

MINUTES OF THE MBASIA BOARD OF DIRECTORS MEETING

Monday, June 18, 2018 at 9:30 AM

**Council Chambers of City Hall
1 Pendergrass Way
Sand City, CA 93955**

MEMBERS PRESENT

Jamie Goldstein, City of Capitola

Rene Mendez, City of Gonzales

Nina Aguayo, 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

Jenny Haruyama, City of Scotts Valley

Michael McHatten, City of Soledad (*left the meeting at 11:20 AM*)

MEMBERS ABSENT

Dino Pick, City of Del Rey Oaks

GUESTS & CONSULTANTS

Lynn Cavalcanti, AIMS

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 9:42 AM.

B. CONSENT CALENDAR

B1. Approval of Minutes – April 9, 2018 Board of Directors Meeting

B2. Approval of Minutes – May 8, 2018 Special Board of Directors Meeting

B3. Service Calendar & Status of Deliverables

B4. Bills and Correspondence

B4a. Ratification of Disbursements

B5. 2017-18 Liability Actuarial Report

A motion was made to approve the consent calendar.

MOTION: Rene Mendez **SECOND:** Nina Aguayo **MOTION CARRIED**

| | Jamie Goldstein | Dino Pick | Rene Mendez | Nina Aguayo | 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

There were no public comments.

D. BOARD OF DIRECTORS

D1. Committee Reports

D1a. Executive and Finance Committee

D1a1. Updated Committee Assignments

Conor Boughey reported that MBASIA’s Committee Assignments are made annually at the June Board Meeting for the following Program Year.

A motion was made to approve Layne Long and Steve Adams to be on the Coverage & Claims Committee while Jamie Goldstein, the Chairperson is automatically the Committee Chair. Brett Miller and Rene Mendez are also automatic members because they are the Excess Coverage Representatives.

Brett Miller will now be ERMA’s Primary Representative and Jamie Goldstein will be the Alternate Representative.

Rene Mendez will continue to be CARMA’s Primary Representative and Jamie Goldstein will continue to be the Alternate Representative.

The Safety Committee will consist of the same members as last year: Layne Long, Vice Chairperson who is automatically the Committee Chair, Jenny Haruyama, and Nina Aguayo.

MOTION: Rene Mendez

SECOND: Michael McHatten

MOTION CARRIED

| | Jamie Goldstein | Dino Pick | Rene Mendez | Nina Aguayo | 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. 2018-19 Safety Funds Budget

Conor Boughey reported that per the Safety Grant Policy & Procedure, the Authority must annually adopt the amount of funds to be allocated to the Grant Program.

A motion was made to adopt the budgeted funds of \$75,000 for the FY 18-19 Safety Grant Program.

MOTION: Linda Scholink

SECOND: Rene Mendez

MOTION CARRIED

| | Jamie Goldstein | Dino Pick | Rene Mendez | Nina Aguayo | Brett Miller | Steve Adams | Layne Long | Linda Scholink | Jenny Haruyama | Michael McHatten |
|---------|-----------------|-----------|-------------|-------------|--------------|-------------|------------|----------------|----------------|------------------|
| Aye | X | | X | X | X | X | X | X | X | X |
| Nay | | | | | | | | | | |
| Abstain | | | | | | | | | | |

D1c. Coverage and Claims Committee – None.

D2. UNFINISHED BUSINESS

D2a. Workers Compensation: Settlement Future Medical Claims Project Update

Lynn Cavalcanti, AIMS provided an update regarding the Workers Compensation: Settlement Future Medical Claims Project with the Board.

The memo write up provided by Lynn for the Board Meetings will be agendized as a handout going forward.

No reportable action took place.

D2b. Volunteer Coverage

D2b1. Volunteer Coverage through Workers Compensation

Conor Boughey reported that historically MBASIA reported that volunteers were not covered by MBASIA’s Workers Compensation Program, however Safety Volunteers (e.g. volunteer fire officers) are covered by the Workers Compensation program. While reviewing the Memorandum of Coverage, the language allows a Member agency to pass a resolution to cover volunteers, but no members has and MBASIA has not approved any volunteer coverage. No revisions would be necessary to allow coverage to volunteers.

