

**MINUTES OF THE
MBASIA BOARD OF DIRECTORS
MEETING**

Friday, November 15, 2019 at 8:30 AM

**Monterey Plaza Hotel & Spa
400 Cannery Row
Monterey, CA 93940
Meeting Room: Ocean Club**

MEMBERS PRESENT

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
Layne Long, City of Marina
Linda Scholink, City of Sand City
Tina Friend, City of Scotts Valley
Michael McHatten, City of Soledad

MEMBERS ABSENT

Jamie Goldstein, City of Capitola

GUESTS & CONSULTANTS

Andrea Marble, City of King City Alternate
Tony McFarlane, City of Scotts Valley Alternate
Nina Aguayo, City of Greenfield Alternate
Francine Uy, City of Soledad Alternate
Lynn Cavalcanti, AIMS
Charles Raibley, Crowe LLP (*joined the meeting at 9:00 AM and left at 9:20 AM*)
Ken Maiolini, Risk Management Services (*joined via teleconference at 10:06 AM and left at 10:16 AM*)
Conor Boughey, Alliant Insurance Services
Lorissa Huey, Alliant Insurance Services
Marcus Beverly, Alliant Insurance Services

A. CALL TO ORDER

Layne Long called the meeting to order at 9:37 AM.

B. CONSENT CALENDAR

- B1. Approval of Minutes – June 17, 2019 Board of Directors Meeting**
- B2. Approval of Minutes – July 30, 2019 Special Board of Directors Meeting**
- B3. Service Calendar & Status of Deliverables**
- B4. Bills and Correspondence**
- B5. Evidence of Coverage and Disclosure**

A motion was made to approve the consent calendar.

MOTION: Rene Mendez **SECOND:** Dino Pick **MOTION CARRIED**

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

C. ORAL COMMUNICATIONS & PUBLIC COMMENTS

There were no oral communication and public comments.

D. BOARD OF DIRECTOR’S REPORTS

D1. COMMITTEE REPORTS

D1a. Executive and Finance Committee – None.

D1b. Safety Committee

D1b1. Safety Grant Funds

Conor Boughey reported that in June 2019, MBASIA adopted an annual budget for the Grant Program used by Members for allocating available Safety Funds. The Board approved a \$75,000 allocation to the grant program so each member can withdraw up to \$7,500 for city programs or projects.

Included in the agenda packet is a chart of the Members that requested the safety grant funds to date.

No reportable action took place.

D1c. Coverage and Claims Committee – None

D2. UNFINISHED BUSINESS – None

D3. NEW BUSINESS

D3a. Review of Items Discussed at Long Range Planning

D3a1. Workers' Compensation Indemnity Claims Payments and Vouchers

At the November 14, 2019 Long Range Planning held the previous day, Conor Boughey reminded the Board that at the June 2019 Board Meeting, the Board took action to annually reimburse covered Temporary Disability (TD) as part of the Workers' Compensation Program renewal. The CY 2018 total of \$396,216 was applied to the FY 19/20 budget. This allowed Members to receive reimbursement and correct any voucher issues prior to payment to the Member. Moving forward, this issue has been corrected, and the Members have been reimbursed the 2018 vouchers. Also, direction was given to analyze the historical impact for the prior years.

Due to MBASIA's negative net position in the Workers' Compensation Program, returning funds for prior years would have a negative impact on MBASIA, and those funds would ultimately have to be recollected from Members. Instead, we have discussed removing the TD values below from the ex-mod formulas that applied to the budgets in which these claims appeared (2018, 2017 & 2016). The updated ex-mod reallocates the premiums for those years, impacting Members as shown in the chart within the Long Range Planning binders.

The Board took action to agree that given that the largest impact was 6% of total premiums, and usually much less, and the fact that this issue has been fixed moving forward to leave this issue without further action.

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

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

D3a2. Workers’ Compensation Allocation

At the November 14, 2019 Long Range Planning held the previous day, Conor Boughey reminded the Board that the Workers’ Compensation Budget was amended in 2019 to update the Level II assessment by establishing a \$75,000 minimum contribution (no current effect). If a Member were to reduce its 4 year claims history to nothing, or next to nothing, a very low percentage of the program would be allocated to that Member.

