

MINUTES
ICRMA BOARD OF DIRECTORS MEETING
December 5, 2024

MEMBERS PRESENT:

Adelanto	Jessie Flores <i>(arrived at 9:45 a.m.)</i>
Bell	Rickey Manbahal
Downey	James McQueen <i>(arrived at 8:47 a.m.)</i>
El Monte	Rigoberto Gutierrez
El Segundo	Paul Chung
Fullerton	Pamela Mackie
	Veronica Gutierrez <i>(left during closed session)</i>
Hawthorne	Sam English <i>(left at 9:14 a.m.)</i>
Huntington Park	Eduardo Sarmiento
Inglewood	Debra Carter
Lynwood	Patrick Matson
Santa Ana	Aarti Kaushal
San Fernando	Sergio Ibarra <i>(arrived at 9:07 a.m.)</i>
South Gate	Thurman Green <i>(arrived at 9:02 a.m.)</i>

MEMBERS ABSENT:

Glendora

OTHERS PRESENT:

AdminSure	Kristen Vanscourt <i>(left during closed session)</i>
Eide Bailly	Brent Mason <i>(left during closed session)</i>
	Devin Sinner <i>(left during closed session)</i>
Johnson Schachter & Lewis	Kellie Murphy
OneSource	Louise Edler <i>(left at 9:10 a.m.; returned at 9:26 a.m.)</i>
	Tyler Conlin <i>(left at 9:10 a.m.; returned at 9:26 a.m.)</i>
Bickmore Actuarial	Mike Harrington <i>(left 8:53 a.m.; returned at 9:26 a.m.; left at lunch)</i>
North Bay Associates (NBA)	Alan Fleming <i>(left 8:53 a.m.; returned at 9:26 a.m.; left at lunch)</i>
Moss Adams	Arthur Ngo <i>(left 8:53 a.m.; returned at 9:26 a.m.; left at lunch)</i>
Lawrence, Beach, Allen & Choi	Christina Springer <i>(arrived at 8:53 a.m.; left at 9:10 a.m.)</i>
Gallagher	Susan Blankenburg <i>(left 8:53 a.m.; returned at 9:26 a.m.; left at lunch)</i>
Risk Program Administrators	Amber Anderson
	Dani Rogacki
	Nilsa Quandt

1. CALL TO ORDER/ESTABLISHMENT OF QUORUM

Vice President Eduardo Sarmiento called the meeting to order at 8:44 a.m.

2. INTRODUCTIONS

A quorum was established, and roll call was taken.

Gina Skibar (Bell) was introduced to the Board. Ms. Skibar will be added as the newest Board of Director following execution of a resolution at Bell's December 11, 2024 City Council meeting.

3. PUBLIC COMMENTS

No public comments were made.

4. APPROVAL OF AGENDA AS POSTED

Motion by Rickey Manbahal (Bell), seconded by Pam Mackie (Fullerton), to approve the agenda as posted. Motion passed unanimously by all voting members present. Adelanto, Downey, San Fernando, and South Gate were not present.

5. INFORMATIONAL ITEMS

Kellie Murphy, General Counsel, provided an update of the Ad Hoc Committee tasked with completion of a Request for Proposals (RFP) for program administration services. Ms. Murphy stated the deadline for proposals was December 2 and three (3) proposals were received. The Committee met on December 4 to review the received proposals, and interviews were being scheduled as a result. Following the interviews, the Committee will provide a final recommendation to the Board at its next meeting.

6. CONSENT CALENDAR

Motion by Rigoberto Gutierrez (El Monte), seconded by Patrick Matson (Lynwood) to approve items:

- A) Minutes of the August 22, 2024 Board Meeting;*
- B) Minutes of the October 15, 2024 Special Board Meeting;*
- C) Minutes of the November 14, 2024 Special Board Meeting;*
- D) Approval of Liability Premium Return;*
- E) Addition of Counsel to the ICRMA Defense Panels;*
- F) Disbursement Registers: August - October 2024; and to receive and file items:*
- G) Approved Minutes of the July 24, 2024 Claims Committee Meeting;*
- H) Disbursements Registers for June and July 2024;*
- I) Quarterly Financial & Treasurer Reports as of June 30, 2024;*
- J) Risk Management Fund Usage & Balance as of June 30, 2024;*
- K) Quarterly Risk Management Training and Universities;*
- L) Annual Calendar Overview; and*
- M) RPA Contract Deliverables for 2024-25.*

Motion passed unanimously by all voting members present. Adelanto, San Fernando & South Gate were not present.

