
MINUTES OF THE MAY 15, 2025 BOARD OF DIRECTORS MEETING

A meeting of the Board of Directors was held at the SpringHill Suites in Downey, CA.

VOTING MEMBERS PRESENT:

Bell	Rickey Manbahal (<i>left at 1:16 p.m.</i>)
Downey	James McQueen
El Monte	Rigoberto Gutierrez (<i>arrived at 10:46 a.m.</i>)
El Segundo	Sharon Brennan
Fullerton	Veronica Gutierrez
Glendora	Marie Ricci (<i>left at 2:15 p.m.</i>)
Huntington Park	Eduardo Sarmiento
Inglewood	Debra Carter (<i>arrived at 10:21 a.m.</i>)
Lynwood	Patrick Matson
San Fernando	Erica Melton
Santa Ana	Luisa Najera
South Gate	Thurman Green (<i>arrived at 10:14 a.m.</i>)

MEMBERS ABSENT:

Adelanto
Hawthorne

OTHERS PRESENT:

Alderman & Hilgers, LLP	Allison Hilgers (<i>arrived at 11:40 a.m.; left at 11:54 a.m.</i>)
Collins + Collins LLP	Howard Franco (<i>arrived at 10:48 a.m.; left at 11:31 a.m.</i>)
Eide Bailly	Brent Mason (<i>left during closed session</i>)
	Devin Sinner (<i>left during closed session</i>)
Gibbons & Conley	Sean Conley (<i>arrived at 10:36 a.m.; left at 10:48 a.m.</i>)
Johnson Schachter & Lewis	Kellie Murphy
OneSource	Louise Edler (<i>left at 10:14 a.m.; returned at 11:40 a.m.</i>)
Gallagher	Susan Blankenburg (<i>left during closed session; left at 2:36 p.m.</i>)
Glendora	Briley Venti
San Fernando	Nick Kimball (<i>left at 10:14 a.m.; returned at 11:40 a.m.; left at 11:55 a.m.</i>)
	Richard Padilla (<i>left at 10:14 a.m.; returned at 11:40 a.m.; left at 11:55 a.m.</i>)
Sedgwick	Eric Dahlen
	Marina Acosta
	Ramon Hernandez
	Jon Paulsen
	Min Su (<i>left during closed session</i>)
Walsworth Law	John Kaniewski (<i>arrived at 10:16 a.m.; left at 10:35 a.m.</i>)
Woodruff & Smart	Caroline Bryne (<i>arrived at 11:55 a.m.; left at 12:19 a.m.</i>)

1. CALL TO ORDER

Vice-President Eduardo Sarmiento called the meeting to order at 10:11 a.m.

2. ESTABLISHMENT OF QUORUM/INTRODUCTIONS

Roll call was taken, and a quorum was established.

3. PUBLIC COMMENTS

No public comments were made.

4. APPROVAL OF AGENDA AS POSTED OR AMENDED

Motion by Veronica Gutierrez (Fullerton), seconded by Rickey Manbahal (Bell), to approve the agenda as posted. Motion passed unanimously by all voting members present. El Monte, Inglewood, and South Gate were not present.

5. CONSENT CALENDAR

Motion by Rickey Manbahal (Bell), seconded by James McQueen (Downey) to approve items:

A) Minutes of the March 6, 2025 Board Meeting; B) Minutes of the April 3, 2025, Special Board Meeting; C) Approved Minutes of the January 29, 2025, Claims Committee Meeting; D) ICRMA Service Organizational Chart; E) Notice of Intent to Withdraw: City of El Segundo and City of Glendora; F) Approval of Attorney Addition to the Liability Defense Panel; G) Disbursements Register: February-April 2025; H) Quarterly Financials/Treasurer's Report as of March 31, 2025; I) Quarterly Investment Report as of March 31, 2025; J) Quarterly Risk Management Fund Balance as of March 31, 2025; K) Quarterly Risk Control Training Opportunities.

Motion to approve Consent Calendar passed unanimously by all voting members present. El Monte, Inglewood, and South Gate were not present.

6. CLOSED SESSION

The Board entered closed session at 10:14 a.m.

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

- Najara v. City of San Fernando
- Salgado v. City of Huntington Park

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

7. REPORT FROM CLOSED SESSION

The Board reconvened to open session at 12:22 p.m.

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

8. OPEN SESSION

A. Executive Director's Report

Eric Dahlen, Executive Director, provided an update on ICRMA's coverage programs, stating that all the Memorandums of Coverage for the 2025-26 fiscal year were approved by the Claims Committee during the meeting held on April 16, 2025. Mr. Dahlen also reported that staff is finalizing negotiations to incept a new Workers' Compensation TPA contract with CorVel, who will provide claims adjusting services for the City of El Segundo. All other members remain under the WC program with Adminsure.

Claims underwriting data submission to the broker (Gallagher), was delayed due to the change in pool administration services. Mr. Dahlen stated Gallagher and the Bickmore actuaries now have all the necessary data, but several inconsistencies have been discovered that may reflect in a mid-year budget adjustment.

