



**EMPLOYMENT RISK MANAGEMENT AUTHORITY
SPECIAL EXECUTIVE COMMITTEE MEETING
AGENDA**

**Tuesday, August 19, 2025
10:00 a.m.**

[Zoom](#)

**Dial-in Number: (669) 444-9171
Meeting ID: 522 947 7796
Passcode: 186583**

All portions of this meeting will be conducted via teleconference in accordance with Government Code Section 54953. The teleconference locations are as follows: *City of Rancho Cucamonga, 10500 Civic Center Drive, Rancho Cucamonga, CA 91730; 43-420 Trader Place Indio, CA 92201; City of Union City, 34009 Alvarado-Niles Road, Union City, CA 94587; Municipal Pooling Authority, 1911 San Miguel Drive, Walnut Creek, CA 94696; and 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833; WestCat, 601 Walter Avenue, Pinole, CA 94564.*

Each location is accessible to the public, and members of the public may address the Committee from any teleconference location. Alternatively, you may attend the meeting and address the Committee via the Zoom link or dial-in number shown above.

In compliance with the Americans with Disabilities Act, if you need a disability-related modification or accommodation to participate in this meeting, please contact Yvette Flama (yvette.flama@sedgwick.com or 916.730.2667) as early as possible, and preferably at least one full business day before the start of the meeting.

Documents and materials relating to an open session agenda item provided to the Committee will be available for public inspection. Please contact Ms. Flama via phone or email for copies.

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| <u>Page</u> | 1. CALL TO ORDER; ROLL CALL |
| | 2. APPROVAL OF AGENDA AS POSTED (OR AMENDED) |
| | 3. PUBLIC COMMENTS - This time is reserved for members of the public to address the Board relative to matters of ERMA 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. |

4. ADMINISTRATIVE MATTERS

- A. Consideration of Amendment Four to the Contract for Administration, Finance and Litigation Management Services Agreement between ERMA and Sedgwick.

Recommendation: Recommendation: Staff makes no recommendation on this item as Sedgwick has a financial interest in the outcome.

5. CLAIMS MATTERS

- A. Closed Session – Pursuant to Government Code Section §54956.95(a), the Executive Committee will recess to Closed Session to discuss the following claims:

- Ford v. City of Antioch (MPA)

- B. Report from Closed Session

Pursuant to Government Code 54957.1, the Executive Committee must report in Open Session any action, or lack thereof, taken in Closed Session.

6. CLOSING COMMENTS

This time is reserved for comments by the Executive Committee members and staff and to identify matters for future Executive Committee business.

- A. Executive Committee
B. Staff

7. ADJOURNMENT

NOTICE:

The next regular meeting of the Executive Committee will be held on Monday, November 10, 2025, at 10:00 a.m., via Zoom.

ADMINISTRATIVE MATTERS

SUBJECT: Consideration of Amendment Four to the Contract for Administration, Finance and Litigation Management Services Agreement between ERMA and Sedgwick
Presented by Rob Kramer, Executive Director

RECOMMENDATION: *Staff makes no recommendation on this item as Sedgwick has a financial interest in the outcome.*

BACKGROUND AND STATUS:

At the June 2, 2025, ERMA Board of Directors meeting, the Board approved the recommendation from the Executive Committee and Staff to move forward with the implementation of the Dollar One (\$1) initiative for ERMA beginning on July 1, 2025.

As part of that initiative, Staff previously indicated this additional work would likely require an increase to Staff of approximately .5FTE and that the cost of that FTE would likely be about \$75,000. This is the amount that was included in the ERMA 2025/26 annual budget that was also approved at that meeting.

The attached Amendment #4 to the Contract for Administration, Finance and Litigation Management Services was prepared by staff, reviewed by Board counsel, and reviewed by Sedgwick corporate in advance of the meeting and memorializes the previous discussion on this matter.

This time is reserved for review and consideration of this amendment. Staff will be available to answer questions from the Committee.

REFERENCE MATERIALS ATTACHED:

- Previous Memorandum from the Executive Director to the Executive Committee on the general plan for the Dollar One (\$1) Initiative
- Amendment Four to the Contract for Administration, Finance and Litigation Management Services Agreement between ERMA and Sedgwick



March 25, 2025

TO: ERMA Executive Committee

FROM: Rob Kramer, Executive Director

SUBJECT: Moving to Claims Payments from Dollar One by ERMA

CURRENT STATUS

Currently, ERMA's underlying members all select a Self-Insured Retention (SIR) from the following options:

- \$25,000 per occurrence
- \$50,000 per occurrence
- \$75,000 per occurrence
- \$100,000 per occurrence
- \$150,000 per occurrence – **NEW OPTION FOR 2025-26**
- \$250,000 per occurrence
- \$500,000 per occurrence

The underlying member is responsible for submitting all bills to ERMA for review and input to the ERMA claims system.

The underlying member (or in three instances the primary JPA Member) is then responsible for paying all invoices until the member SIR has been satisfied.

CURRENT ISSUES AND CONCERNS

- The review and input of all billings into the ERMA claims system is relatively straight forward. However, because there are different ways in which the SIR's are paid, there can be delays in notifying the underlying members/Members to proceed with paying invoices within their SIR layer.

