

**MINUTES OF THE
MBASIA BOARD OF DIRECTORS MEETING
Monday, April 11, 2011 at 9:30 A.M.
City of Sand City, CA**

MEMBERS PRESENT

Lisa Murphy, City of Capitola
Daniel Dawson, City of Del Rey Oaks
Rene Mendez, City of Gonzales
Michael Compton, City of Greenfield
Robert Galvan, City of Hollister
James Larson, City of King City
Kathy McFall, City of Marina
Adela Gonzalez, City of Soledad
Francine Uy, City of Soledad

MEMBERS ABSENT

Rene Mendez, City of Gonzales
Steve Ando, City of Scotts Valley

GUESTS AND CONSULTANTS

Ken Maiolini, Risk Management Services
Kent Rice, Kent Rice and Associates
Conor Boughey, Alliant Insurance Services
Monica Sandbergen-Izo, Alliant Insurance Services
Michael Simmons, Alliant Insurance Services

A. CALL TO ORDER

Daniel Dawson called the meeting to order at 9:35 A.M.

B. CONSENT CALENDAR

B1. Approval of Minutes – March 1, 2011 Board of Directors

B2. Transition Milestone Report

B3. Revised Vince Hurley Legal Services Letter of Engagement

B4. Bills and Correspondence

B4a. Ratification of Disbursements

Daniel Dawson requested that the Ratification of Disbursements be pulled from the Consent Calendar.

A motion was made to approve the consent calendar with the exception of the ratification of disbursements.

MOTION: Daniel Dawson **SECOND:** Mike Compton **MOTION CARRIED**

The Board discussed several of the payments on the Ratification of Disbursements.

After some discussion, a motion was made to approve the ratification of disbursements.

MOTION: James Larson **SECOND:** Lisa Murphy **MOTION CARRIED**

C. ORAL COMMUNICATIONS & PUBLIC COMMENTS

There were no public comments.

D. UNFINISHED BUSINESS

D1a. Liebert Cassidy Agreement

Conor Boughey advised certain members can pull out of the 2011 Liebert Cassidy Agreement should they chose to without effecting current year costs. Conor also reported that if too many members pull out of the consortium, Liebert Cassidy may need to renegotiate the rate for all 27 members of the consortium, not just MBASIA's rate.

MBASIA has paid Liebert Cassidy through the 2011 calendar year. Conor also advised the members that there an additional option for the same type of services through ERMA, which will be discussed later in the meeting. The Board was asked if any members would like to withdraw from the consortium. No members had any objections to continuing with Liebert Cassidy during the year.

No action taken.

D1b. Revised Travel & Training Policy and Procedure

Conor Boughey advised that the Travel & Training Policy and Procedure has been revised with the expenses changed to the IRS allowable rates and that the website has been provided in the agenda packet for the IRS allowable rates.

A motion was made to receive and file the amended policy and procedure.

MOTION: James Larson **SECOND:** Mike Compton **MOTION CARRIED**

D2. COMMITTEE REPORTS

D2a. Executive and Finance Committee

D2a1. Financial Auditor RFP

Conor Boughey advised that the current audit has not been finalized and that we are still waiting to get the final audit so that the RFP can be issued. Conor further advised that if any other members have audit firms in mind they would like to recommend, they should send those to him or Monica. Conor advised that the audit will be posted on CSAC's website.

No action taken.

D2b. Safety Committee

D2b1. Verbal Report from March 21, 2011 Safety Committee Meeting

Lisa Murphy advised that at the last Safety Committee meeting, it was discussed whether or not members should have a Return to Duty Program. Lisa advised the Board that the Committee will be recommending that all members have a Return to Duty Program.

D2b2. Safety Inspections at Member Agencies

Conor Boughey reported that the Safety Committee met and discussed the plan to have Safety Inspections at the Members Agencies. The Committee looked at past agreements and the last inspections were performed in 2006 with Bob Garon. A budget of \$25,000 – \$35,000 was set for the safety inspections. Conor Boughey reported that the service plan will be drafted for the Safety Committee to review and will be sent to 2-3 firms to bid on by June.

Conor Boughey advised that what will be included in the proposed agreement will be language to hold people accountable to the recommendations by the safety inspector. Michael Simmons advised that it will be a one year project and that the role of the Board will be to follow-up with members on recommendations by Safety Inspector. Mr. Simmons further advised that the focus of the project will be on Workers' Compensation and Liability issues, not so much property issues. Mr. Simmons reported that on average, 2 days per city is what will be budgeted for, however, that this number may increase for larger cities, such as Hollister, or decreased for smaller cities.

