

**MINUTES OF THE
MBASIA BOARD OF DIRECTORS MEETING
MONDAY, FEBRUARY 2, 2015, 9:30 AM
MERMA OFFICES
76 STEPHANIE DRIVE
SALINAS, CA 93901**

MEMBERS PRESENT

Jamie Goldstein, City of Capitola
Daniel Dawson, City of Del Rey Oaks
Rene Mendez, City of Gonzales
Susan Stanton, City of Greenfield
Brett Miller, City of Hollister
Michael Powers, City of King
Layne Long, City of Marina
Linda Scholink, City of Sand City
Steve Ando, City of Scotts Valley
Adela Gonzalez, City of Soledad

MEMBERS ABSENT

GUESTS AND CONSULTANTS

Conor Boughey, Alliant Insurance Services
Michael Simmons, Alliant Insurance Services
Vadim Livshits, Alliant Insurance Services
Ken Maiolini, RMS Cotati
Nina Aguayo, City of Greenfield
Francine Uy, City of Soledad
Milissa Gillihan, JT2
Sharon Flavan, JT2
John Casas, JT2

A. CALL TO ORDER

Rene Mendez called the meeting to order at 9:30 a.m.

B. CONSENT CALENDAR

B1. Approval of the Minutes of the October 2nd and 3rd, 2014 Board of Directors Meeting.

It was noted that there is a reference line in the minutes pointing to the wrong location. There was also a misspelling of Jamie Goldstein's name.

Motion to direct administrators to make minor corrections to minutes and accept.

MOTION: Jamie Goldstein **SECOND:** Linda Scholink **MOTION CARRIED**

	Jamie Goldstein	Daniel Dawson	Rene Mendez	Susan Stanton	Brett Miller	Michael Powers	Layne Long	Linda Scholink	Steve Ando	Adela Gonzales
Aye	X	X	X	X		X	X	X	X	X
Nay										
Abstain										

B2. Service Calendar and Status of Deliverables

B3. Bills and Correspondence

C. Oral Communications and Public Comments

There were no public comments.

D. Board of Directors

D1. Unfinished Business

D1a. King City Performance Improvement Plan

Conor Boughey reported that this item is a status update on King City’s Performance Improvement Plan (PIP).

The City of King has not yet responded to the PIP. The Members were reminded of what could happen if the City did not come into compliance with the PIP, and some options that the Board has.

Michael Powers explained that the City has not responded to the PIP, despite a January 31, 2015, deadline because they are waiting to see a proposal from the Monterey County Sheriff’s Department.

Motion for Administrators to write a one page letter summarizing that the expectations of the original letter send to the City of King were not met. The City will be reminded of the consequences if they fail to implement the recommendation. A response to the new letter will be due from the City no later than March 21, 2015. This item will then be agendized for action at the April Board of Directors Meeting.

MOTION: Linda Scholink **SECOND:** Adela Gonzales **MOTION CARRIED**

	Jamie Goldstein	Daniel Dawson	Rene Mendez	Susan Stanton	Brett Miller	Michael Powers	Layne Long	Linda Scholink	Steve Ando	Adela Gonzales
Aye	X	X	X	X	X		X	X	X	X
Nay										
Abstain						X				

D2. Committee Report

D2a. Executive and Finance Committee

D2a1. Program Administration Agreement

Conor Boughey explained that the Administrators met with the Executive and Finance Committee and discussed the Administrators Contract. Alliant Insurance Services took over for Kent Rice as the Administrators of MBASIA in 2010. The original contract was for three years, and included two one-year optional extensions, which end on June 30, 2015.

Rene Mendez explained that Alliant proposed an increase of 20% due to a higher than expected amount of time spent working on MBASIA. The Executive Committee explained that MBASIA cannot accommodate such an increase all at once, but can accept the increase phased in over three years. The Executive Committee agreed to an increase of 12% in 2015-16, 8% in 2016-17 and 5% in 2017-18.

Conor explained that when Alliant entered into the account five years ago, they kept the same fee as Kent Rice, but a lot of work that was unexpected went into administering the Pool.

Rene explained that the Administrators have been very helpful and walked the Board through many issues.

Motion to accept a new three-year agreement with two one-year extensions with a fee increase over three years of 12% the first year, 8% the second year and 5% the third year.

MOTION: Daniel Dawson **SECOND:** Michael Powers **MOTION CARRIED**

	Jamie Goldstein	Daniel Dawson	Rene Mendez	Susan Stanton	Brett Miller	Michael Powers	Layne Long	Linda Scholink	Steve Ando	Adela Gonzales
Aye	X	X	X	X	X	X	X	X	X	X
Nay										
Abstain										

D2a2. LAIF Transfer Authority – Resolution 1415-001

Conor Boughey explained that due to internal controls, the authority to transfer money between the LAIF and MBASIA Checking Account, should not be in the hands of the check signer (MBASIA Secretary). Therefore, it is recommended that Rene Mendez and Michael Simmons be given this authority, and the authority be removed from MBASIA’s secretary.

