**MINUTES OF THE**

**MBASIA BOARD OF DIRECTORS MEETING**

**Monday, June 13, 2011 at 9:30 A.M.**

**City of Sand City, CA**

**MEMBERS PRESENT**

Lisa Murphy, City of Capitola

Jaime Goldstein, City of Capitola

Rene Mendez, City of Gonzales

Brent Slama, City of Greenfield

Robert Galvan, City of Hollister

Adela Gonzalez, City of Soledad

Ezequiel Vega, City of Soledad

Francine Uy, City of Soledad

Steve Ando, City of Scotts Valley

**MEMBERS ABSENT**

Daniel Dawson, City of Del Rey Oaks

Michael Compton, City of Greenfield

James Larson, City of King City

Kathy McFall, City of Marina

**GUESTS AND CONSULTANTS**

Janet Kirkpatrick, JT2 Integrated Services

Conor Boughey, Alliant Insurance Services

Monica Sandbergen-Izo, Alliant Insurance Services

Michael Simmons, Alliant Insurance Services

**A. CALL TO ORDER**

Rene Mendez called the meeting to order at 9:41 a.m.

**B. CONSENT CALENDAR**

**B1. Approval of Minutes – April 14, 2011 Board of Directors**

A motion was made to approve the minutes as presented.

**MOTION: Adela Gonzalez SECOND: Jaime Goldstein MOTION CARRIED**

**B2. Transition Milestone Report**

Conor Boughey reported that commitments under the transition milestone report (except the items that Alliant was working with Kent Rice)have been completed. Alliant is no longer working with Kent Rice. Conor asked if the board would like Alliant to continue including this as an agenda item under the consent calendar, updating the entire Board on what the Program Administrators and Committees have done, or if the Board would like to start a **new** transition milestone report, or if the Board finds this item valuable.

Rene Mendez suggested closing out the current transition milestone report and creating a **new** milestone report with new items that are being worked on during the year. Mike suggested taking the service calendar and action items from each board meeting and creating a new format, but keeping it under the consent calendar.

**B3. Bills and Correspondence**

**B3a. Ratification of Disbursements**

Conor Boughey advised this report includes all checks written through the date of the last Board meeting, and that some items listed will be the last time that they are shown on the report as they were being paid to Kent Rice.

Motion to approve:

**MOTION: Jaime Goldstein SECOND: Adela Gonzalez MOTION CARRIED**

**C. ORAL COMMUNICATIONS & PUBLIC COMMENTS**

Lisa Murphy advised that Employee Assistance Program (EAP) team is coming to Capitola on July 21, 2011 from 11-12 and present a seminar on retirement called “Roadmap to Retirement”. She suggested that Members contact her if they’d like to attend.

Adela Gonzalez introduced Ezequiel Vega from the City of Gonzalez. Ezequiel is the city’s new Finance Director and will be Adela’s alternate.

There were no public comments.

**D. UNFINISHED BUSINESS**

**D1a. Financial Audit as of June 30, 2010**

Steve Ando advised that the audit is almost complete. It needs to still be reviewed by the senior partners for final approval and will be released shortly.

Mike suggested holding a Board meeting by phone before the October Board meeting to approve the financial audit.

**D1b. Financial Auditor RFP**

Steve Ando recommended releasing the RFP now. Mike Simmons advised that Alliant will amend the dates for the deadlines listed in the RFP and then release it next week and then hold a meeting to discuss the RFP and approval of financial audit.

**D2. COMMITTEE REPORTS**

**D2a. Executive and Finance Committee**

Nothing to report.

**D2b. Safety Committee**

**D2b1. Safety Inspections Request for Proposal**

Rene Mendez said that the committee has been having a hard time obtaining a quorum to meet and discuss this item; it does not have a recommendation from the committee at this time.

Mr. Mendez suggested moving forward with Bickmore Risk Services as they will provide a good breadth. Mike S. advised that both responses were read through and Bickmore provided a more thorough response than the Alliant response, but that there was interest from the Board in using Bob Garon from Alliant.

