

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

**MINUTES OF THE BOARD OF DIRECTORS
MEETING OF DECEMBER 9, 2021**

A regular meeting of the Board of Directors was held on December 9, 2021, via Zoom Videoconference.

MEMBERS PRESENT: Marc Zafferano, President, San Bruno
Rebecca Mendenhall, Vice President, San Carlos
Pak Lin, Treasurer, Colma
Maria Ojeda, American Canyon (*Arrived during Agenda Item 8.A*)
George Rodericks, Atherton
Michael Guina, Burlingame
Norite Vong, Campbell
Kristina Alfaro, Cupertino (*Left during Agenda Item 12.B*)
Lisa Hisatomi, Dublin
Tomohito Oku, East Palo Alto
Maria Saguisag-Sid, Foster City
Lisa Lopez, Half Moon Bay
Ann Ritzma, Hillsborough (*Arrived during Agenda Item 9.A*)
Sarina Revillar, Los Altos Hills (*Left during Agenda Item 12.B*)
Robert Schultz, Los Gatos
Mike Sung, Millbrae
Lauren Lai, Milpitas (*Arrived during Agenda Item 9.A, Left during Agenda Item 12.B*)
Donald Larkin, Morgan Hill
Lenka Hovorka, Newark
Cindy Rodas, Portola Valley
Christa Johnson, Ross
James Lindsey, Saratoga (*Left during Agenda Item 12.B*)
Jason Wong, South San Francisco
Greg Folsom, Suisun City
Suzanne Creekmore, Tiburon (*Left after Agenda Item 12.A*)
Kevin Bryant, Woodside

MEMBERS ABSENT: Mike Dotson, Benicia
Kevin Woodhouse, Pacifica

OTHERS PRESENT:

Jon Paulsen, General Manager
Katie Sullivan, Assistant General Manager
Karla Lopez, Administrative Assitant
Ritesh Sharma, Finance Manager
Terrie Norris, Risk Control Manager
Will Portello, Litigation Manager
Susan DeNardo, Litigation Manager
Jaeran Ahn, Sedgwick Claims Administration
Min Su, Sedgwick
Miguel Beas, Sedgwick
Donna Zager, Sedgwick
Deni Banyard, Sedgwick
Greg Rubens, Board Counsel
Michael Manduca, James Marta & Company
Seth Cole, Alliant Insurance Services (*Arrived during Agenda Item 11.A*)
Renuka Dhadwal, Dublin
Cindy Safe, Woodside
Amanda Parker, South San Francisco
Lakhwinder Deol, Suisun City

1. CALL TO ORDER

The December 9, 2021, Board of Directors meeting was called to order at 9:30 a.m. by President Marc Zafferano.

2. INTRODUCTIONS

Roll call introductions were taken it was determined a quorum was present.

3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

The agenda was approved as posted.

4. PUBLIC COMMENTS

None.

5. AB361

A. Update on AB361 and Virtual Committee Meetings

PLAN JPA staff consulted with Board Counsel regarding recently passed legislation, AB361, pertaining to teleconference and virtual meetings. Under AB361, local agency boards may conduct meetings by teleconference subject to modified rules during a State-proclaimed state of emergency when either (1) social distancing measures are required or recommended by state or local officials, or (2) the governing board determines meeting in person would present imminent risks to the health or safety of attendees.

Rebecca Mendenhall moved to reaffirm Resolution No. 2021-03 that, as a result of the COVID-19 emergency, meeting in person would present imminent risks to the health and safety of attendees, and the meeting should be held by teleconference as authorized by subdivision (e)(1)(C) of Section 54943 of the Government Code. Michael Guina seconded the motion. A roll call vote was taken and the motion passed unanimously by Marc Zafferano, Rebecca Mendenhall, Pak Lin, George Rodericks, Michael Guina, Norite Vong, Kristina Alfaro, Lisa Hisatomi, Tomohito Oku, Maria Saguisag-Sid, Lisa Lopez, Sarina Revillar, Robert Schultz, Mike Sung, Donald Larkin, Lenka Hovorka, Cindy Rodas, Christa Johnson, James Lindsey, Greg Folsom, Suzanne Creekmore, and Kevin Bryant.

6. CONSENT CALENDAR

Pak Lin moved to approve the following items: A) Minutes from the June 17, 2021, Board of Directors meeting; B) Minutes from the June 18, 2021, Board of Directors Meeting; C) Warrant List from October 1, 2021 – October 31, 2021; D) Treasurer's Report as of September 30, 2021; E) 2021/22 Risk Control Update; F) Contractual Risk Transfer Update; and G) Claims Handling Guidelines - clean. Kevin Bryant seconded the motion. A roll call vote was taken and the motion passed by majority vote by Marc Zafferano, Rebecca Mendenhall, Pak Lin, George Rodericks, Michael Guina, Norite Vong, Kristina Alfaro, Tomohito Oku, Maria Saguisag-Sid, Lisa Lopez, Sarina Revillar, Robert Schultz, Mike Sung, Donald Larkin, Lenka Hovorka, Cindy Rodas, Christa Johnson, James Lindsey, Greg Folsom, Suzanne Creekmore, and Kevin Bryant. Lisa Hisatomi was not present for voting.

