

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

**MINUTES OF THE EXECUTIVE COMMITTEE
MEETING OF OCTOBER 29, 2020**

A regular meeting of the Executive Committee was held on October 29, 2020, via videoconference.

MEMBERS PRESENT: Marc Zafferano, President, San Bruno
Kathleen Kane, Vice-President, Burlingame [*Left during Agenda Item 8.A*]
Pak Lin, Treasurer, Colma
George Rodericks, Atherton
Robert Schultz, Los Gatos
Donald Larkin, Morgan Hill [*Left during Agenda Item 8.A*]
Rebecca Mendenhall, San Carlos
Mary Furey, Saratoga
Kevin Bryant, Woodside

MEMBERS ABSENT: None

OTHERS PRESENT: Jon Paulsen, General Manager
Katie Sullivan, Assistant General Manager
Daria Hoffmann, Analyst
Terrie Norris, Risk Control Manager
Joe Costamagna, Contractual Risk Transfer (CRT) Manager [*Left after Agenda Item 8.A*]
Ritesh Sharma, Finance Manager [*Left after Agenda Item 8.A*]
Will Portello, Litigation Manager
Susan DeNardo, Litigation Manager
Seth Cole, Alliant Insurance Services
Greg Rubens, Board Counsel

1. CALL TO ORDER:

The Regular Meeting of the PLAN JPA Executive Committee meeting was called to order at 10:02 a.m.

2. INTRODUCTIONS:

Roll call was taken and it was determined there was a quorum present. Jon Paulsen, General Manager, introduced Daria Hoffmann, Analyst, as the newest staff member of PLAN JPA. Ms. Hoffmann will assist Katie Sullivan, Assistant General Manager, in the pool's day to day business.

3. APPROVAL OF THE AGENDA AS POSTED (OR AMENDED):

Agenda was approved as posted.

4. PUBLIC COMMENTS:

None.

5. CONSENT CALENDAR:

Kathleen Kane moved to approve the following items: A) Minutes from the May 14, 2020, Executive Committee Meeting; B) Minutes from the June 3, 2020, Special Executive Committee Meeting; C) Warrant List for April 1, 2020, through September 30, 2020; D) Treasurer's Report as of June 30, 2020; E) Risk Control Service Summary Report as of October 15, 2020; and F) Investment Performance Report as of June 30, 2020, from PFM Asset Management. Rebecca Mendenhall seconded the motion. A roll call vote was taken and the motion passed unanimously by Marc Zafferano, Kathleen Kane, Pak Lin, George Rodericks, Robert Schultz, Mary Furey, Rebecca Mendenhall, Kevin Bryant, and Donald Larkin.

6. GENERAL MANAGER'S REPORT:

A. Report from PLAN JPA General Manager

Update on Gilroy Equity

Effective July 1, 2015, the City of Gilroy elected to withdraw from ABAG PLAN. For the fiscal years 2014/15 through 2017/18, the calculations resulted in equity distributions to the City. The calculation has been performed for 2018/19 and resulted in a preliminary calculated final equity distribution of \$757,522.

On January 1, 2020, California passed AB218, essentially removing the statute of limitations on sexual abuse and molestation claims. Mr. Paulsen stated staff is expecting significant claims activity for municipalities that have historically run parks and recreations activities, aquatic centers, and other youth 'interactive' programs and that PLAN JPA has been notified of two AB218 claims for different members.

On June 11, 2020, the Board directed staff and Board Counsel, to negotiate a partial release of the final equity distribution to the City of Gilroy. Mr. Paulsen informed the Committee negotiations resulted in an agreement to release the scheduled amount immediately. Should the City of Gilroy see a new AB218 claim, \$378,361 will be made available to PLAN JPA for resolution. Any remaining money will be placed in a trust for the City of Gilroy. If resolution costs exceed \$378,361, PLAN JPA will be responsible for costs.

