



**MINUTES OF THE  
GOVERNING BOARD MEETING  
Thursday, August 9, 2018  
10:00 A.M.**

A meeting of the Governing Board was held on Thursday, August 9, 2018, in Downey, California.

**MEMBERS PRESENT:**

Bell	Sergio Ibarra
Downey	Anil Gandhi
El Monte	John Nguyen
El Segundo	Joe Lillio
Fullerton	Gretchen Beatty
Glendora	Vicki Cross
Hawthorne	Russell Miyahira ( <i>left 11:58 a.m.</i> )
Hermosa Beach	Vanessa Godinez
Huntington Park	Daniel Hernandez ( <i>arrived 10:15 a.m.</i> )
Inglewood	Sara Nazir
Lynwood	Jose Omoteotl ( <i>arrived 11:52 a.m., left 1:25 p.m.</i> )
	Cynthia Stafford
Monterey Park	Annie Yaung
San Fernando	Nick Kimball ( <i>arrived at 11:08 a.m.</i> )
South Gate	Nellie Cobos

**MEMBERS ABSENT:**

Baldwin Park

**OTHERS PRESENT:**

Glendora	Christi Giannone
Leal Trejo	Maribel S. Medina ( <i>arrived 11:52 a.m., left 1:25 p.m.</i> )
RPA	Beth Lyons
	Cindy LaMantia
	Tyler LaMantia
	Jennifer Achterberg
	John Nielsen
	Bob May
Johnson Schachter & Lewis	Luther Lewis
Artex	Matt Anderson ( <i>left 12:54 p.m.</i> )
	Jeremy Huish ( <i>left 12:54 p.m.</i> )
Carl Warren	Dwight Kunz
	Rose Nuno
AdminSure	John McCormack ( <i>left at 1:06 p.m.</i> )
Lewis Brisbois Bisgaard & Smith	Wiener Cadet Jr. ( <i>arrived 12:10 p.m., left 1:06 p.m.</i> )

**1. CALL TO ORDER**

Secretary Vanessa Godinez called the meeting to order at 10:06 a.m.

## 2. ESTABLISHMENT OF QUORUM/INTRODUCTIONS

Introductions took place and it was determined a quorum was present.

## 3. PUBLIC COMMENTS

Mr. Tyler LaMantia shared that he accepted a new position in San Diego, California. He will continue to be involved with Risk Pool Administrators and ICRMA.

## 4. APPROVAL OF AGENDA AS POSTED OR AMENDED

*Motion was made by Sergio Ibarra, Bell, seconded by Sara Nazir, Inglewood, and unanimously carried to approve the agenda as presented.*

## 5. CONSENT CALENDAR

*A Motion was made by Anil Gandhi, Downey, seconded by Gretchen Beatty, Fullerton, and unanimously carried to approve the Minutes of the June 14, 2018 Board of Directors Meeting and the July 3, 2018 Special Board of Directors Meeting, the Appointment of Investment Delegate, and the Correction to the 2017-18 Liability Memorandum of Coverage, and direct staff to finalize; review and file the Board Attendance Record 17/18, Board Attendance Record 18/19, Check Register for June 2018, Treasurer's Report as of June 30, 2018, Risk Management Fund Usage & Balances as of June 30, 2018, OSIP Status Update, and the Member Consideration Update.*

## 6. OPEN SESSION

### A. Member Withdrawal Notice of Baldwin Park

Ms. Beth Lyons informed the Board that the City of Baldwin Park submitted its intent to withdraw from ICRMA as of July 1, 2019. According to the Bylaws, this notice may be rescinded until December 1, 2018. RPA staff confirmed receipt of the city's notice in writing and made several attempts to schedule a meeting in an effort to provide the city with information before the rescission deadline. Ms. Lyons indicated additional resources, such as the pool comparison matrix and resource summary document, have been provided to the city to support research and decision making regarding membership. Board members shared appreciation for the matrix document and said it is a great resource to share with others at the city to support education regarding the value of ICRMA.

*No action required.*

### B. Consideration of Claims Committee Members

The Board previously directed Board members and staff to encourage greater participation on the ICRMA Claims Committee. Mr. Michael O'Kelly, Administrative Services Director for Fullerton, submitted his resume and expressed his interest and availability to meet the Claims Committee time commitments. The Claim Committee reviewed O'Kelly's information and recommended the Board approve his appointment to the Committee.

*Motion was made by Gretchen Beatty, Fullerton, seconded by Cynthia Stafford, Lynwood, and unanimously carried to approve Michael O'Kelly, Fullerton, to the Claims Committee with a term expiring June 2019.*

### C. Contractual Risk Transfer & Certificates of Coverage

Mr. Bob May provided a brief overview of contractual risk transfer elements. More in-depth trainings, like those provided in the 2017-18 program year, can be scheduled at member agencies. RPA staff has experienced an increase in certificate of coverage requests in which copies of contracts have not been provided. Once acquired, upon review of the contract, RPA staff has discovered language in the contract that indicates coverage where there is none provided in the ICRMA Memorandum of Coverage. In some instances preventing the issuance of a certificate of coverage and the inferred coverage therefore falls entirely to the member agency.

