

MINUTES OF THE MBASIA BOARD OF DIRECTORS MEETING

Friday, November 3, 2017 at 8:30 AM

Dream Inn
175 W Cliff Drive, Santa Cruz, CA 95060
Meeting Room: Beach View

MEMBERS PRESENT

Jamie Goldstein, City of Capitola

Dino Pick, City of Del Rey Oaks

Rene Mendez, City of Gonzales

Jaime Fontes, City of Greenfield

Brett Miller, City of Hollister

Steve Adams, City of King City

Layne Long, City of Marina (*joined the meeting at 8:45 AM and left at 10:04 AM*)

Linda Scholink, City of Sand City

Jenny Haruyama, City of Scotts Valley

MEMBERS ABSENT

Michael McHatten, City of Soledad

GUESTS & CONSULTANTS

Nina Aguayo, Greenfield Alternate

Michael Simmons, Alliant Insurance Services

Conor Boughey, Alliant Insurance Services

Lorissa Huey, Alliant Insurance Services

Ken Maiolini, Risk Management Services

Lynn Cavalcanti, AIMS (*left the meeting at 9:00 AM*)

Charles Raibley, Crowe Horwath (*joined the meeting at 9:00 AM and left at 9:30 AM*)

A. CALL TO ORDER

Jamie Goldstein called the meeting to order at 8:30 AM.

B. CONSENT CALENDAR

B1. Approval of Minutes – June 19, 2017 Board of Directors Meeting

B2. Service Calendar & Status of Deliverables

B3. Bills and Correspondence

B4. Evidence of Coverage and Disclosure

B5. Current LIBOR Rate – 1 Month: 1.23% (at September 6, 2017)

A motion was made to approve the Consent Calendar and move B5. Current LIBOR Rate to Unfinished Business as D2b for further discussion and action.

MOTION: Rene Mendez

SECOND: Dino Pick

MOTION CARRIED

	Jamie Goldstein	Dino Pick	Rene Mendez	Jaime Fontes	Brett Miller	Steve Adams	Layne Long	Linda Scholink	Jenny Haruyama	Michael McHatten
Aye	X	X	X	X	X	X	X	X	X	
Nay										
Abstain										

C. ORAL COMMUNICATIONS & PUBLIC COMMENTS

Michael Simmons asked the Members whether they would like to plan on returning to the Dream Inn for next year’s for the Long Range Planning. Members agreed that the property works for our needs, and to try to secure the property for next year.

D. BOARD OF DIRECTORS REPORTS

D1. Committee Reports

D1a. Executive and Finance Committee

D1a1. Liability Claims Administrator Contract

Conor Boughey reported that MBASIA’s Liability Claims Administrator, Risk Management Services (RMS) ends on December 31, 2017 and has proposed renewing the contract with the same terms and conditions with a three year extension to December 31, 2020 and with (2) one year additional extension options to December 31, 2021 and December 21, 2022 contingent upon Board approval.

A motion was made to accept contract with RMS as presented.

MOTION: Dino Pick

SECOND: Rene Mendez

MOTION CARRIED

	Jamie Goldstein	Dino Pick	Rene Mendez	Jaime Fontes	Brett Miller	Steve Adams	Layne Long	Linda Scholink	Jenny Haruyama	Michael McHatten
Aye	X	X	X	X	X	X	X	X	X	
Nay										
Abstain										

D1b. Safety Committee

D1b1. Safety Grant Funds

Conor Boughey reported that included in the Agenda Packet is a list of the Members of who has requested their Safety Grant Funds for the current year. He also reminded the Board to make their request before May 1 of the Program Year, otherwise the other Members will have access to utilize those unrequested funds.

No reportable action was taken.

D1c. Coverage and Claims Committee

D1c1. Summary of Coverage

Conor Boughey presented to the Board the FY 17-18 summaries of coverage. Conor noted that this reflects all the coverages in place that the Member cities purchase through MBASIA and additional lines of coverages that Alliant places on behalf of the City that are not related to the JPA.

No reportable action took place.

