1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833
(800) 541-4591 Fax (916) 244-1199
https://www.planjpa.org/

BOARD OF DIRECTORS MEETING
AMENDED AGENDA

Thursday, November 30, 2023
9:30 a.m.

Toll House Hotel
140 S. Santa Cruz Avenue
Los Gatos, CA 95030

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.

Page 1. **CALL TO ORDER**

2. **INTRODUCTIONS**

3. **APPROVAL OF AGENDA AS POSTED (OR AMENDED)** **A**

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.

5. **APPOINTMENTS**

4 *A. Consideration of Board Counsel Agreement **A**

Recommendation: Staff recommends the Board of Directors terminate the current agreement with Burke, Williams, and Sorensen, LLP and approve the sole source agreement with Boucher Law, PC.

* Reference materials enclosed with staff report.

Page				
	6.	**CONSENT CALENDAR** If a Board Member would like to discuss any item listed, it may be pulled from the Consent Calendar.		**A**
29		*A.	Minutes from the June 21, 2023, Board of Directors Meeting	
41		*B.	2023/24 Risk Control Update	
43		*C.	Risk Control Services Summary Report through September 2023	
46		*D.	Risk Management Grant Fund Balances as of September 30, 2023	
47		*E.	2023 Claims Audit	
61		*F.	Defense Counsel Panel	
65		*G.	Third-Party Administrator Claims Handling Guidelines	
75		*H.	PLAN JPA Claims Policy	
79		*I.	Resolution No. 2023-03: Travel and Expense Reimbursement Policy *Recommendation: Staff recommends the Board of Directors approve the Consent Calendar.*	
	7.	**FINANCIAL MATTERS**		
82		*A.	Presentation of the Financial Audit Report by James Marta & Company, LLP *Recommendation: Staff recommends the Board of Directors accept and file the 2022/23 Financial Audit Report for the Fiscal Year Ended June 30, 2023.*	**A**
139		B.	Update on the Property Program Rehabilitation Plan *Recommendation: None.*	**I**
	8.	**GENERAL MANAGER'S REPORT**		
140		A.	Report from PLAN JPA's General Manager *Recommendation: Staff recommends the Board of Directors provide direction regarding the expectations surrounding future strategic planning sessions and manner of progress reporting.*	**A**
	9.	**STATE OF THE MARKET**		
141		A.	State of the Market *Recommendation: None.*	**I**
	10.	**CLAIMS MATTERS**		
142		A.	Litigated Claims Trends *Recommendation: None.*	**I**
143		B.	Update from PLAN JPA's Third-Party Administrator, Sedgwick *Recommendation: None.*	**I**

* Reference materials attached with staff report. **A –** Action Item **I** – Information Item

11. 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:

- Paper and Petals v. City of Burlingame
- John Henneberry v. City of Newark
- Sriharsha Chintalapani, et al v. City of San Carlos
- Holmes v. City of San Carlos
- Sanjay & Anjena Kacholiya v. City San Carlos
- Deepak Kandepet, et al v. City of San Carlos
- Loral Wright v. Town of Tiburon

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

12. 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

13. ADJOURNMENT

<u>NOTICES:</u>

- The next Board of Directors meeting will be held on March 28, 2024, at 10:00am via videoconference.
- The following Board of Directors meeting will be held on June 29, 2024, at 9:30am via videoconference.

Agenda Item 5.A.

APPOINTMENTS

SUBJECT: Consideration of Board Counsel Agreement

BACKGROUND AND HISTORY:

PLAN has historically maintained a professional services agreement for legal counsel as it relates to JPA operations (Board Counsel) and for coverage opinions regarding the pool's memorandum of coverage and its excess policies.

In December of 2019, PLAN entered into an agreement for legal services with the law firm Aaronson, Dickerson, Cohn & Lanzone. Pursuant to that agreement Greg Rubens serviced PLAN as its Board Counsel. In September of 2021, Mr. Rubens changed law firms and submitted an assignment of the agreement to PLAN for the new firm, Burke, Williams, and Sorenson, LLP, with Mr. Rubens continuing to serve PLAN. On July 31, 2023, Mr. Rubens left the employ of Burke, Williams, and Sorensen, LLP and was replaced as Board Counsel by Brian Affrunti.

PLAN JPA has had a long-standing relationship with Marc Zafferano, who served the pool as its Board President while working for one of PLAN's members, the City of San Bruno as their City Attorney. In 2022, Mr. Zafferano retired from the City of San Bruno and returned to moderate private practice with Boucher Law, PC. Given Mr. Zafferano's detailed and thorough knowledge of PLAN's operations, he is an ideal candidate to serve as its Board Counsel. His unique qualifications, knowledge, and skill set regarding PLAN JPA specifically, this item is being presented as a sole source contract.

The current agreement with Burke, Williams, and Sorensen, LLP has no defined end date, rather it includes a section regarding "termination" requiring written notice from PLAN. In addition, no notice is required for the termination.

RECOMMENDATION:

Staff recommends the Board of Directors terminate the current agreement with Burke, Williams, and Sorensen, LLP and approve the sole source agreement with Boucher Law, PC.

REFERENCE MATERIALS ATTACHED:

- CV Letter for Marc Zafferano
- Professional Services Agreement for Legal Services between PLAN JPA and Boucher Law, PC

Boucher Law, PC
www.Boucher.Law

MARC L. ZAFFERANO
Senior Counsel

(510) 838-1000
marc@boucher.law
MARC L. ZAFFERANO

ABOUT MARC

Marc is a seasoned and accomplished attorney with nearly four decades of experience in all aspects of municipal law for cities and special districts, as well as representing public and private employers in labor and employment law issues. Prior to joining our firm, Marc served as City Attorney for the cities of San Bruno and Belmont, Deputy City Attorney for the cities of San Carlos, Foster City and Woodside, and District Counsel for the West Bay Sanitary District and San Mateo County Harbor District.

In recognition of his professional contributions, Marc was elected Chair of the League of California Cities Emergency Services Committee and served on Legal Advocacy Committee, and he was also elected President of a 26-member self-insurance JPA for five consecutive years. Marc has delivered papers about a wide variety of municipal law topics at various conferences and webinars for the International Municipal Lawyers Association, League of California Cities, California Association of Joint Powers Authorities, and National Association of Administrative Law Judges.

Municipal Law

As a former City Attorney and General Counsel for a number of California cities and special districts, Marc is well versed in a broad range of municipal law issues, including: Brown Act and open meetings law compliance, conflicts of interest, business licensing, code enforcement, elections and redistricting, CEQA compliance, land use, real estate, planning and zoning (including General plan and specific plan adoption, amendment, and implementation and the Subdivision Map Act), government policy and public integrity, Joint Powers Authorities (JPAs), public finance, contracts and bidding, Public Records Act, public safety, records retention and destruction, subpoenas, telecommunications, and trial and appellate advocacy.

As San Bruno's city attorney, Marc managed the legal aspects of the city's recovery from the September 2010 PG&E gas pipeline explosion, including recovery from PG&E to rebuild and improve public infrastructure in affected neighborhood, provide compensation to the City, and fund future fire mitigation. He created and launched the San Bruno Community Foundation, a public entity nonprofit, to manage expenditure of settlement funds received from PG&E, resulting in over $56 million in community grants, strategic initiatives, and college scholarships that directly benefit City residents, including funding a new aquatic and recreation center.

Best 5 Employment Law Firms
CIO Bulletin 2023

TOP 10 EMERGING EMPLOYMENT LAW FIRMS 2022
RECOGNIZED BY MANAGE HR

Northern California
2081 Center St.
Berkeley, CA 94704

Southern California
321 S Brand Blvd.
Glendale, CA 91204

His other accomplishments as City Attorney for San Bruno and Belmont include revising the City's Municipal Code for consistency with state statutory and case law, directing and managing legal work for dozens of major residential and commercial developments, bringing successful development, tax, open space, and other initiative measures to ballot, and negotiating complex franchise agreements for garbage and cable services.

Litigation Experience

Marc is experienced in municipal and general litigation including torts, employment law, probate, real estate, contracts, writs and appeals. As City Attorney, Marc has obtained a 100% litigation success record in City writ cases and appeals, and represented the City in a published case, *San Bruno Committee for Economic Justice v. City of San Bruno*, holding that City's sale of property for commercial use is not subject to referendum. Marc has successfully litigated cases at trial and on appeal involving First Amendment claims, employee discrimination, and breach of commercial lease, and won inverse condemnation and writ cases at trial and on appeal. He has tried to verdict over a dozen jury and non-jury cases, and established a 100% success record for public entity trials, appeals, and Law and Motion matters over a 10-year period.

Between 1998 – 2011, Marc also served as Judge Pro Tempore and arbitrator for the San Mateo County Municipal and Superior Court.

Workplace Investigations

As an experienced workplace investigator, Marc has conducted investigations related to workplace misconduct, sexual harassment, race discrimination, retaliation, sexual orientation harassment, theft, fraud, favoritism, misconduct, and abusive conduct.

Education & Professional Affiliations

Marc graduated with a Bachelor of Arts degree with Distinction from Stanford University. He received his legal education from the Hastings College of the Law. Marc is a member of the California State Bar Association and San Mateo County Bar Association.

Firm Recognition

We are honored that, in 2022, Manage HR Magazine named Boucher Law as America's Top 10 Emerging Employment Law Firms, and featured our firm in its cover story. In 2023, Boucher Law was named "5 Best Employment Law Firms in America" by CIO Bulletin, and "30 Fastest Growing Private Companies to Watch" By The Silicon Review.

PROFESSIONAL SERVICES AGREEMENT

By and Between

PLAN JPA

and

Boucher Law, PC

for

LEGAL CONSULTING SERVICES

December 01, 2023

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ARTICLE **PAGE**

PROFESSIONAL SERVICES AGREEMENT

By and Between POOLED LIABILITY ASSURANCE NETWORK

and Boucher Law, PC

For LEGAL CONSULTING SERVICES

THIS AGREEMENT (this "Agreement") is made and entered into as of the 1st day of December 2023, by and between Pooled Liability Assurance Network. (herein called "PLAN."), a Joint Powers Authority, and Boucher Law, PC, a California Professional Corporation.

RECITALS

WHEREAS, PLAN requires certain work services as described in Exhibit "A" of this Contract; and

WHEREAS, the services required for the Project cannot be performed satisfactorily by the officers of PLAN; and

WHEREAS, the parties hereto now wish to enter into this Agreement pursuant to which CONSULTANT will render professional services in connection with the Project as hereinafter provided.

NOW, THEREFORE, the parties hereto agree as follows:

1. **SCOPE OF SERVICES**

   CONSULTANT's services are generally described in Attachment A, Scope of Work, attached hereto and incorporated herein by this reference. CONSULTANT agrees to provide legal services for the tasks identified as directed by the General Manager.

2. **PERIOD OF PERFORMANCE**

   CONSULTANT's services hereunder shall commence upon issuance of a written Notice to Proceed (NTP) issued by PLAN's Assistant General Manager and shall continue in full force and effect through **June 30, 2025,** or until otherwise terminated or extended as hereinafter provided by written amendment, except that all indemnity and defense obligations hereunder shall survive termination of this Contract. CONSULTANT shall not be compensated for any Work performed or costs incurred prior to issuance of the NTP.

PLAN, at its sole discretion, may extend the original term of the Contract through the issuance of a Board approved amendment.

3. COMPENSATION AND METHOD OF PAYMENT

A. Compensation. CONSULTANT shall be compensated for services based on the hourly rates for the key personnel set forth in Attachment B, Key Personnel and Billing Rates, attached hereto and incorporated herein by this reference, which include all applicable surcharges such as taxes, insurance, and fringe benefits as well as indirect costs, overhead and profit allowance, materials, and supplies.

B. Expenses. PLAN will reimburse CONSULTANT for all expenses deemed reasonable and necessary by PLAN incurred by CONSULTANT in the performance of this Agreement. Reimbursable expenses shall include actual courier messenger services, docket/search fees, outbound faxes, express mail or special handling mail; mileage; public transportation, parking, bridge tolls, outside document production; photocopying charges; publication charges; postage; long distance telephone charges; actual on-line legal research charges, not to exceed $100 without prior approval; court and other litigation costs; and pre-authorized transportation and other expenses incurred by employees or agents of CONSULTANT on PLAN's behalf.

C. Method of Payment. CONSULTANT shall submit invoices for services rendered on a monthly basis, identifying the work for which payment is requested; the hours worked or the deliverable completed; any authorized expenses, together with receipts for such expenses, if requested; the total amount requested; and the cumulative amount billed and paid under this Agreement. Payment shall be made by PLAN within thirty (30) days of receipt of an acceptable invoice, approved by a designated representative. All invoices shall be made in writing and delivered or mailed to PLAN as follows:

"Attention: PLAN"

4. KEY PERSONNEL

The key personnel to be assigned to this work by CONSULTANT and their hourly rates, if applicable, are set forth in Attachment B, Key Personnel and Billing Rates, attached hereto and incorporated herein by this reference. CONSULTANT agrees that all personnel assigned to this work will be professionally qualified for the assignment to be undertaken.

5. AMENDMENTS

PLAN reserves the right to request changes in the services to be performed by CONSULTANT. All such changes shall be incorporated in written amendments, which shall specify the changes in work performed and any adjustments in compensation and schedule. All amendments shall be executed by the Executive Director or a designated representative and CONSULTANT and specifically identified as amendments to the Agreement. Any services added to the scope of the Agreement by an amendment shall be subject to all applicable conditions of the Agreement. No claim for additional compensation or extension of time shall be recognized unless contained in a duly executed amendment.

6. TERMINATION

PLAN may terminate this Agreement, in whole or in part, at any time by written notice to CONSULTANT. Upon receipt of notice of termination, CONSULTANT shall stop work under this Agreement immediately, to the extent provided in the notice of termination, and shall promptly submit its termination claim to PLAN. CONSULTANT shall be reimbursed for hours performed, plus expenses, up to the time of termination, not to exceed the maximum amount payable under the Agreement or, for deliverables-based payment, not to exceed the maximum payable for the deliverable.

CONSULTANT may withdraw from representation of PLAN, and terminate this Agreement, at any time, as required or permitted by Rule 3-700 of the California Rules of Professional Conduct, on “Termination of Employment,” operative May 27, 1989 (and as those Rules may be amended from time to time).

7. INSURANCE REQUIREMENTS

a. Minimum Coverages. CONSULTANT shall, at its own expense, obtain and maintain in effect at all times during the life of this Agreement the following types of insurance against claims, damages and losses due to injuries to persons or damage to property or other losses that may arise in connection with the performance of work under this Agreement, placed with insurers with a Best’s rating of A-VIII or better.

i. Workers' Compensation Insurance in the amount required by the applicable laws, and Employer’s Liability insurance with a limit of not less than $1,000,000 per employee and $1,000,000 per occurrence, and any and all other coverage of CONSULTANT’s employees as may be required by applicable law. Such policy shall contain a Waiver of Subrogation endorsement in favor of PLAN.

ii. Commercial General Liability Insurance for Bodily Injury and Property Damage liability, covering the operations of CONSULTANT and CONSULTANT’s officers, agents, and employees and with limits of liability which shall not be less than $1,000,000 combined single limit per occurrence with a general aggregate liability of not less than $2,000,000, and Personal & Advertising Injury liability with a limit of not less than $1,000,000. Expense for Indemnitee’s defense costs shall be outside of policy limits and such policy shall be issued on a Duty to Defend Primary Occurrence Form.

PLAN and its board members, officers, representatives, agents, and employees are to be named as additional insureds. Such insurance as afforded by this endorsement shall be primary as respects any claims, losses or liability arising directly or indirectly from CONSULTANT's operations.

iii. Business Automobile Insurance for all automobiles owned, used, or maintained by CONSULTANT and CONSULTANT's officers, agents, and employees, including but not limited to owned, leased, non-owned and hired automobiles, with limits of liability which shall not be less than $1,000,000 combined single limit per occurrence.

iv. Umbrella Insurance in the amount of $2,000,000 providing excess limits over Employer's Liability, Automobile Liability, and Commercial General Liability Insurance.

v. Errors and Omissions Professional Liability Insurance (if applicable) in an amount no less than $1,000,000 per occurrence/$2,000,000 aggregate. If such policy is written on a "Claims-Made" (rather than an "occurrence") basis, CONSULTANT agrees to maintain continuous coverage in effect from the date of the commencement of services to at least three (3) years beyond the termination or completion of services or until expiration of any applicable statute of limitations, whichever is longer. The policy shall provide coverage for all work performed by the CONSULTANT and any work performed or conducted by any subcontractor/subconsultant working for or performing services on behalf of the CONSULTANT. No contract or agreement between the CONSULTANT and any subcontractor/subconsultant shall relieve the CONSULTANT of the responsibility for providing this Errors & Omissions or Professional Liability coverage for all work performed by the CONSULTANT and any subcontractor/subconsultant working on behalf of the CONSULTANT on the project.

vi. Property Insurance. Property Insurance covering CONSULTANT'S own business personal property and equipment to be used in performance of this Agreement. Coverage shall be written on a "Special Form" ("All Risk") that includes theft, but may exclude earthquake, with limits at least equal to the replacement cost of the property. Such policy shall contain a Waiver of Subrogation in favor of PLAN. If such insurance coverage has a deductible, CONSULTANT shall also be liable for the deductible.

vii. Non-Limitation of Insurance Requirements. The insurance coverage provided, and limits required under this Contract are minimum requirements and are not intended to limit the CONSULTANT's indemnification obligations under the Contract, nor do the indemnity obligations limit the rights of the Indemnified Parties to the coverage afforded by their insured status. To the extent required by Law in connection with Work to be performed, the CONSULTANT shall obtain and maintain, or cause to be obtained and maintained, in addition to the insurance coverage expressly required under this Contract, such other insurance policies for such amounts, for such periods of time and subject to such terms as required by Law and any other agreements with which the CONSULTANT is required to comply, including any Third-Party Agreements. Liability insurance coverage will not be limited to the specific location designated as the Site, except that if the CONSULTANT arranges project-specific general liability, excess liability, or workers' compensation coverage, limitations of coverage to the Site will be permitted subject to PLAN approval and use of the broadest available site-specific endorsements. No liability policy will contain any provision or definition that would serve to eliminate so-called "third-party-over action" claims, including any exclusion for bodily injury to an employee of the insured or of any Subcontractor. The CONSULTANT acknowledges and will at all times comply with the provisions of Labor Code Section 3700 which require every employer in the State to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code.

b. Deductibles and Retentions. CONSULTANT shall be responsible for payment of any deductible or retention on CONSULTANT's policies without right of contribution from PLAN. Deductible and retention provisions shall not contain any restrictions as to how or by whom the deductible or retention is paid. Any deductible or retention provision limiting payment to the Named Insured is unacceptable.

In the event that PLAN seeks coverage as an additional insured under any CONSULTANT insurance policy that contains a deductible or self-insured retention, CONSULTANT shall satisfy such deductible or self-insured retention to the extent of loss covered by such policy, for any lawsuit arising from or connected with any alleged act of CONSULTANT, subconsultant, subcontractor, or any of their employees, officers or directors, even if CONSULTANT or subconsultant is not a named defendant in the lawsuit.

c. Notice of Termination. All CONSULTANT policies shall provide that the insurance carrier shall give written notice to PLAN at least 30 days prior to cancellation of the policy or policies (unless canceled for non-payment, then 10 days prior written notice will be given) and shall provide notice of such cancellation to PLAN and any other additional insured.

d. Additional Provisions. Each policy or policies of insurance described in Commercial General Liability Insurance, above, shall contain the following provisions:

- Inclusion of PLAN, its successor entity, and their respective commissioners, officers, representatives, agents and employees, as additional insureds with respect to work or operations in connection with this Agreement.

- Endorsement providing that such insurance is primary insurance, and no insurance of PLAN will be called on to contribute to a loss.

e. Certificates of Insurance. Prior to commencement of any work hereunder, CONSULTANT shall deliver to PLAN Certificates of Insurance verifying the aforementioned coverages. Such certificates shall make reference to all provisions and endorsements referred to above and shall be signed on behalf of the insurer by an authorized representative thereof. CONSULTANT agrees, upon written request by PLAN, to furnish copies of such policies or endorsements, certified by an authorized representative of the insurer.

f. Disclaimer. The foregoing requirements as to the types and limits of insurance coverage to be maintained by CONSULTANT are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by CONSULTANT pursuant hereto.

8. STATUS OF CONSULTANT

CONSULTANT is an independent contractor retained through this Agreement to provide legal services in specific areas of law and not to participate in or advise PLAN on general ongoing decisions. CONSULTANT is not an employee of PLAN and has no authority to contract or enter into any other agreement in the name of PLAN. CONSULTANT has, and hereby retains, full control over the employment, direction, compensation and discharge of all persons employed by CONSULTANT who are assisting in the performance of services under this Agreement. CONSULTANT shall be fully responsible for all matters relating to the payment of its employees, including compliance with social security, withholding tax and all other laws and regulations governing such matters. CONSULTANT shall be responsible for its own acts and those of its agents and employees during the term of this Agreement.

