

EMPLOYMENT RISK MANAGEMENT AUTHORITY (ERMA)

**MINUTES OF THE BOARD OF DIRECTORS
MEETING OF FEBRUARY 9, 2018**

A regular meeting of the Board of Directors of ERMA was held on February 9, 2018, at the Dream Inn in Santa Cruz, CA.

BOARD MEMBERS PRESENT: Scott Ellerbrock, President, PERMA
John Gillison, Treasurer, PARSAC
Stuart Schillinger, BCJPIA
Robert Thompson, CalTIP
Sean Scully, CSJVRMA
Don White, ERMAC
Jamie Goldstein, MBASIA
Linda Cox, MPA
John Duckett, SCORE
Truc Dever, VCJPA
Charlene Calica, HACCC
Artesia Dupree, OHA

BOARD MEMBERS ABSENT: None

ALTERNATE MEMBERS PRESENT: Shannon Esenwein, CSJVRMA
Brett Miller, MBSIA
Joanne Rennie, PARSAC

ALTERNATE MEMBERS ABSENT: Kerry Trost, PERMA
David Glasser, BCJPIA
George Fink, CalTIP
Tracy Robinson, MPA
Roger Carroll, SCORE
Jamie Scott, VCJPA
Joseph Villarreal, HACCC
Drew Felder, OHA

OTHERS PRESENT: Jennifer Jobe, Executive Director
Nancy Broadhurst, Finance Manager
Kristina Johnson, Board Secretary
Kathy Maylin, Litigation Manager
Julia Byrd, Legal Analyst
Greg O'Dea, General Counsel
Will Portello, Bickmore
Rob Kramer, Bickmore
Jaesa McCulligan, BCJPIA
Jeanette Workman, CSJVRMA
Chrissy Mack, CSJVRMA/VCJPA
Lesley Murphy, Public Financial Management, Inc.
Suzanne Soloman, Liebert Cassidy Whitmore
Mike Simmons, Alliant Insurance Services

1. CALL TO ORDER

The February 9, 2018, Board of Directors meeting was called to order at 10:00 a.m., by President Scott Ellerbrock.

2. INTRODUCTIONS

All of the members were present constituting a quorum.

3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

John Gillison moved to approve the Agenda as posted; seconded by Truc Dever. The motion passed unanimously.

4. PUBLIC COMMENTS

None

5. CONSENT CALENDAR

John Gillison moved to approve the Consent Calendar; seconded by Sean Scully. The motion passed unanimously.

6. ELECTION OF OFFICERS FOR THE 2017/18 AND 2018/19 PROGRAM YEARS

A. Nomination and Election of Vice President – Term Expires June 30, 2019

President Scott Ellerbrock reported with the vacancy of the Vice President position, Mr. John Gillison, PARSAC, accepted the nomination to serve the remainder of the current term, which will expire June 30, 2019.

B. Nomination and Election of Treasurer – Term Expires June 30, 2019

President Ellerbrock stated with Mr. Gillison accepting the nomination of Vice President, the position of Treasurer is vacant. Mr. Ellerbrock reported Ms. Truc Dever, Greater Los Angeles Vector Control District, accepted the nomination to serve the remainder of the current term, which will expire June 30, 2019.

Jamie Goldstein moved to elect John Gillison as Vice President and Truc Dever as Treasurer for the remainder of the current term, effective February 9, 2018, through June 30, 2019; seconded by John Duckett. The motion passed unanimously.

7. GOALS AND OBJECTIVES

A. Review and Approval of ERMA Goals and Objectives Established at the 2018 Annual Workshop

Ms. Jennifer Jobe, Executive Director, directed the Board's attention to the list of Goals and Objectives determined by the Board at the February 8th Workshop. The four listed goals and objectives identified as priorities for the 2018/19 Program Year are; 1) Develop budgetary control point policy; 2) Identify anonymous reporting application options; 3) Identify targeted human resources training; and 4) Develop and implement Phase II; Policy Review initiative.

Truc Dever moved to approve the 2018 Goals and Objectives as presented; seconded by Artesia Dupree. The motion passed unanimously.