D2. Unfinished Business

D2a. Memorandum of Coverage (MOC) - Exclusion (16) & (17)

Conor Boughey reported that at the June 2017 Board Meeting, there were questions about why would you cover an Unmanned Aerial Vehicle (UAV) entrusted to others as stated in the exception of Exclusions (16) and (17).

Conor explained that the best way to think about it is that it is similar to auto insurance. The insurance typically follows the vehicle so if you loan your car to someone and that person crashes your car, your vehicle coverage will be primary and the insurance of that driver who crashed your car will be excess. The Program Administrators are just clarifying that if the City loans their drone out, the City will have coverage only if the drone is operated within Part 107.

No reportable action took place.

D2b. Current LIBOR Rate

This Item was taken off the Consent Calendar and moved to Unfinished Business.

Michael Simmons stated that 2 years ago, the LIBOR was at record low rates and it made sense for MBASIA to maintain the debt, however now that rates have increased and MBASIA no longer has a cash flow issue, the Board may want to retire the remaining balance of the loan.

A motion was made to authorize the Treasurer and Program Administrators to pay off the Zions Bank Loan. Also, direction was given to the Executive & Finance Committee to discuss whether the loan rate should be kept naturally until the life of the loan to determine the Level III Assessment of the budget.

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

	Jamie Goldstein	Dino Pick	Rene Mendez	Jaime Fontes	Brett Miller	Steve Adams	Layne Long	Linda Scholink	Jenny Haruyama	Michael McHatten
Aye	X	X	X	X	X	X	X	X	X	
Nay										
Abstain										

D3. New Business

D3a. Workers’ Compensation: Settlement Future Medical Claims Project

Lynn Cavalcanti from AIMS presented to the Board a potential project that will aggressively close out aging future medical workers compensation claims. AIMS’ goal would be to settle out claims to financially benefit MBASIA.

A motion was made to move forward with the project on the condition that individual cities can pull unique cases, but the goal is to process as many claims as possible.

Lynn Cavalcanti will attend the January 29, 2018 Board Meeting. Also, by the January 2018 Board Meeting AIMS will report the status of the project, including the number of claims withheld from the project.

MOTION: Steve Adams **SECOND:** Dino Pick **MOTION CARRIED**

	Jamie Goldstein	Dino Pick	Rene Mendez	Jaime Fontes	Brett Miller	Steve Adams	Layne Long	Linda Scholink	Jenny Haruyama	Michael McHatten
Aye	X	X	X	X	X	X	X	X	X	
Nay										
Abstain										

D3b. CARMA Budget Concerns

Conor reported that at this year’s renewal, CARMA (where MBASIA is a member for excess liability coverage) has over applied Administrative expenses to MBASIA due to an uncapped ex-mod in their formula. Rene Mendez, the CARMA representative for MBASIA and Conor has requested the CARMA Board to reconsider their budget allocation.

The MBASIA Board Members have asked Rene to fix this and await CARMA’s response.

No reportable action took place.

D3c. Review of Items Discussed at Long Range Planning

D3c1. Risk Management Focus: Appraisals, Training, Loss Control

Liability: Police Risk Management Committee

Jamie Goldstein reported that at the November 2, 2017 Long Range Planning the Board discussed forming a Safety Committee with the Member Cities’ Police Chiefs to look at best practices and more things that public safety can do; a white paper prepared by Alliant to discuss these practices; and also not to have this Committee indefinitely. Layne Long wanted to talk to his City’s Police Chief to get the Chief’s opinion on this. Also, there is a potential budget allocation coming up in future years if there is to be a roll out of this.

A motion was made to form the new subcommittee, the Public Safety Committee, with the Member Cities’ Police leadership. Also, direction was given to Alliant to form a white paper, send it to the Members so they can talk to their City’s Police Chiefs. Members will report back at the January 2018 Board Meeting.

