



MINUTES
ICRMA BOARD OF DIRECTORS MEETING
May 16, 2024

MEMBERS PRESENT:

Adelanto	Jessie Flores
Downey	James McQueen
El Monte	Rigoberto Gutierrez <i>(arrived at 10:30 a.m.)</i>
El Segundo	Rebecca Redyk
Fullerton	Pamela Mackie
	Veronica Gutierrez <i>(left at 1:44 p.m.)</i>
Glendora	Marie Ricci
Hawthorne	Samuel English
Huntington Park	Eduardo Sarmiento
Inglewood	Debra Carter <i>(arrived at 10:25 a.m.)</i>
Lynwood	Patrick Matson
Santa Ana	Aarti Kaushal
San Fernando	Sergio Ibarra
	Erica Melton <i>(left at 1:44 p.m.)</i>
South Gate	Thurman Green

MEMBERS ABSENT:

Bell

OTHERS PRESENT:

AdminSure	Kristen Vanscourt <i>(left at 12:24 p.m.)</i>
Bell	Martha Castillo <i>(left at 1:44 p.m.)</i>
Bickmore Actuarial	Greg Beaulieu <i>(left at 12:55 p.m.)</i>
Carl Warren	Mary Paydar <i>(arrived at 12:55 p.m.)</i>
Eide Bailly	Brent Mason
Gallagher	Susan Blankenburg <i>(left at 1:44 p.m.)</i>
Johnson Schachter & Lewis	Kellie Murphy <i>(arrived at 11:30 a.m.)</i>
Kessel & Megrabyan	Armineh Megrabyan <i>(arrived at 12:55 p.m.)</i>
Mainstream Unlimited	Bob May
Risk Program Administrators	Amber Anderson
	Tyler LaMantia
	Dani Rogacki

1. CALL TO ORDER

President Jessie Flores called the meeting to order at 10:05 a.m.

2. ESTABLISHMENT OF QUORUM/INTRODUCTIONS

A quorum was established, and staff introduced Greg Beaulieu of Bickmore Actuarial Services.

3. PUBLIC COMMENTS

President Flores noted that Item H regarding contract hours for Mainstream Unlimited risk management services provided by Bob May was to be pulled from the agenda and tabled until the June Board meeting.

4. APPROVAL OF AGENDA AS AMENDED

Motion by Sergio Ibarra (San Fernando), seconded by Thurman Green (South Gate), to approve the agenda as amended. Motion passed unanimously by all voting members present. El Monte and Inglewood were not present.

5. CONSENT CALENDAR

Pamela Mackie requested to pull Item I) RPA Contract Deliverables Status Report.

Motion by Pamela Mackie (Fullerton), seconded by Samuel English (Hawthorne), to approve items A) Minutes of the April 11, 2024 Board Meeting and B) Approval of Attorney Addition to the Liability Defense Panel, and to receive and file items C) Approved Minutes of the March 20, 2024 Claims Committee Meeting, D) Disbursements Register: April 2024, E) Quarterly Financials/Treasurer's Report as of March 31, 2024, F) Quarterly Investment Report as of March 31, 2024, G) Quarterly Risk Control Training Opportunities, and H) Annual Calendar Overview. Motion passed unanimously by all voting members present El Monte and Inglewood were not present.

I. RPA Contract Deliverables Status Report

Ms. Mackie requested staff provide an update at the June meeting to review progress on marketing initiatives, including a verbal report regarding prospects for pool growth.

Motion by Pamela Mackie (Fullerton), seconded by Patrick Matson (Lynwood) to receive and file item J) RPA Contract Deliverables Status Report. Motion passed unanimously by all voting members present. El Monte and Inglewood were not present.

6. OPEN SESSION

A. Open Officer Positions – Elections Procedure Review for June

Dani Rogacki, Interim Executive Director, reminded the Board that elections for President and Vice President were to be held at the June 20, 2024 meeting. Ms. Rogacki encouraged any members wishing to nominate themselves to reach out to her or President Flores.

Information only.

B. Appointment of Executive Director

Tyler LaMantia, Area President and ICRMA Executive Sponsor, provided the Board with a summary of Ms. Rogacki's qualifications and accomplishments serving as ICRMA's Interim

Executive Director since October 2023. Following this review, Mr. LaMantia recommended approval of Dani Rogacki as Executive Director. Following a brief discussion, the Board decided to revisit the item at the June 20, 2024 meeting.

Motion by Pamela Mackie (Fullerton), seconded by Sergio Ibarra (San Fernando), to table consideration of the appointment of Dani Rogacki as Executive Director until the June 20, 2024, Board meeting, during which a closed session will be held. Motion passed with Adelanto, Downey, El Segundo, Fullerton, Hawthorne, Lynwood, San Fernando and Santa Ana voting “aye”. Glendora, Huntington Park, Inglewood and South Gate voted “no” and El Monte abstained.

