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STRATEGIC PLANNING SESSION AND BOARD OF DIRECTORS MEETING AGENDA

**Thursday, December 8, 2022
9:00 a.m.**

**Embassy Suites San Francisco Airport
250 Gateway Boulevard
South San Francisco, CA 94080**

In compliance with the Americans with Disabilities Act, if you need a disability-related modification or accommodation to participate in this meeting, please contact Katie Sullivan at (916) 244-1164 or (916) 244-1199 (fax). Requests must be made as early as possible and at least one full business day before the start of the meeting.

Documents and materials relating to an open session agenda item that are provided to the Pooled Liability Assurance Network (PLAN) JPA Board of Directors less than 72 hours prior to a regular meeting will be available for public inspection at 1750 Creekside Oaks Dr., Suite 200, Sacramento, CA 95833.

<u>Page</u>	STRATEGIC PLANNING SESSION	
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1.	PROPERTY PROGRAM SURPLUS	
2.	REVIEW OF LIABILITY LOSSES & RISK CONTROL INITIATIVES	I
 BOARD OF DIRECTORS MEETING		
1.	CALL TO ORDER	
2.	INTRODUCTIONS	
3.	APPROVAL OF AGENDA AS POSTED (OR AMENDED)	A

- Page** **4.** **PUBLIC COMMENTS** - The Public may submit any questions in advance of the meeting by contacting Katie Sullivan at: katie.sullivan@sedgwick.com. This time is reserved for members of the public to address the Board relative to matters of the Board of Directors not on the agenda. No action may be taken on non-agenda items unless authorized by law. Comments will be limited to five minutes per person and twenty minutes in total.
- 4** **5.** **CONSENT CALENDAR** **A**
If a Board Member would like to discuss any item listed, it may be pulled from the Consent Calendar.
- 5** *A. Minutes from the June 22, 2022, Board of Directors Meeting
- 18** *B. 2022/23 Risk Control Update
- 22** *C. Risk Control Services Summary Report through September 2022
- 25** *D. Service Provider Evaluation Survey Results
- 38** *E. Risk Management Grant Fund Balances as of September 30, 2022
Recommendation: Staff recommends the Board of Directors approve the Consent Calendar.
- 6.** **FINANCIAL MATTERS**
- 39** *A. Presentation of the Financial Audit Report by James Marta & Company, LLP **A**
Recommendation: Staff recommends the Board accept and file the 2021/22 Financial Audit Report for the Fiscal Year Ended June 30, 2022.
- 7.** **ADMINISTRATIVE MATTERS**
- 92** *A. Consideration of Appointment of PLAN JPA General Manager **A**
Recommendation: The Executive Committee recommends the Board of Directors appoint Eric Dahlen as PLAN JPA General Manager.
- 94** *B. Consideration of Executive and Claims Committee Merger **A**
Recommendation: Staff recommends the Board of Directors provide direction.
- 96** C. Consideration of Appointment to the Executive Committee Vacancy **A**
Recommendation: Staff recommends the Board of Directors appoint a member to fill the “at-large” vacancy on the Executive Committee for the rest of the 2022/23 Program Year.
- 8.** **CLAIMS MATTERS**
- 100** *A. Review of Litigated Claims Trends **I**
Recommendation: None.
- 101** *B. Update from PLAN JPA’s Third-Party Administrator, Sedgwick **I**
Recommendation: None.

9. CLOSED SESSION

A. Pursuant to Government Code Section 54956.95(a), the Board of Directors will hold a closed session to discuss the following claims:

- *Foster City Marina LLC v. City of Foster City*
- *Jowy Roman v. City of Foster City*
- *Glorioso v. City of Millbrae, City of San Bruno, et al*
- *Alok Jain, et al. v. City of Milpitas*
- *John Henneberry v. City of Newark*

B. Pursuant to Government Code Section 54957.1, the Board of Directors will report in open session any reportable action taken in closed session.

10. GENERAL MANAGER'S REPORT

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A. Report from PLAN JPA General Manager

I

Recommendation: None.

11. CLOSING COMMENTS

This time is reserved for comments by Board members and/or staff and to identify matters for future Board business.

- A. Board of Directors
- B. Staff

12. ADJOURNMENT

NOTICES:

- PLAN JPA Special Board of Directors meeting will be held on March 16, 2023, at 10:00 a.m.
- PLAN JPA Board of Directors meeting will be held on June 21, 2023, at 9:30 a.m.

December 8, 2022

Agenda Item 5.A.-E.

CONSENT CALENDAR

SUBJECT: Consent Calendar

BACKGROUND AND HISTORY:

The Consent Calendar consists of items that require approval or acceptance but are self-explanatory and require no discussion. If a Board member would like to discuss any item listed, it may be pulled from the Consent Calendar.

RECOMMENDATION:

Staff recommends the Board of Directors approve the Consent Calendar.

REFERENCE MATERIALS ATTACHED:

- A. Minutes from the June 22, 2022, Board of Directors Meeting
- B. 2022/23 Risk Control Update
- C. Risk Control Services Summary Report through September 2022
- D. Service Provider Evaluation Survey Results
- E. Risk Management Grant Fund Balances as of September 30, 2022

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

**MINUTES OF THE BOARD OF DIRECTORS
MEETING OF JUNE 22, 2022**

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

MEMBERS PRESENT:

Rebecca Mendenhall, Interim President, San Carlos
Pak Lin, Treasurer, Colma
Maria Ojeda, American Canyon *(Left during Agenda Item 9.C)*
George Rodericks, Atherton
Michael Guina, Burlingame
Will Fuentes, Campbell
Kristina Alfaro, Cupertino
Sarah Monnastes, Dublin
Maria Saguisag-Sid, Foster City
Jan Cooke, Hillsborough
Mike Sung, Millbrae
Lauren Lai, Milpitas *(Arrived during Agenda Item 6.A)*
Donald Larkin, Morgan Hill
Lenka Hovorka, Newark *(Arrived during Agenda Item 5.A)*
Christa Johnson, Ross
Monica Labossiere, Saratoga *(Arrived during Agenda Item 5.A)*
Jason Wong, South San Francisco
Christina Penland, Suisun City
Kevin Bryant, Woodside

MEMBERS ABSENT:

Kim Imboden, Benicia
Tomohito Oku, East Palo Alto
Lisa Lopez, Half Moon Bay
Sarina Revillar, Los Altos Hills
Laurel Prevetti, Los Gatos
Yulia Carter, Pacifica
Jeremy Dennis, Portola Valley
City of San Bruno
Greg Chanis, Tiburon

OTHERS PRESENT:

Jon Paulsen, General Manager
Katie Sullivan, Assistant General Manager
Karla Lopez, Administrative Assistant
Terrie Norris, Risk Control Manager
Susan DeNardo, Litigation Manager
Min Su, Sedgwick Finance Manager
Bill Taylor, Sedgwick Risk Control Manager
Eric Dahlen, Sedgwick
Miguel Beas, Sedgwick
Greg Rubens, Board Counsel
Seth Cole, Alliant Insurance Services
Lesley Murphey, PFM Asset Management
Wale Kajopaiye, PFM Asset Management
Helen Yu- Scott, Burlingame (Alternate)
Ann Ritzma, Hillsborough (Alternate)

1. CALL TO ORDER

The June 22, 2022, Board of Directors meeting was called to order at 9:33 a.m. by Interim President Rebecca Mendenhall.

2. INTRODUCTIONS

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

3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

A request was made to move Agenda Items in Section 8 to after Agenda Items in Section 9.

Michael Guina moved to approve the agenda, as amended. Kevin Bryant seconded the motion. A roll call vote was taken and the motion passed unanimously by Rebecca Mendenhall, Pak Lin, Maria Ojeda, George Rodericks, Michael Guina, Will Fuentes, Kristina Alfaro, Sarah Monnastes, Maria Saguisag-Sid, Jan Cooke, Mike Sung, Donald Larkin, Christa Johnson, Jason Wong, Christina Penland, and Kevin Bryant.

4. PUBLIC COMMENTS

None.

5. CONSENT CALENDAR

Jon Paulsen, General Manager, reviewed a few items on the Consent Calendar of particular importance:

- Consent Item 5.L - Conflict of Interest Code: reviewed and approved biannually by the Board of Directors to ensure accuracy.
- Consent Item 5.N - Alliant Data Use Agreement: authorization for Alliant to use anonymous PLAN JPA data for information purposes.
- Consent Item 5.O - Resolution No. 2022-02: Expressing Appreciation for Honorable Service for PLAN JPA – Marc Zafferano
 - o Ms. Mendenhall and Kevin Bryant, Woodside, both thanked Mr. Zafferano for his years of service and expressing happiness to honor him and wish him well during retirement.

Mr. Paulsen also requested to pull Consent Item 5.R – Resolution No. 2022-01: Establishing Meeting Dates for the 2022/23 Program Year pending discussions held under Agenda Item 10.A.

Kevin Bryant moved to approve the following items: A) Minutes from the December 8, 2021, Strategic Planning Session; B) Minutes from the December 9, 2021, Board of Directors Meeting; C) Minutes from the March 22, 2022, Special Board of Directors Meeting; D) 2021/22 Risk Control Program Update and Services Summary Report as of June 1, 2022; E) Warrant List for November 1, 2021, through March 31, 2022; F) Treasurer's Report and Investment Performance Report as of December 31, 2021; G) Treasurer's Report and Investment Performance Report as of March 31, 2022; H) Financial Statements as of September 30, 2021; I) Financial Statements as of December 31, 2021; J) Investment Policy – Redlined; K) Investment Policy Memo from PFM Asset Management; L) PLAN JPA Conflict of Interest Code; M) Claims Auditing Services Contract with Farley Consulting; N) Alliant "Data Use Agreement"; O) Resolution No. 2022-02: Expressing Appreciation for Honorable Service for PLAN JPA – Marc Zafferano; P) 2022 Sewer and Stormwater Summit Proposal; and Q) Precision Concrete Cutting Agreement. Michael Guina seconded the motion. A roll call vote was taken and the motion passed unanimously by Rebecca Mendenhall, Pak Lin, Maria Ojeda, George Rodericks, Michael Guina, Will Fuentes, Kristina Alfaro, Sarah Monnastes, Maria Saguisag-Sid, Jan Cooke, Mike Sung, Donald Larkin,

Lenka Hovorka, Christa Johnson, Monica Labossiere, Jason Wong, Christina Penland, and Kevin Bryant.

6. GENERAL MANAGER'S REPORT

A. Report from PLAN JPA's General Manager

Mr. Paulsen provided the following updates to the Board of Directors:

Staffing Update

On April 8, 2022, Ritesh Sharma, PLAN JPA Finance Manager, left Sedgwick for an opportunity with James Marta & Company, LLC. Min Su, Sedgwick Finance Manager, has been working with the PLAN JPA Finance team for the past nine months and has become very familiar with the account. Staff recommended to the Board of Directors the appointment of Mr. Su as PLAN JPA Finance Manager.

Terrie Norris, PLAN JPA Risk Control Manager, has served PLAN JPA for the past three years and has become a valuable resource for member agencies. On June 30, 2022, Ms. Norris will officially retire from Sedgwick; therefore, vacating her position with PLAN JPA. Sedgwick assigned Bill Taylor, Risk Control Manager, to PLAN JPA in preparation of Ms. Norris's departure. Staff recommended to the Board of Directors the appointment of Mr. Taylor as PLAN JPA Risk Control Manager.

Susan DeNardo, Litigation Manager, joined Will Portello, PLAN JPA Litigation Manager, to assist with management, process, and procedures related to claims for PLAN JPA. Ms. DeNardo has been actively involved in litigation and Claims Committee meetings for the past two years. Staff recommended to the Board of Directors the appointment of Ms. DeNardo as PLAN JPA Litigation Manager.

At the beginning of April 2022, Eric Dahlen joined Sedgwick as a pooling manager. Mr. Dahlen came to Sedgwick with an extensive background in public agency risk management as an owner/operator/consultant with Trident Risk Solutions, former Director of Risk Management at California State Polytechnic University – Pomona, Risk Manager with the San Bernardino County Transit Authority, and Director of California Schools JPA. Mr. Dahlen will be shadowing Mr. Paulsen as Senior Consultant to familiarize himself with self-insurance pool management.

Donald Larken moved to appoint Min Su as PLAN JPA Finance Manager, Bill Taylor as PLAN JPA Risk Control Manager, and Susan DeNardo as PLAN JPA Litigation Manager. Pak Lin seconded the motion. A roll call vote was taken and the motion passed unanimously by Rebecca Mendenhall, Pak Lin, Maria Ojeda, George Rodericks, Michael Guina, Will Fuentes, Kristina Alfaro, Sarah Monnastes, Maria Saguisag-Sid, Jan Cooke, Mike Sung, Lauren Lai, Donald Larkin, Lenka Hovorka, Christa Johnson, Monica Labossiere, Jason Wong, Christina Penland, and Kevin Bryant.

7. ADMINISTRATIVE MATTERS

A. Consideration of the Liability and Property Memoranda of Coverage and the Master Program Documents for the 2022/23 Program Year

Mr. Dahlen reminded the Board of Directors it is a best practice to review the Liability and Property Memoranda of Coverage in preparation for the new program year. He advised there are no content changes to either document other than the standard update to change the program years.

In addition to the Memoranda of Coverages, a review of the Master Program Document for each program was conducted. An update to the language in the Pooled Property Program Master program Document to reflect current practices, as well as legal review were made. Mr. Dahlen reviewed the following updates:

- Deductibles for Specific Excess Coverages:
 - A. Deductibles for various perils covered under the excess policy are determined by the excess property program the **Authority** has elected to participate in.
 - B. When a claim is filed for a qualifying loss, the **Participant** will be responsible for their corresponding deductible as defined in the Memorandum of Coverage for the Pooled Property Program for the **Authority**.
 - C. The **Authority** shall authorize payment of the difference between the **Participant's** deductible and the **Authority's** deductible for the corresponding covered loss within the excess program. The **Authority's** obligation to the excess program shall remain despite the total dollar amount of the difference in deductible amounts.

Jan Cooke moved to approve the 2022/23 Liability and Property Program Memoranda of Coverage and the Master Program Document for the Pooled Property Program. George Rodericks seconded the motion. A roll call vote was taken and the motion passed by majority vote by Rebecca Mendenhall, Pak Lin, Maria Ojeda, George Rodericks,

Michael Guina, Will Fuentes, Kristina Alfaro, Sarah Monnastes, Maria Saguisag-Sid, Jan Cooke, Mike Sung, Donald Larkin, Lenka Hovorka, Christa Johnson, Jason Wong, and Kevin Bryant. Monica Labossiere and Christina Penland were not present for voting.

9. FINANCIAL MATTERS

A. Investment Performance Report, PFM Asset Management

PFM Asset Management (PFM) LLC prepared the investment performance report as of March 31, 2022, which included a Market Update, Certificate of Compliance, Portfolio Overview and Performance, and Portfolio Details.

Lesley Murphey, Director with PFM, introduced Olawale (Wale) Kajopaiye, Senior Managing Consultant with PFM. Mr. Kajopaiye will replace Ms. Murphey as PLAN JPA's Investment Consultant.

Mr. Kajopaiye review the investment portfolio with the Board of Directors, indicating PFM is ensuring PLAN JPA stays compliant with Government Code, everything is meticulously reviewed for safety and liquidity.

B. Ratification of the Liability Program Member Allocation Methodology

Mr. Su reminded the Board of Directors since the 2002/03 Program Year, the experience modification (ex-mod) utilized Loss Experience and Payroll Data from the prior five completed years. Beginning with the 2021/22 Program Year, a change in the methodology was applied in calculating member contributions. The change occurred with removing the +/- 30% cap from total member contributions and applying a +/- 30% cap to the ex-mod year over year change. Along with the five years of loss experience and payroll utilized, the capping of ex-mod provides a reasonable balance between responsiveness and stability in claims development.

Moving forward with the 2021/22 Program Year, the standardization of payroll collection based off of quarterly DE-9s was adopted. As such, staff requested DE-9s from PLAN JPA members for the previous five years. The quarterly DE-9s provide an equal baseline (source of data all coming from the same reports) amongst all members. Quarterly DE-9 figures were also applied, annualized, and trended, to project payroll estimation for the upcoming program year.

Total Administrative costs are split 80% and 20% between the Liability and Property Programs, respectively. Administrative costs are further split between fixed costs of 33% that are allocated amongst the members equally with the same amount regardless of size, and the remaining variable costs of 67% are allocated based upon the following:

- 1) One-third weight allocated based upon reported claims greater than \$1
- 2) Two-thirds weight allocated based upon paid losses in the prior five completed years.

Liability and Property are treated separately for the allocation, then added to the member contribution in total.

The excess insurance portion of the loss funding is allocated to each member based upon member population, similar to previous years.

Mr. Su stated with the change to ex-mod capping and quarterly payroll collection, the Board of Directors had directed staff to continue capping member contributions for a limited timeframe to allow for members to adjust to the new methodology. The Board of Directors approved capping liability contributions at 40% in the first year of implementation, 50% in the second year, and 60% in the third year. The fourth year, beginning with 2024/25, and all future years would be uncapped in terms of liability contributions.

Staff indicated these changes were updated in the Liability Master Program Document and brought forward for Board approval.

Pak Lin moved to approve the changes in methodology for Liability member contributions, as proposed, in the Liability Master Program Document. George Rodericks seconded the motion. A roll call vote was taken and the motion passed by majority vote by Rebecca Mendenhall, Pak Lin, Maria Ojeda, George Rodericks, Michael Guina, Will Fuentes, Kristina Alfaro, Sarah Monnastes, Maria Saguisag-Sid, Jan Cooke, Mike Sung, Donald Larkin, Lenka Hovorka, Christa Johnson, Monica Labossiere, Jason Wong, Christina Penland, and Kevin Bryant. Lauren Lai voted no.

C. Consideration of the 2022/23 Draft Operating Budget

Mr. Su reviewed the Draft Operating Budget (Budget) for PLAN JPA for the 2022/23 Program Year. He indicated the funding model is similar to what the Board of Directors approved in the past with the Liability contributions capped at 50% for 2022/23. Funding

rates were compiled by PLAN JPA's Actuary, Bickmore Actuarial. Mr. Su discussed the following highlights:

- Liability Program member contributions presented at the 60% confidence level (CL) with a 2% discount factor.
- Property Program member contributions presented at the 70% CL with a 2% discount factor.
- Liability Program contributions show an increase of 17% over prior year. Three members are capped at 50% in 2022/23, compared to fifteen members capped at 40% in 2021/22.
- Payroll estimated to increase by 6.4% over prior year. High increases are due to PLAN JPA members restaffing/restructuring after COVID-19 pandemic years.
- Liability Primary Funding Layer increasing 7.9% over prior year, mainly due to increases in payroll.
- Insurance cost increasing 18% over prior year
 - CARMA layer increase driven by adverse development resulting in 17.2% increase
 - Reinsurance/Excess layers with a 19.1% increase from prior year due to a claim that had pierced PLAN JPA's \$30 million layer.
- Overall increase of 14.7% for Total Insured Values (TIV). Thirteen out of twenty-eight members added new locations such as libraries, town centers, police stations, fitness courts, skate parks, and recreation centers.
- Property Primary Funding Layers shows an increase of 32% over prior year mainly due to TIV increase and claims development.
- Excess Property coverage shows an increase of 31.3% over prior year, which includes an automatic 7.5% increase to all existing real property valuations and a 5% to personal property.
- Increase of 23.6% for Excess Cyber coverage.

Mr. Su informed the Board of Directors that at the May 19, 2022, Executive Committee meeting, the Committee reviewed three options regarding issues surrounding the Grant Fund Program. With the amount of funds available in the Grant Fund creating unnecessary liability for PLAN JPA, the Executive Committee directed staff to draft a budget, placing a moratorium on the addition of additional funds to the Grant Fund, pending further discussions with the Risk Management and Executive Committees. Mr. Su advised if the decision made was to add the designated Grant Fund monies to the balance for 2022/23, it could be done instantaneously.

Kevin Bryant moved to approve placing a moratorium on the Grant Fund for the 2022/23 Program Year, pending further discussions. Pak Lin seconded the motion. A roll call vote was taken and the motion passed by majority vote by Rebecca Mendenhall, Pak Lin, George Rodericks, Michael Guina, Kristina Alfaro, Sarah Monnastes, Maria Saguisag-Sid, Jan Cooke, Mike Sung, Lauren Lai, Donald Larkin, Christa Johnson, Monica Labossiere, Jason Wong, Christina Penland, and Kevin Bryant. Will Fuentes and Lenka Hovorka voted no. Maria Ojeda was not present for voting.

Kevin Bryant moved to approve the Draft Operating Budget for 2022/23, as presented. Donald Larkin seconded the motion. A roll call vote was taken and the motion passed unanimously by Rebecca Mendenhall, Pak Lin, George Rodericks, Michael Guina, Will Fuentes, Kristina Alfaro, Sarah Monnastes, Maria Saguisag-Sid, Jan Cooke, Mike Sung, Lauren Lai, Donald Larkin, Lenka Hovorka, Christa Johnson, Monica Labossiere, Jason Wong, Christina Penland, and Kevin Bryant. Maria Ojeda was not present for voting.

8. RISK CONTROL MATTERS

A. Consideration of the 2022/23 Risk Control Plan

Mr. Taylor reviewed the Draft Risk Control Plan for 2022/23. He discussed the following highlights with the Board of Directors:

- Risk Control Orientation
Conduct member services campaigns and/or orientation meetings with each new member, new Board member, or other personnel, as requested by the member.
- Member Services and Outreach
Members can request risk control services to assist them with their liability and employee safety risk management programs. Services are wide-ranging and may include risk control plan development, safety training plan development, facility safety inspections, assistance with written programs, on-site or virtual ergonomic evaluations, and more.
- Focused Member Services
Provides one-to-one risk control services initiated by risk control staff to members with an ex-mod greater than 120%.
- Development of Focused Self-Assessment Materials
Library of materials related to liability risk management self-assessments.
- Regional Training

At least four regional training classes, including the Annual Sewer and Stormwater Summit. Includes topic research, trainer selection and fees, location selection, announcements, registration management and coordination of event.

