

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

**MINUTES OF THE BOARD OF DIRECTORS
MEETING OF JUNE 18, 2021**

A regular meeting of the Board of Directors was held on June 18, 2021, via videoconference.

MEMBERS PRESENT: Marc Zafferano, President, San Bruno
Pak Lin, Treasurer, Colma
Maria Ojeda, American Canyon
George Rodericks, Atherton
Michael Guina, Burlingame
Will Fuentes, Campbell
Lisa Hisatomi, Dublin (*Left during Agenda Item 7.A*)
Brenda Olwin, East Palo Alto
Maria Saguisag-Sid, Foster City (Alternate)
Ann Ritzma, Hillsborough
Sarina Revillar, Los Altos Hills
Robert Schultz, Los Gatos (*Arrived during Agenda Item 5.A*)
Mike Sung, Millbrae (*Arrived during Agenda Item 5.A, Left during Agenda Item 9.A*)
Lauren Lai, Milpitas
Donald Larkin, Morgan Hill
Lenka Hovorka, Newark
Yulia Carter, Pacifica
Joe Chinn, Ross
Jenny Liu, San Carlos (Alternate)
Mary Furey, Saratoga
Leah Lockhart, South San Francisco
Christina Penland, Suisun City
Suzanne Creekmore, Tiburon
Kevin Bryant, Woodside

MEMBERS ABSENT: Mike Dotson, Benicia
Kristina Alfaro, Cupertino
Lisa Lopez, Half Moon Bay
Jeremy Dennis, Portola Valley

OTHERS PRESENT: Jon Paulsen, General Manager
Katie Sullivan, Assistant General Manager
Ritesh Sharma, Finance Manager
Terrie Norris, Risk Control Manager
Susan DeNardo, Litigation Manager
Will Portello, Litigation Manager
Miguel Baes, Sedgwick
Greg Rubens, Board Counsel
Byrne Conley, Coverage Counsel
Seth Cole, Alliant Insurance Services
Rob Kramer, CARMA Executive Director
Cindy Safe, Woodside
Amanda Parker, South San Francisco

1. CALL TO ORDER

The June 18, 2021, Board of Directors meeting was called to order at 1:01 p.m. by President Marc Zafferano.

2. INTRODUCTIONS

A roll call introduction was made and it was determined there was a quorum present.

3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

The agenda was approved as posted.

4. PUBLIC COMMENTS

None.

5. CONSENT CALENDAR

Donald Larkin moved to approve the following items: A) Minutes from the December 9, 2020, Strategic Planning Session; B) Minutes from the December 10, 2020, Board of Directors Meeting; C) Minutes from the January 29, 2021, Special Board of Directors Meeting; D) Minutes from the March 26, 2021, Special Board of Directors Meeting; E) 2020/21 Risk Control Program Update; F) 2021/22 Risk Control Program; G) Update on the 2021 Sewer and Stormwater Summit; H) Resolution No. 2021-01: Board and Committee Meeting Schedule 2021/22; I) Claims Policies & Procedures

Update; J) Investment Policy-redlined; K) Investment Policy Memo from PFM Asset Management; L) Draft Resolution No. 2018-02: Amending the PLAN JPA Records Retention Policy; and M) PLAN JPA Program Administration Contract with Sedgwick. Kevin Bryant seconded the motion. A roll call vote was taken and the motion passed unanimously by Maria Ojeda, George Rodericks, Michael Guina, Will Fuentes, Pak Lin, Lisa Hisatomi, Brenda Olwin, Maria Saguisag-Sid, Ann Ritzma, Sarina Revillar, Robert Schultz, Mike Sung, Lauren Lai, Donald Larkin, Lenka Hovorka, Yulia Carter, Joe Chinn, Marc Zafferano, Jenny Liu, Mary Furey, Leah Lockhart, Christina Penland, Suzanne Creekmore, and Kevin Bryant.

6. ELECTIONS

A. Review of Candidates to Fill PLAN JPA Committees and Officer Positions

Annually, the Board of Directors approves the candidates for PLAN JPA's committees. Each committee must consist of no less than three members of the Board of Directors, with the Executive Committee consisting of nine designated members. Additionally, Board Members must appoint their Officers for the next program year.

Current Officers, consisting of Marc Zafferano, President; Rebecca Mendenhall, Vice President; and Pak Lin, Treasurer, have all expressed willingness to continue in their respective positions.

The floor was open for volunteers and nominations after Jon Paulsen, General Manager, reviewed the slate of candidates. It was also noted the Board would need to appoint a Primary and Alternate representative to the California Affiliated Risk Management Authority (CARMA) Board of Directors should the Board elect to participate in CARMA for the 2021/22 Program Year.

After a brief discussion, Yulia Carter, City of Pacifica, would be added to the Executive Committee. Additionally, Michael Guina, City of Burlingame, and Yulia Carter, City of Pacifica, agreed to serve as the Primary and Alternate Representatives for CARMA, respectively.

Ann Ritzma moved to appoint Ms. Carter to the Executive Committee and to the CARMA Board of Directors as the Alternate Representative, and Mr. Guina to the CARMA Board of Directors as the Primary Representative. Kevin Bryant requested to amend the motion to also include the approval of the slate of candidates for the 2021/22 Committees and Officers. The amendment was accepted. Pak Lin seconded the motion. A roll call vote was taken and the motion passed unanimously by Maria Ojeda, George Rodericks,

Michael Guina, Will Fuentes, Pak Lin, Lisa Hisatomi, Brenda Olwin, Maria Saguisag-Sid, Ann Ritzma, Sarina Revillar, Robert Schultz, Mike Sung, Lauren Lai, Donald Larkin, Lenka Hovorka, Yulia Carter, Joe Chinn, Marc Zafferano, Jenny Liu, Mary Furey, Leah Lockhart, Christina Penland, Suzanne Creekmore, and Kevin Bryant.