Robert Galvan with the City of Hollister reminded the members that Bob Garon with Alliant already knows the lay of the land since he provided these services previously to MBASIA a few years ago.

A motion was made accept the proposal from Bickmore Risk Services for Safety Inspection Services.

**MOTION:** Adela Gonzales **SECOND:** Steve Matarazzo **MOTION CARRIED**

**D2b2. Return to Duty Program**

Rene Mendez stated that the Safety Committee recommends having a policy for a Return to Duty Program and that being consistent as a group is important. Mr. Mendez also said that the City of Marina’s policy can be used as a Best Practice; that it, itself does not have to be adopted by Member but that they do need something similar in place.

A motion was made to adopt as a Best Practice that all members have a Return to Duty Program Policy and Procedure.

**MOTION:** Steve Ando **SECOND:** Steve Matarazzo. **MOTION CARRIED**

Mike Simmons advised that the Safety Committee needs a fifth member and asked the Board for a volunteer. Adela Gonzalez advised that either she or Ezequiel will volunteer to be the fifth member.

**D2b3. Workers Compensation Loss Reporting**

Conor Boughey advised that JT2 has been creating these reports to evaluate losses by department. Industry Standard for Insurance for Class Codes were included in the Agenda Packet.

Janet Kirkpatrick with JT2 advised that the City of Hollister is using their payroll codes that they report to the WCIRB to classify their losses.

No action necessary

**D2c. Coverage and Claims Committee**

**D2c1. Report from the May 23, 2011 Committee Meeting**

Conor Boughey advised that the Claims Committee met on May 23rd to discuss a claim and gave settlement authority. The claim was between $10,000 and $100,000, which the Coverage and Claims Committee has settlement authority for. Mr. Boughey advised that the committee met telephonically and gave settlement authority for the claim discussed.

**D2c2. Liability Claims Settlement Authority Policy and Procedure**

Conor Boughey stated that the Liability Claims Settlement Authority Policy and Procedure should be communicated to the attorneys at each member city for claims excess of $10,000 before a settlement is reached.

Conor Boughey advised that policy and procedure was amended to give only the full Board of Directors settlement authority on claims that were not reported to the TPA prior to a settlement proposal being reached.

A motion was made to approve the amended Liability Claims Settlement Authority Policy and Procedure.

**MOTION:** Steve Ando **SECOND:** Steve Matarazzo. **MOTION CARRIED**

**D2d. Ad Hoc Budget Committee Meeting**

Nothing to report

**D2d1.** **Draft Liability Budget**

Conor reminded the Board that the Budget was presented at the April Board meeting. The figures on page 113 of the agenda packet have been updated with the most recent pricing from CARMA, ERMA for the E&O premium. The budgets for CARMA, ERMA, CSAC-EIA, will most likely remain the same but their budgets have not been finalized yet, so MBASIA’s budget is subject to change. Conor Boughey advised that if anything changes within the budget, the Credit from Surplus figure at the bottom of the chart on page 113 will either go up or down.

Mike Simmons added that there is a new line item in the Budget for Board Errors & Omissions. Mr. Simmons advised that this policy covers suits brought by one MBASIA Board member against another MBASIA Board member. Mr. Simmons advised that the price for this policy should not be more than $10,000 for the first $1,000,000 of coverage. Mr. Simmons stated that the Budget Committee met in April worked this into the budget already.

Mike Simmons suggested that we will obtain quotes for both a $500,000 and $1,000,000 E&O limit and will be presented to the Executive Committee before July 1, 2011 for binding.

A motion was made to approve the Liability Budget.

**MOTION:** Adela Gonzales **SECOND:** Rene Mendez **MOTION CARRIED**

**D2d2. Draft Workers Compensation Budget**

A motion was made to approve the Workers Compensation Budget.

**MOTION:** Steve Matarazzo **SECOND:** Adela Gonzalez **MOTION CARRIED**

**D3. PY 2011-12 Calendar of Meetings**

Conor Boughey advised that the Calendar of Meetings will be presented at each June Board meeting. Mr. Boughey advised that the Hotel Pacific is available as an option for the October 20th Long Range Planning Meeting

A motion was made to approve the Calendar of Meetings.

