

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

**MINUTES OF THE STRATEGIC PLANNING SESSION
OF DECEMBER 9, 2020**

A Strategic Planning Session of the Board of Directors was held on December 9, 2020, via teleconference.

MEMBERS PRESENT: Marc Zafferano, President, San Bruno
Pak Lin, Treasurer, Colma
Maria Ojeda, American Canyon
George Rodericks, Atherton
Alan Shear, Benicia
Will Fuentes, Campbell
Julie Carter, Dublin
Brenda Olwin, East Palo Alto
Maria Saguisag-Sid, Foster City (Alternate)
Lisa Lopez, Half Moon Bay
Jan Cooke, Hillsborough
Sarina Revillar, Los Altos Hills
Robert Schultz, Los Gatos
Mike Sung, Millbrae (Alternate)
Donald Larkin, Morgan Hill
Lenka Hovorka, Newark
Kevin Woodhouse, Pacifica
Jeremy Dennis, Portola Valley
Joe Chinn, Ross
Rebecca Mendenhall, San Carlos
Mary Furey, Saratoga
Leah Lockhart, South San Francisco
Suzanne Creekmore, Tiburon (Alternate)
Kevin Bryant, Woodside

MEMBERS ABSENT:

Carol Augustine, Burlingame (Alternate)
Kristina Alfaro, Cupertino (Alternate)

Walter Rossman, Milpitas
Greg Folsom, Suisun City (Alternate)

OTHERS PRESENT: Jon Paulsen, General Manager
Katie Sullivan, Assistant General Manager
Daria Hoffmann, Analyst
Cynthia Gordon, Unit Manager
Cheyenne Deary, Litigation Analyst
Ritesh Sharma, Finance Manager
Terrie Norris, Risk Control Manager
William Portello, Litigation Manager
Susan DeNardo, Litigation Manager
Joe Costamagna, Contractual Risk Transfer Manager
Greg Rubens, Board Counsel, Aaronson, Dickerson,
Cohn & Lanzone
Becky Richards, Bickmore Actuarial
Lisa Hisatomi, Dublin
Renuka Dhadwal, Dublin
Rafael Alvarado, East Palo Alto
Shadia Hrichi, Morgan Hill (Alternate)
Katie Uthman, Woodside

1. SESSION ONE

PLAN JPA President Marc Zafferano welcomed everyone to Session One of the Strategic Planning Session at 9:32 a.m.

A. Claims Trends

PLAN JPA's Litigation Managers William Portello and Susan DeNardo, in conjunction with TPA Claim Supervisor Cynthia Gordon, provided an overview of claims trends and developments, as well as information on claims issues and handling.

Ms. Gordon presented the Claims Process for first-party and third-party claims. To submit a first-party claim, fill out a form located on the PLAN JPA website or by contacting Ms. Gordon. To transmit a third-party claim, the city must email US-York-ABAGClaims@sedgwick.com. Once the claim has been received, the claim is passed to an adjuster. The adjuster will look at if the claim was submitted in a timely manner then

determine if there is liability potential. From this point, the adjuster will assist in managing litigation. Ms. Gordon informed the Board she is available for meetings and questions.

Jon Paulsen, General Manager, reminded the Board to be aware of who claims reports are being distributed to as many contain confidential information. Furthermore, staff is working to improve the claims process to ensure timely settlements.

Mr. Portello presented a review of litigation and claims from 2011-2020. Because of COVID-19 restrictions causing courtrooms to close, minimal action has been taken on many claims. Mr. Portello informed the Board of PLAN JPA's average claim cycle time. Sedgwick has worked to improve cycle times and is proud of current resolution times.

B. Experience Modification

Ritesh Sharma, Finance Manager, discussed member contributions and experience modification. Mr. Sharma gave an overview of primary pool layer coverage costs, excess and reinsurance costs, and administration costs.

Becky Richards, Bickmore Actuarial, reviewed the goals of the cost allocation plan. Members driving claims costs should be contributing more. The Board was reminded of the current ex-mod methodology (which has been in place at least since 2002/03) is:

- Loss experience and payroll from 5 years: for example, when calculating contributions for 2018/19 year, losses and payroll from 2012/13 through 2016/17 were used in the calculation.
- Losses are limited to \$250,000 per occurrence.
- Creditability is given to payroll, limited to a minimum of 20% and maximum of 90%
- The current contribution method caps any members total annual contribution at +/- 30% change.

Ms. Richards recommended no change to loss experience years, no change to loss caps, and no change to credibility. However, it was recommended the capping be moved from the total contributions to the ex-mod. This tempers the impact for any member to receive one large claim and allows for exposure changes. Members could see premiums increase or decrease more than 30%.

Discussion ensued regarding in depth explanations on ex-mods. Temporary mechanisms could be put in place while members adjust to new changes.

Mr. Paulsen and Ms. Richards presented member experience mods by program year for the last 10 years. Severity in claims, loss rates, and frequency were analyzed from each member anonymously. The Board requested this information be included with the yearly actuarial report.

Ms. Richards also presented outlier members on the upper end of loss rates, giving Staff the ability to identify potential (2:14:30). Furthermore, provides members with certainty PLAN is ahead on identifying members with outstanding needs.