Additionally, if a requested certificate includes the certificate holder as an additional covered party, a contract/agreement is used to verify this requirement. In an effort to provide better service to the members, RPA staff requested the Board consider requiring contracts be submitted for all certificates that request the certificate holder to be an additional covered party. Mr. May reminded the Board of his availability to review contracts prior to execution.

Ms. Lyons also reiterated that any RFP or bid specks that are issued by the city should include provisions that limit the exposure transferred to the city. Contracts should be reviewed prior to the RFP process, to ensure language is updated, or additional provisions are included in the RFP so that potential bidders have the city requirements prior to responding.

Ms. Jennifer Achterberg, reminded members to use the certificate request form found on the website when requesting a certificate. When this form and a contract are provided upon first contact, the process typically requires a 48 hour turnaround.

Some members of the Board indicated the form posted on the website does not transmit to RPA staff easily. Ms. Achterberg clarified the website is unable to collect or process the form, but that the pdf document has an active link at the bottom which prepopulates an email, and then the pdf should be attached. RPA staff will also follow up and verify that this process works appropriately.

*The Board confirmed members should provide copies of contracts/agreements with certificate of coverage requests that include the certificate holder as an additional covered party.*

### D. 2018-19 University and Webinar Schedule

Mr. May presented the proposed schedule for University Sessions and alternating webinars for the 2018-19 program year. The proposed sessions will focus on areas in which member agencies experience the most exposure. The use of webinars has been included in an effort to reach a broader audience who may not be able to attend an in person training. Additional topics were included to gauge Board interest regarding future topics of interest.

*Motion was made by Sara Nazir, Inglewood, seconded by Joe Lillio, El Segundo, and unanimously carried to adopt the schedule of University and webinar sessions for 2018-19.*

#### E. Discussion of TRIA Coverage

Historically ICRMA has declined TRIA coverage and its subsequent additional premium. Through the renewal process, and subsequent binding of coverage for the 2018-19 program year, RPA staff found it prudent to re-educate the Board concerning the history of TRIA and the coverage options it affords. Terrorism insurance is offered either by endorsement to a commercial insurance policy or as a standalone policy.

Discussion ensued regarding what qualifies as an act of terrorism, and how that could impact any of the ICRMA member cities. In order to trigger this type of coverage, the term “act of terrorism” is defined as “any act certificated by the Secretary of the Treasury, in concurrence with the Secretary of Homeland Security, to be an act that is dangerous to human life, property, or infrastructure and to have resulted in damage within the U.S (or outside the U.S. in the case of a U.S-flagged vessel, aircraft or premises of a U.S. mission.” It must be committed as part of an effort to coerce U.S civilians or to influence either policy or conduct of the U.S. Government through coercion. The definition includes both foreign and domestic terrorists. The Secretary may not delegate this certification authority and his or her decision to either certify or not certify an act of terrorism is not subject to judicial review. To date, only one event has been categorized in the manner that meet these terms, and this was the event on September 11, 2001.

Mr. Nielsen then reviewed both the policies that could include TRIA coverage and what those pricing options would have been for the 2108-19 program year. Workers’ Compensation is the only line of coverage that TRIA coverage was included. RPA staff and Legal Council also indicated there are exclusions to terrorism coverage in the Liability Memorandum of Coverage (MOC).

The Board expressed interest in reviewing the MOC to amend language regarding the exclusion of coverage for acts of terrorism. Additionally, the Board asked the broker to provide information regarding TRIA coverage options ahead of and during the program renewals for the 2019-2020 program year.

*No action required.*

#### F. Marketing Policy

Mr. Nielsen provided an update to the Board regarding the proposed marketing policy to be added to the Program Underwriting and Administration Policy Manual. With the direction the Board provided at its previous two meetings, RPA staff revised the language to provide clarity of marketing roles of the ICRMA Executive Director, RPA staff, the broker and the involvement of outside agents and brokers in developing new candidates for membership in ICRMA. Additional clarification was provided regarding who is responsible for brokerage fees and commissions charged by various brokers in bringing new members to ICRMA.

*Motion was made by Gretchen Beatty, Fullerton, seconded by Serio Ibarra, Bell, and unanimously carried to approve the addition of a new paragraph to the Program Underwriting and Administration Policy Manual.*

#### G. Program Administration Contract Amendment with Risk Pool Administrators

Mr. Tyler LaMantia stated a contract amendment was being presented to align RPA's contract with the recently revised ICRMA Bylaws regarding vendor contracts and fee adjustments based on membership changes. RPA recommends specific language be added to address the vendor fee adjustments that will be made due to the withdrawal or addition of members. Mr. LaMantia reiterated similar revisions will be addressed in other vendor contracts as they come up for renewal, or earlier if multiple years remain in a current contract.