7. FINANCIAL MATTERS

A. Consideration of the Proposed 2021/22 Operating Budget

Ritesh Sharma, PLAN JPA Finance Manager, reviewed the Draft Operating Budget (Budget) for PLAN JPA for the 2021/22 Program Year. Indicating while the funding model is similar to what PLAN JPA has approved in the past, Mr. Sharma noted employment liability coverage has been added for those members who joined the Employment Risk Management Authority (ERMA). The overall Budget was detailed, as follows:

- For the Liability Program, member contributions were presented at the 60% confidence level with a 2% discount factor. PLAN JPA's self-insured retention (SIR) was up to \$2.5 million above each individual member's SIR. Reinsurance of \$2.5 million was purchased above the pool's SIR and excess coverage is purchased from \$5 million to \$30 million. These coverage layers are the same as prior year.
- For the Property Program, member contributions were presented at the 70% confidence level with a 2% discount factor. The proposed coverage is losses pooled from member's SIR up to \$500,000 (prior year SIR was \$225,000) per occurrence with zero aggregate deductible and excess coverage purchased up to \$1 billion.

Some major components of the Budget were highlighted by Mr. Sharma:

- Budgeted contributions are projected to increase 36% over prior year.
- Decreases in estimated payroll of 2.3% and the primary funding layer (4.2%) for the Liability Program were offset by significant increases in reinsurance and excess premiums for both the Liability and Property Programs.

A few changes to the Budget include capping contributions at 40% from one year to the next and capping the change of the experience modification (ex-mod) factors at 30% from year to year.

A brief discussion ensued around increasing member's SIR for the Property Program, to which the Board of Directors decided to hold off on this topic and directed staff to bring it forward at the next Strategic Planning Session.

It was noted that the cost of purchasing excess coverage was getting quite expensive and staff discussed alternative options for obtaining excess coverage without severely impacting member's contributions. The Board agreed, if necessary, to utilize \$200,000 of the Grant Fund to allow Alliant the ability to secure excess coverage.

Will Fuentes moved to approve the 2021/22 Operating Budget, as discussed. Mary Furey seconded the motion. A roll call vote was taken and the motion passed unanimously by Maria Ojeda, George Rodericks, Michael Guina, Will Fuentes, Pak Lin, Lisa Hisatomi, Brenda Olwin, Maria Saguisag-Sid, Ann Ritzma, Sarina Revillar, Robert Schultz, Mike Sung, Lauren Lai, Donald Larkin, Lenka Hovorka, Yulia Carter, Joe Chinn, Marc Zafferano, Jenny Liu, Mary Furey, Leah Lockhart, Christina Penland, Suzanne Creekmore, and Kevin Bryant.

8. GOVERNING DOCUMENTS

A. Consideration of Governing Documents

It is best practice for the Board of Directors to review PLAN JPA's governing documents annually to ensure they are up to date on language and provide any necessary clarifications to coverages. Mr. Paulsen, and Byrne Conley, Coverage Counsel, reviewed the recommended updates for the 2021/22 Program Year:

- Liability Program Memorandum of Coverage (MOC) – deletion of reference to Risk Coverage Agreement;
- Liability Master Program Document – inclusion of reference to payroll collection form and reporting frequency, experience modification capping methodology, and implementation of escalating contribution caps until elimination;
- Property Program MOC general updates per Coverage Counsel review; and
- Property Program Master Program Document clarifying PLAN and member deductible obligations including any proposed changes to confidence level funding or target equity.

With PLAN JPA electing to join CARMA for the 2021/22 Program Year, there were several additional changes required to governing documents. These changes specifically include:

- A resolution from PLAN JPA authorizing the joining of CARMA;
- Acceptance of the CARMA JPA agreement; and
- Additional changes to the PLAN Liability MOC to align with the CARMA MOC, which is typically recommended to avoid coverage gaps from one to the other.

Kevin Bryant moved to approve the proposed PLAN governing documents, as presented, subject to final review and approval by PLAN Coverage Counsel and Board Counsel. Ann Ritzma seconded the motion. A roll call vote was taken and the motion passed unanimously by Maria Ojeda, George Rodericks, Michael Guina, Will Fuentes, Pak Lin, Lisa Hisatomi, Brenda Olwin, Maria Saguisag-Sid, Ann Ritzma, Sarina Revillar, Robert Schultz, Mike Sung, Lauren Lai, Donald Larkin, Lenka Hovorka, Yulia Carter, Joe Chinn, Marc Zafferano, Jenny Liu, Mary Furey, Leah Lockhart, Christina Penland, Suzanne Creekmore, and Kevin Bryant.

9. CLOSED SESSION

A. The Board of Directors convened to closed session, pursuant to Government Code section 54956.95(a) at 2:52 p.m. to discuss the following claims:

- Burlingame Tree Claims

B. Pursuant to Government Code Section 54957.1, the Board of Directors reconvened to open session at 3:02 p.m. The following actions were taken under closed session:

No reportable action was taken during Closed Session.

10. CLOSING COMMENTS

A. Board of Directors

None.

B. Staff

None.

11. ADJOURNMENT

The Regular Meeting of the PLAN JPA Board of Directors was adjourned at 3:16 p.m.



Katie Sullivan, Assistant Board Secretary