7. CLOSED SESSION

The Board entered closed session at 8:53 a.m.

A. Discussion of Open Claims and Conference with Legal Counsel pursuant to Government Code Section 54956.95:

- Hernandez v. Downey

B. Conference with Legal Counsel regarding Existing Litigation pursuant to Government Code Section 54956.9(d)(1):

- Hawthorne v. ICRMA
- Redondo Beach v. ICRMA
- ICRMA v. Baldwin Park
- Hermosa Beach v. ICRMA

8. REPORT FROM CLOSED SESSION

The Board reconvened to open session at 9:26 a.m.

General Counsel Kellie Murphy reported no reportable action was taken regarding A) Discussion of Open Claims, and no action was taken regarding B) Existing Litigation.

9. OPEN SESSION

A. Confirmation of Appointment to Secretary Position

Dani Rogacki, Executive Director, stated President Ibarra appointed Veronica Gutierrez (Fullerton) to the position of Board Secretary on November 15, 2024.

Motion by Patrick Matson (Lynwood), seconded by Eduardo Sarmiento (Huntington Park), to approve the President's appointment of Veronica Gutierrez as Secretary. Motion passed unanimously by all voting members present. Adelanto was not present

B. Workers' Compensation Claims Audit Results

Alan Fleming of North Bay Associates (NBA) presented audit results to the Board, first advising that a draft of the audit results was provided to the Claims Committee at their October 30, 2024 meeting. Mr. Fleming noted the audit covered claims from October 1, 2022, to September 14, 2024. NBA reviewed 75 primary claims and 15 excess claims. For the initial draft, El Segundo's claims were not audited; however, a supplemental audit was conducted for the El Segundo files an included in the presentation to the Board. Mr. Flemming reviewed recommendations from the TPA Audit and WC Program Management Audit. Responses to the recommendations were provided with the agenda materials, and Kristen Vanscourt, Workers' Compensation Program Manager, addressed the findings briefly.

Motion by Aarti Kaushal (Santa Ana), seconded by Rigo Gutierrez (El Monte), to receive and file the Workers' Compensation Claims Audit results. Motion passed unanimously by all voting members present.

C. Financial Statements and Auditor's Report as of June 30, 2024

Arthur Ngo, Senior Manager, Moss Adams, presented the Auditor's Report for the fiscal year ended June 30, 2024. Mr. Ngo advised the Board that the financial statements present fairly in all material respects the financial position of ICRMA and that management has selected and applied sufficient accounting policies appropriately and consistent with those of the prior year. He also noted the process used by management in formulating particularly sensitive accounting estimates were deemed to be reasonable. Mr. Ngo also reported that disclosures in the financial statements are consistent clear and consistent and that he encountered no significant difficulties during the audit.

Brent Mason, Eide Bailly Senior Manager, provided a brief review of the financial audit process, reviewing five-year trends, and significant asset and liability variances.

Motion by Ricky Manbahal (Bell), seconded by Debra Carter (Inglewood), to file the Financial Statements and Auditors Report as of June 30, 2024. Motion passed unanimously by all voting members present.

D. Reaffirmation of Liability Program Assessment

Ms. Murphy provided a brief background of the 2016 Liability Program assessment. ICRMA, she noted, continues to assert that the Liability Program assessment approved by the Board was proper; however, in light of recent court rulings, ICRMA requested that Bickmore, as actuarial consultant for the pool, conduct a further review of the assessment.

The specific objectives were:

1. Review the JPA and Liability Program bylaws that were in effect during 2016 and discussed the program's authority to levy member assessments.
2. Opine on the ultimate losses and outstanding liabilities for the liability program related to the 2006-07 through 2014-15 program years as known or knowable during 2016 and al-so as known or knowable using current data.
3. Opine on the adequacy of program assets.

Mike Harrington, Bickmore, presented the Board with an overview of the findings of the supplementary report. Mr. Harrington advised that the report's conclusions find the Liability Program was not actuarially sound as of June 30, 2015 and that remained true as of the June 30, 2016 updated accounting. Also noted, the assessed years were unsound under that same

criteria during those periods, and finally, that conclusion remains true under the December 31, 2023 updated loss data.

Motion by Pam Mackie (Fullerton), seconded by Debra Carter (Inglewood), to reaffirm the assessment previously voted on by the board in January 2016 and November 2016. Motion passed unanimously by all voting members present.