Mike also advised that the member cities can decide in advance what they would like the safety inspector to focus on during their visit. Mike advised that Alliant will be asking the firms what *they* think the scope should be for MBASIA, not what Alliant thinks the scope should be. Mr. Simmons reported that the inspections will be done July – September so that the report can be reviewed and also so that the safety inspector can make a presentation at the Long Range Planning meeting in October.

Mr. Simmons advised that Alliant is starting to draft the proposal now and that the Safety Inspector will be picked by the June Board meeting. Mike stated that the safety inspection will

call cities and discuss the issues with each individual city. All of the recommendations by the Safety Inspector will go back to the city first and will be reviewed by the city before they are bound in any report.

No action taken.

D2b3. Return to Duty Program

Conor Boughey advised that it was decided at the last Safety Committee meeting there should be a Best Practices Model for a Return to Duty Program process and that the City of Marina was chose as the model.

Kathy McFall provided her documentation that her entity uses and this was provided in the agenda packet. Kathy advised that it's not so much about whether an entity provides the accommodation, but that an entity has gone through the process and that it's been documented. The form involves the employee's supervisor, department head, HR department and employee.

James Larson stated that there should be more discussion on how to implement their return to duty programs. Conor Boughey advised Mr. Larson it was decided at last Safety Committee meeting that every member should have the process laid out for implementing the return to duty program and that it's not the Authority's job to tell the member agency how to implement the process. James Larson stated that if the Board is going to mandate a process, the member agencies should be advised on how to do that. Michael Simmons posed the question to the Board if they would like the Safety Committee to come back with a specific policy and procedure. The Board requested more information.

It was decided that at the next Safety Committee meeting, the committee will look at the City of Marina's policy & procedure and will come back to the next Board meeting with more information. Michael Simmons clarified that the goal of the Return to Duty Program is not that every employee has to come back to work, but that the city has gone through the process to make a determination.

No action taken.

D2c. Coverage and Claims Committee

D2d1. Proposed Legal Assistance Fund

Conor Boughey advised that the proposed Legal Assistance Fund was discussed at the last meeting. Conor further asked the Board if they would like to start the proposed Legal Assistance Fund with Vince Hurley and build it into the Liability and Workers' Compensation budgets.

Michael Simmons advised that Vince Hurley is to provide a report at the end of every month and if a member is approaching the threshold, Alliant will contact member to advise them of this.

A motion was made to instruct the Budget Committee to add the Legal Assistance Fund of \$15,000 to Budgets.

MOTION: Kathy McFall **SECOND:** James Larson **MOTION CARRIED**

D2d2. Draft Liability Budget

Robert Galvan reported that the Budget Committee met and reviewed last year's budget. Mr. Galvan reported that the exposure base was changed from operating budget to payroll and experience base was changed from total paid in the last 12 months to total paid in the last 5 years. The 25% premium increase cap will still remain.

Conor Boughey advised that it would be cleaner and easier to use payroll vs. operating budget. Michael Simmons advised that the experience base was changed to smooth premiums out year over year. If 12 months of paid is used, it will be difficult for cities to prepare their budgets because there are going to be spikes each year.

A motion was made to approve the draft Liability Budget.

MOTION: Mike Compton **SECOND:** Lisa Murphy **MOTION CARRIED**

D2d3. Draft Workers' Compensation Budget

Conor Boughey reported that in previous years, the WC budget had dramatic inflections. The formula was looked at and it was decided that instead of using # of employees, payroll was used for the exposure base and the experience base was changed from total incurred for 2 years to total incurred with a claims cap of \$250,000 for 4 years. This was done so that a member is not punished for 1 fluke accident/loss.

A motion was made to approve the draft Workers' Compensation Budget.

MOTION: Adela Gonzales **SECOND:** Daniel Dawson **MOTION CARRIED**

D3. NEW BUSINESS

D3a. Recognition Letter for Kent Rice

Michael Simmons presented to Kent Rice a recognition letter for his years of service to MBASIA.