*Motion made by Vicki Cross, Glendora, seconded by Nick Kimball, San Fernando, and unanimously carried to approve fee adjustment language in the Risk Pool Administrators contract.*

#### H. Workers' Compensation Defense Panel Review

Ms. Lyons reviewed the Workers' Compensation Defense Panel. The most recent revision to this panel was in December 2015. RPA staff, program manager Robert Tran, and program TPA AdminSure recently reviewed the panel and suggested the removal of specific attorneys. The removals were proposed based on: appears the attorney is not utilized, attorney only utilized by former ICMRA members, or attorney refusal to comply with the Litigation Management Policies and Procedures. The eight attorneys identified for removal are: Carolyn Beliso, Armstrong & Sigel, LLP; J. James Artiano, Artiano & Associates; Yvette Boehnke, Law Offices of Yvette Boehnke; Amy Stody-King, Stody & Mills; and Sean Handy, Andrew Lower and Aaron Moreno, Lower & Kesner.

*Motion made by Vicki Cross, Glendora, seconded by Joe Lillio, El Segundo, and unanimously carried to receive the updated panel listing and approve removal of attorneys: Carolyn Beliso, J. James Artiano, Yvette Boehnke, Amy Stody-King, Sean Handy, Andrew Lower, and Aaron Moreno, from the Workers' Compensation Defense Panel.*

#### I. Account Receivable Status Report

Mr. Matt Anderson provided an overview of the invoiced contributions received by ICRMA as of August 1, 2018. Seven of the fifteen current ICMRA members have paid all outstanding invoices. A total of approximately \$7 million is outstanding as of August 1, 2018. The outstanding invoices include: Property coverage additions for the 2017-18 program year, APD audit adjustment for three program years spanning 2015-16 thru 2017-18, the liability program assessment invoice for year two, three members have outstanding amounts associated with their 2018-19 program contributions, 2016-17 DIR assessment adjustments, and exiting members fees, and penalties and interest. Reminders will be sent to those with outstanding invoices yet to be paid.

*No action required.*

#### J. Property/APD Program Update

Ms. Lyons and Mr. LaMantia provided an update on the first year of the Property/APD Program. During the 2017-18 program year, five members experienced 10 claims for a total ICRMA incurred

of approximately \$181,000. Additional adjustments may be made as the year closes out, but the program appears to have approximately \$320,000 remaining in the fully-funded aggregate.

*No action required.*

#### K. Budget Update

Mr. Anderson reviewed the budget with the Board, which was approved at the June 14, 2018 meeting. The budget included in the agenda packet includes the member contribution by program. Ms. Lyons reiterated the importance of this breakdown, as it relates to the exiting member fees, as these fees associated with withdrawal are calculated from the most recent Operating Budget.

*No action required.*

*The Board recessed for lunch at 11:55 a.m. and reconvened at 12:15 p.m.*

#### L. Captive Introduction and Discussion

Mr. Anderson and Mr. Jeremy Huish, Artex, presented an overview of captives. A captive offers flexibility in potential investment earnings, as captives have fewer governmental restrictions when investing in bonds, equities, mutual funds and other alternative investments. Assets to be transferred to the captive would likely be: liabilities of the pool that are longer than 3 years in expected maturity and shorter tail exposures and current year premium amounts. A minimum of either a \$5 million one-time transfer and/or \$1 million annual funds transferred to the captive is suggested to ensure the financial benefit of the captive exceeds the cost. A captive can also be used to insure a specified corridor of risk from the pool. Third, captives can comingle multiple programs' risks. Finally, a captive can issue customized policies for exposure excluded by the pool. A captive may be structured as a subsidiary of ICRMA, or another ownership arrangement. The same board of directors could participate on both ICRMA and the Captive Board. Mr. Anderson briefly shared the potential investment earnings PFM prepared for review by the Board. Discussions around the types of risks and earnings outcomes were discussed.

*The Board directed Artex to prepare a more detailed presentation for the October Board meeting and Strategic Planning Session and asked RPA to invite members' City Managers and Finance Directors to attend.*

### **7. CLOSED SESSION**

The Board entered closed session at 12:54 p.m. with legal counsel pursuant to Government Code Section 54956.95(a).

### **8. REPORT FROM CLOSED SESSION**

The Governing Board convened in open session at 2:09 p.m. and General Counsel reported: *In the matter of Nicholson et al v. Inglewood, settlement authority for a final settlement of \$5 million, for a total ICRMA contribution to the settlement of all claims in this matter of approximately \$6 million.*

*In the matter of Ochoa v. Lynwood, direction was given. In the matters of Cohen et al v. Inglewood and Redondo Beach v. ICRMA, no action was taken.*

**9. PRESIDENT'S REPORT**

None

**10. CLOSING COMMENTS**

None

**11. ADJOURNMENT**

*Motion made by Vicki Cross, Glendora, seconded by Sara Nazir, Inglewood, and unanimously carried to adjourn the meeting 2:10 pm.*