

EMPLOYMENT RISK MANAGEMENT AUTHORITY (ERMA)

MINUTES OF THE BOARD OF DIRECTORS MEETING OF NOVEMBER 2, 2020

A regular meeting of the Board of Directors of ERMA was held on November 2, 2020, all portions of this meeting were conducted via Webex in accordance with Government Code Section 54953(b). The meeting was conducted under Governor Gavin Newsom's Executive Order N-25-20 wherein public noticing of teleconference locations for each meeting participant is suspended.

BOARD MEMBERS PRESENT: John Gillison, President, PARSAC
Truc Dever, Vice President, VCJPA
Stuart Schillinger, Treasurer, BCJPIA
Scott Ellerbrock, PERMA
Robert Thompson, CalTIP
Sean Scully, CSJVRMA
Don White, ERMAC (*Left during item 9.A.*)
Brett Miller, MBASIA
Linda Cox, MPA
Kevin Bryant, PLAN
John Duckett, SCORE
Charlene Calica, CCCHA
Artesia Dupree, OHA

BOARD MEMBERS ABSENT: *None*

ALTERNATE MEMBERS PRESENT: Kin Ong, PARSAC
Jamie Scott, VCJPA
Heather Rowden, BCJPIA
Deneen Proctor, CSJVRMA
Mellissa Guerrero, ERMAC
Nataline Jindoian, CCCHA

ALTERNATE MEMBERS ABSENT: Yumi Augustus, PERMA
George Fink, CalTIP
Jamie Goldstein, MBASIA
Reina Schwartz, MPA
George Rodericks, PLAN
Drew Felder, OHA
Roger Carroll, SCORE

OTHERS PRESENT: Jennifer Jobe, Executive Director
Mona Hedin, Analyst/Training Coordinator
Kathy Maylin, Litigation Manager
Ligia Nicolae, Litigation Analyst
Alana Theiss, Finance Manager
Doug Alliston, General Counsel
Jared Bryan, Jackson Lewis
Geoff Sheldon, Liebert Cassidy Whitmore (*Joined during Introductions*)
Liz Arce, Liebert Cassidy Whitmore
Seth Cole, Alliant
Roger Duffield, in2vate (*Left during item 8.A.*)
Traci Maxey (*Left during item 7.A.*)

Jaesa McCulligan, BCJPIA
Chrissy Mack, CalTIP/VCJPA
Conor Boughey, MBASIA
Jon Paulsen, PLAN
Salvador Navarrete, City of Lathrop (*Left after item 10.A.*)
Juliana Burns, City of Lathrop (*Left after item 10.A.*)
Tawnya Bold, City of Lathrop (*Left after item 10.A.*)

1. CALL TO ORDER

The November 2, 2020, Board of Directors Meeting was called to order at 10:01 a.m., by President John Gillison.

2. INTRODUCTIONS

Roll call was conducted, and it was determined a quorum was present.

3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

Truc Dever moved to approve the Agenda as posted. Seconded by Scott Ellerbrock. Roll call was conducted with affirmative votes by Truc Dever, Stuart Schillinger, Scott Ellerbrock, Robert Thompson, Sean Scully, Don White, Jamie Goldstein, Linda Cox, John Duckett, Charlene Calica, Artesia Dupree and John Gillison, with no nays or abstentions. The motion passed unanimously.

4. PUBLIC COMMENTS

None

5. CONSENT CALENDAR

Sean Scully moved to approve the Consent Calendar as follows: A) Minutes of June 9, 2020 Meeting of the Board of Directors and Summary of Action Items; B) General Warrants from May 1, 2020, through September 30, 2020; C) Claims Payments from May 1, 2020, through September 30, 2020; D) Treasurer's Report as of June 30, 2020; E) PFM: Quarter Ended June 30, 2020 Review of Investment Portfolio; F) ERMA Board Document Review Schedule; and G) 2020/21 Goals and Objectives Update. Seconded by John Duckett. Roll call was conducted with affirmative votes by Truc Dever, Stuart Schillinger, Scott Ellerbrock, Robert Thompson, Sean Scully, Don White, Brett Miller, Linda Cox, Kevin Bryant, John Duckett, Charlene Calica, Artesia Dupree and John Gillison, with no nays or abstentions. The motion passed unanimously.

