

EMPLOYMENT RISK MANAGEMENT AUTHORITY (ERMA)

MINUTES OF THE UNDERWRITING COMMITTEE MEETING OF MAY 21, 2020

The meeting of the ERMA Underwriting Committee meeting was held on May 21, 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 participant is suspended.

COMMITTEE MEMBERS PRESENT: John Gillison, President, PARSAC
Truc Dever, Vice President, VCJPIA
Stuart Schillinger, Treasurer, BCJPIA
Scott Ellerbrock, PERMA

COMMITTEE MEMBERS ABSENT: None

OTHERS PRESENT: Jennifer Jobe, Executive Director
Mona Hedin, Board Secretary

1. CALL TO ORDER/ROLL CALL

The May 21, 2020, ERMA Underwriting Committee meeting was called to order at 9:13 a.m. by President John Gillison. It was determined a quorum was present.

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

3. PUBLIC COMMENTS

None.

4. CONSENT CALENDAR

Truc Dever moved to approve the consent calendar as follows: Item A. Minutes – October 15, 2019, Underwriting Committee Meeting. Seconded by Stuart Schillinger. Roll call was conducted with affirmative votes by Truc Dever, Stuart Schillinger, Scott Ellerbrock and John Gillison, with no nays or abstentions. The motion passed unanimously.

5. MEMBERSHIP MATTERS

A. Review of Prospective New Member Applications – Pooled Liability Assurances Network

(PLAN) and Underlying Member Entities

Jennifer Jobe, Executive Director, advised the Committee the Pooled Liability Assurances Network (PLAN) has applied as a participating JPA in ERMA. She noted of PLAN's twenty-eight underlying member entities, three have applied for ERMA membership for the 2020/21 Program Year. Ms. Jobe stated it is staff's opinion PLAN is a good fit with ERMA's other members and noted the program is administered by a third party, Sedgwick, with no in-house staff. She continued with a review of the applications and supporting documentation for each of the three prospective underlying member entities.

City of American Canyon

Ms. Jobe stated the City of American Canyon (City) requested a \$100,000 self-insured retention (SIR); reports payroll of \$7.2M for the 2019 calendar year; and seventy-one (71) full-time and fifteen (15) part-time employees. Ms. Jobe noted there is a discrepancy in the payroll reported by the City and the payroll utilized for the Indication. She advised PLAN collects projected program year versus actual calendar year payroll utilized by ERMA as the exposure base. Ms. Jobe advised staff obtained calendar year payroll from each of the prospective members and will provide updated Indications.

Ms. Jobe advised the City reports three losses within the previous seven fiscal years, all of which are closed, and reviewed each one with the Committee.

Ms. Jobe stated the City is in the process of a comprehensive update of their written policies and procedures with plans for Legal Counsel review upon completion. She noted the City participates in Liebert Cassidy Whitmore's (LCW) Consortium and actively engages LCW to assist in both the defense of claims and all state-mandated training.

John Gillison, Board President, inquired as to the lack of an employee orientation program as indicated on the City's application. Ms. Jobe advised that during a discussion with the City, it was determined the City does, in fact, have a formal orientation program in place.

The Town of Atherton

Ms. Jobe stated the Town of Atherton (Town) requested a \$100,000 SIR; reports payroll of \$7.2M for the 2019 calendar year; and thirty-five (35) full-time and ten (10) part-time employees. Ms. Jobe noted the Town has written personnel policies and procedures in place that have been updated in the most recent five years and are regularly reviewed by Legal Counsel. She further noted the Town is compliant with all state-mandated training.

Ms. Jobe advised the Town reports one loss in the previous seven program years and discussed the details of the pending matter with the Committee.

The Committee noted the lack of a formal orientation process as part of the Town's new employee on-boarding and expressed the requirement for a formal process to be implemented.

Town of Woodside

Ms. Jobe advised the Town of Woodside (Town) has requested a \$50,000 SIR; reports payroll of \$2.2M for the 2019 calendar year; and nineteen (19) full-time and twenty-four (24) part-time employees. Ms. Jobe stated the Town reports no incurred losses within the previous seven program years and has issued a Statement of No Known Losses.

Ms. Jobe confirmed the Town has written personnel policies and procedures in place and is in the process of updating their policies. Upon completion of the updates to the policies and procedures, a thorough review will be conducted by Legal Counsel. The Town is compliant with state-mandated training requirements and stated it frequently coordinates training efforts with neighboring PLAN agencies.

The Committee acknowledged the importance of the Town to formalize a claims handling process immediately, and requested staff work with the Town to ensure the subject process is documented. Ms. Jobe noted that during a discussion with the Town, they expressed desire to work with one of ERMA's strategic partner firms to develop a claim handling process, pending approval of their application.

Scott Ellerbrock moved to recommend the Board of Directors approve the Pooled Liability Assurances Network (PLAN) and their underlying members – City of American Canyon at a \$100,000 SIR, Town of Atherton at a \$100,000 SIR and Town of Woodside at a \$50,000 SIR, effective July 1, 2020. Seconded by Stuart Schillinger. Roll call was conducted with affirmative votes by Truc Dever, Stuart Schillinger, Scott Ellerbrock and John Gillison, with no nays or abstentions. The motion passed unanimously.

B. Review of Prospective New Member Applications – City of Beaumont (ERMAC)

Ms. Jobe reminded the Committee the City of Beaumont (City) applied for participation in ERMA along with two other ERMAC underlying members for the 2016/17 Program Year and was ultimately denied based upon concerns regarding the City's sustainability following then pending legal judgements. Ms. Jobe advised the City currently states significant changes have occurred within the executive management team since their last application and assures ERMA both the City's culture and employment practices have greatly improved and are consistent with the stated policies and procedures.

She advised the City of Beaumont (City) is re-applying for membership with a requested \$500,000 self-insured retention (SIR); reports payroll of \$12.7M for the 2019 calendar year; and one hundred sixty-three (163) full-time and fourteen (14) part-time employees. Ms. Jobe reviewed

the two losses reported by the City in the previous seven fiscal years, and advised they have both been closed.

Ms. Jobe stated the City has comprehensive written personnel policies and procedures in place that were reviewed in 2019 by the City Attorney and is compliant with state-mandated training requirements.

The Committee expressed concern regarding the following items included in the City's application:

- Discrepancy in payroll reported during 2013-2019; and
- Lack of written procedures regarding handling of claims.

The Committee requested staff obtain additional information from the City regarding anticipated layoffs projected over the next twenty-four (24) months as indicated on the application.

Finally, the Committee requested staff advise the City of express participation conditions, as follows:

- The City will retain a pre-identified member of ERMA's defense panel for on-going advice and counsel relating to all employment matters; and
- All claims are to be defended by an approved member of ERMA's defense panel.

Discussion ensued regarding the desire to allow the City to provide additional information based upon the Committee's concerns. The Committee determined that pending receipt of the additional information, a formal recommendation as to the City's application for participation could be made.

6. CLOSING COMMENTS

A. Board

None.

B. Staff

None.

7. ADJOURNMENT

The May 21, 2020, ERMA Underwriting Committee meeting adjourned at 10:20 a.m. by general consent.

Mona Hedin

Mona Hedin, Board Secretary