

**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 cursive script that reads "Katie Sullivan". The signature is written in black ink and is positioned above a horizontal line.

Katie Sullivan, Assistant Board Secretary