CONSULTANT shall conduct research and arrive at conclusions with respect to its rendition of information, advice, recommendations, or counsel independent of the control and direction of PLAN or any PLAN official, other than normal contract monitoring, and shall possess no authority with respect to any PLAN decision beyond rendition of information, advice, recommendations, or counsel. The authority of CONSULTANT to make representations or statements on behalf of PLAN shall be limited to representations or statements that reflect or convey agency decisions of PLAN and which are of a type that outside counsel normally make in the context of representation of a client.

9. WORK PRODUCTS CONFIDENTIAL

Work products prepared or assembled by CONSULTANT, obtained from others by CONSULTANT or made available to CONSULTANT by PLAN in connection with the services under this Agreement shall be treated as confidential by CONSULTANT and subject to the Attorney Work Product Doctrine and the attorney-client privilege, and CONSULTANT agrees that they shall not be made available to any individual or organization without prior approval of PLAN.

10. SUBCONTRACTS

CONSULTANT shall not subcontract all or any portion of its services under this Agreement without the prior written approval of the Project Manager or a designated representative, and any attempt to do so shall be void and unenforceable. In the event that CONSULTANT enters into one or more subcontracts pursuant to this Article, it is understood and agreed that the participating subcontractors shall be solely and directly responsible to CONSULTANT, and PLAN shall have no obligation to them.

11. ASSIGNMENT OF AGREEMENT

CONSULTANT shall not assign this Agreement, or any part hereof without prior express written consent of PLAN or a designated representative, and any attempt thereat shall be void and unenforceable.

12. RECORDS

CONSULTANT shall maintain full and adequate books, records, and accounts in accordance with generally accepted accounting practices. All such books, records, accounts, and any and all work products, materials, and other data relevant to its performance under this Agreement shall be retained by CONSULTANT for a minimum of four (4) years following the fiscal year of the last expenditure under this Agreement.

13. AUDITS

CONSULTANT shall permit PLAN and its authorized representatives to have access to CONSULTANT's books, records, accounts, and any and all work products, materials, and other data relevant to this Agreement, for the purpose of making an audit, examination, excerpt and transcription during the term of this Agreement, and for the period specified in Article 12. CONSULTANT shall in no event dispose of, destroy, alter, or mutilate said books, records, accounts, work products, materials, and data for that period of time.

14. NOTICES

Except for invoices submitted by CONSULTANT pursuant to Article 3, all notices, or other communications to either party by the other shall be deemed given when made in writing and delivered, mailed, emailed, or faxed to such party at their respective addresses as follows:

To PLAN: Attention:

Eric Dahlen, General Manager
PLAN
1750 Creekside Oaks, Suite 200
Sacramento, CA 95833-3648

To CONSULTANT: Attention:

Marc Zafferano

Boucher Law, PC

2081 Center Street

Berkeley, CA 94704

Email: marc@boucher.law

Tel: (510) 838-1000

Fax: (510) 838-1111

15. PROHIBITED INTEREST

No member, officer, employee, or agent of PLAN, during his/her tenure shall have any prohibited interest as defined by California Government Code Sections 1090, *et seq*. and 87100 *et seq*., direct or indirect, in the Agreement or the proceeds thereof. Prohibited interests include interests of immediate family members, domestic partners, and their employers or prospective employers. CONSULTANT further covenants that it has made a complete disclosure to PLAN of all facts of which it is aware upon due inquiry bearing upon any possible interest, direct or indirect, which it believes any member, officer, agent or employee of PLAN (or an immediate family member, domestic partner or employer or prospective employer of such member, officer, agent or employee) presently has, or will have in the Agreement, or in the performance thereof, or in any portion of the profits thereunder. Willful failure to make such disclosure, if any, shall constitute grounds for cancellation and termination hereof by PLAN.

16. SOLICITATION OF CONTRACT

CONSULTANT warrants that it has not employed or retained any company or persons, other than a bona fide employee working solely for CONSULTANT, to solicit or secure this Agreement, and that it has not paid or agreed to pay any company or person other than bona fide employees working solely for CONSULTANT, any fee, commission, percentage, brokerage fee, gift, or any other consideration contingent upon, or resulting from, the award or making of the Agreement. For breach or violation of this warranty, PLAN shall have the right to terminate the Agreement without liability or, at its discretion, the right to deduct from CONSULTANT's maximum payment the full amount of such fee, commission, percentage, brokerage fee, gift, or contingent consideration.

17. INTEREST OF THE CONSULTANT

CONSULTANT covenants that it has a duty to disclose any potential conflicts of interest and has disclosed any potential conflicts of interest existing at the time of execution of the Agreement. CONSULTANT will otherwise act in accordance with its ethical obligations in performing its work for PLAN. PLAN acknowledges that CONSULTANT may represent individual members of PLAN, and hereby acknowledges and waives any potential conflict of interest. In the event of an actual conflict, CONSULTANT will be required to recuse itself from matters giving rise to the conflict.

To the extent that an actual or potential conflict of interest is identified in the course of this engagement, CONSULTANT will seek the informed written consent of both PLAN and the other client where appropriate, in accordance with the State Bar of California Rules of Professional Conduct.

18. LAWS AND REGULATIONS

CONSULTANT shall comply with any and all laws, statutes, ordinances, rules, regulations, and procedural requirements of any national, state, or local government, and of any agency of such government, including but not limited to PLAN, that relate to or in any manner affect the performance of the Agreement. Those laws, statutes, ordinances, rules, regulations, and procedural requirements which are imposed on PLAN as a recipient of federal or state funds are hereby in turn imposed on CONSULTANT.

19. REMEDIES FOR BREACH

The duties and obligations imposed by the Agreement and the rights and remedies available thereunder shall be in addition to and not a limitation of any duties, obligations, rights, and remedies otherwise imposed or available by law. No action or failure to act by PLAN or CONSULTANT shall constitute a waiver of any right or duty afforded any of them under the Agreement, nor shall any such action or failure to act constitute an approval of or acquiescence in any breach thereunder, except as may be specifically agreed in writing.

20. CHOICE OF LAW

All questions pertaining to the validity and interpretation of the Agreement shall be determined in accordance with the laws of California applicable to agreements made and to be performed within the State.

21. MEDIATION

Prior to the initiation of any legal proceedings, the parties of this Agreement agree to submit all claims, disputes or controversies arising out of or in relation to the interpretation, application, or enforcement of this Agreement to non-binding mediation. Such mediation shall be conducted under the auspices of the American Arbitration Association or such other mediation service or mediator upon which the parties agree. The Party seeking to initiate mediation shall do so by submitting a formal, written request to the other party to this Agreement. This section shall survive completion or termination of this Agreement, but under no circumstances shall either party call for mediation of any claim or dispute arising out of this Agreement after such period of time as would normally bar the initiation of legal proceeding to litigate such claim or dispute under the laws of the State of California.

22. ENTIRE AGREEMENT

The Agreement is the entire agreement of the parties. CONSULTANT represents that in entering into the Agreement it has not relied on any previous representations, inducements, or understandings of any kind or nature.

23. PARTIAL INVALIDITY

If any term or condition of the Agreement is found to be illegal or unenforceable, such term or condition shall be deemed stricken and the remaining terms and conditions shall remain valid and in full force and effect.

24. BENEFIT OF AGREEMENT

The Agreement shall bind and benefit the parties hereto and their heirs, successors, and permitted assigns.

IN WITNESS WHEREOF, the Agreement has been executed by the parties hereto as of the day and year first written above.

PLAN	CONSULTANT
Rebecca Mendenhall, President of the Board of Directors	Christopher Boucher, President and Secretary

ATTACHMENT A
Scope Of Work

I. INTRODUCTION

The Pooled Liability Assurance Network (PLAN) is a public entity comprised of 28 cities located throughout the greater Bay Area. PLAN was formed January 1, 2018, by a joint powers agreement in accordance with the California Government Code, and is one of an estimated 150 joint powers authority self-insurance pools operating in California. PLAN provides several self-insured programs as well as group purchased programs to its members. All programs are designed to meet the members' various insurance needs.

The membership requirements of PLAN are:

- A member must be an incorporated municipality;
- Be located within the State of California;
- Have professional management as typified by a bona fide council, city manager/administrator form of government; and,
- Be approved for participation in the manner provided by PLAN's Bylaws.

PLAN members share losses on a self-insured basis, jointly purchase excess coverage, and jointly share in the costs of services such as, but not limited to, administration, litigation management, loss prevention programs, accounting services, actuarial services, third party claims adjusting services, and legal services in connection with the coverage programs. PLAN is administered by Sedgwick Claims Services, Inc.

PLAN is governed by a 28-member Board of Directors (Board) that meets three times per program year. The Board appoints the Administrator, who serves at the pleasure of the Board. PLAN also has an Executive Committee that is scheduled to meet four times per program year. Two of the Executive Committee meetings are specific to manage, discuss, and issue settlement authority in conjunction with claims filed against a PLAN member. One of the Board meetings and Executive Committee meetings are held in conjunction at a two-day retreat, typically in late fall to early winter. All regularly scheduled meetings of the Board and Executive Committee are held within the jurisdiction of the members of the Board with no preference to the host location; the two-day retreats are held in various locations. PLAN also has two other committees including, Risk Control and Finance which meet on twice per program year.

II. SCOPE OF SERVICES

The services to be provided by the selected legal counsel include, but may not be limited to, the following at the direction of the Administrator, Board, and/or Executive Committee:

A. Review, analyze and interpret PLAN's governing documents, including the Joint Powers Agreement, Master Program Documents, Bylaws, Resolutions and other policies adopted by the Board and/or Executive Committee. Develop language revising such documents as directed;

B. Review, analyze, and as requested, negotiate contracts with outside vendors on behalf of PLAN;

C. Attend regularly scheduled and special Board meetings and Executive Committee meetings; attend meetings of the Risk Control and/or Finance Committees on an as-needed basis;

D. Provide legal advice to staff, the Board and/or the Executive Committee on *Brown Act* and *Public Records Act* issues and other legal issues under the California Government Code and other relevant statutes; advise staff, Board, and Committee members on conflicts of interest; advise on state and federal laws, rules, and regulations, that affect operation of California joint powers insurance authorities;

E. Provide advice when needed regarding the order of process to conduct open, public entity meetings;

F. Represent PLAN in legal proceedings on contested matters affecting PLAN, as directed; and

G. Perform other such duties that may be requested.

III. DESIRED QUALIFICATIONS

To qualify, the law firm or counsel should meet the following minimum qualifications:

A. Active member of the State Bar of California and licensed to practice in the state.

B. Minimum of seven (7) years as general counsel to a California joint powers authority or other public agency.

C. Minimum of seven (7) years' experience in civil litigation, preferably in representing governmental clients, and knowledge in the areas of contract interpretation, tort liability, and municipal liability.

D. Extensive experience and knowledge of coverage interpretations of joint powers insurance authorities' memoranda of coverage.

E. Experience with and knowledge of the *Brown Act* and *California Public Records Act, and other laws governing the operation of joint powers insurance authorities*.

F. Knowledge of Robert's Rules of Order and Rosenberg's Rules of Order.

G. Experience in advising public officials and staff on conflicts of interest.

H. Knowledge of state and federal laws, rules, and regulations that affect operation of a California joints powers insurance authority and experience in advising staff and public officials on those laws.

I. Experience with and knowledge of joint powers insurance authority agreements, bylaws, and other governing documents. This includes the ability to analyze and suggest language clarifying intended policies.

J. Ability to work effectively with the staff, Board, and Executive Committee with respect to any of the services required by PLAN.

K. Ability to provide clear, effective written and oral communication.

ATTACHMENT B
Key Personnel Assignments

	Name	Rate/hour	Description
1.	Marc Zafferano	$300	Attorney
2.	Christopher Boucher	$300	Attorney

The use of others not listed above, with the approval of PLAN, or its designated representative, shall be within the range of rates set forth above, based on comparable experience.

The rates listed above shall remain applicable through June 30, 2025, and may escalate annually on a reasonable basis thereafter, with the prior written approval of the PLAN General Manager, as follows:

> Beginning July 1, 2025, and annually thereafter, the rates will be examined and increased by an amount not to exceed the increase in the Consumer Price Index for All Urban Consumers, San Francisco – Oakland – San Jose, CA (CPI). The base date will be 12 months prior to the effective start date of the new program year.

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Agenda Item 6.A.-I.

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 21, 2023, Board of Directors Meeting
B. 2023/24 Risk Control Update
C. Risk Control Services Summary Report as of October 2023
D. Risk Management Grant Fund Balances as of September 30, 2023
E. 2023 Claims Audit
F. Defense Counsel Panel
G. Third-Party Administrator Claims Handling Guidelines
H. PLAN JPA Claims Policy
I. Resolution No. 2023-03: Travel and Expense Reimbursement Policy

POOLED LIABILITY ASSURANCE NETWORK JOINT POWERS AUTHORITY (PLAN JPA)

MINUTES OF THE BOARD OF DIRECTORS MEETING OF JUNE 21, 2023

A regular meeting of the Board of Directors was held on June 21, 2023, Via Zoom videoconference.

MEMBERS PRESENT:

Rebecca Mendenhall, President, San Carlos
Kevin Bryant, Vice President, Woodside
Pak Lin, Treasurer, Colma
George Rodericks, Atherton
Maria Ojeda, American Canyon
Michael Guina, Burlingame
Helen Yu-Scott, Burlingame *(Alternate)*
Will Fuentes, Campbell
Sarah Monnastes, Dublin
Tomohito Oku, East Palo Alto
Lisa Lopez, Half Moon Bay
Jan Cooke, Hillsborough
Ann Ritzma, Hillsborough *(Alternate)*
Sarina Revillar, Los Altos Hills
Gabrielle Whelan, Los Gatos
Isabel Carlos, Millbrae
Lauren Lai, Milpitas
Shruti Shah, Milpitas *(Alternate)*
Donald Larkin, Morgan Hill
Yulia Carter, Pacifica
Monica Labossiere, Saratoga
Jason Wong, South San Francisco
Leah Lockhart, South San Francisco *(Alternate)*
Christina Penland, Suisun City
Greg Chanis, Tiburon

MEMBERS ABSENT:

Kim Imboden, Benicia
Stefan Chatwick, Foster City
Lenka Hovorka, Newark

MEMBERS ABSENT:	Jeremy Dennis, Portola Valley Christa Johnson, Ross Jovan Groban, San Bruno
OTHERS PRESENT:	Eric Dahlen, General Manager Katie Sullivan, Assistant General Manager Min Su, Finance Manager Bill Taylor, Risk Control Manager John Burdette, Assistant Analyst Susan DeNardo, Litigation Manager Amy Whitman, Sedgwick Claims Administration Jill Petrarca, Sedgwick Claims Administration Devora DeLong, Sedgwick Claims Administration Greg Rubens, Board Counsel James Marta, James Marta & Company Seth Cole, Alliant Insurance Services Vanessa Guerra, Cupertino Nick Cuevas, Newark

1. **CALL TO ORDER**

The June 21, 2023, Board of Directors meeting was called to order at 9:43 a.m. by President Rebecca Mendenhall.

2. **INTRODUCTIONS**

Introductions were made it was determined a quorum was present.

3. **APPROVAL OF AGENDA AS POSTED (OR AMENDED)**

Donald Larkin moved to approve the agenda as posted. Pak Lin seconded the motion. A roll call vote was taken and the motion passed unanimously by Maria Ojeda, George Rodericks, Michael Guina, Will Fuentes, Pak Lin, Sarah Monnastes, Tomohito Oku, Lisa Lopez, Jan Cooke, Gabrielle Whelan, Mike Sung, Lauren Lai, Donald Larkin, Christa Johnson, Darcy Smith, Rebecca Mendenhall, Monica Labossiere, Jason Wong, Christina Penland, Kevin Bryant.

4. **PUBLIC COMMENTS**

None.

5. **CONSENT CALENDAR**

Kevin Bryant moved to approve the following items: A) Minutes from the December 8, 2022, Board of Directors meeting; B) Minutes from the March 23, 2023, Special Board of Directors Meeting; C) 2022/23 Risk Control Update; D) Treasurer's Report and Investment Performance Report as of March 31, 2023; E) Financial Statements as of March 31, 2023; F) Investment Policy Redlined; G) Investment Policy Memo from PFM Asset Management; H) Claims Auditing Services Contract With Farley Consulting for 2023 and 2025; I) 2023 Sewer and Storm Water Summit Proposal; and J) Precision Concrete Cutting Agreement. Jan Cooke seconded the motion. A roll call vote was taken and the motion passed unanimously by Maria Ojeda, George Rodericks, Michael Guina, Will Fuentes, Pak Lin, Sarah Monnastes, Tomohito Oku, Lisa Lopez, Jan Cooke, Gabrielle Whelan, Mike Sung, Lauren Lai, Donald Larkin, Christa Johnson, Darcy Smith, Rebecca Mendenhall, Monica Labossiere, Jason Wong, Christina Penland, and Kevin Bryant.

6. **GENERAL MANAGER'S REPORT**

A. Report from PLAN JPA's General Manager

Eric Dahlen, PLAN's General Manager, provided updates to the Board on the following topics:

- Property Program
    - Mid- Layer Property Coverage

- Certificates of Coverage
    - The PLAN member carries the type and amount of coverage required by the contract; and
    - That the other party is named as an Additional Covered Party to the liability coverage.

Mr. Dahlen spoke to the Board regarding how certificate process will go and that it is managed by Katie Sullivan, PLAN JPA's Assistant General Manager. Additionally, PLAN members have the ability to have these contracts and agreements reviewed to ensure insurance is extended appropriately as to not put the member or PLAN JPA at risk.

Members can contact Matt Braley, PLAN Contractual Risk Transfer Manager, for further information.

PLAN's Board Counsel, Greg Rubens, provided a quick update on the Request for Proposal process for a third-party administrator. Mr. Rubens stated a consultant will be used to assist them through the process.

Mr. Rubens also took a moment to inform the Board he will recuse himself as Board Counsel due to a conflict of interest, as he was offered a position as an attorney for the City of San Carlos. He explained that there will likely be interviews to come to find a new Board Counsel. The Board discussed that they want to add an item to the next agenda to discuss this more at the next meeting.

7. ADMINISTRATIVE MATTERS

A. Governing Documents Review and Update

Byrne Conley was present to explain the changes that are being made to the Memorandum of Coverage (MOC). PLAN JPA last discussed and made some changes to the Liability MOC in April 2019. The first item considered by the Executive Committee was the inverse condemnation exclusion and the second item discussed was including language that addressed settlement of claims and authority between members and PLAN JPA. Mr. Conley made it clear that language could be added to the MOC so that if PLAN JPA is willing to pay and a claimant is willing to accept the settlement, the member would reimburse PLAN JPA for defense costs and damages in excess of the awarded or agreed settlement amount after the claim could have been settled. As for the Property MOC, there was no content changes proposed to the Board this year.

Donald Larkin moved to approve the changes to the Memorandum of Coverage for the Liability and Property Programs for 2023/24. Pak Lin seconded the motion. A roll call vote was taken and the motion passed unanimously by Maria Ojeda, George Rodericks, Michael Guina, Will Fuentes, Pak Lin, Sarah Monnastes, Tomohito Oku, Lisa Lopez, Jan Cooke, Gabrielle Whelan, Mike Sung, Lauren Lai, Donald Larkin, Christa Johnson, Darcy Smith, Rebecca Mendenhall, Monica Labossiere, Jason Wong, Christina Penland, and Kevin Bryant.

B. Consideration of Executive and Claims Committee Consolidation

In December 2022, staff received direction from the Board to make some changes to governing documents and meeting schedules to reflect the combined responsibilities of the Claims Committee and the Executive Committee. During the April 20, 2023, Executive Committee meeting, staff presented these changes to the Bylaws and the Master Program Document for the Liability Program. These changes essentially eliminated the "Claims Committee" and transferred the duties and responsibilities to the Executive Committee. The motivation for this change is to eliminate excessive meetings and to streamline decision making regarding claims handling.

George Rodericks moved to approve the changes to the Bylaws to consolidate the Executive and Claims Committees, effective July 1, 2023. Kevin Bryant seconded the motion. A roll call vote was taken and the motion passed unanimously by Maria Ojeda, George Rodericks, Michael Guina, Will Fuentes, Pak Lin, Sarah Monnastes, Tomohito Oku, Lisa Lopez, Jan Cooke, Gabrielle Whelan, Mike Sung, Lauren Lai, Donald Larkin, Christa Johnson, Darcy Smith, Rebecca Mendenhall, Monica Labossiere, Jason Wong, Christina Penland, and Kevin Bryant.

C. Discussion Regarding Attendance and Consideration of Resolution to Establish Meeting Dates for the 2023/24 Program Year

At the April 20, 2023, Executive Committee meeting, the Executive Committee reviewed Resolution No. 2023-01: Establishing Meeting Dates for the 2023/24 Program Year. One of the main concerns of the Executive Committee was the lack of participation at the Board of Directors meetings; stating over the past few years, it has been challenging to establish a quorum of the 28 members. A brief discussion was held revolving around how to increase attendance and the Executive Committee expressed interest in scheduling a "workshop/conference" type event to be held at a desirable location.

