

**EXECUTIVE COMMITTEE SPECIAL MEETING
AGENDA**

**Monday, April 13, 2020
10:00am**

Via Teleconference and Videoconference both through Zoom

Public Advisory: This meeting will be conducted exclusively through teleconference and videoconference.

Pursuant to Section 3 of Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, the April 13th Executive Committee Special Meeting will be conducted exclusively through teleconference and videoconference via Zoom. Please be advised that pursuant to the Executive Order, and to ensure the health and safety of the public by limiting human contact that could spread the COVID-19 virus, there will not be a physical meeting location available.

To access the meeting remotely using the internet: Join from a PC, Mac, iPad, iPhone, or Android device: Use URL <https://us04web.zoom.us/j/336082190>. If you do not wish for your name to appear on the screen, then use the drop down menu and click on “rename” to rename yourself to be anonymous. To request to speak, use the “raise hand” icon on the screen.

To join by phone: Dial (669) 900-6833 and enter the Meeting ID: 336 082 190. If you wish to comment press *9 and wait to be recognized by the meeting Host. Note: Your phone number will appear on the videoconference screen.

Written communications from the public must be submitted by mail or e-mail to the Clerk of the Board, Victoria Thomas, at the address below or vthomas@mpa-nc.com by 4:30pm the Friday before the Executive Committee Special Meeting. Communications relative to matters on the agenda are not permitted. No action may be taken on non-agenda items unless authorized by law. Communications received will be distributed to the Executive Committee in advance of the meeting and retained as part of the official record. The Clerk of the Board will read received communications from the public during public comment time. Comments will be limited to three minutes per public member and fifteen minutes in total. To respect the health and safety of the employees in the office written communications in person will not be accepted.

In compliance with the Americans with Disabilities Act, a person requiring an accommodation, auxiliary aid, or service to participate in this meeting should contact the Clerk of the Board, as far in advance as possible but no later than 72 hours before the scheduled meeting. The best effort to fulfill the request will be made.

I. CALL TO ORDER – President Reina Schwartz

II. INTRODUCTIONS

III. APPROVAL OF THE AGENDA AS POSTED

IV. PUBLIC COMMENTS – *Communications received will be read by the Clerk of the Board. Communications can only be on matters of MPA not on the agenda. No action may be taken on non-agenda items unless authorized by law.*

V. ACTION ITEM

1. **Matters Involving a Joint Powers Agency**

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Recommendation: Staff recommends approval for the City of El Cerrito to borrow from MPA's assets held with ERMA up to the amount of \$500,000.

VI. ADJOURNMENT

ACTION ITEM

SUBJECT: Matters Involving a Joint Powers Agency

EXECUTIVE SUMMARY

The City of El Cerrito, a participating member of Employee Risk Management Association (ERMA) through Municipal Pooling Authority (MPA), was denied coverage on a claim reported to ERMA on June 19, 2019. The claim was denied due to untimely reporting and resulting financial or other prejudice. The denial was upheld following the Member's appeal to the ERMA Board of Directors at the November 4, 2019, meeting.

As a result of ERMA's denial of coverage, the Member was denied access to ERMA's pooled \$1M coverage layer above the Member's \$50,000 self-insured retention (SIR), and as well, was denied access to excess insurance coverage from \$1M to \$3M.

Following the ERMA Board of Directors' denial of coverage, the Member requested the Board consider a proposal to accept the claim with the application of a \$500,000 SIR. In addition, the Member requested the Board allow, subject to approval, an advance of up to \$500,000 from any future dividend distributions by ERMA to MPA to fund payment of costs associated with the case. If approved, the advance will be carried in ERMA's financial records as a receivable. If the Member should have to access the \$500,000, no interest will be accrued on the balance and it will not be subject to collection until such time as the ERMA Board declares a dividend payable to MPA.

RECOMMENDED ACTION

Staff recommends approval for the City of El Cerrito to borrow from MPA's assets held with ERMA up to the amount of \$500,000.

BACKGROUND

ERMA's Retrospective Adjustment Policy, one of the components of ERMA's Financial Stability Plan, provides for "the retrospective adjustment (assessment for a deficit year, or dividend release for a surplus year) for each program year that is a full five years old." Based upon a preliminary calculation of the annual retrospective adjustment, it is estimated that of the approximate \$4M currently available for distribution, \$1.1M is available to MPA for Program Years 2012/13 through 2014/15. It should be noted that ERMA's overall and program year specific equity positions could shift with the re-valuation of the actuary's ultimate loss projections. As such, a final retrospective adjustment will not be presented to the Board for review and consideration until June 2020. The retrospective adjustment will be based on net position as of March 31, 2020, which will include re-valued loss projections. Should the ERMA Board elect to release dividends from available equity, and the Member has borrowed any amount up to the \$500,000, ERMA would retain the amount up to \$500,000 payable to MPA to clear the receivable and release any remainder to MPA. The onus would be upon MPA to determine the impact of the preceding arrangements on its internal financial reporting.

GENERAL INFORMATION

As stated above, each ERMA Member, with a few exceptions, has an SIR of \$50,000. The Member has paid out \$39,023 on legal bills thus far for this matter. The final amount of this claims is not known. The Member's need to access the proposed loan of \$500,000 is not known at this time. However, approval of the loan in advance of need, provides the Member with the comfort of knowing that the money will be available if a payment is ordered due settlement. If the Member should have to borrow any money up to the amount of the \$500,000, MPA and the Member will determine an agreed upon repayment plan.

CORE VALUE

Responsive and Ethical: Members of the Pool are being conscientious to the needs of another Member while respecting the integrity in honoring their fiduciary duty.