



Board of Directors MEETING MINUTES

LOS ANGELES REGIONAL INTEROPERABLE COMMUNICATIONS SYSTEM AUTHORITY

March 14, 2013
Kenneth Hahn Hall of Administration
500 W. Temple Street, Room 743
Los Angeles, CA 90012-2770

Board Members Present:

William "Bill" T Fujioka Chair, CEO, County of Los Angeles
Brian Cummings, Fire Chief, City of Los Angeles Fire Department
Mark R. Alexander, City Manager, City of La Cañada Flintridge, representing the Contract Cities Association
Reginald "Reggie" Harrison, Deputy City Manager, City of Long Beach
Gregory "Greg" L. Simay, Assistant General Manager, City of Burbank Water & Power, representing At Large Seat
LeRoy J. Jackson, City Manager, City of Torrance, representing At Large Seat

Representatives For Board Members Present:

Derek Webster, representing Kim Raney, Police Chief, City of Covina, representing At Large Seat
David Tankenson, representing Donald "Don" Pedersen, City of Culver City, At Large Seat
Patricia "Patty" J. Huber, representing Miguel Santana, for the City of Los Angeles Chief Administrative Office
Scott Ferguson, representing Timothy Scranton, Fire Chief, City of Beverly Hills, representing the Los Angeles Area Fire Chiefs Association
Sandy Jo MacArthur, representing Charles "Charlie" L. Beck, Vice Chair, Police Chief, City of Los Angeles
Mark J. Bennett, representing Daryl L. Osby, for the County of Los Angeles Fire Department
David Betkey, representing, Leroy "Lee" D. Baca, for the County of Los Angeles Sheriff Department
Cathy Chidester, representing Dr. Mitchell H. Katz, Director, DHS, County of Los Angeles
Nancy L. Ramirez, representing Steven K. "Steve" Zipperman, for the Los Angeles School Police Department

Officers Present:

Pat Mallon, LA-RICS Executive Director

Absent:

Charles "Charlie" L. Beck, Vice Chair, Police Chief, City of Los Angeles
Dr. Mitchell H. Katz, Director, DHS, County of Los Angeles
Kim Raney, Police Chief, City of Covina, representing At Large Seat
Gerry F. Miller, Chief Legislative Analyst, City of Los Angeles
Timothy Scranton, Fire Chief, City of Beverly Hills, representing the Los Angeles Area Fire Chiefs Association
Scott Pickwith, Police Chief, City of La Verne, representing the Los Angeles County Police Chiefs Association
Wendy L. Watanabe, Auditor-Controller, County of Los Angeles
Mark J. Saladino, Treasurer and Tax Collector, County of Los Angeles
Patricia Saucedo, Board Secretary



- I. CALL TO ORDER
- II. ANNOUNCE QUORUM – Roll Call
Chair Bill Fujioka made an acknowledgement that a quorum was present
- III. APPROVAL OF MINUTES (1)
 1. February 7, 2013 Regular Meeting Minutes. First by Board Alternate Huber, Second by Board Alternate Bennett. MOTION APPROVED
- IV. CONSENT CALENDAR – (None)
- V. REPORTS (2–6)
 2. Committee Reports
 - a. Finance Committee
Finance Chair Stephen Sotomayor reported the Finance Committee held a special meeting on February 21, 2013. During that meeting, a recommendation was introduced to establish an Ad Hoc subcommittee to work on developing a funding plan. It was proposed that during the negotiation period, the committee work with actual figures proposed by the vendor selected to proceed into the negotiation phase. The full Finance Committee would then review and later present a recommendation to the JPA Board for approval.