Motion to accept proposed change to LAIF and Checking Account transfer authority.

MOTION: Michael Powers **SECOND:** Daniel Dawson **MOTION CARRIED**

	Jamie Goldstein	Daniel Dawson	Rene Mendez	Susan Stanton	Brett Miller	Michael Powers	Layne Long	Linda Scholink	Steve Ando	Adela Gonzales
Aye	X	X	X	X	X	X	X	X	X	X
Nay										
Abstain										

D2a3. Excess Pool Representation

Conor Boughey explained that Lisa Murphy is no longer working at the City of Capitola. At the January Executive Committee meeting, the Committee appointed Daniel Dawson as the new alternative representative CARMA and Rene Mendez is the new representative ERMA.

D2a4. Workers Compensation Third Party Administrators Contract

Rene Mendez asked Michael Simmons to explain the current situation at JT2, MBASIA’s Third Party Workers Compensation Claims Administrator. Michael Simmons explained that there have been some significant changes in leadership at JT2 over the last year. They have eliminated the position of CEO and there has been a large shift in employees at the company. He also explained that JT2 has lost many accounts lately, and many are currently out for RFP. Recently, CSAC-EIA took action to disallow JT2 from having any new members. This is due to a poor audit and lack of response from JT2.

Brett Miller asked when the last time MBASIA issued an RFP for WC TPA services. Conor Boughey responded that there has never been an RFP, largely due to JT2’s contract including favorable terms.

Adela Gonzalez asked when the contract with JT2 ends. Conor explained that the contract is “until cancelled,” with a 90-day notice to JT2 required.

Jamie Goldstein asked about the timing of issuing an RFP. Michael Simmons responded that the process should be started as soon as possible.

Motion to issue a Request for Proposal for Workers Compensation Claims Administration Services.

MOTION: Michael Powers **SECOND:** Brett Miller

MOTION CARRIED

	Jamie Goldstein	Daniel Dawson	Rene Mendez	Susan Stanton	Brett Miller	Michael Powers	Layne Long	Linda Scholink	Steve Ando	Adela Gonzales
Aye	X	X	X	X	X	X	X	X	X	X
Nay										
Abstain										

Conor explained that an Ad Hoc Committee should be formed to issue an RFP.

Motion to delegate authority to an Ad Hoc Committee consisting of Susan Stanton, Adela Gonzales and Brett Miller to negotiate with a TPA.

MOTION: Michael Powers **SECOND:** Daniel Dawson

MOTION CARRIED

	Jamie Goldstein	Daniel Dawson	Rene Mendez	Susan Stanton	Brett Miller	Michael Powers	Layne Long	Linda Scholink	Steve Ando	Adela Gonzales
Aye	X	X	X	X	X	X	X	X	X	X
Nay										
Abstain										

Motion to delegate authority to the Executive Committee to give 90-days notice to cancel the current contract with JT2.

MOTION: Adela Gonzales **SECOND:** Michael Powers

MOTION CARRIED

	Jamie Goldstein	Daniel Dawson	Rene Mendez	Susan Stanton	Brett Miller	Michael Powers	Layne Long	Linda Scholink	Steve Ando	Adela Gonzales
Aye	X	X	X	X	X	X	X	X	X	X
Nay										
Abstain										

D2b1. Grant Funds – Request Status and Budget to Date

Conor Boughey explained the current status of MBASIA’s Safety Grant Funds. He explained that Capitola, Del Rey Oaks, Gonzales, Greenfield and Scotts Valley have used funds this year. Every City is encouraged to use these funds.

Brett Miller requested that the Administrators review Hollister’s buy-back.

D3a. JPA Agreement Amendment

At the October Board Meeting, an Ad Hoc Committee was appointed to review the JPA Agreement. The changes made have been approved by the Committee and are now being presented to the Board for approval. If approval is given by the Board of Directors, the agreement then is presented to each Member City’s Council and once two thirds of the City Councils approve, the new agreement goes into effect immediately.

Conor Boughey explained that the most significant change to the JPA Agreement is in the “Involuntary Termination” section (Article 31). Previously a duty had to be breached before action could be taken to remove a member. The new Agreement requires only a two-thirds vote of the Board Members and a 90-day notice.

Susan Stanton asked if changes made to the JPA should be something that can be approved by Board Members instead of by an elected Government Body. Michael Simmons responded that no other JPA does it that way, and that members appointed to represent the JPA should have the full authority to make decisions.

Michael Powers asked if the removal of any Members should be tied to fiscal years. The Administrators replied that JPA Agreements are usually silent on that issue.

