MINUTES OF THE MAY 14, 2026
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 *(left during item 6.N.)*
Downey	James McQueen
El Monte	Rigoberto Gutierrez *(arrived during item 6.B.; left during item 6.P.)*
Fullerton	Veronica Gutierrez
Huntington Park	Eduardo Sarmiento
Inglewood	Debra Carter *(arrived during item 6.A.; left during item 6.P.)*
Lynwood	Yolanda Delgadillo
San Fernando	Sergio Ibarra
	Erica Melton *(left during item 6.P.)*
Santa Ana	Brandon Chandler
South Gate	Nellie Cobos

MEMBERS ABSENT:

El Segundo
Glendora

OTHERS PRESENT:

Bickmore Actuarial	Mikael Gabouchian
	Mike Harrington
Collins + Collins LLP	Howard Franco
Eide Bailly, LLP	Brent Mason
Gallagher	Susan Blankenburg
Johnson Schachter & Lewis	Kellie Murphy
Mainstream Unlimited	Robert May
OneSource	Raleigh Saddler
	Tyler Conlin
Sedgwick	Eric Dahlen
	Marina Acosta
	Ramon Hernandez
	Jon Paulsen
	William Portello

1. CALL TO ORDER

President Sergio Ibarra called the meeting to order at 10:04 a.m.

2. ESTABLISHMENT OF QUORUM/INTRODUCTIONS

Roll call was taken, and a quorum was established.

3. PUBLIC COMMENTS

None.

4. APPROVAL OF AGENDA AS POSTED OR AMENDED

President Ibarra requested two amendments to the posted agenda: (1) remove Item 5.D., "Liability Defense Panel – Attorney Removals," from the Consent Calendar to be considered at the next Board of Directors meeting, and (2) begin Open Session with Item 6.T., "Executive Director's Report."

Motion by Rickey Manbahal (Bell), seconded by Veronica Gutierrez (Fullerton), to approve the agenda as amended. Motion passed unanimously.

5. CONSENT CALENDAR

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

A) Minutes of the March 5, 2026, Board of Directors Meeting
B) Minutes of the April 23, 2026, Board of Directors Special Meeting
C) Liability Defense Panel – Attorney Additions
E) Workers' Compensation Defense Panel – Attorney Additions
F) Workers' Compensation Defense Panel – Attorney Removals
G) Disbursement Registers: February – April 2026
H) Quarterly Financials/Treasurer's Report as of March 31, 2026
I) Quarterly Investment Report as of March 31, 2026
J) Risk Management Fund Balance as of March 31, 2026
K) Quarterly Risk Management Training and Universities
L) City of Huntington Park – Resolution No. 26-12 – Appointment of Delegates and/or Alternates
M) City of Fullerton – Resolution No. 26-18 – Appointment of Delegates and/or Alternates
N) City of South Gate – Resolution No. 26-15 – Appointment of Delegates and/or Alternates
O) Notice of Intent to Withdraw: City of Bell
P) Notice of Intent to Withdraw: City of Lynwood

Motion to approve the Consent Calendar items A-C and E-P passed unanimously.

6. OPEN SESSION

A. Self-Insurance Auto Physical Damage Program Actuarial Report Projected to 06/30/2026

Mike Harrington and Mikael Gabouchian presented the Auto Physical Damage Program actuarial report projected to June 30, 2026.

Motion by Rickey Manbahal (Bell), seconded by Veronica Gutierrez (Fullerton), to 1) receive and file, and 2) approve self-funding of the 2026/27 Auto Physical Damage Program at a 75% confidence level with a 0% discount factor, for a total funding of $134K. Motion passed unanimously.

B. **Pooled Excess Workers' Compensation Program Actuarial Report Projected to 06/30/2026**

Mike Harrington and Mikael Gabouchian presented the Workers' Compensation actuarial report projected to June 30, 2026.