MOTION: Rene Mendez

SECOND: Dino Pick

MOTION CARRIED

	Jamie Goldstein	Dino Pick	Rene Mendez	Jaime Fontes	Brett Miller	Steve Adams	Layne Long	Linda Scholink	Jenny Haruyama	Michael McHatten
Aye	X	X	X	X	X	X	X	X	X	
Nay										
Abstain										

Workers Compensation: Ergonomic Evaluation

Conor Boughey reported that at the November 2, 2017 Long Range Planning the Board discussed whether or not the Members wants to pull their resources together to have a contract for ergonomic services for a set number of visits.

A motion was made to direct the Program Administrators to bring 3 proposal options at the January 2018 Board Meeting and the Board may consider if they want to include that into the FY 18-19 budget.

MOTION: Brett Miller

SECOND: Linda Scholink

MOTION CARRIED

	Jamie Goldstein	Dino Pick	Rene Mendez	Jaime Fontes	Brett Miller	Steve Adams	Layne Long	Linda Scholink	Jenny Haruyama	Michael McHatten
Aye	X	X	X	X	X	X	X	X	X	
Nay										
Abstain										

Property: Appraisals

Conor Boughey reminded the board that most of the cities in MBASIA participate in the Alliant Insurance Property Program (APIP), and that program includes appraisals excess of \$5,000,000. Members can also purchase appraisals for about \$175 per location, and this would provide a full list of the City’s location, values, sq ft., that will more accurately reflect the City’s fixed asset schedule.

There was no Board direction, but the Program Administrators will work with individual cities should the city want appraisal services.

Michael Simmons commented that if the appraisal services are done individually it will be done on a rotation so we don’t want to miss the rotation, therefore, contact Alliant sooner rather than later so Alliant can check if the appraisal services are coming to the City’s area next.

D3c2. Volunteer Coverage

Conor Boughey reported that MBASIA does not currently cover volunteers under the Workers Compensation (WC) Program. At the November 2, 2017 Long Range Planning, Members discussed and asked questions about whether volunteers should be covered.

A motion was made to give direction to the Program Administrators to collect volunteer data from all the Members; obtain a quote for AD&D coverage for the JPA; potentially propose an amendment to the Memorandum of Coverage to cover volunteers; potentially assign a charge for volunteers that will be discussed in the Executive & Finance Committee budget review; and to bring back to the January 2018 Board Meeting.

MOTION: Rene Mendez

SECOND: Dino Pick

MOTION CARRIED

	Jamie Goldstein	Dino Pick	Rene Mendez	Jaimie Fontes	Brett Miller	Steve Adams	Layne Long	Linda Scholink	Jenny Haruyama	Michael McHatten
Aye	X	X	X	X	X	X	X	X	X	
Nay										
Abstain										

D3c3. Workers’ Compensation Budget Review

The Workers Compensation Budget was significantly amended in 2016 to update the Level I allocation Exposure Base to 70% Member Payroll and 30% on a Flat Member Fee and weighted by the Admin portion of the budget.

Conor Boughey reported from the November 2, 2017 Long Range Planning the Board did not want to change the allocation. No reportable action took place.

D3c4. Liability Budget Review

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.

Conor Boughey reported from the November 2, 2017 Long Range Planning the Board did not want to change the allocation. No reportable action took place.

D3d. MBASIA’s Financial Audit

Charles Raibley of Crowe-Horwath presented the draft FY 16-17 Financial Audit. Charles reported that the opinion for this year’s audit is an unmodified or clean opinion, and that there are no material misstatements that MBASIA needs to be aware of.

Brett Miller inquired about the \$12M in LAIF on page 13 of the Financial Audit and the Program Administrators will need to confirm with MBASIA’s Bookkeeper.

A motion was made to approve the Financial Audit with the correction to the formula error on page 5, which the Total Assets should be \$17M, and direct the Program Administrators to clarify the LAIF issue.

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

	Jamie Goldstein	Dino Pick	Rene Mendez	Jaimie Fontes	Brett Miller	Steve Adams	Layne Long	Linda Scholink	Jenny Haruyama	Michael McHatten
Aye	X	X	X	X	X	X	X	X	X	
Nay										
Abstain										

D3e. MBASIA Financial Audit Contract Renewal – Crowe Horwath

Conor Boughey reported that Crowe Horwath has presented a two year proposal to extend the current contract for the audit years 2018 and 2019. The proposed fees are \$25,000 for 2018 and \$25,000 for 2019, which is a \$500 more than 2017.