A question was asked regarding a change in the previous subcommittee membership. Mr. Sotomayor explained that the original structure was voluntary and comprised of members expressing an interest in participation. The approach this time reflects the JPA composition to assure accurate representation. There will be eight members in the subcommittee. The final list of names is expected this week and will be circulated
 - b. Legislative Committee
Vice Chair Olyvia Rodriguez appeared on behalf of Legislative Committee Chairperson, Chief Osby. The Committee met on February 21, 2013 and discussed:
 - An update regarding the FirstNet meeting of February 12, 2013.
 - Legislative Committee entertained setting standards and priorities to identify certain areas where the Committee can make recommendations to the JPA Board for purposes of conducting advocacy work, especially at the Federal level with our Congressional delegation.
 - The Committee requested information from the NPSTC report on the T-Band “Give Back,” due for release this month. That report will include an estimate of a replacement cost for T-Band system migration for the 11 major jurisdictions. Following the receipt of this information, a recommendation to the Board of Directors can be made relative to an impending FCC Notice of Inquiry on the subject.
 - Selection of Olyvia Rodriguez as the Committee Vice Chair from the County of Los Angeles CEO’s office, and Josh Drake as Committee Secretary, from the LA City Legislative Analyst Office.
 - c. Operations Committee – No Report
 - d. Technical Committee – No Report
 3. Director’s Report – Pat Mallon



- LMR System Procurement:
 - The evaluation process began on January 7, 2013 and the team continues to work diligently.
 - Oral interviews were held with both proposers.
 - Evaluation of the proposals is estimated to be complete by the end of next week or if not, early in the week of March 25, 2013.
 - Negotiations with the highest ranking proposer would commence during the first week of April, 2013.
 - If negotiations remain on track, it is estimated that a contract may be brought before the JPA Board for consideration by mid-June, 2013
- The NPSTC Report on the T-Band “Give Back” is being anxiously awaited. It was also noted that, as a Federal agency, NPSTC can not take a position advocating for or against any particular issue; they can only present the facts.
- The Project has received a grant modification for the SHSGP grant which will allow the CEQA/NEPA process to move forward.
- The JPA counsel and outside counsel have been working to identify a protest officer through the alternative resolution process. Among a number of judges, one has been identified who is very, very qualified. We are working with the County of Los Angeles CEO’s office to execute a Delegated Authority Agreement for this work, and it is expected to be in place before the negotiation process is concluded.

LTE System:

- LA-RICS LTE project continues to be on hold, from a grant perspective, without instructions from NTIA to move forward.
- On February 12, 2013, the FirstNet board approved a resolution which allows the FirstNet representative to negotiate with the seven BTOP projects on a spectrum use agreement. The FirstNet Board established a 90-day period for negotiations of the special conditions that will be required by FirstNet for the spectrum lease. Unfortunately, we are now 30 days into that process and are still waiting for the initial draft to be released by FirstNet. Once we agree on special use conditions, FirstNet is expected to authorize a spectrum lease. This can be accomplished by a voice or e-mail vote. Once approved, LA-RICS can start working with NTIA to lift the suspension on the BTOP grant and request a grant deadline extension of two years, through August, 2015 to complete the project.
- Another issue being dealt with is the NTIA requirement for a single CEQA/NEPA document for the Federal environmental process. A year and a half ago, NTIA very emphatically told us that if LA-RICS does not get a CEQA exemption or could not find a way to expedite the process, the project was at risk of not being completing on time. LA-RICS received a CEQA exemption but this accomplishment is being negated by the requirement for a joint CEQA/NEPA document. An appeal to a higher authority within NTIA is in process of being filed.
- Pat Mallon attended the IWCE conference yesterday in Las Vegas and reported one of the questions asked was “What is the effect of the Federal sequestration on grants?” They advised us the “sequestration” has certainly affected Federal operations by reduced staffing complements, as well as limiting their ability to travel.



At this time, there are no indications that grants will be impacted. However, the loss of four staff members working on the CEQA/NEPA process also contributed to the decision to require a joint CEQA/NEPA document discussed above.