Mr. Dahlen reminded the Board PLAN JPA is a member-driven risk sharing pool and business can only be conducted when a quorum of the membership has been reached. Over the last several program years, staff has had to cancel and reschedule both committee and Board meetings due to lack of attendance; thereby, preventing business from being conducted under the Brown Act. Mr. Dahlen reviewed the following options to help rectify this issue:

1) Reaffirmation of position responsibilities – where each appointed director and their respective alternates would reaffirm their commitment to serving on the Board.

2) Replacement of director/alternate – should a member agency not attend any Board meeting during the program year, staff would notify the member the position has been abandoned and a new representative will need to be assigned.
3) Financial penalty – issuing a fine to non-participating agencies.

Mr. Dahlen reviewed Resolution No. 2023-01 with the Board, highlighting the changes to the meeting schedule for 2023/24. One major change included the addition of the PLAN JPA Annual Workshop to be held in-person, in the fall/winter and would include a Risk Management Committee meeting, Executive Committee meeting, Strategic Planning Session, and a Board of Directors meeting.

Discussion ensued around attendance, with the Board in agreement that virtual meetings are more convenient as it eliminates travel time to and from a location. However, the benefits to in-person meetings are highly valuable to the success of the pool. It was proposed to hold the Annual Workshop in-person as it does not conflict with renewal and budget season, and the June Board meeting would be held virtually. The March Board meeting could be held either in-person or virtually, and determined closer to that meeting date.

Christa Johnson moved to approve Resolution No. 2023-01: Establishing Meeting Dates for the 2023/24 Program Year. Lisa Lopez seconded the motion. A roll call vote was taken and the motion passed unanimously by Maria Ojeda, George Rodericks, Michael Guina, Will Fuentes, Pak Lin, Sarah Monnastes, Tomohito Oku, Lisa Lopez, Jan Cooke, Gabrielle Whelan, Mike Sung, Lauren Lai, Donald Larkin, Christa Johnson, Darcy Smith, Rebecca Mendenhall, Monica Labossiere, Jason Wong, and Kevin Bryant.

D. State of the Market – Liability and Property

Seth Cole, Alliant, provided a State of the Market review for the General Liability and Property Programs. He stated it continues to be a hard Property market and rates will be increasing moving forward. Preliminary estimations showed about a 25% increase to rates with the actual increase coming in at 29%. On the Liability side, the market is starting to level off and he is not expecting any decreases, but less exaggerated increase of about 12%.

Mr. Cole also covered the requirements for the cyber renewal and informed the members on what they will need to do to do to protect themselves but also be eligible for the renewals. The Cyber renewal premium is down about 10% from last year.

A question arose about additional coverages for Employment Practices Liability (EPL) and if PLAN was considering offering that coverage. Mr. Dahlen explained that the

Employment Risk Management Authority (ERMA) is a EPL coverage provider consisting of other JPAs and to reach out to him after the meeting and he would connect any interested member with the ERMA team.

8. RISK CONTROL MATTERS

A. Consideration of 2023/24 Risk Control Plan

Bill Taylor, PLAN JPA Risk Control Manager, presented the 2023/2024 Risk Control Plan with the comments and guidance provided by the Risk Management Committee at their April 2023 meeting, the December 2022 Strategic Planning Session, and staff interactions with PLAN JPA members. PLAN JPA members continue to use the core services of the risk control service plans, and it is recommended to keep those services in order to address relevant risk issues facing PLAN members.

Mr. Taylor also informed the Board there are now 11 members of PLAN JPA that have experience modifiers (ex-mod) over 120% and those members will be considered a focused member for the Risk Control Service to try and help reduce their claims.

The proposed risk control service plan for 2023/24 includes:

- Focused Member Services
- Development of Focused Self-Assessments Materials
- Risk Control Service Days on Request
- Regional Training
- Oversight of the Risk Management Fund Reimbursements
- Unlimited Phone and Email Consultation
- Sedgwick Risk Control Website Resources

Pak Lin moved to approve the 2023/2024 Risk Control Service Plan. Kevin Bryant seconded the motion. A roll call vote was taken and the motion passed unanimously by Maria Ojeda, George Rodericks, Michael Guina, Will Fuentes, Pak Lin, Sarah Monnastes, Tomohito Oku, Lisa Lopez, Jan Cooke, Gabrielle Whelan, Mike Sung, Lauren Lai, Donald Larkin, Christa Johnson, Darcy Smith, Rebecca Mendenhall, Monica Labossiere, Jason Wong, Christina Penland, and Kevin Bryant.

B. ResoluteGuard and Cyber Services Update

Mr. Dahlen informed the Board the cyber renewals are down not just as an industry, but also as a JPA. ResoluteGuard is a program that conducts evaluations and testing of Information Technology (IT) systems and servers through a series of penetration testing and other "inspections" in accordance with industry practices as well as insurance underwriting criteria. He introduced Jeff Schobel from ResoluteGuard to provide an update from about his services.

Mr. Schobel explained the program by ResoluteGuard is intended to reduce cyber risk while improving PLAN cyber resilience. It is designed to reduce loss exposure and cyber claims and to be in compliance with Beazleys Insurance cyber requirements. Mr. Schobel reviewed the findings of the program that was made available to PLAN JPA stating there are only 11 members out of the 28 that have opted into the program. For those 11 members, they were given a cyber security score at the beginning of the program and a score of where they were currently at and every member that participated had a higher score.

Mr. Schobel also took some time to explain common security exposures that can be high risk but easily fixable and some ways to go about fixing it to get rid of common threats.

Mr. Schobel reviewed the costs related to the ResoluteGuard program and reminded the Board the first-year costs $5250 and includes a custom cyber action plan designed for the specific member, four vulnerability scans throughout the year, and assistance in creating action plans. At the second year, cost is reduced by 45%.

9. <u>FINANCIAL MATTERS</u>

A. Consideration of Property Rehabilitation Program

At the December 8, 2022, Board of Directors meeting, the Board approved the development of a plan to reset and rehabilitate the Pooled Property Program. At the April 20, 2023, Executive Committee meeting, staff presented a resolution after discussing options to bring the Program into the positive. These options included Property equity building, higher confidence level funding, a paper transaction between the Liability and Property Programs, and/or risk grant fund balance transfer.

The following is a summary of the program:

- Fund the unfunded liability of $352,252
- Infuse the program with $2,000,000 to ensure short-term stability
- Three-year repayment loan structure
- Equity building by way of increased confidence level funding to 85% in three years
- Risk Grant Fund usage for loan repayment

Mr. Dahlen explained in support of the program that using previous pooled amounts as the basis for member's proportionate share and taking into consideration Total Insured Values (TIV) and the individual member's contributions would result in an effective distribution method of the amount. He noted this plan has been reviewed by the Finance Committee, the Executive Committee, and PLAN JPA's actuary and all are in approval.

Jan Cooke moved to approve Resolution No. 2023-02: Property Rehabilitation Program. Kevin Bryant seconded the motion. A roll call vote was taken and the motion passed unanimously by Maria Ojeda, George Rodericks, Michael Guina, Will Fuentes, Pak Lin, Sarah Monnastes, Tomohito Oku, Lisa Lopez, Jan Cooke, Gabrielle Whelan, Mike Sung, Lauren Lai, Donald Larkin, Christa Johnson, Darcy Smith, Rebecca Mendenhall, Monica Labossiere, Jason Wong, and Kevin Bryant.

B. Consideration of the 2023/2024 Draft Operating Budget

Min Su, PLAN JPA Finance Manager presented the Draft 2023/2024 Operating Budget. There was an increase of excess insurance by $5 million that should not increase the overall cost from the year before, as there was a decrease in the premium from the 2022/2023 year. Administration expenses increased 4% since the year before, with a part of that including the anticipated expenses of the newly implemented workshop.

Mr. Su gave insight to the budget of the Property Program. PLAN's risk sharing layer from member deductible of $5,000, up to $500,000 is increasing by $416,000. This is attributed to the 70% to 75% increase in confidence level (CL) funding. As discussed in the previous agenda item, the increase in CL funding, along with the Rehabilitation Plan is to proactively provide stability within the Property Program.

Excess Property coverage is purchased through the Alliant Property Insurance Program (APIP), from $500,000 to $1 billion in coverage. APIP's premium for excess property, flood, primary cyber, and pollution coverages increased by 41%, or approximately $2 million dollars.

Mr. Cole discussed the additional $5 million in excess liability coverage and stated it was included in the proposed budget and actual numbers could be reduced by removing the extra coverage. Mr. Dahlen noted extra coverage is not always offered, and this would add leverage to renewals in coming years with a goal to maintain the extra capacity.

Jonathon Paulsen, PLAN JPA's Senior Consultant, informed the Board that other JPAs similar to PLAN have higher limits in comparison, reaching as high as $50-$70 million in limits.

Kevin Bryant moved to approve the 2023/2024 Draft Operating Budget, subject to final numbers. Pak Lin seconded the motion. A roll call vote was taken and the motion passed unanimously by Maria Ojeda, George Rodericks, Michael Guina, Will Fuentes, Pak Lin, Sarah Monnastes, Tomohito Oku, Lisa Lopez, Jan Cooke, Gabrielle Whelan, Mike Sung, Shruti Shah, Donald Larkin, Christa Johnson, Darcy Smith, Rebecca Mendenhall, Monica Labossiere, Jason Wong, Christina Penland, and Kevin Bryant.

10. CLOSED SESSION

A. The Board convened to closed session, pursuant to Government Code section 54956.95(a) at 12:07 p.m. to discuss the following claims:

- Gary Gregory v. City of Benicia
- Paper and Petals v. City of Burlingame
- Rolando and Susana Glorioso v. City of Millbrae, City of San Bruno, et al
- Alok Jain, et al v. City of Milpitas
- Hanhong Chen v. City of Milpitas

B. Pursuant to Government Code Section 54957.1, the Committee reconvened to open session at 12:25 p.m. The following actions were taken under closed session:

No reportable action was taken during closed session.

11. ELECTIONS

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

Annually, the Board approves candidates to serve on each of PLAN's sub-committees, as well as appoints the Officers for the next program year.

Katie Sullivan, PLAN JPA's Assistant General Manager, informed the Board of the following needed appointments:

1) Any interested participants to serve on the Risk Management or Finance committees.
2) With the consolidation of the Executive and Claims committees and a vacancy left by previous members, an appointment to the Executive Committee.
3) Election of Officers to fill the respective roles:
    a. President
    b. Vice President
    c. Treasurer

Ms. Sullivan informed the Board Rebecca Mendenhall, Kevin Bryant, and Pak Lin were interested in continuing to serve as President, Vice President, and Treasurer, respectively.

Shruti Shah, City of Milpitas, and Helen Yu-Scott, City of Burlingame, expressed interest in joining the Finance Committee.

Donald Larkin nominated Gabrielle Whelan to the Executive Committee.

Michael Guina moved to appoint Shruti Shah and Helen Yu-Scott to the Finance Committee and Gabrielle Whelan to the Executive Committee. Pak Lin seconded the motion. A roll call vote was taken and the motion passed unanimously by Maria Ojeda, George Rodericks, Michael Guina, Will Fuentes, Pak Lin, Sarah Monnastes, Tomohito Oku, Lisa Lopez, Jan Cooke, Gabrielle Whelan, Mike Sung, Shruti Shah, Donald Larkin, Christa Johnson, Darcy Smith, Rebecca Mendenhall, Monica Labossiere, Jason Wong, Christina Penland, and Kevin Bryant.

George Rodericks moved to appoint Rebecca Mendenhall as PLAN JPA President, Kevin Bryant as Vice President, and Pak Lin as Treasurer. Donald Larkin seconded the motion. A roll call vote was taken, and the motion passed unanimously by Maria Ojeda, George Rodericks, Michael Guina, Will Fuentes, Pak Lin, Sarah Monnastes, Tomohito Oku, Lisa Lopez, Jan Cooke, Gabrielle Whelan, Mike Sung, Shruti Shah, Donald Larkin, Christa Johnson, Darcy Smith, Rebecca Mendenhall, Monica Labossiere, Jason Wong, Christina Penland, and Kevin Bryant.

12. CLOSING COMMENTS

A. Board of Directors

None.

B. Staff

None.

13. ADJOURNMENT

The Regular Meeting of the PLAN JPA Board of Directors was adjourned at 12:25 p.m.

Katie Sullivan

Katie Sullivan, Assistant Board Secretary

2023/24 Risk Control Plan and Grant Fund Program Update

BACKGROUND AND HISTORY:

The Board of Directors reviewed and approved the 2023/24 Risk Control Service Plan on June 21, 2023. Previous strategic planning sessions, along with conversations and interactions with PLAN JPA members, provided direction for the proposed risk control service plan for 2023/24. This report contains some of the highlights of the risk control services provided.

Risk Control Services on Request

Risk Control staff continues to provide training, ergonomic evaluations, and program development using virtual platforms. A list of the services that have been provided and scheduled for the 2023/24 Program Year is included in the reference section of this report. Additionally, a re-cap of the services provided in the 2022/23 Program Year, is also included in the reference section for the Committee's review. Five members (Cupertino, Dublin, Los Gatos, Newark, and Saratoga) have included PLAN JPA risk control staff in their regularly scheduled safety/risk management committee meetings.

PLAN JPA Risk Control staff contacted Alliant Insurance Services which was able to provide up to 7 days of service, per year, for Infrared Electrical Services. The following PLAN JPA members received infrared electrical surveys during the period 7/1/23 to 10/6/23:

- Benicia;
- Cupertino;
- Dublin; and
- East Palo Alto.

There are still 3 remaining days that can be utilized for these services.

Focused Member Services

In an effort to mitigate PLAN JPA's risk, staff was directed to contact members with an ex-mod greater than 120% and connect with them to identify opportunities for improvement based on each member's needs. Eleven members were identified as having a 2023/24 ex-mod greater than 120% (based on the *2023/24 Operating Budget*). Staff has and will continue to provide one-to-one risk control services to these members. This starts 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 their more significant liability exposures. The goal will be to help them reduce their loss experience and their ex-mod. As a result, a risk control service plan is then developed to support that member's risk control goals and includes follow-up meetings to monitor progress and/or course correction. Staff has already met with most of the members to identify their greatest safety concerns and are working to develop a customized 2023/24 risk control service plan to address those 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. Staff is also designing a webpage that will provide members with access to these materials. The documents currently under development include focused self-assessment forms for each of the following risk management topics identified by the Risk Management Committee.

Defensive Driving

Defensive driving is offered regionally and to individual members utilizing virtual platforms. Behind-the-wheel driver evaluations are also available to PLAN JPA members, and these evaluations can be scheduled by contacting the Risk Control Manager, contact info.

Regional Training

The Risk Control Service Plan incorporates at least four regional training sessions, including the 2023 Sewer and Stormwater Summit. PLAN JPA members continue to participate, with higher-than-average attendance, in online training as it eliminates travel time. Other webinars that have been provided or are scheduled include:

- Law Enforcement Early Intervention Systems – June 28, 2023
- Tree Work Safety Training – August 24, 2023
- Urban Forest Management Plans – August 29, 2023
- Safe-Lifting and Industrial Ergonomics – September 21, 2023
- Defensive Driver Training – October 19, 2023
- Preventing Same Level Falls – November 16, 2023
- Traffic Control and Flagger Refresher Training – December 14, 2023
- January – topic to be determined
- March – topic to be determined

Additional regional training opportunities will be reviewed and scheduled upon request.

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. During the period 7/1/23 to 10/6/23, six PLAN JPA members (Benicia, Los Gatos, Millbrae, Newark, Saratoga, and Woodside) submitted requests for reimbursements. There currently is a balance of $1,577,890 in the grant fund. A summary spreadsheet of the Risk Management Grant Fund is included in this agenda item.

Risk Control Services Summary
July 1, 2023, to October 6, 2023

Member	Activity	Project Status
American Canyon, City of	None	NA
Atherton, Town of	None	NA
Benicia, City of	Driver Safety and Vehicle Use Policy	In Progress
	Ergonomic Evaluation	In Progress
	Infrared Electrical Surveys	Completed
Burlingame, City of	Ergonomic Evaluations	Completed
Campbell, City of	Facility Inspections	Completed
Colma, Town of	None	NA
Cupertino, City of	Safety Training Matrix	In Progress
	IIPP and CPP Review	In Progress
	Safety Committee Meetings (2)	Completed
	Safety Committee Meetings	Scheduled
	Infrared Electrical Survey	Completed
Dublin, City of	Ergonomic Evaluations (13)	Scheduled
	IIPP and EAP Training	Scheduled
	IIPP Program Development	In Progress
	Safety Committee Meeting	Scheduled
	Infrared Electrical Surveys	Completed
East Palo Alto, City of	Infrared Electrical Surveys	Completed
Foster City, City of	None	NA
	Ergonomic Evaluations (5)	Completed
Half-Moon Bay, City of	Safety Training Matrix	In Progress
	Safety Meeting	Completed
Hillsborough, Town of	None	NA
Los Altos Hills, Town of	Hearing Conservation Program Review and Revision	Awaiting Member
	Heat Illness Prevention Program Review and Revision	Awaiting Member

Member	Activity	Project Status
	Tree Work Training	Completed
	Industrial Ergonomics Training	Completed
	Defensive Driver Training	Scheduled
	Same Level Fall Prevention Training	Scheduled
	Traffic Control and Flagger Refresher Training	Scheduled
Los Gatos, Town of	Safety Committee Meeting	Completed
	Driver Training & Behind the Wheel Evaluations	Completed
Millbrae	Liability Exposures Consultation	In Progress
Milpitas, City of	None	NA
Morgan Hill, City of	None	NA
Newark, City of	Fall Protection and Ladder Safety Training	Completed
	Accident Investigation and Supervisor Safety Training	In Progress
	Safety Committee Meetings	Scheduled
PLAN JPA	Urban Forest Management Plans Webinar	Completed
	Law Enforcement Early Intervention Systems Webinar	Completed
	Tree Work Training	Completed
	Industrial Ergonomics/Safe-Lifting Training	Completed
	Defensive Driver Training	Scheduled
	Preventing Same Level Falls Training	Scheduled
	Traffic Control Refresher Training	Scheduled
Pacifica, City of	Health Fair	In Progress
Portola Valley, Town of	None	NA
Ross, Town of	None	
San Bruno, City of	Liability Exposures Consultation	In Progress
	Heat Illness Program Development	In Progress

Member	Activity	Project Status
San Carlos, City of	Traffic Control and Flagging Training	Completed
	Sidewalk and Sewer Liability Consultation	Completed
	Hearing Conservation Program Development	In Progress
	Heat Illness Prevention Program Review and Revision	In Progress
	Heavy Equipment Training	In Progress
Saratoga, City of	Safety Committee Meetings	Scheduled
South San Francisco, City of	Ergonomic Evaluations (9)	In Progress
Suisun City, City of	IIPP and Training Matrix	In Progress
Tiburon, City of	None	NA
Woodside, Town of	None	NA

GRANT FUND ALLOCATION
For FISCAL YEAR 2023-2024

Member	2023/24 Liability Program Funding	Allocation Percentage	2023/24 GRANT FUND	CarryOver From 22/23	Total Available at start of fiscal year	July 2023	Aug 2023	Sept 2023	Total Grants Expensed in 23/24	Risk Mgmt Grant Available for Use
AMERICAN CANYON	$ 530,737	2.36%	$ 11,808	$ 14,712.62	$ 26,520.62				**0.00**	**$ 26,520.62**
ATHERTON	285,607	1.27%	6,354	29,753.86	36,107.86				**0.00**	**36,107.86**
BENICIA	1,109,128	4.94%	24,676	31,030.95	55,706.95	2,040.00			**2,040.00**	**53,666.95**
BURLINGAME	1,042,150	4.64%	23,186	58,424.71	81,610.71				**0.00**	**81,610.71**
CAMPBELL	1,110,923	4.94%	24,716	3,139.41	27,855.41				**0.00**	**27,855.41**
COLMA	146,635	0.65%	3,262	7,502.41	10,764.41				**0.00**	**10,764.41**
CUPERTINO	1,231,725	5.48%	27,404	36,833.46	64,237.46				**0.00**	**64,237.46**
DUBLIN	1,609,914	7.16%	35,818	0.20	35,818.20				**0.00**	**35,818.20**
EAST PALO ALTO	714,359	3.18%	15,893	50,037.17	65,930.17				**0.00**	**65,930.17**
FOSTER CITY	796,891	3.55%	17,729	44,630.95	62,359.95				**0.00**	**62,359.95**
HALF MOON BAY	309,245	1.38%	6,880	28,108.71	34,988.71				**0.00**	**34,988.71**
HILLSBOROUGH	398,478	1.77%	8,865	13,355.90	22,220.90				**0.00**	**22,220.90**
LOS ALTOS HILLS	222,350	0.99%	4,947	13,737.86	18,684.86				**0.00**	**18,684.86**
LOS GATOS	765,879	3.41%	17,039	54,696.40	71,735.40			54,696.00	**54,696.00**	**17,039.40**
MILLBRAE	622,972	2.77%	13,860	54,939.60	68,799.60				**0.00**	**68,799.60**
MILPITAS	2,112,548	9.40%	47,000	10,000.15	57,000.15				**0.00**	**57,000.15**
MORGAN HILL	1,223,523	5.44%	27,221	117,344.69	144,565.69				**0.00**	**144,565.69**
NEWARK	1,131,751	5.04%	25,179	96,709.81	121,888.81		22,760.00		**22,760.00**	**99,128.81**
PACIFICA	1,256,303	5.59%	27,950	106,861.89	134,811.89				**0.00**	**134,811.89**
PORTOLA VALLEY	135,350	0.60%	3,011	13,404.12	16,415.12				**0.00**	**16,415.12**
ROSS	93,737	0.42%	2,085	(0.00)	2,085.00				**0.00**	**2,085.00**
SAN BRUNO	1,333,296	5.93%	29,663	73,696.65	103,359.65				**0.00**	**103,359.65**
SAN CARLOS	850,969	3.79%	18,932	9,196.58	28,128.58				**0.00**	**28,128.58**
SARATOGA	773,769	3.44%	17,215	46,135.69	63,350.69				**0.00**	**63,350.69**
SOUTH SAN FRANCISCO	1,468,714	6.54%	32,676	160,150.29	192,826.29				**0.00**	**192,826.29**
SUISUN CITY	758,855	3.38%	16,883	44,831.41	61,714.41				**0.00**	**61,714.41**
TIBURON	273,970	1.22%	6,095	25,943.06	32,038.06				**0.00**	**32,038.06**
WOODSIDE	164,061	0.73%	3,653	14,072.66	17,725.66		1,865.00		**1,865.00**	**15,860.66**
GRAND TOTAL	**$ 22,473,839**	100%	**$ 500,000**	**$ 1,159,251.24**	**$ 1,659,251.24**	**$ 2,040.00**	**$ 24,625.00**	**$ 54,696.00**	**$ 81,361.00**	**$ 1,577,890.24**

September 12, 2023

Ms. Katie Sullivan
Pooled Liability Assurance Network JPA (PLAN)
℅ Sedgwick
1750 Creekside Oaks Drive, Suite 200
Sacramento, CA 95833

by email: *katie.sullivan@sedgwick.com*

Pooled Liability Assurance Network JPA (PLAN)
2023 Liability/Property Claims Audit

Dear Ms. Sullivan:

Enclosed is the report of the recent audit of liability claims for the Pooled Liability Assurance Network JPA (Plan).