Kathleen Kane's Departure from Burlingame

Kathleen Kane, City of Burlingame, previously notified staff she will be accepting a new position with the Metropolitan Transportation Commission (MTC). Her last day will be November 8, 2020. Ms. Kane served as PLAN Vice President, on the Executive Committee, and as Claims Committee Chair. Ms. Kane expressed her gratitude to PLAN JPA for the experience she has gained from working with the group.

On October 20, 2020, the Claims Committee elected Donald Larkin, City of Morgan Hill, as their Chair effective November 1, 2020. On December 9, 2020, the PLAN Board of Directors will be asked to nominate and approve a replacement Vice President and Executive Committee member to fill the vacancies left.

Staffing Update

Mr. Paulsen announced his promotion to Vice President of Pooling at Sedgwick, effective September 1, 2020. He assured the Committee he will be retaining all current responsibilities for PLAN JPA's servicing with no anticipated changes going forward.

Mr. Paulsen informed the Committee Ann Ritzma, Town of Hillsborough, was appointed to fill the vacancy left by John Mullins on the Claims Committee.

Will Portello, Litigation Manager, has been serving in this position since April 25, 2019. Staff requested Mr. Portello's appointment be affirmed in writing retrospectively to that date. Staff also requested confirmation that Mr. Portello can extend his settlement authority to Susan DeNardo, Litigation Manager, on an as needed basis.

Kathleen Kane moved to approve written confirmation of Will Portello as PLAN JPA Litigation Manager effective April 25, 2019 with settlement authority extended to Susan DeNardo, Litigation Manager, as needed. Donald Larkin seconded the motion. A roll call vote was taken and the motion passed unanimously by Marc Zafferano, Kathleen Kane, Pak Lin, George Rodericks, Robert Schultz, Mary Furey, Rebecca Mendenhall, Kevin Bryant, and Donald Larkin.

7. ADMINISTRATIVE MATTERS:

A. Review of PLAN JPA's Member Satisfaction Survey

Ms. Sullivan reminded the Executive Committee of the Member Satisfaction Survey to assess the approval of staff and other service providers. Ms. Sullivan reported a substantial improvement in submissions of the survey and an increase in satisfaction in comparison to 2019's results.

An area of concern for the Executive Committee was the complexity of the certificate request process with Alliant Insurance Services (Alliant). Ms. Sullivan informed the Executive Committee of a recent meeting between staff and Alliant to find a solution. Joe Costamagna, CRT Manager, addressed the Committee's comments and assured responsibility to Sedgwick staff has been added to monitor the certificate process and ensure completion.

Discussion ensued regarding next year's certificate renewal process. Alliant agreed to take over the renewal process as the format of the certificates from Alliant more closely aligned with the standard certificate forms (Accord forms) members and contractors are accustomed to seeing. Additionally, since Alliant issues the property certificates for PLAN JPA, it will be a more streamlined process having certificates come from one place. There will be no need for members to submit for a renewal certificate; however, an updated contract may be needed for those which have expired.

B. Discussion Regarding Contract Renewals with Sedgwick

PLAN JPA holds contracts with Sedgwick for program administration, risk control, and third-party administration (TPA). Both the program administration and claims TPA contracts expire in July 2021. During the December 2019 Board of Directors meeting, the Board elected to sign a one-year extension for program and claims administration with Sedgwick in hopes of aligning both contracts. The Board expressed interest in signing longer term contracts; however, wanted to see how the next year would proceed.

Mr. Paulsen presented the Executive Committee with three options for proceeding:

- Sign another one-year extension for program administration and/or claims administration;
- Sign another multi-year contract for program administration and/or claims administration; or
- Put out a Request for Proposal (RFP) for program administration and/or claims administration.

The Executive Committee directed staff to present both the one-year extension option and the multi-year contract option at the December 10, 2020, Board of Directors meeting for the claims TPA contract.

