

# EMPLOYMENT RISK MANAGEMENT AUTHORITY (ERMA)

## MINUTES OF THE BOARD OF DIRECTORS MEETING OF JUNE 8, 2021

A regular meeting of the Board of Directors of ERMA was held on June 8, 2021. All portions of this meeting were conducted via Zoom 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  
Robert Thompson, CalTIP  
Sean Scully, CSJVRMA  
Melissa Guerrero, ERMAC  
Brett Miller, MBASIA  
Linda Cox, MPA  
Artesia Dupree, OHA  
Beth Lyons, PERMA  
Kevin Bryant, PLAN

**BOARD MEMBERS ABSENT:** None

**ALTERNATE MEMBERS PRESENT:** Kin Ong, PARSAC  
Roger Carroll, SCORE (Alternate)  
Nataline Jindoian, CCCHA (Alternate)

**ALTERNATE MEMBERS ABSENT:** Heather Rowden, BCJPIA  
Yumi Augustus, PERMA  
George Fink, CalTIP  
Tina Friend, MBASIA  
Reina Schwartz, MPA  
George Rodericks, PLAN  
Drew Felder, OHA

**OTHERS PRESENT:** Jennifer Jobe, Executive Director  
Kathy Maylin, Litigation Manager  
Ligia Nicolae, Litigation Analyst  
Jim Elledge, Interim Finance Manager  
Chee Xiong, Senior Accountant  
Doug Alliston, General Counsel  
Michael Christian, Jackson Lewis  
Geoff Sheldon, Liebert Cassidy Whitmore  
Elizabeth Arce, Liebert Cassidy Whitmore  
Seth Cole, Alliant  
Tim Farley, Farley Consulting Services  
Jaesa McCulligan, BCJPIA  
Chrissy Mack, CalTIP/VCJPA  
Jeanette Workman, CSJVRMA  
Marcus Beverly, ERMAC  
Maria De Leon, Sedgwick  
Rachna Singh, Sedgwick  
Stacey Sullivan, Sedgwick

1. CALL TO ORDER/ROLL CALL

The June 8, 2021, Board of Directors Meeting was called to order at 10:00 a.m., by President John Gillison.

2. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

**Linda Cox moved to approve the Agenda as posted. Seconded by Brett Miller. A roll call was conducted. The motion passed unanimously with affirmative votes by Truc Dever, Stuart Schillinger, Robert Thompson, Sean Scully, Melissa Guerrero, Brett Miller, Artesia Dupree, Kevin Bryant, Beth Lyons, Roger Carroll, Nataline Jindoian, and John Gillison with no nays or abstentions.**

3. PUBLIC COMMENTS

None

4. STAFFING UPDATE

Jennifer Jobe, Executive Director, reminded the Board of Kathy Maylin's upcoming retirement and introduced Stacey Sullivan as Ms. Maylin's successor as ERMA Litigation Manager. She noted Ms. Maylin will be working with Ms. Sullivan to ensure a smooth transition through the end of September. Ms. Jobe provided a summary of Ms. Sullivan's work experience before joining Sedgwick, including serving as an Assistant US Attorney for 13+ years.

Ms. Jobe also announced that a new Analyst will be joining the ERMA team at the end of the month to fill the ERMA Analyst position left vacant by Mona Hedin's departure.

President Gillison expressed appreciation to Ms. Maylin and welcomed Ms. Sullivan to ERMA. Mr. Gillison also acknowledged Jim Elledge and Maria De Leon, Sedgwick, for their assistance as ERMA reconstitutes its core service team.

5. CONSENT CALENDAR

Kevin Bryant, PLAN, requested the minutes of the April 27, 2021, be updated to reflect his votes during the Board meeting.