The Board agreed to not change the allocation. Direction was given to the Executive Committee to evaluate the budget between a 70% and 75% confidence level.

D3a3. Liability Allocation

Conor Boughey reported the last time the Liability Budget was majorly updated was in 2015 to refine the methodology of exposure experience basis of 6 years, weight of 50% exposure and 50% experience and capping at 150% of the prior year. Every year the Board reviews the methodology and during the November 14, 2019 Long Range Planning held the previous day the Board did not want to change the allocation.

Direction was given to the Executive Committee to review the budget at three different confidence levels, 70%, 75%, and 80%.

D3a4. MBASIA’s Present and Future Structure, Partnership, and Services

At the November 14, 2019 Long Range Planning held the previous day, Conor Boughey provided an overview of MBASIA’s history regarding its formation, Members, major programs and financials.

Direction was given to the Program Administrators to conduct a benchmarking report of MBASIA and other primary pools’ confidence level, administrative costs, and services provided.

D3b. MBASIA’s Financial Audit

Charles Raibley from Crowe LLP, presented the draft of MBASIA’s FY 18/19 Financial Audit report. Charles reported that there were no significant findings.

A motion was made to approve the financial audit.

MOTION: Linda Scholink **SECOND:** Dino Pick **MOTION CARRIED**

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

D3c. MBASIA Financial Audit Contract Renewal – Crowe LLP

Conor Boughey reported that Crowe LLP has presented a two year proposal to extend the current contract for the audit years 2020 and 2021. The proposed fees are \$26,000 for 2020 and \$26,000 for 2021, which is \$1,000 more than 2019.

A motion was made to approve the contract renewal.

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

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

D3d. Local Agency Insurance Fund (LAIF) Performance Update

Conor Boughey reported that the Local Agency Investment Fund (LAIF) rates are slowly declining, but continue to lag the market.

No reportable action took place.

D3e. Members' Mutual Aid Agreements

Conor Boughey reminded the Board that it requested Alliant to help review each Member's Mutual Aid Agreements in order to determine the extent to which they follow best practices or potentially create liability.

Marcus Beverly reported that he reviewed the agreements provided by eight of the Members and concluded that the agreements generally fall into three types: Mutual Aid, Shared Services Agreements, and Interagency Cooperation Agreements. He explained the difference between the agreements. Members asked questions which were addressed.

Direction was given to the Program Administrators to create a tracking report of the Mutual Aid Agreements of which Member responds to who and memorialize it under the Safety Committee's Report at each Board Meeting.

D3f. 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 October 2019, Version 1, which is included in the agenda packet.

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 9:45 AM.

MOTION: Dino Pick **SECOND:** Rene Mendez **MOTION CARRIED**

	Jamie Goldstein	Dino Pick	Rene Mendez	Paul Wood	Brett Miller	Steve Adams	Layne Long	Linda Scholink	Tina Friend	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 10:30 AM.

MOTION: Dino Pick **SECOND:** Rene Mendez **MOTION CARRIED**

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

Conor Boughey reported out of Closed Session that the Board gave authority to the Workers' Compensation Third Party Administrators on the agendized claims.

E. PROGRAM ADMINISTRATOR'S REPORT

E1. MBASIA Exposures and Coverages Review: Named Insureds/Covered Parties

Conor Boughey explained to the Board that included in the agenda packet is a whitepaper from CSAC EIA regarding listed Named Insureds/Covered Parties on the Excess Workers' Compensation policy.

Alliant would like Members to discuss any entities that should be named on the City's policy that are not 100% all staffed by City, that have a governing body that is not the same as the City Council, and that would be considered a separate legal entity. Examples of this would be certain enterprise funds for parking authorities, finance authorities or successor agencies to the redevelopment agencies.

F. CORRESPONDENCE / INFORMATION

F1. Next Two Board Meetings & ERMA Training Schedule

The next two Board Meetings will be held on January 27, 2020 in Sand City and April 6, 2020 in Salinas. The Board Meetings will start at 9:30 AM, unless otherwise stated.

F2. PARMA Conference Information – There was no discussion on this item.

F3. Inverse Condemnation Article – There was no discussion on this item.

G. GENERAL RISK MANAGEMENT ISSUES

There were no General Risk Management Issues.

ADJOURNMENT

Layne Long adjourned the meeting at 11:08 AM.