PLAN instructed Farley Consulting Services (FCS) to conduct an independent audit of its property and liability claims. This report provides the results of that audit.

Thank you for the opportunity to complete this important project for PLAN.

Sincerely,

Timothy P. Farley, CPCU
President

Encl.

Liability Claims Audit – 2023

for

Pooled Liability Assurance Network JPA (PLAN)

September 12, 2023

FARLEY
CONSULTING SERVICES, LLC
14041 N. Running Brook Lane ~ Marana, AZ 85658-4503
Mobile: 760.533.3439 ~ farleyconsulting2000@gmail.com

An Independent Claims Management Consulting Firm

September 12, 2023

Ms. Katie Sullivan
Pooled Liability Assurance Network JPA (PLAN)
℅ Sedgwick
1750 Creekside Oaks Drive, Suite 200
Sacramento, CA 95833

Pooled Liability Assurance Network (PLAN)
2023 Liability/Property Claims Audit

This report summarizes the results of an audit of liability claims handling for the Pooled Liability Assurance Network JPA (PLAN). FCS reviewed 50 claims via on-line access to the claims management information system of Sedgwick. The claims reviewed were chosen from PLAN's open loss inventory. The audit includes:

1. Interviews and discussions with Ms. Dori Zumwalt of Sedgwick during the review process.
2. Presentation of audit findings to Ms. Zumwalt and Ms. Summer Simpson of Sedgwick at the conclusion of the audit on 9/8/23. This discussion also permitted FCS to clarify its understanding of specific questions that arose during the audit.
3. Receipt and consideration of responses to audit findings submitted by Sedgwick when preparing this report.

FCS appreciates the opportunity to complete this important project for PLAN.

Respectfully submitted,

FARLEY CONSULTING SERVICES

by Timothy P. Farley

Timothy P. Farley, CPCU
President

Contents

Exhibits

Appendix

I. Executive Summary

The audit of 50 liability/property claims for PLAN reveals that Sedgwick is providing competent claims administration. Notable deficiencies are identified in the key claims administration areas of case reserve accuracy and diary maintenance.

Specific observations and recommendations are:

1. Sedgwick is adequately staffed to handle PLAN claims. Two of the examiners currently have caseloads that slightly exceed the recommended maximum of 150.

   Exhibit 1 on page 3 displays the unit assigned to handle PLAN claims. Individual caseloads are also indicated.

2. Sedgwick is establishing and maintaining accurate reserves on most claims. Still 2 claims discussed in Exhibit 2 on page 5 may require adjustment.

3. Sedgwick is conducting thorough investigation on PLAN claims. No investigation deficiencies are identified.

   Claims handling staff are invoking unique claims investigation techniques (e.g., application of available defenses and immunities) whenever possible.

   Four of the claims reviewed involved subrogation pursuit. Sedgwick identified the responsible party and pursued that party in all instances.

4. Thirty-one of the claims reviewed involve some element of litigation. Status updates from defense counsel are timely on most of the claims. Two claims exhibit deficiencies. Those claims are discussed on page 6.

5. Sedgwick is not consistently establishing and maintaining timely diary. Five claims exhibit deficiencies. Those claims are listed and discussed in Exhibit 3 on page 8. FCS could identify no apparent fiscal impact resulting from these diary findings.

6. All material observed to conduct this audit was obtained via access to Sedgwick's claims management information system. That system is efficient. No documentation clarity or organization issues were identified.

7. Supervisory activity is appropriate. Periodic supervisory input is timely and instructive. No deficiencies are identified.

8. Nineteen of the claims reviewed generated the need to notify PLAN of potential excess exposure. All qualifying claims have been reported timely. Follow-up reporting is also timely.

These and other elements of this review are discussed in more detail in the remainder of this report.

II. Audit Results

A. Background

The primary objectives for this audit are:

- To assure PLAN that its claims are effectively adjusted according to industry standards.
- To identify general deficiencies in fiscal and technical procedures and provide recommended remedies where possible.
- To provide PLAN with a document fulfilling compliance with claims auditing requirements of the CAJPA accreditation guidelines.

PLAN member claims are handled by Sedgwick from its Roseville, California office. All claims handling activity was observed via access to Sedgwick's information system.

The claims reviewed were chosen from PLAN's open inventory. A list of the claims reviewed is in the Appendix.

The audit was conducted 8/28/23-9/5/23.

Audit findings were presented to Sedgwick on 9/8/23. Sedgwick provided its reply on 9/12/23. Those replies were considered when preparing this report.

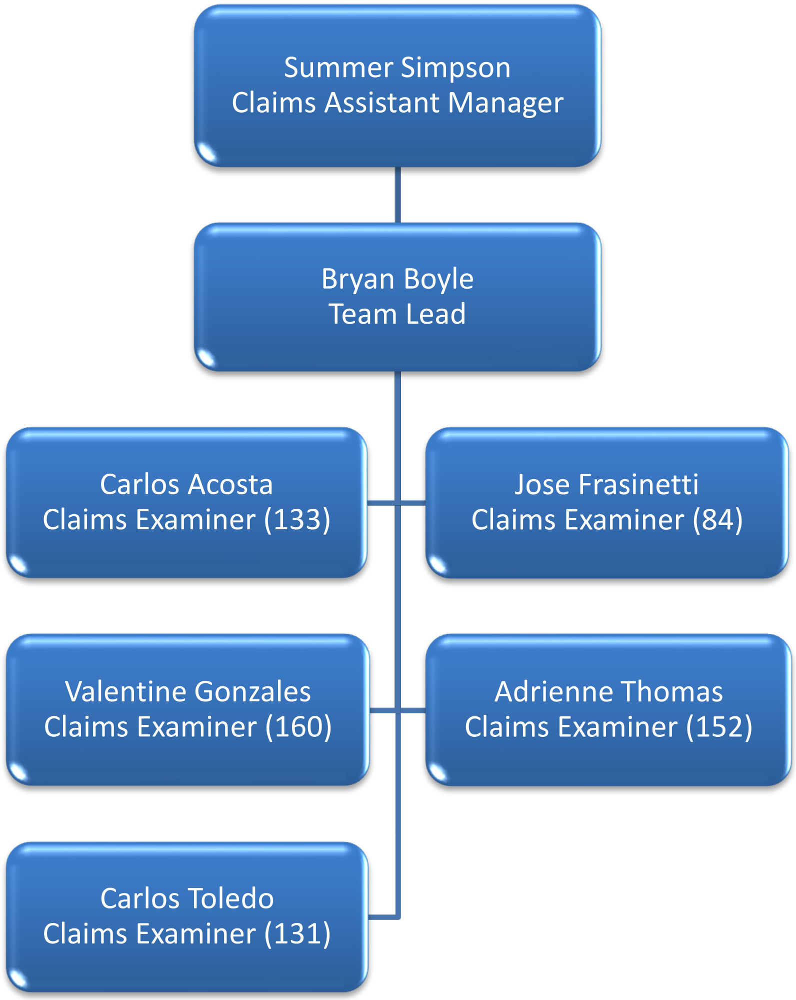
B. Current Staffing and Caseloads

Exhibit 1 displays the organizational make-up of Sedgwick personnel involved with PLAN claims administration.

The recommended maximum caseload for an individual handling liability claims, including litigated cases similar to those incurred by PLAN members, is 150. Two of the 5 examiners have caseloads that slightly exceed this standard.

Sedgwick is adequately staffed to handle PLAN's current claims volume.

Exhibit 1 – Claims Handling Organizational Chart



C. Claims Handling Analysis

1. Reserves

PLAN liability case reserves are based primarily on:

- Anticipated extent of damages/injuries sustained.
- Degree of liability attributable to the PLAN member.
- The existence of additional tortfeasors (responsible parties who may share in the application of liability).
- The application of statutory defenses or immunities available to PLAN and its members.
- History of settlement trends of the involved venue.

Sedgwick is taking these and other factors into consideration when establishing and amending reserves on most PLAN claims. Two claims may require reserve adjustment. Exhibit 2 on page 5 lists and discusses those claims.

2. Investigation

Thorough investigation of PLAN liability claims includes:

- Making prompt contact with the injured parties or their representative.
- Verifying the extent of the PLAN member's liability.
- Accounting for injury history to determine any pre-existing condition or concurrent causation.
- Canvassing for possible witnesses to the incident.
- Obtaining recorded or written statements regarding the incident from the claimant and witnesses when possible.
- Following up with medical providers and attorneys to gain a clear understanding of the severity of the injury.
- Obtaining police accident reports, if applicable, when the damage or injury was the result of a traffic accident.
- Aggressive pursuit of additional responsible parties to offset the member's contribution to damage/injury awards.
- Obtaining signed releases, including court approved releases when minors are involved, prior to final claim resolution.

PLAN claims exhibit thorough investigation, including:

- A consistently well documented knowledge of applicable tort statutes and available immunities. Periodic status reports accurately cited applicable California tort law and available immunities.
- A reasonable utilization of expert investigation/testimony when necessary.
- Obtaining and documenting vital material such as scene inspections, police reports and witness statement (when necessary).

No investigation deficiencies are identified.

Exhibit 2 – PLAN JPA Case Reserve Analysis

Claim No.	Current Reserve	Recommended Reserve	Comments
ABGV 27736A1 (Hillsborough)	$5,785 (legal expense)	$20,000 (legal expense)	Recent diary inputs indicate litigation is active. The claim had generated legal expenses of $56,215 at the time of this review.
C366559302-0005 (Milpitas)	$0 (legal expense)	$5,000 (legal expense)	Claim activity notes indicate legal counsel will be retained on a pre-litigation basis. Sedgwick indicated that legal reserves are set on a master claim associated with this claim. That was not clear in the claim activity notes, and notes on this claim refer to "pre"-litigation.

Reserve recommendations are based on FCS's review of claims for similar municipal pooling entities in California.

3. Litigation Management

The control of litigation activity and accompanying expenses is vital to the fiscal performance of any public entity.

Thirty-one of the claims reviewed involve some degree of litigation. The audit focused primarily on high-valued claims, which are routinely litigated.

Sedgwick is effectively managing litigation activity on PLAN claims. Many of the claims reviewed contain extensive litigation.

Two claims lack timely status updates from counsel:

- ABGV27183A1 (San Bruno) – The Sedgwick examiner has requested a status three times without reply. A trial was scheduled to begin on 9/11/23.
- ABGV27747A1 (Cupertino) – This claim arises due to a bicycle accident. The claimant alleges that road conditions caused the accident. The claim was tendered to an involved contractor who did not accept the tender. That tender was issued more than 1½ years ago. The status of the pursuit (legal or through negotiation) of the contractor has not been addressed in that period.

4. Diary/Claim Closure

Industry standards require that some adjusting activity be conducted and documented every 30 to 45 days on open active cases. Claims that have been formally rejected can maintain a 6-month diary based on the statutory government claim response period. The failure to adhere to an aggressive, timely diary routinely results in the failure to respond to settlement/resolution opportunities and the failure to close claims timely.

Sedgwick is not consistently maintaining timely diary activity. Five claims exhibit deficiencies. These claims are discussed in Exhibit 3 on page 8.

Many California administrators are experiencing staffing shortages. This is routinely a primary cause of untimely diary. Sedgwick acknowledged this and confirmed it is actively seeking additional staff.

5. Risk Management Information System (RMIS)/Documentation Clarity

All data observed to conduct this audit was provided via access to Sedgwick's claims management information system. This category of analysis seeks to confirm that the information contained on that system clearly documents all claims handling activity.

No RMIS deficiencies are identified. The system is efficiently capturing all necessary activity and data. FCS was able to access all this information.

6. Supervision

Supervisory instructional and review notes are consistent on the claims reviewed. The notes are instructive and proactive.

No supervisory deficiencies are identified.

7. Excess Reporting

Nineteen of the claims reviewed required reporting to PLAN. A timely initial notification was issued to PLAN on all 19 claims. Follow-up status reports are also timely.

No excess reporting deficiencies are identified.

Exhibit 3 – PLAN JPA Diary Analysis

Claim Number	Discussion
4A23026XPHB (San Bruno)	The claimant tripped and fell. There is no activity documented between 5/23/23 and 8/15/23. The claim should be rejected.
4A23026XPL4 (San Bruno)	The claimant's fence was struck and damaged by a falling tree limb. There is no documented activity since 5/2/23. The claim should be rejected.
4A2302D17SP (Dublin)	A City police vehicle sustained damage in a motor vehicle accident. Subrogation has been pursued. There is no activity documented between 5/15/23 and 8/21/23. Open active claims should be reviewed every 30 to 45 days.
4A23066ZRP1 (South San Francisco)	A City vehicle sustained damage. Notes indicate Sedgwick is awaiting damage estimate/repair information from the City. There has been no follow-up to pursue this information since 6/8/23.
ABGV27747A1 (Cupertino)	This claim was discussed in the section of this report pertaining to litigation management. The extended period from the time the tender of liability was issued is a diary maintenance issue as well.

Appendix

Audit Claim List

Open Claims

Claimant	Claim No.
1. Balinski, Patricia	ABGV26876A1
2. Boardman, Laurie	ABGV27566A1
3. Burkleo, Jason	ABGV27640A1
4. Calimlim III, Bernabe	4A2306P9VCD-0001
5. Calles, Bryan	ABGV26509A1
6. Cantu, Celestina	4A2305RMKPT-0001
7. Chintalapanl, Sriharsha	4A2306VDV7D-0001
8. Chong, Dolores	ABGV27025A1
9. City of American Canyon	4A23045D5Q0-0001
10. City of Dublin	4A2302D17SP-0001
11. City of Foster City	ABGV27220A9
12. City of Monte Sereno	ABGV26838B1
13. City of Pacifica	ABGV27983A9
14. City of South San Francisco	4A23066ZRP1-0001
15. City of Suisun City	4A2302F1H88-0001
16. De Aquino, Eli	ABGV27736A1
17. Estate of Renaldo Cantu/Celestina Cantu	C366559302-0005-01
18. Ford, George K	ABGV27670A1
19. Gabb, Ray	4A23065YSTL-0002
20. Glorioso, Rolando and Susana	ABGV27894A1
21. Golden State Utility Company	4A230531WD4-0001
22. Gregory, Gary	ABGV27835A1
23. Henneberry, John	ABGV20437A1
24. Hurley, Timothy	ABGV27193A1
25. Huynh, David Huynh and Kass	ABGV27029A1

Claimant	Claim No.
26. Juarez, Lori R	ABGV27339A1
27. Karoshi, Mahesh	4A2208SDJ07-0001
28. Kloth, Axel	4A2304BH4GC-0001
29. Lam, Kenneth	4A2303Z6Y7F-0001
30. Maher, Sandra	4A2306L71HT-0001
31. Moore, Kathleen	ABGV27340A1
32. O`Neil, Shawn Hooker	ABGV24729A1
33. Pearson, Charles	4A2304SW1R1-0001
34. Peter Mason and Virginia Dare	4A23043BFZ9-0001
35. Rai, Jaswant	4A23026XPL4-0001
36. Ratti, Sabrina	4A23026XPHB-0001
37. Reynoso, Maritza M	4A2210PYG3D-0001
38. ROIC California, LLC	4A2210V0TK6-0001
39. Ruentien, Lu	ABGV27375A1
40. Rusanowsky, Daniel	4A2303V3B0P-0001
41. Salah, Lina M	ABGV27183A1
42. San Juan, Zenith	ABGV27936A1
43. Sanchez, Daniel	4A2206D10Y6-0001
44. Schultz, Kim Irene	4A22095R21N-0001
45. Sharma, Harshit	ABGV27747A1
46. Singh, et al, Raspal	4A2302N8KT5-0001
47. Slosberg, Sandra J	ABGV27373A1
48. Srivastava, Amit	4A2303V39CK-0001
49. Waltzer, Shira	ABGV27912E1
50. Williams, Etzel	ABGV27912A1

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Practice Areas: Police, Dangerous Condition/Premises Liability, Inverse Condemnation, Appellate						
Davis, Bengtson & Young, APLC	1960 The Alameda Ste. 210 San Jose, CA 95126	(408)261-4245 (408)261-4206	eric@dby-law.com mdavis@dby-law.com sdippell@dby-law.com	Eric J. Bengston Mark Davis Steven B. Dippell		
Practice Areas: Police, Dangerous Condition/Premises Liability, Inverse Condemnation, Appellate						

1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833
(800) 541-4591 Fax (916) 244-1199
https://www.planjpa.org/

SEDGWICK (TPA) PLAN PROGRAM CLAIM HANDLING GUIDELINES AND BEST PRACTICES

A. LOSS REPORTING

All new PLAN member losses (including claim incident reporting) will be reported to Sedgwick TPA by email to ~~US-YORK-ABAGclaims@Sedgwick.com.~~ 8511PLANJPA@sedgwick.com.

Liability Claims Team Lead Bryan Boyle~~Claims Manager Jaeran Ahn~~ will assign the claims for Adjuster handling.

Claims will be set up and entered into Juris ~~Claims Connect (York Claims Expert- Version B)~~ within 24 hours of receipt of the notice of loss. PLAN and Members will have 24/7 accessibility to online claim info via ViaOne ~~York Expert Claims System Version B~~.

The following steps will occur upon submission of a claim:

1. Sedgwick TPA will acknowledge the assignment within 48 hours of the submission of the claim.

2. A preliminary report will be generated by the Sedgwick Adjuster to the Member Liaison, incorporating the Adjuster's initial assessment of the following:
    a. Material Facts;
    b. Coverage;
    c. Liability;
    d. Damages;
    e. Reserves;
    f. Plan of Action; and
    g. Next Diary Date.

Within 30 days of assignment, the Adjuster will issue a full Captioned Report or Claims Management Report (depending on the Member's preference) summarizing the Adjuster's investigation up to that time. The next report date will be reflected in that report with the Adjuster considering the type and extent of investigation pending. Sedgwick's Adjusters will report by email to the designated Member representative in all cases.

Those losses that meet the Excess reporting criteria based upon the nature of injury and/ or those where reserves are posted into PLAN's layer will also be reported to PLAN along with a copy of the captioned reports~~.~~ Within three days of receipt from PLAN JPA member.