**Kevin Bryant moved, seconded by Truc Dever, to approve the Consent Calendar with the correction discussed, as follows: A) Minutes of April 27, 2021, Board of Directors Meeting, and Summary of Action Items; B) General Warrants from April 1, 2021, through April 30, 2021; C) Claims Payments from April 1, 2021, through April 30, 2021; D) Treasurer's Report as of March 31, 2021; E) Internal Financial Statements as of March 31, 2021; F) PFM Quarterly Investment Report as of March 31, 2021; G) Conflict of Interest Code for ERMA, Effective June 11, 2021; H) Memorandum of Coverage for the 2021/22 Program Year, in redline/strikeout; I) Master Program Document for the 2021/22 Program Year, in redline/strikeout; and J) ERMA Board Document Review Schedule. A roll call was conducted. The motion passed unanimously with affirmative votes by Truc Dever, Stuart Schillinger, Robert Thompson, Sean Scully, Melissa**

**Guerrero, Brett Miller, Artesia Dupree, Kevin Bryant, Beth Lyons, Roger Carroll, Nataline Jindoian, and John Gillison, with no nays or abstentions.**

6. ADMINISTRATIVE MATTERS

A. 2020/21 Goals and Objectives Update

Ms. Jobe reported various activities are in progress according to the goals and objectives the Board established at the 2021 Annual Workshop for the 2021/22 program year and noted recommendations for each of the goals will be brought forward for consideration at the November and January meetings. The goals for 2021/22 are as follows:

**Goal #1: REVIEW CLAIM TYPE CATEGORIES – IN PROGRESS**

- Gender/Sex Discrimination & Harassment
- Retaliation/Whistleblower

**Goal #2: REVIEW FINANCIAL POSITION – IN PROGRESS**

- Identify and conduct net position adequacy stress test
- Review possibility of longer-term investing

**Goal #3: REVIEW INVESTIGATOR PANEL – IN PROGRESS**

- Review Investigation Process & Procedures
- Rates

**Goal #4: REVIEW EXPANSION OF COVERAGE** (to include defense costs associated with wage and hour claims with an applied sub-limit) – **IN PROGRESS**

**Goal #5: DEVELOP CERTIFICATE PROGRAM** (recognition of Agency implementation of recommended policies, procedures, and training pertaining to:) – **IN PROGRESS**

- Electronic communications
- Return-to-Work
- Vaccination
- Hotline

B. Claims Audit Prepared by Farley Consulting Services

Tim Farley, Farley Consulting Services (FCS), provided an overview of the Employment Practices Liability (EPL) Claims Audit Report dated April 14, 2021. Mr. Farley noted only minor deficiencies were observed during the audit, including untimely status updates from defense counsels and investigators and a recommendation to adjust the claims reserve on one claim. He stated, overall, staff continues to conduct effective administration of ERMA claims.

Ms. Maylin was pleased with the results of the audit and offered her response to the deficiencies Mr. Farley discussed.

**Linda Cox moved, seconded by Truc Dever, to accept and file the Employment Practices Liability Claims Audit Report. A roll call was conducted. The motion passed unanimously with affirmative votes by Truc Dever, Stuart Schillinger, Robert Thompson, Sean Scully, Melissa Guerrero, Brett Miller, Artesia Dupree, Kevin Bryant,**

**Beth Lyons, Roger Carroll, Nataline Jindoian, and John Gillison, with no nays or abstentions.**

C. Approval of Amendment Two to the Agreement for Administrative, Litigation Management, and Financial Services

Ms. Jobe advised an earlier draft of the staff report for this item was inadvertently included in the agenda packet that was distributed to the Board. She noted final version is what was presented at the meeting.

Ms. Jobe continued, noting the current contract for program administration expires on June 30, 2023. She indicated that due to the acquisition of Bickmore by York Risk Services (York) in May 2014, an amendment to the contract was approved by the Board in April 2019 that assigned the contract to York. Subsequently, York was acquired by Sedgwick in September 2019. In light the acquisition, a second amendment to the agreement is required to ensure contractual obligations are properly assigned to Sedgwick. Ms. Jobe added that due to the addition of two primary JPA members and each of their underlying members effective July 1, 2021, Amendment Two to the Agreement for Administrative, Litigation Management, and Financial Services proposed a 2% increase to the existing compensation terms in order to meet the needs of the expanded membership. She stated the increase will allow for the continuation of existing allocated staffing resources as well as an expansion to include a full-time Litigation Management and Litigation Analyst, and half-time Administrative Assistant.

Ms. Jobe advised the proposed amendment has been discussed with President Gillison and reviewed by Doug Alliston, General Counsel.