7. FINANCIAL AUDIT

A. Presentation of the Financial Audit Report by James Marta & Company, LLP

The financial audit for the year ending June 30, 2021, was prepared by James Marta & Company. Michael Manduca, James Marta & Company, was present to discuss the following sections:

- Section One: contained the independent auditor's report which states the auditor's opinion. The opinion is "unqualified," which means the financial statements were presented fairly.
- Section Two: contained the Management Discussion and Analysis (MD&A) which describes what transpired throughout the program year.
- Section Three: contained the Basic Financial Statements comprised of the Statement of Net Position, Statement of Activities, Statement of Cash Flows and Notes to the Financial Statements.
- Section Four: contained supplementary information such as the ten-year claims development information.
- Section Five: contained additional information such as financial statements from program perspective and Graphical Summary of Claims.

Mr. Manduca also reviewed the Governance Letter and Internal Control Letter with the Board.

Rebecca Mendenhall moved to accept and file the Financial Audit Report for the Fiscal Year Ended June 30, 2021. Pak Lin seconded the motion. A roll call vote was taken and the motion passed by majority vote by Marc Zafferano, Rebecca Mendenhall, Pak Lin, George Rodericks, Michael Guina, Norite Vong, Kristina Alfaro, Tomohito Oku, Maria Saguisag-Sid, Lisa Lopez, Lisa Hisatomi, Sarina Revillar, Robert Schultz, Mike Sung, Donald Larkin, Lenka Hovorka, James Lindsey, Greg Folsom, Suzanne Creekmore, and Kevin Bryant. Cindy Rodas and Christa Johnson were not present for voting.

B. Update from PLAN JPA's Finance Manager

Ritesh Sharma, PLAN JPA Finance Manager, was present to introduce Min Su, Finance Manager with Sedgwick. He noted Mr. Su rejoined Sedgwick this year after having served as senior accountant with Bickmore/York. From his tenure with Bickmore/York, and the JPIA entity, Mr. Su brings a ready familiarity with many of Sedgwick's current JPA clients.

Since arriving in September 2021, Mr. Su has worked with Mr. Sharma, performing many of the managerial responsibilities of PLAN JPA's accounting and finance related items. Mr. Su will continue to work closely with Mr. Sharma to assist member agencies of PLAN JPA.

Mr. Sharma also introduced Donna Zager, Sedgwick Senior Accountant. Ms. Zager will be working closely with Mr. Sharma on PLAN JPA.

8. ADMINISTRATIVE MATTERS

A. Consideration of Board Counsel to Enter Negotiations with Sedgwick Regarding Risk Control Services Agreement

PLAN JPA (formerly ABAG PLAN) contracted with Sedgwick (formerly Bickmore/York Risk Services) for risk control services beginning July 1, 2018. The initial term of the contract was through June 30, 2019, and was then extended to June 30, 2022, via amendment.

Jon Paulsen, PLAN JPA General Manager, informed the Board of Directors the PLAN JPA Executive Committee met on October 21, 2021, to discuss possible options for renewal. The Executive Committee agreed to authorize Greg Rubens, Board Counsel, to negotiate a new contract with Sedgwick for risk control services, with respect to the term of the contract align with the Program Administration agreement.

Pak Lin moved to authorize Board Counsel to enter negotiations with Sedgwick regarding the Risk Control Services Agreement renewal. Rebecca Mendenhall seconded the motion. A roll call vote was taken and the motion passed by majority vote by Marc Zafferano, Rebecca Mendenhall, Pak Lin, George Rodericks, Michael Guina, Norite Vong, Kristina Alfaro, Lisa Hisatomi, Tomohito Oku, Maria Saguisag-Sid, Lisa Lopez, Sarina Revillar, Robert Schultz, Mike Sung, Lenka Hovorka, Cindy Rodas, Christa Johnson, James Lindsey, Greg Folsom, Suzanne Creekmore, and Kevin Bryant. Donald Larkin was not present for voting.

9. CLAIMS MATTERS

A. Review of Claims Audit Results

Tim Farley, Farley Consulting Services, conducted an audit of PLAN JPA's general liability and property claims from August 25-29, 2021. A total of 50 liability files were audited, including 34 litigated files.

Susan DeNardo, PLAN JPA Litigation Manager, reviewed the contents of the claims audit, highlighting the following:

- Sedgwick is adequately staffed to handle PLAN JPA's claims. All examiners currently have caseloads below the recommended maximum of 150.
- Sedgwick is conducting thorough investigation on PLAN JPA claims.
- Five files raised questions about reserving levels. Sedgwick Third-Party Administrator's Supervisor explained reserve methodology to auditor.
- Audit has some questions about timely member reporting of claims to Sedgwick.
- Claims staff are invoking unique claims defenses and immunities where possible.
- Pursuit of subrogation is done and appropriate in all instances reviewed.
- Communication to excess insurers is timely.
- Housekeeping in the majority of the files was good.
- Status updates from defense counsel are consistently timely.
- No litigation management deficiencies are identified.

