



MINUTES

SPECIAL BOARD OF DIRECTORS MEETING

July 5, 2023

A special meeting of the Board of Directors was held virtually on Wednesday, July 5, 2023.

MEMBERS PRESENT:

Adelanto	Jessie Flores
Bell	Sergio Ibarra
Downey	James McQueen
El Monte	Rigoberto Gutierrez
El Segundo	Hank Lu (<i>arrived at 1:23, left at 1:46</i>)
Fullerton	Pamela Mackie
Glendora	Marie Ricci
Hawthorne	Alison Stevens
	Sam English (<i>arrived at 1:46pm</i>)
Huntington Park	Eduardo Sarmiento (<i>left at 1:46</i>)
Inglewood	Debra Carter
Lynwood	Patrick Matson
San Fernando	Nick Kimball
Santa Ana	Debbie Scott-Leistra

MEMBERS ABSENT:

South Gate

OTHERS PRESENT:

Johnson Schachter & Lewis	Kellie Murphy
Eide Bailly	Brent Mason
McCune & Harber LLP	Dana McCune
One Source	Michael Gates
RPA	John Nielsen
	Danielle Rogacki
	Nilsa Quandt

1. CALL TO ORDER

President Sergio Ibarra (Bell) called the meeting to order at 1:03 p.m.

2. ESTABLISHMENT OF QUORUM/INTRODUCTIONS

A quorum was established via roll call.

3. PUBLIC COMMENTS

None.

4. APPROVAL OF AGENDA AS POSTED

Motion by Debbie Scott-Leistra (Santa Ana), seconded by Eduardo Sarmiento (Huntington Park), to advance the Closed Session on the agenda to item #5. Motion passed unanimously via roll call vote, with representatives from Adelanto, Bell, El Monte, El Segundo, Fullerton, Glendora, Hawthorne, Huntington Park, Inglewood, Lynwood, San Fernando, and Santa Ana voting “aye”. Downey was not present.

5. CLOSED SESSION

The Board entered closed session at 1:06 p.m. to discuss the following open claim pursuant to Government Code Section 54956.95(a):

- Huitron v. Hawthorne (GL)

6. REPORT FROM CLOSED SESSION

The Board reconvened to open session at 1:43 p.m.

General Counsel advised that no reportable action was taken

7. Approval of Liability Program Renewal – Reinsurance Layers for 2023-24

John Nielsen, Interim Executive Director, reminded the Board of the approved placement of a \$2M/occurrence limit, excess of an underlying \$2M/occurrence pooled self-insured retention with Everest Reinsurance for a premium of \$8,049,697 from the May 25th Board Meeting. Noting this was nearly a \$500k reduction in premium compared to expiring.

At the June 15th Board meeting, the Board approved placement of the lead liability reinsurance layer with Safety National with a \$5M/occurrence limit excess of a \$4M/occurrence underlying limit, for a premium of \$6,190,379, including the City of Fullerton as a full participant in the Safety National layer. The Board also approved a one-time “Liability Program Reinsurance Layer Inclusion Surcharge” to be charged to the City of Fullerton, in the amount of \$411,193 and to be credited as an offset against the reinsurance premiums charged to all other 2023-24 Liability Program participants. Binding authority was granted to the Administration Team and broker to bind coverage with a \$26M/occurrence limit excess of a \$9M underlying limit for a premium not to exceed \$12,470,000 for the remaining layers of the coverage tower, up to \$35M/occurrence.

Despite their best efforts, the brokerage team was unable to secure final quotes for coverage \$26M/occurrence xs \$9M/occurrence within the authorized budget. Mr. Nielsen stated it will take an additional \$795,000 to place this coverage for the 2023-24 Program Year, for a total of \$13,265,000. The total Liability Program reinsurance/excess premiums will increase from \$21,882,168 to \$27,505,076, an increase of \$5,622,908 (25.70%). Adjusting for the added cost (\$1,063,756) of including Fullerton at a \$4M MRL, the year-over-year increase to the rest of the members is 20.84%. When the \$411,193 Liability Program Reinsurance Layer Inclusion Surcharge to Fullerton is applied and credited to the other Program participants, the increase year-over-year is reduced to 18.96%.

Mr. Nielsen disclosed there are three new carrier partners for the 2023-24 Liability Program structure: Bowhead (\$2.5M xs \$15.5M), Group Ark-Bermuda (\$5M xs \$25M) and Starstone (\$5M xs \$30M).

Action: Motion by Debbie Scott-Leistra (Santa Ana), seconded by Marie Ricci (Glendora), to approve renewal of the Liability Program coverage layers with various carriers, effective July 1, 2023 for coverages with a \$26M/occurrence limit, excess of a \$9M/occurrence underlying limit, for a premium not to exceed \$13,265,000. Motion passed unanimously via roll call vote, with representatives from Adelanto, Bell, Downey, El Monte, Fullerton, Glendora, Hawthorne, Inglewood, Lynwood, San Fernando, and Santa Ana voting "aye". El Segundo and Huntington Park were not present.

8. Approval of Amended Final Budget for Program Year 2023-24

Mr. Nielsen and Brent Mason, Finance Manager (Eide Bailly) presented the amended final budget included in the Board packet. Mr. Nielsen stated the amended budget shows an increase of \$795,000 over what was approved by the Board at the June 15, 2023 Board meeting, to cover the additional costs of Liability Program reinsurance.

Action: Motion by Debra Carter (Inglewood), seconded by Debbie Scott-Leistra (Santa Ana), to approve the Amended Final Budget for Program Year 2023-24. Motion passed unanimously via roll call vote, with representatives from Adelanto, Bell, Downey, El Monte, Fullerton, Glendora, Hawthorne, Inglewood, Lynwood, San Fernando, and Santa Ana voting "aye". El Segundo and Huntington Park were not present.

9. CLOSING COMMENTS

None.

10. ADJOURNMENT

President Ibarra adjourned the meeting at 2:03 p.m.