Motion by Veronica Gutierrez (Fullerton), seconded by Eduardo Sarmiento (Huntington Park), to 1) receive and file, and 2) approve self-funding of the 2026/27 Workers' Compensation Program at a 75% confidence level with a 2% discount factor, for a total funding of $414K. Motion passed unanimously.

C. **Pooled Excess Liability Program Actuarial Report Projected to 06/30/2026**

Mike Harrington and Mikael Gabouchian presented the Liability Program actuarial report projected to June 30, 2026.

Motion by Sergio Ibarra (San Fernando), seconded by Rickey Manbahal (Bell), to 1) receive and file, and 2) approve self-funding of the 2026/27 Liability Program at a 75% confidence level with a 3% discount factor, for a total funding of $7.1M. Motion passed unanimously.

D. **Review of Net Asset Position for the Property, Auto Physical Damage, Workers' Compensation, and Liability Programs as of June 30, 2026**

Brent Mason, Finance Director, presented the annual review of net asset positions for the Property, Auto Physical Damage, Workers' Compensation, and Liability Programs as of June 30, 2026. Mr. Mason reported the Property and Auto Physical Damage Programs remain adequately funded, with some older closed years potentially eligible for future dividend consideration. He further reported the Workers' Compensation and Liability Programs also remain adequately funded overall, though certain older years show deficits or adverse development requiring continued monitoring. Discussion addressed program strength, older closed years, potential future dividends, and deficit years requiring further review.

The Board of Directors (Board) directed staff to return at the next Board meeting with information regarding potential dividend options for the Property and Auto Physical Damage Programs; no dividends were approved or released at this meeting.

Motion by Eduardo Sarmiento (Huntington Park), seconded by Rickey Manbahal (Bell), to receive and file the annual review of net asset positions for the Property, Auto Physical Damage, Workers' Compensation, and Liability Programs as of June 30, 2026. Motion passed unanimously.

E. **Liability Program Renewal – Reinsurance Layers 2026/27**

Susan Blankenburg, ICRMA's Broker with Arthur J. Gallagher & Co., presented the proposed 2026/27 liability program renewal and reviewed the structure of the reinsurance layers within the liability tower. Ms. Blankenburg reported the program provides a total limit of $35 million and noted that all layers are reinsured except the top layer, which remains excess (xs) liability insurance due to market pricing considerations. She further reported that quotes had been received from six carriers, with most renewals reflecting single-digit increases and one layer reflecting a higher increase due to active losses. Ms. Blankenburg also advised that additional negotiations had resulted in premium reductions and an increase in available loss control funding.

The proposed reinsurance structure includes:

1. Alternative Risk Transfer – $2M xs $2M
2. Safety National – $5M xs $4M
3. Old Republic – $4M xs $9M
4. Allied World – $2.5M xs $13M
5. Bowhead – $2.5M xs $15.5M
6. Everest – $2M xs $18M
7. Scor Re – $5M xs $20M
8. Bermuda – $5M xs $25M
9. Starstone – $5M xs $30M

The market will remain open for layers 7 through 9 in order to seek improved proposals through the June 18, 2026, Board meeting. Ms. Blankenburg will continue marketing those layers and return to the Board with any updated proposals.

Motion by Rigoberto Gutierrez (El Monte), seconded by Debra Carter (Inglewood), to 1) approve the renewal proposal of the 2026/27 Liability Program reinsurance layers and 2) approve the 2026/27 renewal proposal for Gallagher Crisis Protect. Motion passed unanimously.

F. Excess Workers' Compensation Program Renewal for 2026/27

Ms. Blankenburg presented the 2026/27 Excess Workers' Compensation Program renewal, including excess coverage and related $1 million buffer layer, which provides coverage between the pooled layer and the excess coverage. She reported Safety National's renewal increase was negotiated from 5% to 3%, the excess renewal included a multi-year rate guarantee subject to loss performance and $15,000 in loss control funds, and the buffer layer renewal reflected a 3.5% increase. Ms. Blankenburg also reviewed year-over-year comparisons and noted member-specific impacts would vary based on payroll and exposure changes.