**Artesia moved to approve, seconded by Truc Dever, to approve Amendment Two to the Agreement for Administrative, Litigation Management, and Financial Services. A roll call was conducted. The motion passed unanimously with affirmative votes by Truc Dever, Stuart Schillinger, Robert Thompson, Sean Scully, Melissa Guerrero, Brett Miller, Artesia Dupree, Kevin Bryant, Beth Lyons, Roger Carroll, Nataline Jindoian, and John Gillison, with no nays or abstentions.**

7. ELECTION OF OFFICERS FOR THE 2021/22 AND 2022/23 PROGRAM YEARS

Elections were held for Board Officer positions for a term of two years, program years 2021/22 and 2022/23, as follows:

**Truc Dever moved, seconded by Linda Cox, to elect John Gillison as President. A roll call was conducted. The motion passed unanimously with affirmative votes by Truc Dever, Stuart Schillinger, Robert Thompson, Sean Scully, Melissa Guerrero, Brett Miller, Artesia Dupree, Kevin Bryant, Beth Lyons, Roger Carroll, Nataline Jindoian, and John Gillison, with no nays or abstentions.**

**Stuart Schillinger moved, seconded by John Gillison, to elect Truc Dever as Vice President. A roll call was conducted. The motion passed unanimously with affirmative votes by Truc Dever, Stuart Schillinger, Robert Thompson, Sean Scully, Melissa Guerrero, Brett Miller, Artesia Dupree, Kevin Bryant, Beth Lyons, Roger Carroll, Nataline Jindoian, and John Gillison, with no nays or abstentions.**

**Artesia Dupree moved, seconded by Truc Dever, to elect Stuart Schillinger as Treasurer. A roll call was conducted. The motion passed unanimously with affirmative votes by Truc Dever, Stuart Schillinger, Robert Thompson, Sean Scully, Melissa Guerrero, Brett Miller, Artesia Dupree, Kevin Bryant, Beth Lyons, Roger Carroll, Nataline Jindoian, and John Gillison, with no nays or abstentions.**

8. FINANCIAL MATTERS

A. Review of Annual Retrospective Adjustment Calculation

Jim Elledge, Interim Finance Manager, presented the Annual Retrospective Adjustment Calculation as of March 31, 2021. Mr. Elledge reviewed the conditions in which dividends would be eligible for release through the retrospective adjustment calculation process, including the requirement that the program's overall net position is positive with liabilities stated at the 90% confidence level. Based on the calculation, approximately \$4.5M is eligible for release in the form of a dividend.

Mr. Elledge indicated staff recommends for the Board release not to exceed \$3M in dividends and the remaining eligible dividends to be retained and added to the program's equity. Mr. Elledge reviewed charts illustrating the impact of issuing a \$3M dividend to the surplus and ERMA's three key target equity ratios. The charts indicated that despite the issuance of a dividend, the three key ratios improved. Mr. Elledge noted a calculation using the financial statements as of March 31<sup>st</sup>, assuming a \$1M dividend, was included in the agenda so the Board can easily observe the impact of using multiples of \$1M.

In light of the uncertainties in the insurance market and the addition of a large volume of new members into the program, the Board deliberated whether to declare the release of the entire \$3M or only a portion of the amount as dividends to the membership. The calculation indicated the release of the entire amount would bring the program's net position down to \$12M, which is more than 10 times the pool's self-insured retention (SIR). Mr. Elledge advised ERMA's target equity is only five times the SIR. He suggested the pool revisit the target equity in the future to determine whether it is still appropriate. He noted most pools use 10 times the SIR as standard target equity benchmark.

The Board agreed with the staff's recommendation based on the rationale that the program is still sufficiently funded even with the release of the entire \$3M in dividends, and that there are key metrics in place to ensure appropriate contributions are collected to meet future claims and other financial obligations.

**Roger Carroll moved, seconded by Beth Lyons, to approve a total dividend release of \$3M from program years 2012/13, 2013/14, 2014/15, and 2015/16. A roll call was conducted. The motion passed unanimously with affirmative votes by Truc Dever, Stuart Schillinger, Robert Thompson, Sean Scully, Melissa Guerrero, Brett Miller, Artesia Dupree, Kevin Bryant, Beth Lyons, Roger Carroll, Nataline Jindoian, and John Gillison, with no nays or abstentions.**

B. Proposed Administrative and Operating Budget for the 2021/22 Program Year

Mr. Elledge discussed the proposed budget for the 2021/22 program year, at the 80% confidence level, and discounted at 1.5%. He noted the proposed budget reflects the additions of the California Intergovernmental Risk Authority (CIRA), which represents the combined membership of Public Agency Risk Sharing Authority of California (PARSAC) and Redwood Empire Municipal Insurance Fund (REMIF), Yolo County Public Risk Management Authority (YCPARMIA), City of Sierra Madre (to PARSAC/CIRA), and City of Murietta Fire Department (to PERMA). The budget also reflected an approximate 5% increase in funding rates over last year and flat excess renewal rates.