- Pat Mallon received correspondence from Board member Mark Alexander on the proposed condition released in December, 2012 that LA-RICS hand over the control of equipment purchased with BTOP funds to FirstNet. Mr. Mallon explained that this was part of the initial proposed conditions but we are now awaiting a newer version. We expect if FirstNet wants to have ownership of the LTE equipment, that is the eNodeBs and antenna, that it will have no impact as long as LA-RICS can locally control and manage the system
- Again presented for Board consideration is a recommendation by the Los Angeles County Board of Supervisors regarding the solicitation process. Specifically, the Board of Supervisors recommends the pre-release of the RFP for industry comment. However, the proposed process may be impacted by FirstNet's directions on the "special" conditions. If FirstNet says "you're building a system that's going to be compatible with what we dictate", we're not exactly sure the degree to which industry can make comments. This remains to be resolved. Chair Fujioka addressed this by saying a statement can be included in the RFP that says "... understand this complies with Federal regulations..." and still meet the mandate. A follow up question was raised regarding the ownership of equipment, and whether this proposed condition would include lease agreements on antennas and ownership of individual sites throughout the County? Executive Director Mallon explained during the time of the suspension, instructions indicated we could continue with deployment of the infrastructure. It was communicated that the BTOP grant was a stimulus to the local economy to try to generate jobs. LA-RICS would be allowed to push forth with the installation of the monopoles, and installation of the microwave backhaul links, but not the installation of the LTE equipment. The LTE equipment would be part of the appropriation referred to in the proposed "special" condition. If LA-RICS builds a tower, LA-RICS will continue to own the tower

4. Project Manager's Report

Executive Director Mallon presented to the Board the Project Management report for the month of February 2013.

5. Grant Status Report

Pat Mallon presented two attachments and made a clarification on agenda item 5 attachment A, that the UASI performance period deadlines of June 30 were grant deadlines. The March 30 date is the deadline to submit expenditures and reports to the grant administrators for the close out process, as noted in the "comments" column.

The purpose of the two attachments is to give the Board some indication of how funds would flow through the various phases of the project. LA-RICS will present its application on Friday, March 22, 2013 before the approval authority for the UASI 2013 grant cycle. Attachment B related to the BTOP grant, Executive Director Mallon directed the Board's attention to the match requirements, both cash and in-kind.

Board member Greg Simay raised a question of how many sites earmarked for BTOP would also be used for LMR? Executive Director Mallon informed it depends on the vendor



selected. One proposer does anticipate using some of the LTE sites for LMR; and would be required to remain at the 70-foot level, or below. They would use around 30 LTE sites that would incorporate LMR use. Board Member Simay asked if there continued to be some overlap? Executive Director Mallon replied there is. Board Member Simay asked if in the worst case scenario that one or more deadline extensions is refused, is there a plan B in place that would keep the funds in some fashion that would improve the LMR system? Executive Director Mallon responded staff went through a study to look at elements of the contract we might be able to undertake early-on, and the only secure process or purchase we could make would be for some of the microwave backhaul equipment. That would result in a reduction in the contract to the selected vendor because we would be taking say, \$17-\$18 million in purchases from our equipment list and purchasing it independently. The difficulty is that without knowing which vendor you're moving forward with, you don't know how much equipment to buy because the proposals are different. The number of transmitter sites from one vendor is different from the other vendor. So how many pieces do you buy? And more importantly, how much time is going to be involved in putting together a requisition and processing a bid as opposed to being able to execute a contract and moving right into system design in June. Board Member Simay asked if any end user equipment options were visited for worst case scenario? Executive Director Mallon stated in the past it had been proposed to the grant administrators that perhaps LA-RICS could buy user equipment, and based upon some formula from the UASI approval authority, distribute that equipment. We could buy portable radios at a significant reduced price, as opposed to individual agencies buying 2, 3, 4 or 5 radios. But we were told that the main purpose of the UASI funds was to build out the infrastructure and not to buy user equipment. They haven't told us an absolutely "no" but in the final analysis that is something we may have to approach.

Chair Fujioka stated as we move forward, give us a comprehensive review on the different options we have, if it requires a push back East, some of us could go back East and make our case. Executive Director Mallon stated he believes our biggest issue is the processing of a grant extensions.

Executive Director Mallon informed the Board the UASI grant administrators have been very accommodating to us. They understand the issues that we've been presented and they have communicated that to CalEMA, the State's grant administrator. We haven't given up on the grant extension.

6. Independent Auditor's Report FY 2011-12

County of Los Angeles Auditor-Controller Staff.

Connie Yee, from the County Auditor- Controller's office, representing Wendy Watanabe, presented item #6, LA-RICS financial statements and single audit. Helen Chu and Michael de introduced Mr. de Castro from Bazilio, Cobb and Associates were also in attendance to present the the annual financial statements and audit.

