**MINUTES OF THE**

**MBASIA BOARD OF DIRECTORS MEETING**

**Monday, April 16, 2012 at 9:30 A.M.**

**City of Sand City, CA**

**MEMBERS PRESENT**

Lisa Murphy, City of Capitola

Jamie Goldstein, City of Capitola

Daniel Dawson, City of Del Rey Oaks

Rene Mendez, City of Gonzales

Brent Slama, City of Greenfield

Robert Galvan, City of Hollister

Douglas Yount, City of Marina

Steve Matarazzo, City of Sand City

Adela Gonzalez, City of Soledad

Steve Ando, City of Scotts Valley

**MEMBERS ABSENT**

Brent Slama, City of Greenfield

Michael Powers, City of King City

**GUESTS AND CONSULTANTS**

Conor Boughey, Alliant Insurance Services

Monica Sandbergen-Izo, Alliant Insurance Services

Michael Simmons, Alliant Insurance Services

Corrie Kates, City of Scotts Valley

Theresa Fernandez, JT2 Integrated Services

Stephanie Snyder, JT2 Integrated Services

Arleane Cavlan, JT2 Integrated Services

Ken Maiolini, Risk Management Services

**A. CALL TO ORDER**

Daniel Dawson called the meeting to order at 9:31 a.m.

**B. CONSENT CALENDAR**

**B1. Approval of Minutes – February 13, 2012 Board of Directors Meeting**

A motion was made to approve the minutes as presented.

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

**Abstentions: Lisa Murphy and Doug Yount**

**B2. Service Calendar & Status of Deliverables**

Conor Boughey ran through the current action item list that was created from February 13, 2012 Board of Directors Meeting with the members and gave a status report on each item.

**C. ORAL COMMUNICATIONS & PUBLIC COMMENTS**

There were no public comments.

**D. BOARD OF DIRECTORS**

**D1a. Bills and Correspondence**

Conor Boughey reported that there were several substantial transfers from MBASIA’s investment accounts to its checking account for claims payments.

It was decided to move Bills & Correspondence to the Consent Calendar on future agendas.

A motion was made to approve the disbursements.

**MOTION:** Steve Ando **SECOND:** Robert Galvan **MOTION CARRIED**

**D2. UNFINISHED BUSINESS**

None

**D3. COMMITTEE REPORTS**

**D3a. Executive and Finance Committee**

**D3a1. Member Representatives**

Daniel Dawson introduced Douglas Yount, the City of Marina’s new Interim City Manager, to the Board members.

No action necessary.

**D3b. Safety Committee**

**D3b1**. **Report from the April 3, 2012 Safety Committee Meeting**

Conor Boughey reported that the Safety Committee met on April 3rd to discuss the City of Hollister’s Safety Grant Fund request. The policy allows each member to use a certain amount of safety funds each year for safety/loss prevention services. This year the amount was set at $5,000. Mr. Boughey advised that the request involved financing a larger project over several years and reimbursing the member. Mr. Boughey stated that the Safety Committee decided to not approve the request because the Safety Grant Fund Policy is a reimbursement policy, not a finance policy. Mike Simmons advised that Hollister can have early access to next year’s funds if the 2012 fund amount is approved by the Board in June. Robert Galvan stated the request for funds for the ergonomic study was submitted in an effort to reduce Hollister’s claims with the ultimate goal of reducing MBASIA’S rates. Robert Galvan advised that his request involved being provided $30,000 now so that he could purchase the ergonomic equipment and then draw down their city’s portion of the safety grant funds in future years. Rene Mendez reminded the members that MBASIA is not a bank and that MBASIA is already granting loans to members. Steve Ando recommended amending the current policy to allow for a one time submittal of a long term project. Jaime Goldstein suggested including a time cap in the amendment, such as a pre-approved project that a member can apply for 2 years in advance. After further discussion, the Board decided that it was in agreement with the Safety Committee’s recommendation of not amending the current policy and procedure to meet Hollister’s request. Hollister will be allowed early access to their portion of the 2012 safety grant funds if the fund amount is approved at the June Board meeting.

No action necessary.

**D3b2. Completed Safety Inspection Deficiency Checklists with Timelines**

Conor Boughey reported that all timelines were received from all the members, except for King City. Mr. Boughey advised that the timelines will be compiled and members who do not meet their timelines will be reported as deficient on the Consent Calendar on future agendas.

No discussion needed.

**D3c. Coverage and Claims Committee**

Nothing to report.

**D3d. Ad Hoc Budget Committee**

**D3d1. Draft Liability Budget**

Conor Boughey advised that the Ad Hoc Budget Committee met to discuss the Liability and Budget for the upcoming year. The Draft Liability Budget takes into consideration the formula changes from last year. The final budget will be presented at the June Board meeting. Conor advised that the total budget remained flat at $883,996 but each Member’s share of the budget changed. Several members hit the 25% premium increase cap.

**D3d2. Draft Workers’ Compensation Budget**

Conor Boughey advised that the Ad Hoc Budget Committee met to discuss the Workers Compensation budget, however, the Committee is not prepared to present the Workers Compensation budget at this time due to several variables such as reserves, excess workers compensation costs, etc. Mr. Boughey stated that the Budget Committee will be meeting again in the next few weeks to finalize the budget before the June Board meeting. Steve Ando asked if there was a general idea of what the 2012 WC Budget will look like. Conor advised that the goal is to keep the budget relatively flat, however, the general insurance market is experiencing rate increases. Mr. Boughey further reported that all members should be budgeting increases, especially if a member city is experiencing a lot of Workers’ Compensation claims.

