

**POOLED LIABILITY ASSURANCE NETWORK JOINT
POWERS AUTHORITY
(PLAN JPA)**

**MINUTES OF THE BOARD OF DIRECTORS
MEETING OF JUNE 20, 2018**

A regular meeting of the Board of Directors was held on June 20, 2018, at Hilton Garden Inn San Francisco Airport North, 670 Gateway Boulevard, South San Francisco, CA 94080.

MEMBERS PRESENT: Marc Zafferano, Chair, San Bruno
George Rodericks, Atherton
Heather McLaughlin, Benicia
Kathleen Kane, Burlingame
Jesse Takahashi, Campbell
Brian Dossey, Colma
Pak Lin, Colma (Alternate)
Julie Carter, Dublin
Ann Ritzma, Foster City
Yulia Carter, Half Moon Bay
John Mullins, Hillsborough
DeAnna Hilbrants, Millbrae
Will Fuentes, Milpitas
Donald Larkin, Morgan Hill
David Benoun, Newark (*Left during Agenda Item 9.C*)
Joe Chinn, Ross
Rebecca Mendenhall, San Carlos
Mary Furey, Saratoga
Richard Lee, South San Francisco
Scott Corey, Suisun City
Kevin Bryant, Woodside
Cindy Safe, Woodside (Alternate)

MEMBERS ABSENT: Jason B. Holley, American Canyon
Jaqui Guzman, Cupertino
Brenda Olwin, East Palo Alto
Frances Reed, Los Altos Hills
Robert Schultz, Los Gatos

Lorenzo Hines, Pacifica
Jeremy Dennis, Portola Valley
Greg Chanis, Tiburon

OTHERS PRESENT:

Rob Kramer, General Manager, Bickmore
Yahaira Martinez, Assistant General Manager, Bickmore
Jon Paulsen, Senior Consultant, Bickmore
Katie Sullivan, Analyst, Bickmore
Ritesh Sharma, Finance Manager, Bickmore
Jeff Johnston, Director of Risk Control, Bickmore
Craig Wheaton, Litigation Manager, Bickmore
Jackie Miller, Bickmore
Mike Harrington, Actuarial Services President, Bickmore
Greg Rubens, Legal Counsel, Aaronson, Dickerson,
Cohn & Lanzone (*Left after Agenda Item 7.A*)
Seth Cole, Alliant Insurance Services
Lesley Murphy, PFM Asset Management
Sarah Meacham, PFM Asset Management

1. CALL TO ORDER:

The June 20, 2018, Board of Directors meeting was called to order at 9:45 a.m. by Marc Zafferano.

2. INTRODUCTIONS:

Roll call was taken and it was determined a quorum was present.

3. ELECTIONS:

A. Election of Committee Members for Program Year 2018/19

Mr. Rob Kramer, General Manager, noted in previous years, the Executive Committee was tasked with developing a slate of candidates for the Board's consideration. Prior to its June 6th meeting, staff distributed an email soliciting interest to continue serving or serve for the first time on a Committee. For the Board's reference, the Executive Committee's proposed slates were included in the agenda. Additional nominations were taken from the floor. Upon review, the Board approved the following candidates to serve on the Committees:

Executive Committee

Marc Zafferano, Chair, San Bruno

Heather McLaughlin, Benicia

Kathleen Kane, Burlingame

Jesse Takahashi, Campbell

Ann Ritzma, Foster City

Robert Schultz, Los Gatos

Richard Lee, South San Francisco

Kevin Bryant, Woodside

Vacancy (reserved for Risk Management Committee Chair)