- There is often some confusion and back and forth, as to how much the underlying member or Member has paid on their (SIR). There also can be confusion as to when ERMA will take over the payments on the claim.
- Sometimes there are duplicate payments on invoices where an underlying member/Member makes payments on claims where ERMA also makes payment.

ANALYSIS

At the most recent ERMA annual workshop, staff proposed and discussed with the group, the possibility of having ERMA make all payments on claims from dollar one (\$1) and then billing the underlying member/Member back for their respective SIRs.

From an operational standpoint, this would NOT change the role of the Litigation Management department with respect to their review and input of all bills into the ERMA claims management system.

However, this change WOULD require additional time spent by the Accounting Team with respect to a significant increase in accounts receivable transactions as well as development and operation of a system to bill members/Members for their SIRs on a routine basis.

In addition, having ERMA pay all claims from dollar one (\$1), would increase ERMA claims payments by approximately \$2,500,000 on average per year. This is not “new” money, but rather taking on the responsibility of what the members/Members have traditionally paid directly to satisfy their respective SIRs for each claim.

Without some additional process or procedure in place, this would result in ERMA losing out on approximately \$115,000 per year (on average) in investment earnings. This would also impact ERMA cash flow.

RECOMMENDATIONS

Based on a thorough internal review of this matter, staff is making the following recommendations to the Executive Committee for presentation to the Board and implementation as of July 1, 2025:

1. ERMA to begin making ALL payments on claims from dollar one (\$1) as of July 1, 2025.
2. ERMA to work with Sedgwick to alter the scope of the current ERMA contract to provide this service, and to add approximately .5 FTE at the staff accountant level to accomplish this change.

3. ERMA transfer \$2,500,000 in current Net Position to a “non-equity ERMA SIR DEPOSIT Fund”. This would keep this amount of previous Net Position in the ERMA program to ensure there is no loss of investment income.

Making this new fund a “non-equity” fund would mean the current ERMA members would forfeit their current right to their equity positions in this fund for the good of the JPA.

If the program was ever unwound or disbanded, these funds would be returned to the ERMA members based on the same pro-rata formula in which they are currently allocated.

- a. Current Net Position at the Expected Confidence level as of June 30, 2024 was \$19,290,095.
4. The ERMA accounting team would begin invoicing members/Members for their SIR once a claim is closed (if under \$25,000), or at \$25,000 increments until a member/Member SIR is satisfied.

AMENDMENT FOUR TO THE
AGREEMENT FOR ADMINISTRATIVE, LITIGATION
MANAGEMENT, AND FINANCIAL SERVICES

This Amendment Four to that certain Agreement for Administrative, Litigation Management and Financial Services, effective as of July 1, 2023 (the "Agreement"), by and between the Employment Risk Management Authority ("ERMA") and Sedgwick Claims Management Services, Inc.

WITNESSETH

WHEREAS, the Agreement at Section 5, Paragraph A, Annual Base Contract Price (ABCP), provides that Sedgwick hereby agrees to perform the services set forth in the agreement for all five years of the Agreement for an "Annual Base Contract Price" (ABCP);

WHEREAS, the ABCP for the fiscal year 2025/26 was set at \$1,390,345 following the approval of Amendment Three to the Agreement related to a \$175,000 increase related to increased claims volume in the program plus any adjustments to account for new or withdrawing members to the program as outlined in Section 6;

WHEREAS, beginning with the fiscal year 2025/26, ERMA and Sedgwick have agreed to an additional \$75,000 increase to the newly calculated ABCP of \$1,381,094 as of July 1, 2025 for a new ABCB in 2025/26 of \$1,456,094 in order to further compensate Sedgwick for additional accounting work required to properly implement the Dollar One (\$1) initiative for all ERMA members;

NOW, THEREFORE, in consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. For fiscal year 2025/26, the ABCP shall be restated at \$1,456,094 in order to further compensate Sedgwick for an increase in accounting work required to properly implement the Dollar One (\$1) initiative for all ERMA members. This provision is incorporated by reference as though fully set forth.
2. All other terms of the Agreement shall remain in full force and effect and are not modified by this Amendment, except as expressly set forth herein. Any conflicts between this amendment and the original Agreement, including any prior executed amendments, shall be superseded by the terms provided herein.

[Signature page follows]

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed on the dates shown below.

SEDGWICK CLAIMS MANAGEMENT
SERVICES, INC.

EMPLOYMENT RISK
MANAGEMENT AUTHORITY

By _____

By _____

Title _____

Title _____

Dated _____

Dated _____

CLAIMS MATTERS

SUBJECT: Closed Session - Pursuant to Government Code §54956.95(a) to
 Discuss Claims
 Presented by Stacey Sullivan, Litigation Manager

RECOMMENDATION: *None.*

BACKGROUND AND STATUS:

The confidential Litigation Manager's Report was distributed to the Executive Committee under separate cover. The Board will discuss the claims listed below during the Closed Session.

Claim
Ford v. City of Antioch (MPA)

REFERENCE MATERIALS ATTACHED:

- Confidential Litigation Manager's Report (distributed under separate cover; copies to be destroyed following completion of the meeting).