**D4. NEW BUSINESS**

**D4a. CARMA Insurance Renewal**

Conor Boughey advised that the 2012 CARMA Insurance Renewal is looking to be relatively stable renewal. Mr. Boughey further stated that CARMA’s draft renewal budget is included in the agenda packet and indicates an increase from $244,058 to $253,067, which is an increase of $9,009, or 3.69%. Mr. Boughey reported that a 3.69% projected rate increase is very stable given what is currently happening in the insurance market in general. MBASIA’s payroll for 2012 increased 8.9% which is a factor that goes into the calculation. MBASIA’s ex-mod decreased by 4%. CARMA is also transitioning their re-insurance costs from one allocation base to another allocation base.

**D4b. ERMA Insurance Renewal**

Conor Boughey advised that MBASIA has a $500,000 attachment point in ERMA. Mr. Boughey further reported ERMA's 2012 draft renewal budget indicates an increase from $84,187 to $86,238, which is an increase of $2,051 or 2.4%. This is relatively stable renewal pricing indication, especially with all the rate increases that are currently being seen in the insurance market.

**D4c. CSAC-EIA Insurance Renewal**

Conor Boughey reminded the members that MBASIA withdrew from LAWCX two years ago to join CSAC because CSAC offered a $250,000 SIR option that LAWCX was not able to offer MBASIA. Mr. Boughey further reported that CSAC will pay about $1.8M in claims on MBASIA’s behalf and MBASIA has only paid about $600,000 in premium. Mr. Boughey further reported that CSAC’s 2012 draft renewal budget indicates an increase from $377,649 to $505,000 which is an increase of $127,351 or 33%. Conor advised that even if MBASIA never had any losses, their renewal premium would still go up 15% because the California Workers Compensation market is hardening. Mike Simmons stated that if MBASIA’s claims keep trending up, CSAC will most likely ask MBASIA to increase its SIR. Conor advised that if members were to purchase Workers Compensation insurance on its own outside of CSAC, safety officers would not be insured with less than $1M retention.

**D4d. Workers Compensation Actuarial Report**

Conor advised that since MBASIA has lowered its WC SIR to $250,000 from $500,000, less claims are hitting the pool which in turn is creating a more favorable actuarial outlook for MBASIA. Conor Boughey presented the 2012 Draft Workers Compensation Actuarial Report to the members and reported that the 2012 central estimate rate with a $250,000 SIR is $4.45, which is down 7.9% from 2011. Mr. Boughey further stated that the 2012 Estimated Liability for Unpaid Losses is $11,409,000 (undiscounted), which is up slightly from $11,390,000 last year. Mr. Boughey also advised that the 2012 short-term liability is $1,658,000 which is down from $1,806,000 last year. Conor stated that while MBASIA’s CSAC WC premium is estimated to increase by approximately $127,000 for 2012, the 7.9% rate decrease projected by the actuary calculates to be $107,000 less in funding that MBASIA needs to put into the pooled layer.

Conor Boughey advised that the actuary has reduced the discount rate from 2% to 1.5%

Mr. Boughey stated that MBASIA’s average indemnity claim is $75,900 which is a very high average for this group.

No action necessary. The final report will be included in the upcoming June Board Meeting agenda packet.

**D4e. Liability Actuarial Report**

Conor Boughey advised that MBASIA is now starting to have Liability losses whereas before, its Liability claims experience used to be very good. Mr. Boughey reported that the central estimate rate undiscounted with a $1M SIR and a $500K EPL Sir is $2.17, which is up 5.9% from last year’s $2.05. Mr. Boughey further stated that the Estimated Liability for Unpaid Losses undiscounted is $2,463,274, which is up from $1,676,264 last year. MBASIA’s short-term liability is $943,000, which is up from $661,000 last year. The 2012 Liability budget may need to be revised again to account for the higher short-term liability figure reported in the actuary report.

No action necessary. The Liability Actuarial Report will be brought back to the June Board Meeting for final approval.

**D4f. JT2 Integrated Resources – Service Team Update**

Theresa Fernandez from JT2 Integrated Resources advised that Janet Kirkpatrick has left JT2. Stephanie Snyder introduced herself to the MBASIA members and advised that she will be the claims examiner on MBASIA’s account. Arleane Cavlan with JT2 also introduced herself to the Board members and advised that she will be the supervisor on the account. Virginia will be handling the medical only claims, but was not present to introduce herself. Theresa advised that Stephanie is the contact person on any claims related questions the members may have. Arleane will be reviewing Stephanie’s work regularly and if members would like to have a second opinion on a claim, they can contact Arleane. Tabatha is responsible for overall claims service and service issues. Loss runs requests can be sent to Arleane or Tabatha.

**D5. LOSS REPORT**

**D5a. Liability Third Party Administrator’s Report - 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 10:32 AM pursuant to Government Section Code 54956.95.

**MOTION**: Rene Mendez **SECOND**: Doug Yount **MOTION CARRIED**

**D5b. Workers’ Compensation Administrator’s Report**

Nothing to report.

A motion was made to come out of closed session at 10:59 a.m.

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

Direction was given to RMS to take action on claims discussed during closed session.

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

**E. PROGRAM ADMINISTRATORS REPORT**

**F. CORRESPONDENCE/INFORMATION**

None.

**G. GENERAL RISK MANAGEMENT ISSUES**

None.

**ADJOURNMENT**

Rene Mendez adjourned the meeting at 11:06 AM.