Mr. de Castro reported on the results of the financial statement audit of LA-RICS for the period ending June 30, 2012. The financial statements are the responsibility of the Authority's management; auditors are responsible for issuing an opinion. Pages 1 and 2 of the report contain the Independent Auditors Report. The auditors were happy to report, for the second straight year, an unqualified opinion on the financial statements, which simply means that the financial statements are fairly presented.



Pages 3 and 5 of the report contain Management's Discussion and Analysis, required, as part of the audit. This information provides a narrative overview of the Authority's financial activities for the period audited, not a required part of the basic financial statements, but required supplemental information.

Page 6 contains the Balance Sheets, which lay out the assets, liabilities and fund balance; and compares this year's 2012 activities to 2011's. Page 7 contains the Statement of Revenue and Expenditures and Changes in Fund Balance.

Pages 8 through 12 contain the Notes to the Basic Financial Statements, to provide the reader a better understanding of the financial activities. Auditor pointed out one significant disclosure on page 12, related to the notification received of LTE BTOP grant being partially suspended. At the time of this report, updated back in December, 2012, there was yet any determination of impact this may have.

Page 14, is a Statement of Revenues and Expenditures and Change in Fund Balance-Budget to Actual. In addition, auditors issued a Report on Internal Control Over Financial Reporting and on Compliance on page 17 and 18. Auditors found no material weaknesses in internal control, and found zero non-compliance matters to report.

Due to Federal grants involved, two major programs were specifically reviewed and tested for compliance with the grant agreement, and that report is provided on pages 19 through 21. Based on the audit of compliance with those two programs, the Authority was in compliance with the use of those Federal grant funds.

There was no Management Letter that we had to issue, which are typically issued if there are improvements that need to be made over internal control or over the program, with no improvements to report this year.

Board member Mark Alexander stated he noticed Note 6 of the report, referencing Loans Payable, and \$4.1 million from the County of Los Angeles, and wanted to clarify that was a gift from the County, and if not, how is that going to be repaid to the County? Is that going to be included as part of the Funding Plan? Ms. Connie Yee explained it from the cash flow perspective, the County has structured it in such a way that there are some funds that are gifts to LA-RICS, where the County actually just pays for direct costs, as reported in the financial statements on page 7, and considered as Local Match. There is a local match portion from the County's perspective of providing that match for those grants involved.

The second piece is there were cash flow issues when the program initially started. The BTOP grant was operating on a reimbursement claim basis, so the County provided a cash flow advance, as expenditures are paid to grant-funded contractors, the County provides the cash flow, or a loan, to make those payments. The expectation is as the grant revenues come in, the County would be reimbursed. That's how the loan will be repaid.

Board member Alexander asked how the timing is going to work. Ms. Yee responded there's no timing involved; because the County understands the program is long term, thus there is no specific time on when the grant reimbursement is due. We do know that as the project continues, there'll be larger expenditures so the County actually has set up a cash flow loan of \$10 million to LA-RICS. Board Member Alexander asked if the amount was going to be



paid back entirely with grant funding? Or will there be an expectation that some of that cost is going to be shared with the membership through the Funding Plan?

Executive Director Mallon informed the Board there is a 20% match requirement, both soft and hard, for the BTOP grant. All along the way, we have been making cash matches through the County's contributions to the project. There is going to be a cash requirement at some point. Once we bring in a Finance Plan, we're going to have to discuss the match issue. A portion of that will be the underlying property value for sites used in the system design, counting towards the soft match, but there is going to be a cash requirement to make up that full 20%. Board Member Simay stated one way of handling this is County expenditures that aren't reimbursable under a grant would in effect be credited towards what would eventually be their subscriber portion. Executive Director Mallon confirmed.

Board Member Simay stated the County has simply prepaid a portion of their ratable share Mr. Alexander called attention to page 8 of the report, where the Reporting Entity list of participating members of the Board should be corrected to reflect members 14, 15, 16, 17, as "At Large" positions. Ms Yee confirmed they would note that change.

