

MINUTES OF THE MBASIA BOARD OF DIRECTORS MEETING

Monday, April 8, 2019 at 9:30 AM

**Alliant Salinas Office
150 Main St #220
Salinas, CA 93901**

MEMBERS PRESENT

Jamie Goldstein, City of Capitola
Dino Pick, City of Del Rey Oaks
Rene Mendez, City of Gonzales
Paul Wood, City of Greenfield
Brett Miller, City of Hollister
Steve Adams, City of King City
Linda Scholink, City of Sand City
Tony McFarlane, City of Scotts Valley Alternate
Michael McHatten, City of Soledad

MEMBERS ABSENT

Layne Long, City of Marina

GUESTS & CONSULTANTS

Nina Aguayo, City of Greenfield Alternate
Francine Uy, City of Soledad Alternate
Jack Joyce, Bay Actuarial Consultants (*left the meeting at 10:15 AM*)
Tricia Baker, AIMS (*joined via teleconference at 10:15 AM, left at 10:35 AM*)
Ken Maiolini, Risk Management Services (*joined via teleconference at 10:15 AM, left at 10:35 AM*)
Michael Simmons, Alliant Insurance Services
Marcus Beverly, Alliant Insurance Services
Conor Boughey, Alliant Insurance Services
Lorissa Huey, Alliant Insurance Services

A. CALL TO ORDER

Jamie Goldstein called the meeting to order at 9:34 AM.

B. CONSENT CALENDAR

B1. Approval of Minutes – January 28, 2019 Board of Directors Meeting

B2. Service Calendar & Status of Deliverables

B3. Bills and Correspondence

B3a. Ratification of Disbursements

B4. MBASIA - CARMA 2019 Claims Audit Report

A motion was made to approve the consent calendar.

MOTION: Dino Pick

SECOND: Linda Scholink

MOTION CARRIED

	Jamie Goldstein	Dino Pick	Rene Mendez	Paul Wood	Brett Miller	Steve Adams	Layne Long	Linda Scholink	Tony McFarlane	Michael McHatten
Aye	X	X	X	X	X	X		X	X	X
Nay										
Abstain										

C. ORAL COMMUNICATIONS & PUBLIC COMMENTS

There were no public comments.

D. BOARD OF DIRECTORS

D1. COMMITTEE REPORTS

D1a. Safety Committee

D1a1. Grant Funds – Request Status and Budget to Date

Conor Boughey reminded the Board that on May 1st of a Program Year, all Members will have access to the unrequested funds, regardless of the Member’s previous use of their allocated share of the budget. A Member’s annual requests may not exceed 1/5 of the Grant Program Budget, and will be processed in the order they are received (and approved) until the funds are exhausted. Also, he reminded the Board that Members must submit all receipts no later than 60 days after the Program Year closes.

D1b. Coverage and Claims Committee – None.

D2. UNFINISHED BUSINESS

D2a. Excess Workers' Compensation Renewal

Conor Boughey reported that the CSAC EIA provides Excess Workers' Compensation coverage for MBASIA, attaching at MBASIA's \$250,000 SIR. CSAC EIA issues several rounds of estimates and has now issued the renewal estimate as of March 2019, Version 3, which is included in the agenda packet. It includes CSAC EIA's estimates for excess premiums and incorporates their recent actuarial study findings.

D3. NEW BUSINESS

D3a. Liability Actuarial Report

Jack Joyce, MBASIA's Actuary, presented the FY 2018/19 Liability Actuarial Report. He walked through the Management Summary and pointed out claims trends and the resulting financial impact.

A motion was made to accept the report.

MOTION: Rene Mendez **SECOND:** Linda Scholink

MOTION CARRIED

	Jamie Goldstein	Dino Pick	Rene Mendez	Paul Wood	Brett Miller	Steve Adams	Layne Long	Linda Scholink	Tony McFarlane	Michael McHatten
Aye	X	X	X	X	X	X		X	X	X
Nay										
Abstain										

D3b. Workers’ Compensation Actuarial Report

Jack Joyce, MBASIA’s Actuary, presented the FY 2018/19 Workers’ Compensation Actuarial Report. He walked through the Management Summary and pointed out claims trends and the resulting financial impact.

A motion was made to accept the report.

MOTION: Rene Mendez **SECOND:** Linda Scholink

MOTION CARRIED

	Jamie Goldstein	Dino Prick	Rene Mendez	Paul Wood	Brett Miller	Steve Adams	Layne Long	Linda Scholink	Tony McFarlane	Michael McHatten
Aye	X	X	X	X	X	X		X	X	X
Nay										
Abstain										

D3c. Excess Pool Renewal Indications:

D3c1. California Affiliated Risk Management Authorities (CARMA)

D3c2. Employment Risk Management Authority (ERMA)

Conor Boughey reported that CARMA provides excess liability and ERMA provides excess employment practices liability coverage and training for MBASIA. MBASIA is seeing about a 15% increase for the CARMA premium due to increase in claim trends throughout California. The premium estimate for ERMA is not available until the April 30, 2019 ERMA Board Meeting.

No reportable action took place.

D3d. APIP Property Renewal

Conor Boughey reported that the APIP (Alliant Property Insurance Program) renews July 1, 2019 and is in the process of being marketed. The state of California had a lot of property losses in the last 12 months, and as a result you will see property markets getting more restrictive. Overall renewal rate increases of 5-15% are expected.

Conor also reminded members to send in their property schedules if they have not done so already.

No reportable action took place.

D3e. Member Crime Insurance

Conor Boughey reported that there have been a lot of crime losses in the last five years for public entities. It is important coverage that costs very little money. A majority of the MBASIA members purchase crime through the Alliant Program, ACIP (Alliant Crime Insurance Program).