- Oversight of the Risk Management Grant Fund Program
Review submissions for use of Grant Funds to ensure submissions are within program guidelines and submitted by authorized personnel.
- Unlimited Phone and Email Consultation
Unlimited access to Sedgwick risk control professionals for technical information and guidance.

George Rodericks moved to approve the 2022/23 Risk Control Service Plan, as submitted. Michael Guina seconded the motion. A roll call vote was taken and the motion passed unanimously by Rebecca Mendenhall, Pak Lin, George Rodericks, Michael Guina, Will Fuentes, Kristina Alfaro, Sarah Monnastes, Maria Saguisag-Sid, Jan Cooke, Mike Sung, Donald Larkin, Lenka Hovorka, Monica Labossiere, Jason Wong, Christina Penland, and Kevin Bryant. Lauren Lai and Christa Johnson were not present for voting.

B. Consideration of the Sedgwick Risk Management Contract Renewal

PLAN JPA 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. At the October 21, 2012, Executive Committee meeting, the Committee discussed possible options for renewal. The Executive Committee had authorized Greg Rubens, Board Counsel, to negotiate a new contract with Sedgwick for risk control services and requested the term of the contract align with the Program Administration contract.

Holly Pon, Director of Risk Control Services at Sedgwick, was in attendance and reviewed the pricing proposal with the Board and answered questions.

George Rodericks moved to approve the PLAN JPA Service Agreement for Loss Control Services. Maria Saguisag-Sid seconded the motion. A roll call vote was taken and the motion passed unanimously by Rebecca Mendenhall, Pak Lin, George Rodericks, Michael Guina, Will Fuentes, Kristina Alfaro, Sarah Monnastes, Maria Saguisag-Sid, Jan Cooke, Mike Sung, Donald Larkin, Lenka Hovorka, Jason Wong, Christina Penland, and Kevin Bryant. Lauren Lai, Christa Johnson, and Monica Labossiere were not present for voting.

C. ResoluteGuard and Cyber Services Update

An initiative from PLAN JPA's December 2019 Strategic Planning Session, staff focused on discovering cyber security options for members. Mr. Dahlen reminded the Board of Directors staff had 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 and approximately six PLAN JPA members have engaged with Sedgwick to perform cyber 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.

Mr. Dahlen advised on June 7, 2022, staff held the first of two virtual Town Hall style meetings to revisit the state of the market and the need to meet insurance underwriters' expectations. The second virtual Town Hall meeting held on June 16, 2022, will dive deeper into ResoluteGuard and services available to members. The agreement is currently under review by PLAN JPA Board Counsel.

10. ELECTIONS

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

Annually, the Board of Directors approve the candidates for PLAN JPA's committees. Each committee must consist of no less than three members of the Board of Directors and the Executive Committee must consist of nine designated members. Each committee shall designate a member to serve as chair of the committee. Additionally, Board members must appoint their Officers for the upcoming program year consisting of President, Vice President, and Treasurer.

Mr. Paulsen informed the Board a member had recently suggested combining the Executive and Claims Committees into one committee. Staff internally discussed the ability to execute a request, noting it would require updating the meeting calendar as well as other governing documents. Due to the short notice of the suggestion, the Board directed staff to not make any changes for the 2022/23 Program Year and bring forward to the Executive Committee and Claims Committee respectively for discussion and ultimately back to the Board for final consideration.

After a brief discussion around filling vacancies on committees, the Board elected Michael Guina, City of Burlingame, and Ann Ritzma, Town of Hillsborough, to serve on the Executive Committee; and Gabrielle Whelan, Town of Los Gatos, to the Claims Committee.

The Board of Directors also elected PLAN JPA Officers, as follows:

- **President:** Rebecca Mendenhall, City of San Carlos
- **Vice President:** Kevin Bryant, Town of Woodside
- **Treasurer:** Pak Lin, Town of Colma

Lenka Hovorka moved to elect Rebecca Mendenhall as PLAN JPA President, Kevin Bryant as PLAN JPA Vice President, and Pak Lin as PLAN JPA Treasurer. George Rodericks seconded the motion. A roll call vote was taken and the motion passed unanimously by Rebecca Mendenhall, Pak Lin, George Rodericks, Michael Guina, Will Fuentes, Kristina Alfaro, Sarah Monnastes, Maria Saguisag-Sid, Jan Cooke, Mike Sung, Lauren Lai, Donald Larkin, Lenka Hovorka, Christa Johnson, Monica Labossiere, Jason Wong, Christina Penland, and Kevin Bryant.

Considering the Board of Directors did not move forward with combining the Executive and Claims Committees at this time, no change was needed to Consent Item 5.R, which had been pulled from the Consent Calendar pending this discussion.

Donald Larkin moved to approve Consent Item 5.R – Resolution No. 2022-01: Establishing Meeting Dates for the 2022/23 Program Year. Pak Lin seconded the motion. A roll call vote was taken and the motion passed unanimously by Rebecca Mendenhall, Pak Lin, George Rodericks, Michael Guina, Will Fuentes, Kristina Alfaro, Sarah Monnastes, Maria Saguisag-Sid, Jan Cooke, Mike Sung, Lauren Lai, Donald Larkin, Lenka Hovorka, Christa Johnson, Monica Labossiere, Jason Wong, and Kevin Bryant. Christina Penland was not present for voting.

11. CLOSING COMMENTS

A. Board of Directors

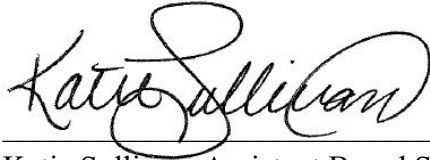
None.

B. Staff

None.

12. ADJOURNMENT

The Regular Meeting of the PLAN JPA Board of Directors was adjourned at 12:35 p.m.

A handwritten signature in black ink, reading "Katie Sullivan". The signature is written in a cursive style with a large, looping "S" for the last name.

Katie Sullivan, Assistant Board Secretary

RISK CONTROL MATTERS

SUBJECT: Update from PLAN JPA's Risk Control Manager

BACKGROUND AND HISTORY:

The Risk Management Committee (RMC) met on October 20, 2022, and reviewed the following items of business:

Risk Control Services on Request

Risk Control staff continues to provide training, ergonomic evaluations, and program development using WebEx, Zoom and Teams virtual platforms. On-site services have and can be provided when COVID-19 protection requirements can be maintained. A list of the services that have been provided and scheduled for the 2022/2023 program year is included in the Reference section of this report. Additionally, a full re-cap of the services provided in the 2021/2022 was submitted to the Risk Management Committee. The last report in 2021/2022 only reported services through March 18, 2022, is also available in the Reference Section. Four members have included risk control staff in their regularly scheduled safety/risk management committee meetings.

Ergonomic evaluations are frequently requested service from members. Members can initiate an ergonomic service request using an online request form, accessible within the Members Only section of the PLAN JPA website (<https://www.planjpa.org/member-forms/>) in the Resources section). Once the member submits the form it is sent to the Risk Control personnel who specialize in ergonomic evaluations. A member of the ergo team contacts the member to schedule the service. The system has been very successful resulting in requests for 109 ergonomic evaluations during 2021/2022, and 19 ergonomic evaluations so far in the 2022/2023 program year. The most frequent users of the ergonomic evaluation request system have been Benicia, Dublin, Foster City, San Carlos, and South San Francisco.

Focused Member Services

Nine members have been identified as having a 2022/23 ex-mod greater than 120% (based on the *Proposed 2022/23 Operating Budget*). Staff will provide one-to-one risk control services initiated by risk control staff to the identified members. The services will be kicked off with a "getting to know you" meeting with each member to explore what risk control issues they are most interested in addressing and/or what are the more significant liability exposures. The goal will be to help them reduce their loss experience and therefore their ExMod. During the initial meeting and subsequent meetings, a risk control service plan will be developed to support that member's risk control goals and will include follow-up meetings to monitor progress and/or

course correction. Staff is in the process of scheduling meetings with those members to identify their greatest safety concerns and develop a customized 2022/23 risk control service plan to address their concerns and capabilities.

Development of Focused Self-Assessments Materials

Risk Control staff continues to build and refine documents for focused self-assessment and companion best practice documents. The documents developed will include focused self-assessment forms for each of the risk management topics previously identified by the Risk Management Committee for inclusion in previous focused risk assessment services and the risk management best practices related to those topics. Staff is also designing a webpage that will provide members with access to these materials.

Defensive Driving

Defensive driving is available regionally and to individual members utilizing virtual platforms. Staff encourages all members to schedule defensive driving at least annually.

Regional Training

The risk control service plan calls for the provision of at least four regional training sessions, which includes the 2022 Sewer and Stormwater Summit. The PLAN JPA members continue to respond very favorably to the provision of regional training in an online format as it eliminates travel time. Other webinars that have been provided or are scheduled include:

- Fall Protection Training - August 9, 2022
- Sexual Abuse and Molestation Claims Against Public Entities - September 27, 2022
- Safe-Lifting and Industrial Ergonomics - October 25, 2022
- January – topic to be determined
- March – topic to be determined

When members request training services that permit regional training invitations, additional regional training opportunities will be organized.

The 2022 Sewer & Stormwater Summit is counted with the regional training opportunities. More on the Sewer & Stormwater Summit below.

Sewer and Stormwater Summit – October 2022

PLAN JPA members have been sent the registration announcement in increasing frequency since August. Currently there are 71 PLAN JPA member employees that have registered.

Registrants were sent instructional emails at the end of September regarding how they can build their agenda on the conference platform. As registration continues, new registrants will receive the same information. In the days immediately prior to the board cast registrants will receive detailed instructions regarding what to do/expect on October 20th when they login. The emails

will also include information on how to access the speaker and vendor chat rooms that will be available during the Summit broadcast.

The 2022 Virtual Summit will:

1. Be provided in a virtual environment available via computer, smart phone, tablet, and iPad.
2. Record the Summit sessions for future use by attendees.
3. Be free of charge to the employees of PLAN JPA and CSRMA members.
4. Offer a special Agency registration package for non-sponsoring agencies who have multiple employees who need to maintain education credits.
5. Offer a reduced registration cost for non-sponsoring individuals as the costs of hosting the Summit are reduced due to the elimination of food and hotel accommodations.
6. Have links to sponsor organizations posted on the virtual conference website.
7. Have networking opportunities for attendees via chat rooms.
8. Offer attendees the opportunity to interact with vendors through chat rooms.
9. Provide vendors an opportunity to post videos depicting their services.
10. Require vendors to pay a fee to participate to cover the added cost that result from hosting their access points.

The summit has four tracks with five sessions in each track providing 20 education opportunities:

- Track 1 – Safety & Leadership
- Track 2 – Management / Regulatory Compliance
- Track 3 – Operations
- Track 4 – Stormwater

As of September 23, 2022, 209 people had registered for the Summit. Nine PLAN JPA members have registered 71 employees, and two risk control managers who participate in servicing PLAN JPA are registered to attend. We anticipate the number of participants will increase as the Summit date gets closer. The final count for the 2020 Summit was only 61 PLAN JPA registrants, so we are well ahead of last year's count.

Oversight of the Risk Management Grant Fund Reimbursements

The Risk Control Manager continues to review the submissions for Risk Management Grant Fund Reimbursements to ensure submissions are within the program guidelines and submitted by authorized personnel and will provide guidance as needed regarding proposed expenditures. Requests are generally low at the beginning of the year but appear to be increasing. There is still a misconception on the part of a few members that they must use the funds by the end of the physical year or lose them; however, those instances are lower than in prior years. A summary spreadsheet of the Risk Management Grant Fund by members is in the reference section of this report.

December 8, 2022

**Agenda Item 5.B.
Page 4**

As of September 30, 2022, the Risk Management Fund has a balance of \$1,329,589 which is available for use by the PLAN JPA members. Since July 1, 2021, only seven (7) members have utilized their respective funds, reimbursing \$177,317 over the past 15 months.

The current Risk Management Fund balance for PLAN members, falls between the range of \$6,000 to \$160,000. Annual funding of the Risk Management Grants draws from PLAN JPA's Equity. As a result of the insignificant utilization, and an ever-growing liability for PLAN, at the May 19, 2022, Executive Committee meeting, staff presented the following options to reduce the continued increases to PLAN's liability:

- Option 1 – Pause annual funding of \$500,000, until fund balance falls below \$500,000
- Option 2 – Decrease annual funding from \$500,000 to \$250,000.
- Option 3 – Pause annual funding indefinitely.

At its October 20, 2022, meeting, the Risk Management Committee reviewed all three options, and staff requested further guidance regarding whether to continue the moratorium on the addition of funds to the PLAN JPA Grant Fund, or take other actions as determined by the committee. Staff is prepared to make adjustments to the program pending further discussions at future Risk Management and Executive Committee meetings, as well as at the December Strategic Planning Session.

REFERENCE MATERIALS ATTACHED:

None

Member	Activity	Project Status
American Canyon, City of	Ergonomic Evaluations (7)	Completed
Atherton, Town of	Ergonomic Evaluations (3)	Completed
	Contractual Risk Transfer Consultations (2)	Completed
Benicia, City of	Ergonomic Evaluations (5)	Completed
Burlingame, City of	Traffic Control and Flagger Training	In Progress
Campbell, City of	None	
Colma, Town of	Ergonomic Evaluation	In Progress
	Traffic Control and Flagger Training	In Progress
Cupertino, City of	Liability Exposures Consultation	In Progress
	Traffic Control and Flagger Training	In Progress
Dublin, City of	Hazmat Inspection and CERS Submission	Completed
	Ergonomic Evaluations (12)	In Progress
	Defensive Driver Training	In Progress
	IIPP/CPP/EAP Training	In Progress
	Safety Committee Meeting	Completed
	Safety Committee Meeting	Completed
	Traffic Control and Flagger Training	In Progress
Foster City, City of	Defensive Driver Training	Completed
Half-Moon Bay, City of	None	
Los Altos Hills, Town of	Aerial Lift Training	In Progress
	Equip Ops & Welding, Cutting, Hot Work & Compressed Gas Safety Training	In Progress
	Ergonomics Training - Industrial & Office	In Progress
	Traffic Control and Flagger Training	In Progress
	Focused Member – Follow Up Meetings	Completed
	Haz Com & LOTO Training	In Progress
	PPE Training	In Progress

Member	Activity	Project Status
Los Altos Hills, Town of	Hearing Conservation Program Review and Revision	Awaiting Member
	Heat Illness Prevention Program Review and Revision	Awaiting Member
	Accident Investigation Training	Completed
Los Gatos, Town of	None	
Milpitas, City of	Driver Safety Program Development	Awaiting Member
Morgan Hill, City of	Traffic Control & Flagger Training	In Progress
	Fall Protection & Ladder Training	In Progress
	Asbestos Awareness Training	Completed
	Respiratory Protection Certification and Training	In Progress
	Tool Safety Training	In Progress
	Workplace Violence Prevention Training	In Progress
Newark, City of	Office Ergonomics Training	Completed
	EAP Consultation	Completed
	Drug and Alcohol Policy Development	Awaiting Member
	Workplace Violence Training	Completed
PLAN JPA	None	
Pacifica, City of	None	
San Bruno, City of	Drug and Alcohol Training	In Progress
	Towing Policy Consultation	In Progress
	Urban Forest Management Consultation	Completed
	Volunteer Management	In Progress
	Cal/OSHA Consultation	In Progress



Risk Control Services Summary

July 1, 2022, to September 30, 2022

Member	Activity	Project Status
San Carlos, City of	Ergonomic Evaluation	In Progress
	Hearing Conservation Program Development	In Progress
	Heat Illness Prevention Program Review and Revision	In Progress
	Hot Work Permit Program Development	In Progress
	PPE Program Development	In Progress
	Continuity of Operations Plan	Awaiting Member
	Asbestos Consultation	Completed
Saratoga, City of	None	
South San Francisco, City of	Ergonomics Evaluation	Awaiting Member
Suisun City, City of	None	
Tiburon, City of	None	

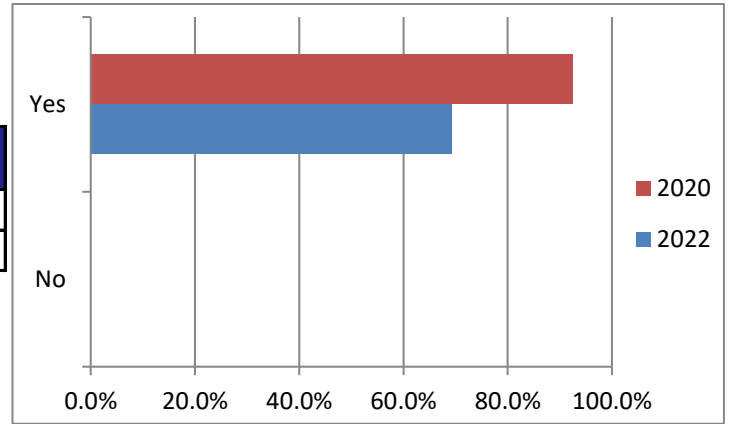
**Pooled Liability Assurance Network
Joint Powers Authority
(PLAN JPA)**

**Staff and Service Provider
Evaluation Survey
2022**

PROGRAM ADMINISTRATION

Have you worked with PLAN Administrative Staff consisting of Jon Paulsen, Katie Sullivan, Eric Dahlen, Min Su, Matt Braley, and Susan DeNardo?

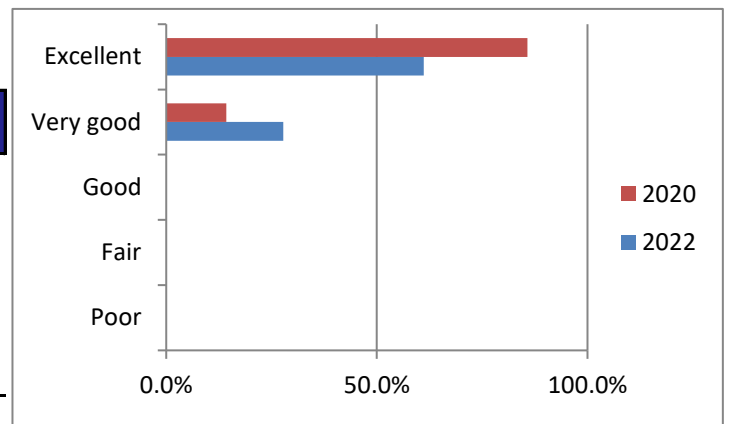
Response	2022 Frequency	2022 Percent	2020 Frequency	2020 Percent
Yes	18	69.2%	25	92.6%
No	0	0.0%	0	0.0%
Total	18		25	



Please rate the following in regards to PLAN Administrative Staff:

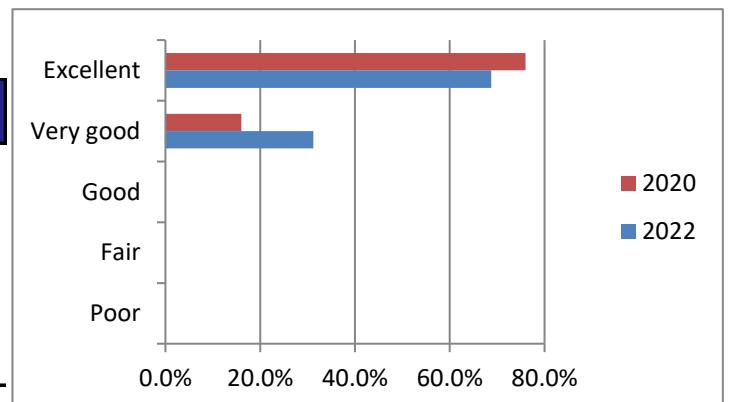
Coordination of Board, Risk Management, Claims, Finance and Executive Committee Meetings

Response	2022 Frequency	2022 Percent	2020 Frequency	2020 Percent
Excellent	11	61.1%	18	85.7%
Very Good	5	27.8%	3	14.3%
Good	0	0.0%	0	0.0%
Fair	0	0%	0	0.0%
Poor	0	0%	0	0.0%
N/A	2		4	
Total	18		21	



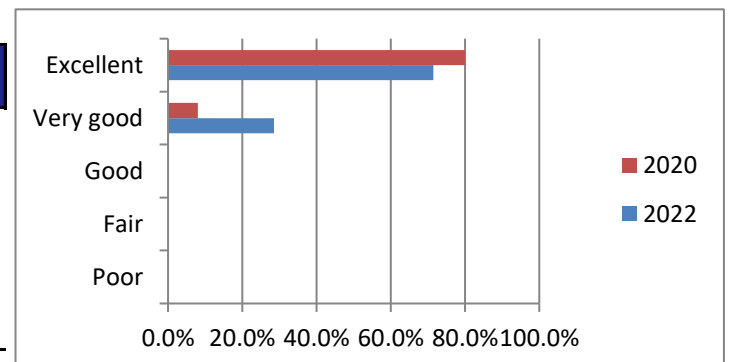
Adequacy of reports made to the Board, Risk Management, Claims, Finance and Executive Committee

Response	2022 Frequency	2022 Percent	2020 Frequency	2020 Percent
Excellent	11	68.8%	19	76.0%
Very Good	5	31.3%	4	16.0%
Good	0	0.0%	0	0.0%
Fair	0	0%	0	0.0%
Poor	0	0%	0	0.0%
N/A	2		2	
Total	16		25	