DISCUSSION ITEMS (7)

7. Site Access Agreements – Pat Mallon

Executive Director Mallon reported an extensive amount of work has been put forth in developing a draft site access agreement. There's more work that remains and I emphasize that what we show you in the Key Points is part of a draft. It is part of the interim process and we will soon start dealing with the actual site owners, the member cities. The number of sites varies by proposal so we really can't get into sending out documents for review by cities that aren't going to have specific sites to be used.

For the LTE system, as part of our effort to move the process along, we used one of our consultants to do a site engineering study. A majority of sites are within the City of Los Angeles and County, as well as 35 independent cities. There are 15 sites owned by private individuals or water companies: Pepperdine University, as an example, or Irwindale Speedway, both of which are used by County Fire when they coordinate brush fire response for their staging areas.

As noted in the site agreement Key Points, one of the big questions that must be resolved is consideration for the use of that property. The distribution of the system coverage is not equitable by the number of cities, in other words, every city did not get a site, we we're looking more toward coverage. That is why there are only 35 independent cities plus the City of Los Angeles and LA County. The question becomes, for those cities whose sites we do use, is there some consideration for that? Staff recommendation is that there not be a consideration because of the disproportionate distribution based on the engineering study, rather than political boundaries. The concern would be if one city gets credit for a portion of its site, and to what extent particularly with the bulk of the sites belonging to the County or the City of LA.

Board member Alexander requested going back to the Funding Plan, wouldn't those cities want to see some kind of in-kind contribution toward whatever the allocation is to the cities?



Executive Director. Mallon stated that is a decision that needs to be made by the Board. If the City does contribute sites, then we need to apply that same standard across all of the sites, which mean a majority of the contribution will go to the City and County of Los Angeles. The other consideration is with LTE, the monopoles, as per discussions with NTIA, there is nothing to preclude us from leasing out those poles to other providers. Certainly in that respect, I would anticipate some form of revenue sharing. Perhaps we'll get a small percentage to maintain the sites and the cities will enjoy the benefits of some revenues from the leasing/spacing usage, which can be included in the Agreement, once finalized via negotiations.

Board Member Jackson asked if staff was going to work with the agencies about concerns and problems with their radios or any communications, to include language addressing certain requirements like community complaints, etc. ...

Executive Director Mallon stated staff would consider that.

Board Member Jackson stated even though it is not in the grant agreement, he'd like to have something where the responsibility is with LA-RICS, not the cities. Executive Director Mallon confirmed if the interference issues are created by LA-RICS, LA-RICS will be responsible for the remedy.

Mr. Fujioka: We'll get more information on that because I've had a situation where we tried to extract a tower and a resident will come forward, or a group will say, "This tower is going to create health issues," whether real or not, so to have a huge number of public hearings associated with something that's "real or not" is something that also needs to be addressed. We need to draw the appropriate line on what this Authority should handle and what should continue to be within the purview of responsibility of a city.

Board Alternate Patty Huber stated she appreciated the document presented is a draft, however, speaking for the City who's going to be contributing, or entering into a lot of these particular agreements, they've already identified a number of issues and concerns and were happy to talk with County Counsel

(Amended) Mr. Alexander: The issue for me that jumps out is your key point 3.b, regarding the ~~extension~~ **exemption** of zoning. Alternate Board Member Huber expressed the same concern.

Chair Fujioka stated what we need Board members to do is go through the document, whether you as an individual city, or those entities you represent, if you have a problems or issues, please document them, give them to Pat. Pat will in turn share them with everyone so you can see what your peers concerns are, and then we'll work with counsel to address those concerns and come back hopefully with a final document. Please send them as soon as possible and we'll make sure everyone sees the final product including everyone's input.

Executive Director Mallon stated he understood this is a significant effort. The draft document right now many pages and so there's a tremendous amount of information being processed. One of the issues that we still have to resolve is the issue of liability insurance. The County mode and the City's restrictions are a bit of a concern to us. Amongst that is, at least one of the member cities has a significant height restrictions. We are looking to put up



monopoles that are seventy feet, which will provide adequate coverage for that investment. If there are restrictions that cut that to 28 feet, (such as is required by one city), it gets to the point of benefit versus investment. The cost of installing and equipping the 28 foot tower that's going to cover one square mile as opposed to putting up a 70 foot tower that's going to cover 15 square miles are relatively the same. We don't have the wherewithal, nor the locations to put 45 towers in one city because they have a restriction to 28 feet. Perhaps there is some leeway but we understand that in executing a site use agreement, to Mr. Jackson's point, there are going to be city council hearings where these discussions will occur.