Motion by Debra Carter (Inglewood), seconded by Veronica Gutierrez (Fullerton), 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.

G. Auto Physical Damage Program Renewal for 2026/27

Ms. Blankenburg presented the Auto Physical Damage Program renewal for the 2026/27 program year. She reported that the program includes a $25,000 pooled deductible, with participating members responsible for the first $10,000.

Ms. Blankenburg explained that the incumbent market had initially proposed a 7% increase; however, after marketing the program and identifying competition, the renewal was reduced to a flat rate.

Motion by Debra Carter (Inglewood), seconded by Brandon Chandler (Santa Ana), to approve renewal of Auto Physical Damage coverage with Hanover Insurance Company. Motion passed unanimously. Bell and Fullerton were not present.

H. Cyber Liability Coverage Renewal for 2026/27

Ms. Blankenburg presented the 2026/27 Cyber Liability renewal with Houston Casualty Company, providing $1 million in coverage per member subject to a $5 million annual aggregate, with a 4.5% rate reduction. She reported a $25,000 deductible for most members, with Santa Ana at $75,000 based on member size and South Gate at $75,000 unless multi-factor authentication is implemented by July 1, in which case they will be able to have a $25,000 deductible.

Motion by Rigoberto Gutierrez (El Monte), seconded by Eduardo Sarmiento (Huntington Park), to approve renewal of Cyber Liability coverage with Houston Casualty Company. Motion passed unanimously.

I. Terrorism Coverage Renewal for 2026/27

Ms. Blankenburg presented the 2026/27 Terrorism Coverage renewal with Beazley Excess and Surplus Insurance. She reported the policy provides separate terrorism coverage not dependent on a formal governmental declaration, applies to all participating cities except Santa Ana (Santa Ana has their own standalone agreement), includes a $0 deductible, and was the only market option identified with a $0 deductible structure. Discussion addressed policy applicability and event-risk considerations for special events.

Motion by Debra Carter (Inglewood), seconded by Veronica Gutierrez (Fullerton), to approve Terrorism coverage with Beazley Excess and Surplus Insurance. Motion passed unanimously.

J. Crime Program Renewal for 2026/27

Ms. Blankenburg presented the 2026/27 Crime Program renewal with Hanover Insurance Company. She reported the policy provides $10M in employee dishonesty coverage with a $25,000 deductible and includes coverage for fraudulent transfer, theft of cash, forgery, and alteration, as well as social engineering/deceit fraud coverage with a $50K deductible. Ms. Blankenburg noted this is the third year of a three-year policy term, the carrier declined a requested premium reduction, and remarketing was expected to result in a significantly higher premium.

Motion by Debra Carter (Inglewood), seconded by Rigoberto Gutierrez (El Monte), to approve renewal of Cyber Liability coverage with Houston Casualty Company. Motion passed unanimously. South Gate was not present.

K. Updated Preliminary Budget for Program Year 2026/27

Brent Mason, Finance Director, presented the updated preliminary budget for program year 2026/27 based on information available as of April 30, 2026. He reported the proposed budget totals approximately $48.1 million, about $1 million lower than the preliminary budget presented in March, and includes updated actuarial information, renewal pricing, revised exposures, member changes, and approximately $700,000 in exit-related costs to be paid by departing members.

Mr. Mason reviewed key program changes, including modest decreases in terrorism, cyber liability, and crime, increased earth movement and flood costs due to revised insured values, a minor increase in auto physical damage, a decrease in workers' compensation, and a decrease in liability driven by more favorable reinsurance pricing. Discussion addressed the effect of updated property appraisals and facility values on earth movement and flood costs.

Motion by Eduardo Sarmiento (Huntington Park), seconded by Sergio Ibarra (San Fernando), to receive and file the updated preliminary budget for the 2026/27 program year. Motion passed unanimously.