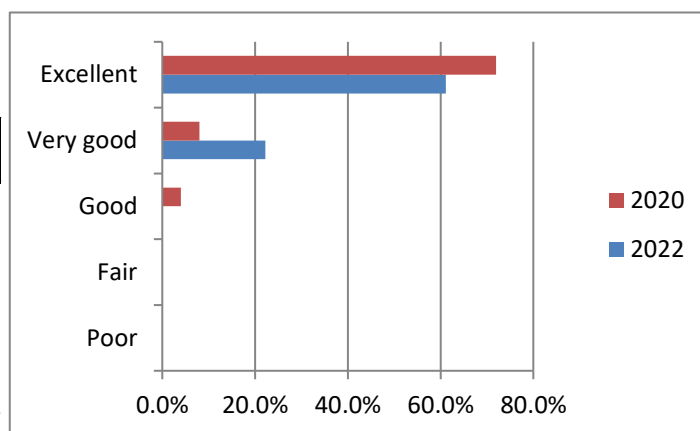
Quality of Agendas, Supporting Materials and Minutes

Response	2022 Frequency	2022 Percent	2020 Frequency	2020 Percent
Excellent	10	71.4%	20	80.0%
Very Good	4	28.6%	2	8.0%
Good	0	0.0%	0	0.0%
Fair	0	0%	0	0.0%
Poor	0	0%	0	0.0%
N/A	4		3	
Total	14		25	



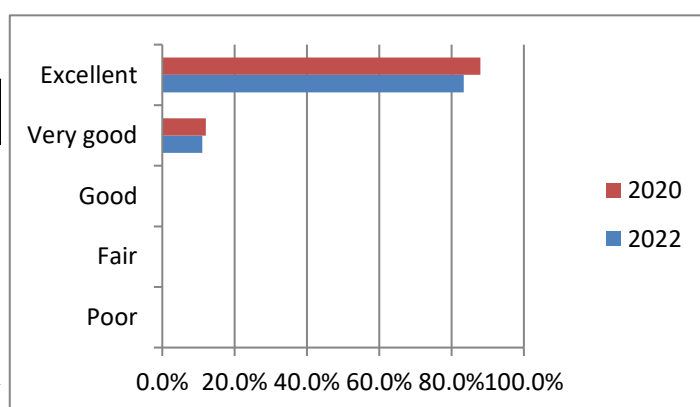
Maintenance of Governing Documents

Response	2022 Frequency	2022 Percent	2020 Frequency	2020 Percent
Excellent	11	61.1%	18	72.0%
Very Good	4	22.2%	2	8.0%
Good	0	0.0%	1	4.0%
Fair	0	0%	0	0.0%
Poor	0	0%	0	0.0%
N/A	3		4	
Total	18		25	



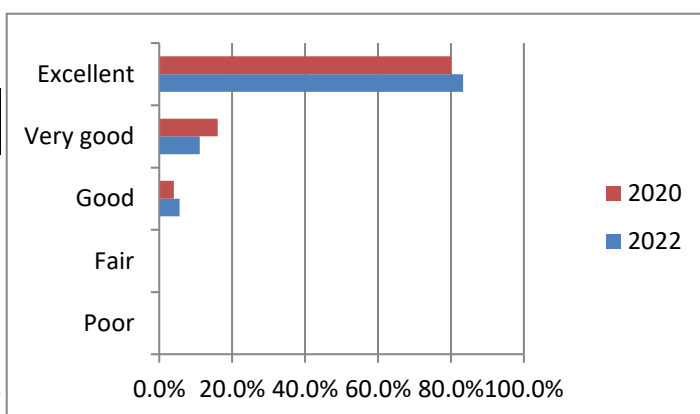
Level of Expertise and Knowledge

Response	2022 Frequency	2022 Percent	2020 Frequency	2020 Percent
Excellent	15	83.3%	22	88.0%
Very Good	2	11.1%	3	12.0%
Good	0	0.0%	0	0.0%
Fair	0	0%	0	0.0%
Poor	0	0%	0	0.0%
N/A	1		0	
Total	18		25	



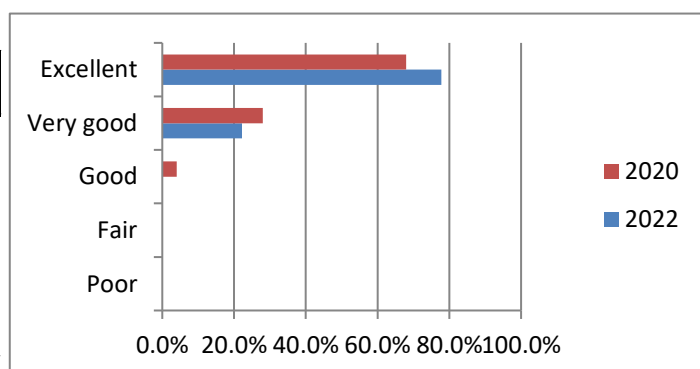
Responsiveness and General Communication

Response	2022 Frequency	2022 Percent	2020 Frequency	2020 Percent
Excellent	15	83.3%	20	80.0%
Very Good	2	11.1%	4	16.0%
Good	1	5.6%	1	4.0%
Fair	0	0%	0	0.0%
Poor	0	0%	0	0.0%
N/A	0		0	
Total	18		25	



Overall Satisfaction with Administration Staff

Response	2022 Frequency	2022 Percent	2020 Frequency	2020 Percent
Excellent	14	77.8%	17	68.0%
Very Good	4	22.2%	7	28.0%
Good	0	0.0%	1	4.0%
Fair	0	0%	0	0.0%
Poor	0	0%	0	0.0%
N/A	0		0	
Total	18		25	



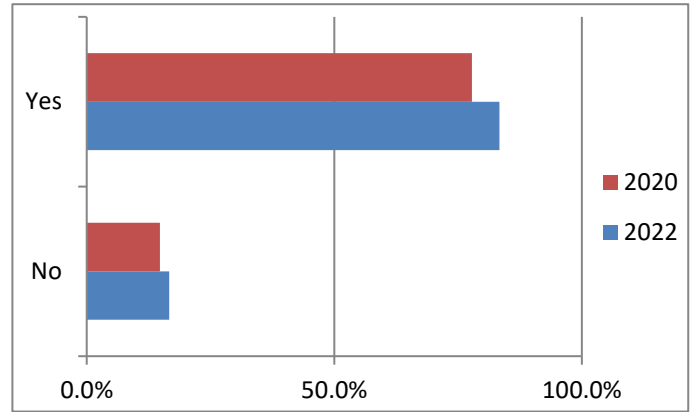
COMMENTS (What does Administration Staff do well? What could they do better?):

- I work mostly with Jon and Katie and they are very responsive and always are accommodating when I need assistance with our Finance & Investment Committee.
- Staff is well organized. The written materials are detailed and they are well-prepared for the meetings.
- They are always very responsive and helpful.

RISK CONTROL

Have you worked with Bill Taylor, PLAN's Risk Control Manager?

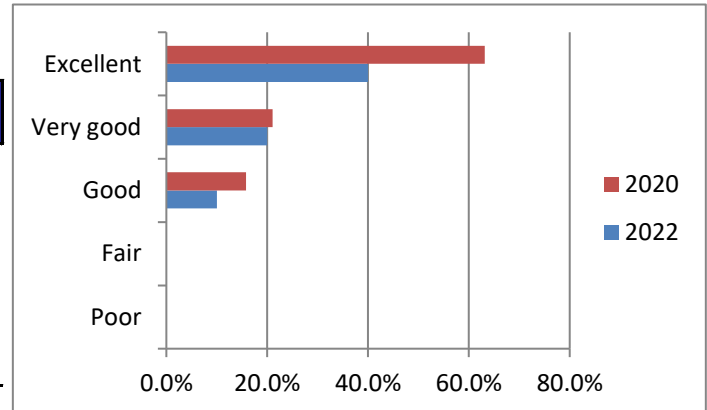
Response	2022 Frequency	2022 Percent	2020 Frequency	2020 Percent
Yes	10	38.5%	20	74.1%
No	8	30.8%	5	18.5%
Total	18		25	



Please rate the following in regards to Bill Taylor, Risk Control Manager:

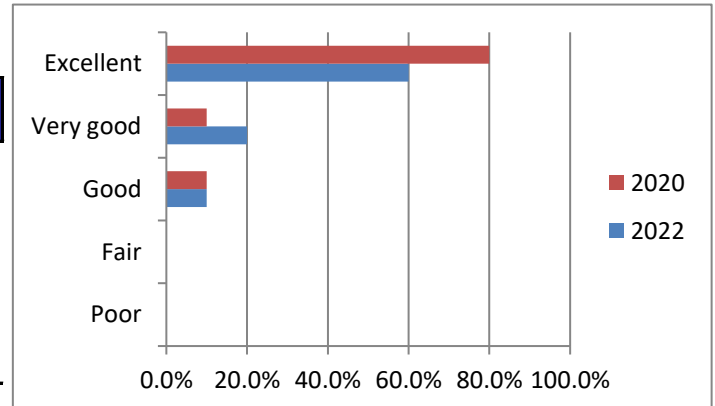
Quality of Trainings and/or Services Provided

Response	2022 Frequency	2022 Percent	2020 Frequency	2020 Percent
Excellent	4	40.0%	12	63.2%
Very Good	2	20.0%	4	21.1%
Good	1	10.0%	3	15.8%
Fair	0	0%	0	0.0%
Poor	0	0%	0	0.0%
N/A	3		1	
Total	10		19	



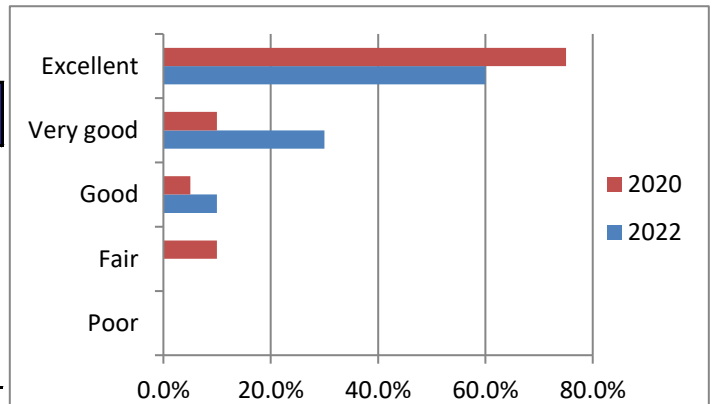
Level of Expertise and Knowledge

Response	2022 Frequency	2022 Percent	2020 Frequency	2020 Percent
Excellent	6	60.0%	16	80.0%
Very Good	2	20.0%	2	10.0%
Good	1	10.0%	2	10.0%
Fair	0	0%	0	0.0%
Poor	0	0%	0	0.0%
N/A	1		0	
Total	10		20	



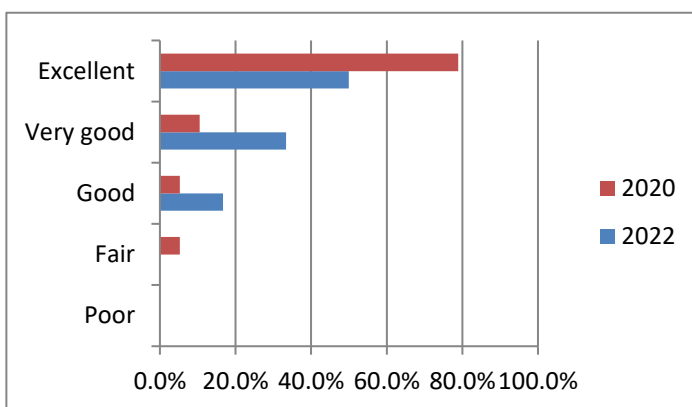
Responsiveness and General Communication

Response	2022 Frequency	2022 Percent	2020 Frequency	2020 Percent
Excellent	6	60.0%	15	75.0%
Very Good	3	30.0%	2	10.0%
Good	1	10.0%	1	5.0%
Fair	0	0%	2	10.0%
Poor	0	0%	0	0.0%
N/A	0		0	
Total	10		20	



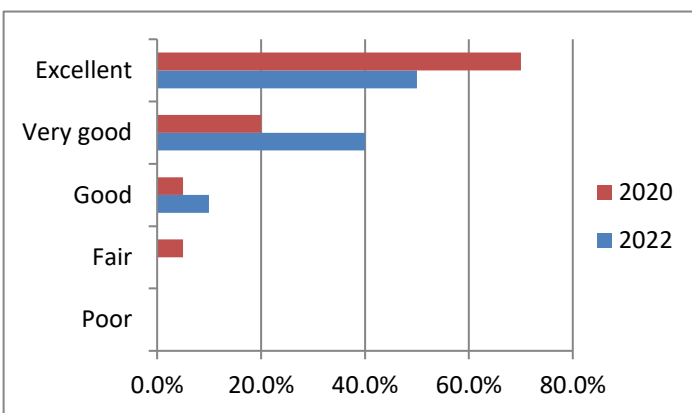
**Adequacy of Reports made to the Board, Risk
Management and Executive Committee**

Response	2022 Frequency	2022 Percent	2020 Frequency	2020 Percent
Excellent	3	50.0%	15	78.9%
Very Good	2	33.3%	2	10.5%
Good	1	16.7%	1	5.3%
Fair	0	0%	1	5.3%
Poor	0	0%	0	0.0%
N/A	4		1	
Total	6		19	



Overall Satisfaction with Risk Control Services

Response	2022 Frequency	2022 Percent	2020 Frequency	2020 Percent
Excellent	5	50.0%	14	70.0%
Very Good	4	40.0%	4	20.0%
Good	1	10.0%	1	5.0%
Fair	0	0%	1	5.0%
Poor	0	0%	0	0.0%
N/A	0		0	
Total	10		20	



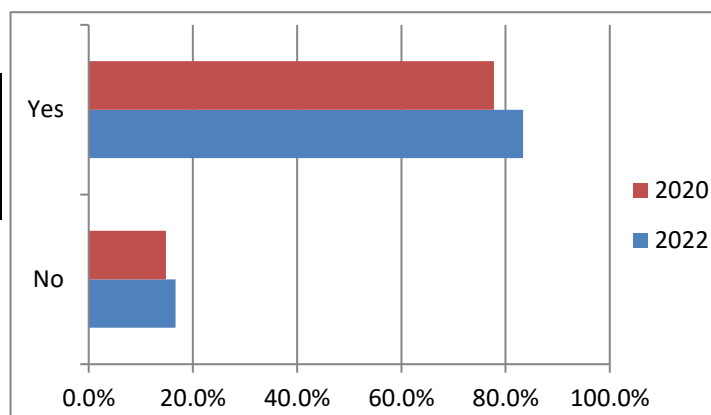
COMMENTS (What does Risk Control do well? What could they do better?):

No comments

SEDGWICK THIRD PART ADMINISTRATOR (CLAIMS)

Have you worked with Sedgwick, PLAN's Third Party Administrator for Claims Handling?

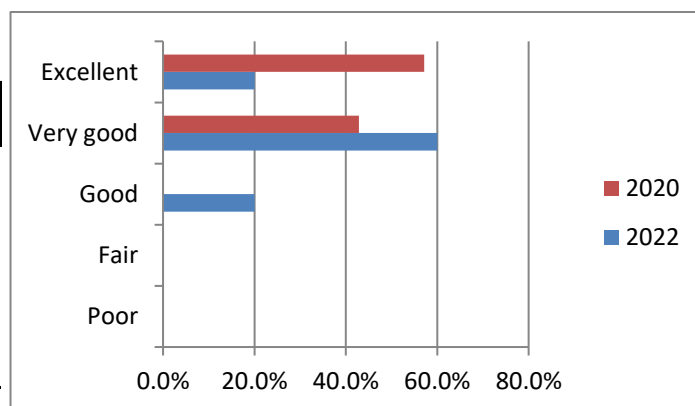
Response	2022 Frequency	2022 Percent	2020 Frequency	2020 Percent
Yes	15	83.3%	21	77.8%
No	3	16.7%	4	14.8%
Total	18		25	



Please rate the following in regards to Sedgwick Third Party Administrator

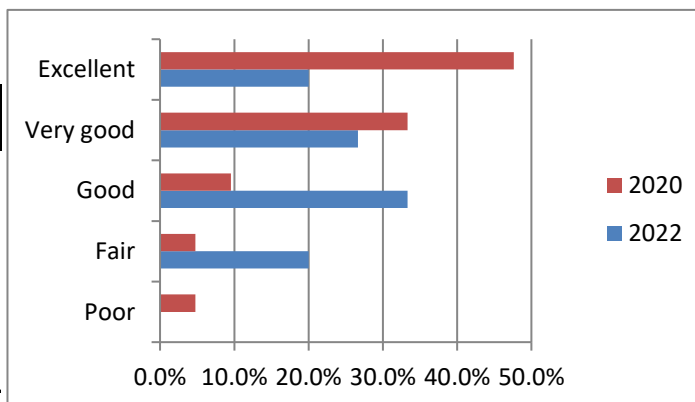
Level of Expertise and Knowledge

Response	2022 Frequency	2022 Percent	2020 Frequency	2020 Percent
Excellent	3	20.0%	12	57.1%
Very Good	9	60.0%	9	42.9%
Good	3	20.0%	0	0.0%
Fair	0	0%	0	0.0%
Poor	0	0%	0	0.0%
N/A	0		0	
Total	15		21	



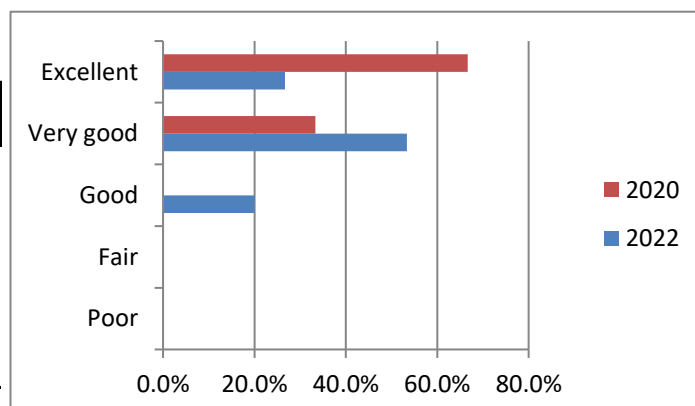
Reponsiveness and General Communication

Response	2022 Frequency	2022 Percent	2020 Frequency	2020 Percent
Excellent	3	20.0%	10	47.6%
Very Good	4	26.7%	7	33.3%
Good	5	33.3%	2	9.5%
Fair	3	20%	1	4.8%
Poor	0	0%	1	4.8%
N/A	0		0	
Total	15		21	



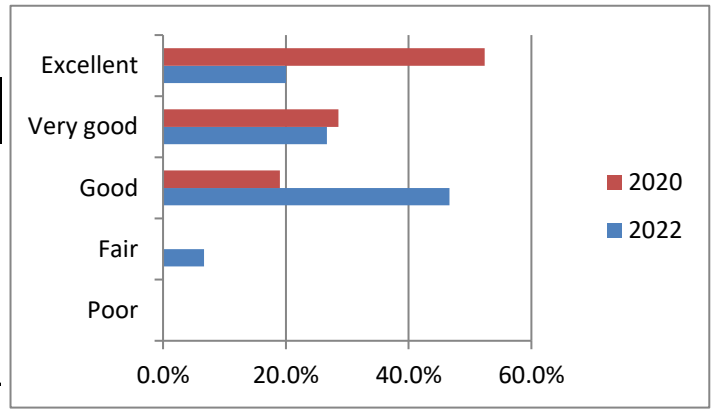
Professionalism of Claims Examiner

Response	2022 Frequency	2022 Percent	2020 Frequency	2020 Percent
Excellent	4	26.7%	14	66.7%
Very Good	8	53.3%	7	33.3%
Good	3	20.0%	0	0.0%
Fair	0	0%	0	0.0%
Poor	0	0%	0	0.0%
N/A	0		0	
Total	15		21	



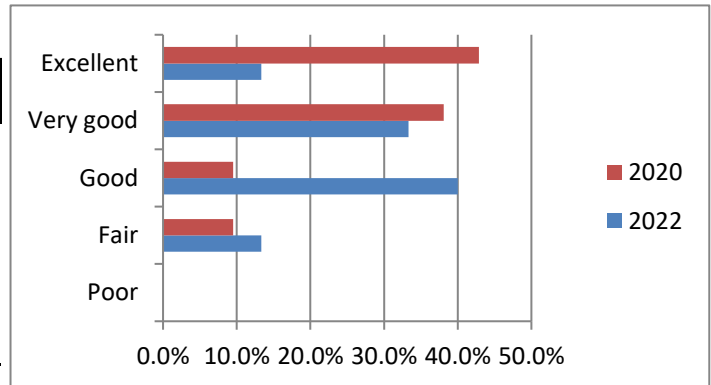
Adequacy of Account Supervision and Management

Response	2022 Frequency	2022 Percent	2020 Frequency	2020 Percent
Excellent	3	20.0%	11	52.4%
Very Good	4	26.7%	6	28.6%
Good	7	46.7%	4	19.0%
Fair	1	7%	0	0.0%
Poor	0	0%	0	0.0%
N/A	0		0	
Total	15		21	



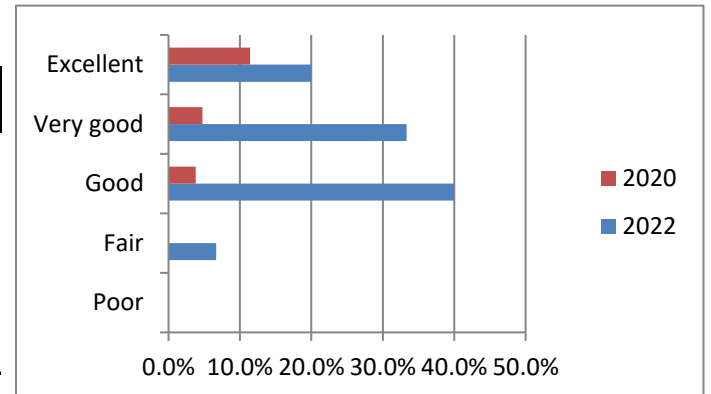
Handling of Claims

Response	2022 Frequency	2022 Percent	2020 Frequency	2020 Percent
Excellent	2	13.3%	9	42.9%
Very Good	5	33.3%	8	38.1%
Good	6	40.0%	2	9.5%
Fair	2	13%	2	9.5%
Poor	0	0%	0	0.0%
N/A	0		0	
Total	15		21	



Overall Satisfaction with Sedgwick Third Party Administrator

Response	2022 Frequency	2022 Percent	2020 Frequency	2020 Percent
Excellent	3	20.0%	12	11.4%
Very Good	5	33.3%	5	4.8%
Good	6	40.0%	4	3.8%
Fair	1	7%	0	0.0%
Poor	0	0%	0	0.0%
N/A	0		0	
Total	15		105	



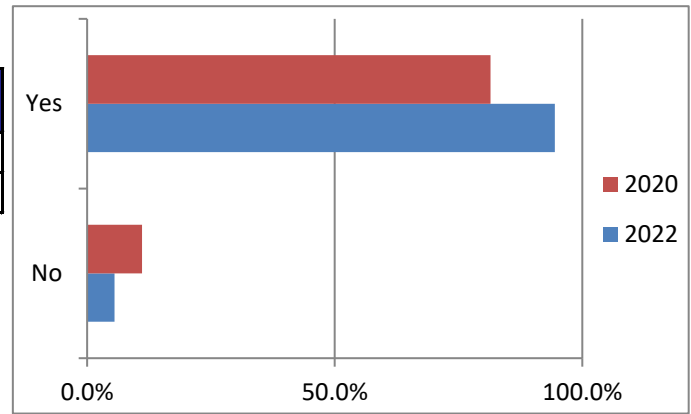
COMMENTS (What does York/Sedgwick TPA do well? What could they do better?):

- The adjusters are responsive and I feel the claims are being managed well overall.
- Follow-ups on claims do not always happen, but when they do it is a easy process.
- Due to recent staffing changes, some claims take a long time and require that I follow up. Now staffing seems to have stabilized. Turnaround time for claims reports is shorter, hopefully I don't need to follow up as much as before. I would also like to suggest that the claims team, perhaps a supervisor, do periodically claims review with the cities.
- We know there have been staff changes recently. We would appreciate more consistency in how we receive information or recommendations from the different adjusters. Some are better at providing guidance on next steps and follow-up than others.
- Tasso has been very helpful
- Improvement needed in claims management department: timely CMRs, are my recommendation.
- Turnover has been difficult on the claims experience this last year.--

ALLIANT

Have you worked with Alliant Insurance Services?