Mr. Elledge noted staff will incorporate into the final budget the 2%, or \$75,000, increase in the program administration annual base contract price as approved in the prior agenda item. In addition, staff recommended incorporating a \$3,600 increase in the in2vate contact into the final budget, as well as the addition of City of Exeter to CSJVRMA.

Ms. Jobe advised in2vate has not requested a fee increase in over 10 years. She noted the renewal of the contract, which expires in September, was inadvertently omitted from the agenda and the proposed budget. She added in discussion with President Gillison, the renewal contract will be presented for Board consideration at the November meeting, with the increase retroactive to September 1<sup>st</sup>, and clean-up of other items in the contract.

Ms. Jobe added the City of Exeter (CSJVRMA) will also be incorporated into the final budget. The City of Exeter's membership application was approved by the Board later in the agenda.

A question was raised whether to increase the budget for meetings and retreat for 2021/22 program year. Upon a brief discussion, the Board provided direction to adjust the meetings and retreat budget line item accordingly.

**Linda Cox moved, seconded by Artesia Dupree, to approve the proposed Administrative and Operating Budget for the 2021/22 program year at the 80% confidence level, discounted at 1.5%, and to authorize the Executive Director to further adjust the approved budget for billing if CIRA does not elect excess insurance coverage, and for other modifications discussed. A roll call was conducted. The motion passed unanimously with affirmative votes by Truc Dever, Stuart Schillinger, Robert Thompson, Sean Scully, Melissa Guerrero, Brett Miller, Artesia Dupree, Kevin Bryant, Beth Lyons, Roger Carroll, Nataline Jindoian, and John Gillison, with no nays or abstentions.**

9. COVERAGE MATTERS

Seth Cole, Alliant, reported the RSUI has proposed a flat rate renewal for 2021/22 at a premium of \$347,272, a 4% increase over the expiring premium due to increased member payroll for 2021/22. He will be working with staff in securing excess quotes for new members. He advised ERMA to consider a higher aggregate limit for the group, should participation in the excess layers continue to grow in the future.

Ms. Jobe reminded the Board the addition of new members would be a part of the adjustments that will be incorporated into the final budget for 2021/22.

**Artesia Dupree moved, seconded by Roger Carroll, to authorize binding excess coverage through RSUI for the 2021/22 program year, subject to adjustments based on the final decisions from the new members of CIRA and YCPARMIA to participate in the excess layer. A roll call was conducted. The motion passed unanimously with affirmative votes by Truc Dever, Stuart Schillinger, Robert Thompson, Sean Scully, Melissa Guerrero, Brett Miller, Artesia Dupree, Kevin Bryant, Beth Lyons, Roger Carroll, Natalie Jindoian, and John Gillison, with no nays or abstentions.**

10. MEMBERSHIP MATTERS

A. Review of Prospective New Member Application – City of Exeter (CSJVRMA)

President Gillison stated the Underwriting Committee met several times to review a number of membership applications. He expressed appreciation to staff, particularly Ms. Jobe, for their work in preparing the information for the Committee and Board's consideration. He noted that this is the first time that ERMA has received this volume of membership applications within the same period since its inception.

Ms. Jobe reviewed the application of the City of Exeter (underlying member of CSJVRMA). She noted the Underwriting Committee recommended the Board approve the City's application with the condition the City's personnel policies and procedures be updated, reviewed by legal counsel with expertise in public sector employment law, and approved by the City's governing body no later than July 1, 2023.

She advised the recommended condition is a recurring theme throughout the member applications presented for consideration by the Board at the meeting.

B. Review of Prospective New Member Applications – Redwood Empire Municipal Insurance Fund's (REMIF) Underlying Member Entities

Ms. Jobe reminded the Board of its approval of REMIF and its ten underlying member entities at the April 2021 meeting. She noted the applications of the remaining five members were reviewed by the Underwriting Committee, and the Committee provided specific recommendations for each entity, mostly about the lack of updated personnel policies and non-compliance with training mandates.