8. LITIGATION MANAGEMENT

A. Report from Kathy Maylin, Litigation Manager

Ms. Kathy Maylin, Litigation Manager, provided an update regarding litigation management matters. Ms. Maylin stated of particular note is the increase in the number of harassment claims. Ms. Maylin noted since the November 2017 meeting there are 38 new claims and of those claims, approximately 60% are harassment-based. Ms. Maylin stated this is the largest number of harassment claims she has seen in her tenure with ERMA.

Ms. Maylin expressed ERMA's most effective tool in decreasing harassment claims are the live trainings presented by ERMA's partner attorney firms, Jackson Lewis and Liebert Cassidy Whitmore. Ms. Maylin encouraged the Board to ensure their member's managers are receiving proper training and support.

9. ADMINISTRATIVE MATTERS

A. Bickmore Agreement for Administrative, Litigation Management and Financial Services

Mr. Rob Kramer, Bickmore, stated ERMA's current contract with Bickmore is for five years, expiring on June 30, 2018. Mr. Kramer noted at the November 2017 meeting, the Board requested Bickmore work with President Ellerbrock to negotiate a new five year contract. Mr. Kramer stated he reviewed the agreement and the associated contract fees over the course of the past five years with President Ellerbrock, noting a standard 2% increase year over year.

Discussion ensued regarding the value of services provided by Bickmore. It was expressed that members of the Board believe Bickmore's value is worthy of a 2% increase. The Board also expressed their desire that the agreement reflect staff's intent to disseminate meeting agendas two weeks prior to all scheduled meetings.

Mr. Kramer stated Bickmore would include in the agreement the intent to disseminate meeting agendas two weeks prior to all scheduled meetings.

Truc Dever moved to approve the Bickmore Agreement for Administrative, Litigation Management and Financial Services with the amendment adding staff will strive to disseminate meeting agendas two weeks prior to all scheduled meetings; seconded by Linda Cox. The motion passed unanimously.

B. Alliant Insurance Brokerage and Consulting Agreement

Mr. Mike Simmons, Alliant Insurance Services, noted the Alliant Insurance Brokerage and Consulting Agreement did not reflect changes other than grammatical or typographical “clean-up” items.

Don White moved to approve the three-year renewal agreement with Alliant Insurance Services for the term of July 1, 2018, through June 30, 2021, as presented; seconded by Artesia Dupree. The motion passed unanimously.

C. Sampson, Sampson & Patterson, LLP Financial Audit Contract

Ms. Jobe noted Sampson, Sampson & Patterson, has conducted ERMA’s financial audit for over ten years. The proposed renewal agreement includes an increase of less than 3% over the three-year term.

Jamie Goldstein moved to approve the three-year renewal agreement with Sampson, Sampson, & Patterson, LLP, for years ending June 30, 2019, 2020, and 2021, as presented; seconded by John Gillison. The motion passed unanimously.

D. Draft Resolution 2017-5, Establishing Guidelines Regarding Member Self-Insured Retentions

Ms. Jobe reported the Board identified a need for an established set of guidelines regarding member self-insured retentions (SIR). The proposed policy outlined instances wherein the Board of Directors may consider and elect to impose an increased SIR for existing members based upon factors such as, extraordinarily poor loss history or failure to comply with loss control services, training or auditing programs adopted by ERMA.

Ms. Jobe noted the draft resolution was reviewed and approved by General Counsel.

Artesia Dupree moved to approve Resolution 2017-5, Establishing Guidelines Regarding Member Self-Insured Retentions, as presented; seconded by Truc Dever. The motion passed unanimously.

E. Draft Resolution 2017-4, Establishing a Policy for Reimbursement of Travel Expenses

Ms. Jobe reported Resolution 2017-4 was revised following the Board’s direction at the November 2017 meeting. Ms. Jobe noted internet charges were included as an approved expenditure relative to travel. Ms. Jobe also noted the revised resolution was reviewed and approved by General Counsel.

Linda Cox moved to approve Resolution 2017-4, Establishing a Policy for Reimbursement of Travel Expenses, as presented; seconded by John Gillison. The motion passed unanimously.