L. Open Officer Positions – Elections Procedure Review for June

Mr. Dahlen presented the elections procedure review for June, stating the President and Vice President's position is set to expire on June 30, 2026. Staff will reach out to the Board members for nominations, in order to hold elections at the June 18th, 2026, Board of Directors meeting.

M. Proposed Board of Directors Meeting Schedule – Program Year 2026/27

Marina Acosta, Deputy Executive Director, presented the proposed Board of Directors meeting schedule for the 2026/27 program year as follows:

- August 19-20, 2026 *(Meeting & Annual Workshop)*
- December 3, 2026
- March 4, 2027
- May 13, 2027
- June 17, 2027

The schedule presented would maintain five (5) in-person meeting dates and preserve flexibility for special meetings as needed. Ms. Acosta presented an alternative schedule, referred to as Option B, at the request of President Ibarra, which would add seven (7) virtual meetings to the five (5) in-person meeting dates included in the proposed schedule. The Board discussed the potential benefit of additional meetings for pool-related matters, as well as related scheduling, staffing, and cost considerations.

Motion was made by Eduardo Sarmiento (Huntington Park), seconded by Sergio Ibarra (San Fernando), to approve the expanded schedule, "Option B." Following discussion and a roll call vote, the motion failed. Ayes: Huntington Park, Inglewood, Lynwood, and San Fernando. Noes: Bell, Downey, El Monte, Fullerton, Santa Ana, and South Gate.

A subsequent motion was then made and seconded to approve the regular proposed schedule maintaining the existing cadence of 5-in-person Board of Directors meetings, with flexibility to call special meetings as needed.

Motion by Rickey Manbahal (Bell), seconded by Rigoberto Gutierrez (El Monte), to approve the existing cadence of five (5) in-person Board meeting dates for the 2026/27 program year. Motion passed via roll call vote. Ayes: Bell, Downey, El Monte, Fullerton, Huntington Park, Inglewood, Lynwood, Santa Ana, and South Gate. Noes: San Fernando.

N. Establish Ad-Hoc Committee: Pooled Participation

Eric Dahlen, Executive Director, presented the item regarding establishment of an ad-hoc committee to review pooled participation and related structural issues affecting ICRMA's pooled layer. Mr. Dahlen reported the committee would evaluate pooled participation, sustainability, cost allocation, and related strategic considerations in advance of the December deadline for rescission of withdrawal notices, meet on an as-needed basis during the current program year, and develop recommendations for Board consideration. Discussion addressed the urgency of the matter, retention strategies, organizational sustainability, and committee composition. Following discussion, the Board identified the following members to serve on the committee: James McQueen (Downey), Eduardo Sarmiento (Huntington Park), Brandon Chandler (Santa Ana), Rigoberto Gutierrez (El Monte), and Veronica Gutierrez (Fullerton).

Motion by Eduardo Sarmiento (Huntington Park), seconded by Sergio Ibarra (San Fernando), to approve the formation of an Ad-Hoc Committee on Pooled Participation. Motion passed unanimously.

O. Underwriting Policy Review

Mr. Dahlen presented the annual review of the Underwriting Policy as part of ICRMA's regular governance practices. Staff advised that annual Board review and approval is a recommended best practice, no substantive policy changes were proposed other than routine updates, and recommended maintaining current Board-approved policies.

Motion by Debra Carter (Inglewood), seconded by Eduardo Sarmiento (Huntington Park), to approve the annual review of the Underwriting & Administration Policy Manual, confirm no substantive changes, and acknowledge the updated review date of May 2026. Motion passed unanimously.

P. Litigation Management Recommendations

Jon Paulsen, Executive Sponsor, and William Portello, Sedgwick, presented litigation management recommendations for the Liability Program as a follow-up to prior Board discussion. Mr. Paulsen and Mr. Portello reviewed issues related to reserving practices, excess reporting, defense counsel selection, coordination among involved parties, and alignment with existing litigation management policies and procedures. Discussion also addressed potential future recommendations concerning oversight of reportable claims, counsel assignments, reporting procedures, and possible policy revisions. No formal action was taken, and staff indicated the item would return at a future meeting following additional refinement.