Reporting will be directed to both ~~US-YORK-ABAGclaims@Sedgwick.com~~ 8511PLANJPA@sedgwick.com and the appointed PLAN Litigation Manager as follows:

Susan DeNardo~~William Portello~~
Litigation Manager
1750 Creekside Oaks Drive, Suite 200
Sacramento, California
Direct: (916) 244-1199
susan.denardo@sedgwick.com~~William.Portello@sedgwick.com~~

Cases meeting the following criteria must be reported to the PLAN Litigation Manager, with an indication of the reason for excess reporting, consistent with the requirements of the applicable excess carrier as soon as reasonably practicable:

a) A serious case (including multiple claims or suits arising out of one *Occurrence)*, in which the exposure may exceed fifty (50%) percent of the PLAN Member's retained limit based on your or the defense counsel's judgment (adding indemnity and legal reserve together);

b) A demand or demands totaling fifty (50%) percent of the PLAN Member's remaining retained limit or more;

c) Title 42 USC 1983 matters alleging a violation of civil rights;

d) Non-Employment Sexual Abuse conduct;

e) Any claim or case in which a complaint has been filed and served on the PLAN Member;

f) Death;

g) Paralysis, paraplegia, quadriplegia;

h) Loss of use of any sensory organ;

i) Amputation;

j) Spinal cord or brain injury;

k) Third degree burns involving ten percent or more of the body;

l) Nerve injury and/or neurological deficit;

m) Loss of use of any body function,

n) Substantial disability or disfigurement; or

o) Loss of work time of six months or more.

The PLAN's General Liability Program limits are $1~~5~~ million. CARMA (first excess coverage) policy number CARMA 202~~1~~3-GL provides $9 Million in excess above $1 Million PLAN JPA coverage.

The second coverage layer is Safety National (Reinsurance Excess Coverage) policy number FCA4065371 ~~FCA10062231-2021~~ provides $5 Million in excess of $1 Million PLAN JPA Coverage and $9 Million CARMA Excess Policy.

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The Third layer of Excess Coverage is Everest (Reinsurance Excess Coverage) policy number FC10062231-2023~~FC10062231-2021~~ provides $5 Million excess of $1 Million PLAN JPA Coverage, $9 Million CARMA Excess Policy, and $5 Million Safety National.

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The Fourth excess coverage is Starstone Speciality Insurance Company ~~Hallmark Specialty Insurance Company~~, policy number CSX00037203P-00~~77PEF210150~~ provides $5 Million Excess $1 Million PLAN JPA Coverage, $9 Million CARMA Excess Policy, $5 Million Safety National, and $5 Million Everest Policy.

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The Fifth excess coverage is Axis Insurance Policy ~~Allied World National Assurance Company (AWAC)~~ policy number P-001-00918748-02~~0312-9632~~ provides $5 Million excess $1 Million PLAN JPA Coverage, $9 Million CARMA excess policy, $5 Million Safety National policy, $5 Million Everest policy, and $5 Million Hallmark excess policy.

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The Sixth excess coverage is Navigators Excess Insurance Policy number NY23EXCZ0ELTVIC provides $5 Million Excess $1 Million PLAN JPA Coverage, $9 Million CARMA Excess Policy, $5 Million Safety National Reinsurance Excess Policy, $5 Million Everest Reinsurance Excess Policy, $5 Million StarStone Excess Policy, and $5 Million AXIS Excess Insurance Policy.

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Reports to the excess carrier are to be sent to Allliant Insurance Services as follows:

Alliant Insurance Services-Claims Advocate Group
Robert Frey or Elaine Tizon
100 Pine Street, 11th Floor,
San Francisco, CA 94111
Main Phone: 415-403-1400
Fax: 415-403-1466
RFrey@Alliant.com/ETizon@Alliant.com

The servicing contacts at Alliant Insurance Service are as follows:

Seth Cole, ARM
Senior Vice President
Direct: 415.403.1419
scole@alliant.com

Stacey Weeks, CRIS
Vice President
Direct: 415.403.1448
sweeks@alliant.com

Thomas Joyce
Technical Assistant
Direct: 415.403.1417
TJoyce@alliant.com

B. FILE ADMINISTRATION

Claim files are maintained electronically and managed in Juris ~~York Claims Expert Version B (Claims Connect)~~. Claim files will be set up so that contents are orderly and contain consistent documentation with the following information:

1. Substantiation of initial reserve analysis;
2. Documentation of investigation and liability analysis;
3. Timely supervisory reviews and diary; and
4. An Action Plan with target dates for completion.

The Claim Management Review Report and/or captioned reports in Word will be utilized for summary purposes at 30 days post assignment. The subsequent Diary Date should follow at intervals no greater than 30 days on files where an investigation is pending and at intervals no greater than 90 days in litigated matters. Routine status reports need not address all captions. When investigation and/or discovery results in significant changes to the file's evaluation, a new full-captioned report or CMR should be completed.

C. ADJUSTER CONTACTS

Two-point contact, preferably voice-to-voice, should be made with the claimant (or attorney) within 48 hours of receipt of the claim. The Adjuster will verify the facts of the loss, request documentation of damages (if any), and identify witnesses. Depending on the severity of loss, the Adjuster may take photos and/or arrange for a recorded statement.

The Adjuster will make at least two phone call attempts to the claimant within 48 hours, and if the Adjuster is unable to make contact during this timeframe, they will follow-up by mail with either a contact card or letter of acknowledgement. The Adjuster will also contact the Member within 48 hours of receipt of notice of a claim to discuss and initiate the investigation process. Member contact and dialog should be clearly documented in the file.

D. INVESTIGATION

Investigation involves issues of liability, with consideration to comparative negligence, risk transfer assessment (contractual) and subrogation/recovery potential. Investigation involves evaluating the causal relationship between the occurrence and the stated injury or property damage. The Adjuster will immediately initiate investigation of any issues that may be material to potential litigation and, where appropriate, arrange for immediate on-site investigation. Opportunities for early resolution should be recognized and acted upon. Investigation should be completed within 30 days of assignment. Investigations not completed within 30 days will be subject to an action plan, outlining specified time frames and responsibilities.

Investigation includes, but is not limited to:

Obtaining the following information, as applicable:

a. Police reports, Traffic Collision Reports, and/or IA reports;
b. Documentation of alleged special damages;
c. Claimant's medical records;
d. Central Index Bureau's report for prior injury data; and
e. Photos/diagram of the occurrence scene and any other supporting documentation.

Additionally, recorded statements, where applicable, should be taken to preserve testimony and oral evidence.

For claims involving serious physical injuries, total loss of vehicle or extensive property damage, the Adjuster may conduct field investigations as appropriate including accident/incident reconstruction. Sedgwick TPA, along with the Member and the PLAN Litigation Manager, will be actively involved in selecting appropriate and qualified vendors to conduct such investigations.

Documented and current action plans will be maintained in the file, based on investigative findings and developments. Action plans will include resolution goals and the specific interim steps needed to move the claim toward resolution. Action plans are reviewed as a part of each diary review. Periodic evaluation of the file should be conducted to determine whether fraud triggers are present. If fraud triggers are identified, Adjusters will make appropriate internal referrals and notifications.

E. RESERVING

Sedgwick's Adjuster should establish and document initial reserves within seven days of receipt of the claim. Reserves should be established appropriately to reflect the exposure of the claim based on current facts of the claim and the ultimate probable cost of each claim.

One example of how reserves may be calculated is as follows:

1. Where there is a 75% or greater chance for favorable outcome, reserve for favorable outcome plus 25% of probable adverse outcome.
2. Where there is 51% to 75% chance for favorable outcome, reserve for favorable outcome plus 50% of probable adverse outcome.
5. Where there is a 25% to 50% chance for favorable outcome, reserve for favorable outcome plus 75% of probable adverse outcome.
6. Where there is less than a 25% chance for favorable outcome, reserve for 100% of the probable adverse outcome.

Establishing reserves is also subjective in nature, and reserves may change or vary based on the Adjuster's and/or Defense counsel's initial or subsequent case evaluation, any changes in fact patterns, and/or any changes in the legal expense budget. Precedent jury verdicts and recent jury awards on similar court cases may also influence reserve valuation.

Reserving practice will be overseen by Sedgwick Claim Manager and closely observed by the PLAN Litigation Manager. Member questions regarding reserving practices should be discussed with Liability Claims Team Lead Bryan Boyle~~Jaeran Ahn~~.

F. GOVERNMENT TORT CLAIMS ASSESSMENT

Upon receipt of claim, Sedgwick's Adjuster will make Government Code Timeliness, Sufficiency, and Liability assessments and will forward recommendations for response to the Member. Notices will be sent by the Member.

Sedgwick TPA is positioned to assist with mailing notices of untimeliness and insufficiency, if requested by Member.

G. RECOVERY MANAGEMENT

Sedgwick's Adjusters will identify claims in which there is potential opportunity for recovery from a third party and in these cases, complete sufficient investigation before referral to PLAN for handling.

H. LITIGATION MANAGEMENT

Sedgwick Adjusters shall become familiar with PLAN Litigation Management Guidelines, which are incorporated into these standards by reference. The PLAN Program requires an initial case evaluation and budget, from defense counsel within 30 days of assignment of counsel. The Adjuster, PLAN Litigation Manager, and defense counsel will review the evaluation and agree on a plan of action, be it dispositive motions or discovery. The Adjuster, PLAN Litigation Manager, and counsel will repeat this process throughout the pendency of the matter, keeping the best interest of the Member and PLAN in mind.

The Adjuster should be proactive and aggressive in identifying cases for early attention and resolution. For example, in cases where liability is adverse to the Member and settlement is desired, steps should be taken which include non-rejection of the claim in order to avoid litigation. In adverse liability matters, whenever possible, limited discovery should be performed with that discovery geared toward evaluation and resolution. However, any such limitations should not prejudice the defense of the case and all necessary discovery and law-and-motion may be utilized if it reasonably appears that a case is not resolving.

On the other hand, there will be cases that must be aggressively defended and prepared for trial.

The Sedgwick Adjuster shall monitor Defense counsel to be certain that the agreed-upon action plan and billing guidelines are followed. Defense counsel's billings shall be reviewed for compliance with the Litigation Management Guidelines and established hourly rates. Billings not in compliance should be returned to defense counsel for necessary adjustments. Any billing dispute should be referred to the PLAN Litigation Manager for resolution.

I. CLAIM DISPOSITION & SETTLEMENT RESOLUTION

Sedgwick will clearly document a written disposition strategy and plan of action with specific time frames for completion in the file. All requests for authority will be clearly documented in the claim file.

Authority requests within the Member's SIR will be directed to the Member Liaison. Authority requests within the PLAN Program layer (above the Member’s SIR, and up to $1 million) or that otherwise require approval by PLAN JPA according to PLAN’s governing documents are to be directed to the PLAN Litigation Manager, with a copy to the Member for potential Claim Committee consideration.

Once authority has been extended, aggressive and prompt settlement negotiations will be conducted by the Sedgwick Adjuster, or by counsel with Member and PLAN's approval. The Adjuster will consider all possible settlement options, such as Alternative Dispute Resolutions, mediation, arbitration, and structured settlements. The claimant's Medicare eligibility will be determined, and Medicare's interest resolved with any settlement.

J. SUPERVISORY CASE REVIEW

The role of the Supervisor is to guide the process from claim receipt through resolution, to ensure uniform claim management processes are implemented, and to act as a "second set of eyes" on Adjuster actions and decisions. Liability Claims ~~–~~Team Lead Bryan Boyle ~~Claims Manager Jaeran Ahn~~ will document all supervisory activity, including suggestions

for future claim handling. The Supervisor will approve all reserve recommendations and payment requests. The Supervisor may decide, at any point during the life of the file, that active supervision is no longer necessary, leaving further file activity to the Adjuster.

Documented supervisory review shall occur at least every 90 days upon any claim reaching an incurred value greater than $25,000 and on all new litigated claims.

K. COMMUNICATION/ADHERENCE TO SPECIAL INSTRUCTIONS

Sedgwick Adjusters should maintain adequate communication with the Member and PLAN through methods such as monthly loss runs, status reports, captioned reports, reserve, and settlement authorizations, conducting claim reviews and returning phone calls and email inquiries from the Member or PLAN within one business day.

Sedgwick TPA shall provide periodic (monthly, quarterly, and annual) cumulative monthly loss runs, as well as Deductible Billing reports to PLAN and Members.

Monthly loss run reports should be provided each month to the Member and PLAN. A report of all claims closed in the preceding fiscal year shall be provided at the end of each fiscal year. A claim status report shall accompany any request for reserve, payment, or settlement over $25,000. Status reports shall include a synopsis of the loss, the current status of the loss, a proposed action plan, and current financial totals.

PLAN and Sedgwick TPA shall also meet quarterly to discuss the status of all open litigated claims within the PLAN layer or that have a probability of piercing PLAN's layer to develop a plan to complete any additional investigation required to evaluate liability or damages.

Sedgwick TPA should adhere to PLAN's specific instructions with regard to issues such as Location and Department coding, Reserving, Status Reports, Surveillance, Subrogation/contribution recoveries, assignment of defense counsel, and settlement authority.

L. MEDICARE DATA REPORTING

Sedgwick TPA must become familiar with the PLAN Data Reporting Specifications Document, which is incorporated into these standards by reference. PLAN's RRE is 34614 and its office code is A783-00002. The Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA) requires a Responsible Reporting Entity (RRE) to identify and report bodily injury claims involving a potential Medicare recipient. To do so requires collecting specific claimant data, including:

1. Legal name
2. Date of birth
3. Social security number
4. Gender

M. COVERAGE

Sedgwick TPA will recognize potential coverage issues and immediately coordinate with PLAN for review with PLAN coverage counsel. Sedgwick TPA will issue Reservation of Rights letters following PLAN Coverage counsel's advice. Declination of coverage letters will be generated by PLAN Coverage counsel.

The PLAN appeals process is articulated in PLAN Claims Policy 3.3 - Coverage Determination ~~and PLAN Revised Risk Coverage Agreement (7.1.1992) - Appendix II Liability Program Procedures.~~ Sedgwick Adjusters may be called upon to present claim findings and disposition during the appeal process starting with ~~Claims Committee review, to~~ Executive Committee, to the full Board of Directors, and finally, if necessary, ~~to~~ to arbitration~~Mediation~~.

1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833
(800) 541-4591 Fax (916) 244-1199
https://www.planjpa.org/

Claim Policy
Adopted 10/8/03
Revised ~~6/17/19~~ 10/30/23

1.0 Policy

It is the policy of the Executive Committee ~~Claims Committee~~ of the Board of Directors of the PLAN Joint Powers Authority (PLAN JPA) to provide policy guidance to staff of Sedgwick assigned to the PLAN JPA Program so that Sedgwick professionally manages all claims submitted by Members, provides experienced legal counsel to defend covered claims, and resolves coverage or settlement disputes in a fair and cost-effective manner.

2.0 Scope

This Claims Policy applies to the Claims Management and Legal Defense Programs established in the Liability Memorandum of Coverage Agreement.

3.0 Objectives

In order to provide a system that will professionally manage claims submitted to PLAN JPA in a manner that provides Members the full benefits of the Memorandum of Coverage (MOC), this policy has the following objectives:

1. Maintain sufficient resources to manage claims
2. Provide experienced legal counsel to defend covered claims
3. Resolve disputes in a fair and cost-effective manner

3.1 Claims Management

To provide stability and expertise in the management of its claims and to ensure they are investigated, evaluated, and resolved in a timely and professional manner:

- The Third Party Administrator shall maintain an electronic claims management system to be used for regular claims processing by each assigned adjuster. The PLAN JPA Litigation Member shall have access to that system.
- Each Member shall designate a Claims Liaison in writing as a primary point of contact for resolving claims.

- The Adjuster will work closely with the Claims Liaison to establish an effective claims management program for the Member.
- PLAN JPA shall conduct an audit of the Claims Management Program by a qualified outside firm at least once every two years.

3.2 Defense Counsel List

The Executive~~Claims~~ Committee shall maintain a Defense Counsel List of highly qualified attorneys. The Defense Counsel List may be amended by the Executive~~Claims~~ Committee at any time upon request by a Member, the Litigation Manager, or at the Excutive~~Claims~~ Committee's discretion.

- The objectives for all counsel on the list are to work closely with claims staff and the Member, resolve lawsuits in a timely and effective manner, and to abide by the PLAN JPA's Litigation Management Guidelines.
- Legal defense of all covered claims, not subject to a reservation of rights, may only be provided by attorneys on the latest approved Defense Counsel List.
- The TPA assigned adjusters and PLAN JPA Litigation Manager have the authority to assign counsel from the list and to enforce the Litigation Management Guidelines, provided that approval of a Member Entity's request for specific defense counsel shall not be unreasonably withheld.

3.3. Coverage Determination

It is PLAN JPA's policy to provide each Member the full benefits of the MOC when analyzing coverage for a claim while protecting all Members by denying payment of uncovered claims and/or providing a defense under a reservation of PLAN's right to decline indemnity.

- PLAN JPA staff, legal counsel, or designee (Coverage Counsel) shall be responsible for informing Members of coverage decisions.

A Member may accept as final a coverage decision made by PLAN JPA staff, legal counsel, or Coverage Counsel, or any subsequent coverage decision as outlined below, or may appeal said decision by submitting a written notice of appeal submitted within ninety (90) days of the date of the previous written determination of coverage.

- A Member may appeal the coverage determination made by PLAN JPA staff, legal counsel, or Coverage Counsel to the Executive~~Claims~~ Committee.
- A Member may appeal the coverage determination made by the Executive~~Claims~~ Committee to the Board of Directors.~~Executive Committee~~.
- ~~A Member may appeal the coverage determination made by the Executive Committee to the Board of Directors.~~

A Member may require binding arbitration of the coverage determination made by the Board of Directors by submitting a written notice requesting such arbitration within ninety (90) days of the date of the Board of Director's written determination.

If the Member and the PLAN JPA Litigation Manager cannot agree on an arbitrator within thirty (30) days of the Member's request for arbitration, each party will choose an arbitrator. The two arbitrators will select a third arbitrator within thirty (30) days of their appointment.

The parties shall submit their cases to the third arbitrator by written and oral evidence at a hearing. The arbitrator shall be relieved of all judicial formality and shall seek to enforce the intent of the parties.

The decision of the arbitrator shall be binding and final and not subject to appeal except for grounds of fraud and gross misconduct by the arbitrator. The award will be issued within thirty (30) days of the close of the hearings. The parties shall jointly and equally share with the other the expense of the arbitrator.

4.0 Settlement Authority

- The Litigation Manager is authorized to settle any claim with an ultimate net loss equal to or less than two hundred thousand dollars ($200,000) in excess of the Member’s remaining retained limit at the time of settlement
- All other settlements above a Member's self-insured retention shall be approved by the Executive~~Claims~~ Committee or Board of Directors.

5.0 Reporting

The Litigation Manager will provide the~~ ~~Executive~~Claims~~ Committee a yearly report that summarizes open and closed losses greater than Member retentions and that describes progress in achieving its claims management goals and benchmarks.

Members shall report all claims in accordance with the Memorandum of Coverage and PLAN Claim Handling Guidelines, including those settled within the Member's authority, to the TPA in a timely manner.

Each Member will receive a quarterly report listing the Member's open claims and activity since the last report, including all payments made to settle claims on the Member's behalf.

6.0 Claim Program Standards

PLAN JPA shall seek to maintain the following standards in managing claims:

- Prompt and adequate investigation of coverage, liability and damages
- Initial report addressing issues above sent to member within 2 weeks
- Make recommendation to accept or reject a claim within 30 days
- Appropriate diary follow up to resolve outstanding issues
- Response to all correspondence in a timely manner
- Adequate reserves posted and adjusted as needed

- Clear documentation of all activities and thought process in resolving claim

With respect to the criteria outlined in this policy, the Executive~~Claims~~ Committee is granted the authority to deviate from the policy when it is appropriate to do so based upon evaluation of the following criteria:

- Favorable or unfavorable claim issues that need to be addressed;
- Legal issues or legislation expected to impact a claim settlement or claims procedures; and
- Risk exposures that impact the viability of the program.

7.0 Policy Adoption

The Claim Policy shall be adopted by majority vote of the Board of Directors. The policy shall be reviewed annually by the Claims Committee. Any modifications are subject to Board approval.

Reference: Sedgwick (TPA) PLAN Program Claim Handling Guidelines and Best Practices~~PLAN Claim Handling Guidelines Manual~~

Litigation Management Guidelines
PLAN JPA List of Approved Counsel~~Approved Defense Counsel List~~

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Pooled Liability Assurance Network Joint Powers Authority

Resolution No. 2023-03

RESOLUTION OF THE BOARD OF DIRECTORS OF THE POOLED LIABILITY ASSURANCE NETWORK JOINT POWERS AUTHORITY – TRAVEL AND REIMBURSEMENT EXPENSE POLICY

WHEREAS, members and alternate members of the Board of Directors, Executive Committee, Risk Management Committee, and/or Finance Committee of the Pooled Liability Assurance Network Joint Powers Authority, hereinafter referred to as the Authority, are required to attend meetings of the Authority such as the Annual Board of Directors' Meeting, regularly scheduled Executive, Risk Management, and Finance Committee meetings, and other various conferences, meetings, and seminars which relate directly to the Authority's general business, programs, policies, operations, and activities;

WHEREAS, the Authority recognizes that attendance at such meetings serves a vital forum for the exchange of ideas and methods in all areas of risk management administration, and, presenting and receiving information for the benefit of the Authority;

WHEREAS, the Authority encourages participation in these activities; and

WHEREAS, the Authority will reimburse Board members, Executive, Risk Management, and Finance Committee members, Board Alternates, and others as appropriate for expenses incurred while traveling to meetings held by the Authority or other official business of the Authority.