Chair Fujioka again requested to please get comments to Pat and he will in turn get them out to the group for review.

8. FCC Public Notice Seeking Comment / T Band – Pat Mallon

Executive Director Mallon stated this has already been alluded to by Ms. Rodriguez, regarding the FCC's request for feedback on the T-Band, we're certainly encouraging all the member cities to submit their independent position. We have until May 15, 2013 and hopefully within that time we can go back to the Legislative Committee and come back to this Board at the April meeting for final direction to staff.

Board Member Simay asked if the Technical Committee examined as a key issue is: how much spectrum will there be available in the 700-800 MHz range? Do we truly have enough for all of the first responders, secondary responder support, and also the situation where you need to have local walkie-talkie situations? Do we really have enough spectrum for the same level of mission-critical communications that we enjoy right now?

Executive Director Mallon stated that is correct. In addition it all depends clearly on the progress that FirstNet and we make in rolling out the LTE project. How much routine communications can be supported through a voice over LTE system. In the discussions we had with Congressman Henry. Waxman, one of the primary authors of HR 3630, we told him that we could potentially move off of the T-Band only if a substantial portion of voice communications could be supported by the broadband system. If the broadband system does not come to fruition, or does not provide push-to-talk and one to many communications, it would be very difficult to move off of T-Band.

Board member Simay noted the County-wide problem varies from agency to agency. Right now with the 2022 deadline there is a mismatch with either having to stretch a system out, past the point of it being really safe for first responders and then hoping that LTE is developed by 2022, or going ahead and getting a system that might then be replaced prematurely unless you get a deadline extension. A lot of agencies will be caught in that bind where they'll have to replace their systems and will not want to replace it again in a few short years.

Chair Fujioka stated that is a discussion we're going to have with the Federal government. When we get to that point in time, the deadline extension may be a reasonable move. We had a pretty good conversation with Congressman Waxman, one that initially focused on helping us get funds to move forward. If we're going to be the poster child for him, and I believe we can be, I'd like the Feds to help us, do just that.



9. ADMINISTRATIVE MATTERS (9-11)

- Executive Director Contract – Chair Bill Fujioka

RECOMMENDATION: It is recommended that your Board approve execution of Professional Services Agreement between the Authority and Patrick J. Mallon, dba O’Meallain, Ltd., to provide services as the LA-RICS Executive Director commencing May 1, 2013, continuing for a period of two years, with a not-to-exceed amount of \$210,600 per year.

MOTION APPROVED

10. Temporary Suspension of Section 3.01 of the Authority’s Bylaws & Extend the Term of At-Large & Alternate Directors– Pat Mallon

RECOMMENDATION: It is recommended that your Board temporarily suspend Section 3.01 of the Authority’s Bylaws and extend the term of the current At-Large Director and Alternate Director seats to April 3, 2014.

MOTION APPROVED – Board Members Greg Simay and LeRoy Jackson abstained.

11. LA-RICS Liability Coverage – Pat Mallon

RECOMMENDATION: It is recommended that your Board:

- i. Discuss the following liability coverage options for the LA-RICS Joint Powers Authority (JPA):
 1. Pooling of self-insured claims/losses program (Program) under the California Joint Powers Insurance Authority (CJPIA); and
 2. Insurance coverage under Commercial General Liability (CGL), Professional Liability/Errors and Omissions/Directors and Officers (D&O) & Auto Liability (AL) policies;
- ii. Provide direction to Authority Staff as to which option the Board would like to pursue and procure; and
- iii. Delegate authority to the Executive Director to complete application(s) on behalf of the JPA to procure the selected liability coverage option, and procure the liability coverage at the limits specified by the Board with a not-to-exceed cost of \$50,000 a year.