Claims Committee

Kathleen Kane, Chair, Burlingame

Heather McLaughlin, Benicia

Jesse Takahashi, Campbell

Brenda Olwin, East Palo Alto

John Mullins, Hillsborough

Robert Schultz, Los Gatos

Marc Zafferano, San Bruno

Rebecca Mendenhall, San Carlos

Scott Corey, Suisun City

Risk Management Committee

Vacancy in Committee Chair

George Rodericks, Atherton

Julie Carter, Dublin

Yulia Carter, Half Moon Bay

David Benoun, Newark

Jeremy Dennis, Portola Valley

Finance Committee

Ann Ritzma, Chair, Foster City

Yulia Carter, Half Moon Bay

Will Fuentes, Milpitas

Rebecca Mendenhall, San Carlos

Richard Lee, South San Francisco

Mary Furey, Saratoga

Actuarial Committee

Jesse Takahashi, Chair, Campbell

Pak Lin, Colma

Colleen Tribby, Dublin

Edmund Suen, Foster City

Lorenzo Hines, Pacifica

Cindy Safe, Woodside

Ann Ritzma moved to approve the candidates to serve on PLAN JPA's Committees for Program Year 2018/19. Richard Lee seconded the motion. Motion passed unanimously.

B. Election of Officers for Program Year 2018/19

In preparation for the annual elections, staff distributed a solicitation email seeking interest from the Board and Alternate representatives to serve for the first time, or to continue serving, as an Officer for the PLAN Board. As with the slate of candidates for the Committees, the Executive Committee was tasked with developing a slate of candidates to fill the Officer positions of President, Vice President, and Treasurer for the Board's consideration.

Mr. Kramer stated currently Mr. Marc Zafferano, Mr. Michael Taylor, and Ms. Ann Ritzma hold the positions of President, Vice-President, and Treasurer. He noted Mr. Taylor chose not to run for re-election due to his upcoming retirement next spring. The slate of candidates the Executive Committee developed is as follows:

- President: Marc Zafferano, San Bruno
- Vice-President: Kathleen Kane, Burlingame
- Treasurer: Ann Ritzma, Foster City

Mr. Zafferano opened the floor up for any additional nominations and after a few minutes, the Board agreed to approve the slate of candidates as proposed by the Executive Committee.

Kevin Bryant moved to elect Marc Zafferano as President, Kathleen Kane as Vice President, and Ann Ritzma as Treasurer for PLAN JPA for Program Year 2018/19. Heather McLaughlin seconded the motion. Motion passed unanimously.

4. APPROVAL OF AGENDA AS POSTED (OR AMENDED):

No amendments were requested. Agenda was approved as posted.

5. PUBLIC COMMENTS:

None.

6. CONSENT CALENDAR

Mr. Jesse Takahashi, Campbell, noted a typographical error on Item B) Resolution No. 2018-02: Establishing a Records Retention Policy and requested the resolution to be amended.

Rebecca Mendenhall moved to approve the following items: A) Resolution No. 2018-01: Establishing the 2018/19 Calendar of Meetings; B) Resolution No. 2018-02: Establishing a Records Retention Policy, as amended; C) Resolution No. 2018-03: Establishing All Bank Accounts and Authorized Signatures; D) Resolution No. 2018-04: Revising Authorized Signers for the Investment of Monies in the Local Agency Investment Fund (LAIF); E) Resolution No. 2018-05: Authorizing PLAN JPA to Join with Other Public Agencies as a Participant of the California Asset Management Program (CAMP); F) PFM Asset Management Letter Agreement; and G) PLAN JPA Investment Policy. Yulia Carter seconded the motion. Motion passed unanimously.

7. ADMINISTRATIVE MATTERS

A. Consideration of Bylaws for PLAN JPA

Mr. Jon Paulsen, Senior Consultant, informed the Board that the Executive Committee reviewed drafts of the proposed PLAN JPA Bylaws on two separate occasions: the April 5th, and June 6th meetings. It was noted staff, Board Counsel, and the Executive Committee tried not to make significant material changes to the current model; however, with the change from a non-profit public benefit corporation to a joint powers authority, certain changes were made to remain consistent. These included:

- Changing the name from ABAG PLAN to PLAN JPA throughout the document;
- Defining the jurisdictional area of PLAN JPA;
- Removing references stating PLAN is a “corporation;”
- Outlining requirements for membership in PLAN JPA;

- Updating the Officers section to comport with the new JPA structure;
- Changing language to state the General Manager shall serve as Secretary; and
- Changing references of “Chief Financial Officer” to “Treasurer.”