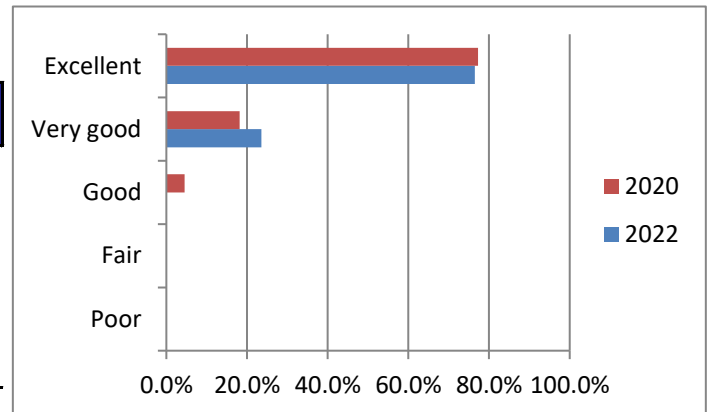
Response	2022 Frequency	2022 Percent	2020 Frequency	2020 Percent
Yes	17	94.4%	22	81.5%
No	1	5.6%	3	11.1%
Total	18		25	



Please rate the following in regards to Alliant Insurance Services:

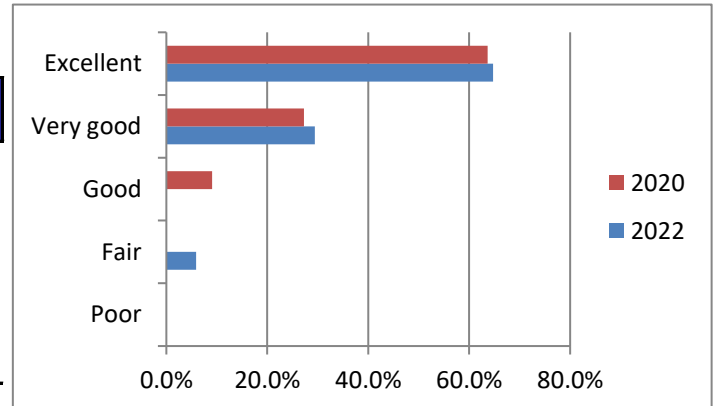
Level of Expertise and Knowledge

Response	2022 Frequency	2022 Percent	2020 Frequency	2020 Percent
Excellent	13	76.5%	17	77.3%
Very Good	4	23.5%	4	18.2%
Good	0	0.0%	1	4.5%
Fair	0	0%	0	0.0%
Poor	0	0%	0	0.0%
N/A	0		0	
Total	17		22	



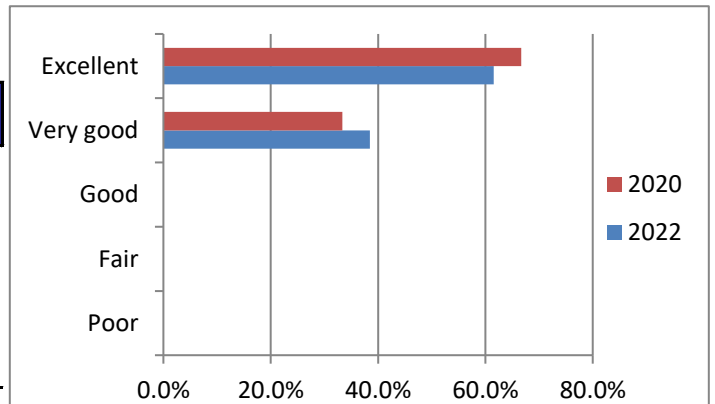
Responsiveness and General Communication

Response	2022 Frequency	2022 Percent	2020 Frequency	2020 Percent
Excellent	11	64.7%	14	63.6%
Very Good	5	29.4%	6	27.3%
Good	0	0.0%	2	9.1%
Fair	1	6%	0	0.0%
Poor	0	0%	0	0.0%
N/A	0		0	
Total	17		22	



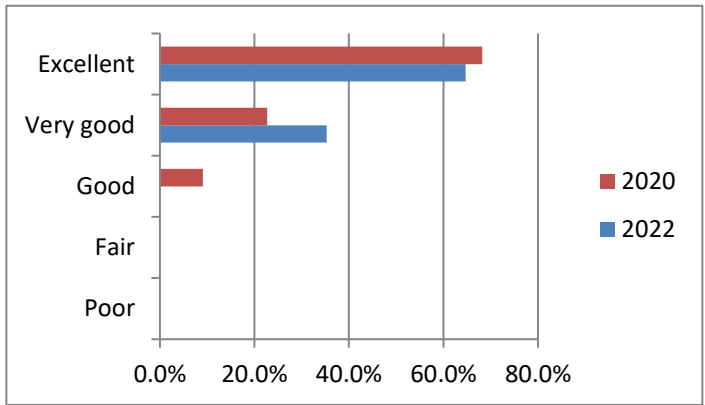
Adequacy of Reports made to the Board and Executive Committee

Response	2022 Frequency	2022 Percent	2020 Frequency	2020 Percent
Excellent	8	61.5%	14	66.7%
Very Good	5	38.5%	7	33.3%
Good	0	0.0%	0	0.0%
Fair	0	0%	0	0.0%
Poor	0	0%	0	0.0%
N/A	4		1	
Total	13		21	



Overall Satisfaction with Alliant Insurance Services

Response	2022 Frequency	2022 Percent	2020 Frequency	2020 Percent
Excellent	11	64.7%	15	68.2%
Very Good	6	35.3%	5	22.7%
Good	0	0.0%	2	9.1%
Fair	0	0%	0	0.0%
Poor	0	0%	0	0.0%
N/A	0		0	
Total	17		22	



COMMENTS (What does Alliant do well? What could they do better?):

- Glad to have Seth as part of the team. He has deep knowledge and presents complicated issues in an easy to understand way.

RISK GRANT FUND BALANCES
For FISCAL YEAR 2022-2023

Member	2022/23 Liability Program Funding	July 2022	Aug 2022	Sept 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023	April 2023	May 2023	June 2023	Total Grants Expensed in 22/23	Risk Mgmt Grant Available for Use
AMERICAN CANYON	\$ 14,712.62													0.00	\$ 14,712.62
ATHERTON	29,753.86													0.00	29,753.86
BENICIA	76,703.57													0.00	76,703.57
BURLINGAME	58,424.71													0.00	58,424.71
CAMPBELL	24,347.00													0.00	24,347.00
COLMA	7,502.41													0.00	7,502.41
CUPERTINO	40,992.55			1,689.09										1,689.09	39,303.46
DUBLIN	46,239.20													0.00	46,239.20
EAST PALO ALTO	50,037.17													0.00	50,037.17
FOSTER CITY	44,630.95													0.00	44,630.95
HALF MOON BAY	28,108.71													0.00	28,108.71
HILLSBOROUGH	13,355.90													0.00	13,355.90
LOS ALTOS HILLS	13,737.86													0.00	13,737.86
LOS GATOS	69,429.08	7,235.52												7,235.52	62,193.56
MILLBRAE	54,939.60													0.00	54,939.60
MILPITAS	10,000.15													0.00	10,000.15
MORGAN HILL	117,344.69													0.00	117,344.69
NEWARK	96,709.81													0.00	96,709.81
PACIFICA	106,861.89													0.00	106,861.89
PORTOLA VALLEY	13,404.12													0.00	13,404.12
ROSS	5,916.12			5,916.12										5,916.12	(0.00)
SAN BRUNO	73,696.65													0.00	73,696.65
SAN CARLOS	48,092.14													0.00	48,092.14
SARATOGA	46,135.69													0.00	46,135.69
SOUTH SAN FRANCISCO	160,150.29													0.00	160,150.29
SUISUN CITY	44,831.41													0.00	44,831.41
TIBURON	25,943.06													0.00	25,943.06
WOODSIDE	16,513.08													0.00	16,513.08
GRAND TOTAL	\$ 1,338,514.32	\$ 7,235.52	\$ -	\$ 7,605.21	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,840.73	\$ 1,323,673.59

December 8, 2022

Agenda Item 6.A.

FINANCIAL MATTERS

SUBJECT: Presentation of the Financial Audit Report by James Marta & Company, LLP

BACKGROUND AND HISTORY:

The financial audit for the year ending June 30, 2022, prepared by James Marta & Company's, LLP, is attached for the Board's review. There are five sections within the audit report:

- Section One: contains the independent auditor's report which states the auditor's opinion. The opinion on the financial audit report is unqualified, which means that the financial statements are presented fairly.
- Section Two: contains the Management Discussion and Analysis (MD&A) which is written by your management team. MD&A is a very informative section as it provides analysis and discussion about what transpired during the year.
- Section Three: contains the Basic Financial Statements comprised of Statement of Net Position, Statement of Activities, Statement of Cash Flows and Notes to the Financial Statements.
- Section Four: contains required supplementary information such as the ten-year claims development information.
- Section Five: contains supplementary information such as financial statements from program perspective and Graphical Summary of Claims.

In addition, the Communication with Those Charged with Governance Letter and Report on Internal Control Letter are included for review.

Michael Manduca CPA, Audit Manager with James Marta & Company, LLP will be present to review the results of the PLAN JPA Financial Audit for the Fiscal Year Ended June 30, 2022.

RECOMMENDATION:

Staff recommends the Board accept and file the 2021/22 Financial Audit Report for the Fiscal Year Ended June 30, 2022.

REFERENCE MATERIALS ATTACHED:

- PLAN JPA 2021-22 Communication with Those Charged with Governance Letter
- PLAN JPA 2021-22 Draft Audit Report
- PLAN JPA 2021-22 Report on Internal Control Letter



James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Tax, and Consulting

**COMMUNICATION WITH THOSE CHARGED
WITH GOVERNANCE**

DATE

DRAFT

Board of Directors
Pooled Liability Assurance Network
Sacramento, California

We have audited the financial statements of Pooled Liability Assurance Network as of and for the fiscal years ended June 30, 2022 and 2021 and have issued our report thereon dated **DATE**. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated August 31, 2021 our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Pooled Liability Assurance Network solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding internal controls over financial reporting and compliance, and other matters noted during our audit in a separate letter to you dated **DATE**.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.

We follow the AICPA Ethics Standard Rule 201C, in conjunction with this, we annually review with all engagement staff potential conflicts and obtain a conflict certification. In addition, we inquire on each engagement about potential conflicts with staff. We have not identified any relationships or other matters that in the auditor's judgment may be reasonably thought to bear on independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Pooled Liability Assurance Network is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. However, there are upcoming Governmental Accounting Standards that we have listed in Attachment I.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are estimating outstanding claims liabilities.

Management's estimate of the outstanding claims liabilities is based on annual actuarial studies. We evaluated the key factors and assumptions used to develop the outstanding claims liabilities and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting Pooled Liability Assurance Network's financial statements relate to claim liabilities.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of

transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no uncorrected immaterial misstatements identified as a result of our audit procedures.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. See Attachment II, “Journal Entries Report”, for adjustments provided by management. These adjustments are not a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Pooled Liability Assurance Network’s financial statements or the auditor’s report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the attached letter dated **DATE** (Attachment III).

Management’s Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Pooled Liability Assurance Network, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Pooled Liability Assurance Network’s auditors.

This report is intended solely for the information and use of the Board of Directors, and management of Pooled Liability Assurance Network and is not intended to be and should not be used by anyone other than these specified parties.

DRAFT

James Marta & Company LLP
Certified Public Accountants
Sacramento, California

DATE

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to PLAN in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to PLAN. For the complete text of these and other GASB standards, visit www.gasb.org and click on the “Standards & Guidance” tab. If you have questions regarding the applicability, timing, or implementation approach for any of these standards, please contact your audit team.

GASB Statement No. 91, Conduit Debt Obligations

Effective for the fiscal year ending June 30, 2023

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

We do not expect this standard to have any significant impact on PLAN.

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements

Effective for the fiscal year ending June 30, 2023

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

We do not expect this standard to have any significant impact on PLAN.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements

Effective for the fiscal year ending June 30, 2023

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

We do not expect this standard to have any significant impact on PLAN.

GASB Statement No. 99, Omnibus 2022

Effective dates vary

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument – *Effective for the fiscal year ending June 30, 2024*
- Clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives – *Effective for the fiscal year ending June 30, 2023*
- Clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset – *Effective for the fiscal year ending June 30, 2023*
- Clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability – *Effective for the fiscal year ending June 30, 2023*
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt – *Effective immediately*
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP) – *Effective immediately*
- Disclosures related to nonmonetary transactions – *Effective immediately*
- Pledges of future revenues when resources are not received by the pledging government – *Effective immediately*

- Clarification of provisions in Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements – *Effective immediately*
- Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position – *Effective immediately*
- Terminology used in Statement 53 to refer to resource flows statements. – *Effective immediately*

We do not expect this standard to have any significant impact on PLAN.

GASB Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62

Effective for the fiscal year ending June 30, 2024

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

We do not expect this standard to have any significant impact on PLAN.

GASB Statement No. 101, Compensated Absences

Effective for the fiscal year ending June 30, 2025

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

We do not expect this standard to have any significant impact on PLAN.

Adjusting Journal Entries

None.

Reclassifying Journal Entries

Account	Description	Debit	Credit
Reclassifying Journal Entries JE # 2			
PBC to reclass investement accounts.			
100-1150-50	Investments - CAMP POOL	97,781	
100-1115-50	Cash - Investments - Securities		97,781
Total		97,781	97,781

Proposed Journal Entries

None.

PENDING

POOLED LIABILITY ASSURANCE NETWORK

**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2022 AND 2021**

POOLED LIABILITY ASSURANCE NETWORK

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James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pooled Liability Assurance Network
Sacramento, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying Statements of Net Position of Pooled Liability Assurance Network (PLAN) as of and for the fiscal years ended June 30, 2022 and 2021, and the related Statements of Revenues, Expenses, and Changes in Net Position, and the Statements of Cash Flows for the fiscal years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Pooled Liability Assurance Network, as of June 30, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's *Minimum Audit Requirements for California Special Districts*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Pooled Liability Assurance Network and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Pooled Liability Assurance Network's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pooled Liability Assurance Network's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pooled Liability Assurance Network's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Pooled Liability Assurance Network's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Claims Reconciliation by Program, Claims Development Information and the Notes to Claims Development Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise PLAN's basic financial statements. The Combining Statement of Net Position, Combining Statement of Revenues, Expenses, and Changes in Net Position and the Graphical Summary of Claims are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated **insert date of report** on our consideration of Pooled Liability Assurance Network's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pooled Liability Assurance Network's internal control over financial reporting and compliance.

DRAFT

James Marta & Company LLP
Certified Public Accountants
Sacramento, California

Date

MANAGEMENT'S DISCUSSION AND ANALYSIS

POOLED LIABILITY ASSURANCE NETWORK
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

The management of the Pooled Liability Assurance Network (PLAN) Joint Powers Authority is pleased to present the following discussion and analysis of the operating results, financial condition, and liquidity of PLAN JPA for the fiscal year ended June 30, 2022. This discussion should be read in conjunction with the financial statements and notes to the financial statements included with this report.

Overall Program Highlights

General

PLAN is a public entity, joint powers authority (JPA), created July 1, 2018, to provide a pooled approach to insurance coverage for a number of Bay Area Cities pursuant to the California Government Code. PLAN currently consists of twenty-eight member cities. The purpose of PLAN is to develop effective risk management programs to reduce the amount and frequency of losses; share the risk of self-insured losses; and jointly purchase insurance, administrative and other services. PLAN is governed by a Board of Directors comprising of officials appointed by each member city.

Prior to July 1, 2018, all PLAN members participated in a non-profit public benefit corporation called ABAG Pooled Liability Assurance Network Corporation (ABAG PLAN). Similar to PLAN, ABAG PLAN provided insurance coverage to its members. Effective July 1, 2018, all the assets and liabilities of ABAG PLAN were transferred to PLAN. The transfer of assets, liabilities, and net position were valued at \$43.9 million, \$20.5 million, and \$23.4 million, respectively.

PLAN currently provides insurance coverage for General Liability, Property, Cyber, Crime and Pollution insurance. Additionally, some PLAN members purchase standalone Employment Practice Liability (EPL).

- Effective July 1, 2021, for the General Liability program, PLAN joined California Affiliated Risk Management Authority (CARMA) JPA and lowered PLAN's self-insured retention (SIR) to \$1 million, from \$2.5 million SIR in the prior year. CARMA's coverage of \$9 million attaches above the PLAN SIR and Excess Coverage of \$20 million attaches above the CARMA layer, totaling \$30 million of coverage (Auto Liability coverage is up to \$22.5 million). The General Liability program have the following deductibles: \$25K, \$50K, \$100K, and \$250K.
- For the Property program, PLAN's SIR is \$500 thousand per occurrence with no aggregate in the current year. PLAN purchases excess coverage limit of up to \$1 billion for Property coverage. Member deductibles for the Property program are \$5 thousand per member, per occurrence.
- PLAN also provides members with Cyber Liability and Pollution Liability coverages through PLAN's property coverage program and the Alliant Property Insurance Program (APIP). In addition, PLAN procured Excess APIP Cyber Liability in the 2021/22 program year.
- For the stand alone or pass-through Employment Practice Liability program, PLAN obtains coverage from Employment Risk Management Authority (ERMA). ERMA's SIR is \$1 million, with member deductibles at \$50K or \$100K. In 2021/2022, PLAN members who participated in ERMA, also purchased additional excess EPL of \$2 million, totaling \$3 million of coverage.

POOLED LIABILITY ASSURANCE NETWORK
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

PLAN contracts with Sedgwick, a company specializing in the management of joint powers authorities, to handle the day-to-day operations of PLAN. Sedgwick provides general administrative, financial accounting, underwriting, loss prevention, claims management oversight, risk management, and other services as necessary for the operations of PLAN. PLAN also contracts with Sedgwick Claims Management for third party administration of claims.

Financial Highlights for the Fiscal Year Ended June 30, 2022

Revenues	\$20.1 million	Overall, Total Revenues increased 23%, over the prior year. This was attributed to higher Operating Revenues, specifically member contributions, which experienced a 36% increase or \$5.8M over the prior year. This was offset by investment income earnings, which decreased 1068% or \$2M from prior year due to fair market value adjustments.
Expenses	\$20.6 million	Total expenses increased 38% or \$5.6M over the prior year largely due to an increase of insurance expense of 92% or \$7M. Insurance expense amounted to 71% of total expenses. Management and Administration expense was up \$62K or 7%. Claim expense decreased 26% or 1.4M.
Assets	\$48.5 million	Overall decrease of 6% or \$2.8M in Total Assets from prior year; cash and Investments amounted to 99% of Total Assets. The remaining Total Asset balance was related to receivables, which decreased 4% or \$25K from the prior year.
Liabilities	\$22.8 million	Total Liabilities decreased by 9% or \$2.4M from the prior year due to Claims Liabilities, which is 94% of the total liabilities. Claims Liabilities decreased 11% or \$2.5M from the prior year. Accounts payable increased 16% or \$189K, which is the remaining 6% of total liabilities.
Net Position	\$25.7 million	Net Position decreased by 2% or \$489K from the prior year.

POOLED LIABILITY ASSURANCE NETWORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Description of the Basic Financial Statements

PLAN's financial statements are prepared in conformity with generally accepted accounting principles and include certain amounts based upon reliable estimates and judgments. The financial statements include Statements of Net Position; Statements of Revenues, Expenses and Changes in Net Position; and Statements of Cash Flows along with accompanying Notes to the Financial Statements.

The **Statements of Net Position** presents information on PLAN's assets and liabilities and the difference between the two, representing net position, or pool equity.

