

**MINUTES OF THE
MBASIA BOARD OF DIRECTORS MEETING
Monday, June 16, 2014 at 9:30 A.M.
City of Sand City, CA**

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 City
Linda Scholink, Sand City
Adela Gonzalez, City of Soledad

MEMBERS ABSENT

Layne Long, City of Marina
Steve Ando, City of Scotts Valley

GUESTS AND CONSULTANTS

Conor Boughey, Alliant Insurance Services
Michael Simmons, Alliant Insurance Services
Vadim Livshits, Alliant Insurance Services
Tabitha Bettencourt, JT2 Integrated Services
Ken Maiolini, Risk Management Services
Lisa Murphy, City of Capitola
Francine Uy, City of Soledad

A. CALL TO ORDER

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

B. CONSENT CALENDAR

B1. Approval of Minutes – April 14, 2014, Board of Directors Meeting

A motion was made to approve the minutes as presented.

MOTION: Jamie Goldstein

SECOND: Michael Powers

MOTION CARRIED

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

B2. Service Calendar & Status of Deliverables

B3. Bills and Correspondence

B3a. Ratification and Disbursements

i. March 31, 2014

ii. April 30, 2014

iii. May 31, 2014

A motion was made to approve items B2, B3, and B3a.

MOTION: Daniel Dawson

SECOND: Linda Scholink

MOTION CARRIED

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

C. PUBLIC COMMENTS

There were no public comments.

D. BOARD OF DIRECTORS

D1. UNFINISHED BUSINESS

D1a. King City Performance Improvement Plan

Conor Boughey reported that several Ad-Hoc committee members and Michael Simmons went to King City council meetings. The meetings went well, and the City now has a better understanding of MBASIA’s perspective on their ongoing issues as a result. Michael Powers

reported that Michael Simmons did an admirable job presenting to the City Council. Daniel Dawson asked about the general reaction from the City Council. Michael Simmons explained that the Council was concerned about the rule of going to a \$250,000 deductible in a situation like this. Michael Simmons explained that there is no rule, but there is a maximum that the City has to pay, but it can be revisited if the City changes practices.

Jamie Goldstein reports that the reason for the high Self-Insured Retention was to show that the Board is serious, and to protect MBASIA. There was also a need to balance how much the City can pay in order to still be able to provide services.

Daniel Dawson asked Michael Powers if he thinks this got the City Council’s attention. Michael says he thinks it did.

Rene Mendez reports that there is precedent for allowing Cities to use Safety Grant Funds for audit reimbursement and that is what is happening here.

D2. COMMITTEE REPORTS

D2a. Executive and Finance Committee

D2a1. 2014-15 Committee Assignments

Conor Boughey reported that the executive committee stands for two years, but every sub-committee is brought to the board annually. At least one change has to be made this year due to the departure of Robert Galvan.

Rene Mendez would like to start transitioning committee members to bring in new members, and transition those who have not been chairs into those positions. Rene would like Jamie Goldstein to transition into the position of Vice Chair of the MBASIA Board.

Motion to transition Layne Long into the Coverage and Claims Committee

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

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

D2b. Safety Committee

D2b1. Safety Funds Budget

Conor Boughey reported that there have been a lot of requests to use funds this year. As of the date of the Agenda printing, \$59,800 of funds were requested for use, and \$31,988.89 were reimbursed. There are several funds requests expected to be made before the end of the fiscal year. MBASIA budgets \$75,000 for safety funds yearly. The total proposed budget for safety is \$75,000 and the Board decides how much to allocate to the grant program.

Jamie Goldstein asked if there is any rules regarding using safety grant funds for doing ADA compliance work. Conor Boughey responded that the City can use its \$7,500 for ADA work.

Motion for \$75,000 to be applied to the grant program for the 2014-15 fiscal year.

MOTION: Jamie Goldstein **SECOND:** Daniel Dawson **MOTION CARRIES**

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

D2c. Coverage and Claims Committee

No report from the Coverage and Claims Committee

D2d. Ad Hoc Budget Committee

D2d1. Proposed Liability Budget

Conor Boughey reported that the liability budget is unchanged from the April Board of Directors meeting. The actuary feels comfortable with his prior projections.

MBASIA's total budget was \$1,680,000 but is reduced to \$1,580,000 because of a \$100,000 credit from surplus. Next year, there will probably not be a credit.

Motion to accept Liability Budget

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

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

D2d2. Proposed Workers Compensation Budget

Conor Boughey reported that the Workers Compensation budget is allocated separately unlike Liability budget. There are three levels of assessment, and the Level Three assessment, which is the loan, stays constant every year until the loan is paid off. Overall, there is a slight increase over last year, due to an increase in claims trends.

Jaime Goldstein asked how the percentages were ascribed on the Level Three assessment, and if it makes sense. Conor Boughey reports that it is written into the loan agreement, and it cannot be changed at this point.

Michael Simmons commented that the best thing to do is retire the loan as soon as it makes sense to do so.

Motion to accept the proposed Workers Compensation budget.