Ms. DeNardo informed the Board of Directors the audit was conducted in compliance with PLAN JPA's policy and to assure PLAN JPA that its claims are effectively adjusted according to industry standards; to identify general deficiencies in fiscal and technical procedures and provide recommended remedies where possible; and to provide PLAN JPA with a document fulfilling compliance with claims auditing requirements of the CAJPA Accreditation guidelines, if applicable in the future.

Pak Lin moved to accept and file the Claims Audit Report from Farley Consulting Services dated September 14, 2021. Christa Johnson seconded the motion. A roll call vote was taken and the motion passed by majority vote by Marc Zafferano, Rebecca Mendenhall, Pak Lin, George Rodericks, Michael Guina, Norite Vong, Kristina Alfaro, Lisa Hisatomi, Tomohito Oku, Maria Saguisag-Sid, Lisa Lopez, Sarina Revillar, Robert Schultz, Mike Sung, Donald Larkin, Lenka Hovorka, Cindy Rodas, Christa Johnson, James Lindsey, Greg Folsom, Suzanne Creekmore, and Kevin Bryant.

B. Update from PLAN JPA's Third-Party Administrator, Sedgwick

Ms. DeNardo informed the Board of Directors Jaeran Ahn has recently become the Team Lead for Sedgwick Third-Party Administrator. Ms. Ahn and her team of examiners assigned to PLAN JPA, were present to discuss the member claim reporting process and services provided by the Third-Party Administrator.

Ms. Ahn reminded the Board of Directors Sedgwick Third-Party Administrator is contracted to provide claims administration services for PLAN JPA. These services include the adjustment, management and oversight of claims arising out of PLAN JPA's self-insured general liability, automobile, and property programs. Sedgwick Third-Party Administrator is seeking to further define the scope of their work with respect to members seeking restitution and subrogation. After a brief discussion, it was clarified that Sedgwick TPA does not handle restitution; however, in regard to subrogation, many members do their own subrogation under their deductible but would like it to be an option for Sedgwick to handle.

10. CLOSED SESSION

A. The Board convened to closed session, pursuant to Government Code section 54956.95(a) at 10:55 a.m. to discuss the following claims:

- Ng/Wu v. City of Burlingame

B. Pursuant to Government Code Section 54957.1, the Committee reconvened to open session at 11:05 a.m. The following actions were taken under closed session:

No reportable action was taken during closed session.

11. GENERAL MANAGER'S REPORT

A. Report from PLAN JPA's General Manager

Mr. Paulsen provided the Board with an update on the following:

Update on Staffing

Joe Costamagna, Sedgwick Contractual Risk Transfer Manager, left Sedgwick to join a school JPA in June of 2021. He was replaced with Kathleen Creedon, with Ric Burwell as backup, to support this member need. Ms. Creedon and Mr. Burwell continue to provide risk transfer trainings, both remote and live, and remote contracts and insurance consulting for PLAN JPA members.

Other additions to PLAN JPA staff include Karla Lopez, Administrative Assistant, and previously introduced Mr. Su and Ms. Zager.

Assignment of Agreement for Legal Services (Board Counsel)

PLAN JPA Board Counsel, Greg Rubens, left the law firm of Aaronson, Dickerson, Cohn & Lanzone as of September 30, 2021, to join the law offices of Burke, Williams and Sorensen, LLP, effective October 1, 2021. Mr. Rubens notified staff of this change and requested coordination of conditional approval of the assignment of agreement for legal services to the new firm. Formal approval of the assignment has since been ratified by the PLAN Executive Committee at their October 21, 2021, meeting.

12. STRATEGIC PLANNING REPORT OUT

A. State of the Market

Seth Cole, Alliant Insurance Services, was in attendance and presented an overview on the state of the commercial insurance market to the PLAN JPA Board of Directors in anticipation of the coming 2022/23 program year insurance, reinsurance, and excess insurance renewal processes.

B. Report from the Strategic Planning Session

On Wednesday, December 8, 2021, PLAN JPA held its Strategic Planning Session on three topics the members indicated were of most importance/interest. The following was reviewed with the Board of Directors:

- Session 1: Mr. Sharma reviewed the discussions around developing a 3-5 year budget and member reserving best practices.
- Session 2: Terrie Norris, PLAN JPA Risk Control Manager, reviewed the discussions around urban forest management.
- Session 3: Mr. Paulsen reviewed the discussions around cyber security and program enhancements. He noted staff was directed to negotiate with ResoluteGuard on services for PLAN JPA to bring back to the next Executive Committee meeting.

13. CLOSING COMMENTS

A. Board of Directors

None.

B. Staff

None.

14. ADJOURNMENT

The Regular Meeting of the PLAN JPA Board of Directors was adjourned at 12:15 p.m.

A handwritten signature in black ink that reads "Katie Sullivan". The signature is written in a cursive style with a large, looping initial "K".

Katie Sullivan, Assistant Board Secretary