Adela would like a cover letter that each City could present to their City Council.

Jamie Goldstein would like the Agreement to clarify that departing members are responsible for money due from negative balances. The agreement does not specify if members are responsible for repaying debt if they don’t take their refund.

MOTION: Daniel Dawson **SECOND:** Adela **MOTION CARRIED**

	Jamie Goldstein	Daniel Dawson	Rene Mendez	Susan Stanton	Brett Miller	Michael Powers	Layne Long	Linda Scholink	Steve Ando	Adela Gonzales
Aye	X	X	X	X	X			X	X	X
Nay						X				
Abstain										

D3b. CARMA Dividend

Conor Boughey explained that MBASIA is a member of CARMA which is an excess liability Pool. CARMA has declared a dividend but MBASIA has a negative balance. MBASIA will not be assessed, and the balance will be rolled to a future year.

D3c. Member Loan Policy

Conor Boughey reminded Members that if they ever need it, there is a Member Loan Policy in place.

Susan Stanton asked for the Administrators to send her a recap regarding the loan that the City of Greenfield has outstanding with MBASIA.

D3d. Election of Officers

Conor Boughey reports that the Executive Committee at the February Board Meeting on odd numbered years. The outgoing Executive Committee recommended that Daniel Dawson be elected as the Chair of the Committee and MBASIA, Jamie Goldstein is Vice Chair, Steve Ando maintains his position as secretary and Rene Mendez will now be past Chair.

Motion to approve the recommended positions on the Executive Committee.

MOTION: Linda Scholink **SECOND:** Adela Gonzales **MOTION CARRIED**

	Jamie Goldstein	Daniel Dawson	Rene Mendez	Susan Stanton	Brett Miller	Michael Powers	Layne Long	Linda Scholink	Steve Ando	Adela Gonzales
Aye	X	X	X	X	X	X		X	X	X
Nay										
Abstain										

D3e. JT2 Presentation from John Casas

John Casas, President of JT2, gave a presentation to the Board of Directors. He is joined at the meeting by Milissa Gillihan and Sharon Flavan.

Mr. Casas addressed the many ongoing changes currently occurring at JT2, but assured the Members that they should not worry about the levels and quality of service that MBASIA has been and will continue to receive.

Daniel Dawson commented that JT2 should be focused on their clients. He would like the TPA to be proactive, and taking steps such as giving information to the Board before a lack of information becomes a concern, and has to be requested from JT2.

Susan Stanton asked for JT2 to clarify if their client is MBASIA or if it is the injured employee they are working with. Sharon Flavan responded that it is their responsibility to take care of the injured worker.

Mr. Casas finished his presentation by saying that he believes the new formula at JT2 is working, and that for the last 10 years JT2 has always been one of the highest ranked TPAs.;

D4. The MBASIA Board of Directors entered into Closed Session pursuant to Government Section Code 54956.95

A motion was made to enter into closed session at 10:44 a.m. pursuant to Government Section Code 54956.95.

MOTION: Daniel Dawson **SECOND:** Steve Ando

MOTION CARRIED

	Jamie Goldstein	Daniel Dawson	Rene Mendez	Susan Stanton	Brett Miller	Michael Powers	Layne Long	Linda Scholink	Steve Ando	Adela Gonzales
Aye	X	X	X	X	X	X	X	X	X	X
Nay										
Abstain										

A motion was made to come out of closed session at 11:00 a.m.

MOTION: Michael Powers **SECOND:** Daniel Dawson

MOTION CARRIED

	Jamie Goldstein	Daniel Dawson	Rene Mendez	Susan Stanton	Brett Miller	Michael Powers	Layne Long	Linda Scholink	Steve Ando	Adela Gonzales
Aye	X	X	X	X	X	X	X	X	X	X
Nay										
Abstain										

No reportable action was taken during the closed session.

E. PROGRAM ADMINISTRATOR'S REPORT

E1. State of the Insurance Market Report

Conor Boughey requests that Members review the included State of the Insurance Market Report. Conor adds that MBASIA is very insulated from the open insurance market because of its membership in Excess Pools.

E2. MBASIA Employment Practices Liability Summary

In the Agenda Packet is a list of Employment Practices Liability Services Available. Conor Boughey asked that Members put this information somewhere where it is easily accessible for quick reference.

F. CORRESPONDENCE/INFORMATION

F2. Next Board Meeting and ERMA Training Schedule

The next Board Meeting will be on April 13, 2015 and is scheduled to be held in the City of Sand City. There are several trainings being held by ERMA in the coming months. Members are encouraged to send representatives from their Cities to attend.

G. GENERAL RISK MANAGEMENT ISSUES

None.

ADJOURNMENT

Rene Mendez adjourned the meeting at 12:11 p.m.