The **Statements of Revenues, Expenses and Changes in Net Position** present information regarding revenues versus expenses and how PLAN's net position changed during the year. All revenues and expenses are recognized as soon as the underlying event occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in the disbursement or collection of cash during future years (e.g., increase/decrease in claims liability).

The **Statements of Cash Flows** present the changes in PLAN's cash and cash equivalents during the fiscal year. The statements are prepared using both the direct and indirect method of cash flow. The statements detail the sources and uses of PLAN's cash and cash equivalents into two categories: operating activities and investing activities.

The **Notes to the Financial Statements** provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes describe the nature of PLAN's operations and significant accounting policies as well as clarify unique financial information.

Following the basic financial statements and footnotes is **Required Supplementary Information**, which provide further detail on claims activities and the financial position and results of the program.

James Marta & Company, LLP, Certified Public Accountants has performed an independent audit of the accompanying financial statements in accordance with generally accepted auditing standards. Their opinion is included in the Independent Auditor's Report section of this report.

Bickmore Actuarial provided an independent actuarial review to value the amounts recorded as outstanding claims liabilities for each program year and recommendations of funding levels for the upcoming year.

POOLED LIABILITY ASSURANCE NETWORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Analysis of Overall Financial Position and Results of Operations

Condensed Statement of Net Position

STATEMENT OF NET POSITION

	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>% Change</u>	<u>6/30/2020</u>	<u>% Change</u>
Cash and Investments	\$ 47,834,098	\$ 50,655,481	-6%	\$ 45,804,952	11%
Receivables	661,118	686,462	-4%	3,109,837	-78%
Total Assets	<u>48,495,216</u>	<u>51,341,943</u>	<u>-6%</u>	<u>48,914,789</u>	<u>5%</u>
Accounts Payable	1,402,694	1,213,980	16%	1,587,914	-24%
Claims Liabilities	<u>21,371,476</u>	<u>23,918,005</u>	<u>-11%</u>	<u>22,464,232</u>	<u>6%</u>
Total Liabilities	<u>22,774,170</u>	<u>25,131,985</u>	<u>-9%</u>	<u>24,052,146</u>	<u>4%</u>
Net Position - Unrestricted	<u>\$ 25,721,046</u>	<u>\$ 26,209,958</u>	<u>-2%</u>	<u>\$ 24,862,643</u>	<u>5%</u>

ASSETS

Overall, Total Assets on June 30, 2022, was \$48.5 million, of which 99% of it is in cash and investments. PLAN has substantial amount in cash and investment so that if the need arises, PLAN can pay its claims. The remaining 1% was interest, excess, and member deductible receivables. Cash and investments are discussed below:

PLAN maintains funds not immediately needed for the payment of claims and administrative expenses in the Local Agency Investment Fund (LAIF), which is administered by the State Treasurer's Office in Sacramento, CA and in the California Asset Management Program (CAMP) Liquidity Account, which is administered by PFM Asset Management LLC (PFM). On June 30, 2022, PLAN has a total of \$13.7 million, between LAIF and CAMP, should the need arise, to pay ongoing claims and administrative expenses.

PLAN also maintains its investment portfolio with the CAMP, a joint powers authority that contracts with PFM to provide investment management services. Custodial services are provided by U.S. Bank. The book value of PLAN's portfolio was \$35.9 million on June 30, 2022. The fair market value of PLAN's investments was \$1.8 million less than the book value.

The ability of PLAN's excess funds to earn investment income has a direct effect on program rates, as this income is used to discount future liabilities. When investment yields fall short of projections, additional funding may be required to meet actuarial estimates. Management takes these conditions into consideration when setting program rates and recording the outstanding claim liabilities.

POOLED LIABILITY ASSURANCE NETWORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

LIABILITIES

Overall, Total Liabilities on June 30, 2022, were \$22.8 million, of which 94% was related to claim liabilities. The remaining 6% was related to accounts payable, which included a risk management grant fund of \$1.3 million, and accrued liabilities. Claim liabilities are recorded at the actuarially determined expected confidence level for General Liability and Property programs.

General Liability Program:

The total liabilities for the General Liability program were \$20 million, of which \$4.5 million was for claims reserves, \$13.1 million was claims incurred but not reported (IBNR), and \$2.3 million was unallocated loss adjustment expenses (ULAE). Total Claim liabilities decreased \$3.2 million, from \$23.1 million to \$20 million, from the prior year. Claim Reserves, which consist of known claims that are reserved by the claim's adjustors, decreased by \$2.3 million from the prior year. Claims IBNR and ULAE, which are estimates provided by PLAN's actuary, decreased by \$900 thousand from the prior year.



POOLED LIABILITY ASSURANCE NETWORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Property Program:

The total liabilities for the Property program were \$1.4 million, of which \$1.3 million was claims reserves and \$152 thousand is claims IBNR. Property claim liabilities increased by \$605 thousand, from \$804 thousand in the prior year, due to more open claims with reserves as of June 30, 2022, when compared to June 30, 2021.



NET POSITION

Total Net Position of PLAN was \$25.7 million on June 30, 2022, of which \$26.1 million was for the Liability program, and a negative \$352 thousand for the Property program. Overall, net position decreased by 2%, or \$489 thousand, from prior year's net position of \$26.2 million.

POOLED LIABILITY ASSURANCE NETWORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

Condensed Statement of Revenues, Expenses and Change in Net Position

CONDENSED STATEMENT OF ACTIVITIES

	FY 2021/22	FY 2020/21	% Change	FY 2019/20	% Change
Operating Revenues	\$ 21,961,892	\$ 16,159,355	36%	\$ 12,951,028	25%
Non-operating Revenues	(1,817,829)	187,807	-1068%	2,147,461	-91%
Total Revenues	20,144,063	16,347,162	23%	15,098,489	8%
Claims Expense	4,193,613	5,630,676	-26%	5,815,240	-3%
Insurance Expenses	14,585,993	7,586,088	92%	4,604,970	65%
Loss Prevention Programs	784,820	783,653	0%	799,799	-2%
Contracted Services	99,194	92,012	8%	126,379	-27%
Management, Administration, Other Exp	969,355	907,418	7%	1,636,739	-45%
Total Expenses	20,632,975	14,999,847	38%	12,983,127	16%
Change in Net Position	(488,912)	1,347,315	-136%	2,115,362	36%
Net Position - Beginning	26,209,958	24,862,643	5%	22,747,281	9%
Net Position - Ending	\$ 25,721,046	\$ 26,209,958	-2%	\$ 24,862,643	5%

REVENUES

Total operating revenues consist of member contributions, which experienced a \$5.8 million increase over the prior year. Below is a breakdown of contributions by program.

General Liability Program:

The member contributions for the General Liability program were \$16.8 million, which experienced an increase of 35% over the prior year contributions of \$12.4 million. The General Liability contributions consist of funding the pooled layer, reinsurance and excess insurance, and administration costs. The estimated payroll decreased 2.3%, and funding for the pool layer decreased by 26% due to PLAN lowering SIR to \$1M, by way of joining CARMA. Loss funding went from \$6.4 million at the \$2.5M SIR in the prior year to \$4.7M at the \$1M SIR for fiscal year ended June 30, 2022. Excess premiums increased by 16% or \$500 thousand. The administration cost saw an increase of 4.4%, or \$95 thousand. The 2021/22 program year was funded at 60% confidence level, discounted at 2.0%.

Property Program:

The member contributions for the Property Program were \$5.1 million, which experienced an increase of 39% over the prior year contributions of \$3.7 million. The Property contributions consist of funding the pooled layer, flood premium, excess cyber coverage, and excess insurance cost. Total Insured Values (TIV) of properties increased by 4.9%, resulting in an 12% increase in pool layer funding. The excess cyber coverage increased 166%, or \$193 thousand from prior year. The 2021/22 program year was funded at 70% confidence level, discounted at 2.0%.

The Non-operating revenues mainly consist of investment income, which includes LAIF and the fixed income investment portfolio. While the realized investment income (including interest earnings)

POOLED LIABILITY ASSURANCE NETWORK
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

during the year was \$545 thousand, these earnings were offset by unfavorable market conditions, thus decreasing the fair market value (FMV) of the investment portfolio by \$2.4 million. PFM continues to evaluate market conditions while maintaining the investment policy principles of safety, liquidity and return on investment

EXPENSES

Total Expenses for fiscal year (FY) 2021/22 was \$20.6 million. Claim expenses were 20% of the total, while insurance expense was 70% of total expenses. Management, administration, and other expenses accounted for 5% of total expenses for the year.

Overall, Claims Expense, which was \$4.2 million for the FY 2021/22, experienced a decrease of 26% or \$1.4 million from the prior year. Below is a breakdown of claims expenses by program.

General Liability Program:

The Liability program claims expense for the fiscal year was \$2.3 million. The actuarial estimated ultimate loss for program year 2021/22 was \$5.6 million, which decreased by \$2 million when compared to prior year program year ultimate loss of \$7.6 million; and the claims administration cost was \$585 thousand, which saw an increase to \$22 thousand. These increases were offset by the decreases in the older program years ultimate losses of \$3.9 million. The actuarial driven adjustments were due to favorable development of claims in the older program years.

Property Program:

The Property program claims expense for the year was \$1.9 million, of which the actuarial estimated ultimate loss for program year 2021/22 was \$1.3 million. Ultimate losses for the older program years experienced an increase of \$474 thousand.

Overall, Insurance Expense increased 92%, or \$7 million from the prior year. Below is a breakdown of insurance expenses by program.

General Liability Program:

The General Liability program, which cost \$10.7 million, insures above PLAN's retention of \$1 million to \$30 million through CARMA and multiple carriers at the excess levels. The cost increased 5.4 million over prior year due to increase risk sharing layer at the CARMA layer. In 2021/22, CARMA self-funded an additional \$5M layer due to shrinking/limited capacity and the hardening of the insurance market for California municipalities.

Property Program:

The Property program insurance expense, which insures from \$500 thousand to \$1 billion through APIP, was \$3.8 million, which increased by \$1.4 million (58%) over prior year. The rise in property insurance costs were due to a rise in both TIVs and weather-related events causing significant damages worldwide and carriers not wanting to insure public entities.

Management, Administration, and Other Expenses, which was about \$969 thousand, increased \$62 thousand, or 7% over the prior year.

POOLED LIABILITY ASSURANCE NETWORK
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

Description of Facts or Conditions that are Expected to have a Significant Effect on Financial Position or Results of Operations

Investment Arena:

Overall economic activity was robust in 2021, supported by massive levels of monetary support by the Federal Reserve (Fed) and numerous rounds of fiscal support from Congress to combat the effects of the COVID-19 pandemic. High inflation later became a major issue for the economy, setting the stage for a significant pivot by the Federal Reserve late in 2021 when they announced plans to reverse their accommodative policies and begin to raise rates.

Real U.S. gross domestic product (GDP) grew 5.7% in 2021, the strongest pace since 1984. Exports grew, but imports grew even more, resulting in a record trade deficit. Despite the strong momentum carried forward from last year, the U.S. experienced negative real GDP growth in the first two quarters of 2022. Future growth is likely to be positive, but muted, and the risk of a future recession is growing.

Unemployment showed sustained improvement, falling from 6.7% at the beginning of 2021 to 3.6% in June 2022. The economy added more than 6.7 million new jobs in 2021, the largest annual gain on record. In addition, more than 2.7 million new jobs were added in the first half of 2022. Average hourly earnings, an important gauge of wages, rose a strong 5.2% over the year ended June 2022. In another sign of strength in the labor market, job openings remained near record levels, with nearly two jobs for each unemployed person in the U.S.

The combination of high demand and supply shortages led to sharply higher inflation. The consumer price index rose 9.1% year-over-year in June 2022—a 40-year high. Gasoline and fuel oil prices were up 50% or more, the cost of both new and used cars surged, and prices for food, clothing, housing, and transportation were also up significantly. Russia's invasion of Ukraine exacerbated the inflation problem, pushing up prices for oil, key agricultural products, and some industrial metals.

In response to high inflation, the Fed made a dramatic policy shift and began to aggressively raise rates. Interest rates climbed at the fastest pace seen in recent history. The yield on two-year Treasury notes rose from 0.28% last September, to 0.73% by the end of 2021, and reaching 2.95% at the end of June 2022. However, very short-term rates remained ultra-low until the Fed followed through with rate hikes in three consecutive meetings, including a 75-basis point hike in June 2022, the largest increment since 1994. (Note, the Fed raised rates by another 75 basis points in July.) The surge in longer-term interest rates pushed bond market values lower, but also created opportunities for short-term investors to earn much higher yields than in recent years.

Looking forward, economists expect positive but modest growth, a tight labor market, and persistent inflationary pressures. Geopolitical concerns, including the war in Ukraine and China's zero-Covid policy, will serve as additional catalysts for volatility. Inflation remains the biggest challenge for the economy, and the Fed will try to thread the policy needle to slow demand-driven inflation while simultaneously engineering a soft landing for the economy. The market is watching closely as the Fed attempts to control inflation, leading to additional rate hikes that are widely expected to push short-term rates toward 3.5% by the end of 2022.

POOLED LIABILITY ASSURANCE NETWORK
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2022

During the year, PLAN's investment advisor, PFM Asset Management LLC, continued to manage PLAN's portfolio according to PLAN's investment objectives of safety, liquidity, and return on investment (in that order). The portfolio is of high credit quality and well diversified among sector, issuer, and maturity. Although rising interest rates had a negative impact on total returns of longer duration strategies for the year ended June 30, 2022, PLAN's portfolio outperformed its benchmark by a wide margin and continues to produce strong returns since inception.

CONTACTING PLAN'S FINANCIAL MANAGEMENT

The Basic Financial Statements are intended to provide PLAN members, citizens, creditors, and other interested parties a general overview of PLAN's finances. Questions about these statements should be directed to PLAN JPA, 1750 Creekside, Oak Drive, Suite 200, Sacramento, CA 95833.

BASIC FINANCIAL STATEMENTS

POOLED LIABILITY ASSURANCE NETWORK

STATEMENTS OF NET POSITION

AS OF JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Note 2)	\$ 13,712,871	\$ 15,064,407
Investments	1,734,513	2,532,630
Receivables		
Interest	150,100	147,565
Excess insurance	110	110
Member deductibles	510,908	538,787
Total Current Assets	16,108,502	18,283,499
Noncurrent Assets		
Investments (Note 2)	32,386,714	33,058,444
Total Assets	48,495,216	51,341,943
LIABILITIES		
Current Liabilities		
Payables		
Accounts payable	64,154	89,452
Other accrued liabilities	26	117,621
Risk management grant payable	1,338,514	1,006,907
Claim liabilities (Note 3)	5,804,000	5,804,000
Total Current Liabilities	7,206,694	7,017,980
Noncurrent Liabilities		
Claim liabilities (Note 3)	15,567,476	18,114,005
Total Liabilities	22,774,170	25,131,985
NET POSITION		
Unrestricted (Note 4)	\$ 25,721,046	\$ 26,209,958

POOLED LIABILITY ASSURANCE NETWORK

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
OPERATING REVENUES		
Premium contributions	\$ 21,961,892	\$ 16,159,355
Total Revenues	<u>21,961,892</u>	<u>16,159,355</u>
OPERATING EXPENSES		
Claims expense	4,193,613	5,630,676
Excess insurance	10,768,875	5,165,337
Property insurance	3,817,118	2,420,751
Loss prevention	784,820	783,653
Management and administration	968,429	867,407
Contract services	99,194	92,012
Other expenses	926	40,011
Total Expenses	<u>20,632,975</u>	<u>14,999,847</u>
Operating Income/(Loss)	<u>1,328,917</u>	<u>1,159,508</u>
NONOPERATING INCOME/(EXPENSE)		
Investment income	<u>(1,817,829)</u>	<u>187,807</u>
Total nonoperating income	<u>(1,817,829)</u>	<u>187,807</u>
Change in Net Position	<u>(488,912)</u>	<u>1,347,315</u>
Net Position		
Beginning of year	<u>26,209,958</u>	<u>24,862,643</u>
End of year	<u><u>\$ 25,721,046</u></u>	<u><u>\$ 26,209,958</u></u>

POOLED LIABILITY ASSURANCE NETWORK

STATEMENTS OF CASH FLOWS

FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Cash Flows From Operating Activities:		
Cash received from members	\$ 21,989,771	\$ 18,222,794
Cash paid for insurance	(14,585,993)	(7,486,350)
Cash paid for claims	(6,740,142)	(4,176,903)
Cash paid for contract services	(1,495,336)	(1,900,155)
Cash paid to others	(169,319)	(40,010)
Net Cash Flows Provided (Used) by Operating Activities	(1,001,019)	4,619,376
Cash Flows From Investing Activities:		
Purchase of investments	(14,072,120)	(14,720,008)
Sale/Maturity of investments	13,178,761	14,105,136
Cash received from investment income	542,842	987,750
Net Cash Flows Provided (Used) by Investing Activities	(350,517)	372,878
Net Decrease in Cash	(1,351,536)	4,992,254
Beginning Cash and Cash Equivalents	15,064,407	10,072,153
Ending Cash and Cash Equivalents	<u><u>\$ 13,712,871</u></u>	<u><u>\$ 15,064,407</u></u>
Reconciliation of Operating Income (Loss) to Net Cash		
Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ 1,328,917	\$ 1,159,508
(Increase) Decrease in:		
Accounts receivable	27,879	4,650,901
Excess insurance receivable	-	(2,487,723)
Prepaid expenses	-	216,851
Increase (Decrease) in:		
Accounts payable	188,714	(373,934)
Claims liabilities	(2,546,529)	1,453,773
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (1,001,019)</u></u>	<u><u>\$ 4,619,376</u></u>
Supplemental Disclosures		
Noncash Investing Activities		
Increase (decrease) in Fair Market Value of Investments	<u><u>\$ (2,363,206)</u></u>	<u><u>\$ (756,597)</u></u>

POOLED LIABILITY ASSURANCE NETWORK

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

Pooled Liability Assurance Network (PLAN) was established on July 1, 2018 when ABAG Pooled Liability Assurance Network transferred all of its assets to PLAN JPA. PLAN was established to provide liability and other lines of coverage, claims management, and risk management services to its member agencies, as allowed under the California Government Code.

PLAN is governed by a Board of Directors comprising officials appointed by each member agency. The activities of PLAN include setting and collecting premiums, administering and paying claims and related expenses, investing PLAN's assets, and offering loss prevention programs.

PLAN has a multi-level risk sharing arrangement. Each member assumes its own losses up to its retention level. Losses in excess of the self-insured retention are paid out of a central pool maintained by PLAN for the pooled layers of coverage. This central pool is funded by premiums from all members. Additional member premiums may be assessed if, actuarially determined, the assets of the program as a whole are not sufficient to meet the expected losses of the program including claims incurred but not reported (IBNR) and unallocated loss adjustment expenses (ULAE).

Admission

Any governmental agency which is authorized to participate in a joint powers agreement under the Government Code and is located within the State of California may be admitted to PLAN upon submission of an approved application form no less than 90 days before the start of the program year, accompanied by the approved fee, a signed resolution acknowledging participation, agree to at least three consecutive fiscal years of membership, approval by a two-thirds vote of the Board of Directors and appoint a director and alternate director to the Board.

Withdrawal

Any participating member may withdraw from PLAN only at the end of a fiscal year, provided it has given PLAN at least six months' written notice of its intent to withdraw, which shall be final and irrevocable upon its receipt by PLAN unless the Board authorizes it to be rescinded. A participating member may only withdraw provided it has met the three (3) year minimum participation requirement. The effect of withdrawal does not terminate the responsibility of the member for any unpaid premiums and debts or assessments levied against program years during which the member participated.

POOLED LIABILITY ASSURANCE NETWORK

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. ORGANIZATION (CONTINUED)

Coverage

PLAN provides the following insurance coverage:

Liability:

Member Deductible:	\$25,000 to \$250,000
SIR Limit:	\$1 million
Reinsurance Limit:	\$1M to \$10M per Occurrence through CARMA.
Excess of:	\$10M to \$15M per Occurrence through Safety National. \$15M to \$20M per Occurrence through Everest. \$20M to \$25M per Occurrence through Hallmark. \$25M to \$30M per Occurrence through AWAC.

Property:

Member Deductible:	\$5,000
SIR Limit:	\$500,000
Excess of:	\$500,000 to a total of \$1 Billion of coverage per occurrence through Alliant Property Insurance Program (APIP)

B. REPORTING ENTITY

PLAN has reviewed criteria to determine whether other entities with activities that benefit PLAN should be included within its financial reporting entity. The criteria include, but are not limited to, whether the entity exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters), scope of public service and special financing relationship.

PLAN has determined that no other outside entity meets the above criteria, and therefore, no agency has been included as a component unit in these financial statements. In addition, PLAN is not aware of any entity that would exercise such oversight responsibility that would result in PLAN being considered a component unit of that entity. In determining its reporting entity, PLAN considered all governmental units that were members of PLAN since inception. The criteria did not require the inclusion of these entities in these financial statements principally because PLAN does not exercise oversight responsibility over any members.

POOLED LIABILITY ASSURANCE NETWORK

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF ACCOUNTING

The financial statements are prepared on the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues from contributions and interest are recognized when earned and expenses are recognized when goods or services have been received, except when a premium deficiency exists where unearned premiums are recognized currently in accordance with GASB pronouncements. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As a governmental entity, PLAN follows the accounting standard hierarchy established by the GASB.

PLAN accounts for all transactions in one fund, which is comprised of all its assets, liabilities, deferred inflows/outflows of resources, net position, revenues and expenses. All transactions are accounted for on the accrual basis, which means that expenses are recorded when the liability is incurred and revenues are recorded when earned, rather than when cash changes hands.

D. CASH AND EQUIVALENTS

For purposes of the statement of cash flows, PLAN considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

E. RECEIVABLES

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At June 30, 2022, the total accounts receivable portfolio was considered collectible. Interest on investments is recorded in the year the interest is earned.

Reinsurance and Excess Receivables are payments made above the PLAN self-insured retention layer that are deemed collectible.

