

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

**MINUTES OF THE EXECUTIVE COMMITTEE
MEETING OF MAY 13, 2021**

A regular meeting of the Executive Committee was held on May 13, 2021, via videoconference.

MEMBERS PRESENT: Marc Zafferano, President, San Bruno
Rebecca Mendenhall, Vice President, San Carlos (*Left during Closed Session*)
Pak Lin, Treasurer, Colma
George Rodericks, Atherton
Maria Saguisag-Sid, Foster City
Robert Schultz, Los Gatos
Mary Furey, Saratoga

MEMBERS ABSENT: Donald Larkin, Morgan Hill
Kevin Bryant, Woodside

OTHERS PRESENT: Jon Paulsen, General Manager
Katie Sullivan, Assistant General Manager
Terrie Norris, Risk Control Manager
Joe Costamagna, Contractual Risk Transfer (CRT) Manager
Ritesh Sharma, Finance Manager
Will Portello, Litigation Manager
Susan DeNardo, Litigation Manager
Seth Cole, Alliant Insurance Services
Lesley Murphy, PFM Asset Management
Greg Rubens, Board Counsel

1. CALL TO ORDER:

The Regular Meeting of the PLAN JPA Executive Committee meeting was called to order at 10:00 a.m.

2. INTRODUCTIONS:

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

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

Agenda was approved as posted.

4. PUBLIC COMMENTS:

None.

5. CONSENT CALENDAR:

Rebecca Mendenhall moved to approve the following items: A) Minutes from the October 29, 2020, Executive Committee Meeting; B) Minutes from the January 1, 2021, Special Executive Committee Meeting; C) Warrant List for November 1, 2020, through March 31, 2021; D) Treasurer's Report and Investment Performance Report as of December 31, 2021; and E) Risk Control Service Summary Report as of March 26, 2021. Pak Lin seconded the motion. A roll call vote was taken and the motion passed unanimously by Marc Zafferano, Rebecca Mendenhall, Pak Lin, George Rodericks, Maria Saguisag-Sid, Robert Schultz, and Mary Furey.

6. GENERAL MANAGER'S REPORT:

A. Report from PLAN JPA General Manager

Jon Paulsen, PLAN JPA General Manager, reviewed the following with the Executive Committee:

- Program Administration Contract with Sedgwick

Sedgwick is currently working with internal counsel and PLAN JPA Board Counsel to finalize an approved contract format. Staff would also recommend an addendum to the current contract scope to facilitate access to Sedgwick cyber risk assessment services. Presentation of the final contract will be brought to the Board of Directors at their June 2021 meeting.

- Claims Administration Contract with Sedgwick

Sedgwick is currently working with internal counsel and PLAN JPA Board Counsel to finalize an approved contract format. Staff will present the final contract to the Board of Directors at their June 2021 meeting.

- Provisional Notice of Withdrawal from the PRISM GL1 Program

PLAN JPA joined the PRISM General Liability 1 (GL1) program during 2020/21 to place excess liability coverage at the \$5 million excess of \$25 million later. PLAN JPA does not currently anticipate placing coverage with the GL1 program in the 2021/22 program year and issued provisional notice of withdrawal (as required by PRISM) on April 30, 2021. Should PLAN JPA elect to continue participation in the GL1 program at the same or different level, the option is available subject to negotiation of program terms and conditions.

7. ADMINISTRATIVE MATTERS:

A. Consideration of Resolution 2021-01: Establishing Meeting Dates for the 2021/22 Program Year

Annually, staff brings forward meeting dates to be reviewed by the Executive Committee. Katie Sullivan, PLAN JPA Assistant General Manager, reviewed the dates with the Committee, indicating they are mostly consistent with past year's meeting dates.

Maria Saguisag-Sid moved to approve Resolution 2021-01: Establishing Meeting Dates for the 2021/22 Program Year. Pak Lin seconded the motion. A roll call vote was taken and the motion passed unanimously by Marc Zafferano, Rebecca Mendenhall, Pak Lin, George Rodericks, Maria Saguisag-Sid, Robert Schultz, and Mary Furey.

B. Review of 2021/22 Memoranda of Coverage and Related Governing Documents for the General Liability and Property Programs

Mr. Paulsen reminded the Committee it is best practice for staff to review the Pool's Memoranda of Coverage (MOC) annually to ensure it is up to date on language and provide any necessary clarification to coverages. He noted in addition, staff will bring forward updates to the program documents dependent on the final 2021/22 programs' structures.

Mr. Paulsen noted staff anticipates bringing the following updates to the Board of Directors:

- Liability Program Memorandum of Coverage
 - General language housekeeping
 - Updating program year from 2020/21 to 2021/22

- Inclusion of specific experience modification methodology and any contribution (or other) caps implemented for the 2021/22 program year (this may be documented in the Master Program Document rather than the MOC)
- Property Program Memorandum of Coverage
 - Updating program year from 2020/21 to 2021/22
 - Specific reference to special and other deductibles under the APIP program in terms of PLAN JPA pooled layer responsibility.

8. FINANCIAL MATTERS:

A. Consideration of Updates to PLAN JPA's Investment Policy

Annual review of PLAN JPA's Investment Policy is recommended under California Government Code 53646 (a) (2). In addition, annual approval of the Policy fulfills the annual delegation of investment authority to PLAN JPA's Treasurer. The Investment Policy was last approved on June 11, 2020.

Lesley Murphy, Senior Managing Consultant with PFM Asset Management, LLC (PFM), reviewed the policy and was in attendance to present suggested changes. Staff has reviewed the proposed amended Investment Policy and agrees with Ms. Murphy's suggestions.