F. Consideration of Membership in the Association of Governmental Risk Pools (AGRiP)

Ms. Jobe reported the Association of Governmental Risk Pools (AGRiP) is comprised of JPAs across the nation and membership in AGRiP allows greater access to a variety of resources. Ms. Jobe further reported that if approved by the Board, ERMA will apply under a Pool-Affiliate Membership, as a member of the California Association of Joint Powers Authorities (CAJPA).

Discussion ensued regarding the overall cost of attendance and participation in AGRiP's conferences. The Board directed staff to present an estimate of associated costs and as well, determine general interest in conference attendance, so that any necessary updates may be included in the 2018/19 Program Year budget.

Artesia Dupree moved to approve ERMA's membership and participation in AGRiP; seconded by Truc Dever. The motion passed unanimously.

G. Review of ERMA Website

Ms. Jobe advised additional research was conducted to better determine the public or member-portal placement of agenda packets. Ms. Jobe advised that Mr. Greg O'Dea, General Counsel, reviewed various sections of the Government Code and opined that ERMA would be in compliance with open meeting laws should the agenda packet be placed within the member portal.

Ms. Jobe stated opinions from other Board Counsels were sought and a consensus was reached that the agenda itself must be placed on the public facing website, but packets may be placed within a member portal.

Following additional discussion, it was determined ERMA's full agenda packets should be placed within the public facing website.

Jamie Goldstein moved to release the updated ERMA website to include full agenda packets posted to the public facing site; seconded by John Gillison. The motion passed unanimously.

10. COVERAGE MATTERS

A. Excess Coverage and Marketing Strategy for 2018/19

Mr. Simmons encouraged members to consider coverage limit increases for the coming program year. Mr. Simmons stated Alliant will present options of increased coverage limits to the members in May.

Ms. Jobe reported Alliant will market the program for the first time in several years. As such,

staff has begun the process of collecting the required data and will continue to work with Alliant in order for preliminary pricing and rates to be presented at the May 1, 2018, Board of Directors meeting.

Mr. Simmons reported the aggregate should be adjusted as more members join the program. Under the existing policy, there is a \$1 million dollar limit for each member with a \$2 million dollar member aggregate and \$10 million dollar policy aggregate.

B. Recommended Self-Insured Retention Increases

Ms. Jobe reported that pursuant to the Board's established 2017 goal to conduct an internal analysis of existing member's self-insured retentions (SIR), staff conducted an analysis by comparing current budget data to member's target equity ratios. The analysis was then expanded to consider loss history, current and/or prior recommendations for risk assessments and information provided by ERMA's Litigation Manager regarding overall Agency management organization, cause of claims, etc.

In conducting the analysis, staff identified nine members recommended for an SIR increase. Following further review, staff recommended only one member, the City of West Hollywood, to increase their SIR from \$100,000 to \$250,000. Staff recommended the other eight identified members be monitored throughout the 2017/18 program year.

A separate piece of the analysis included a review of members who fail to comply with ERMA programs, such as the Policy Review Survey. Ms. Jobe noted that adherence to the Board's request to complete the Policy Review Survey was mandatory. Ms. Jobe stated notifications would be issued to those members not in compliance with ERMA's programs, notifying them of the Board's decision to impose an incremental increase to their SIR, effective July 1, 2018. It was also noted that should a Member complete the survey by March 31, 2018, a rescission of the imposed increase would be issued.

Truc Dever moved to approve SIR increases for the Following Members: City of West Hollywood to \$250,000; City of Pacifica to \$75,000; and the City of Walnut Creek to \$75,000, effective July 1, 2018. The recommendations for SIR increases due to "Failure to Comply with ERMA Programs" for the City of Pacifica and the City of Walnut Creek may be rescinded if the Member complies with the Board of Director's request to complete the Policy Review Survey by March 31, 2018; seconded by Artesia Dupree. The motion passed by Scott Ellerbrock, Truc Dever, Stuart Schillinger, Robert Thompson, Sean Scully, Don White, Jamie Goldstein, Linda Cox, John Duckett, Charlene Calica, and Artesia Dupree, with one abstention, John Gillison.