Discussion ensued regarding staff's increased workload in Litigation Management due to claims frequency and the magnitude of the cases. Mr. Paulsen asked the Executive Committee to consider a 3% increase, about \$71,000, specifically to the Litigation Management portion of the contract. Further discussion ensued on the tracking of hours dedicated to Litigation Management to assess the costs of future increases and the level of service expected. Mr. Paulsen indicated future costs will go towards the reporting of, the increase of, and the complexity of claims. Social inflation also must be taken into consideration. Staff will give an official presentation to the Board of Directors at their December 2020 meeting.

C. Discussion of 2020/21 Strategic Planning Session and December Board of Director's Meeting

The PLAN JPA Board of Directors is scheduled to meet and host a Strategic Planning Session on December 9, 2020. Due to the current California Executive Order N-29-20, staff recommended the Strategic Planning Session and Board of Directors meeting be held virtually this year.

Mr. Paulsen presented the following topics to the Executive Committee as ideas for Strategic Planning Sessions, with each session being about an hour and a half long:

- Law Enforcement Liability
- Cyber/Cyber Pool Layer
- Grant Fund
- Ex-Mod
- Liability Loss Analysis Report

Discussion ensued regarding the structure of each session and if a quorum would need to be in place for voting purposes. Staff was given direction to structure the strategic planning session in a matter that most benefits the Board and attendees.

8. FINANCIAL MATTERS:

A. Update from PLAN JPA's Finance Manager

Ritesh Sharma, Finance Manager, was present and provided an update on the current Financial Statements and the Financial Audit. Mr. Sharma reviewed the following:

- The Statement of Net Position shows a total asset increase of \$3,409,677 from June 30, 2019, to June 30, 2020.
- Total liabilities increased \$1,294,313 from June 30, 2019, to June 30, 2020.
- Accrued liabilities as of June 30, 2020, are \$617,583.
- The total assets against the total liabilities makes PLAN JPA's June 30, 2020, net position \$24,862,644, a 9% increase from June 30, 2019.
- The income statement shows a decrease of \$2,425,236 in claim expenses from June 30, 2019, to June 30, 2020.

Mr. Sharma noted PLAN JPA is staying conservative by not budgeting for the investment income due to uncertainties in the 2020 market. Discussion ensued regarding member contribution collection for the payment of future claims.

Additionally, the Committee was informed the financial audit is in process and is expected to be presented at the December Board of Directors meeting.

9. RISK CONTROL MATTERS:

A. Update from PLAN JPA's Risk Control Manager

The update from PLAN JPA's Risk Control Manager was not presented to allow time for closed session before the meeting's end. Terrie Norris, Risk Control Manager, will provide an update at the December 2020 Board of Directors meeting.

B. Update from PLAN JPA's Contractual Risk Transfer Manager

The update from PLAN JPA's Contractual Risk Transfer Manager was not presented to allow time for closed session before the meeting's end. Mr. Costamagna will provide an update at the December 2020 Board of Directors meeting.

10. CLOSED SESSION:

A. The Board convened to closed session, pursuant to Government Code section 54956.95(a) at 12:07 p.m. to discuss the following claims:

- Unknown Claims v. City of Burlingame

B. Pursuant to Government Code Section 54957.1, the Committee reconvened to open session at 12:18 p.m. The following actions were taken under closed session:

No reportable action was taken during closed session.

11. STATE OF THE MARKET:

A. Market Update from Alliant Insurance Services

Seth Cole, Senior Vice President with Alliant, presented a market overview. Due to the current environment, the insurance market has not improved and 2021 is likely to bring a challenging renewal period for PLAN JPA.

Mr. Paulsen added that property claims and the property market have been stable, along with administrative expenses, and the shared layer of liability is performing well. The reinsurance excess liability will be the biggest challenge for PLAN JPA.

CLOSING COMMENTS:

A. Executive Committee

None.

B. Staff

None.

12. ADJOURNMENT

The Regular Meeting of the PLAN JPA Executive Committee was adjourned at 12:25 p.m.

Katie Sullivan, Assistant Board Secretary