

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

**MINUTES OF THE BOARD OF DIRECTORS
SPECIAL MEETING OF MARCH 22, 2022**

A special meeting of the Board of Directors was held on March 22, 2022, via Zoom Videoconference.

MEMBERS PRESENT:

Marc Zafferano, President, San Bruno
Rebecca Mendenhall, Vice President, San Carlos
Pak Lin, Treasurer, Colma (*Arrived during Agenda Item 6.A*)
Scott Corey, American Canyon
George Rodericks, Atherton
Michael Guina, Burlingame
Will Fuentes, Campbell
Kristina Alfaro, Cupertino (*Arrived during Agenda Item 6.A*)
Sarah Monnastes, Dublin
Tomohito Oku, East Palo Alto
Maria Saguisag-Sid, Foster City
Lisa Lopez, Half Moon Bay
Jan Cooke, Hillsborough
Sarina Revillar, Los Altos Hills
Robert Schultz, Los Gatos (*Left during Agenda Item 6.A*)
Mike Sung, Millbrae
Lauren Lai, Milpitas
Donald Larkin, Morgan Hill
Jennifer Solito, Newark (*Left during Agenda Item 7.B*)
Yulia Carter, Pacifica
Cindy Rodas, Portola Valley
Christa Johnson, Ross
James Lindsey, Saratoga
Jason Wong, South San Francisco
Christina Penland, Suisun City
Kevin Bryant, Woodside

MEMBERS ABSENT:

Mike Dotson, Benicia
Greg Chanis, Tiburon

OTHERS PRESENT: Jon Paulsen, General Manager
Katie Sullivan, Assistant General Manager
Karla Lopez, Administrative Assistant
Ritesh Sharma, Finance Manager
Susan DeNardo, Litigation Manager
Matthew Braley, Contractual Risk Transfer Manager
Min Su, Sedgwick
Miguel Beas, Sedgwick
Becky Richard, Bickmore Actuarial
Greg Rubens, Board Counsel
Seth Cole, Alliant Insurance Services
Jeff Schobel, ResoluteGuard (*Left after Agenda Item 6.A*)
Jenn Clemente, South San Francisco
Cindy Safe, Woodside
Helen Yu-Scott, Burlingame
Isabel Carolos, Millbrae

1. CALL TO ORDER

The March 22, 2022, Special Board of Directors meeting was called to order at 10:00 a.m. by President Marc Zafferano.

2. INTRODUCTIONS

Roll call introductions were 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. **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 and safety of attendees.

The PLAN JPA Board of Directors passed Resolution No. 2021-03: AB361 at its December 9, 2021, Board of Directors meeting.

Rebecca Mendenhall moved to reaffirm Resolution No: 2021-03: AB361 that, as a result of the COVID-19 emergency, meeting in person would present imminent risks to the health or safety of attendees, and the meeting should be held by teleconference as authorized by subdivision (e)(1)(C) for Section 54943 of the Government Code. Micheal Guina seconded the motion. A roll call vote was taken and the motion passed by majority vote by Marc Zafferano, Rebecca Mendenhall, Pak Lin, Scott Corey, George Rodericks, Michael Guina, Will Fuentes, Sarah Monnastes, Tomohito Oku, Maria Saguisag-Sid, Lisa Lopez Rossi, Jan Cooke, Sarina Revillar, Mike Sung, Lauren Lai, Donal Larkin, Jennifer Solito, Yulia Carter, Cindy Rodas, Christa Johnson, James Lindsey, Jason Wong, Christina Penland, and Kevin Bryant. Robert Schultz was not present for voting.

6. **GENERAL MANAGER'S REPORT**

Jon Paulsen, General Manager, was present to review the following updates with the Board of Directors:

Update on CARMA Renewals

PLAN JPA joined the California Affiliated Risk Management Authority (CARMA) at July 1, 2021, for the \$9M x \$1M PLAN JPA layer. Mr. Paulsen noted losses in CARMA are up; however, PLAN's losses within CARMA are average and a massive increase in cost for PLAN JPA is unlikely.

Consideration of In-Person Meetings

California Executive Order N-29-20 was enacted on March 17, 2020, allowing for public entities to hold meetings virtually due to the COVID-19 pandemic. Due to the current state of the pandemic, public entities around California have begun to resume meetings in-

person. Mr. Paulsen noted the health and safety of PLAN JPA members, staff, and service providers was a top priority and is requesting guidance from members on willingness to resume meetings in-person, beginning with the June 2022 Board of Directors meeting.

After a brief discussion, the Board of Directors agreed to hold the June 2022 meeting virtually and at a later date consider resuming in-person meetings in December 2022, as long as the COVID-19 pandemic does not worsen.

Update on ResoluteGuard

As an initiative from the December 2019 Strategic Planning Session, PLAN JPA staff focused on discovering cyber security options for members. Staff developed a four-part series of cyber risk webinars which were presented to members from August 19, 2020, to September 23, 2020. Additionally, Sedgwick Pooling added a California IT Risk Control Manager, Colette Klier, to the team. To date, approximately six members have engaged Sedgwick to perform cyber security risk assessments.

At the December 8, 2021, Strategic Planning Session, Mr. Paulsen and Jeff Schobel, CEO of ResoluteGuard, presented the capabilities of ResoluteGuard to members. A one-year contract was provided to the members for consideration.

Maris Saguisag-Sid moved to approve the agreement with ResoluteGuard, subject to Board Counsel review of the agreement. 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, Scott Corey, George Rodericks, Michael Guina, Will Fuentes, Kristina Alfaro, Sarah Monnastes, Tomohito Oku, Maria Saguisag-Sid, Lisa Lopez Rossi, Jan Cooke, Sarina Revillar, Mike Sung, Lauren Lai, Donal Larkin, Jennifer Solito, Yulia Carter, Cindy Rodas, Christa Johnson, James Lindsey, Jason Wong, Christina Penland, and Kevin Bryant. Robert Schultz was not present for voting.