**MOTION:** Steve Ando **SECOND:** Adela Gonzalez **MOTION CARRIED**

**D3b. Loan Agreement**

Conor Boughey reminded the Board that last year, Del Rey Oaks had a large increase in their Workers’ Compensation premium and they discussed with the Board to come up with a loan agreement to soften the blow. After recalculating the 2011-2012 premiums, King City received a 69% increase and Greenfield received an 81% increase. After the April 2011 Board meeting, both cities requested a loan agreement structured similarly to Del Rey Oaks’ loan agreement.

Conor Boughey reminded the Board that MBASIA’s Loan policy that caps total loans to all members at $325,000. Del Rey Oaks still has $76,000 outstanding on their loan and only approximately $250,000 is left over. Mr. Boughey advised that King City and Greenfield would pay outside of their loan $132,500 and they are then loaned the remaining balance. Steve Matarazzo suggested increasing the loan cap amount. Conor said that amending the loan policy is open up for discussion since the policy was adopted in 1994.

Rene Mendez suggested revisiting the loan policy and bringing it up to date. Mike Simmons stated that Alliant will redraft a loan policy and have the Finance Committee review it. It will then be brought to the Board in October.

A motion was made to approve the loan agreements for the City of Greenfield and the City of King City but without the 12 monthly installment payment plan options.

**MOTION:** Steve Ando **SECOND:** Adela Gonzalez **MOTION CARRIED**

**D3c. ERMA Membership Documents**

Mike Simmons reminded the Board that MBASIA self-funds from $10,000 to $1,000,000 and then MBASIA belong to CARMA for Excess Liability. CARMA **excludes** Employment Practices Liability. Historically, MBASIA has had some EPL losses. Mike Simmons advised the board that they can transfer this exposure to ERMA. Also, ERMA does a lot of trainings similar to the Liebert Cassidy trainings. ERMA’s Underwriting Committee is recommending MBASIA for approval to the full ERMA Board at the $500,000 attachment point, which provides limits up to $2,000,000. They may be increasing the limits up to $3,000,000, which will add about $10,000 to the premium. Mike Simmons reminded the Board that ERMA is a risk sharing group, so MBASIA will be exposed to other members’ losses. MBASIA should consider joining ERMA at the $500,000 attachment point this year, and then next year, after the actuarial study has been completed, reevaluate whether the SIR should be lowered to $250,000 or even lower.

Adela Gonzalez wanted to know what kind of training schedules ERMA offers. Conor Boughey said that ERMA uses different vendors for each training session. Conor also stated that Watsonville is MBASIA’s closest member regionally. ERMA has training opportunities all over northern California Mike Simmons added that ERMA has committed to getting two training sessions within the Monterey Bay Area location should MBASIA decide to join. Mike Simmons discussed that the Board can later discuss whether or not to keep the Liebert Cassidy agreement at the long range planning meeting.

A motion was made to participate in ERMA at the $500,000 attachment point and $2,000,000 limit level if admitted by ERMA’S Board at their upcoming meeting.

Adela Gonzalez amended motion to increase limit level to $3,000,000 if the option is available.

**MOTION:** Adela Gonzales **SECOND:** Rene Mendez **MOTION CARRIED**

**D4.** **LOSS REPORT**

**D4a. Workers’ Compensation Administrator’s Report**

Janet Kirkpatrick stated that they are seeing a trend with stress claims due to the pending layoffs at cities.

**D4b. Liability Third Party Administrator’s Report**

Nothing to report.

**E. PROGRAM ADMINISTRATOR’S REPORT**

Nothing to report.

**F. CORREPONDENCE/ INFORMATION**

**F1. Board of Directors Meeting Schedule & Liebert Cassidy Training Schedule**

Conor Boughey advised the Board of the next two Board of Directors Meetings and Liebert Cassidy trainings dates.

No action necessary.

**G. GENERAL RISK MANAGEMENT ISSUES**

None

A motion was made to adjourn the meeting at 12:00 PM.

**MOTION:** Rene Mendez **SECOND:** Robert Galvan **MOTION CARRIED**