Mr. Dahlen updated the Board regarding the April 3, 2025, Strategic Planning Reboot meeting and the key action items that were discussed. Sedgwick's marketing team has been working on creating a marketing road map that will be presented on the June 18, 2025, Board of Directors meeting.

B. Open Officer Positions – Elections Procedure Review for June

Mr. Dahlen presented the elections procedure review for June, stating the Treasurer's position is set to expire on June 30, 2025. Staff will reach out to the Board members for nominations, in order to hold elections at the June 18th Board of Directors meeting.

A question was raised about the terms of the Treasurer and Secretary, and staff were directed to review the bylaws to determine if changes are needed to align their terms, so they run concurrently.

C. Proposed Meeting Dates for 2025-26 Program Year

Marina Acosta, Deputy Executive Director, presented the proposed meeting schedule for the 2025-26 program year as follows:

- August 21, 2025
- December 3-4, 2025 (*Meeting & Strategic Planning Retreat*)
- March 5, 2026

- May 14, 2026
- June 18, 2026

Ms. Acosta clarified that the period between September through December would be used for upcoming conference opportunities for Board members.

Motion by Rickey Manbahal (Bell), seconded by Luisa Najera (Santa Ana), to approve the Board meeting dates for the 2025-26 program year. Motion passed unanimously by all voting members present.

D. Requests to add Attorneys to the Liability Defense Panel

Louise Edler, Liability Program Manager, stated that the City of Downey submitted a request to add John Hochhausler, Geoff Plowden, and Eugene Hanrahan to ICRMA's Liability Defense Panel (panel). Ms. Edler noted there were concerns regarding the number of attorneys being added to the panel but clarified these attorneys all work for Manning & Kass, who are becoming well versed in wrongful conviction cases and would be meaningful additions to the panel.

Motion by Rickey Manbahal (Bell), seconded by James McQueen (Downey), to approve the addition of John Hochhausler, Geoff Plowden, and Eugene Hanrahan to the ICRMA Liability Defense Panel on behalf of City of Downey. Motion passed unanimously by all voting members present.

E. Excess Workers' Compensation Program Renewal for 2025-26

Susan Blankenburg, Gallagher, presented the renewal proposal for Excess WC coverage. She noted Safety National quoted a renewal rate of 0.2117, representing a decrease of 0.248% from the prior year. The proposal also includes a \$2M Employer's Liability limit. Safety National continues to provide Risk Control sponsorship funds at \$15,000 as part of this quote. The premium quoted by Safety National is \$727,102, compared to expiring premium of \$703,599 resulting in a 3% increase due primarily to the increase in member's payroll.

Ms. Blankenburg reported given Safety National's long-term commitment to ICRMA, they are willing to provide a Program Commitment, which confirms their agreement to offer a flat rate for the 2026-27 term.

Response Indemnity has quoted a premium of \$337,059 for the buffer layer, representing a 4% increase in the exposure basis (payroll), while the rate increased by 1% to \$0.18872. Ms. Blankenburg made it clear the amount brought forward for approval includes commercial policy premiums only, the cost to fund the pooled layer, administrative costs (includes broker and TPA fees), have not been computed and are pending.

Motion by Erica Melton (San Fernando), seconded by Luisa Najera (Santa Ana), 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.

F. Equipment Breakdown Program Renewal for 2025-26

Ms. Blankenburg advised the Equipment Breakdown coverage is provided by CNA Insurance and the rate is presented as year two of a three-year deal. Ms. Blankenburg reports a 3% increase because of the same increase in the Total Insurable Value (TIV) exposure. Each member will maintain a \$25K deductible and the pooled layer is \$250K with an aggregated \$750K total deductible.

Motion by Rigoberto Gutierrez (El Monte), seconded by Veronica Gutierrez (Santa Ana), to approve renewal of Equipment Breakdown coverage with CNA. Motion passed unanimously by all voting members present.

G. Auto Physical Damage Program Renewal for 2025-26

The Auto Physical Damage (APD) program participants were offered a proposed premium of \$298,240 for the 2025-26 APD program. The premium represents a 3% increase from prior year and can be attributed to a 7% increase in TIV/exposure. Ms. Blankenburg reminded members the APD coverage is based on replacement cost vs. cash value.

Ms. Blankenburg stated the coverage is written as an Inland Marine policy, it includes a per occurrence and aggregate limit of \$10M. The program also includes a \$25K pool deductible, which includes a \$10K member maintenance deductible. Additionally, the coverage includes \$10M for APD coverage due to Earth Movement and Flood.

Ms. Blankenburg reports despite overall increase in premium, the rate for the upcoming program year decreases by 3% from 0.226 down to 0.219.

Motion by Erica Melton (San Fernando), seconded by Debra Carter (Inglewood), to approve renewal of Auto Physical Damage coverage with Hanover Insurance Company. Motion passed unanimously by all voting members present. Bell was not present.