A break was taken from 10:45 a.m. to 11:10 a.m.

E. Update on Member Withdrawal Notices

Ms. Rogacki advised the Board that Hawthorne did not rescind withdrawal notice by the December 1 deadline, and that Adelanto, as approved at the November 25th special board meeting, was granted an extension of the deadline to rescind until December 13, 2024. As of the date of the meeting Ms. Rogacki reported she had not received an update.

Information only.

F. Update on Underwriting Renewal Process for 2025-26 Program Year

Amber Anderson, Assistant Executive Director, reviewed the underwriting renewal process for program year 2025-26, reminding the Board of the switch from using RiskPartner to a new renewal database. Ms. Anderson stated the process would be initiated the week of December 6, 2024 with staff first confirming renewal contacts for each of the six (6) questionnaires. Launch of the questionnaires, including access and navigation instructions for the new database, is planned for the week of January 6, 2024.

Motion by Aarti Kaushal (Santa Ana), seconded by Rigoberto Gutierrez (El Monte), to receive and file. Motion passed unanimously by all voting members present.

A lunch break was taken from 11:34 a.m. to 12:09 p.m.

G. Broker Stewardship Report for 2024-25

Susan Blankenburg, Gallagher, presented the Broker Stewardship Report for program year 2023-24. Focal points of the presentation included:

- The liability reinsurance program was renewed at a 5% rate decrease.
- The first layer over liability coverage (\$2M excess of the SIR) was bound with a 10% rate reduction and this rate is locked in until 2029.
- Property rate increased 6%, down from 10% in the prior year.
- Earth Movement & Flood renewed at only a 2% rate increase after restructuring the primary layer moving additional limits to London.
- Excess Workers' Compensation rate increased 2%, with a rate guarantee for 2025-26.
- Cyber rate was reduced, with lower deductibles chosen for an overall increase in premium.

- Purchased Crisis Protection coverage expanding coverage beyond traditional Terrorism, at a \$1M per occurrence/aggregate limit.
- Crime coverage was placed by Hanover on a three-year term basis.
- Retained \$10M in Auto Physical Damage limits with Hanover.

Ms. Blankenburg next provided an overview of the upcoming renewal cycle, committing to providing early indications to the Board on market expectations for the coming year.

Motion by Ricky Manbahal (Bell), seconded by Debra Carter (Inglewood), to receive and file the Broker Stewardship Report for 2024-25. Motion passed unanimously by all voting members present.

H. Member Retained Limit Study Results

Ms. Rogacki stated ICRMA conducted a Member Retained Limit (MRL) Study, which occurs every three to five years, to evaluate member options and determine whether members are contributing appropriate levels. The Board has authority to mandate or approve requested changes in MRLs, provided written notice is given by January 15 each year, as per Article XI, Section G of the ICRMA Bylaws. Ms. Rogacki reviewed the results of the Study, noting that draft reports were provided to the Claims Committee at their October 30th meeting and subsequently emailed to the Board that same day. To date no member had requested an MRL change for 2025-26.

Liability Program:

- The choice of limits offered to Members is appropriate.
- Mixed evidence suggests El Monte and South Gate could have higher retained limits, but they outperform the pool average in claims frequency and loss rate.
- Adelanto shows extreme results in one test due to low payroll and poor claims experience, suggesting a potential need for adjustment.
- Weak evidence indicates Downey, Hawthorne, and Santa Ana could decrease their retained limits, but they have chosen limits equal to or greater than the pool's self-insured retention.
- Overall, El Monte, South Gate and Adelanto could change but it is not imperative.

Workers' Compensation Program:

- The choice of limits offered to Members is appropriate.
- Some evidence suggests El Segundo could have a higher limit, but this is based on older claims data, and recent experience supports their current limit.

Motion by Thurman Green (South Gate), seconded by Debra Carter (Inglewood), to receive and file the pool wide MRL study the 2024-25 program year. Motion passed unanimously by all voting members present.

I. Report from Ad Hoc Committee: Property Appraisals RFP

Ms. Rogacki stated that the Board appointed an Ad Hoc Committee to assist in selecting a vendor for Property Appraisal services, and the Committee released the RFP on August 1, 2024 with responses due by September 13, 2024. Four (4) proposals were received, and following review the Committee conducted interviews, selecting CBIZ as the recommended property appraiser.