Member deductibles receivables are claims payment made within the member deductible layer on behalf of the member cities.

F. UNEARNED REVENUE/PREPAID EXPENSES

The policy year-end for PLAN is June 30. As such, certain revenues are treated as unearned and certain expenses as prepaid. This is to reflect a proper matching of revenues and expenses for the fiscal year-end financial statements.

POOLED LIABILITY ASSURANCE NETWORK

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. INVESTMENTS

Under provision of PLAN's investment policy, and in accordance with Section 53601 of the California Government Code, the Authority may deposit and invest in the following:

- United States Treasury Securities
- Federal Agency Obligations
- Medium-Term Corporate Notes
- Bankers' Acceptances
- Commercial Paper
- Negotiable Certificates of Deposit
- Time Certificates of Deposit
- Money Market Funds
- State of California Local Agency Investment Fund
- Municipal Obligations
- Asset-Backed Securities
- Local Government Investment Pools
- Supranational Obligations

PLAN records its investments in Local Agency Investment Fund (LAIF) at fair market value. The effect of recording investments in LAIF at fair market value is reflected as a net increase/decrease in the fair value of investments on the Statement of Revenues, Expenses and Changes in Net Position. Fair market value of investments in LAIF has been determined by the sponsoring government based on quoted market prices. PLAN's investments in LAIF have been valued based on the relative fair value of the entire external pool to the external pool's respective amortized cost.

H. GRANT FUND PAYABLE

The Grant Fund Payable are funds available to member cities to support their safety and risk management programs. The Grant fund is funded annually through PLAN JPA's equity and the annual amount is allotted among the members using a percentage of the contributions in the primary layer. Any amount not used during the year is carried over.

POOLED LIABILITY ASSURANCE NETWORK

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. OPERATING AND NONOPERATING REVENUES

Proprietary fund operating revenues, which include program contributions, related fees and assessments, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Revenues classified as non-operating revenues, such as investment earnings, result from non-exchange transactions or ancillary activities.

J. MEMBER CONTRIBUTIONS

Each member is assessed a contribution which is intended to cover its share of PLAN's claims, operating costs and claim settlement expenses. Contributions are based on an actuarially determined estimate of the probable losses and expenses attributable to a policy year. Additional cash contributions may be assessed on the basis of adverse loss experience. Refunds to members may be made if funds are determined to be in excess of the desired confidence level. All contributions are recognized as revenues in the year they are assessed.

Each year, PLAN performs an actuarial study to evaluate its financial risk position, defined as contributions less expenses, losses paid, and claim reserves. Contributions from members are assessed based on this evaluation.

K. EXCESS INSURANCE

PLAN purchases excess insurance policies to provide coverage for its members' exposure to losses in excess of the liability pool's \$1 million limit and the property pool's \$500,000 limit. Excess liability insurance provides a total of \$30 million (above the \$1 million PLAN layer) in liability coverage and excess property insurance pays claims up to the replacement cost of damaged property, subject to the terms of the policies.

L. UNPAID CLAIMS LIABILITIES: CLAIMS PENDING AND CLAIMS INCURRED BUT NOT REPORTED (IBNR)

PLAN's pooling fund establishes claims liabilities based on estimates of the ultimate cost of claims (including future allocated claim adjustment expense) that have been reported but not settled, and of claims that have been incurred but not reported. Estimated amounts of subrogation and excess insurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities is unlikely to result in an exact amount.

Claims liabilities are recomputed periodically to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

POOLED LIABILITY ASSURANCE NETWORK

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. UNALLOCATED LOSS ADJUSTMENT EXPENSE (ULAE)

The liability for ULAE includes all costs expected to be incurred in connection with the settlement of unpaid claims that cannot be related to a specific claim. Management has estimated the accrual based upon the current actuarial projection.

N. INCOME TAXES

PLAN's income is exempt from federal income taxes under Internal Revenue Code Section 115, which excludes income derived from the exercise of any essential governmental function and accrues to a state political subdivision.

O. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

P. RECLASSIFICATIONS

Certain amounts in the prior year financial statements have been reclassified to conform to the presentation in the current year financial statements.

2. CASH AND INVESTMENTS

A. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Cash in Bank	\$ 877,301	\$ 1,378,319
Cash in CAMP Pool	197,625	421,748
Local Agency Investment Fund	<u>12,637,945</u>	<u>13,264,340</u>
Total Cash and Cash Equivalents	<u>\$ 13,712,871</u>	<u>\$ 15,064,407</u>

The carrying amount of the PLAN's cash in bank is covered by federal depository insurance up to \$250,000 for each account. Should deposits exceed the insured limits, the balance is covered by collateral held by the bank in accordance with California law requiring the depository bank to hold collateral equal to 110% of the excess government funds on deposit. This collateral must be in the form of government-backed securities. All funds held in banks are collateralized.

POOLED LIABILITY ASSURANCE NETWORK

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

2. CASH AND CASH EQUIVALENTS (CONTINUED)

A. CASH AND CASH EQUIVALENTS (CONTINUED)

Local Agency Investment Fund

Pooled Liability Assurance Network is a voluntary participant in the Local Agency Investment Fund (LAIF), which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the Authority's investment in this pool, which

approximates cost, is reported in the accompanying financial statements based upon the Authority's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds are accessible and transferable to the master account within twenty-four hours' notice. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises and corporations.

The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity, and yield are not jeopardized. As of June 30, 2022, this fund has an average life of 311 days. The monies held in the LAIF are not subject to categorization by risk category. It is also not rated as to credit risk by a nationally recognized statistical rating organization. LAIF is administered by the State Treasurer and is audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall, Sacramento, California 95814.

California Asset Management Program

Pooled Liability Assurance Network is a voluntary participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of its Participants to invest certain proceeds of debt issues and surplus funds. The Pool's investments are limited to investments permitted by subdivisions (a) to (o), inclusive, of Section 53601 of the California Government Code. PLAN reports its investments in CAMP at amortized cost.

POOLED LIABILITY ASSURANCE NETWORK

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. INVESTMENTS

PLAN's Investment Policy and the California Government Code allow PLAN to invest in the following, provided the credit ratings of the issuers are acceptable to PLAN.

Authorized Investment Type*	Maturity Limits	Rating Requirements	Maximum Portfolio Percentage Holdings	Maximum Investment in One Issuer
United States Treasury Securities	5 years	None	100%	None
Federal Agency Obligations	5 years	None	100% (A)	None
Medium-Term Corporate Notes	5 years	A	30%	5%
Bankers' Acceptances	180 days	A1/P1	25%	5%
Commercial Paper	270 days	A1/P1/F1	25%	5%
Negotiable Certificates of Deposit	5 years	A/A1	30%	5%
Time Certificates of Deposit	5 years	(B)	10%	10%
Money Market Funds	N/A	AAA (C)	10%	None
State of California LAIF	N/A	None	100%	None
Municipal Obligations	5 years	A/A1	30%	5%
Asset-Backed Securities	5 years	AAA	20%	5%
Local Government Investment Pools	N/A	AAA	100%	None
Supranational Obligations	5 years	AA	30%	None

(A) Maximum limit on mortgage-backed securities is 20% of the investment portfolio

(B) Must have "satisfactory" CRA rating

(C) Minimum 5 years' experience and \$500 million under management

* The aggregate total of investments in callable notes is limited to 25% of the portfolio.

Investment Interest Rate Risk

Interest rate risk is the potential adverse effect resulting from changes in market interest rates on the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The sensitivity of the fair values of PLAN's investments to market interest rate fluctuations can be analyzed by the following distribution of PLAN's cash and investments by maturity which has been prepared using the earlier of stated maturity date or callable dates, if applicable:

POOLED LIABILITY ASSURANCE NETWORK

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. INVESTMENTS (CONTINUED)

Investment Type	Fair Value	Investment Maturities		
		< 1yr	1-3 yrs	> 3 yrs
US Treasury Bond/Note	\$ 15,306,207	\$ 968,795	11,402,431.30	\$ 2,934,979
Supranational Obligations	1,046,730	-	1,046,730	-
Municipal Bond/Note	3,094,977	-	3,006,937	88,040
Federal Agency CMO	1,032,536	54,942	977,594	-
Federal Agency Bond/Note	3,718,298	170,525	3,547,773	-
Corporate Note	8,110,777	257,111	5,714,811	2,138,855
Certificates of Deposit	264,743	264,743	-	-
Asset-Backed Security	1,546,959	18,396	832,335	696,227
Total	<u>\$ 34,121,227</u>	<u>\$ 1,734,513</u>	<u>\$ 26,528,612</u>	<u>\$ 5,858,102</u>

Investment Credit Risk

Credit risk is the risk of failure of an issuer of an investment in fulfilling its obligation to the holder of the investment. Presented below is the actual rating by Moody's investment rating service as of June 30, 2022:

Investment Type	Fair Value	Aaa/Aa1-Aa3	A1-A3	Baa1-Baa3	Not Rated
US Treasury Bond/Note	\$ 15,306,207	\$ 15,306,207	\$ -	\$ -	\$ -
Supranational Obligations	1,046,730	1,046,730	-	-	-
Municipal Bond/Note	3,094,977	2,759,925	-	-	335,052
Federal Agency CMO	1,032,536	1,032,536	-	-	-
Federal Agency Bond/Note	3,718,298	3,718,298	-	-	-
Corporate Note	8,110,777	738,123	7,372,654	-	-
Certificates of Deposit	264,743	-	-	-	264,743
Asset-Backed Security	1,546,959	584,048	-	-	962,911
Total	<u>\$ 34,121,227</u>	<u>\$ 25,185,868</u>	<u>\$ 7,372,654</u>	<u>\$ -</u>	<u>\$ 1,562,706</u>

Concentration of Investment Credit Risk

PLAN's investment policy contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. No investments exceeded these limits at June 30, 2022.

POOLED LIABILITY ASSURANCE NETWORK

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. INVESTMENTS (CONTINUED)

Fair Value Hierarchy

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements at June 30, 2022 are as shown below:

Investment Type	Level 1	Level 2	Level 3	Total
US Treasury Bond/Note	\$ -	\$ 15,306,207	\$ -	\$ 15,306,207
Supranational Obligations	-	1,046,730	-	1,046,730
Municipal Bond/Note	-	3,094,977	-	3,094,977
Federal Agency CMO	-	1,032,536	-	1,032,536
Federal Agency Bond/Note	-	3,718,298	-	3,718,298
Corporate Note	-	8,110,777	-	8,110,777
Certificates of Deposit	-	264,743	-	264,743
Asset-Backed Security	-	1,546,959	-	1,546,959
Total	\$ -	\$ 34,121,227	\$ -	\$ 34,121,227

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, PLAN may not be able to recover its deposits or collateral securities that are in the possession of an outside party. Under California Government Code Section 53651, depending on specific types of eligible securities, a bank must deposit eligible securities posted as collateral with its agent having a fair value of 105% to 150% of the public agency's deposit. All of PLAN's deposits are either insured by the Federal Depository Insurance Corporation (FDIC) or collateralized with pledged securities held in the trust department of the financial institutions in PLAN's name. In addition, the custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, PLAN may not be able to recover the value of its investment or collateral securities that are in the possession of another party. PLAN's Investment Policy limits its exposure to custodial credit risk by requiring that all security transactions entered into by PLAN, be conducted on a delivery-versus-payment basis. Securities are to be held by a third-party custodian.

POOLED LIABILITY ASSURANCE NETWORK

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

3. CLAIM LIABILITIES

PLAN establishes a liability for both reported and unreported insured events. Claim liabilities are reflected on a discounted basis at 2.0% for 2022 and 2021, in accordance with actuarially-determined discount formulas.

	<u>2022</u>	<u>2021</u>
Unpaid claims and claim adjustment expenses at beginning of the fiscal year	<u>\$ 23,918,005</u>	<u>\$ 22,464,232</u>
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current fiscal year	6,862,618	8,432,000
Increases (Decreases) in provision for insured events of prior fiscal years	(3,400,138)	(3,505,336)
Claims Administration	<u>731,133</u>	<u>704,012</u>
Total incurred claims and claim adjustment expenses	<u>4,193,613</u>	<u>5,630,676</u>
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	17,491	466,198
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	<u>6,722,652</u>	<u>3,710,704</u>
Total Payments	<u>6,740,143</u>	<u>4,176,902</u>
Total unpaid claims and claim adjustment expenses at end of the fiscal year	<u>\$ 21,371,476</u>	<u>\$ 23,918,005</u>

POOLED LIABILITY ASSURANCE NETWORK

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

3. CLAIM LIABILITIES (CONTINUED)

The components of unpaid claims liability and claims adjustment expense as of June 30, 2022 and 2021 were as follows:

	2022	2021
<u>Components of Claims Liabilities</u>		
Claim Reserves	\$ 5,773,081	\$ 7,211,133
Claims Incurred But Not Reported (IBNR)	13,295,397	14,018,873
Reserves for unallocated loss adjustment expense (ULAE)	2,302,998	2,687,999
Total Claims Liabilities	<u>\$ 21,371,476</u>	<u>\$ 23,918,005</u>
<u>Financial Statement Presentation</u>		
Claims liabilities - current portion	\$ 5,804,000	\$ 5,804,000
Claims liabilities - noncurrent portion	15,567,476	18,114,005
Total Claims Liabilities	<u>\$ 21,371,476</u>	<u>\$ 23,918,005</u>

As of June 30, 2022 and 2021, the undiscounted unpaid claims and claim adjustment expenses were \$22,182,073 and \$24,864,598, respectively.

POOLED LIABILITY ASSURANCE NETWORK

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

4. NET POSITION

Net Position is the excess of a fund's assets over all its liabilities. All of PLAN's net position is classified as unrestricted, and may be used for any purpose.

5. SUBSEQUENT EVENTS

Pooled Liability Assurance Network's management has reviewed its financial statements and evaluated subsequent events for the period of time from its year ended June 30, 2022 through **DATE**, the date the financial statements were issued. Management is not aware of any subsequent events, other than those described above, that would require disclosure in the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

POOLED LIABILITY ASSURANCE NETWORK

CLAIMS RECONCILIATION BY PROGRAM

AS OF JUNE 30, 2022 AND 2021

	Liability		Property		Total	
	2022	2021	2022	2021	2022	2021
Unpaid claims and claim adjustment expenses at beginning of the fiscal year	\$ 23,114,005	\$ 21,342,000	\$ 804,000	\$ 1,122,232	\$ 23,918,005	\$ 22,464,232
Incurred claims and claim adjustment expenses:						
Provision for insured events of the current fiscal year	5,577,196	7,595,000	1,285,422	837,000	6,862,618	8,432,000
Increases (Decreases) in provision for insured events of prior fiscal years	(3,873,736)	(3,729,828)	473,598	224,492	(3,400,138)	(3,505,336)
Claims Administration	584,906	563,208	146,227	140,804	731,133	704,012
Total incurred claims and claim adjustment expenses	2,288,366	4,428,380	1,905,247	1,202,296	4,193,613	5,630,676
Payments:						
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	-	-	17,491	466,198	17,491	466,198
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	5,439,856	2,656,375	1,282,795	1,054,329	6,722,651	3,710,704
Total Payments	5,439,856	2,656,375	1,300,286	1,520,527	6,740,142	4,176,902
Total unpaid claims and claim adjustment expenses at end of the fiscal year	\$ 19,962,515	\$ 23,114,005	\$ 1,408,961	\$ 804,000	\$ 21,371,476	\$ 23,918,005
<u>Components of Claims Liabilities</u>						
Claim Reserves	\$ 4,516,117	\$ 6,769,333	\$ 1,256,964	\$ 441,800	\$ 5,773,081	\$ 7,211,133
Claims Incurred But Not Reported (IBNR)	13,143,400	13,656,673	151,997	362,200	13,295,397	14,018,873
Reserves for unallocated loss adjustment expense (ULAE)	2,302,998	2,687,999	-	-	2,302,998	2,687,999
Total Claims Liabilities	\$ 19,962,515	\$ 23,114,005	\$ 1,408,961	\$ 804,000	\$ 21,371,476	\$ 23,918,005
<u>Financial Statement Presentation</u>						
Claims liabilities - current portion	\$ 5,000,000	\$ 5,000,000	\$ 804,000	\$ 804,000	\$ 5,804,000	\$ 5,804,000
Claims liabilities - noncurrent portion	14,962,515	18,114,005	604,961	-	15,567,476	18,114,005
Total Claims Liabilities	\$ 19,962,515	\$ 23,114,005	\$ 1,408,961	\$ 804,000	\$ 21,371,476	\$ 23,918,005

POOLED LIABILITY ASSURANCE NETWORK

CLAIMS DEVELOPMENT INFORMATION – LIABILITY

AS OF JUNE 30, 2022

	For the Policy Years Ended:									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Required Contribution and Investment Revenue:										
Earned	\$7,841,000	\$9,421,000	\$8,627,000	\$8,094,000	\$7,990,000	\$8,164,000	\$10,942,000	\$12,536,000	\$12,635,975	\$14,994,192
Ceded- Excess Ins.	652,000	673,000	629,000	1,282,000	1,308,000	1,428,000	1,860,000	2,815,000	5,320,573	10,718,038
Assessments/(Dividends)	-	-	-	-	-	-	-	-	-	-
(1) Net Earned Required Contribution and Investment Revenues	7,189,000	8,748,000	7,998,000	6,812,000	6,682,000	6,736,000	9,082,000	9,721,000	7,315,402	4,276,155
(2) Unallocated Expenses	3,909,000	4,143,000	3,101,000	2,788,000	2,969,000	2,928,000	2,421,000	2,331,000	2,095,392	2,217,561
(3) Estimated Incurred Claims and Expenses										
End of Year	7,145,000	6,207,000	6,296,000	5,665,000	5,881,000	7,611,000	8,879,000	10,304,000	12,915,573	16,295,234
Ceded	652,000	673,000	629,000	1,282,000	1,308,000	1,428,000	1,860,000	2,815,000	5,320,573	10,718,038
Net Incurred	6,493,000	5,534,000	5,667,000	4,383,000	4,573,000	6,183,000	7,019,000	7,489,000	7,595,000	5,577,196
(4) Paid (Cumulative)										
End of Year	430,000	-	325,000	17,000	1,000	-	-	-	-	-
One Year Later	662,000	648,000	1,777,000	175,000	266,000	317,000	36,000	52,320	2,628,613	-
Two Years Later	1,689,000	812,000	2,214,000	2,983,000	2,242,000	661,000	370,371	56,239	-	-
Three Years Later	1,815,000	6,234,000	4,276,000	3,635,000	4,766,000	827,000	886,239	-	-	-
Four Years Later	1,910,000	6,731,000	5,344,000	4,543,000	5,178,000	867,136	-	-	-	-
Five Years Later	2,057,000	6,847,000	5,486,000	4,805,000	6,789,446	-	-	-	-	-
Six Years Later	2,257,000	6,871,000	5,421,000	4,810,702	-	-	-	-	-	-
Seven Years Later	2,407,000	6,875,000	5,471,059	-	-	-	-	-	-	-
Eight Years Later	3,346,000	6,874,570	-	-	-	-	-	-	-	-
Nine Years Later	3,409,561	-	-	-	-	-	-	-	-	-
(5) Estimated Ceded Claims and Expenses	15,036	95,838	10,893	2,533,630	2,502,440	5,045	4,988	-	4,307	-
(6) Reestimated Incurred Claims and Expenses										
End of Year	6,493,000	5,534,000	5,667,000	4,383,000	4,573,000	6,183,000	7,019,000	7,489,000	7,595,000	5,577,196
One Year Later	8,961,000	6,153,000	6,355,000	4,539,000	6,689,000	5,230,000	5,252,000	5,378,320	9,019,052	-
Two Years Later	5,722,000	8,030,000	5,747,000	5,492,000	7,674,000	3,968,000	3,854,371	3,276,016	-	-
Three Years Later	3,642,000	8,210,000	5,773,000	5,859,000	7,545,000	2,542,221	2,657,858	-	-	-
Four Years Later	2,966,000	7,771,000	5,977,000	5,437,000	8,456,398	1,122,774	-	-	-	-
Five Years Later	2,900,000	7,468,000	5,928,000	5,440,839	8,043,351	-	-	-	-	-
Six Years Later	2,451,000	7,106,000	5,732,059	5,233,404	-	-	-	-	-	-
Seven Years Later	3,207,000	6,986,570	5,658,058	-	-	-	-	-	-	-
Eight Years Later	3,880,766	6,977,715	-	-	-	-	-	-	-	-
Nine Years Later	3,928,710	-	-	-	-	-	-	-	-	-
(7) Increase (Decrease) in Estimated Incurred Claims Expense from End of Policy Year	\$ (2,564,290)	\$ 1,443,715	\$ (8,942)	\$ 850,404	\$ 3,470,351	\$ (5,060,226)	\$ (4,361,142)	\$ (4,212,984)	\$ 1,424,052	\$ -