Conor informed the Board that Entities sometimes pass a Council Resolution that provides coverage for specific, or certain groups of volunteers (interns, certain program volunteers, explorers, etc.). The resolution attached in the agenda packet is just a sample for information purposes. It is very uncommon for an entity to provide workers compensation coverage to ALL volunteers, this would be more commonly addressed through AD&D coverage.

No reportable action took place.

D2b2. AD&D Policy

Conor Boughey presented the AD&D quote from the Alliant Volunteer Insurance Program (VIP) as requested by the Board at the January 2018 Board Meeting to be effective 7/1/2018.

A motion was made to bind Option 2 of the AD&D quote subject to changing the number of volunteers to 1,253 from 1,252 because the City of Greenfield added one intern to the volunteer count.

MOTION: Steve Adams **SECOND:** Brett Miller **MOTION CARRIED**

| | Jamie Goldstein | Dino Plick | Rene Mendez | Nina Aguayo | Brett Miller | Steve Adams | Layne Long | Linda Scholink | Jenny Haruyama | Michael McHatten |
|---------|-----------------|------------|-------------|-------------|--------------|-------------|------------|----------------|----------------|------------------|
| Aye | X | | X | X | X | X | X | X | X | X |
| Nay | | | | | | | | | | |
| Abstain | | | | | | | | | | |

D2c. CARMA Insurance Renewal

Conor Boughey presented CARMA’s budget. There is a 7.4% premium decrease from last year’s premium. However, payroll increased by 5.7% and the ex-mod is still above average. The primary driver of the reduction was MBASIA’s request to reconsider how CARMA allocates the admin expense. Because MBASIA is a member of CARMA and we did not provide notice to terminate, the renewal will be automatic.

D2d. ERMA Insurance Renewal

Conor Boughey presented ERMA's budget. There is a 15% premium increase from last year's premium due to an increase in payroll of 5.7% and the ex-mod has increased to 102.5%. Another reason for this increase is that ERMA's budget includes a new layer of insurance. Previously ERMA provided coverage from MBASIA's retention to \$2,000,000, but this year the ERMA Board is considering increasing this limit to \$3,000,000. Because MBASIA is a member of ERMA and we did not provide notice to terminate, the renewal will be automatic.

D2e. Excess Workers' Compensation Renewal

Conor Boughey reported that Excess Workers' Compensation (EWC) premium has decreased about 2% despite an increase in payroll. The rate has come down a fair amount and in general, EWC rates have been pretty flat all around. Historically, EWC rates have increased by about 11% each year but now the rates are more stable, which is positive news.

D2f. Property Program Renewal

D2f1. APIP Insurance Renewal

D2f2. APIP Claims Reporting Acknowledgements

Conor Boughey reported that one major change this year is that King City is now part of the MBASIA APIP placement. Conor also walked through key coverage changes that were listed in the APIP program such as: Unscheduled Infrastructure Sublimit reduced from \$2,000,000 to \$750,000; Multiple enhancements to Cyber Liability coverage, including Business Interruption for System Failures, Cyber Funds Transfer Fraud and other increased sublimits; and Pollution Coverage updates and increased sublimits, including Sewer Backup with \$250,000 sublimit, and increased sublimits for indoor/mold sublimits.

The Program Administrators will send to the individual members who participate in APIP the Claims Reporting Forms for Property, Cyber, Pollution and the APIP Claims Reporting Acknowledgement Receipt form. The APIP Claims Reporting Acknowledgement Receipt form needs to be signed by the member, scanned and emailed back to Alliant.

A motion was made to bind the APIP proposal as presented.

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

| | Jamie Goldstein | Dino Pick | Rene Mendez | Nina Aguayo | Brett Miller | Steve Adams | Layne Long | Linda Scholink | Jenny Haruyama | Michael McHatten |
|---------|-----------------|-----------|-------------|-------------|--------------|-------------|------------|----------------|----------------|------------------|
| Aye | X | | X | X | X | X | X | X | X | X |
| Nay | | | | | | | | | | |
| Abstain | | | | | | | | | | |

D2g. MBASIA Board E&O (APPL) Proposal

Conor Boughey reported that the Trustee’s Errors & Omissions Policy renews July 1, 2018. The renewal premium this year is flat. This policy is purchased to cover scenarios, such as litigation between a member agency and the MBASIA Board due to a coverage opinion, termination or other action by the Board disputed by a Member.

