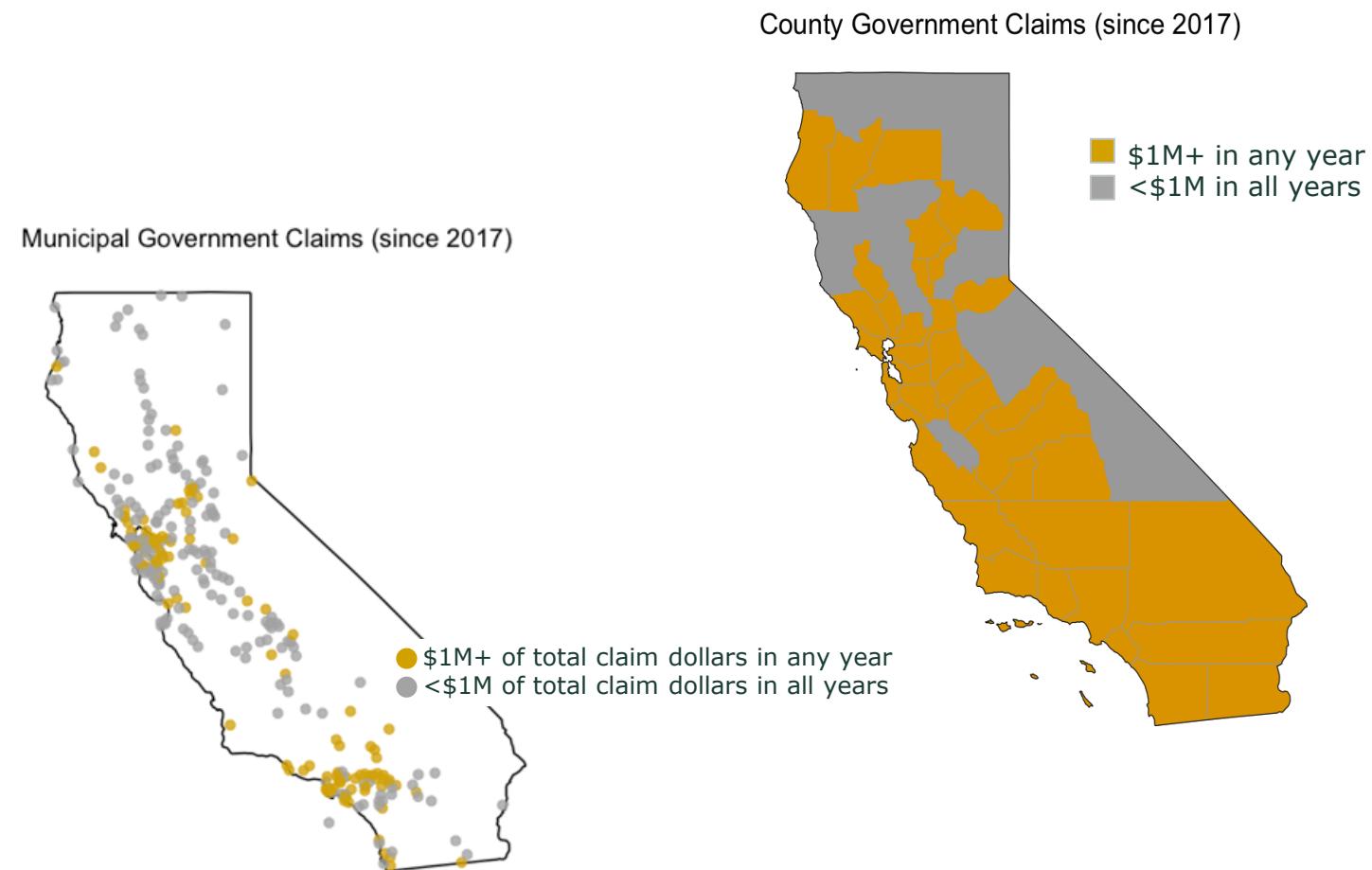


The amount of
taxpayer money used
to resolve SAM claims
increased by about
88% from 2018-2019 to
2023-2024.

Participating California Public Entities
By Program Year Date Closed
Valued as of 9/30/2024



- The high cost of claims against public entities is not isolated to a few areas in the state.
- For example, over 75% of counties in California have experienced at least \$1M in claims in any one year during the past 5 years.



California communities
are negatively impacted
by large claim
payments.

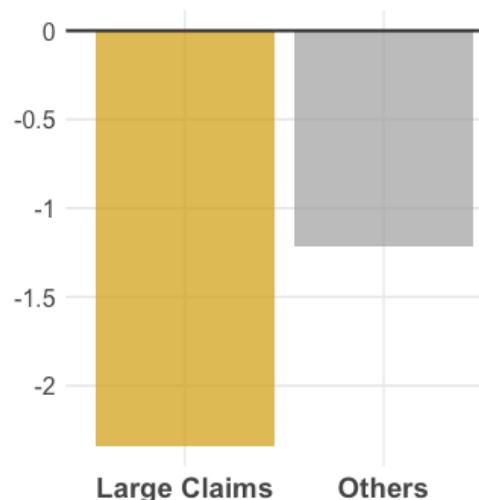
Community outcomes with negative impacts

- Gini income inequality coefficient
- Housing cost burden for homeowners
- Vacant housing units
- Households using SNAP benefits
- K-12 reading assessment pass rate
- High school math assessment pass rate
- High school reading assessment pass rate
- K-12 Math Assessment
- Violent crime rate
- Internet access score

California Communities
are negatively impacted
by large verdicts and
settlements after a year
which includes more
than \$1M in claim
payments.

K-12 Math Assessment Pass Rates

1-year change (avg)



Child poverty rate	+ 1.0 % points
Gini income inequality coefficient	+ .01
Households using SNAP benefits	+ 10.4%
Housing cost burden for homeowners	+ 1.4 % points
Internet access score	- .01
K-12 math assessment pass rate	- 3.7 % points
K-12 reading assessment pass rate	- 3.4 % points
Poverty rate	+ 4.3%
Unemployment rate	+ 6.1%
Vacant housing units	+ 14.2%