C. Pooled Liability Program Actuarial Report Projected to June 30, 2024

Greg Beaulieu of Bickmore Actuarial presented the Liability Program actuarial report projected to June 30, 2024.

Motion by Pamela Mackie (Fullerton), seconded by Marie Ricci (Glendora), to 1) Receive and file the report, and 2) Approve self-funding of the 2024-25 Liability Program at a 75% confidence level with a 3% discount factor, for a total funding of \$8.3M. Motion passed unanimously by all voting members present.

D. Pooled Workers’ Compensation Program Actuarial Report Projected to June 30, 2024

Mr. Beaulieu presented the Workers’ Compensation (WC) Program actuarial report projected to June 30, 2024.

Motion by Eduardo Sarmiento (Huntington Park), seconded by Rigoberto Gutierrez (El Monte), to 1) Receive and file the report, and 2) Approve self-funding of the 2024-25 WC Program at a 75% confidence level with 2% discount factor, for a total funding of \$908k. Motion passed unanimously by all voting members present.

E. Actuarial Review of the Self-Insured Auto Physical Damage Program Projected to June 30, 2024

Mr. Beaulieu presented the Auto Physical Damage (APD) Program actuarial report projected to June 30, 2024.

Motion by Sergio Ibarra (San Fernando), seconded by Pamela Mackie (Fullerton), to 1) Receive and file report, and 2) Approve self-funding of the 2024-25 APD Program at a 75% confidence level with a 0% discount factor, for a total funding of \$157k. Motion passed unanimously by all voting members present.

F. SimpleLegal Implementation for Legal Bill Review Services

Amber Anderson, Assistant Executive Director, briefed the Board on the status of the Administration team's integration process for adding SimpleLegal e-billing services to the legal bill review workflow. Ms. Anderson assured the Board that the targeted launch, set for July 2024, is on track.

Information only.

G. RPA Contract Deliverables for the 2024-25 Program Year

In presenting the contract deliverables for Administration services in the 2024-25 program year, Ms. Rogacki advised that RPA collaborated with ICRMA's President and Vice President to recommend the following measures:

IN COOPERATION WITH THE BOARD CONTINUE IMPLEMENTING THE MARKETING STRATEGY TO PROMOTE STABILITY AND GROWTH.

1. Attend conferences to market ICRMA, these conferences include CAJPA and California League of Cities, PARMA and CALPELRA. Provide a written summary to the board within 60 days of the conference.
2. Manage the launch, provide ongoing support, and develop a strategy to fully optimize the use of the new and improved website.

SUSTAIN ONGOING COMMUNICATION WITH MEMBERS AND STAKEHOLDERS.

1. Complete on-boarding with new member representatives and provide an update to the Board.
2. Facilitate continued education and communication between member and vendors. Provide a summary of the board by the end of the program year.
3. Issue an Annual Report by December 31, 2024.

CONTINUE TO SHIFT THE CULTURE OF THE POOL BY EMPHASIZING THE STRATEGIC, VISIONARY, AND COLLABORATIVE ASPECTS OF ICRMA' STRATEGIC PLAN.

1. Develop vendor management survey that is strategically aligned with the updated goals of the organization by December 31, 2024.
2. Optimize excess and reinsurance structure to drive down costs for the ICRMA.

Motion by Pamela Mackie (Fullerton), seconded by Eduardo Sarmiento (Huntington Park), to approve the RPA contract deliverables for the 2024-25 program year. Motion passed unanimously by all voting members present.

H. Mainstream Unlimited Contract Hours for 2024-25 Program Year

This item was tabled to be discussed at the June 20, 2024 Board meeting.

I. Liability Program – Buffer Layer for 2024-25

Ms. Rogacki presented the options for the Liability Program buffer layer (\$2M excess of \$2M) for the 2024-25 program year, noting that Gallagher presented two (2) options for placing the “buy down” layer: first was from Everest Reinsurance Company, the existing carrier, with a premium of \$8.9M, representing an 11% increase from previous year, including Crisis Response Coverage. The second option was a Retained Risk Financing Program, also known as Alternative Risk Transfer (ART). This program offers a premium of \$6M per year for the next five years, a 25% decrease compared to the previous year. It allows ICRMA to retain \$4M of each loss, with a cap of \$20M in annual aggregate and \$40M over five years.

Following a lengthy discussion, the Board authorized the Ms. Rogacki to work with the Broker team to continue negotiating terms of the Alternate Risk Transfer option with various different aggregate options, including Gallagher Crisis Protect, and to also bring back the most favorable options available from Everest for the Board to consider.