An application is included in the agenda packet.

No reportable action took place.

D4. LOSS REPORT

D4a. Workers' Compensation Administrator's Report

D4b. Liability Third Party Administrator's Report

A motion was made to enter into Closed Session at 10:15 AM.

MOTION: Linda Scholink **SECOND:** Brett Miller **MOTION CARRIED**

	Jamie Goldstein	Dino Pick	Rene Mendez	Paul Wood	Brett Miller	Steve Adams	Layne Long	Linda Scholink	Tony McFarlane	Michael McHatten
Aye	X	X	X	X	X	X		X	X	X
Nay										
Abstain										

A motion was made to come out of Closed Session at 10:41 AM.

MOTION: Linda Scholink **SECOND:** Brett Miller **MOTION CARRIED**

	Jamie Goldstein	Dino Pick	Rene Mendez	Paul Wood	Brett Miller	Steve Adams	Layne Long	Linda Scholink	Tony McFarlane	Michael McHatten
Aye	X	X	X	X	X	X		X	X	X
Nay										
Abstain										

Jamie Goldstein reported out of Closed Session that the Board reviewed and received a report from the Liability and Workers' Compensation Third Party Administrators and action was taken to ratify three settlements.

E. EXECUTIVE AND FINANCE COMMITTEE'S REPORT

E1. Draft Liability Budget

Conor Boughey reported that the Executive & Finance Committee met on March 6, 2019 to review the draft FY 2019/20 Liability Budget. The draft has all line items compared to current YTD expenditures; updated Contracted Services compensation terms; updated contribution to claims expense to equal the 70% confidence level, discounted; updated CARMA premium; but the ERMA premium is still pending to be updated.

The budget is presented at the April Board Meeting as a draft and is annually adopted at the June Board Meeting.

No reportable action took place.

E2. Draft Workers' Compensation Budget

Conor Boughey reported that the Executive & Finance Committee met on March 6, 2019 to review the draft FY 2019/20 Workers' Compensation Budget. He noted that the Level II Assessment now has a \$75,000 minimum contribution (no current effect).

The budget is presented at the April Board Meeting as a draft and is annually adopted at the June Board Meeting.

No reportable action took place.

E3. Workers Compensation Indemnity Claims Payments and Vouchers

Alliant reported that they recently became aware that MBASIA's Workers Compensation program was originally structured to have Member's pay the Temporary Disability (TD); the salary (indemnity) portion of the claim, directly from the City through their payroll system with the TPA sending a voucher to the Member for the amount covered under the State WC Code (the payment to the claimant from the City should be similar to the voucher, but may have some variations).

Unfortunately, inequities can develop if a Member of a Pool pays the TD portion of all injured workers' claims when the Pool is funding this as well. For instance, the Pool's financials need to post the reserves and IBNR, and not the city. In addition, the Loss Run may not properly capture this data so the actuary can't properly calculate who's responsible for what portion. More importantly, the Pool formulas use these losses to calculate each Member's share of funding, and this could lead to inequity in deposits.

Alliant has reviewed the claims data provided by AIMS since they took over the program and we have been able to determine the amount vouchered to Members for TD (Indemnity).

MBASIA has been asking Members to fund claims using their claim experience that they are ending up paying directly, and not through the Pool. The key problem is that MBASIA uses all of the claims loss data to determine each Members' share of risk funding.

At the April 6, 2019 Executive & Finance Committee, a motion was made to recommend to the Board to fix this going forward by creating a credit back to each of the Member equal to the CY 2018 total included in the agenda packet and continuing this practice in following years. MBASIA would continue to reimburse the TD (indemnity payments after calendar year end as part of the next fiscal year budget. This allows Members to receive reimbursement, and correct any voucher issues prior to payment to the Member. Also, to review the historical impact and create a Policy and Procedure so that the Financial Auditor recognizes this process.

A motion was made to approve the recommendation from the Executive & Finance Committee.

MOTION: Dino Pick

SECOND: Rene Mendez

MOTION CARRIED

	Jamie Goldstein	Dino Pick	Rene Mendez	Paul Wood	Brett Miller	Steve Adams	Layne Long	Linda Scholink	Tony McFarlane	Michael McHatten
Aye	X	X	X	X	X	X		X	X	X
Nay										
Abstain										

F. PROGRAM ADMINISTRATORS’ REPORTS

F1. Alliant Service Team Transition

Michael Simmons announced his retirement and introduced Marcus Beverly who will transition into the Peer Advisor role.

Marcus Beverly provided a brief summary about himself.

F2. MBASIA Exposures and Coverages Review: Property Program – Business and Tax Interruption

Conor Boughey reminded the Board that for the upcoming July 1, 2019 property renewal it is very important to report the correct values for Business Interruption exposures. He explained that Business Interruption includes (but not limited to) rented property/income generation, direct income generation: parking lots, fees, etc., bond payment requirements.

F3. Police Risk Management Committee Meeting – April 8, 2019

Conor Boughey reported that after the Board Meeting today, there is a Police Risk Management Committee meeting held at 11:30 AM. On the agenda is a guest speaker, Vince Hurley, MBASIA’s Legal Counsel about SB 1421 Peace Officers: Release of Records, which allows public access to police records in cases of force.

G. CORRESPONDENCE / INFORMATION

G1. Next Board Meeting & ERMA Training Schedule

The next Board Meeting is held on Monday, June 17, 2019 in Sand City at 9:30 AM.

G2. CAJPA Conference (2018 Schedule) – No discussion on this item.

H. GENERAL RISK MANAGEMENT ISSUES

There were no General Risk Management Issues.

ADJOURNMENT

Jamie Goldstein adjourned the meeting at 11:42 AM.