D3b. Potential Participation in ERMA

Michael Simmons reported that MBASIA covers Employment Practices Liability with the first \$1,000,000 of pooled liability limits and that \$1,000,000 may not be enough as he has seen claims of this nature settling for over \$3,000,000. Mr. Simmons also advised that MBASIA there is no excess insurance above \$1,000,000. Mr. Simmons further reported that the best avenue to

purchase Excess Insurance and to also have access to legal trainings would be through ERMA. Many members of CARMA are members of ERMA. The philosophy of ERMA is for its members to join at a low SIR, but they do have options to join at \$250,000 and \$500,000. It would cost around \$90,000 for MBASIA to join ERMA at the \$500,000 layer, and this figure has already been included in the budget. Examples of EPL are: wrongful terminations, sexual harassment, discrimination, etc.

Mike Simmons reported ERMA will be having a meeting next week to discuss MBASIA's participation and at what attachment they should join. Alliant's recommendation is for MBASIA to apply to ERMA with a \$500,000 attachment point. ERMA's proposal will be presented at June Board meeting. Premium will be taken out of surplus.

A motion was made to apply to ERMA with a \$500,000 or \$250,000 attachment point.

MOTION: James Larson **SECOND:** Mike Compton **MOTION CARRIED**

D3c. Workers' Compensation Actuarial Report

Conor Boughey reported that the workers compensation actuarial report had been completed by Jack Joyce. Conor further that the report identifies \$1,800,000 in short term liabilities for the next 12 months. Michael Simmons advised that MBASIA used to operate on a "pay as you go" basis, which ended up causing the deficit situation that MBASIA is in now. The \$1,800,000 is higher number to enable MBASIA to reduce its deficit over time. Conor Boughey advised that last year, total paid for the year was \$2,400,000 for short term claims. Conor Boughey reminded the Board that each year Jack Joyce will be invited to the Strategic Planning Meeting and that he can walk through the actuarial reports with the members in more detail.

A motion was made to receive and file the Workers' Compensation Actuarial Report.

MOTION: Mike Compton **SECOND:** Adela Gonzales **MOTION CARRIED**

D3d. Liability Actuarial Report

Conor Boughey reported that the liability actuarial report had been completed by Jack Joyce. Conor further advised that \$661,000 was included in the budget to be applied to future claim payments which matches what is shown in the actuarial study under "paid in the next 12 months". Conor reported the funding levels are down this year a little over 1% compared to last year.

A motion was made to receive and file the Liability Actuarial Study.

MOTION: Mike Compton **SECOND:** Lisa Murphy **MOTION CARRIED**

D4. LOSS REPORT

D4a. Workers' Compensation Administrator's Report

Janet Kirkpatrick from JT2 gave a report on current claim trends.

Janet addressed the need to make the reports less vague and suggested either using occupational class codes or payroll class codes. Mike Compton suggested having the Safety Committee come up with the standard reporting criteria. Michael Simmons suggested having a report based on class codes and another report based on payroll. Kathy McFall stated that it would be helpful for Marina to have the reports classified by class codes. After further discussion, it was decided that Janet will present reports to Mike and Conor based on payroll and class codes so that it can be presented to the Safety Committee for them to decide.

D4b. Liability Third Party Administrator's Report

A Motion was made for the MBASIA Board of Directors to enter Closed Session pursuant to Government Section Code 54956.95 at 11:41 a.m.

MOTION: Robert Galvan **SECOND:** Lisa Murphy **MOTION CARRIED**

A Motion was made for the MBASIA Board of Directors to enter out of Closed Session pursuant to Government Section Code 54956.95 at 11:55 a.m.

MOTION: Rene Mendez **SECOND:** Lisa Murphy **MOTION CARRIED**

No reportable action was taken in closed session.

D4b1. Genex Medicare Reporting of Claims

Due to the low volume of claims, Ken Maiolini advised the best avenue would be to establish RMS as a direct reporter under the small reporter requirement that is under CMS. GenX recommended that the Program Administrator register as the Registered Reporting Entity and RMS register as the direct reporting agency and that they have until the end of the year to get everything setup.

E. PROGRAM ADMINISTRATOR'S REPORT

Nothing to report.

F. CORREPENDENCE/ INFORMATION

F1. Board of Directors Meeting Schedule

Conor reported that the next Board meeting is on June 13, 2011 in Sand City and further advised that Liebert Cassidy will be holding a seminar on April 27, 2011 on Handling Grievances at the City of Hollister.

G. GENERAL RISK MANAGEMENT ISSUES

None

A motion was made to adjourn the meeting at 12:11 a.m.

MOTION: Rene Mendez