Executive Director Mallon stated that on Item 11 there are two presentations along with a request for direction from the Board regarding retention of liability coverage. LA-RICS reached out to LA County’s Risk Manager for information from private carriers as well as to the Joint Powers Insurance Authority (JPIA) that provides insurance to the contract cities as well as some municipal Boards.

John Shaw, Executive Officer of the JPIA presented the following information:

- JPIA was formed in 1977, and first day of coverage in 1978.
- Provide coverage to cities and local government agencies throughout CA.



- Within the pool they hold \$5 million for the membership (over 120 public agencies)
- Memorandum of coverage is \$5 million to \$15 million
- Excess insurance of \$50 million per occurrence, per individual agency
- If LA-RICS applies, there would be an initial staff level review, as well Executive Committee and their Board of Directors review.
- LA-RICS would be a separate entity and have a separate coverage.
- No deductibles; they fund at a 75% confidence level year end & out;

Board Member Greg Simay stated that since LA-RICS' membership is not confirmed until a financial plan has been approved by all members; does it matter if there are 45 – 55 members? Mr. Shaw responded that it would not be a problem.

Board Member Alexander asked how the exposure of the pool would affect the premium. Would LA-RICS share any of the liability of the pool, and what pool would LA-RICS be? Mr. Shaw replied that they have police and non-police exposure; LA-RICS is a non-police exposure. Funding is established based on actuarial numbers, which are based on the pooled program experiences from the past five years. There are "volatility" bands that do limit the amount that rates might increase. On the other hand if the pool has great experience for two years, the rate might go down. Rates fluctuate based on the experience that each member has. But as it looks right now, LA-RICS does not seem to have a significant exposure.

Lloyd Pantel, CEO Risk Management provided the following insurance options:

OPTION 1:

- 1) Self-Insured Retention (SIR) for the first \$25,000 of any claim; then
- 2) Above \$25,000, plus other options:
 - \$2 million with a combined single limit, all the way to \$10 million with a combined single limit
 - Agency needs to figure out how to handle the first \$25,000
 - Using an internal adjustment firm, or
 - Hire out like the JPIA does, and hire Carl Warren

Mr. Pantel did not have available premiums for LA-RICS, therefore the rates are not exact. The lowest SIR level \$2 million single limit would be about \$100,000 per year of coverage. The coverage includes: general liability exposure; property exposure; \$5,000 of leased space or occupied space, no worker's comp, but with \$2 million in automobile liability coverage.

OPTION 2:

Standard Deductible Policy, ranging from \$10,000 to \$50,000, with the deductible only applying to the Directors and officers. Single limit policies range from \$1million per occurrence, \$1million aggregate; to \$1 million per occurrence, \$5 million aggregate, and prices ranging from \$50,000 a year to \$100,000 a year. Policies would be renewed annually.



Chair Fujioka asked what the price estimate was for the JPIA, Mr. Shaw stated that \$11,000 would be the estimated annual contribution, assuming losses remain the same.

Executive Director Mallon stated that regarding site use agreements, there is a requirement for liability insurance for installations, and wanted to know if that property would be covered. Mr. Pantell stated that the property insurance program can be purchased. If you entered into an agreement with someone, provide them with the agreement information including the value of that agreement, they can be added to the exposure basis and establish the rates. There will be an increase to the cost to the Authority based on the value of the contract. They use payroll as the estimate to exposure.

Board Member Patty Hubber stated that because of this being a significant decision and not enough time given, LA City requested for at least a one-month extension to review the options. Executive Director Mallon stated that the process is 60 – 90 days; and wanted it in place by the meeting in June 2013. Liability insurance is needed in order to enter into a contract.

(Amended) A Motion was made from **Board Member Mark Alexander** to obtain quotes (submit applications) with both the JPIA (**Joint Powers Insurance Authority**) and commercial **insurance** carriers and **look into other potential insurance options. Additionally, move forward to obtain the Directors and Officers liability coverage now.**

MOTION APPROVED

12. MISCELLANEOUS – (None)

13. PUBLIC COMMENTS

14. ITEMS FOR FUTURE DISCUSSION AND/OR ACTION BY THE BOARD

- FirstNet Path Forward
- Project Funding
- Project Risk Control