After a short discussion, the only amendment requested was to add a phrase stating the PLAN JPA does not have any employees and in order to hire an individual, it would require a two-thirds vote of the Board of Directors. It was also noted members would need to have their city councils re-appoint them as the representatives for PLAN JPA in the form of a resolution.

Kevin Bryant moved to approve the Bylaws for PLAN JPA, as amended. Donald Larkin seconded the motion. Motion passed unanimously.

B. Consideration of Memorandum of Coverage for PLAN JPA

As with the Bylaws, the Executive Committee reviewed the first draft of the PLAN JPA Pooled Liability Program Memorandum of Coverage (MOC) and approved changes recommended by staff as well as directed staff to make other minor changes regarding consistency throughout the document.

Mr. Paulsen reviewed the changes with the Board as follows:

- Changing the name from ABAG PLAN name to PLAN JPA throughout the document;
- Changing the issue/effective date to July 1, 2018;
- Filling in fields on the Declarations page;
- Changing references of a “deductible” to “self-insured retention” throughout the document;
- Adding Endorsement No. 1 to list each member as a covered party under the MOC; and
- Adding Endorsement No. 2 to list each member’s Retained Limits.

Mr. Paulsen stated going forward, the MOC can be approved by the PLAN JPA Executive Committee, once constituted. However, since it was not yet constituted, staff recommended the Executive Committee recommend the Board formally consider the MOC, along with the Bylaws and Master Plan Document.

Richard Lee moved to approve the Memorandum of Coverage for PLAN JPA. Brian Dossey seconded the motion. Motion passed unanimously.

C. Consideration of Master Plan Document (MPD) for the Pooled Liability Program for PLAN JPA

Mr. Paulsen reviewed the proposed Master Plan Document (MPD) with the Board, advising this document was also reviewed by the Executive Committee. He stated previously, ABAG PLAN had a document titled “Risk Coverage Agreement” that served as the document that contractually bound the members together in ABAG PLAN as well as outlined some of the member responsibilities and obligations for participation in the program. Since the PLAN Joint Powers Agreement replaced many items previously in the Risk Coverage Agreement, staff recommended maintaining a separate document for the items related to the operation of the PLAN Pooled Liability Program. He advised staff recommends a MPD and MOC be created for each coverage program, and after approval of this document, staff will bring forth MPDs for the other lines of coverage.

A Committee Member requested a sentence be added to Item #2 under Claims Settlement Authority that states if there is a dispute between the Claims Manager and Member Entity, it may be heard by the Claims Committee.

Ann Ritzma moved to approve the Master Plan Document for PLAN JPA, as amended. Scott Corey seconded the motion. Motion passed unanimously.

D. Consideration of PLAN JPA Conflict of Interest Code

Ms. Yahaira Martinez, Assistant General Manager, noted with the transition from ABAG PLAN to PLAN JPA, some amendments were required to the Conflict of Interest Code (COIC); specifically, changing the name to PLAN JPA throughout the document. She noted staff requested the Fair Political Practices Commission (FPPC) become the filing officer in order to provide filers with the option to file Form 700s electronically.

Ms. Martinez advised any time an amendment is made to the COIC, the FPPC requires the Code be submitted to them for approval. The amendments recommended were as follows:

- Changing the name from ABAG PLAN to PLAN JPA throughout the document;
- Changing the entity responsible for retaining the original copies of statements from ABAG PLAN to the FPPC in order to permit electronic submissions of filer’s FPPC Forms;
- Designating Positions – adding the Board and Alternates to the list and removing the Claims Manager, and Risk Managers these positions fall under “Consultants;” and
- Clearly listing the disclosure categories.

Ms. Martinez stated the FPPC requires a public Notice of Intention to Amend a Conflict of Interest Code be distributed to the membership, staff, and service providers. The notice requires a 45-day commenting period be provided for PLAN members and members of the public to give feedback. This 45-day period ends on July 23, 2018. She confirmed as long as there are no other amendments to the COIC, staff will provide a final version to the membership as well as post to the website once finalized.