NOW, THEREFORE BE IT RESOLVED, Resolution No. 2023-03 establishing a travel and meeting attendance and expense policy shall be established as follows:

1. It is the responsibility of each Board, Alternate Board, Executive, Risk Management, and Finance Committee member to accomplish Authority-related travel as economically as feasible. The Administrator of the Authority shall first determine if these amounts are valid. If rejected, the final decision shall then be made by the Executive Committee.

2. Board members attending Authority-related business meetings, conferences, and seminars by automobile shall be reimbursed for mileage if a private or agency vehicle is used. Proper documentation will be required evidencing roundtrip mileage. Mileage reimbursement for privately owned automobiles shall be at the then current IRS rate.

3. The Authority will only reimburse members of the Executive Committee or other persons specifically authorized by the Authority for travel-related expenses associated with attending the regularly scheduled Executive Committee meetings.

4. The Authority will only reimburse members of the Risk Management Committee or other persons specifically authorized by the Authority for travel-related expenses associated with attending the regularly scheduled Risk Management Committee meetings.

5. The Authority will only reimburse members of the Finance Committee or other persons specifically authorized by the Authority for travel-related expenses associated with attending the regularly scheduled Finance Committee meetings.

6. The Authority will reimburse expenses incurred by Board, Alternate Board members, or any other persons authorized by the member agency to attend the Annual Board of Directors Meeting. Only one representative per agency is authorized to attend the Annual Board meeting on a reimbursable basis.

8. The Authority will seek reimbursement for any applicable charges from the member agency for the Annual meeting when reservations are not cancelled within the time period as stipulated by the Authority. Any attendees who do not notify the Authority of a cancellation or provide notice of a cancellation subsequent to the cancellation deadline, will be responsible for paying all fees incurred by the Authority on their behalf and will be billed accordingly.

9. The Authority will reimburse Board of Director's representatives for related conference, meeting, or seminar expenditures for events held in California so long as the member is attending on PLAN JPA's behalf, not on their agency's behalf, with prior approval being granted by the Executive Committee and/or Program Administrator.

The covered expenditures include the following:

- Registration
- Lodging
- Meals
- Airfare
- Tips (up to 15%)
- Bus/Taxi/Rideshare (i.e. Uber, Lyft, etc) fares
- Parking fees
- Toll bridges
- Mileage or rental car expenses

Ineligible expenses, or non-conference related costs, include the following:

- In-room movies
- Laundry services (for conferences of less than a three-day duration)
- Entertainment outside of those activities offered as a part of the conference registration package
- Personal services, such as beauty parlor, hair cuts, etc.

10. The cost of meals and miscellaneous expenses should not exceed the daily amount outlined by the United States General Service Administration (GSA), unless otherwise approved by the President. Breakfast should not exceed 20%, lunch should not exceed 30%, and dinner should not exceed 50% of the total GSA per diem amount. Incidentals are limited to $10/day. GSA rates are found at www.gsa.gov and are updated annually. Meal reimbursement rates are based on the city/region traveled to.

    Meal receipts are required for reimbursement and must show an itemized listing of food and beverages purchased. In addition, please include the name of each person for which the meal was purchased. The Authority does not pay for the purchase of alcoholic beverages.

11. After returning from a conference, meeting, or seminar, the attendee is to complete a travel expense form available from the Authority. The signed expense form, with all air/travel, meal, and lodging receipts attached, is to be submitted to the Authority no later than two weeks after returning from the event. Completed forms are to be signed by the member. For ineligible expenses, if funds from the Authority are used directly, the item is to be designated ineligible on the expense form and either added to any amount due to the Authority or deducted from any amount due the attendee.

Passed and adopted by the PLAN JPA Board of Directors at a regular meeting thereof held on this 30th day of November, 2023, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

____
Rebecca Mendenhall, PLAN JPA President

ATTEST:

____
Eric Dahlen, PLAN JPA General Manager

Agenda Item 7.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, 2023, prepared by James Marta & Company, 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 unmodified, which means that the financial statements are presented fairly.

- Section Two: contains the Management Discussion and Analysis (MD&A) which provides a detailed review of PLAN's financial dealings throughout the year. 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 comprise of Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows, and Notes to the Financial Statements.

- Section Four: contains Required Supplementary Information such as the claims reconciliation by program, and the ten-year claims development information by program.

- Section Five: contains Supplementary Information such as financial statements by program, and graphical summary of claims.

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

James Marta, CPA, Managing Partner, 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, 2023.

RECOMMENDATION:

Staff recommends the Board of Directors accept and file the 2022/23 Financial Audit Report for the Fiscal Year Ended June 30, 2023.

REFERENCE MATERIALS ATTACHED:

- PLAN JPA 2022/23 Audit Report
- PLAN JPA 2022/23 Communication with Those Charged with Governance Letter
- PLAN JPA 2022/23 Report on Internal Control Letter

POOLED LIABILITY ASSURANCE NETWORK

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEARS ENDED
JUNE 30, 2023 AND 2022

POOLED LIABILITY ASSURANCE NETWORK

TABLE OF CONTENTS

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, 2023 and 2022, 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, 2023 and 2022, 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.

701 Howe Avenue, Suite E3, Sacramento, CA 95825 (916) 993-9494 fax (916) 993-9489
www.jpmcpa.com jmarta@jpmcpa.com

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 and Government Auditing Standards 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 and Government Auditing Standards, 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 November 17, 2023 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.

James Marta & Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
November 17, 2023

MANAGEMENT’S DISCUSSION AND ANALYSIS

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 ending June 30, 2023. 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 several 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 years. CARMA's coverage of $9 million attaches above the PLAN SIR layer. PLAN purchases Excess Coverage of $20 million, which attaches above the CARMA layer, totaling $30 million of coverage for Program Year 2022/23. The General Liability program offers the following member retained limits: $25K, $50K, $100K, and $250K.
- For the Property program, PLAN's SIR is $500 thousand per occurrence with no aggregate in the 2022-23 program year. PLAN purchases excess coverage limits of, up to $1 billion. Member retention for the Property program is $5 thousand per member, per occurrence.
- PLAN also provided its members with Cyber Liability and Pollution Liability coverage through PLAN's property program and the Alliant Property Insurance Program (APIP). In addition, PLAN procured Excess APIP Cyber Liability in the 2022/23 program year.
- An optional offering for its members, PLAN offered a stand-alone or pass-through Employment Practice Liability program, wherein PLAN members elect to obtain coverage from Employment Risk Management Authority (ERMA). ERMA's SIR is $1 million, with member retentions available at $50K or $100K. In 2022/23, PLAN members who participated in ERMA, also purchased additional excess EPL of $3 million, totaling $4 million of coverage.

Claims adjusting services for PLAN's claims are provided by Sedgwick Claims Management. Sedgwick is an international risk management firm providing a variety of insurance services including claims management and specialized loss adjusting. As PLAN's claims administrator, Sedgwick is responsible for the day-to-day administration and payment of reported claims and for estimating the cost of such claims. These estimates are used by PLAN in the preparation of its financial statements.

In addition, PLAN contracts with Sedgwick for Program Administration. A company specializing in the management of joint powers authorities, to handle the day-to-day operations of PLAN. The firms' employees provide general administrative, financial accounting, underwriting, loss prevention, claims management oversight, risk and litigation management, and other services as necessary for the operations of PLAN.

Sedgwick's claims adjusting division, which is responsible for managing PLAN's claims, remains independent from the Program Administration division.

Financial Highlights for the Fiscal Year Ending June 30, 2023

Revenues	$27.5 million	Overall, Total Revenues increased 36% or $7.3M, over the prior year. This was attributed to higher Operating Revenues, specifically member contributions, which experienced a 21% increase or $4.6M over the prior year. Revenues include investment income earnings, which increased $2.6M from prior year due to higher interest rates earned.
Expenses	$30.3 million	Total expenses increased 47% or $9.6M, over the prior year, largely due to an increase of claims expense of 164% or $6.9M. Insurance expense increased 21% or $3.1M. Contracted services increased by 68%, or $67K. Management and Administration expenses was up 4%, or $40K. These increases were offset by decrease in loss prevention of 61% or 476K.
Assets	$49.8 million	Overall increase of 3% or $1.3M in Total Assets from prior year; cash and Investments amounted to 99% of Total Assets. The remaining Total Asset balance was related to receivables and prepaid expenses, which decreased 26% or $174K from the prior year.
Liabilities	$26.8 million	Total Liabilities increased by 18% or $4.0M from the prior year due to Claims Liabilities, which is 95% of the total liabilities. Claims Liabilities increased 20% or $4.2M from the prior year. Accounts payable decreased 11% or $153K, which is the remaining 5% of total liabilities.
Net Position	$22.9 million	Net Position decreased by 11% or $2.8M from the prior year. The increase in claims reserves liabilities resulted in the net position of $22.9M and remains in a financially healthy fund balance for fiscal year ended June 30, 2023.

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** present information on PLAN's assets and liabilities and the difference between the two, representing net position, or pool equity. Assets and liabilities are classified as current or non-current. Changes from one year to the next in total net position as presented on the Statement of Net Position are based on the activity presented on the Statement of Revenues, Expenses, and Changes in Net Position.

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.

PLAN's accounting system is organized so that each program year can be accounted for and evaluated independently. The assets, liabilities, revenues, and expenses are reported on a full-accrual basis. There were no significant accounting changes during the year.

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.

Analysis of Overall Financial Position and Results of Operations

Condensed Statement of Net Position

CONDENSED STATEMENT OF NET POSITION

	6/30/2023	6/30/2022	% Change	6/30/2021	% Change
Cash and Investments	$ 49,278,568	$ 47,834,098	3%	$ 50,655,481	-6%
Receivables & Prepaid Expenses	487,557	661,118	-26%	686,462	-4%
Total Assets	49,766,125	48,495,216	3%	51,341,943	-6%
Accounts Payable	1,249,378	1,402,694	-11%	1,213,980	16%
Claims Liabilities	25,572,588	21,371,476	20%	23,918,005	-11%
Total Liabilities	26,821,966	22,774,170	18%	25,131,985	-9%
Net Position - Unrestricted	$ 22,944,159	$ 25,721,046	-11%	$ 26,209,958	-2%

ASSETS

Overall, Total Assets on June 30, 2023, was $49.8 million, an increase of 3% over the prior year, of which 99% of it is in cash and investments. The increase is due to increased member contributions, as the retention of cash and investment assets are collected upfront, at the beginning of each program year, to pay for claims that will not be paid out until several years into the future. The remaining 1% was interest, excess, and member deductible, receivables. Cash and investments are discussed below:

PLAN maintains those 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. The California Asset Management Program (CAMP) Liquidity Account, which is administered by PFM Asset Management LLC (PFM), operates similarly to LAIF, to fulfill PLAN's liquidity needs. On June 30, 2023, PLAN had a total of $14.9 million, between LAIF and CAMP, should the need arise, to pay ongoing claims and administrative expenses.

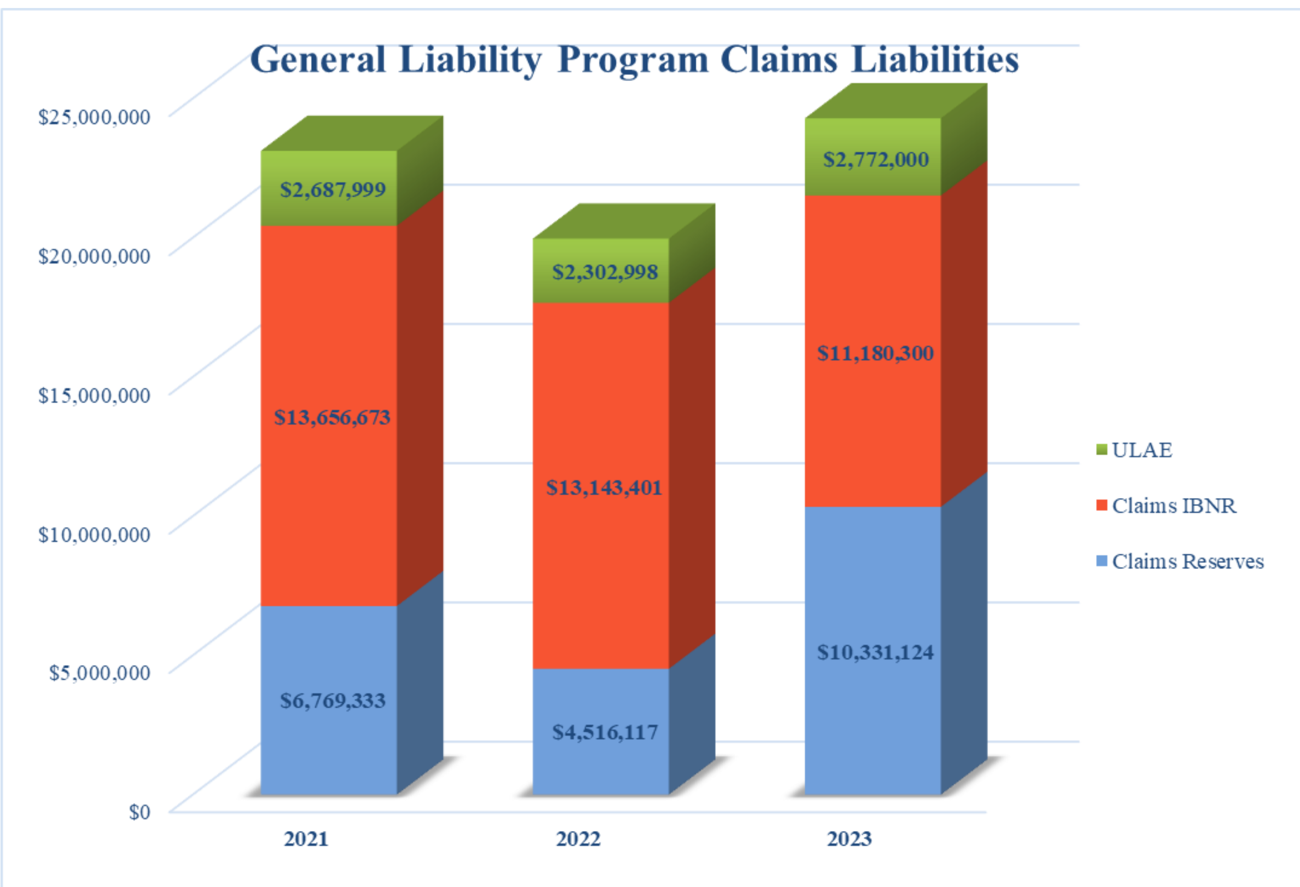
PLAN also maintains its investment portfolio with the CAMP, a joint powers authority that contracts with PFM to provide investment management services. Custodial services are provided by U.S. Bank. The book value of PLAN's portfolio was $36.1 million on June 30, 2023. The fair market value of PLAN's investments was $1.9 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.

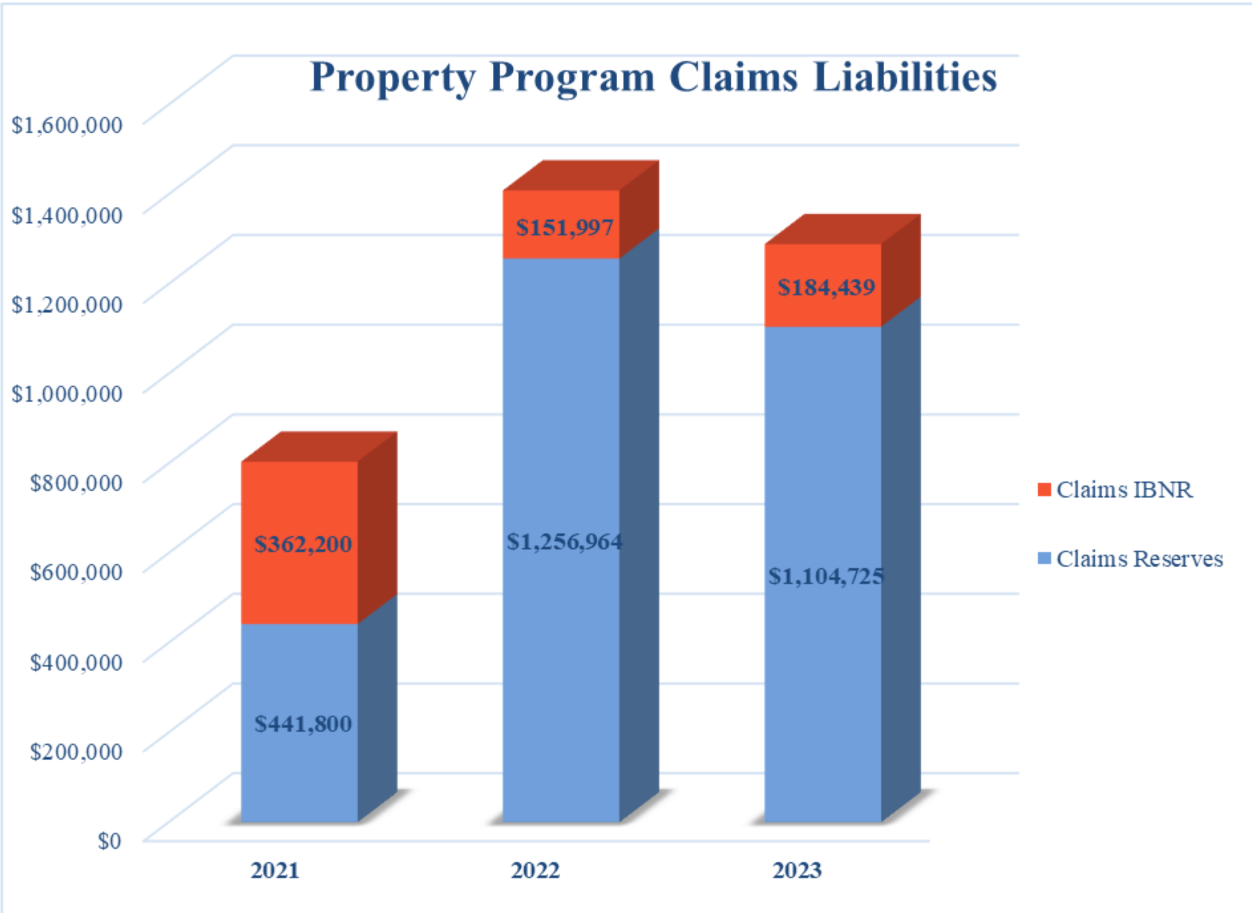
LIABILITIES

Overall, Total Liabilities on June 30, 2023, were $26.8 million, of which 95% was related to claim liabilities. The remaining 5% was related to accounts payable, which included a risk management grant fund of $1.2 million, and $90 thousand for accrued liabilities. Claim liabilities are recorded at the actuarially determined expected confidence level for both the General Liability and Property programs.

General Liability Program:
The total liabilities for the General Liability program were $24.3 million, of which $10.3 million was for claims reserves, $11.1 million was for claims incurred but not reported (IBNR), and $2.8 million was unallocated loss adjustment expenses (ULAE). Total Claim liabilities increased $4.3 million, from $20 million to $24.3 million, over the prior year. Claim Reserves, which consist of known claims that are reserved by the claims' adjustors, increased by $5.8 million from the prior year. Claims IBNR and ULAE, which are estimates provided by PLAN's actuary, decreased by $1.5 million from the prior year.



Property Program:
The total liabilities for the Property program were $1.3 million, of which $1.1 million was claims reserves and $184 thousand was for claims IBNR. Property claim liabilities decreased by $120 thousand, from $1.4 million in the prior year.



NET POSITION

Total Net Position of PLAN was $22.9 million on June 30, 2023, of which $23.6 million was for the Liability program, and a negative $675 thousand for the Property program. Overall, net position decreased by 11%, or $2.8 million, from prior year's net position of $25.7 million.

Condensed Statement of Revenues, Expenses and Change in Net Position

CONDENSED STATEMENT OF ACTIVTIIES

	FY 2022/23	FY 2021/22	% Change	FY 2020/21	% Change
Operating Revenues	$ 26,609,070	$ 21,961,892	21%	$ 16,159,355	36%
Non-operating Revenues	867,017	(1,817,829)	148%	187,807	-1068%
Total Revenues	27,476,087	20,144,063	36%	16,347,162	23%
Claims Expense	11,050,414	4,193,614	164%	5,630,676	-26%
Insurance Expenses	17,719,017	14,585,994	21%	7,586,089	92%
Loss Prevention Programs	308,380	784,821	-61%	783,653	0%
Contracted Services	166,645	99,194	68%	92,012	8%
Management, Administration, Other Exp	1,008,518	969,352	4%	907,417	7%
Total Expenses	30,252,974	20,632,975	47%	14,999,847	38%
Change in Net Position	(2,776,887)	(488,912)	-468%	1,347,315	-136%
Net Position - Beginning	25,721,046	26,209,958	-2%	24,862,643	5%
Net Position - Ending	$ 22,944,159	$ 25,721,046	-11%	$ 26,209,958	-2%

REVENUES

Total operating revenues consist of member contributions, which experienced a $4.7 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 $19.2 million, which experienced an increase of 14% over the prior year contributions of $16.8 million. The General Liability contributions consist of funding the pooled layer, reinsurance and excess insurance, and administration costs. The estimated payroll increased 6.4%, and funding for the pool layer increased by 7.9% due to an increase in claims activity. CARMA excess premiums increased by 17% or $1 million. The remaining excess insurance covering $20M X $10M increased 19% or $816 thousand. The administration cost saw an increase of 5.6%, or $124 thousand. The 2022/23 program year was funded at 60% confidence level, discounted at 2.0%.