Q. Proposed Amendments to the Litigation Management Policies and Procedures (LMPP)

Raleigh Saddler, Liability Program Manager, presented proposed amendments to the Litigation Management Policies and Procedures for Board consideration. Mr. Saddler reported the revisions were intended to strengthen litigation oversight, clarify defense counsel selection and reporting expectations, reinforce fiscal controls, and align litigation practices with the Pool's governance and claims oversight responsibilities.

Discussion addressed member discretion in counsel selection, approval timelines, relationships among member agencies and service providers, implementation of the proposed language, and whether additional refinement was needed before Board action. Following discussion, no action was taken, and staff indicated the item would be revised and returned at a future meeting.

R. Addition of Attorneys to the Liability Defense Panel

Tyler Conlin, Assistant Liability Program Manager, presented Fullerton's request to add attorneys to the Liability Defense Panel. Mr. Conlin reported the request reflected a change in law firm affiliation for attorneys already known to the program and was intended to update the panel to reflect current firm assignments for claims handling and defense representation.

Motion by Sergio Ibarra (San Fernando), seconded by Brandon Chandler (Santa Ana), to approve the addition of the eight (8) attorneys, representing member city: Fullerton, to the Defense Panel. Motion passed unanimously. Bell, El Monte, and Inglewood were not present.

S. Report on Granted Settlement Authority as of March 31, 2026

Kellie Murphy, Board and Coverage Counsel, reported no newly granted authority for claim settlement as of March 31, 2026.

T. Executive Director's Report

Mr. Dahlen reported on administrative and strategic matters affecting ICRMA, including preliminary notices of intent to withdraw, additional indications that other members were evaluating future participation, and related concerns regarding pooled participation, long-term sustainability, and future cost allocations. In response, staff are reviewing options to strengthen the pool, improve competitiveness, and support member retention through evaluation of program structure, allocation methodologies, and related strategic considerations in coordination with the proposed ad hoc committee and upcoming strategic planning discussions.

Mr. Dahlen further recommended rescheduling the 2026/27 strategic planning session to August 19, 2026, to allow time for consideration of potential structural and operational changes before the December rescission deadline.

Mr. Dahlen also advised the Board of Sedgwick's planned transition in the executive sponsor role, subject to future Board approval as required under the contract. Board members expressed appreciation for Mr. Paulsen's service and transition support.

7. CLOSED SESSION

All guests and vendor partners not involved in claims matters exited the meeting prior to the commencement of Closed session. *The Board entered Closed Session at 2:13 p.m.*

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

- Kropidlowski v. Santa Ana (GL)

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

C. Conference with Legal Counsel regarding Anticipated Litigation pursuant to Government Code Section 54956.9(d)(2): 1 Potential Case (coverage dispute between City of Baldwin Park and ICRMA concerning Saldana v. Baldwin Park Police Department Officers Michael Donovan and Leonard Maughan, et al.)

8. REPORT FROM CLOSED SESSION

The Board reconvened to open session at 3:08 p.m.

Ms. Murphy reported no reportable actions were taken regarding A) Discussion of Open Claims and Conference with Legal Counsel pursuant to Government Code Section 54956.95.

No action taken regarding B) Conference with Legal Counsel regarding Existing Litigation pursuant to Government Code Section 54956.9(d)(1).

No action taken regarding C) Conference with Legal Counsel regarding Anticipated Litigation pursuant to Government Code Section 54956.9(d)(2): 1 Potential Case (coverage dispute between City of Baldwin Park and ICRMA concerning Saldana v. Baldwin Park Police Department Officers Michael Donovan and Leonard Maughan, et al.).

9. CLOSING COMMENTS

President Ibarra thanked the Board of Directors for their continued hard work and support.

10. ADJOURNMENT

The meeting was adjourned at 3:10 p.m.