A motion was made to bind the E&O proposal as presented.

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

| | Jamie Goldstein | Dino Pick | Rene Mendez | Nina Aguayo | Brett Miller | Steve Adams | Layne Long | Linda Scholink | Jenny Haruyama | Michael McHatten |
|---------|-----------------|-----------|-------------|-------------|--------------|-------------|------------|----------------|----------------|------------------|
| Aye | X | | X | X | X | X | X | X | X | X |
| Nay | | | | | | | | | | |
| Abstain | | | | | | | | | | |

D2h. Final 2018-19 Liability Budget

Conor Boughey presented the final 2018-19 Liability Budget. The budget is presented at the April Board Meeting as a draft, and is annually adopted at the June Board Meeting. The Executive & Finance Committee met on May 30, 2018 to review the budget a second time and made a motion to recommend to the Board to approve as proposed.

A motion was made to approve as presented.

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

| | Jamie Goldstein | Dino Pick | Rene Mendez | Nina Aguayo | Brett Miller | Steve Adams | Layne Long | Linda Scholink | Jenny Haruyama | Michael McHatten |
|---------|-----------------|-----------|-------------|-------------|--------------|-------------|------------|----------------|----------------|------------------|
| Aye | X | | X | X | X | X | X | X | X | X |
| Nay | | | | | | | | | | |
| Abstain | | | | | | | | | | |

D2i. Final 2018-19 Workers Compensation Budget

Conor Boughey presented the final 2018-19 Workers Compensation Budget. The budget is presented at the April Board Meeting as a draft, and is annually adopted at the June Board Meeting. The Executive & Finance Committee met on May 30, 2018 to review the budget a second time and made a motion to recommend to the Board to approve as proposed.

A motion was made to approve as presented.

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

| | Jamie Goldstein | Dino Pick | Rene Mendez | Nina Aguayo | 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. MBASIA’s Workers Compensation Underlying Policy

Conor Boughey reported that MBASIA maintains a Memorandum of Coverage (MOC) for the Workers Compensation pooled program. This MOC applies to coverage between the Member’s retention, and MBASIA’s attachment to excess coverage.

Workers Compensation coverage is much more controlled by code and statute, and coverage forms do not vary drastically. Because of this, many pools that obtain excess coverage from CSAC EIA, or LAWCX, issue an “Underlyer” which is a policy document that references the excess coverage form as the controlling form for the underlying layer of coverage. By doing this, the MOC is automatically updated to match the excess form. This removes any chance of a gap in coverage forming over time.

A motion was made to discard the current MOC and approve the Underlying MOC as presented.

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

| | Jamie Goldstein | Dino Pick | Rene Mendez | Nina Aguayo | 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. City of Del Rey Oaks’ Police Department Expansion of Services and Payroll Increase

Conor Boughey reminded the Board that at the April 2018 Board Meeting Dino Pick from the City of Del Rey Oaks reported that the City is in the process of combining Police Departments with the Monterey Airport. The Board requested that the Program Administrators present some options at the June 2018 Board Meeting what is the best way to approach the City’s material growth in payroll.

A motion was made to create a composite rate, apply it to the new payroll, and then prorate it if necessary. This money is in excess of the City’s capped premium.

MOTION: Rene Mendez **SECOND:** Nina Aguayo **MOTION CARRIED**

| | Jamie Goldstein | Dino Pick | Rene Mendez | Nina Aguayo | Brett Miller | Steve Adams | Layne Long | Linda Scholink | Jenny Haruyama | Michael McHatten |
|---------|-----------------|-----------|-------------|-------------|--------------|-------------|------------|----------------|----------------|------------------|
| Aye | X | | X | X | X | X | X | X | X | X |
| Nay | | | | | | | | | | |
| Abstain | | | | | | | | | | |

D3c. City of Greenfield’s New Fire Department

Conor Boughey reported that the City of Greenfield is expanding services by creating a Fire Department, and taking over the functions of the Greenfield Fire District effective July 1, 2018.

The Board discussed on how to appropriately charge the Member for this new exposure.

