

**MINUTES OF THE
MBASIA BOARD OF DIRECTORS MEETING
Tuesday, March 1, 2011 at 9:30 A.M.
City of Sand City, CA**

MEMBERS PRESENT

Lisa Murphy, City of Capitola
Jaime Goldstein, 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
Linda Scholink, City of Sand City
Steve Ando, City of Scotts Valley
Adela Gonzalez, City of Soledad
Francine Uy, City of Soledad

MEMBERS ABSENT

Michael Compton, City of Greenfield
Steve Matarazzo, City of Sand City

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

MBASIA Chair Rene Mendez called the meeting to order at 9:35 A.M.

B. CONSENT CALENDAR

B1. Approval of Minutes – October 29, 2010 Board of Directors

A motion was made to approve the minutes as posted.

MOTION: Kathy McFall **SECOND:** Adela Gonzales **MOTION CARRIED**

B2. Transition Milestone Report

Conor Boughey reported on the Transition Milestone Report and advised the members that the following items have been completed: Alliant visited with JT2 twice to go over claims and succession planning, Executive & Finance Committee was held, Safety Committee Meeting was held, and CARMA. Daniel Dawson requested that certain typographical errors be corrected.

Adela Gonzales reported that JT2 visited the City of Soledad and gave a status report about a month ago on WC and she advised that it was very helpful.

A motion was made to receive and file the report.

MOTION: Kathy McFall **SECOND:** Daniel Dawson **MOTION CARRIED**

B3. Vince Hurley Legal Services Letter of Engagement

Daniel Dawson stated that it's listed in the agenda as a Letter of Engagement and wanted to know if it's a proposal or letter of engagement. Michael Simmons advised that we are waiting for a revised document from Vince Hurley that states "Letter of Engagement".

A motion was made to approve remainder of consent calendar.

MOTION: Kathy McFall **SECOND:** Adela Gonzales **MOTION CARRIED**

C. ORAL COMMUNICATIONS & PUBLIC COMMENTS

There were no public comments.

D. BOARD OF DIRECTORS

D1. Bills and Correspondence

D1a. Ratification of Disbursements

Daniel Dawson inquired about the Department of Industrial Relations fee and what exactly it is. Conor Boughey reported that the payment to DIR was for the Workers Compensation state tax for self insured entities.

A motion was made to ratify the disbursements for the months ending October 31, 2010, November 30, 2010 and December 31, 2010.

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

D2. UNFINISHED BUSINESS

D2a. Memorandum of Coverage – Contractual Liability Review

Conor Boughey advised that this was included as an information item as a result of helping several members with contracts. Several Members have been under the impression that indemnity contracts are not covered by the Authority. It is true that errors & omissions and breach of contract that are not covered, however indemnity contracts are covered.

Michael Simmons advised that if a city enters into a contract with a developer to allow the developer to build 100 homes and then the city council changes their mind, that's a business risk or breach of contract and there is no coverage for that type of situation. A tort liability policy does not respond to this type of claim because there is no property damage, bodily injury or personal injury.

A Member questioned whether an incident in which a drunk driver hit an unmarked police car would be covered under the liability program and if a claim should be filed. Conor advised that the claim should be reported to Alliant since the City of Marina has property coverage placed through Alliant. Conor Boughey advised that we would then forward it on to the claims department.

No action was taken.

D2b. MBASIA's Workers' Compensation TPA – Succession Plan

Conor Boughey reported that Alliant met with JT2 regarding succession planning should Janet leave or become unavailable for any reason. Alliant reviewed their claim files and found that Janet is at her maximum for indemnity claims at 152. A typical recommended case load is 150. JT2 reported that due to the number of claims being appropriate for one adjusted, there would be an additional fee to add additional staff. Through discussions with JT2, it was recommended that Hannah Fernandez be Janet's backup. Hannah has worked with Janet for 6 years with public entities and is experienced handling 4850 claims.

Michael Simmons advised JT2's Pleasanton office is primarily used as a corporate office and has a limited number of adjusters. Michael further reported that by bringing Hannah on and as she grows in her career, she will get more experience which will lead to a dual backup system. Michael advised that MBASIA has 143 open indemnity claims and 11 open medical claims. Because MBASIA has only 11 medical claims, they are able to get away with having only one dedicated adjuster.

Kathy McFall thought she recalled from the strategic planning meeting that MBASIA paid an extra fee for Janet, however Kent Rice advised that the fee was a salary raise so that Janet would remain as MBASIA's adjuster. Michael Simmons advised that MBASIA's claims handling costs are average compared to other JPA's that Alliant works with.