6. PRESENTATION

A. in2vate – Online Training & Employee Reporting Protection Line

Roger Duffield, President, and Traci Maxey, Director of Client and Support Services, in2vate, provided an overview of the services available to ERMA members.

Ms. Maxey reviewed statistics with the Board derived from ERMANet, the learning management system (LMS) utilized by members for live and online training.

She reviewed with the Board the available online modules and noted the SB 1343 training as the most frequently utilized. She further discussed member usage of the LMS throughout the program year, including a breakdown by JPA. Ms. Maxey noted the correlation in the increases in module usage and registrations for live training at the beginning of each program year and speculated upon its relation to member communication from ERMA staff.

Ms. Maxey continued with a review of the Employee Protection Line, and the low level of use by members. She stated that presently, approximately 5% of members are active users of the service.

Ms. Maxey concluded her report by highlighting new services to be introduced in 2021, including splash pages hosting human resource assessments, risk management articles and customizable video and document libraries.

7. ADMINISTRATIVE MATTERS

A. Discussion Regarding the 21st Annual Workshop

Jennifer Jobe, Executive Director, stated ERMA's upcoming Annual Workshop is scheduled to be held on February 11, 2021 with a Board meeting to follow on February 12, 2021 in Napa, California. Ms. Jobe reviewed with the Board the Workshop objectives; to provide education for new Board members, conduct a "year in review" of ERMA's programs and claims and to develop long-term strategic plans and goals for the coming program year.

Ms. Jobe noted that following Coronavirus (COVID-19)-related public health orders, the Board has not made plans to meet in person and requested feedback from the Board to aid in determining whether the Workshop should take place as planned.

Discussion ensued wherein it was determined a modified Workshop would be conducted remotely. The Board expressed a desire to reduce the Workshop from a two-day meeting to one day, with annual program review to be held in the morning and the Board of Directors Meeting to follow in the afternoon.

8. FINANCIAL MATTERS

A. Draft Audited Financial Statements for the Fiscal Year Ended June 30, 2020

Bill Patterson, Sampson, Sampson & Patterson, LLP, reviewed the draft audited financial statements for the Fiscal Year ended June 30, 2020.

Mr. Patterson advised the Board ERMA was provided an unmodified opinion, meaning the financial statements are in accordance with generally accepted accounting principles.

Mr. Patterson reviewed the audit parameters and the program and financial highlights from the 2019/20 Program Year. He discussed the changes in revenues, expenses, assets, and liabilities,

noting total revenues increased by \$733,000; expenses increased by \$1.6 million; assets decreased by \$320,000 and liabilities increased by \$1.2 million over the prior year.

Mr. Patterson then reviewed the Statement of Net Position, presented in comparison format for the current and prior year. He stated the total assets were \$28.7 million, which was a decrease of \$319,000 from the prior year. Total liabilities were noted at \$18.4 million, which was an increase of \$1.2 million over the prior year. Mr. Patterson stated the increase was largely due to claims liabilities increasing over \$4 million.

Mr. Patterson reviewed Operating Revenues which were \$7.8 million, an increase of approximately \$600,000, a result of a 3.5% increase in payroll and a 5.5% increase in the fee for Pooling and Funding Rates. Operating Expenses were \$9.5 million, an increase of \$3.4 million, most of which is related to claims paid and an increase in claims liabilities.

Overall, ERMA experienced a change in Net Position from \$11.7 million in the prior year to \$10.2 million in the current year.

Mr. Patterson concluded his report noting there were no deficiencies in ERMA's internal controls.

Linda Cox moved to accept and file the ERMA Audited Financial Statement for the Fiscal Year Ended June 30, 2020. Seconded by Artesia Dupree. Roll call was conducted with affirmative votes by Truc Dever, Stuart Schillinger, Scott Ellerbrock, Robert Thompson, Sean Scully, Don White, Brett Miller, Linda Cox, Kevin Bryant, John Duckett, Charlene Calica, Artesia Dupree and John Gillison, with no nays or abstentions. The motion passed unanimously.

B. Financial Status Report for the Fiscal Year Ended June 30, 2020

Alana Theiss, Finance Manager, reviewed the Financial Status Report for the Fiscal Year Ended June 30, 2020.