C. Review of Prospective New Member Applications – Yolo County Public Agency Risk Management Insurance Authority (YCMPARMIA) and Underlying Member Entities

Ms. Jobe reminded the Board that the YCPARMIA and eighteen of its underlying members submitted applications for members in ERMA. She noted the Underwriting Committee reviewed the applications and recommended specific recommendations for each entity, as their exposures are not common among the ERMA members, such as cemetery and school districts, and County. These recommendations mostly pertained to the lack of updated personnel policies, non-compliance with training mandates, or the use of ERMA's defense panel attorneys.

**Linda Cox moved, seconded by Truc Dever, to approve the recommendations presented under Agenda Items 10.A., 10.B., and 10.C. A roll call was conducted. The motion passed**

**unanimously with affirmative votes by Truc Dever, Stuart Schillinger, Robert Thompson, Sean Scully, Melissa Guerrero, Brett Miller, Artesia Dupree, Kevin Bryant, Beth Lyons, Roger Carroll, Nataline Jindoian, and John Gillison, with no nays or abstentions.**

Ms. Jobe advised the member application from the City of Sierra Madre, an underlying member of REMIF, was inadvertently excluded from the meeting agenda. She noted the application and recommendation were reviewed at the April meeting. She added based on direction from General Counsel, the Board is requested to approve the membership application from the City of Sierra Madre.

**Linda Cox moved, seconded by Beth Lyons, to approve the City of Sierra Madre (REMIF) membership application for participation in ERMA effective July 1, 2021. A roll call was conducted. The motion passed unanimously with affirmative votes by Truc Dever, Stuart Schillinger, Robert Thompson, Sean Scully, Melissa Guerrero, Brett Miller, Artesia Dupree, Kevin Bryant, Beth Lyons, Roger Carroll, Nataline Jindoian, and John Gillison, with no nays or abstentions.**

11. TRAINING/LOSS PREVENTION MATTERS

A. Risk Assessment Update – City of California City (PARSAC)

Kathy Maylin, Litigation Manager, stated that at the November 2020 meeting, the Board authorized a risk assessment of the City of California City. She noted the recommendation was for the Litigation Manager to continue to monitor the City's claims activity. She reported both the City Manager and City Attorney have been receptive and proactive in their early involvement in a claim. She noted there are no further recommendations from staff on this matter.

12. LITIGATION MANAGEMENT

A. Report from Kathy Maylin, Litigation Manager

Ms. Maylin reported that as of May 2018, the volume of litigated claims has declined from 36 to 30, with only 23 active litigated claims. To continue the downward trend in claims volume, she suggested ERMA remain focused in educating the membership about ERMA, its programs, available risk control services, reporting requirements, and availability of best practice training. She also emphasized the importance of the litigation management department's involvement and partnership with members in the early stages of claims, promptly assigning a defense attorney, and expanding the defense attorney panel.

Ms. Maylin also suggested adding to the Board annual workshop a discussion on limiting coverage and exposure on claims brought by city council members, and to reevaluate whether the acceptance of late claims should continue to be at the discretion of the litigation manager or if it should be a Board decision. Staff was directed to add both items for discussion at the annual workshop in February 2022.

The Board expressed appreciation to Ms. Maylin for her years of service on ERMA.



Ms. Maylin thank the Board and wished ERMA continued success.

13. CLAIMS MATTERS

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

Ms. Maylin advised there was no longer a need to discuss the Claims listed on the agenda.

- Choate, Shannon v. City of Shafter
- Soriano, Dina v. City of Twentynine Palms
- Reynolds, DeAndre v. City of Victorville

B. Report from Closed Session

No reportable action was taken.

14. CLOSING COMMENTS

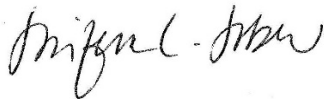
A. Board of Directors

Well-wishes were extended to Ms. Maylin in her upcoming retirement.

B. Staff

15. ADJOURNMENT

The June 8, 2021, ERMA Board of Directors Meeting adjourned at 11:55 a.m. by general consent.



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Jennifer Jobe, Executive Director