

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

Friday, November 30, 2018 at 8:30 AM

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

MEMBERS PRESENT

Jamie Goldstein, City of Capitola
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
Tony McFarlane, City of Scotts Valley Alternate
Francine Uy, City of Soledad Alternate

MEMBERS ABSENT – None.

GUESTS & CONSULTANTS

Nina Aguayo, City of Greenfield Alternate
Charles Raibley, Crowe LLP (*left the meeting at 9:15 AM*)
Lynn Cavalcanti, AIMS (*arrived at the meeting 9:00 AM*)
Ken Maiolini, Risk Management Services
Michael Simmons, Alliant Insurance Services
Conor Boughey, Alliant Insurance Services
Lorissa Huey, Alliant Insurance Services

A. CALL TO ORDER

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

B. CONSENT CALENDAR

B1. Approval of Minutes – June 18, 2018 Board of Directors Meeting

B2. Approval of Minutes – September 25, 2018 Special Board of Directors Meeting

B3. Service Calendar & Status of Deliverables

B4. Bills and Correspondence

B4a. Ratification of Disbursements

A motion was made to approve the consent calendar.

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

	Jamie Goldstein	Dino Pick	Rene Mendez	Paul Wood	Brett Miller	Steve Adams	Layne Long	Linda Scholink	Tony McFarlane	Francine Uy
Aye	X	X	X	X	X	X	X	X	X	X
Nay										
Abstain										

C. ORAL COMMUNICATIONS & PUBLIC COMMENTS

There were no 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 2018, 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.

Conor reminded the Members they have up until May 1 of this program year to file their request until the funds can be reallocated to other Members.

No reportable action took place.

D1c. Coverage and Claims Committee

D1c1. Summary of Coverage

Conor Boughey presented to the Board the FY 18-19 Summary of Coverages for each Member. The coverages that most Members have through MBASIA are Pooled Liability, Excess Liability, Excess Employment Practices, Pooled Workers’ Compensation, Property, and AD&D for volunteers. Other City specific coverage include crime, airport liability, and auto physical damage – vehicle/equipment.

D2. UNFINISHED BUSINESS

D2a. Del Rey Oaks Police Department Expansion of Services to the Monterey Airport – Additional Premium

Conor Boughey reported that Del Rey Oaks has completed the transition of the Monterey Airport District Police Department into the Del Rey Oaks Police Department as of October 1, 2018.

Since the City did not pay the payroll of these officers during FY 17/18, their exposure base was not included which is not an accurate representation of risk for this year’s budget. In order to capture an appropriate premium, Alliant presented three appropriate ways to charge the member which are using the: (1) actuarial rate; (2) formula without the cap increased payroll; or (3) composite rate.

A motion was made to charge Del Rey Oaks the premium reflected in the formula without the cap increased payroll calculation as presented in the agenda packet.

MOTION: Rene Mendez **SECOND:** Steve Adams **MOTION CARRIED**

	Jamie Goldstein	Dino Pick	Rene Mendez	Paul Wood	Brett Miller	Steve Adams	Layne Long	Linda Scholink	Tony McFarlane	Francine Uy
Aye	X	X	X	X	X	X	X	X	X	X
Nay										
Abstain										

D2b. City of Greenfield Fire Department – Additional Premium Update

Conor Boughey reminded the Board that at the June 2018 Board Meeting the Board was informed that the City of Greenfield will take over the Greenfield Fire District effective July 1, 2018. At that meeting, the Board discussed how to charge the City for this new exposure and made a motion to create a composite rate and apply it to the new payroll. However, after the Program Administrators created a composite rate, it seemed high. The Program Administrators then looked at standard Workers Compensation rates for fire and police and then contacted FASIS (the pool that covers Greenfield for Workers Compensation). Staff found that the “actuarial rate” basis is more accurate. The Executive Committee was informed of this by an email from Mike Simmons and there were no objections.

No reportable action took place.

D2c. Liability Memorandum of Coverage Underlyer

Conor Boughey reminded the Board that they previously discussed the potential of an adoption of a Liability underlyer, as the Board similarly adopted one for Workers’ Compensation effective July 1, 2018. The Program Administrators researched other entities with similar excess programs and does not recommend the adoption of a Liability underlyer.

No reportable action took place.