POOLED LIABILITY ASSURANCE NETWORK

CLAIMS DEVELOPMENT INFORMATION – PROPERTY

AS OF JUNE 30, 2022

	For the Policy Years Ended:									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Required Contribution and Investment Revenue:										
Earned	\$1,144,000	\$1,357,000	\$1,392,000	\$1,224,000	\$1,246,000	\$1,795,000	\$2,418,000	\$2,562,000	\$3,711,187	\$5,149,871
Ceded- Excess Ins.	961,000	1,165,000	1,147,000	986,000	983,000	1,209,000	1,306,000	1,762,000	2,258,365	3,817,118
Assessments/(Dividends)	-	-	-	-	-	-	-	-	-	-
(1) Net Earned Required Contribution and Investment Revenues	183,000	192,000	245,000	238,000	263,000	586,000	1,112,000	800,000	1,452,822	1,332,753
(2) Unallocated Expenses	-	-	-	-	-	-	248,000	259,000	398,855	417,776
(3) Estimated Incurred Claims and Expenses										
End of Year	1,314,000	1,632,000	1,724,000	1,384,000	1,644,000	1,883,000	2,074,000	2,653,000	3,095,365	5,102,540
Ceded	961,000	1,165,000	1,147,000	986,000	983,000	1,209,000	1,306,000	1,762,000	2,258,365	3,817,118
Net Incurred	353,000	467,000	577,000	398,000	661,000	674,000	768,000	891,000	837,000	1,285,422
(4) Paid (Cumulative)										
End of Year	103,000	117,000	227,000	48,000	311,000	392,000	332,000	332,000	466,198	17,491
One Year Later	388,000	286,000	580,000	195,000	667,000	509,000	785,000	882,864	551,312	
Two Years Later	367,000	397,000	567,000	278,000	667,000	508,000	825,159	2,340,874		
Three Years Later	289,000	381,000	590,000	283,000	672,000	556,024	872,790			
Four Years Later	276,000	415,000	590,000	283,000	671,930	590,828				
Five Years Later	491,000	455,000	590,000	565,312	626,930					
Six Years Later	491,000	455,000	589,942	565,312						
Seven Years Later	491,000	454,595	589,942							
Eight Years Later	491,462	481,992								
Nine Years Later	575,024									
(5) Reestimated Ceded Claims and Expenses	636,546	286,881	178,099	121,269	58,450	29,055	156,347	132,602	101,705	25,597
(6) Reestimated Incurred Claims and Expenses										
End of Year	353,000	467,000	577,000	398,000	661,000	674,000	768,000	891,000	837,000	1,285,422
One Year Later	388,000	286,000	580,000	195,000	700,000	701,000	959,000	1,212,755	653,245	
Two Years Later	367,000	397,000	567,000	1,091,000	673,000	636,000	906,000	2,342,419		
Three Years Later	289,000	381,000	946,000	566,000	673,000	577,000	909,000			
Four Years Later	276,000	1,043,000	590,000	544,000	672,829	591,000				
Five Years Later	1,743,000	457,000	590,000	565,902	627,509					
Six Years Later	491,000	455,000	589,942	565,902						
Seven Years Later	491,000	454,595	589,942							
Eight Years Later	491,462	481,992								
Nine Years Later	575,024									
(7) Increase (Decrease) in Estimated Incurred Claims Expense from End of Policy Year	\$ 222,024	\$ 14,992	\$ 12,942	\$ 167,902	\$ (33,491)	\$ (83,000)	\$ 141,000	\$ 1,451,419	\$ (183,755)	\$ -

POOLED LIABILITY ASSURANCE NETWORK

NOTES TO CLAIMS DEVELOPMENT INFORMATION

CUMULATIVE FROM INCEPTION THROUGH JUNE 30, 2022

The table on the previous page illustrates how PLAN's earned revenues and investment income compare to related costs of loss and other expenses assumed by PLAN as of the end of each of the last ten years. The rows of the tables are defined as follows:

1. Total of each fiscal year's gross earned contribution and investment income less ceded (excess insurance cost, assessments/dividends) contributions to arrive at net earned contribution and investment revenues.
2. Fiscal year's other operating costs of the Authority for each fiscal year including overhead and loss expenses not allocable to individual claims.
3. The Authority's gross incurred losses and allocated loss adjustment expenses, losses assumed by reinsurers and net incurred losses and allocated loss adjustment expenses as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred.
4. Cumulative amounts paid as of the end of successive years for each policy year.
5. The latest re-estimated amount of losses assumed by reinsurers as of the end of the current year for each policy year.
6. Shows how each policy year's net incurred losses increased or decreased as of the end of successive years. This annual re-estimation results from new information received on known losses, reevaluation of existing information on known losses and emergence of new losses not previously known.
7. Compares the latest re-estimated net incurred losses amount to the amount originally established (line 3) and shows whether this latest estimate of losses is greater or less than originally projected. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of net incurred losses currently recognized in less mature policy years.

SUPPLEMENTARY INFORMATION

POOLED LIABILITY ASSURANCE NETWORK

COMBINING STATEMENT OF NET POSITION

AS OF JUNE 30, 2022

	General Liability	Property Liability	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 13,712,871	\$ -	\$ 13,712,871
Investments	1,680,144	54,369	1,734,513
Receivables			
Interest	150,100	-	150,100
Excess insurance	110	-	110
Member deductibles	510,908	-	510,908
Total Current Assets	16,054,133	54,369	16,108,502
Noncurrent Assets			
Investments	31,371,544	1,015,170	32,386,714
Total Assets	47,425,677	1,069,539	48,495,216
LIABILITIES			
Current Liabilities			
Accounts payable			
Accounts payable	51,324	12,830	64,154
Other accrued liabilities	26	-	26
Risk management grant payable	1,338,514	-	1,338,514
Claim liabilities	5,000,000	804,000	5,804,000
Total Current Liabilities	6,389,864	816,830	7,206,694
Noncurrent Liabilities			
Claim liabilities	14,962,515	604,961	15,567,476
Total Liabilities	21,352,379	1,421,791	22,774,170
NET POSITION			
Unrestricted	\$ 26,073,298	\$ (352,252)	\$ 25,721,046

POOLED LIABILITY ASSURANCE NETWORK

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

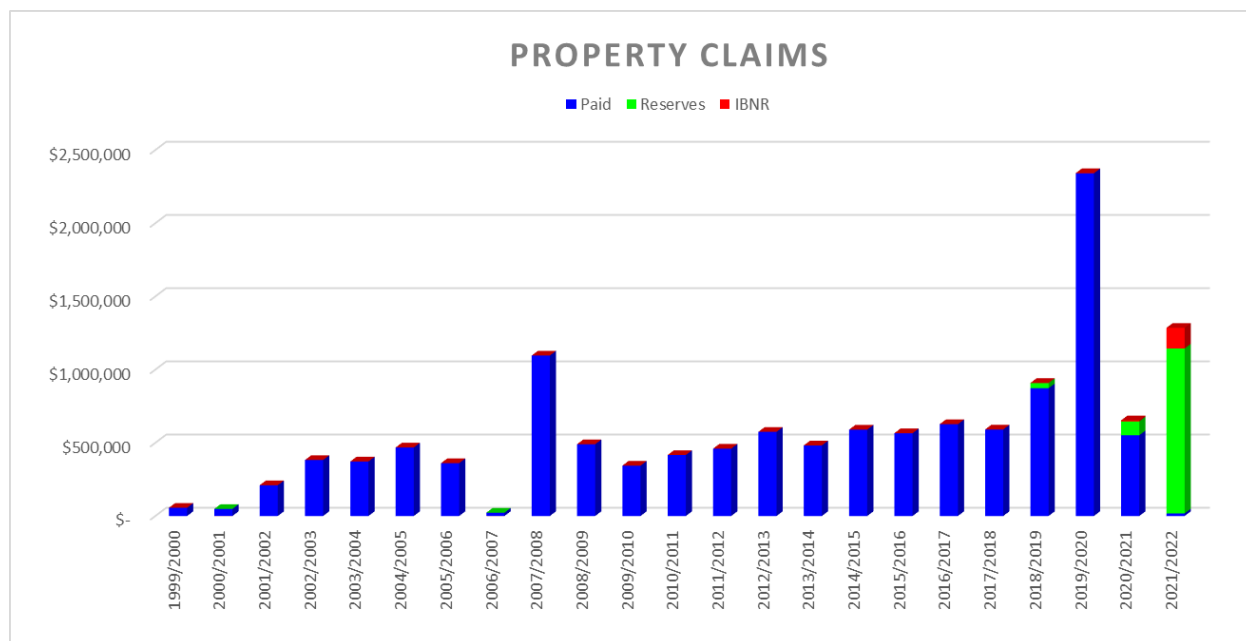
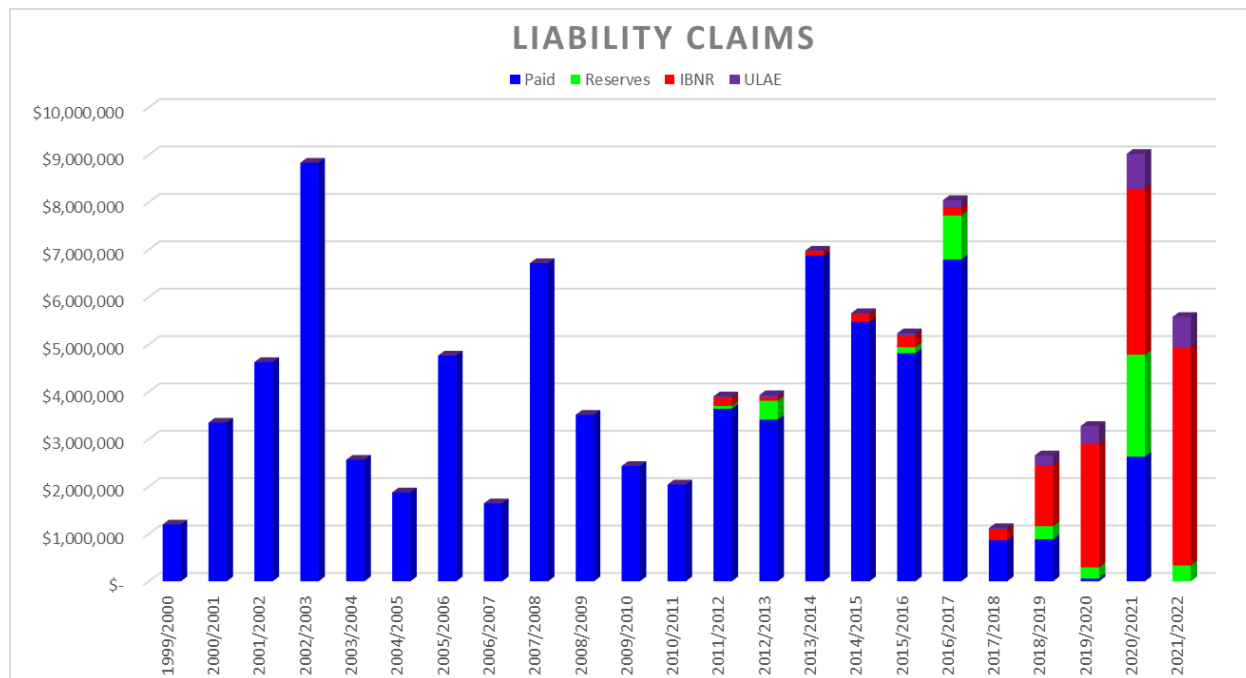
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General Liability	Property Liability	Total
OPERATING REVENUES			
Premium contributions	16,812,021	\$ 5,149,871	\$ 21,961,892
Total Revenues	16,812,021	5,149,871	21,961,892
OPERATING EXPENSES			
Claims expense	2,288,366	1,905,247	4,193,613
Excess insurance	10,768,875	-	10,768,875
Property insurance	-	3,817,118	3,817,118
Loss prevention	727,855	56,965	784,820
Management and administration	774,740	193,689	968,429
Contract services	79,355	19,839	99,194
Other expenses	(128)	1,054	926
Total Expenses	14,639,063	5,993,912	20,632,975
Operating Income (Loss)	2,172,958	(844,041)	1,328,917
NONOPERATING INCOME/(EXPENSE)			
Investment income	(1,817,829)	-	(1,817,829)
Total nonoperating income	(1,817,829)	-	(1,817,829)
Change in Net Position	355,129	(844,041)	(488,912)
Net Position			
Beginning of year	25,718,169	491,789	26,209,958
End of year	\$ 26,073,298	\$ (352,252)	\$ 25,721,046

POOLED LIABILITY ASSURANCE NETWORK

GRAPHICAL SUMMARY OF CLAIMS

AS OF JUNE 30, 2022





James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

DRAFT

Board of Directors
Pooled Liability Assurance Network
Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Pooled Liability Assurance Network, as of and for the fiscal years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Pooled Liability Assurance Network's basic financial statements, and the related notes to the financial statements, which collectively comprise Pooled Liability Assurance Network's basic financial statements, and have issued our report thereon dated **DATE**.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pooled Liability Assurance Network's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pooled Liability Assurance Network's internal control. Accordingly, we do not express an opinion on the effectiveness of Pooled Liability Assurance Network's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pooled Liability Assurance Network's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DRAFT

James Marta & Company LLP
Certified Public Accountants
Sacramento, California

DATE

December 8, 2022

Agenda Item 7.A.

ADMINISTRATIVE MATTERS

SUBJECT: Consideration of Appointment of PLAN JPA General Manager

BACKGROUND AND HISTORY:

In the Fall of 2020, Jon Paulsen, PLAN JPA General Manager, was promoted to Vice President of Pooling at Sedgwick. As stability of staff within PLAN JPA remained a top priority, Mr. Paulsen retained all his responsibilities as General Manager for PLAN JPA. Sedgwick has recently gone through an extensive recruitment process and filled vacant positions across the entire pooling practice as well as increased resources in key strategic areas (i.e Pool Administration, Litigation Management).

As such, Mr. Paulsen is requesting the PLAN JPA Executive Committee approve the proposed appointment of Eric Dahlen, Senior Consultant, as the new General Manager for PLAN JPA (subject to Board approval). Mr. Dahlen has been working with PLAN JPA under the direction of Mr. Paulsen and alongside Katie Sullivan, PLAN JPA Assistant General Manager, since April 2022. Mr. Dahlen has been a very positive new resource for PLAN members as well as Sedgwick overall. Going forward, Mr. Paulsen will support Mr. Dahlen and the PLAN Board in a consultative role for at least the remainder of the 2022/23 program year.

The Executive Committee met on November 17, 2022, to review and discuss the appointment of Mr. Dahlen as General Manager. After a brief discussion, the Executive Committee agreed to endorse the appointment of Mr. Dahlen as General Manager for PLAN JPA.

RECOMMENDATION:

The Executive Committee recommends the Board of Directors appoint Eric Dahlen as PLAN JPA General Manager.

REFERENCE MATERIALS ATTACHED:

- Eric Dahlen Resume

D. Eric Dahlen, ARM**Director, Pool Administration**

www.linkedin.com/in/eric-dahlen-arm-71534914

Eric Dahlen brings over 20 years of safety and risk management with expertise specific to k-12 school districts, service with a county wide public agency, and an institution of higher education. He currently serves as the Director of Pool Administration for Sedgwick.

EXPERIENCE

Prior to joining Sedgwick, Eric served at the Director of Risk Management for Cal Poly Pomona, a California State University campus. It was here, that Eric represented the campus to their Joint Powers Authority, CSURMA through annual insurance policy renewals, claims management, and locally, conducted risk assessments regarding campus activities and international travel.

Prior to his service at Cal Poly, Eric worked with the San Bernardino County Transportation Authority in conducting contract risk assessments for heavy civil infrastructure construction projects. In doing so, Eric protected the interests of the various member agencies representing each municipality within the county. With a focus on contractual risk transfer and loss financing through enhanced insurance requirements, there was an equal emphasis on indemnification of the agency to ensure compensation to make the losses whole again.

Eric has also held positions of managerial responsibility serving a county-wide joint power authority for k-12 school districts and community colleges. It was here he developed implementation strategies necessary for good governance and establishment of best practices while respecting the individuality of the member as part of a larger group. Dealings with the JPA's insurance brokers, third party administrators, and key vendor partners was crucial to the JPA's success.

EDUCATION

Bachelor of Arts, Intelligence Studies – American Military University

PROFESSIONAL CERTIFICATIONS

Associate in Risk Management (ARM) – Insurance Institute of America

December 8, 2022

Agenda Item 7.B.

ADMINISTRATIVE MATTERS

SUBJECT: Consideration of Executive and Claims Committee Merger

BACKGROUND AND HISTORY:

At the Board of Directors meeting in June 2022, staff brought forward the idea of combining the Claims Committee with the Executive Committee for more efficient review of claims.

The Claims Committee reviews all active claims for the pool and makes recommendations as needed. In some instances, certain claims will also be presented to the Executive Committee for review and recommendation. Currently, 4 of the 5 members of the Claims Committee also sit on the Executive Committee. A suggestion has been made to staff to consolidate the two committees to be more efficient and eliminate repeating the same information multiple times.

If the committees were to merge, the meeting frequency for both the Executive and Claims Committees would change. Currently, the Executive Committee meets twice a year (once in the Fall and once in the Spring) and the Claims Committee meets monthly, as needed. After discussions with PLAN JPA Litigation Manager, Susan DeNardo, staff agreed a quarterly update on claims would be sufficient for regular business. The option to hold special meetings would be available on an as needed basis. Staff is proposing the following meeting schedule for the Executive/Claims Committee:

- Two Executive/Claims meetings (one in the fall, around September/October, and one in the Spring, around April/May). These meetings will be to review claims and handle any regular Executive Committee business.
- Two Claims Only meetings (one in the Summer, in July, and one in the Winter, around December/January). Only claims will be reviewed at these meetings unless there is immediate Executive Committee business to discuss.

Additionally, updates to PLAN JPA's governing documents regarding authority of the Committees will be required.

The Executive Committee discussed this item at their October 27, 2022, meeting and are in support of combining the two committees beginning the 2023/24 Program Year.

RECOMMENDATION:

Staff recommends the Board of Directors provide direction.

REFERENCE MATERIALS ATTACHED:

- Officer and Committee Member Listing 2022-23



Officer and Committee Member Listing – FY 2022/23

President: Rebecca Mendenhall

Vice-President: Kevin Bryant

Treasurer: Pak Lin

Secretary: Jon Paulsen

Executive Committee

Rebecca Mendenhall (President) – San Carlos

Kevin Bryant (Vice-President) – Woodside

Pak Lin (Finance Chair/Treasurer) - Colma

Donald Larkin, (Claims Chair) – Morgan Hill

George Rodericks (Risk Management Chair) – Atherton

Yulia Carter (At Large) – Pacifica

Maria Saguisag-Sid (At Large) – Foster City

Michael Guina (At Large) – Burlingame

Ann Ritzma – Hillsborough

Claims Committee

Donald Larkin (Chair) – Morgan Hill

Ann Ritzma – Hillsborough

Rebecca Mendenhall – San Carlos

Michael Guina – City of Burlingame

Gabrielle Whalen – Town of Los Gatos

Risk Management Committee

George Rodericks (Chair) – Atherton

Lisa Lopez – Half Moon Bay

Yulia Carter - Pacifica

Jeremy Dennis – Portola Valley

Susanne Creekmore - Tiburon

Finance Committee

Pak Lin (Chair) – Colma

Jan Cooke – Hillsborough

Cindy Safe – Woodside

December 8, 2022

Agenda Item 7.C.

ADMINISTRATIVE MATTERS

SUBJECT: Consideration of Appointment to the Executive Committee

BACKGROUND AND HISTORY:

On November 8, 2022, staff was informed of Maria Saguisag-Sid's departure from the City of Foster City, effective November 15, 2022, and will transition to the City of Burlingame in December.

Ms. Saguisag-Sid has served on the PLAN JPA Board of Directors since October 2019 and on the Executive Committee for the last couple years. Staff is thankful for Ms. Saguisag-Sid's participation and wishes her the best in the City of Burlingame.

The Board of Directors is responsible for appointing members to serve on the Executive Committee. According to the PLAN JPA Bylaws, the Executive Committee consists of nine Directors: the President and Vice President, the Chair of each standing committee or their designee if either the President or Vice President, and four "at-large" Directors of the Board.

Ms. Saguisag-Sid held an "at-large" positions on the Executive Committee; therefore, the Board of Directors will need to elect a member of the Board to serve the rest of Ms. Saguisag-Sid's term. In June 2023, the Executive Committee and Officers will be up for re-election for the 2023/24 Program Year.

RECOMMENDATION:

Staff recommends the Board of Directors appoint a member to fill the "at-large" vacancy on the Executive Committee for the rest of the 2022/23 Program Year.

REFERENCE MATERIALS ATTACHED:

- PLAN JPA Bylaws – Article VIII: Committees

ARTICLE VIII COMMITTEES

1. Committees of Directors. In addition to the Claims Committee, Risk Management Committee, and Finance Committee, the Board of Directors may, by resolution adopted by a majority of the Directors then in office, designate one (1) or more committees, each consisting of two (2) or more Directors, to serve at the pleasure of the Board. Any committee, to the extent provided in the resolution of the Board, shall have all the authority of the Board, except that no committee, regardless of Board resolution, may:
 - a. Take any final action on matters which, under the Law governing Joint Powers Authorities or California Law regarding Local Agencies, requires approval of a majority of all the Directors;
 - b. Approve reimbursements of the Directors for serving on the Board or on any committee;
 - c. Amend or repeal bylaws or adopt new bylaws;
 - d. Amend or repeal any resolution of the Board of Directors which by its express terms is not so amendable or repealable;
 - e. Appoint any other committees of the Board of Directors or the members of these committees; or
 - f. Approve any transaction (1) to which PLAN JPA is a party and one (1) or more Directors have a material financial interest; or (2) between PLAN JPA and one (1) or more of its Directors or between PLAN JPA or any person or entity in which one (1) or more of its Directors have a material financial interest.
2. Meetings and Action of Committees. Meetings and action of committees shall be governed by, and held and taken in accordance with, the provisions of Article VII of these Bylaws, concerning meetings of Directors, with such changes in the context of these Bylaws as are necessary to substitute the committee and its members for the Board of Directors and its members, except that the time for regular meetings of committees may be determined either by resolution of the Board of Directors or by resolution of the Executive Committee. Special meetings of committees may also be called by the President or committee chair. Notice of special meetings of committees shall also be given to any and all Alternate Directors, who shall have the right to attend all meetings of the committee. Minutes shall be kept of each meeting of any committee and shall be filed with the corporate records. The Board of Directors may adopt rules for the government of any committee not inconsistent with the provisions of these Bylaws.
3. Executive Committee. A standing committee consisting of nine Directors: the President and Vice President, the Chair of each standing committee, or if the chair of a standing committee is the President or Vice President of the Board, a representative of such standing committee appointed by the committee and four at-large Directors of the Board elected by the Board. The Executive Committee may exercise all powers of the Board necessary to further the timely and orderly conduct of business, except it may not:
 - a. Set premiums;
 - b. Select or remove Officers or legal counsel to PLAN JPA, except in cases of emergency or where the legal counsel is unavailable or unable to perform his or her duties until the next meeting of the

Board of Directors. Any selection of legal counsel shall be subject to ratification by the Board of Directors at its next meeting;

- c. Borrow money; or
 - d. Amend these Bylaws or the Joint Powers Agreement.
4. Claims Committee (Liability). A standing committee consisting of no less than three (3) Directors appointed by the Board shall be charged with the duty and responsibility of:
 - a. Reviewing and authorizing all payment of settlements which exceed a Member Entity's deductible or upon request by PLAN JPA or Member Entity,
 - b. Establishing a defense counsel list, and hearing the initial appeal on all staff determinations of coverage for, and settlement of, a third party claim against a Member Entity.
 5. Risk Management Committee. A standing committee consisting of no less than three (3) Directors appointed by the Board shall be charged with the duty and responsibility of:
 - a. Reviewing and making recommendations to the Board for risk management programs, including but not limited to, voluntary and mandatory program changes in Member Entity activities, and restrictions on coverage; and
 - b. Reviewing and making recommendations to the Board on applications for admissions, expulsion, withdrawal notices and proposals for cancellation, including but not limited to, the terms and conditions under which such admissions, withdrawals, expulsions and cancellations are implemented.
 6. Finance Committee. A standing committee consisting of no less than three Directors appointed by the Board shall be charged with the duty and responsibility of reviewing and

making recommendations to the Board on the results of PLAN JPA's annual financial audit, reviewing and making recommendations to the Board regarding PLAN JPA's investments and Investment Policy.