A motion was made to accept the two year proposal from Crowe Horwath.

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

	Jamie Goldstein	Dino Pick	Rene Mendez	Jaime Fontes	Brett Miller	Steve Adams	Layne Long	Linda Scholink	Jenny Haruyama	Michael McHatten
Aye	X	X	X	X	X	X		X	X	
Nay										
Abstain										

D3f. Program Administrator’s Contract Renewal

Michael Simmons reported that the current contract for Program Administration started July 1, 2015, and was for three years, with two optional 1 year extensions. The three years is up, next year, July 1, 2018.

A motion was made to give authority to the Executive and Finance Committee to negotiate with the Program Administrators to bring back to the Board a new proposal or acceptance of the two optional 1 year extensions.

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

	Jamie Goldstein	Dino Pick	Rene Mendez	Jaime Fontes	Brett Miller	Steve Adams	Layne Long	Linda Scholink	Jenny Haruyama	Michael McHatten
Aye	X	X	X	X	X	X	X	X	X	
Nay										
Abstain										

D3g. Excess Workers’ Compensation Renewal

Conor Boughey reported that the CSAC EIA Excess Workers’ Compensation (EWC) renewal estimate as of October 2017, Version 1 is included in the Agenda Packet, and that this is an information item, no action is necessary. MBASIA is a member of CSAC EIA’s Excess Workers’ Compensation program with a \$250,000 Self Insured Retention.

D3h. Travel & Training Policy – Conferences

Conor Boughey recommend the Board that they should discuss what conferences MBASIA’s Travel and Training Policy intends to allow, and not allow.

A motion was made accept the proposed changes and add to the policy in addition to “Risk Management and Pooling training”, “Workers Compensation, and Employment Practices Liability”.

The Program Administrators will always ask the President to confirm if there are any issues.

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

	Jamie Goldstein	Dino Pick	Rene Mendez	Jaime Fontes	Brett Miller	Steve Adams	Layne Long	Linda Scholink	Jenny Haruyama	Michael McHatten
Aye	X	X	X	X	X	X		X	X	
Nay										
Abstain										

D4. LOSS REPORT - CLOSED SESSION – Pursuant to Gov’t Code 54956.95

D4a. Workers’ Compensation Administrator’s Report

No claims were discussed.

D4b. Liability Third Party Administrator’s Report

A motion was made to enter into Closed Session at 11 AM.

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

	Jamie Goldstein	Dino Pick	Rene Mendez	Jaime Fontes	Brett Miller	Steve Adams	Layne Long	Linda Scholink	Jenny Haruyama	Michael McHatten
Aye	X	X	X	X	X	X		X	X	
Nay										
Abstain										

A motion was made to come out of Closed Session at 11:21 AM.

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

	Jamie Goldstein	Dino Pick	Rene Mendez	Jaime Fontes	Brett Miller	Steve Adams	Layne Long	Linda Scholink	Jenny Haruyama	Michael McHatten
Aye	X	X	X	X	X	X		X	X	
Nay										
Abstain										

The Program Administrators reported that there was no direction given to the Liability Claims Administrator on the Agendized Claims.

E. PROGRAM ADMINISTRATOR’S REPORT

F. CORRESPONDENCE / INFORMATION

F1. Next Two Board Meetings & ERMA Training Schedule

The next two Board Meetings will be on Monday, January 29, 2018 in Sand City and Monday, April 2, 2018 in Salinas, both starting at 9:30 AM.

The new proposed date for the April 2, 2018 Board Meeting is Monday, March 26, 2018 due to scheduling conflicts. The Program Administrators will send out a Doodle Poll to survey the Board’s availability between the two dates.

F2. PARMA Conference Information

There was no discussion on this item.

G. GENERAL RISK MANAGEMENT ISSUES

There were no items discussed.

ADJOURNMENT

Jamie Goldstein adjourned the meeting at 11:25 PM.