



Executive Committee Meeting
June 8th, 2017 / 10:30 am – 1:00 pm

Bay Area Metro Center
375 Beale Street; Suite 700
San Francisco, CA 94105
Ohlone Conference Room – 1st floor

Summary Minutes

Committee Members Present:

Marc Zafferano – Chairman, San Bruno
Mary Furey – Saratoga Alternate
Ann Ritzma, Foster City
Jesse Takahashi, Campbell
Brian Dossey, Colma
Kathleen Kane, Burlingame
Heather McLaughlin, Benicia
Kevin Bryant, Woodside
Richard Lee, South San Francisco

ABAG/MTC - Staff Present:

Courtney Ruby, Outgoing PLAN CFO
Brian Mayhew, Incoming PLAN CFO
Jill Stallman, ABAG PLAN Claims Manager; *Acting* Risk Manager
Kim Chase, ABAG PLAN Administrative Assistant

Other's Present:

Jim Hill, ABAG PLAN Consultant - Telephonic
Greg Rubens, ABAG PLAN Counsel

1. **Call to Order** @ 10:39am by Marc Zafferano. Roll call taken and a quorum was present.
2. **Public Comments**– None
3. **Approval of Minutes** –Minutes from May 17th , 2017

4. Actuary Committee Report – Actuary Report; Member Contributions

The Actuary Committee met on April 19, 2017 with a quorum. The Actuary Committee approved the referenced Actuarial Reports dated April 4, 2017 and March 29, 2017. During the discussion, a request was fielded to enhance the Background section of the reports. That modification was represented in attached reports (now both dated April 4, 2017) which replaces the preliminary reports that were approved by the Committee. There is no material change in these versions being presented other than the noted modification. Additionally, the group was presented with an iteration that contemplated the City of Cupertino at a reduced retention limit of \$100k (down from \$250k) and to illustrate the overall impact of such a change. The City has indicated it does not wish to alter its retention at this time so those additional documents are not being provided for this discussion but are available upon request. The group went over the following key highlights: The overall, PLAN losses (claims) have developed greater than expected since the prior actuarial study. This has been driven, in particular, by results in the 2012-13 accident year. PLAN outstanding liabilities have decreased from \$17.2 million as of 6.30.16 to \$16.3 million as of 6.30.17 at the expected level (-\$900k), and from \$25.2 million to \$24.0 million at the 90% confidence level (-\$1.2 million). PLAN assets have decreased from \$44.8 million as of 6.30.16 to \$42.6 million as of 6.30.17 (-\$2.2 million); As a consequence of decreasing liabilities and decreasing assets, the Risk Margin Fund and the SIR Fund have been impacted in the following way: The Risk Margin Fund balance has decreased from \$8.0 million as of 6.30.16 to \$7.7 million as of 6.30.17 (-\$300k); The SIR Fund has decreased from \$19.6 million as of 6.30.16 to \$18.7 million as of 6.30.17 (-\$900k). The program is still funded well over the 90% target confidence level, with the SIR Fund fully replenished back to its pre-2011 level. This is a sure indicator of the program's overall financial strength. All target funding benchmarks (ratios) are very good and exceed the requirements of our funding policy. Therefore, the Actuary Committee recommends approval of the revised Actuary Reports dated April 4, 2017. Copies of the reports were included in the packet for review and discussion.

Action: Approve draft actuarial reports dated April 4th, 2017 for presentation to the Board of Directors //M//Lee//S//Kane//C//Unanimous

Action: Approve Member Premium Contributions
//M//Bryant//S//Dossey//C//Unanimous

5. Finance Committee Report – Financial Report Highlights; PLAN Administrative Budget.

The Finance Committee met on May 30, 2017 with a quorum present. The Finance Committee recommends approval of PLAN's Financial Statements, MOIC, Investment Reports, revised Investment Policy. The Finance Committee recommends approval of PLAN's Administrative Budget for FY 2017/18. The Finance Committee will continue to work closely with the Executive Committee with regard to the evaluation of ongoing PLAN program costs as they pertain to the ABAG-MTC staff consolidation (eff July 1, 2017) and the RFP findings with both factoring into PLAN's consultant study on

alternatives for program administration or other means to achieve long-term cost stability.

Action: Motion to approve Financial Statements, as presented.

//M//Takahashi//S//Lee//C//Unanimous

Action: Motion to approve PLAN Administrative Budget, as presented.

//M//Lee//S//Kane//C//Unanimous

6. Risk Management Committee Report – PLAN Performance; Best Practices Update; Grant Funding; Training; Frequency & Severity Analysis

The Risk Management Committee met this FY on October 12, 2016 and on April 5, 2017 with a quorum present at each and discussed the following business: PLAN Program Performance Highlights - Frequency and Severity Analysis; Member Annual Risk Management Plans; PLAN Training Program Update; PLAN Grant Program Funding Utilization Review & Approval of Grant Funding Allocation; Best Practices for Contractors or subcontractors using Unmanned Aerial Systems (Drones) – Insurance Requirements in Contracts (IRIC); Bicycle Accident Study – focus on solo bike accidents and Auto v. Bike losses for the pool; Hazard Abatement & Best Practices – discussion about communication within a jurisdiction and recognizing if grant funds may apply.