Adela Gonzales asked if there would be an extra fee for bringing Hannah on and Michael S. advised that there will be no extra cost. Michael Simmons advised that Alliant will be having monthly meetings with JT2 at their office in Pleasanton.

D2c. Liebert Cassidy Agreement

Conor Boughey reported that MBASIA has a contract with Liebert Cassidy to provide symposiums where each member agency can send as many employees as they would like to these symposiums to receive training.

Michael Simmons advised that Linda Tripoli used to work at Liebert Cassidy but has recently left the firm and has become independent. A few MBASIA members were using Linda's services, but those services are provided for free by Liebert Cassidy. Linda is now referring members to Vince Hurley.

Rene Mendez reported that he was been pleased with the services and training provided by Liebert Cassidy but Gonzales has only sent a small number of employees to the trainings in the past due to lack of staff available. Rene further stated he thinks that it is important to have this available and suggested that we monitor the trainings over the year and monitor who is attending the seminars and have this be our focal point. Kathy McFall reported that Liebert Cassidy has proved to be a great resource for the City of Marina. Marina would like the Authority to maintain the agreement with Liebert Cassidy.

Michael Simmons reported that Alliant will provide the upcoming training opportunity schedule as part of future agenda packets. Michael Simmons reminded the members that although maybe only some of the members benefit from the services provided by Liebert Cassidy, the goal is to reduce losses which will then benefit all members of MBASIA as a whole.

Conor Boughey advised that a pending fee of \$28,320 which includes a late fee of \$100 is due for 2011. Alliant will research how fees are determined for future year renewals but action is needed to authorize payment of the current year invoice.

A motion was made to authorize payment for the 2011 program year.

MOTION: Adela Gonzales **SECOND:** Lisa Murphy **MOTION CARRIED**

D3. COMMITTEE REPORTS

D3a. Executive and Finance Committee

D3a1. Report from the October 14, 2010 Executive and Finance Committee Meeting

Conor Boughey reported that the Executive and Finance Committee met to discuss several items that came out of the strategic planning meeting.

D3a2. Liability TPA Contract Update

Conor Boughey reported that Executive and Finance Committee were given direction to renew contract with RMS. Ken Maiolini from Risk Management Services agreed to renew the contract with the existing fees and contract language updating term for a 3 year term from January 1, 2011 to December 31, 2013 for 3 year term with a 1 year optional extension. The extension has to be mutually agreed upon. Additionally, a section was added in the contract for annual performance measures.

A motion was made to ratify the Liability contract with Risk Management Services.

MOTION: Kathy McFall **SECOND:** Robert Galvan **MOTION CARRIED**

D3a3. Financial Auditor RFP

Conor Boughey reported that the Executive & Finance Committee reviewed the proposed RFP but it was decided to postpone the RFP process due to the fact that the financial audit has not been completed. Steve Ando advised that financial audit should be completed by end of March.

Conor Boughey advised that the list of auditors included in the agenda packet is those that we have worked with on other Public Entity programs. Michael Simmons suggested having the members send a list of auditors that they would be interested and add them to the list and send the RFP to those auditors would like added to the list and not post it on the website so that MBASIA will only have 6-7 bids to look at.

After further discussion, a motion was made to approve the drafted Request for Proposal document included in the agenda packet, to have it posted on CSAC's website, and to send it out after the final audit has been completed to the proposed listed auditors and any others added to the list by the members. The finance committee will meet to select the criteria and will review the responses to the RFP and will bring it back to the next board meeting for final approval.

MOTION: Daniel Dawson **SECOND:** Rene Mendez **MOTION CARRIED**

D3a4. Training Policy and Procedure

Conor Boughey advised that the Executive and Finance Committee drafted and subsequently approved the Travel and Training Policy and Procedure document in the agenda packet. Conor reminded the members that each city has \$2,000 available to them for travel and training expenses, such as attending PARMA any other Risk Management training opportunities.

James Larson from King City recommended instead of stating a specific amount for meals, that members should follow the variable IRS rules.

A motion was made to approve the Travel and Training Policy and Procedure with the amendment made to replace the per diem sections B, C and 3 with the applicable variable IRS rules.