Property Program:
The member contributions for the Property Program were $7.4 million, which experienced an increase of 43% over the prior year contributions of $5.1 million. The Property contributions consist of funding the pooled layer, flood premium, cyber and excess cyber coverage, Resolute Guard, and excess insurance costs. Total Insured Values (TIV) of properties increased by 14.7%, resulting in an 32% increase in pool layer funding. The excess cyber coverage increased 24%, or $73 thousand from prior year. The addition of Resolute Guard services was a $142 thousand increase in property revenue. The 2022/23 program year was funded at 70% confidence level, discounted at 2.0%.

The Non-operating revenues mainly consist of investment income, which includes LAIF, CAMP and the fixed income investment portfolio. While the realized investment income (including interest earnings) during the year were approximately $1 million, these earnings were offset by an unrealized gain of $103 thousand with the mark to market adjustment. Investment income increased by 148%, over the prior year, due to favorable market conditions, and higher yield interest rates. When compared to this point in time in the prior year, investment income was negative $1.8 million. PFM, PLAN's investment advisor, continues to evaluate market conditions while maintaining the PLAN's investment policy principles of safety, liquidity and return on investment.

EXPENSES

Total Expenses for fiscal year (FY) 2022/23 was $30.3 million. Claims related expenses were 37% of the total, while insurance expense was 59% of total expenses. Management, Administration, Risk Control, and other expenses accounted for 4% of total expenses for the year.

Overall, Claims Expense, which was $11 million for the FY 2022/23, experienced an increase of 164% or $6.9 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 $9 million. The actuarial estimated ultimate loss for program year 2022/23 was $5.4 million, which decreased by approximately $200 thousand when compared to prior year program year ultimate loss of $5.6 million; and the claims administration cost was $613 thousand, which saw an increase to $28 thousand. Ultimate losses for the older program years increased by $6.9 million. The actuarial driven adjustments were due to unfavorable development of claims in the older program years.

Property Program:
The Property program claims expense for the year was $2.02 million, of which the actuarial estimated ultimate loss for program year 2022/23 was $1.3 million. The claims administration cost was $153 thousand, which saw an increase to $7 thousand. Ultimate losses for the older program years experienced an increase of $70 thousand.

Overall, Insurance Expense increased 21%, or $3.1 million from the prior year. Below is a breakdown of insurance expenses by program.

General Liability Program:
The General Liability program, which cost $12.3 million, insures above PLAN's retention of $1 million to $30 million through CARMA and multiple carriers at the excess levels. The cost increased 1.5 million, or 14%, over prior year due to the hardening insurance market.

Property Program:
The Property program insurance expense, which insures from $500 thousand to $1 billion through APIP, was $5.4 million, which increased by $1.6 million, or 41%, over prior year. The rise in property insurance costs were due to a rise in both TIVs and its' valuations. Severe weather-related events which caused significant damages, inflation, and real estate pricing escalations, particularly in California, all contributed to the rise in the year-over-year property insurance expense for PLAN in 2022/23.

Management, Administration, Risk Control and Loss Prevention Programs, and Other Expenses, were approximately $1.5 million, decreased by $370 thousand, or 20% over the prior year. The decrease is attributed to the moratorium of the Risk Management Grant Fund in 2022/23. Management and Administration increases of $106 thousand were related to contractual agreements for program administration, financial audit, actuarial studies, and cybersecurity services. Other expenses included bank fees, and board meeting costs, which were held in person during the fiscal year.

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

Investment Arena:

The economic narrative throughout 2022 and the first half of 2023 was dominated by heightened levels of inflation and the Federal Reserve's (Fed) efforts to fight it.

Powered by an extended period of low interest rates, Covid-related government stimulus, record consumer spending, supply chain challenges, and Russia's invasion of Ukraine which pushed up prices on energy and other commodities, inflation surged to a 40-year high of 9.1% by June 2022. To fight inflation, the Fed began an historic series of rate hikes that raised the federal funds rate 500 basis points (5%) from early 2022 through June 2023. That pushed interest rates to their highest levels in 15 years and impacted certain segments of the U.S. economy, like the interest-rate sensitive housing sector, but the economy remained resilient.

Real gross domestic product (GDP) in the U.S. increased 2.1% in 2022 (from the 2021 annual level), compared with an increase of 5.9% in 2021. The 2022 increase largely reflected increases in consumer spending, exports, private inventory growth, and business investment that were partly offset by decreases in residential fixed investment and federal government spending. The increase in consumer spending reflected an increase in services spending – such as travel, food services, accommodations, and health care – that was partly offset by a decrease in spending on goods. The economy in the second half of the year finished strong even as questions remained over whether the U.S. would slide into a recession in 2023. GDP in the first half of 2023 increased at an average annual rate of 2.2%, beating expectations and reflecting continued strength in consumer spending, nonresidential fixed investment, and government spending.

The labor market remained extremely tight, with the unemployment rate near a 50-year low, job openings near record highs, and wage growth elevated compared to historical levels. The unemployment rate averaged just 3.6% from July 2022 through June 2023 and ended the period at that level. Job openings were plentiful as the economy added more than 4.8 million new jobs in 2022 and 1.7 million new jobs in the first half of 2023. There were notable gains in education, professional and business services, and health care. Average hourly earnings, an important gauge of wages, rose a strong 4.4% year-over-year through June.

Consumer spending accounts for more than two-thirds of U.S. economic activity, and consumers drove demand in 2022 by deploying excess savings accumulated during the pandemic. As global supply chains were challenged, the economy saw shortages of both raw materials and finished goods that contributed to higher prices. Throughout the period, consumer spending began to shift from goods to services as the impact of Covid restrictions faded. Meanwhile, the personal savings rate (savings as a percent of personal disposable income) fell from all-time highs to a near an all-time low as consumers spent down their savings accumulated during the pandemic.

After reaching a 40-year high of 9.1% in June 2022, the consumer price index (CPI) moderated sharply in the second half of 2022 and first months of 2023, falling to a 3.0% year-over-year (price) gain by the end of June 2023. Crude oil prices, which initially spiked after the Russian invasion of Ukraine, were ultimately lower over the past year. Prices for food, transportation and shelter were up markedly. Inflation was the most worrisome issue for both households and policymakers throughout the year.

The Fed's course for tighter monetary policy was solidified as inflation reached its multi-decade peak. Short-term rates rose in dramatic fashion as the Fed followed through with rate hikes at 10 consecutive meetings, four of which were 75-basis point hikes (June, July, September, and November 2022), the largest increment since 1994. That put the fed funds rate at a target range of 5.00% to 5.25% at fiscal year-end. Interest rates climbed at the fastest pace seen in recent history. The yield on 3-month Treasury bills rose from 1.72% at the end of June 2022 to 4.41% by the end of calendar year 2022 and reached 5.28% at the end of June 2023. The surge in interest rates pushed market values lower on longer-term bonds but created opportunities for short-term investors to earn much higher yields than in recent years.

Market volatility increased dramatically in reaction to three high profile bank failures in the first half of 2023. Both bond and equity markets reacted, with the 2-year treasury yield dropping nearly 100 basis points in just three days. This temporarily derailed the trend toward higher rates caused by the Fed's aggressive rate hikes, before the market focus returned to inflation, employment, and the expected future path of Fed policy. This took place amidst fears of a U.S. debt default due to another impasse over increasing the government's borrowing limit. In early June, just days ahead of the Treasury running out of funding, President Biden signed the bipartisan bill to suspend the debt ceiling until January 1, 2025.

The Fed has repeated its resolve to bring inflation down to the 2% target level, consistent with its dual mandate of achieving maximum employment and price stability. Coming out of its June 2023 meeting, the Federal Open Market Committee (FOMC) decided to pause its rate hike cycle. Fed Chair Powell stated that the pause would allow the FOMC to assess additional economic data going into subsequent meetings. However, the Fed's updated Summary of Economic Projections in June indicated another 50 basis points of additional rate hikes in 2023. Following a stubbornly high Core CPI reading of 4.8% YoY by the end of June 2023, the FOMC moved ahead with another 25-basis point rate hike at its July 2023 meeting, in-line with market expectations. As of late July, the Fed Funds Rate sits at a target range of 5.25% to 5.50%.

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, 2023 AND 2022

	2023	2022
ASSETS		
Current Assets		
Cash and cash equivalents (Note 2)	$ 15,105,908	$ 13,712,871
Investments	238,967	1,734,513
Receivables		
Interest	148,004	150,100
Excess insurance	110	110
Member deductibles	339,443	510,908
Total Current Assets	15,832,432	16,108,502
Noncurrent Assets		
Investments (Note 2)	33,933,693	32,386,714
Total Assets	49,766,125	48,495,216
LIABILITIES		
Current Liabilities		
Payables		
Accounts payable	90,101	64,154
Other accrued liabilities	26	26
Risk management grant payable	1,159,251	1,338,514
Claim liabilities (Note 3)	5,804,000	5,804,000
Total Current Liabilities	7,053,378	7,206,694
Noncurrent Liabilities		
Claim liabilities (Note 3)	19,768,588	15,567,476
Total Liabilities	26,821,966	22,774,170
NET POSITION		
Unrestricted (Note 4)	$ 22,944,159	$ 25,721,046

POOLED LIABILITY ASSURANCE NETWORK

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
OPERATING REVENUES		
Premium contributions	$ 26,609,070	$ 21,961,892
Total Revenues	26,609,070	21,961,892
OPERATING EXPENSES		
Claims expense	11,050,414	4,193,613
Excess insurance	12,332,993	10,768,875
Property insurance	5,386,024	3,817,118
Loss prevention	308,380	784,820
Management and administration	997,482	968,429
Contract services	166,643	99,194
Other expenses	11,038	926
Total Expenses	30,252,974	20,632,975
Operating Income/(Loss)	(3,643,904)	1,328,917
NONOPERATING INCOME/(EXPENSE)		
Investment income	867,017	(1,817,829)
Total nonoperating income	867,017	(1,817,829)
Change in Net Position	(2,776,887)	(488,912)
Net Position		
Beginning of year	25,721,046	26,209,958
End of year	$ 22,944,159	$ 25,721,046

POOLED LIABILITY ASSURANCE NETWORK

STATEMENTS OF CASH FLOWS

FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash Flows From Operating Activities:		
Cash received from members	$ 26,780,535	$ 21,989,771
Cash paid for insurance	(17,719,017)	(14,585,993)
Cash paid for claims	(6,849,302)	(6,740,142)
Cash paid for contract services	(1,453,809)	(1,495,336)
Cash paid to others	(183,050)	(169,319)
Net Cash Flows Provided (Used) by Operating Activities	575,357	(1,001,019)
Cash Flows From Investing Activities:		
Purchase of investments	(14,057,370)	(14,072,120)
Sale/Maturity of investments	13,902,704	13,178,761
Cash received from investment income	972,346	542,842
Net Cash Flows Provided (Used) by Investing Activities	817,680	(350,517)
Net Decrease in Cash	1,393,037	(1,351,536)
Beginning Cash and Cash Equivalents	13,712,871	15,064,407
Ending Cash and Cash Equivalents	$ 15,105,908	$ 13,712,871
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	$ (3,643,904)	$ 1,328,917
(Increase) Decrease in:		
Accounts receivable	171,465	27,879
Increase (Decrease) in:		
Accounts payable	(153,317)	188,714
Claims liabilities	4,201,113	(2,546,529)
Net Cash Provided (Used) by Operating Activities	$ 575,357	$ (1,001,019)
Supplemental Disclosures		
Noncash Investing Activities		
Increase (decrease) in Fair Market Value of Investments	$ (103,233)	$ (756,597)

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.

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.

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, 2023, 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.

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. RISK MANAGEMENT GRANT 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.

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.

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:

	2023	2022
Cash in Bank	$ 172,656	$ 877,301
Cash in CAMP Pool	14,880,842	197,625
Local Agency Investment Fund	52,410	12,637,945
Total Cash and Cash Equivalents	$ 15,105,908	$ 13,712,871

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.

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, 2023, this fund has an average life of 260 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.

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:

2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. INVESTMENTS (CONTINUED)

		Investment Maturities		
Investment Type	Fair Value	< 1yr	1-3 yrs	> 3 yrs
US Treasury Bond/Note	$ 14,819,978	$ -	$ 11,775,481	$ 3,044,497
Supranational Obligations	802,241	-	802,241	-
Municipal Bond/Note	3,062,997	-	3,062,997	-
Federal Agency CMO	2,222,177	238,967	1,983,210	-
Federal Agency Bond/Note	2,190,174	-	2,190,174	-
Corporate Note	7,550,350	-	5,577,106	1,973,244
Certificates of Deposit	359,757	-	359,757	-
Asset-Backed Security	3,164,986	-	1,269,645	1,895,341
Total	$ 34,172,660	$ 238,967	$ 27,020,611	$ 6,913,082

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, 2023:

Investment Type	Fair Value	Aaa/Aa1-Aa3	A1-A3	Baa1-Baa3	Not Rated
US Treasury Bond/Note	$ 14,819,978	$ 14,819,978	$ -	$ -	$ -
Supranational Obligations	802,241	802,241	-	-	-
Municipal Bond/Note	3,062,997	2,730,151	-	-	332,845
Federal Agency CMO	2,222,177	2,222,177	-	-	-
Federal Agency Bond/Note	2,190,174	2,190,174	-	-	-
Corporate Note	7,550,350	1,486,167	5,283,795	780,387	-
Certificates of Deposit	359,757		359,757	-	
Asset-Backed Security	3,164,986	2,858,656	-	-	306,330
Total	$ 34,172,660	$ 27,109,545	$ 5,643,552	$ 780,387	$ 639,175

2. CASH AND CASH EQUIVALENTS (CONTINUED)

B. INVESTMENTS (CONTINUED)

Concentration of Risk

Investments in any one issuer (other than U.S. Treasury Securities, mutual funds, and external investment pools) that represent 5% or more of total PLAN's investments are as follows:

Issuer	Investment Type	Fair Value	Portfolio Percentage
Federal Agencies Freddie Mac	Federal Agencies Freddie Mac	$2,750,855	8.02%

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, 2023 are as shown below:

Investment Type	Level 1	Level 2	Level 3	Total
US Treasury Bond/Note	$ -	$ 14,819,978	$ -	$ 14,819,978
Supranational Obligations	-	802,241	-	802,241
Municipal Bond/Note	-	3,062,997	-	3,062,997
Federal Agency CMO	-	2,222,177	-	2,222,177
Federal Agency Bond/Note	-	2,190,174	-	2,190,174
Corporate Note	-	7,550,350	-	7,550,350
Certificates of Deposit	-	359,757	-	359,757
Asset-Backed Security	-	3,164,986	-	3,164,986
Total	$ -	$ 34,172,660	$ -	$ 34,172,660

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.

3. CLAIM LIABILITIES

PLAN establishes a liability for both reported and unreported insured events. Liability claim liabilities are reflected on a discounted basis at 2.0% for 2023 and 2022, in accordance with actuarially-determined discount formulas. PLAN does not discount property claims.

	2023	2022
Unpaid claims and claim adjustment expenses at beginning of the fiscal year	$ 21,371,476	$ 23,918,005
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current fiscal year	6,727,349	6,862,618
Increases (Decreases) in provision for insured events of prior fiscal years	3,556,351	(3,400,138)
Claims Administration	766,714	731,133
Total incurred claims and claim adjustment expenses	11,050,414	4,193,613
Payments:		
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	458,607	17,491
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	6,390,695	6,722,651
Total Payments	6,849,302	6,740,142
Total unpaid claims and claim adjustment expenses at end of the fiscal year	$ 25,572,588	$ 21,371,476

3. CLAIM LIABILITIES (CONTINUED)

The components of unpaid claims liability and claims adjustment expense as of June 30, 2023 and 2022 were as follows:

Components of Claims Liabilities				
Claim Reserves	$	11,435,849	$	5,773,081
Claims Incurred But Not Reported (IBNR)		11,364,739		13,295,397
Reserves for unallocated loss adjustment expense (ULAE)		2,772,000		2,302,998
Total Claims Liabilities	$	25,572,588	$	21,371,476
Financial Statement Presentation				
Claims liabilities - current portion	$	5,804,000	$	5,804,000
Claims liabilities - noncurrent portion		19,768,588		15,567,476
Total Claims Liabilities	$	25,572,588	$	21,371,476

As of June 30, 2023 and 2022, the undiscounted unpaid claims and claim adjustment expenses were $26,533,877 and $22,182,073, respectively.

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, 2023 through November 17, 2023, 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, 2023 AND 2022

	Liability		Property		Total	
	2023	2022	2023	2022	2023	2022
Unpaid claims and claim adjustment expenses at beginning of the fiscal year	$ 19,962,515	$ 23,114,005	$ 1,408,961	$ 804,000	$ 21,371,476	$ 23,918,005
Incurred claims and claim adjustment expenses:						
Provision for insured events of the current fiscal year	5,407,349	5,577,196	1,320,000	1,285,422	6,727,349	6,862,618
Increases (Decreases) in provision for insured events of prior fiscal years	3,012,584	(3,873,736)	543,767	473,598	3,556,351	(3,400,138)
Claims Administration	613,371	584,906	153,343	146,227	766,714	731,133
Total incurred claims and claim adjustment expenses	9,033,304	2,288,366	2,017,110	1,905,247	11,050,414	4,193,613
Payments:						
Claims and claim adjustment expenses attributable to insured events of the current fiscal year	-	-	458,607	17,491	458,607	17,491
Claims and claim adjustment expenses attributable to insured events of prior fiscal years	4,712,396	5,439,856	1,678,299	1,282,795	6,390,695	6,722,651
Total Payments	4,712,396	5,439,856	2,136,906	1,300,286	6,849,302	6,740,142
Total unpaid claims and claim adjustment expenses at end of the fiscal year	$ 24,283,423	$ 19,962,515	$ 1,289,165	$ 1,408,961	$ 25,572,588	$ 21,371,476
Components of Claims Liabilities						
Claim Reserves	$ 10,331,123	$ 4,516,117	$ 1,104,726	$ 1,256,964	$ 11,435,849	$ 5,773,081
Claims Incurred But Not Reported (IBNR)	11,180,300	13,143,400	184,439	151,997	11,364,739	13,295,397
Reserves for unallocated loss adjustment expense (ULAE)	2,772,000	2,302,998	-	-	2,772,000	2,302,998
Total Claims Liabilities	$ 24,283,423	$ 19,962,515	$ 1,289,165	$ 1,408,961	$ 25,572,588	$ 21,371,476
Financial Statement Presentation						
Claims liabilities - current portion	$ 5,000,000	$ 5,000,000	$ 804,000	$ 804,000	$ 5,804,000	$ 5,804,000
Claims liabilities - noncurrent portion	19,283,423	14,962,515	485,165	604,961	19,768,588	15,567,476
Total Claims Liabilities	$ 24,283,423	$ 19,962,515	$ 1,289,165	$ 1,408,961	$ 25,572,588	$ 21,371,476

POOLED LIABILITY ASSURANCE NETWORK

CLAIMS DEVELOPMENT INFORMATION – LIABILITY

AS OF JUNE 30, 2023

		For the Policy Years Ended:									
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	Total Required Contribution and Investment Revenue:										
	Earned	$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	$20,099,142
	Ceded- Excess Ins.	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	12,276,972
	Assessments/(Dividends)									-	-
(1)	Net Earned Required Contribution and Investment Revenues	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	7,822,170
(2)	Unallocated Expenses	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	1,856,441
(3)	Estimated Incurred Claims and Expenses										
	End of Year	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	17,684,299
	Ceded	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	12,276,972
	Net Incurred	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	5,407,327
(4)	Paid (Cumulative)										
	End of Year	-	325,000	17,000	1,000	-	-	-	-	-	-
	One Year Later	648,000	1,777,000	175,000	266,000	317,000	36,000	52,320	2,628,613	86,466	
	Two Years Later	812,000	2,214,000	2,983,000	2,242,000	661,000	370,371	56,239	5,435,442		
	Three Years Later	6,234,000	4,276,000	3,635,000	4,766,000	827,000	886,239	559,067			
	Four Years Later	6,731,000	5,344,000	4,543,000	5,178,000	867,136	1,053,811				
	Five Years Later	6,847,000	5,486,000	4,805,000	6,789,446	867,136					
	Six Years Later	6,871,000	5,421,000	4,810,702	7,094,456						
	Seven Years Later	6,875,000	5,471,059	4,811,847							
	Eight Years Later	6,874,570	5,421,059								
	Nine Years Later	6,917,567									
(5)	Estimated Ceded Claims and Expenses	102,338	10,893	2,533,630	2,513,337	5,045	105,661	-	9,350	-	-
(6)	Reestimated Incurred Claims and Expenses										
	End of Year	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	5,407,327
	One Year Later	6,153,000	6,355,000	4,539,000	6,689,000	5,230,000	5,252,000	5,378,320	9,019,052	6,731,144	
	Two Years Later	8,030,000	5,747,000	5,492,000	7,674,000	3,968,000	3,854,371	3,276,016	10,231,670		
	Three Years Later	8,210,000	5,773,000	5,859,000	7,545,000	2,542,221	2,657,858	3,490,886			
	Four Years Later	7,771,000	5,977,000	5,437,000	8,456,398	1,122,774	2,009,278				
	Five Years Later	7,468,000	5,928,000	5,440,839	8,043,351	1,043,281					
	Six Years Later	7,106,000	5,732,059	5,233,404	9,377,184						
	Seven Years Later	6,986,570	5,658,058	5,048,533							
	Eight Years Later	6,977,715	5,430,715								
	Nine Years Later	6,973,674									
(7)	Increase (Decrease) in Estimated Incurred Claims Expense from End of Policy Year	$ 1,439,674	$ (236,285)	$ 665,533	$ 4,804,184	$(5,139,719)	$(5,009,722)	$(3,998,114)	$ 2,636,670	$ 1,153,948	$ -