Discussion ensued around SB 998, which made a number of amendments to certain sections of Code which govern the investment of public funds. Ms. Murphy assured the Committee this would be highly unlikely and serve more as an "emergency scenario." The Committee requested to be informed if the need to invest in this situation arises.

Rebecca Mendenhall moved to approve the Investment Policy, as revised. Pak Lin seconded the motion. A roll call vote was taken and the motion passed unanimously by Marc Zafferano, Rebecca Mendenhall, Pak Lin, George Rodericks, Maria Saguisag-Sid, Robert Schultz, and Mary Furey.

B. Consideration of Financial Auditor Contract with James Marta & Company

Ritesh Sharma, PLAN JPA's Finance Manager, informed the Committee the current financial audit contract expires after the June 30, 2021 audit. The current auditor, James Marta & Company, LLP, was selected after a Request for Proposal (RFP) process. The current contract was signed on November 26, 2019, for the June 30, 2019, 2020, and 2021 audits with the audit fees at \$20,800, \$21,300, and \$21,800, respectively.

Since the contract is set to expire next year, staff reached out to James Marta & Company, LLP and requested a renewal quote. The audit firm came with a set fee of \$22,900 for the next three years (June 30, 2022, 2023, and 2024).

The Committee agreed to extend the contract with James Marta & Company, LLP for an additional three years with a change in managing partner for the 2023 audit. With the conclusion of the 2024 audit, the Committee agreed to issue another RFP.

Pak Lin moved to approve the financial audit contract extension with James Marta & Company, LLP for fiscal years ending 2022, 2023, and 2024. Rebecca Mendenhall seconded the motion. A roll call vote was taken and the motion passed unanimously by Marc Zafferano, Rebecca Mendenhall, Pak Lin, George Rodericks, Maria Saguisag-Sid, Robert Schultz, and Mary Furey.

C. Update from PLAN JPA's Finance Manager

Mr. Sharma presented the following update to the Executive Committee:

- Historical Payroll Data Collection

On March 26, 2021, the PLAN JPA Board of Directors instructed staff to survey the membership for historical payroll for the past five (5) years.

- Preliminary Operating Budget for 2021/22

The preliminary operating budget for 2021/22 was presented as information only at the March 26, 2021, Special Board of Directors meeting. Per the preliminary budget, the overall budgeted contributions were projected to increase from \$16.2 million to \$19.8 million, a 23% increase over the prior year's approved budget. The Liability program was projected to increase 20% while the Property program was projected to increase 34% over prior year.

Subsequent to the Board meeting, staff received communication from Alliant indicating the liability excess cost was projected to increase 80% over the prior year, while property excess coverage was expected to increase by 62% over the prior year. Mr. Sharma reviewed the cost breakdown between the approved 2020/21 budget, the 2021/22 preliminary budget, and the updated 2021/22 preliminary budget.

9. **RISK CONTROL MATTERS:**

A. **Update from PLAN JPA's Risk Control Manager**

Guidance provided by the Risk Management Committee at their October 2020 meeting, the December 2020 Strategic Planning Session, as well as staff interactions, influenced the proposed Risk Control Service Plan for 2021/22.

Terrie Norris, PLAN JPA Risk Control Manager, was present and discussed the proposed risk control service plan for 2021/22, which includes the core services in the current risk control plan members are still utilizing. Ms. Norris highlighted the following:

- **Focused Member Services**

This program provides one-to-one risk control services initiated by risk control staff to members with an experience modification (ex-mod) greater than 120% (based on the Proposed 2021/22 Operating Budget). The services will begin with a “getting to know you” meeting with each member to explore what risk control issues they are most interested in addressing. The goal will be to help the member reduce their loss experience and therefore, their ex-mod. A service plan will be developed for each member to support their risk control goals and will include follow-up meetings to monitor progress and/or course correction.

- **Resource Development**

The focus for the 2021/22 resource development series will include Urban Forest Risk Management, Law Enforcement Risk Management, and Wildfire Loss Prevention. Resources found and/or developed will be distributed to members via email where appropriate and all resources will be housed on the Sedgwick Risk Control website to ensure they are always accessible to the members. Staff will continue to explore availability of fixed pricing agreements for specialty services, such as those already established for sewer compliance, aquatic risk management, ADA compliance, and sidewalk inspection and maintenance.

Ms. Norris also discussed the possibility of allocating funds towards law enforcement risk management resources. After a brief discussion, the Committee agreed to not allocate funds.

Pak Lin moved to forward the proposed 2021/22 Risk Control Service Plan to the Board of Directors for final approval. Maria Saguisag-Sid seconded the motion. A roll call vote

was taken and the motion passed unanimously by Marc Zafferano, Rebecca Mendenhall, Pak Lin, George Rodericks, Maria Saguisag-Sid, Robert Schultz, and Mary Furey.

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

Due to time constraints, this agenda item was not discussed.

C. Update on 2021 Sewer and Stormwater Summit

Due to time constraints, this agenda item was not discussed.

10. CLOSED SESSION:

A. The Board convened to closed session, pursuant to Government Code section 54956.95(a) at 11:53 a.m. to discuss the following claims:

- Burlingame Tree Claims

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

No reportable action was taken during closed session.

11. CLOSING COMMENTS:

A. Executive Committee

None.

B. Staff

None.

12. ADJOURNMENT

The Regular Meeting of the PLAN JPA Executive Committee was adjourned at 12:13 p.m.

Katie Sullivan, Assistant Board Secretary