Heather McLaughlin moved to approve the Conflict of Interest Code for PLAN JPA. Joe Chinn seconded the motion. Motion passed unanimously.

8. RISK CONTROL MATTERS

A. Update on PLAN JPA Risk Control Program for 2018/19

At the last two Risk Management Committee meetings, discussion centered around developing a risk control plan that would provide “core risk control services” for all members along with a streamlined and simplified Grant Fund program to supplement and support each member’s respective risk management program.

Mr. Kramer provided background information on the new Risk Control Program and noted it was developed and refined by the Risk Management Committee and staff, and later presented to the Executive Committee. The proposed Plan was reviewed and approved at the June 6th Executive Committee meeting with the caveat of limiting the contract to one year. The Executive Committee directed the Risk Management Committee to survey membership satisfaction toward the end of the program year. Mr. Jeff Johnston, Director of Risk Control, provided an overview of the core services of the Risk Management Program and noted Ms. Gail Zeigler, Risk Control Consultant, will remain the first point of contact. Mr. Johnston directed the Board to the Risk Management Program Service Detail and Grant Fund Policy documents included in the agenda, and highlighted the following:

The Core Risk Services Program will include a first year, on-site risk control orientation for each member to provide an overview of the services and resources available through the plan and to discuss specific member needs and develop action plans. Additional services will include driver training, contractual risk transfer, unlimited email and phone support, regional training and resource development. The Grant Fund Program will remain in place, but guidelines were revised to allow for broader use of funds with fewer restrictions than in the past. A total of \$500,000 will be allocated from equity to the program, and funds will be distributed “pro rata” based on each member’s percentage of premium. Once all reimbursement requests have been completed for the 17/18 program

year, remaining funds in all buckets will be redistributed to members via the same pro rata formula.

Lastly, Mr. Johnston provided an overview of the Bickmore Risk Control website noting the several resources available to members. He reminded the Board anyone from the member cities wishing to access the material will be required to register for the site.

The PLAN JPA Board of Directors convened to break at 10:57 a.m. and reconvened at 11:10 a.m.

9. FINANCIAL MATTERS

A. Review of the General Liability Actuarial Report

Mr. Mike Harrington, President of Actuarial Consulting, reviewed the General Liability Actuarial Report for the Self-Funded Liability Program for PLAN JPA as of June 30, 2018

Mr. Harrington provided the following highlights regarding the report:

- Outstanding liabilities are expected to be \$20,630,000 as of June 30, 2018
- Ultimate cost of claims and expenses for 2018/19 are expected to be \$4,922,000
- The rates for the 2018/19 program year are \$1.15 per \$100 of payroll
- Pool is being funded at the 60% confidence level with a 3% discount factor

Ann Ritzma moved to receive and file the Draft Actuarial Review of the Self-Insured Liability Program for PLAN JPA Ending Fiscal Year June 30, 2018. Kevin Bryant seconded the motion. Motion passed unanimously.

B. Update on Alliant Insurance Renewals

Mr. Seth Cole, Alliant, provided an update on the excess and Alliant Property Insurance Program (APIP) renewals to the Board.

Mr. Cole reviewed the property renewals, noting the property program renewal rate increased 7.13%. Alliant originally estimated a 7.5% rate increase, largely due to market conditions and losses the pool has experienced. Combined with the increase in Total Insured Values (TIV), the total premium increase is 11.19%.

Next, Mr. Cole discussed the excess general liability market, stating the Market reinsurance premium was quoted higher than expected at \$1.3 million, due to paid claims from prior years; therefore Alliant completed full scale marketing for the liability

renewal. He advised Pennsylvania Manufacturer's Associates Insurance Company (Old Republic) came in with the most competitive renewal at just over \$1 million. The 2018/19 premium for liability increased 34% overall year over year.