The group discussed the frequency and severity trends for the pool and within specific departments. The Risk Management Program status was addressed including notations of some members who appear to be behind on their compliance with implementing Best Practices Plans in the selected categories. It was noted that often staff turnover plays a role and usually a jurisdiction regains focus when those issues are resolved. Other members may need further reminding. Jill reminded the group that in accordance with the Risk Management Policy members who are not in compliance do not qualify for utilization of their grant funding allocation. Once they come into compliance those funds then become available. The Committee drafted a letter that may be sent to a member by the Chair, when appropriate. Training workshop topics were discussed and the schedule was shared. The Grant Program Utilization was reviewed and approved while it was decided to continue funding at the same level given the overall financial strength of the group and the benefits of having access to the grant allocation.

In response to the increasing interest in drones and the Board decision to continue excluding coverage for drones, the Risk Management Committee discussed and approved Best Practices for Insurance Requirements in Contracts as they relate to Contractors and Subcontractors using Unmanned Aerial System (Drones). The Executive Committee packet did not include the historical supporting documents referenced by the Risk Management Committee throughout the year so the Executive Committee opted to defer to the Board of Directors meeting before voting to adopt the drone best practice language.

A member asked for a study on bicycle accident trends due to a perception that these types of losses are on the rise as to frequency. The analysis focused on solo bicycle accidents and auto v. bike losses. Members are welcome to request the Committee review and topics throughout the course of the year. The group also discussed the importance of maintaining ongoing communication amongst departments within a jurisdiction with an eye on optimal utilization of grant funds.

A hindsight example was discussed wherein a large City tree fell onto a house three months after the tree was pruned rather than removed, as recommended by a consultant. At the time decisions were being made regarding how to address this tree it may have helped for the decision-makers to know that PLAN grant dollars may have been available for the cost of abating the hazard.

The Risk Management Committee asks the Executive Committee and Board to review, discuss and approve the reviewed reports.

***Action:** Motion to approve Grant Fund Allocations for presentation to the Board of Directors //M//McLaughlin//S//Takahashi//C//Unanimous*

7. Claims Committee Report – TPA Stewardship Report, Defense Panel Additions, Utilization and Rates

The Claims Committee met several times this year and discussed the following business: Settlement authority for two large losses was considered during closed session; Defense Panel addition requests were evaluated, resulting in approval of Bob Gundert and TJ Murray (both lawyers have generated positive feedback since joining the panel); TPA Contract Extension for Claims Administration Services was reviewed and accepted (3 years); TPA Stewardship Report was presented and reviewed; Defense firm utilization and rates were presented and reviewed; Large Losses of all members with total incurred of \$150k and above were reviewed during closed session. No action is required at this time. The Committee continues its efforts to contain claim costs and to determine best case resolutions in collaboration with affected members. The Committee also worked to identify various means to improve litigation outcomes, including establishing a strong defense panel that aligns to member needs and the subject matters we have to litigate. The Committee also actively monitors overall settlement vs. litigation strategy, to ensure the best long-term aggregate outcomes for PLAN, as balanced with the needs of the member agency involved in a particular matter. The group is monitoring significant exposures that may not be retained by the member. The Executive Committee also acknowledged and accepted the recommendation to extend York's Claim Administration Agreement Extension and directed staff to execute the agreement pending Board concurrence

8. Member Satisfaction Survey Discussion

As noted during the December 2016 Board Retreat, the Member Satisfaction Survey was designed with the goal of receiving 100% feedback from the membership on topics related to the products and services offered to PLAN through ABAG and other vendors. The intent is to field constructive and candid feedback while gaining an understanding of where we are excelling and in what areas there may be opportunity for improvement so we can respond accordingly. The group went over the key findings. Ideally there would be 100% participation. After the first open window for the survey, concluding at the end of January, the response participate rate was too small for viable conclusions to be drawn. After reopening the survey window for additional participation the final response rate was 18 of the 28 current

members, or 64%. This was a small increase from the original and a lower than expected participation rate. The following narrative provides an overview of the survey results, including all responses received as of March 17, 2017. While evaluating the survey in terms of functional areas of the primary respondents 13 of 18 are PLAN Board Members or Alternates and some reported that they were providing feedback on behalf of more than one person with whom interaction with ABAG staff and vendors occur. Nearly all respondents (17 of 18) are full time employees in their jurisdiction. A significant number of the respondents work in Finance/Administration (38.9%) or in the Legal/City Attorney Office (27.8%) This survey was conducted in our ongoing effort to field candid feedback to assure member needs are being met and to identify areas where opportunity for improvement exists. Our purpose is to serve the group. To all member agencies that participated we thank you for your valuable time and will take action on the feedback received. The Survey and results were provided to the Executive Committee.

9. **Board and Committee Activity**

Greg Rubens took floor nominations for a slate of officers and committee assignments. The Slate of officers was established and approved by the committee. Marc Zafferano has been officially named the President of the Corporation; Ann Ritzma has been named the CFO of PLAN Corp, and Heather McLaughlin is the new Secretary of PLAN Corp. The committee also reviewed and approved the proposed Board & Committee meeting schedule and calendar, which will be presented to the Board along with the slate of officers.

***Action:** Motion to approve FY 17/ 18 Meeting Calendar and leave the Executive Committee assignments as is //M//Bryant//S//Campbell//C//Unanimous*

***Action:** Motion to approve Slate of officers as presented by Greg Rubens //M//Campbell//S//Kane//C//Unanimous*

10. **Other Business** – No other business was discussed.

11. **Adjourn** – The meeting was called to adjourn at 1:24pm by Marc Zafferano (Chairman)

Respectfully Submitted,



Jill Stallman
ABAG PLAN Claims Manager
Acting Risk Manager