2. SESSION TWO

MEMBERS PRESENT: Marc Zafferano, President, San Bruno
Pak Lin, Treasurer, Colma
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Kevin Woodhouse, Pacifica
Jeremy Dennis, Portola Valley
Joe Chinn, Ross
Leah Lockhart, South San Francisco
Suzanne Creekmore, Tiburon (Alternate)
Kevin Bryant, Woodside

MEMBERS ABSENT:

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Kristina Alfaro, Cupertino (Alternate)
Brenda Olwin, East Palo Alto
Lisa Lopez, Half Moon Bay
Sarina Revillar, Los Altos Hills
Thomas Williams, Millbrae

Walter Rossman, Milpitas
Rebecca Mendenhall, San Carlos
Mary Furey, Saratoga
Greg Folsom, Suisun City (Alternate)

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Katie Sullivan, Assistant General Manager
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Cheyenne Deary, Litigation Analyst
Ritesh Sharma, Finance Manager
Terrie Norris, Risk Control Manager
William Portello, Litigation Manager
Susan DeNardo, Litigation Manager
Joe Costamagna, Contractual Risk Transfer Manager
Greg Rubens, Board Counsel, Aaronson, Dickerson, Cohn & Lanzone
Nathan Oyster, Burke, Williams, & Sorensen, LLP
Ian White, Police Captain, Campbell
Renuka Dhadwal, Dublin
Rafael Alvarado, East Palo Alto
Albert Pardini, Police Chief, East Palo Alto
Cory Call, Police Captain, Foster City
Martin Ticas, Police Captain, Foster City
Ann Ritzma, Hillsborough (Alternate)
Ashley Perez, Lead Management Analyst, Hillsborough
Mandy Brown, Hillsborough
Armando Corpus, Chief of Police, Milpitas
Mario Ramirez, Police Captain, Morgan Hill
Gina Anderson, Police Chief, Newark
Daniel Steidle, Police Chief, Pacifica
Erik Masterson, Police Chief, Ross
Katie Uthman, Woodside

PLAN JPA President Marc Zafferano welcomed everyone to Session Two of the Strategic Planning Session at 1:00 p.m.

A. Law Enforcement Liability

Mr. Paulsen provided a brief overview of PLAN JPA's formation and goals. The purpose of the introductory session on law enforcement liability was to offer assistance, resources, training, and development strategies.

Ms. DeNardo introduced Nathan Oyster, Burke, Williams, & Sorensen, LLP, as the guest speaker. Mr. Oyster's experience in civil rights and officer involved shooting cases provides unique insight for litigation trends.

Mr. Oyster presented law enforcement litigation trends. The changing opinion on law enforcement issues impacts the jury pool in civil rights cases. It was reported that the average number of fatal police shootings is consistent year to year. California tends to have a higher rate of Officer Involved Shootings by 25% yearly.

The main public issues are whether the number of officer involved shootings are indicative of excessive force and/or indicative of a racial bias or systemic racism. However, the answer is dependent upon the jury.

Reviewing public survey results, 72% of Americans favor banning choke holds and 86% of Americans favor outfitting all officers with body camera meaning the public is expecting these policy changes to take place.

Jury pools in California have moved further to the left in the last 15 years. Jury verdict rewards for fatal officer involved shootings have risen to an average of \$4.5 million.

Terrie Norris, Risk Control Manager, presented facts found from PLAN JPA's Law Enforcement Survey. 93% of PLAN JPA's members with in house police use body cameras. Ms. Norris informed the Board of the importance of ensuring body cameras are in use and that policies referring to body camera be up to date. Ms. Norris also recommended member's use of force policies be kept up to date.

3. SESSION THREE

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Will Fuentes, Campbell

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Kevin Bryant, Woodside

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Ritesh Sharma, Finance Manager
Terrie Norris, Risk Control Manager
William Portello, Litigation Manager
Susan DeNardo, Litigation Manager
Joe Costamagna, Contractual Risk Transfer Manager
Jacquelyn Miller, Workers' Compensation Program Manager
Salina Flores, Campbell

Renuka Dhadwal, Dublin
Cindy Safe, Woodside (Alternate)

PLAN JPA President Marc Zafferano welcomed everyone to Session Three of the Strategic Planning Session at 3:05 p.m.

A. Open Discussion

Mr. Paulsen led the Board through an open discussion for PLAN JPA members to speak directly with staff to ask questions and provide feedback.

Discussions ensued regarding COVID-19 procedures and related claims rates. If employees' contract COVID-19 while at work, workers compensation will take effect. While claims rates have not been increasing heavily, members should have guidelines ready at hand. Business interruption losses will be difficult to cover and should be filed sooner rather than later if the disease exclusion can be avoided.

Discussion moved to tree risks and claims. Identification and restoration of unstable trees is crucial to maintaining low tree claims costs.

Law enforcement liability claims have appeared more frequently due to vandalism and arrests from the recent marches and protests.

Mr. Zafferano led a discussion regarding the towing of cars from owners with an expired license. Members were encouraged to analyze their policies and to ensure they are efficient for their cities.

4. ADJOURNMENT

The Strategic Planning Session of the PLAN JPA Board of Directors was adjourned at 4:13 p.m.

Katie Sullivan, Assistant Board Secretary