Motion by Jessie Flores (Adelanto), seconded by Sergio Ibarra (San Fernando), to authorize staff to continue negotiating the ART/GCP option in addition to considering the quote from Everest, and to bring additional options to the June meeting. Motion passed unanimously by all voting members present.

J. Liability Program Renewal – Safety National for 2024-25

Ms. Rogacki reminded the Board that Safety National serves as the primary reinsurer for the Liability Program, with a \$5M per occurrence limit, excess of an underlying \$4M per occurrence limit. Safety National provided a quote for a premium of \$7.3M, representing a 17% increase comprised of a 4% rate increase and a 13% increase in exposures (member payroll).

Motion by Pamela Mackie (Fullerton), seconded by Jessie Flores (Adelanto), to approve renewal of the lead liability reinsurance layer (\$5M excess of \$4M) with Safety National. Motion passed unanimously by all voting members present.

K. Liability Program Renewal – Old Republic for 2024-25

Ms. Rogacki presented the renewal for Old Republic, with a \$4M per occurrence limit, excess of an underlying \$9M per occurrence limit. For the 2024-25 Program Year, a quote for a premium of \$5.2M was provided, representing an 8% increase due to a 4% rate reduction and a 13% increase in exposures (member payroll).

Motion by Pamela Mackie (Fullerton), seconded by Thurman Green (South Gate), to approve renewal of Old Republic for the \$4M excess of \$9M layer of the Liability Program. Motion passed unanimously by all voting members present.

A lunch break was taken from 11:45 a.m. until 12:15 p.m.

L. Excess Workers' Compensation Program Renewal for 2024-25

For the eight (8) Workers' Compensation (WC) Program participants, Ms. Rogacki advised that Safety National quoted a rate of 0.2244, representing a 2% increase from prior year. The renewal proposal also includes a \$2M Employer's Liability limit. Safety National also offered to continue their annual Risk Control sponsorship funding at \$15,000 as part of the quote. The premium quoted by Safety National is \$703,599, compared to expiring premium of \$604,493 resulting in 16% increase due primarily to the increase in exposure base (member payrolls).

Additionally, for 2024-25, ICRMA has the opportunity to consider a buffer layer "buy-down" option from Response Indemnity. This option effectively reduces the WC Program retention to \$1M per occurrence. By binding this coverage, Response Indemnity agrees to cover participants' losses that fall between \$1M and \$2M per occurrence.

Motion by Rigoberto Gutierrez (El Monte), seconded by Patrick Matson (Lynwood) to 1) Approve renewal of Excess Workers' Compensation coverage with Safety National, and 2) Approve renewal of the Workers' Compensation buffer layer "buy down" with Response Indemnity Company of California. Motion passed unanimously by all voting members present.

M. All Risk Property/Equipment Breakdown Renewal for 2024-25

Ms. Rogacki presented a renewal quote from Allianz, underwriter for All Risk Property coverage with form following structure on a per occurrence basis: a limit of \$250M, a pool retention (inclusive of member deductible) of \$250k, and a member deductible of \$10k. Ms. Blankenburg noted that Allianz proposed an annual premium of \$1.3M, representing an increase of 11% due to a 6% rate increase and a 4% increase in exposure/Total Insured Value (TIV).

The Equipment Breakdown aspect of the Program is written by CNA and has a structure that includes only a member deductible and insurance, with no risk sharing. The coverage is structured on a per occurrence basis with a limit of \$250M and a member deductible of \$10k. Last year, CNA had guaranteed its rate for the next three (3) years, contingent upon the Equipment Breakdown loss ratio not exceeding 35%. This is the second year of that agreement. The premium for the Equipment Breakdown coverage is \$47,049 reflecting a \$2,049 increase in premium due to a 5% increase in exposure.

M. Blankenburg indicated that she received an actuarial report that supports funding the \$750K aggregate at \$350K. Further information will be provided at the June board meeting.

Motion by Pamela Mackie (Fullerton), seconded by Samuel English (Hawthorne) to 1) Approve renewal of All Risk Property (buildings & contents) coverage with Allianz, and 2) approve renewal of Equipment Breakdown coverage with CNA. Motion passed unanimously by all voting members present.

N. Auto Physical Damage Program Renewal for 2024-25

Ms. Rogacki advised that the eleven (11) APD program participants were offered terms from Hanover with a proposed premium of \$289,920 which represents an 27% increase from prior year and can be attributed to a 14% increase in exposure/TIV and an 11% increase in rate from Hanover. The rate has been increased from \$0.183 to \$0.203 per \$100 in TIV.

Ms. Blankenburg noted that the Newly Acquired and Substitute Vehicle limit has been increased to 2.0M for the new year and reminded the Board that the APD Program is auditable, based upon final renewal values, stressing that it is crucial that the final values be reported by July 1, 2024, to avoid any potential coverage gaps.