Ms. Theiss noted the decrease in net position included in Mr. Patterson's report and agreed it was primarily due to the increase in claims liabilities and pooling rates as well as the release of dividends of \$1.2 million.

Ms. Theiss reviewed ERMA's net loss of \$1.5 million, confirming the main driver of the loss was adverse claim development for program years 2017/18 and 2018/19.

She then went on to discuss the JPA Performance Report and highlighted the total assets for the last eight years which remain level while the liabilities have increased, resulting in a decrease in net position.

Ms. Theiss concluded her report with a review of member payroll, funding rates, layers of coverage and claims liabilities over the last eight program years.

Linda Cox moved to approve the Internal Financial Statement for the Fiscal Year Ended June 30, 2020, and the JPA Performance Report, as of June 30, 2020. Seconded by Brett Miller. Roll call was conducted with affirmative votes by Truc Dever,

Stuart Schillinger, Scott Ellerbrock, Robert Thompson, Sean Scully, Don White, Brett Miller, Linda Cox, Kevin Bryant, John Duckett, Charlene Calica, Artesia Dupree and John Gillison, with no nays or abstentions. The motion passed unanimously.

C. Resolution No. 2020-4, Establishing All Bank Accounts and Authorized Signatures

Ms. Theiss reviewed ERMA's internal control process for the authorization and execution of all ERMA-related financial transactions. She advised staff proposed a resolution modifying ERMA's current requirement for two signatures on a physical check to a single signature for general and claims accounts.

She noted staff implemented the single signature as an emergency measure in relation to COVID-19, however, is now seeking to formalize the process as it has proven to be effective. Ms. Theiss reviewed the segregation of duties for all financial transactions and confirmed the implementation of a single signature on physical checks would allow staff to meet the objectives of the internal controls over cash disbursements.

A discussion ensued wherein the Board inquired as to the efficacy of delineating the segregated duties within the Resolution. A desire to further modify the Resolution was expressed to clarify internal controls utilized when disbursing payments. Ms. Jobe noted staff would revise the Resolution as discussed and provide the Board with the final proposed document for review at the next Board of Directors Meeting.

9. TRAINING/LOSS PREVENTION MATTERS

A. 2020 Target Risk Appraisal Recommendations

Ms. Theiss advised staff reviews member's loss performance annually to aid in determining whether a member would benefit from a risk assessment. She reviewed the various factors considered in determining a risk assessment recommendation, including frequency, severity, and the overall loss ratio for each member using payroll, contribution, number of claims, and total incurred data.

She noted ERMA ratios are then compared to each individual member's overall performance. If a member's ratio exceeds two times ERMA's ratio in any of the three categories, they are reviewed by staff for consideration of a risk assessment.

Kathy Maylin, Litigation Manager, stated in addition to the factors noted by Ms. Theiss, staff also utilizes the relationship with the member to take in to account cultural, systematic, departmental, supervisory and other issues that may be adversely affecting the member.

Ms. Maylin concluded by requesting authorization from the Board to conduct a risk assessment of the City of California City, with a follow up report to be presented to the Board at the June Meeting.

Scott Ellerbrock moved to approve the City of California City undergo a risk assessment. Seconded by John Duckett. Roll call was conducted with affirmative votes by Truc Dever, Stuart Schillinger, Scott Ellerbrock, Rob Thompson, Sean Scully, Mellissa Guerrero, Brett Miller, Linda Cox, Kevin Bryant, John Duckett, Charlene Calica, Artesia Dupree

and John Gillison, with no nays or abstentions. The motion passed unanimously.

B. Training Update

Mona Hedin, Analyst & Training Coordinator, provided an update on training activities in the current program year.

Ms. Hedin noted staff has been able to accommodate live training sessions for members by introducing a webinar-based format. She advised scheduled trainings through November have transitioned to this format, which has thus far, been well received by the members. She further noted members are also utilizing the online training available through in2vate in an effort to meet state-mandated training requirements while public health orders remain in place.

Ms. Hedin discussed the Training & Risk Management Consortium (Consortium) implemented on July 1, allowing members to seek reimbursement of up to \$2,500 annually for employment-related training and loss control activities. She advised the Consortium is promoted weekly to each member's designated training contact and to-date, staff has received several inquiries about the program, as well as one request for reimbursement.