MOTION: Robert Galvan **SECOND:** Daniel Dawson **MOTION CARRIED**

D3b. Safety Committee

D3b1. Safety Committee Survey and Report

Rene Mendez advised that the Safety Committee met and reviewed the Policy and Procedures received from the members and that there were a number of agencies that did not have a code of safe practices, return to duty program, IIPP training or routine inspections. Conor Boughey pointed out there is a difference of opinion among the members regarding the return to duty program and whether or not each member should have one. Conor advised that Kent Rice chose the City of Hollister as a Best Practices Model.

Members discussed the results of the Safety Committee Survey as well as the decision making process at individual Member Agencies. After some discussion, the Safety Committee decided to further review certain items such as potentially creating a uniform policy and procedure for return to duty as well as further exploring the idea of safety inspections at Member Agencies.

D3b2. Safety Committee Budget Action – Grant Program Policy and Procedure

Rene Mendez advised that the Safety Committee discussed several options to utilize the safety funds and concluded that the best use of these funds would be to create a Grant Program in which Members could expense certain expenditures for reimbursement to the Safety Committee. Conor Boughey reported on the process to request reimbursement for approved expenditures. Conor advised the members that they can use him or Monica as a point person to send their ideas to and that we will then forward those on to the Safety Committee for approval.

Robert Galvan reminded members that CSAC-EIA provides a lot of free information on Target Safety and to contact Janet at JT2 for any ergonomic training and inspections of work stations.

A motion was made to approve the Grant Program Policy and Procedure.

MOTION: James Larson **SECOND:** Daniel Dawson **MOTION CARRIED**

D3c. Coverage and Claims Committee

D3c1. MBASIA Liability Claims Audit

Conor Boughey reported that all RMS claims files excess of \$10,000 have been reviewed and no issues were found by Tim Farley, CARMA's Liability Claims Auditor. Conor further explained that the Audit was a mandatory review from CARMA and that RMS passed with no issues.

No action was taken.

D3d. Ad Hoc Budget Committee Meeting

D3d1. Proposed Legal Assistance Fund

Rene Mendez advised that the Legal Assistance Fund was discussed at the last Budget Committee Meeting. Mike Simmons advised that he thought it would be great idea for members to have access to a lawyer for quick advice with the goal of reducing losses and potentially preventing a \$1M loss from occurring in the future. Vince Hurley advised that he thinks MBASIA members are calling him on average of \$8,000 to \$10,000 a year.

Adela wanted to know if this fund would pay for a consultant to go to their city and do ADA interactive. Michael Simmons advised that the fund should be used for 4 issues: personnel issues, WC issues, disciplinary action issues and catastrophic injury issues. Mr. Simmons advised that the legal assistance fund should be used for pre-loss issues, to prevent that \$1M claim, and that Ken/Vince will be brought in for post-loss issues.

In order to move forward, a policy will be drafted and will be brought back at the next Board meeting.

D4. NEW BUSINESS

Nothing to report.

D5. LOSS REPORT

D5a. Workers' Compensation Administrator's Report

Conor Boughey reported that Alliant has been working with JT2 to create a quarterly summary report for the Board to review. The report will focus on types of claims, severity of claims and other nondescript claims matters. A draft version of the report was distributed at the Board Meeting. Alliant will work with JT2 to identify why the number of Medical Only claims is so low. Mike S. advised that the 150 indemnity claims listed on the report are what is open at any window in time.

No action was taken.

D5b. Liability Third Party Administrator's Report

Ken Maiolini gave a verbal report on claim trends that have occurred since the authorities last meeting on October. Ken also reported on RMS's status in becoming the Registered Reporting Entity for reporting claims to CMS.

Motion was made to use GenX as MBASIA's Medicare reporting method.

MOTION: Jaime Goldstein **SECOND:** Robert Galvan **MOTION CARRIED**

The MBASIA Board of Directors entered into Closed Session pursuant to Government Section Code 54956.95

A motion was made to enter into closed session at 11:43 AM pursuant to Government Section Code 54956.95.

MOTION: Jaime Goldstein **SECOND:** Robert Galvan **MOTION CARRIED**

A motion was made to come out of closed session at 12:05 PM.

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

No reportable action was taken.

E. PROGRAM ADMINISTRATOR'S REPORT

E1. PARMA Report – Handouts

Conor Boughey passed out the handouts from the 2011 PARMA conference and discussed the type of training opportunities available at the conference.

No action was taken.

F. CORRESPONDENCE/ INFORMATION

F1. Board of Directors Meeting Schedule

Rene Mendez advised that the next Board meetings are scheduled for April 11, 2011 and June 13, 2011.

G. GENERAL RISK MANAGEMENT ISSUES

None

A motion was made to adjourn the meeting at 12:15 PM

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