Motion by Patrick Matson (Lynwood), seconded by Sergio Ibarra (San Fernando) to approve renewal of APD coverage with Allianz. Motion passed unanimously by all voting members present.

O. Crime Program Renewal for 2024-25

Ms. Blankenburg advised the Board that Hanover provided options for another three-year term for the primary \$5M limit at a 11% rate reduction over the expiring for a premium of \$35,841. Hanover also provided an option for the full \$10M limit with a \$25K deductible for a 12% rate reduction for a premium of \$35,302. After the Administration and Broker teams reviewed the options presented it was recommended that ICRMA bind coverage for Option 2: a \$10M limit with Hanover as the sole carrier, with a deductible of \$25k per occurrence, except for Social Engineering and Deception Fraud, where the deductible remains \$50k per occurrence. By selecting Option 2, the pool can avoid any potential gaps in coverage during the claims adjudication process.

Motion by Pamela Mackie (Fullerton), seconded by Debra Carter (Inglewood) to approve renewal of crime coverage with Hanover for the three-year option. Motion passed unanimously by all voting members present.

P. Cyber Liability Coverage Renewal for 2024-25

Ms. Blankenburg reviewed in detail the options provided to the Board for cyber liability, noting that Great American provided a quote with a 2% premium decrease, comprised of a 7% increase in exposure (budget) and a 9% decrease in rate. Houston Casualty Company (Houston) provided two (2) competitive quotes for comparison: the first follows the same structure as Great American with a 10% premium decrease, including a 7% increase in exposure (budget) and a 16% decrease in rate, and the second provided significantly decreased deductibles via three levels of deductibles: Group 1 with a \$25k per occurrence deductible, Group 2 with a \$50k per occurrence deductible; and Group 3 with a \$100k per occurrence deductible. The premium for this quote was \$392,084, a 24% increase over expiring. Though the rate increase is 16% over expiring, the decrease in deductibles were considered significant enough to propose to the Board.

Motion by Patrick Matson (Lynwood), seconded by Eduardo Sarmiento (Huntington Park) to approve placement of cyber liability coverage with Houston Casualty Company at their \$392,084 premium with the decreased deductibles. Motion passed with Adelanto, Downey, El Monte, El Segundo, Fullerton, Hawthorne, Huntington Park, Inglewood, Lynwood, San Fernando, Santa Ana and South Gate voting “aye.” Glendora voted “no.”

Q. Earth Movement/Flood DIC Program Renewal for 2024-25

For the Earth Movement/Flood DIC Program, \$100M coverage will be written on a layered basis. The first \$25M will be shared with carriers from London, followed by Arrowhead in the next two (2) layers. The premium for this coverage is \$2.8M, which is an 8% increase from the previous year. This increase includes a 5% increase in exposure and a 2% increase in rate, Ms. Blankenburg advised. Since the members have historically held enough limits to cover the 1,000-year event, Arrowhead has also provided an indication for an additional \$25M in limits in excess of \$100M, at a total cost of \$103,799.08. This would result in an estimated total premium increase of 12%.

Motion by Patrick Matson (Lynwood), seconded by Sergio Ibarra (San Fernando) to approve renewal of Earth Movement/Flood DIC coverage with various underwriters from Lloyd’s and Arrowhead with \$100M in limits. Motion passed unanimously by all voting members present.

R. Preliminary Budget for 2024-25

Brent Mason, Finance Manager, presented the preliminary budget to the Board based on the coverage renewal data available by the time of the meeting.

- PROGRAM, OPERATING, & ADMINISTRATIVE EXPENSES: 4.8% increase
- TERRORISM PROGRAM: 3.8% increase
- CYBER LIABILITY PROGRAM: 0.3% increase (estimated)
- CRIME PROGRAM: 8.5% increase
- EARTH MOVEMENT AND FLOOD PROGRAM: 4.8% increase
- AUTO PHYSICAL DAMAGE PROGRAM: 10.7% increase
- PROPERTY AND EQUIPMENT BREAKDOWN: 10.1% increase (estimated)
- WORKERS’ COMPENSATION PROGRAM: 13.1% increase
- LIABILITY PROGRAM: Option A -11.7% increase; Option B – 4.5% increase
- OTHER: EXITING MEMBER FEES: Monterey Park and Hermosa Beach - \$180,769

Information only.

A break was taken from 1:30 p.m. to 1:44 p.m.

7. CLOSED SESSION

The Board entered into closed session at 1:44 p.m.

8. REPORT FROM CLOSED SESSION

The Board reconvened to open session at 2:28 p.m.

Kellie Murphy, General Counsel, stated no reportable action was taken.

9. CLOSING COMMENTS

None.

10. ADJOURNMENT

President Jessie Flores adjourned the meeting at 2:29 p.m.