It was reported ERMA's strategic partner attorney firms, Jackson Lewis and Liebert Cassidy Whitmore, presented a webinar on September 30, 2020 entitled, "Important Steps to Avoid New Employment Claims and Best Practices for Managing COVID-19 Pandemic Issues." Ms. Hedin noted over 160 individuals participated in the webinar and 150 requests for the recording have been received. She advised a formal question and answer document was provided to all registered individuals addressing inquiries received during the webinar.

Ms. Hedin stated that during the November 2019 Board Meeting; a discussion was held regarding the availability of a survey wherein members are able to self-certify compliance with state-mandated training. Ms. Hedin stated with assistance from the Training Ad Hoc Committee, staff developed a self-certification survey to provide to members beginning January 1. She noted the survey would be made available to members through the weekly Training Bulletin, bi-annual membership letters and will be located on ERMA's website. Ms. Hedin concluded her report by noting staff will monitor member compliance and provide follow-up as necessary at the end of the program year

10. COVERAGE MATTERS

A. City of Lathrop (CSJVRMA) Appeal of Denial of Coverage

Ms. Maylin presented the City of Lathrop's appeal of denial of coverage and provided background information relating to the denial based upon late reporting.

Ms. Maylin stated the City took all appropriate steps in response of the charge and did not believe the late reporting of the claim would result in financial or other prejudice to the ERMA Program.

Salvador Navarrete, Lathrop City Attorney, thanked the Board for the opportunity to present the City's appeal and provided supporting details and background relating to the City's actions.

Scott Ellerbrock moved to grant the City of Lathrop's appeal of denial of coverage with a 25% increase to the SIR from \$25,000 to \$31,250. Seconded by Sean Scully. Roll call was conducted with affirmative votes by Truc Dever, Stuart Schillinger, Scott Ellerbrock, Rob Thompson, Sean Scully, Mellissa Guerrero, Brett Miller, Linda Cox, Kevin Bryant, John Duckett, Charlene Calica, Artesia Dupree and John Gillison, with no nays or abstentions. The motion passed unanimously.

11. CLAIMS MATTERS

A. Closed Session Pursuant to Government Code Section 54956.95(a) to Discuss Claims

Pursuant to Government Code Section 54956.95(a), the Board recessed to Closed Session at 12:28 p.m. to discuss the following claim:

- Hernandez v. City of Lathrop
- Estarziau v. City of Manteca
- Soriano v. City of Twentynine Palms
- Bollinger/Wood v. City of Susanville

B. Report from Closed Session

The Board reconvened to Open Session at 12:42 p.m. The Board met to discuss the claims listed above. Mr. Alliston advised no reportable action was taken in Closed Session.

C. Litigation Managers Report

Ms. Maylin provided the Board with a brief overview of defense counsel's performance relating to timely reporting and status updates. She stated she intends to issue a formal request to the firms that status reports be provided in a timelier manner and in accordance with ERMA defense counsel guidelines.

12. EXECUTIVE DIRECTORS REPORT

Ms. Jobe addressed the Board regarding the following items:

REMIF/CIRA Presentation

Staff provided an overview of ERMA to the California Intergovernmental Risk Authority (CIRA) Transition Committee on October 19, 2020. CIRA is a joint venture wherein participating members of the Redwood Empire Municipal Insurance Fund (REMIF) and the Public Agency Risk Sharing Authority of California (PARSAC) are discussing a merger of the two programs and current REMIF members are considering participation in ERMA's program.

Staffing Update

Ms. Jobe advised Ms. Maylin provided notice of retirement as ERMA's Litigation Manager on September 30, 2021. Both the Board and Ms. Jobe extended gratitude to Ms. Maylin for her many years of service to ERMA both as defense counsel and the Litigation Manager.

Scott Ellerbrock Retirement

Ms. Jobe concluded by recognizing Scott Ellerbrock's final ERMA Board Meeting. Both the Board and Ms. Jobe extended thanks to Mr. Ellerbrock for his years of service and noted his successor, Beth Lyons, will participate in the next Board Meeting as PERMA's primary Board representative in February.

13. **CLOSING COMMENTS**

A. **Board of Directors**

None

B. **Staff**

None

14. **ADJOURNMENT**

The November 2, 2020, ERMA Board of Directors Meeting adjourned at 1:04 p.m. by general consent.

Mona Hedin

Mona Hedin, Board Secretary