C. City of Susanville Appeal of Denials of Coverage and Late Reporting Penalties

Ms. Maylin reported the City of Susanville appealed the denial of coverage for Wood v. City of Susanville; Bollinger v. City of Susanville; and Jones v. City of Susanville. Ms. Maylin reviewed the Memorandum of Coverage with the Board and the guidelines for accepting claims and the late reporting clause. Ms. Maylin stated the claims are within the 90 day reporting period. Ms. Maylin noted the City submitted a letter stating there was a change in personnel and the new Small Cities Organized Risk Effort (SCORE) representative was not aware claims were

to be submitted to ERMA within a 30-day time period. It was noted the City of Susanville has not incurred a claim in 15 years.

Mr. John Duckett, SCORE, noted the City of Susanville is an extremely small city and losing staff often has a detrimental effect on operations. It was also noted the importance of reporting timely to ERMA is stated at each SCORE Board meeting.

Jaime Goldstein moved to grant the City of Susanville's coverage appeal of Wood v. City of Susanville; Bollinger v. City of Susanville; and Jones v. City of Susanville with a late reporting penalty of \$6,250 per claim; seconded by Truc Dever. The motion passed unanimously.

11. FINANCIAL MATTERS

A. Investment Performance Review Presented by Public Financial Management, Inc.

Ms. Lesley Murphy, Senior Managing Consultant, Public Financial Management, Inc. (PFM) was in attendance to provide an update on ERMA's investment portfolio's investment activities. Ms. Murphy discussed market conditions as of the quarter ended December 31, 2017.

Ms. Murphy noted the trajectory of the two-year treasury yields in 2017 was very similar to that of 2016. Ms. Murphy stated all investments for ERMA are fixed income securities.

Ms. Murphy discussed portfolio values, allocations, credit quality, maturity distributions, municipalities, total returns, income, sector allocation over time, bench mark comparisons, duration distribution, issuers, portfolio transactions, and portfolio management going forward. Ms. Murphy noted the portfolio continues to deliver a strong return versus the benchmark, and since inception it is outperforming the benchmark by 50 basis points.

Ms. Murphy explained PFM has been moving away from Federal Agencies due to how expensive they are and has been investing in supranationals as an alternative because they are AAA rated and the US Government is the largest member of all three supranational obligations that have been purchased.

Ms. Murphy noted ERMA's portfolio is in compliance with both California Government Code and ERMA's Investment Policy.

B. Annual Review and Approval of Investment Policy

Ms. Murphy reviewed the Investment Policy and stated it is in compliance with the California Government Code that mandates the investment of public funds. Ms. Murphy recommended two minor changes to the Investment Policy. The first adjusts the language under the Eligible Securities and Criteria section with regards to local Government Investment Pools, making sure the language matches that of Code. Second, Ms. Murphy recommended deleting the phrase "and seek to maintain a constant net asset value of \$1.00 per share" in the Glossary, since certain types of money market funds are no longer required to maintain a net asset value of \$1.00 per share.

John Gillison moved to approve the Annual Investment Policy as revised; seconded by Don White. The motion passed unanimously.

C. Review of Target Equity Ratios

President Ellerbrock advised that Ms. Broadhurst provided an in-depth presentation to the Board at the 18th Annual Workshop. Ms. Broadhurst noted that next year, staff will incorporate additional ratios to include net amounts of declared dividends.

Jamie Gillison moved to approve the Target Equity Benchmarking Ratio calculation as of June 30, 2017; seconded by John Gillison. The motion passed unanimously.

12. 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 11:27 a.m. to discuss the following claims:

- Salehi v. West Hollywood
- Anderson v. Rialto
- Nekooee v. Rialto
- Teater v. Atwater

B. Report from Closed Session

The Board reconvened to open session at 11:41 a.m. The Board met to discuss the claims listed above. With respect to Salehi v. West Hollywood, Anderson v. Rialto, Nekooee v. Rialto, and Teater v. Atwater, no action was taken.

13. CLOSING COMMENTS

A. Board

None

B. Staff

None

14. ADJOURNMENT

The February 9, 2018, ERMA Board of Directors meeting adjourned at 11:43 a.m. by general consent.



Kristina Johnson, Board Secretary