POOLED LIABILITY ASSURANCE NETWORK

CLAIMS DEVELOPMENT INFORMATION – PROPERTY

AS OF JUNE 30, 2023

	For the Policy Years Ended:									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Required Contribution and Investment Revenue:										
Earned	$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	$7,376,945
Ceded- Excess Ins.	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	5,386,024
Assessments/(Dividends)										
(1) Net Earned Required Contribution and Investment Revenues	192,000	245,000	238,000	263,000	586,000	1,112,000	800,000	1,452,822	1,332,753	1,990,921
(2) Unallocated Expenses	-	-	-	-	-	248,000	259,000	398,855	417,776	449,838
(3) Estimated Incurred Claims and Expenses										
End of Year	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	6,706,024
Ceded	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	5,386,024
Net Incurred	467,000	577,000	398,000	661,000	674,000	768,000	891,000	837,000	1,285,422	1,320,000
(4) Paid (Cumulative)										
End of Year	117,000	227,000	48,000	311,000	392,000	332,000	332,000	466,198	17,491	458,607
One Year Later	286,000	580,000	195,000	667,000	509,000	785,000	882,864	551,312	780,858	
Two Years Later	397,000	567,000	278,000	667,000	508,000	825,159	2,340,874	614,193		
Three Years Later	381,000	590,000	283,000	672,000	556,024	872,790	2,509,680			
Four Years Later	415,000	590,000	283,000	671,930	590,828	872,790				
Five Years Later	455,000	590,000	565,312	626,930	590,828					
Six Years Later	455,000	589,942	565,312	1,121,930						
Seven Years Later	454,595	589,942	579,354							
Eight Years Later	481,992	486,998								
Nine Years Later	353,779									
(5) Reestimated Ceded Claims and Expenses	280,381	178,099	121,269	58,450	29,055	156,347	136,382	123,192	215,075	48,403
(6) Reestimated Incurred Claims and Expenses										
End of Year	467,000	577,000	398,000	661,000	674,000	768,000	891,000	837,000	1,285,422	1,320,000
One Year Later	286,000	580,000	195,000	700,000	701,000	959,000	1,212,755	653,245	1,072,000	
Two Years Later	397,000	567,000	1,091,000	673,000	636,000	906,000	2,342,419	749,728		
Three Years Later	381,000	946,000	566,000	673,000	577,000	909,000	2,510,775			
Four Years Later	1,043,000	590,000	544,000	672,829	591,000	872,790				
Five Years Later	457,000	590,000	565,902	627,509	590,828					
Six Years Later	455,000	589,942	565,902	1,121,930						
Seven Years Later	454,595	589,942	579,354							
Eight Years Later	481,992	486,998								
Nine Years Later	353,779									
(7) Increase (Decrease) in Estimated Incurred Claims Expense from End of Policy Year	$ (113,221)	$ (90,002)	$ 181,354	$ 460,930	$ (83,172)	$ 104,790	$ 1,619,775	$ (87,272)	$ (213,422)	$ -

NOTES TO CLAIMS DEVELOPMENT INFORMATION

CUMULATIVE FROM INCEPTION THROUGH JUNE 30, 2023

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, 2023

	General Liability	Property Liability	Total
ASSETS			
Current Assets			
Cash and cash equivalents	$ 15,105,908	$ -	$ 15,105,908
Investments	234,546	4,421	238,967
Receivables			
Interest	148,004	-	148,004
Excess insurance	110	-	110
Member deductibles	339,443	-	339,443
Total Current Assets	15,828,011	4,421	15,832,432
Noncurrent Assets			
Investments	33,305,863	627,830	33,933,693
Total Assets	49,133,874	632,251	49,766,125
LIABILITIES			
Current Liabilities			
Accounts payable			
Accounts payable	72,081	18,020	90,101
Other accrued liaiblities	26	-	26
Risk management grant payable	1,159,251	-	1,159,251
Claim liabilities	5,000,000	804,000	5,804,000
Total Current Liabilities	6,231,358	822,020	7,053,378
Noncurrent Liabilities			
Claim liabilities	19,283,423	485,165	19,768,588
Total Liabilities	25,514,781	1,307,185	26,821,966
NET POSITION			
Unrestricted	$ 23,619,093	$ (674,934)	$ 22,944,159

POOLED LIABILITY ASSURANCE NETWORK

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

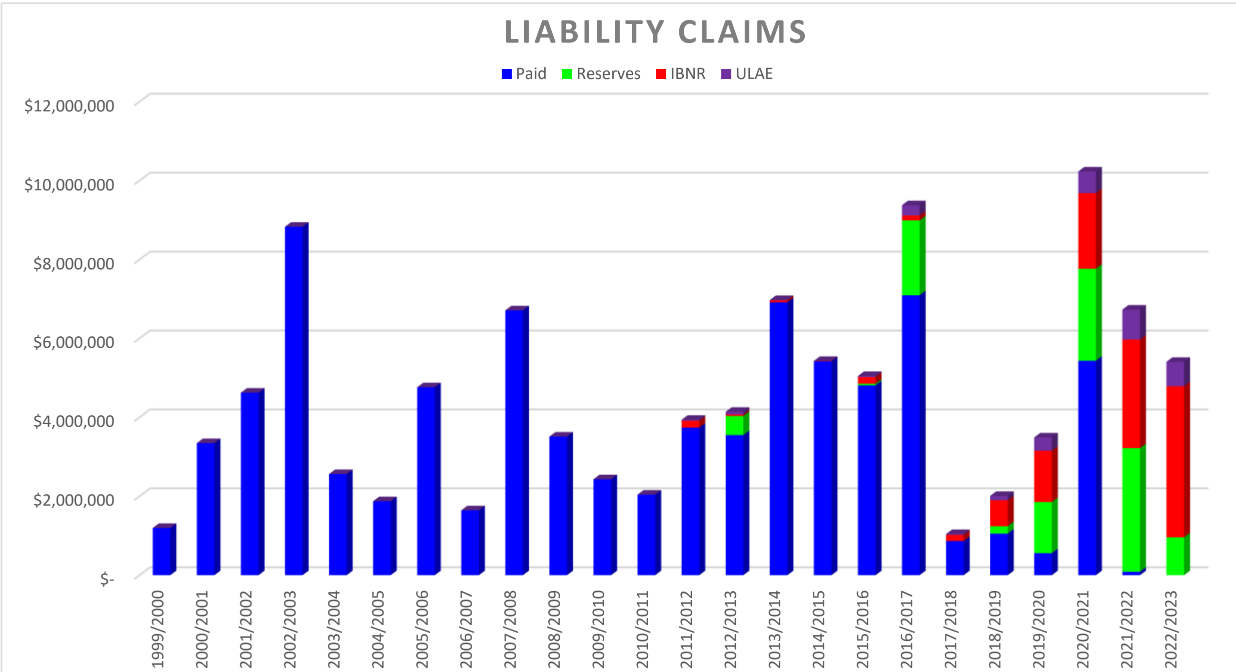
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

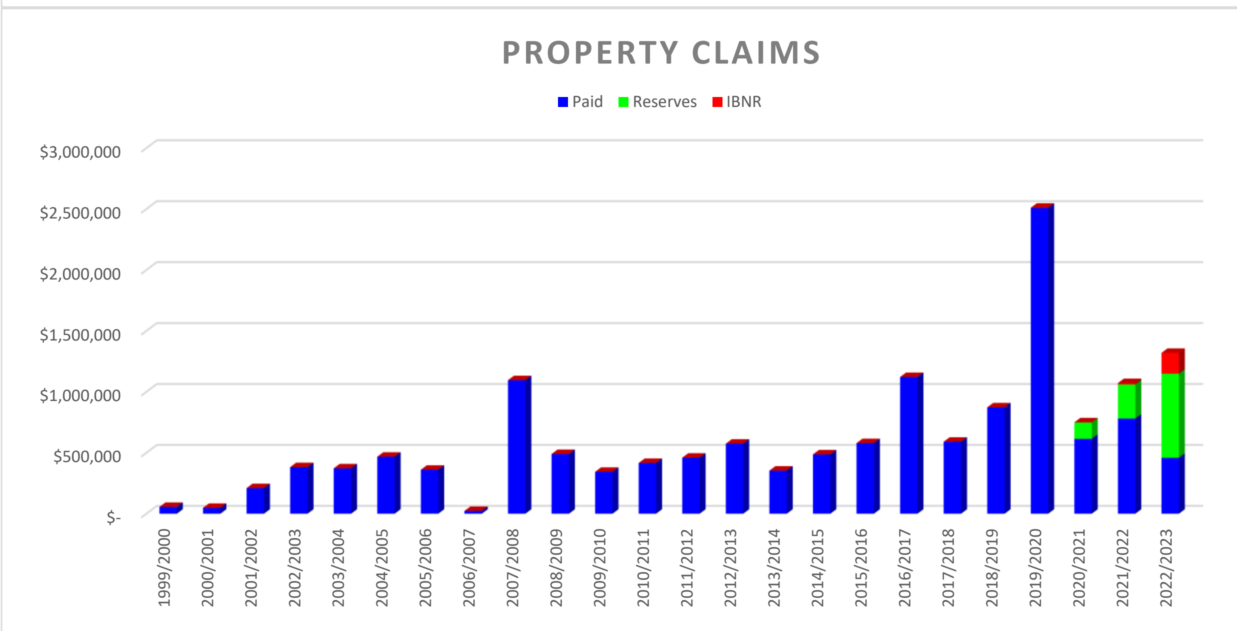
	General Liability	Property Liability	Total
OPERATING REVENUES			
Premium contributions	19,232,125	$ 7,376,945	$ 26,609,070
Total Revenues	19,232,125	7,376,945	26,609,070
OPERATING EXPENSES			
Claims expense	9,033,304	2,017,110	11,050,414
Excess insurance	12,332,993	-	12,332,993
Property insurance	-	5,386,024	5,386,024
Loss prevention	246,703	61,677	308,380
Management and administration	797,983	199,499	997,482
Contract services	131,864	34,779	166,643
Other expenses	10,500	538	11,038
Total Expenses	22,553,347	7,699,627	30,252,974
Operating Income (Loss)	(3,321,222)	(322,682)	(3,643,904)
NONOPERATING INCOME/(EXPENSE)			
Investment income	867,017	-	867,017
Total nonoperating income	867,017	-	867,017
Change in Net Position	(2,454,205)	(322,682)	(2,776,887)
Net Position			
Beginning of year	26,073,298	(352,252)	25,721,046
End of year	$ 23,619,093	$ (674,934)	$ 22,944,159

POOLED LIABILITY ASSURANCE NETWORK

GRAPHICAL SUMMARY OF CLAIMS

AS OF JUNE 30, 2023





James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Tax, and Consulting

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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, 2023 and 2022 and have issued our report thereon dated November 17, 2023. 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 November 17, 2023.

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

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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 20233. 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 November 17, 2023 (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.

James Marta + Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
November 17, 2023

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			
To reclass amounts between programs			
100-2010-50	Accounts Payable - Vendors	18,020	
100-4010-20	Member Contributions: LIAB	498,821	
400-1115-50	Cash - Investments - Securities	632,251	
400-5020-50	Legal Consultants	9,053	
400-5030-50	Actuarial Study	7,686	
400-5035-50	Audit Fees	4,580	
400-5090-50	Board & Committee Meetings	1,450	
400-5105-50	Cyber Security	12,010	
400-5180-50	Claims Administration	153,343	
400-5625-50	Risk Control Services	61,677	
400-6800-50	Allocated Admin-Admin	199,499	
100-1115-50	Cash - Investments - Securities		632,251
100-5020-50	Legal Consultants		9,053
100-5030-50	Actuarial Study		7,686
100-5035-50	Audit Fees		4,580
100-5090-50	Board & Committee Meetings		1,450
100-5105.50	Cyber Security		12,010
100-5180-50	Claims Administration		153,343
100-5625-50	Risk Control Services		61,677
100-6800-50	Allocated Admin-Admin		199,499
400-2010-50	Accounts Payable - Vendors		18,020
400-4012-50	Premiums Direct Billed - Property		498,821
Total		**1,598,390**	**1,598,390**

Proposed Journal Entries

None.

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MANAGEMENT REPRESENTATION LETTER

November 17, 2023

James Marta & Company LLP
Certified Public Accountants
701 Howe Avenue, Suite E3
Sacramento, California 95825

This representation letter is provided in connection with your audit of the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows of Pooled Liability Assurance Network as of June 30, 2023 and 2022 and for the fiscal years then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of Pooled Liability Assurance Network in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of November 17, 2023:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated August 31, 2021, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- We acknowledge our responsibility 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We acknowledge that we are responsible for distributing the issued report as well as the communication with governance letter and internal control letter to all governing board members.

- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- There were no uncorrected misstatements during the current engagement to the applicable opinion units and to the financial statements as a whole.
- We have reviewed and approved the reclassifying journal entries reflected in the audit statements and Attachment A.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- Special items and extraordinary items have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- All required supplementary information is measured and presented within the prescribed guidelines.
- With regard to investments and other instruments reported at fair value:
  - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - The disclosures related to fair values are complete, adequate, and in accordance with U.S. GAAP.
  - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

Information Provided

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- Pooled Liability Assurance Network has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which Pooled Liability Assurance Network is contingently liable.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62

  - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- Pooled Liability Assurance Network has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Required Supplementary Information

With respect to the required supplementary information accompanying the financial statements:

a. We acknowledge our responsibility for the presentation of the required supplementary information in accordance with *Government Auditing Standards*.
b. We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with accounting standards generally accepted in the United States of America.
c. The methods of measurement or presentation have not changed from those used in the prior period.
d. We believe the following significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances:

Significant Assumption or Interpretation	*Basis for Assumption or Interpretation*
Estimated claims liabilities	Actuarial review

Supplementary Information in Relation to the Financial Statements as a Whole

With respect to the supplementary information accompanying the financial statements:

a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with *Government Auditing Standards*.
b. We believe the supplementary information, including its form and content, is fairly presented in accordance with accounting standards generally accepted in the United States of America.
c. The methods of measurement or presentation have not changed from those used in the prior period.
d. We believe the following significant assumptions or interpretations underlying the measurement or presentation of the supplementary information, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances:

Significant Assumption or Interpretation	*Basis for Assumption or Interpretation*
Estimated claims liabilities	Actuarial review

e. When the supplementary information is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

f. We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.

g. We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

Use of a Specialist

The work of a specialist has been used by the entity.

We agree with the findings of specialists in evaluating the claims liabilities and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

D. Eric Dahlen

Eric Dahlen, General Manager

Min Su, Finance Manager

ATTACHMENT A
JOURNAL ENTRIES REPORT

Adjusting Journal Entries

None.

Reclassifying Journal Entries

Account	Description	Debit	Credit
Reclassifying Journal Entries JE # 1			
To reclass amounts between programs			
100-2010-50	Accounts Payable - Vendors	18,020	
100-4010-20	Member Contributions: LIAB	498,821	
400-1115-50	Cash - Investments - Securities	632,251	
400-5020-50	Legal Consultants	9,053	
400-5030-50	Actuarial Study	7,686	
400-5035-50	Audit Fees	4,580	
400-5090-50	Board & Committee Meetings	1,450	
400-5105-50	Cyber Security	12,010	
400-5180-50	Claims Administration	153,343	
400-5625-50	Risk Control Services	61,677	
400-6800-50	Allocated Admin-Admin	199,499	
100-1115-50	Cash - Investments - Securities		632,251
100-5020-50	Legal Consultants		9,053
100-5030-50	Actuarial Study		7,686
100-5035-50	Audit Fees		4,580
100-5090-50	Board & Committee Meetings		1,450
100-5105.50	Cyber Security		12,010
100-5180-50	Claims Administration		153,343
100-5625-50	Risk Control Services		61,677
100-6800-50	Allocated Admin-Admin		199,499
400-2010-50	Accounts Payable - Vendors		18,020
400-4012-50	Premiums Direct Billed - Property		498,821
Total		**1,598,390**	**1,598,390**

Proposed Journal Entries

None.

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

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, 2023 and 2022, 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 November 17, 2023.

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) as a basis for designing 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.

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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 financial statements. 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.

James Marta + Company LLP

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
November 17, 2023.

Agenda Item 7.B.

FINANCIAL MATTERS

SUBJECT: Update on the Property Program Rehabilitation Plan

BACKGROUND AND HISTORY:

As reported in the June 30, 2022, financial audit report, the Pooled Property Program was in a deficit of $352,252. At the October 27, 2022, Executive Committee meeting, staff presented options to bring the Property Program into the positive. These options included Property equity building, higher confidence level funding, a paper transaction between the Liability and Property Programs, and/or risk grant fund balance transfer.

During the December 8, 2022, Strategic Planning Session and Board of Directors meeting, staff was instructed to develop a loan structure between the Liability and Property Programs. The loan was subject to the following components:

- Fund the unfunded liability of $352,252.
- Infuse the program with $2,000,000 to ensure short-term stability.
- Three-year repayment loan structure
- Equity building by way of increased confidence level funding to 85% in three years.
- Risk Grant Fund usage for loan repayment

Update:
During the June 21, 2023, Board of Directors meeting, the Board approved Resolution No. 2023-01: Property Program Rehabilitation Plan. Beginning with the 2023/24 Program Year, PLAN collected the first-year contributions of the Property Rehabilitation Plan. The $784,084 was invoiced as part of the annual member contributions. As of September 30, 2023, all member payments have been received by PLAN.

RECOMMENDATION:

None.

REFERENCE MATERIALS ATTACHED:

None

Agenda Item 8.A.

GENERAL MANAGER'S REPORT

SUBJECT: Report from PLAN JPA's General Manager

BACKGROUND AND HISTORY:

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

- Review and discuss the strategic planning session from November 29, 2023. In addition, the following timeline is suggested for the completion of the strategic plan.
  - 01/25/24 – Presentation of draft strategic plan to the Executive Committee
  - 03/28/24 – Presentation of draft strategic plan to the Board of Directors

- Third Party Administrator contract – Request For Proposals (RFP) timeline
  - 01/03/2024 - Issue RFP
  - 02/15/2024 - Proposal Deadline
  - 03/01/2024 - Select Finalists
  - 04/01/2024 - Select Vendor
  - 07/01/2024 - Implementation

RECOMMENDATION:

Staff recommends the Board of Directors provide direction regarding the expectations surrounding future strategic planning sessions and manner of progress reporting.

REFERENCE MATERIALS ATTACHED:

None

Agenda Item 9.A.

STATE OF THE MARKET

SUBJECT: State of the Market

BACKGROUND AND HISTORY:

PLAN's insurance broker, Seth Cole, Senior Vice President with Alliant Insurance Services, will be in attendance to discuss the current State of the Market in anticipation of the 2024/25 Program Year renewal.

RECOMMENDATION:

None.

REFERENCE MATERIALS ATTACHED:

None

Agenda Item 10.A.

CLAIMS MATTERS

SUBJECT: Litigated Claim 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; and
- Legal cost paid.

RECOMMENDATION:

None.

REFERENCE MATERIALS ATTACHED:

None

Agenda Item 10.B.

CLAIMS MATTERS

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

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BACKGROUND AND HISTORY:

The Third-Party Administrator, Sedgwick, staff are contracted with PLAN JPA to provide claims administration services, including but not limited to:

- Adjusting and managing assigned claims with high quality service;
- Establish, monitor, and timely revise case reserves;
- Assist in the preparation of claims for suit, hearing, trial, or subrogation as appropriate; and
- Preparing and submitting status and administrative reports.

Representatives Dori Zumwalt and Bryan Boyle will present a review of non-litigated claim trends. They will also update members on the Third-Party Administrator team and services they provide.

RECOMMENDATION:

None.

REFERENCE MATERIALS ATTACHED:

None