ARTICLE IX OFFICERS

1. Officers. The officers of PLAN JPA shall be the President and Vice President, and a Treasurer. All officers shall be Directors.
2. Election of Officers. At the first meeting of the Board of Directors, and at each annual meeting thereafter, nominations for the officers shall be made and seconded by a Director. If more than two (2) names are received in nomination for any one office, balloting shall occur until a nominee receives a majority of the votes cast; provided that after the first ballot the nominee receiving the fewest votes shall be dropped from the balloting. Each officer shall serve a two (2) year term. Any officer except the President and Vice President may succeed himself/herself and may serve any number of consecutive or non-consecutive terms. The President and Vice President may succeed himself/herself only if his/her first term was filled as a result of a vacancy in the office.
3. Removal of Officers. An Officer may be removed, with or without cause, by a two-thirds (2/3) vote of the Board of Directors at a regular or special meeting.
4. Vacancies. Any vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled for the balance of the vacated term in the manner prescribed in these Bylaws for regular appointments to that office; provided, however, that such vacancies may be filled at any regular or special meeting of the Board of Directors.
5. Resignation of Officers. Any Officer may resign at any time by giving written notice to the President or Secretary. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of PLAN JPA under any contract to which the Officer is a party.
6. Responsibilities of Officers and Assigned Positions.
 - a. President of the Board. The President of the Board shall preside at meetings of the Board of Directors and exercise and perform such other powers and duties as may be from time to time assigned to him/her by the Board of Directors or prescribed by the Bylaws.
 - b. Vice President of the Board. The Vice President of the Board shall fulfill all the duties of the President in his/her absence.
 - c. Secretary. The General Manager for PLAN JPA shall serve as the Secretary and shall be appointed by the President. The Secretary may assign certain responsibilities to an Assistant Secretary of his/her choosing. The Secretary shall attend to the following:
 - i. Book of minutes. The Secretary shall keep or cause to be kept, at the principal executive office or such other place as the Board of Directors may direct, a book of minutes of all meetings and actions of Directors and committees of Directors, with the time and place of

December 8, 2022

Agenda Item 8.A.

CLAIMS MATTERS

SUBJECT: Review of Litigated Claims Trends

BACKGROUND AND HISTORY:

Susan DeNardo, PLAN JPA Litigation Manager, will present an overview of PLAN JPA's litigated claims data within the Liability Program. Information provided on litigated claims for the past ten years will include:

- Total number of litigated claims
- Open and closed claims
- Reserves
- Average indemnity incurred
- Legal cost paid

RECOMMENDATION:

None.

REFERENCE MATERIALS ATTACHED:

None.

December 8, 2022

Agenda Item 8.B.

CLAIMS MATTERS

SUBJECT: Update from PLAN JPA's Third-Party Administrator, Sedgwick

BACKGROUND AND HISTORY:

Sedgwick staff and the service providers contracted by PLAN JPA continuously strive to provide state-of-the-art, professional service, and greatly value the opinions of all member agencies. Annually, evaluation surveys are sent to the member agencies to collect feedback regarding member satisfaction levels with services being provided to the JPA.

In September 2022, members were emailed a survey link to provide their anonymous feedback to staff. A total of 19 responses were received, and the results have been compiled. The Executive Committee reviewed the results with the TPA Team Lead, Jaeran Ahn and the Claims Assistant Manager Jill Petrarca, this past November. Ms. Ahn will discuss the results in further detail with the Board.

RECOMMENDATION:

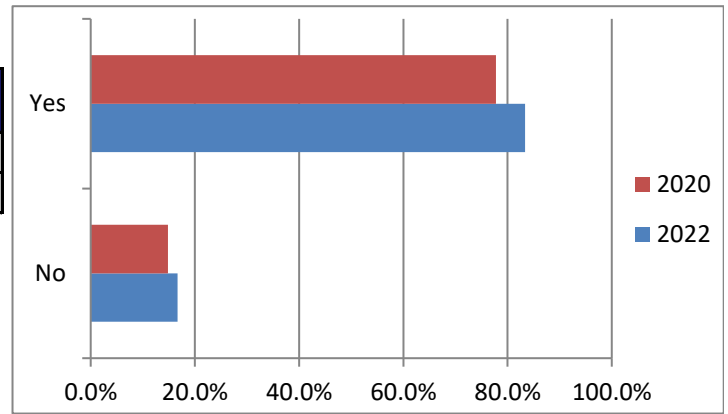
None.

REFERENCE MATERIALS ATTACHED:

- Staff/Service Provider Evaluation Survey Results – TPA Results
- PLAN JPA Member Survey Response

Have you worked with Sedgwick, PLAN's Third Party Administrator for Claims Handling?

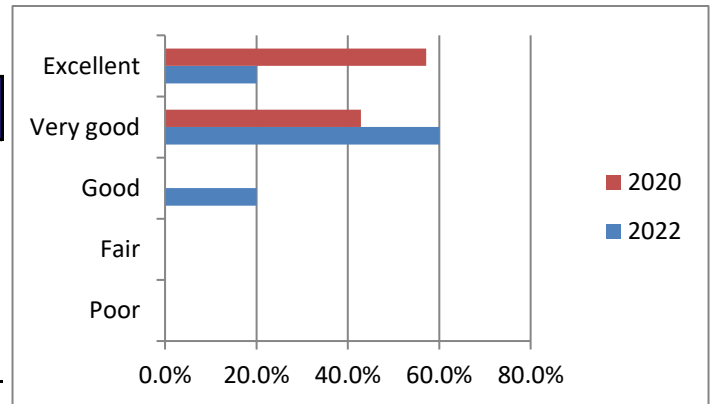
Response	2022 Frequency	2022 Percent	2020 Frequency	2020 Percent
Yes	15	83.3%	21	77.8%
No	3	16.7%	4	14.8%
Total	18		25	



Please rate the following in regards to Sedgwick Third Party Administrator

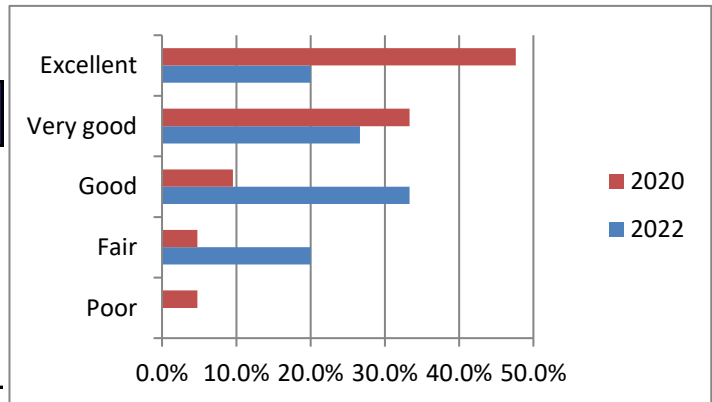
Level of Expertise and Knowledge

Response	2022 Frequency	2022 Percent	2020 Frequency	2020 Percent
Excellent	3	20.0%	12	57.1%
Very Good	9	60.0%	9	42.9%
Good	3	20.0%	0	0.0%
Fair	0	0%	0	0.0%
Poor	0	0%	0	0.0%
N/A	0		0	
Total	15		21	



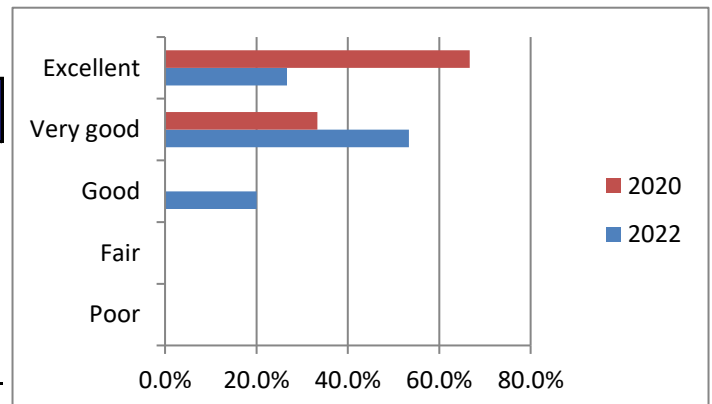
Reponsiveness and General Communication

Response	2022 Frequency	2022 Percent	2020 Frequency	2020 Percent
Excellent	3	20.0%	10	47.6%
Very Good	4	26.7%	7	33.3%
Good	5	33.3%	2	9.5%
Fair	3	20%	1	4.8%
Poor	0	0%	1	4.8%
N/A	0		0	
Total	15		21	



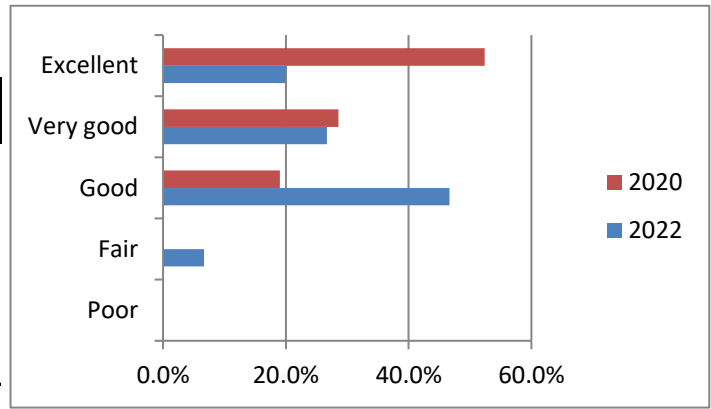
Professionalism of Claims Examiner

Response	2022 Frequency	2022 Percent	2020 Frequency	2020 Percent
Excellent	4	26.7%	14	66.7%
Very Good	8	53.3%	7	33.3%
Good	3	20.0%	0	0.0%
Fair	0	0%	0	0.0%
Poor	0	0%	0	0.0%
N/A	0		0	
Total	15		21	



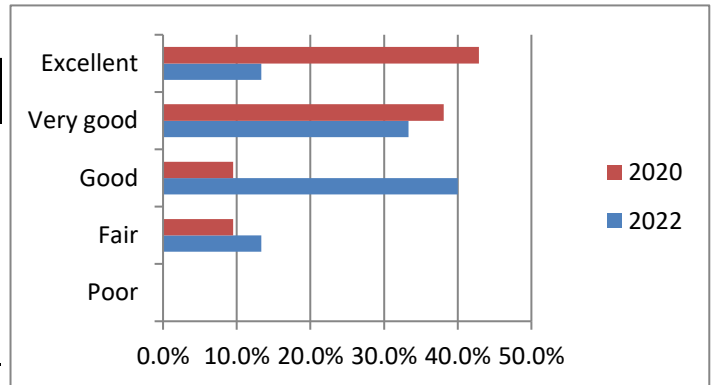
Adequacy of Account Supervision and Management

Response	2022 Frequency	2022 Percent	2020 Frequency	2020 Percent
Excellent	3	20.0%	11	52.4%
Very Good	4	26.7%	6	28.6%
Good	7	46.7%	4	19.0%
Fair	1	7%	0	0.0%
Poor	0	0%	0	0.0%
N/A	0		0	
Total	15		21	



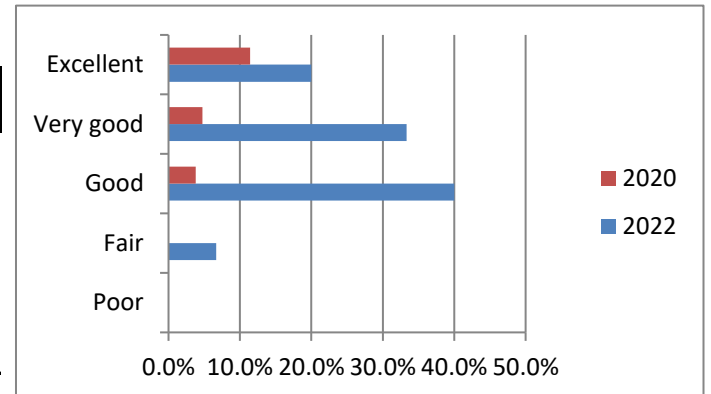
Handling of Claims

Response	2022 Frequency	2022 Percent	2020 Frequency	2020 Percent
Excellent	2	13.3%	9	42.9%
Very Good	5	33.3%	8	38.1%
Good	6	40.0%	2	9.5%
Fair	2	13%	2	9.5%
Poor	0	0%	0	0.0%
N/A	0		0	
Total	15		21	



Overall Satisfaction with Sedgwick Third Party Administrator

Response	2022 Frequency	2022 Percent	2020 Frequency	2020 Percent
Excellent	3	20.0%	12	11.4%
Very Good	5	33.3%	5	4.8%
Good	6	40.0%	4	3.8%
Fair	1	7%	0	0.0%
Poor	0	0%	0	0.0%
N/A	0		0	
Total	15		105	



COMMENTS (What does York/Sedgwick TPA do well? What could they do better?):

- The adjusters are responsive and I feel the claims are being managed well overall.
- Follow-ups on claims do not always happen, but when they do it is a easy process.
- Due to recent staffing changes, some claims take a long time and require that I follow up. Now staffing seems to have stabilized. Turnaround time for claims reports is shorter, hopefully I don't need to follow up as much as before. I would also like to suggest that the claims team, perhaps a supervisor, do periodically claims review with the cities.
- We know there have been staff changes recently. We would appreciate more consistency in how we receive information or recommendations from the different adjusters. Some are better at providing guidance on next steps and follow-up than others.
- Tasso has been very helpful
- Improvement needed in claims management department: timely CMRs, are my recommendation.
- Turnover has been difficult on the claims experience this last year.--



8125 Sedgwick Way
Memphis, TN 38125

October 20, 2022

PLAN JPA
c/o Sedgwick Pool Management
Attention: Jon Paulsen

Re: Response to Member Survey Results for PLAN - General Liability

This letter will serve as a response to the 2022 Staff-Service Provider Evaluation Survey for General Liability for PLAN JPA. Thank you for the opportunity to evaluate our response to the members and allow us to provide response and implement plans to enhance our level of service.

The member survey focuses on member experience in working with our operation teams addressing areas such as communication, timeliness of action, outcomes, and resolution of claims. Below is a snapshot of the responses as well as an overall view and our action items to ensure improvement.

Areas of Evaluation – General Liability

1. Level of Expertise and Knowledge?
 - 15 Responses: 3 Excellent, 9 Very Good, 3 Good
2. Responsiveness and General Communication?
 - 15 Responses: 3 Excellent, 4 Very Good, 5 Good, 3 Fair
3. Professionalism of Claims Examiner?
 - 15 Responses: 4 Excellent, 8 Very Good, 3 Good
4. Adequacy of Account Supervision and Management?
 - 15 Responses: 3 Excellent, 4 Very Good, 7 Good, 1 Fair
5. Handling of Claims?
 - 15 Responses: 2 Excellent, 5 Very Good, 6 Good, 2 Fair
6. Overall Satisfaction with Sedgwick Third Party Administrator?
 - 15 Responses: 3 Excellent, 5 Very Good, 6 Good, 1 Fair

Improvement Plan – General Liability

Taking an overall combined look at these responses, of the six questions posed to the members, a selection of un-named members provided response for a total of ninety (90) responses received. Eighty-three (83) or 92% of all responses yielded a response of Good or better leaving seven (7) that fell below at the score of Fair. Fifty-three (53) or 59% of all responses yielded a response of Excellent or Very Good leaving Thirty-seven (37) that fell below at the score of Good or Fair.



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Action plans have been put into place to improve outlier responses i.e., responses of Fair as well as elevate go forward communication and perception overall of program handling. To that end we met with Jill Petrarca, Assistant Claims Manager and Jaeran Ahn, Team Lead to review the responses and that of the adjuster assignment.

As the survey responses notes, turnover has been a significant challenge the last 2 years. We agree that these unprecedented times have driven turnover which has direct impact upon the program in both experience and knowledge of the case load. Tasso Mavroudis has been handling the PLAN account for 4 years. Mary Weisenberger has handled the PLAN account for 7 years. Kimberly Chandler has been handling the PLAN account for 8 months. Lorenzo Williams has been handling the PLAN account for 4 months. To enhance our claims handling quality, we recently added Valentine Gonzales to the account based on her 34 years' experience handling Public Entity claims. With the addition of Valentine, we have decreased the average examiner claim load to approximately 120. We have also implemented a Public Entity Training curriculum and ongoing JURIS/computer training for all employees, this designed to reduce caseloads and increase experience.

In addition to the enhancements to improve the claim handling of the team, The following Action Plans have been implemented to address the deficiencies noted in the survey:

- **Responsiveness and General Communication**

The following Best Practice Standard is required by all examiners. Compliance to this standard will be monitored by management and Sedgwick's internal auditing team. Any noncompliance will be addressed as warranted with the employee.

Best Practice: CUSTOMER SERVICE

GENERAL

- ✓ *Follow Client Service Instructions (CSIs) and document the file accordingly.*
- ✓ *Respond to written correspondence timely.*
- ✓ *Return all telephone calls and emails within the time frame consistent with the urgency of the request but no later than one business day.*
- ✓ *All communication should be professional.*

- **Adequacy of Account Supervision and Management**

The Plan CSIs state:

Supervisory reviews focus on guidance and direction as well as verifying that the appropriate steps/actions have been completed and documented. Supervisory reviews are required within 30



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days of receipt of claim and at least every 120 days thereafter on all active claims. For claims that have been rejected review is only required at SOL date.

Compliance to this standard will be monitored by management and Sedgwick's internal auditing team. Any noncompliance will be addressed as warranted with the employee.

Lastly, the Sedgwick team is available to hold claim reviews with any member of PLAN JPA. For any member interested, please reach out to Team Lead Jaeran Ahn to schedule the review.

Without specific details provided for those responses falling outside of "Good", we met with our adjusters and reminded them of the expected standards of excellence in each category such as response, resolution of claims and professionalism.

▪ **Overall Plan of Improvement**

Thank you for the opportunity to review and respond to the claims service survey. We understand that despite the overall results documenting that our staff is completing tasks most often under the category "Excellent/Very Good/Good" that our scores have decreased from the last survey and we do not take that lightly.

To ensure we are targeting each area identified on the survey to achieve the highest level of customer service, member feedback is valuable. We have addressed the survey with our team and reviewed best practices as well as expected standards of excellence. This is limited without specific details as to what is driving the responses of "Fair".

Thank you for the opportunity to review and respond to the claims service survey. We will continue to focus on all areas of technical claims handling and communication to ensure quality of the program is not only met but continuous improvement is maintained. We appreciate our partnership with PLAN and look forward to continuing to strengthen our relationship.

Sincerely,

Amy Whitman

Amy Whitman
Client Services Manager | Client Services
Sedgwick Claims Management Services

cc: Devora Brainard- DeLong, VP Client Services
Jill Petrarca, Claims Asst. Manager - GL

December 8, 2022

Agenda Item 10.A.

GENERAL MANAGER'S REPORT

SUBJECT: Report from PLAN JPA's General Manager

BACKGROUND AND HISTORY:

Jon Paulsen, General Manager, will be in attendance to provide updates to the PLAN JPA Board of Directors on the following topics:

- Third party review of PLAN's Memorandum of Coverage including grammatical interpretation and Board of Directors' intentions resulting in an amended declaration page.
- Strategic Planning recap of goals and working items.

RECOMMENDATION:

None.

REFERENCE MATERIALS ATTACHED:

- PLAN JPA Memorandum of Coverage Amended Declaration Page – 12.8.2022

MEMORANDUM OF COVERAGE – LIABILITY

DECLARATIONS

ENTITY COVERED: Pooled Liability Assurance Network Joint
Powers Authority as per Endorsement No. 1

MAILING ADDRESS: 1750 Creekside Oaks Drive, Suite 200
Sacramento, CA 95833

COVERAGE PERIOD: FROM: 07/01/2022 12:01 A.M., Pacific Time
TO: 07/01/2023 12:01 A.M., Pacific Time

LIMIT OF COVERAGE: \$1,000,000 per Occurrence less Covered Party's Retained
Limit in Endorsement No. 2. With respect to Employee Benefit
Plan Administration Liability, the Limit of Coverage is
\$250,000 per Occurrence.

Coverage is provided on an excess basis up to a limit of
coverage of \$30,000,000 per occurrence, less covered party's
retained limit of \$20,000,000 per occurrence. Excess coverage
does not apply to employee benefit plan administration
liability.

These amended declarations are effective as of July 1, 2022 and supercede the declarations
previously issued.

As approved by the Board and issued on December 8, 2022.