Appointment of Interim President

Mr. Paulsen informed the Board staff was made aware of PLAN JPA's current President, Marc Zafferano's, retirement from the City of San Bruno; and therefore, PLAN JPA, effective May 31, 2022. Mr. Zafferano has been a staple of leadership for PLAN JPA for many years and will be greatly missed.

Rebecca Mendenhall, Vice President, has agreed to step in and assume the presidency role for the remaining duration of Mr. Zafferano's term. Ms. Mendenhall would serve as Interim President for the rest of the 2021/22 Program Year, after Mr. Zafferano's departure, and in June 2022, PLAN JPA will formally elect Officers for the 2022/23 Program Year.

Kevin Bryant moved to appoint Rebecca Mendenhall as Interim President, effective June 1, 2022, through the remainder of the 2021/22 Program Year. Yulia Carter seconded the motion. A roll call vote was taken and the motion passed unanimously by Marc Zafferano, Rebecca Mendenhall, Pak Lin, Scott Corey, George Rodericks, Michael Guina, Will Fuentes, Sarah Monnastes, Tomohito Oku, Maria Saguisag-Sid, Lisa Lopez Rossi, Jan Cooke, Sarina Revillar, Mike Sung, Lauren Lai, Donal Larkin, Jennifer Solito, Yulia Carter, Cindy Rodas, Christa Johnson, James Lindsey, Jason Wong, Christina Penland, and Kevin Bryant.

7. LIABILITY PROGRAM

A. Actuarial Update for the General Liability Program

Ritesh Sharma, Finance Manager, reviewed PLAN JPA's general liability program layers. Compared to prior years, PLAN JPA's self-insured retention (SIR) went from \$2.5M to \$1M in 2021/22 by way of joining CARMA, which resulted in funding decreases. In 2022/23, the Liability Program funding increased by \$373,000, or 7.9%, over 2021/22 at the 60% confidence level. The increase in the primary funding layer is due to estimated payroll increasing by 6.4%.

With a change in methodology in the collection of actual payrolls from members based on DE9s, this resulted in better consistency on the data and estimated payroll for 2022/23. However, certain members experienced greater year over year variances. Mr. Sharma reminded the Board the members with larger increases will level out after the three-year capping period.

Mr. Sharma discussed the changes in the contribution calculation method implemented during the 2021/22 Program Year and stated it will continue for 2022/23. He reminded a 30% cap is placed on the experience modification factor (ex-mod) change year over year. Due to this change, the Board of Directors recommended a phase-in period be utilized on contribution changes with a 40% cap in 2021/22, and 50% cap in 2022/23, and a 60% cap in 2023/24.

B. State of the Market - Liability

Seth Cole, Alliant Insurance Services (Alliant), reviewed the state of the insurance market in regard to liability. Nuclear jury verdicts and high settlements continue to present challenges. Alliant continues to monitor the market.

C. PLAN JPA 2022/23 Projections - Liability

Mr. Sharma reviewed the primary pool layer funding for the 21-22 program year, indicating the primary pool layer will have a slight increase, while the reinsurance and excess layers are projected to increase by 20%. Staff has taken a conservative approach in estimating costs for the 2022/23 Program Year.

Overall, staff estimates a 16.2% increase for PLAN JPA's Liability Program's pooled layer, reinsurance, and excess coverage. Administrative costs were not included in this discussion.

8. PROPERTY PROGRAM

A. Actuarial Update for the Property Program

Mr. Sharma reviewed PLAN JPA's Property program structure. Alliant Property Insurance Program (APIP) currently provides coverage of \$500k per claim up to \$1 billion.

In 2022/23, PLAN JPA's Property Program pooled layer will experience an increase of \$271,000, or 26.5%, over 2021/22, at the 70% confidence level. This is due to an increase in total insured values (TIV) of 9.4% over prior year's insured values. Mr. Sharma noted TIV information is still being collected by Alliant.

Becky Richard, Bickmore Actuarial, noted the actuarial report may need to be modified if the coverage structure of the Alliant Property Insurance Program (APIP) changes.

B. State of the Market – Property and Group Purchase Programs

Mr. Cole reviewed the state of the insurance market in regard to property, noting a continued scrutiny of client data, including building materials, date of construction/building codes, and environmental factors; increased retentions and caps on certain types of exposures regarding wildfire and silent cyber; and higher than average trend factors, labor shortages, material costs, and supply chain interruption.

C. PLAN JPA 2022/23 Projections - Property

Mr. Sharma reviewed the property program costs from 21-22 and the estimated costs for 22-23. SIR for the Property Program is projected to remain at \$500K per occurrence. The excess insurance cost is expected to increase as well. Mr. Sharma noted staff has taken a conservative approach in estimating costs for the 2022/23 Program Year.

9. FINANCIAL MATTERS

A. Review of the PLAN JPA 2022/23 Draft Operating Budget

Mr. Sharma reviewed the 22-23 draft operating budget. He noted the Liability Program is expected to see a 19% increase and the Property Program is expected to see a 33% increase. Contributions will see around a 22% increase.

Mr. Sharma reviewed additional expenses and costs incorporated into the budget.

10. CLOSING COMMENTS

A. Board of Directors

The Board of Directors thanked Mr. Zafferano for his dedicated service to PLAN JPA.

B. Staff

None.

11. ADJOURNMENT

The Special Meeting of the PLAN JPA Board of Directors was adjourned at 12:01 p.m.



Katie Sullivan, Assistant Board Secretary