Further, Mr. Cole introduced the Active Assailant Coverage, formerly known as Active Shooter Coverage, a group purchase program offered by Beazley; with limits at \$500,000 per claim and a \$2.5 million annual aggregate. It included various sub-limits for First Party Property Damage and Business Interruption, Crisis Management, Funeral Expenses, and Counselling Services. Annual premium is \$12,833 for the pool as a whole, with a \$10,000 deductible.

Finally, Mr. Cole discussed Public Official Liability Coverage/Errors and Omissions (E & O) for PLAN JPA's Board of Directors. Previously, coverage was provided by the Association of the Bay Area Governments (ABAG), which expired with the transition from ABAG PLAN to PLAN JPA. Alliant provided a quote from Trust EZ & O for \$10,000. After a brief discussion, Mr. Kramer recommended PLAN JPA purchase the coverage for the 2018/19 year and suggested PLAN consider including the coverage into the MOC for the 2019/20 year.

The Board agreed to purchase the Active Assailant Coverage, and Public Official Liability/Errors and Omissions coverage presented.

C. Approval of the Draft Budget for 2018/19

Mr. Ritesh Sharma, Finance Manager, reviewed the Proposed Operating Annual Budget for the 2018/19 fiscal year. The funding model was similar to what PLAN has approved in the past, with funding rates compiled by PLAN's actuary. Highlights and components of the Budget were reviewed as follows:

- Member contributions for the Liability Program were presented at the 60% Confidence Level (CL) with a 3% discount factor;
- Member contributions for the Property Program were presented at the 70% CL with a 3% discount factor;
- Operating Budget contributions increased from \$9.7 million to \$10.9 million; an increase of 12% over prior year;
- The Liability program showed a 12% increase in contributions over prior year, due to a 7.8% increase in payroll and a 34.2% increase in insurance costs.
- The Property program showed a 12% increase over the 2017/18 approved budget.

Mr. Sharma reviewed the breakdown of administrative expenses for PLAN JPA as follows:

- A 9.3% decrease overall from prior year;
- The cost of salaries would decrease by \$1.3 million due to pool administration services transitioning to Bickmore. There was a 3.1% increase in pool administration services for 2018/19 due to 2017/18 fees being prorated;
- A \$4,000 increase based upon new financial audit contract;
- A 3.3% increase in cost for actuarial services;
- A 5% increase in claims administration and audit;
- A 4.6% increase in legal counsel services; and
- A decrease in \$7,000 in meeting related expenses.

Mr. Sharma noted the budget did not include the addition of Active Assailant, Errors and Omissions, and Crime Coverages.

Ann Ritzma moved to approve the 2018/19 Operating Budget with the addition of the Active Assailant, Errors and Omissions, and Crime Coverages as well as a one-year contract with Bickmore for Risk Control Services. Heather McLaughlin seconded the motion. Motion passed unanimously.

D. Presentation on Investment Manager Services

At the February 2018 special Executive Committee meeting, PFM Asset Management (PFM) was selected to manage PLAN and SHARP's investments. Additionally, the Committee approved participation in the California Asset Management Program (CAMP), a California Joint Powers Authority created to provide public agencies with professional investment services. At the recommendation of the Finance Committee, the Executive Committee also approved changes to investment policy.

Mr. Kramer introduced Ms. Lesley Murphy and Ms. Sarah Meacham, PFM, who discussed PFM's investment strategy for PLAN JPA's investment portfolio. Ms. Murphy began by discussing the investment strategies for meeting PLAN's Objectives of Safety, Liquidity, and Return on Investment as well as items discussed with the Finance Committee. Strategies included:

- Diversifying the portfolio by sector, maturity, industry, and issuer;
- Understanding elements that impact the General Liability and Property Liability's program liquidity needs;
- Enhancing returns through active management; and

- Aligning duration of portfolio assets with duration of liabilities.

10. CLOSING COMMENTS

A. Board of Directors

Jesse Takahashi, City of Campbell, thanked Marc Zafferano, City of San Bruno, and staff for successful meetings.

B. Staff

None.

11. ADJOURNMENT

The Regular Meeting of the PLAN JPA Board of Directors was adjourned at 1:03 p.m.



Katie Sullivan, Assistant Board Secretary