MOTION: Daniel Dawson

SECOND: Linda Scholink

MOTION CARRIES

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

D3. NEW BUSINESS

D3a. CARMA Insurance Renewal

Conor Boughey reported that at the April meeting a draft budget was presented. He reports that there will be a call to approve it as final on Wednesday, June 18, 2014. Due to a reserving error the draft budget indicated an increase of 33%, but the increase is now 25% due to correction of the error.

Michael Simmons added that there will likely be another 25% increase next year due to higher claims experience. Even though MBASIA has a higher Experience Modification Factor (ExMod), it is now paying what it should due to losing the discount from having favorable claims experience in the past.

D3b. ERMA Insurance Renewal

Conor Boughey reported that there is 9% decrease this year. The \$83,000 premium covers training, legal services and excess coverage. The premium is down this year because ERMA's ExMod went down.

D3c. CSAC-EIA Insurance Renewal

Conor Boughey explained that a year ago MBASIA was approaching a premium of \$600,000 and increasing at 25% per year. The Board wanted to reconsider their retention level. The ExMod has since lowered, and a payroll audit showed over-reporting, which resulted in a refund of over \$100,000. There is quite a large decrease this year, especially considering what the outlook originally was.

Conor also reported that this year CSAC is fully reinsured, so there is no risk of assessment from them.

D3d. APIP Insurance Renewal

Conor Boughey reported that 7 out of 10 MBASIA members participate in the APIP pool. The year over year analysis shows that MBASIA's total insured value (TIV) has gone up 1% due to new construction and a Marshall & Swift tending. The accounting rate is up 7% due to increased losses. The Administrators believe that this coverage is at a good rate, and such a low SIR is unattainable on its own.

Michael Simmons explained what is covered by Cyber Liability coverage and Pollution Coverage. He explained that if any Members were to have a Cyber Liability or Pollution claim, notifying Alliant right away is key to activating the coverage.

Michael Simmons added that thanks to Jamie Goldstein, the sublimit increased this year from \$45,000 to \$2,000,000. This is a free benefit to the program, as such, the deductible could not be changed.

Daniel Dawson asked about special terms for wave wash for city of Capitola. Conor reports that only Capitola has it, and it may be prohibitively expensive if your City has a pier.

Jamie Goldstein asked if this can be marketed outside of the Alliant. Conor responded that it can be marketed to any other insurer, but there will be coverage missing like Cyber, Pollution, and others, which are very expensive to acquire.

Rene Mendez would like to discuss this coverage further at the next Board Meeting. He is concerned about the members that don't participate in this coverage.

Linda asked about TRIA coverage. Mike says the Board usually waives this coverage.

Motion to Bind Authority.

MOTION: Daniel Dawson

SECOND: Jamie Goldstein **MOTION CARRIES**

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

Vadim Livshits will email cyber liability coverage to Board Members in July with instructions for Members to send to their IT and Public Works departments so that they aware of this coverage.

D3e. MBASIA APPL Proposal

Conor Boughey explained that this is the Trustees Errors and Omissions Policy.

For \$10,000 in premium, MBASIA receives coverage in the event that this Board makes a decision that some Board members don't agree with, and the Board is sued by a member.

MOTION: Michael Powers **SECOND:** Linda Scholink **MOTION CARRIES**

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

D3f. Legal Counsel Fee Increase

Ken Miolini explained Vince Hurley's letter. Ken thinks the fees are very reasonable, and that there has not been a legal fee increase since 2005. Based on quality of services, experience and relationship with Law Enforcement, Ken believes that Vince and his team deserve this increase.

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

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

D3g. Crime Coverage for Member Agencies

Conor Boughey explained that crime coverage is something that every City purchases on their own, not through MBASIA. Conor explained that coverage is available through the Alliant

Crime Insurance Program (ACIP). Alliant’s coverage provides high limits for a relatively low premium, and protects against exposures like long-term theft. It also covers vendor and non-employee theft, which makes it unique. There is also forensic coverage, which most policies do not cover.

D3h. CSAC-EIA Member Annual Report

Conor Boughey explained the CSAC Member Annual Report and how the CSAC program works. CSAC, through independent studies, has determined that it saves members a combined total of \$92,000,000 per year. They estimate that MBASIA has saved over \$500,000 through using this program for the last four years.

D3i. MBASIA’s 2014-15 Meeting Calendar

Conor Boughey reported that the proposed calendar mostly follows this year’s calendar. Historically, meetings have been held at the Sand City Council Chambers, but they can be held in Salinas as well.

Rene Mendez give direction to hold meetings alternating between Sand City and Salinas, except for the Long Range Planning meeting which is held annually in Monterey.

D4. LOSS REPORT

D4a. Workers’ Compensation Administrator’s Report - 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 10:30 AM pursuant to Government Section Code 54956.95.

MOTION: Daniel Dawson

SECOND: Michael Powers

MOTION CARRIED

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

D4b. Liability Third Party Administrator’s Report

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

MOTION: Michael Powers

SECOND: Daniel Dawson

MOTION CARRIED

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

Direction was given to RMS to take action on claims discussed during closed session.

E. PROGRAM ADMINISTRATORS REPORT

F. CORRESPONDENCE/INFORMATION

F1. Next Board Meeting & ERMA Training Schedule

G. GENERAL RISK MANAGEMENT ISSUES

ADJOURNMENT

Rene Mendez adjourned the meeting at 11:13 a.m.