Motion by Veronica Gutierrez (Fullerton), seconded by Eduardo Sarmiento (Huntington Park), approve the recommendation to engage CBIZ for a pool-wide property appraisal in 2025, contingent on meeting contract terms. Motion passed unanimously by all voting members present.

J. Vendor Satisfaction Survey Results

Ms. Rogacki gave a brief overview of the Vendor Satisfaction Survey results. Results were shared with vendors prior to the meeting, Ms. Rogacki noted, providing time for feedback and further inquiries from any of the subject vendors.

Motion by Debra Carter (Inglewood), seconded by Pam Mackie (Fullerton), to receive and file the Vendor Satisfaction Survey Results. Motion passed unanimously by all voting members present.

K. Approval of Attorney Additions to the Liability Defense Panel

Tyler Conlin, Assistant Liability Program Manager, acknowledged that typically panel additions are initially presented to the Claims Committee, however the request came in after the last Committee meeting and as the next one is scheduled almost two months out, an approval is required before that date. This request was received from Adelanto to add two attorneys, Algeria Ford & Michaela Sozio of Burke, Williams & Sorensen.

Louise Edler, Liability Program Manager, stated that South Gate also made a request to add three attorneys: Brian Wilson, Rob Crawford and Murray Kamionski. The purpose of the addition is to allow for the attorneys to represent South Gate in a federal action for a wrongful conviction matter.

Motion by Rickey Manbahal (Bell), seconded by Debra Carter (Inglewood), to approve the addition of Brian Wilson, Rob Crawford and Murray Kamionski from Nathan & Kamionski, LLP and Algeria Ford and Michaela Sozio of Burke, Williams & Sorensen to the Liability Defense Panel. Motion passed unanimously by all voting members present.

L. Approval of Contract Addendum: OneSource CMS

Ms. Rogacki reminded the Board that at the August 22, 2024 meeting a one-year extension with One Source was approved by the Board. Staff contacted OneSource CMS to confirm pricing

for the program year (July 1, 2025 –June 30, 2026) based on this direction given. OneSource proposed a five percent (5%) increase in their fee for the next program year. After discussion, the Board directed the Administration team to return to OneSource with a request to negotiate a lower percent increase.

Motion by Pam Mackie (Fullerton), seconded by Debra Carter (Inglewood), to direct staff to request OneSource decrease their proposed annual increase from 5% to 3%. Motion passed unanimously by all voting members present.

M. Approval of Contract for Financial Services: Eide Bailly

Ms. Rogacki advised that current contract for Eide Bailly would expire June 30, 2025 with no further options for extensions. The Board has the option to renew the contract or issue a Request for Proposals (RFP). The last RFP conducted for financial services was in 2020. Eide Bailly provided a letter to the Board proposing terms for a new three-year contract with two one-year extensions. After discussion, the Board directed the Administration team to return to Eide Bailly with a request to renegotiate the proposed rate increases.

Motion by Rickey Manbahal (Bell), seconded by Pam Mackie (Fullerton), to table this item until the December 16, 2024 Special Board Meeting and direct staff to renegotiate the rate increases propose in the contract. Motion passed unanimously by all voting members present.

N. Fall Conference Attendance Recaps

Ms. Anderson provided a summary of recent conferences attended by staff and Board members: CAJPA, League of California Cities, CALPELRA and AGRiP. Board members who attended conferences gave a summary of what they learned from attending. The Administration team reported that, in line with recent marketing initiatives, staff debuted and hosted a new ICRMA-branded exhibit booth, providing marketing giveaways and advertising the pool at both the League of California Cities Conference and the CALPELRA Conference.

Information only.

O. Report on Granted Settlement Authority as of September 30, 2024

Ms. Murphy reported on all finalized settlements approved in the first quarter of 2024-25:

- Aaron Coulter v. Azusa: \$3 million settlement
- Roseanne Germielle v. Inglewood: \$550,000 payment
- Orr-Ryals v. El Segundo: \$2 million settlement

Information only.

4. CLOSING COMMENTS

Ms. Rogacki expressed gratitude for the collaboration and relationships built over the years on behalf of the Administration team, noting RPA would not be attending any future in-person meetings as the contract end approached. The Board thanked the Administration team for all their hard work, as well as their support in making members feel valued.

Pameka Mackie announced that she would be retiring effective December 30, 2024. Ms. Mackie expressed appreciation for the experiences and learning opportunities, and members of the Board thanked her for her service over the years.

5. ADJOURNMENT

The meeting was adjourned at 1:04 p.m.