D3. NEW BUSINESS

D3a. Review of Items Discussed at Long Range Planning

D3a1. Actuarial Rates and Confidence Level

At the November 29, 2018 Long Range Planning held the previous day, Conor Boughey commented that in 2016-17 many municipal pools and insurers experienced significant Liability loss development due to large claims, mostly driven by dangerous condition and police professional types of claims. As a result of this, many pools experienced declining Net Position and a need to increase rates. Also, Workers’ Compensation costs continue to increase over time, and MBASIA previously issued debt due to lack of prudent funding.

The Board discussed whether they should increase MBASIA’s current funding level at the 70% confidence level for the Liability and Workers’ Compensation Programs.

A motion was made to keep the 70% confidence level for the Workers’ Compensation Program, and to increase the Liability Program to a 75% confidence level.

MOTION: Rene Mendez **SECOND:** Brett Miller **MOTION CARRIED**

	Jamie Goldstein	Dino Pick	Rene Mendez	Paul Wood	Brett Miller	Steve Adams	Layne Long	Linda Scholink	Tony McFarlane	Francine Uy
Aye	X	X	X	X	X	X	X	X	X	X
Nay										
Abstain										

D3a2. Auto Physical Damage Coverage Comparison between APIP and AMVP

MBASIA Members have been insuring their vehicles through the Alliant Motor Vehicle Program (AMVP), which is a standalone insured program designed specifically for vehicle coverage. Members could also cover their vehicles through the Alliant Property Insurance Program (APIP), which is MBASIA’s property insurer.

Conor Boughey discussed at the November 29, 2018 Long Range Planning, while the overall vehicle and property coverage would be cheaper if bundled in APIP, this causes several areas of concern. Auto coverage has a much higher rate than all risk coverage, and therefore would drastically increase the APIP premium, and this increased premium would need to be allocated between Members appropriately. Related to this, autos have higher loss ratios, and could increase MBASIA’s ex-mod, and could do this disproportionately, and could lead to needing an ex-mod for the property program.

A motion was made to prohibit Members from insuring their autos through APIP and to continue insuring the autos through AMVP.

MOTION: Linda Scholink **SECOND:** Tony McFarlane **MOTION CARRIED**

	Jamie Goldstein	Dino Pick	Rene Mendez	Paul Wood	Brett Miller	Steve Adams	Layne Long	Linda Scholink	Tony McFarlane	Francine Uy
Aye	X	X	X	X	X	X	X	X	X	X
Nay										
Abstain										

D3a3. Workers' Compensation Budget Review

The Workers' Compensation Budget was significantly amended in 2018 to update the formula methodology of the Level III assessment, which was the Zions Bank Loan Repayments that were collected at a rate of \$305,000 per year based on Members share of losses in December 2005. At the November 2017 Board Meeting, the Board took action to pay off the Zions Bank Loan. Then, at the January 2018 Board Meeting, the Board took action to retain the same amount currently in the Level III funding of \$305,000 but to roll the funds into the Level II calculation.

This revised allocation of premium draws attention to the Level II allocation, and the Board discussed whether a minimum contribution should be established. If a Member were to reduce their 4 year claims history to nothing, or next to nothing, a very low percentage of the program would be allocated to that Member.

A motion was made to establish a \$75,000 minimum in the Level II assessment.

MOTION: Layne Long

SECOND: Dino Pick

MOTION CARRIED

	Jamie Goldstein	Dino Pick	Rene Mendez	Paul Wood	Brett Miller	Steve Adams	Layne Long	Linda Scholink	Tony McFarlane	Francine Uy
Aye	X	X	X	X	X	X	X	X	X	X
Nay										
Abstain										

D3a4. Liability Budget Review

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 29, 2018 Long Range Planning held the previous day the Board did not want to change the allocation.

No reportable action took place.

D3a5. Dividend Program Development

Conor Boughey reported that at the November 29, 2018 Long Range Planning the Board discussed three different structures of a dividend plan which are: (1) Banking Plan, (2) Shared Plan, and (3) Hybrid Plan. Currently, MBASIA does not have a defined program to return surplus funds back to Members. MBASIA's financial position has continued to improve, but is still negative. Once MBASIA reaches a positive Net Position, and reaches prudent funding levels, a dividend program should be used to return unneeded deposit premium back to Members equitably.

The Board agreed starting with option 2 which is the Shared Plan, where the JPA looks at the surplus (Net Position) available for return, and provides a return based on relative past contributions or payroll.

D3b. MBASIA’s Financial Audit

Charles Raibley from Crowe LLP, presented the draft of MBASIA’s FY 17/18 Financial Audit report. Charles reported that there were no significant findings.