H. Crime Program Renewal for 2025-26

Ms. Blankenburg advised the Crime coverage is currently offering \$10M for various dishonest acts of employees, including embezzlement, fraudulent transfer of funds, theft of cash, forgery or alteration, computer fraud, funds transfer fraud, and outside premise robbery. Ms. Blankenburg made it clear this is a broad policy that applies to all employees, even volunteers.

2025-26 is year number two of a three-year term for a premium of \$35,302; the exposure has decreased by 2%, but the rate has increased by 3%.

Motion by Rigoberto Gutierrez (El Monte), seconded by James McQueen (Downey), to approve renewal of Crime coverage with Hanover Insurance Company. Motion passed unanimously by all voting members present. Bell was not present.

I. Cyber Liability Coverage Renewal for 2025-26

Ms. Blankenburg presented the renewal with Houston Casualty Company stating that for the second year in a row, they have come in with a price reduction. Houston Casualty Company provided a renewal proposal with an 11% premium decrease (\$392,084 down to \$350,812) and a rate decrease of 13% (0.29347 down to 0.255352).

The City of Inglewood will be submitting a formal written notice to withdraw from the Cyber program.

Motion by Luisa Najera (Santa Ana), seconded by Rigoberto Gutierrez (El Monte), to approve renewal of Cyber Liability coverage with Houston Casualty Company. Motion passed unanimously by all voting members present. Bell was not present.

J. Earth Movement/Flood DIC Program Renewal for 2025-26

For the 2025-26 program structure, the \$100M coverage will continue to be written on a layered basis. The first \$25M will be shared with carriers from London, followed by Arrowhead in the next two layers.

Ms. Blankenburg stated the Earth Movement/Flood DIC program will have an overall savings of 13% in comparison to the previous year, despite a 2% increase in exposure basis with a premium for this coverage at \$2.5M. Ms. Blankenburg did clarify that this is a program is priced at a premium but is optional for the members.

A question arose regarding whether the coverage for loss or damage to buildings and contents caused by landslides is included. Ms. Blankenburg clarified these types of losses are typically not covered by a regular property policy but are covered under the Earth Movement/Flood DIC program.

Motion by Veronica Gutierrez (Fullerton), seconded by Thurman Green (South Gate), 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. Bell was not present.

K. Terrorism Coverage Renewal for 2025-26

Ms. Blankenburg reported that carriers are not providing reductions, due to an increase in unrest and attacks. However, Beazley Excess and Surplus Insurance (Beazley) is offering a rate reduction of 1% with a flat renewal at \$29,303. Beazley provides a \$10M limit with no deductible.

Motion by Patrick Matson (Lynwood), seconded by Luisa Najera (Santa Ana), to approve Terrorism coverage with Beazley Excess and Surplus Insurance. Motion passed unanimously by all voting members present. Bell was not present.

L. Review of ICRMA Allocation

Min Su (Sedgwick), and Brent Mason (Eide Bailly), presented ICRMA's current methodology that was developed in 2017 by Milliman consultants for allocating various costs in developing members contributions for the Liability and Workers' Compensation programs. Mr. Su indicated allocated costs are separated into four components: (i) the Pool's layer cost, determined actuarially by Bickmore and intended to cover the Pool's portion of claim costs for that program year; (ii) the cost of excess insurance; (iii) the costs of administrative expenses and brokerage fees; (iv) and TPA fees.

A discussion ensued with Mr. Su presenting a new proposed methodology that would use the experience modification factor (ex-mod). This calculation is the member's historical losses divided by the member's payroll, relative to the overall pool average. A factor greater than 1.00 indicates that the member's expected loss rate is worse than the pool average. Conversely, a factor less than 1.00 indicates that the member's expected loss rate is better than the pool average. This new methodology was presented with the idea to bring more fairness with member costs across the pool.

After careful review, the Board suggested Sedgwick look at allocation practices for other pools and bring back options to the membership.

M. Preliminary Budget for 2025-26

Mr. Mason, presented the preliminary budget based on the latest available coverage renewal data from the broker, Gallagher:

- Administrative Expenses: 2.0% Decrease
- Terrorism Program: 3.0% Decrease
- Cyber Liability Program: 20.4% Decrease
- Crime Program: 2.0% Decrease
- Earth Movement and Flood Program: 13.0% Decrease
- Auto Physical Damage Program: 2.9% Decrease
- Property and Equipment Breakdown: 1.5% Decrease (Estimated)
- Workers' Compensation Program: 0.8% Increase
- Liability Program: 10% Increase (Estimated)

Due to time constraints, the Board suggested bringing this topic back for discussion at the next meeting on June 18, 2025.

Motion by Erica Melton (San Fernando), seconded by Sharon Brennan (El Segundo), to continue Item M for discussion at the next Board of Directors Meeting on June 18, 2025. Motion passed unanimously by all voting members present. Bell and Glendora were not present.

N. Report on Granted Settlement Authority as of March 31, 2025

Ms. Murphy reported no newly granted authority for claim settlement as of March 31, 2025.

9. CLOSING COMMENTS

No closing comments were made.

10. ADJOURNMENT

The meeting was adjourned at 2:44 p.m.