A motion was made to create a composite rate and apply it to the new payroll. For FY 18-19, Greenfield will be charged an additional premium for Fire Services and then starting next year combine the charge. This money is in excess of the City’s capped premium.

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

| | Jamie Goldstein | Dino Pick | Rene Mendez | Nina Aguayo | Brett Miller | Steve Adams | Layne Long | Linda Scholink | Jenny Haruyama | Michael McHatten |
|---------|-----------------|-----------|-------------|-------------|--------------|-------------|------------|----------------|----------------|------------------|
| Aye | X | | X | X | X | X | X | X | X | X |
| Nay | | | | | | | | | | |
| Abstain | | | | | | | | | | |

D3d. 2018-19 Program Year Calendar of Meetings

A motion was made to approve the calendar as presented.

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

| | Jamie Goldstein | Dino Pick | Rene Mendez | Nina Aguayo | Brett Miller | Steve Adams | Layne Long | Linda Scholink | Jenny Haruyama | Michael McHatten |
|---------|-----------------|-----------|-------------|-------------|--------------|-------------|------------|----------------|----------------|------------------|
| Aye | X | | X | X | X | X | X | X | X | X |
| Nay | | | | | | | | | | |
| Abstain | | | | | | | | | | |

E. PROGRAM ADMINISTRATORS’ REPORT

E1. Long Range Planning Location and Agenda Discussion

Conor Boughey reported that the Program Administrators were able to secure a rate within budget at the Monterey Plaza Hotel & Spa in Monterey. Also, Conor asked the Board if there was anything they would like to add to the Long Range Planning (LRP) list of topics to discuss that is included in the agenda packet.

A motion was made to approve the LRP location at the Monterey Plaza Hotel & Spa in Monterey and the LRP list of topics.

MOTION: Rene Mendez **SECOND:** Nina Aguayo **MOTION CARRIED**

| | Jamie Goldstein | Dino Pick | Rene Mendez | Nina Aguayo | Brett Miller | Steve Adams | Layne Long | Linda Scholink | Jenny Haruyama | Michael McHatten |
|---------|-----------------|-----------|-------------|-------------|--------------|-------------|------------|----------------|----------------|------------------|
| Aye | X | | X | X | X | X | X | X | X | |
| Nay | | | | | | | | | | |
| Abstain | | | | | | | | | | |

E2. MBASIA Exposures and Coverages Review

Conor Boughey stated that Alliant is proposing a new item be added to each Board meeting that quickly reviews the different coverages provided to each Member Agency. Members provided positive feedback.

Direction was given to the Program Administrators to bring this Item back at each Board Meeting.

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

F1. Workers Compensation Administrator’s Report

F2. Liability Third Party Administrator’s Report – None.

A motion was made to enter into Closed Session at 11:28 AM.

MOTION: Rene Mendez

SECOND: Nina Aguayo

MOTION CARRIED

| | Jamie Goldstein | Dino Pick | Rene Mendez | Nina Aguayo | 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 11:41 AM.

MOTION: Steve Adams

SECOND: Linda Scholink

MOTION CARRIED

| | Jamie Goldstein | Dino Pick | Rene Mendez | Nina Aguayo | Brett Miller | Steve Adams | Layne Long | Linda Scholink | Jenny Haruyama | Michael McHatten |
|---------|-----------------|-----------|-------------|-------------|--------------|-------------|------------|----------------|----------------|------------------|
| Aye | X | | X | X | X | X | X | X | X | |
| Nay | | | | | | | | | | |
| Abstain | | | | | | | | | | |

Jamie Goldstein reported out of Closed Session that direction was provided to the Workers Compensation Claims Administrator.

G. CORRESPONDENCE / INFORMATION

G1. Next Board Meeting & ERMA Training Schedule

The next meeting will be the Long Range Planning held on November 29, 2018 and the Board meeting will be held the following day, November 30, 2018 in Monterey, CA.

G2. CAJPA Conference – No discussion on this item.

G3. Supreme Court Ruling on Independent Contractors - Dynamex Operations West v. Superior Court (Lee) – No discussion on this item.

H. GENERAL RISK MANAGEMENT ISSUES

There were no General Risk Management Issues.

ADJOURNMENT

Jamie Goldstein adjourned the meeting at 11:41 AM.