A motion was made to accept and file the draft Financial Audit.

MOTION: Dino Pick

SECOND: Brett Miller

MOTION CARRIED

	Jamie Goldstein	Dino Pick	Rene Mendez	Paul Wood	Brett Miller	Steve Adams	Layne Long	Linda Scholink	Tony McFarlane	Francine Uy
Aye	X	X	X	X	X	X	X	X	X	X
Nay										
Abstain										

D3c. CSAC EIA Workers’ Compensation Claims Audit of AIMS

Conor Boughey reported that ALC has completed a claims file audit for CSAC EIA of MBASIA’s Workers’ Compensation TPA, AIMS. Included in the agenda packet is the executive summary of the audit and AIMS’ response to the audit.

Lynn Cavalcanti from AIMS attended the meeting to address the audit findings and answered questions as they arose.

No reportable action took place.

D3d. Report from Police Risk Management Committee September 5, 2018 Meeting

Conor Boughey reported to the Board that the Police Risk Management Committee (PRMC) met on September 5, 2018 and requested the the Program Administrators to look into a Police Wellness Program. Staff solicited feedback about vendors through EIA, and checked other public entity references for Savvy Health Solutions.

Direction was given to the Program Administrators to present the quote they received from Savvy Health Solutions to the Police Chiefs at the next PRMC Meeting to get feedback, and then report back to the Board. At this time, the Board’s consensus is that if some cities want to enter into a contract with Savvy Health Solutions they can, but not to enter into a contract for MBASIA. No reportable action took place.

D3e. CAJPA Membership

Conor Boughey reported that MBASIA is currently not a member of California Association of Joint Powers Authorities (CAJPA). Every year in September, the CAJPA conference is held in South Lake Tahoe. The non-member conference fee is \$750. If MBASIA becomes a member, members of MBASIA can receive the conference discounted rate of \$350. MBASIA’s membership would cost \$450, so as long as two or more members plan to attend CAJPA, MBASIA would financially benefit from membership.

A motion was made to join CAJPA.

MOTION: Dino Pick

SECOND: Rene Mendez

MOTION CARRIED

	Jamie Goldstein	Dino Pick	Rene Mendez	Paul Wood	Brett Miller	Steve Adams	Layne Long	Linda Scholink	Tony McFarlane	Francine Uy
Aye	X	X	X	X	X	X	X	X	X	X
Nay										
Abstain										

D3f. Excess Workers’ Compensation Renewal

Conor Boughey reported that the Version 1 CSAC EIA renewal estimate is included in the agenda packet. MBASIA is a member of CSAC EIA’s Excess Workers’ Compensation program with a \$250,000 Self Insured Retention. The next estimate, Version 2 will be provided at the January 2019 Board Meeting.

No action was taken, this is an information item.

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 10:07 AM.

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

	Jamie Goldstein	Dino Pick	Rene Mendez	Paul Wood	Brett Miller	Steve Adams	Layne Long	Linda Scholink	Tony McFarlane	Francine Uy
Aye	X	X	X	X	X	X	X	X	X	X
Nay										
Abstain										

A motion was made to come out of Closed Session at 10:38 AM.

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

	Jamie Goldstein	Dino Pick	Rene Mendez	Paul Wood	Brett Miller	Steve Adams	Layne Long	Linda Scholink	Tony McFarlane	Francine Uy
Aye	X	X	X	X	X	X	X	X	X	X
Nay										
Abstain										

Conor Boughey reported out of Closed Session that direction was provided to the Liability and Workers Compensation Claims Administrators.

E. PROGRAM ADMINISTRATORS’ REPORT

E1. MBASIA Exposures and Coverages Review

Conor Boughey reminded the Board that at each meeting, Alliant will provide a brief summary of the different coverages provided to each Member Agency. At today’s meeting, Conor walked through a Cyber and Pollution Coverage PowerPoint presentation that was included in the agenda packet.

Members asked coverage questions which were addressed.

F. CORRESPONDENCE / INFORMATION

F1. Next Two Board Meetings & ERMA Training Schedule

The next two Board Meetings will be held on Monday, January 28, 2019 in Sand City, and Monday, April 8, 2019 in Salinas. The meeting in Salinas will be held at the Alliant Salinas Office.

F2. PARMA Conference Information – No discussion on this item.

G. GENERAL RISK MANAGEMENT ISSUES

There were no General Risk Management Issues.

ADJOURNMENT

Jamie Goldstein adjourned the meeting at 11:14 AM.