

BOARD OF DIRECTORS MEETING

January 12, 2018 at 9:30 A.M.

The Waterfront Hotel, Spinnaker 1 Room, 10 Washington Street, Oakland, CA

MINUTES

Attendees:

Tracy Robinson, *City of Lafayette, President, Executive Committee*
Gary Napper, *City of Clayton, Vice President, Executive Committee*
Mike Chandler, *City of Martinez, Member-at-Large, Executive Committee*
Joe Kriskovich, *City of Manteca, Past-President, Executive Committee*
Reina Schwartz, *City of San Pablo, Treasurer, Executive Committee*
Nickie Mastay, *City of Antioch*
Sukari Beshears, *City of Brentwood*
Rob Ewing, *Town of Danville*
Kristen Cunningham, *City of El Cerrito*
LeeAnn McPhillips, *City of Gilroy*
Lori Martin, *City of Hercules*
Deborah Sultan, *City of Oakley*
Paul Rankin, *City of Orinda*
Lorenzo Hines, *City of Pacifica*
Michelle Fitzer, *City of Pinole*
Brad Farmer, *City of Pittsburg*
Andrew Murray, *City of Pleasant Hill*
Eva Phelps, *City of San Ramon*
Fran Robustelli, *City of Walnut Creek*
Linda Cox, *Chief Administrative Officer**
Erwin Chang, *Liability Claims Manager**
Barbara Esquivel, *Workers' Compensation Claims Manager**
Frank Williamson, *Finance Manager**
Victoria Thomas, *Administrative Services Supervisor/Board Clerk**
Jasmin Intravaia, *Administrative Assistant**
Jeff Johnston, *Bickmore Risk Services**
Henri Castro, *Bickmore Risk Services**
Mike Harrington, *Bickmore Risk Services**
Kellie Murphy, *Johnson, Schachter & Lewis**
Lesley Murphy, *PFM Asset Management, LLC**
Allison Kaune, *PFM Asset Management, LLC**

(*Non-voting attendee)

All members present will be recorded in the minutes.

I. President, Tracy Robinson called the meeting to order at 9:30am.

II. INTRODUCTIONS

Introductions were conducted.

III. APPROVAL OF THE AGENDA AS POSTED

Motion made by Michelle Fitzer to approve the Agenda as posted. Seconded by Gary Napper. Approved by unanimous vote of all members present and represented herein. (19-0).

IV. TIME RESERVED FOR MEMBERS OF THE PUBLIC

No members of the public were present at this meeting. No action required.

V. APPROVAL OF THE CONSENT CALENDAR

Motion made by LeeAnn McPhillips to approve the Consent Calendar as posted. Seconded by Joe Kriskovich. Approved by unanimous vote of all members present and represented herein. (19-0).

VI. ACTION ITEMS

1. Executive Committee and Board of Directors Position Elections

MPA Policy No 2000-01, Section III.B. states that an election should be held during the first meeting of the calendar year.

Positions up for election were: Board President, Board Vice-President, Board Treasurer and one Executive Committee Member-at-Large. Board Clerk Thomas reminded the Board that votes are done by position.

For the position of Board President, Staff received nominations for Tracy Robinson, City of Lafayette and Joe Kriskovich, City of Manteca. Robinson asked for nominations from the floor. There were none.

Robinson and Kriskovich both shared with the Board their interest in the position of Board President. Robinson stated that normally she would not run for a second term as President, but felt it important for continuity after MPA went through such a long transition, and after having a CAO for just one year, she would like to continue to assist the CAO with completing set goals. Kriskovich stated that his city is one of the largest cities in the Pool for both the Workers' Compensation and General Liability Programs, giving him more insight on how he could assist both Staff and Board Members to move things forward; like dividends and giving monies back to Members. He added that with the CAO's goals in place and training new Staff to better assist Members in providing information, it would help with lowering the cost to keep the Pool vibrant.

Because this is presented as an election, roll call must be taken for each Member's vote for each position.

Thomas called for each Members vote for the Board President position:

<u>Member</u>	<u>Vote</u>
Antioch	Tracy
Brentwood	Tracy
Clayton	Tracy
Danville	Tracy

El Cerrito	Joe
Gilroy	Tracy
Hercules	Tracy
Lafayette	Tracy
Manteca	Joe
Martinez	Tracy
Moraga	Absent
Oakley	Tracy
Orinda	Tracy
Pacifica	Tracy
Pinole	Tracy
Pittsburg	Joe
Pleasant Hill	Tracy
San Pablo	Tracy
San Ramon	Tracy
Walnut Creek	Tracy

Tracy	16 votes
Joe	3 votes

Tracy Robinson remains Board President with 16 votes.

For the position of Board Vice-President, Staff received nominations for Gary Napper, City of Clayton and Brad Farmer, City of Pittsburg. Robinson asked for nominations from the floor. There were none.

Napper and Farmer both shared with the Board their interest in the position of Board Vice-President. Napper shared that he has been on the Executive Committee before with this term being the first time he's been an Officer of the Committee. Napper said that he would like to continue as the Vice-President as he feels his input has been valuable and has provided great assistance in the transition with the new CAO. He brings his management experience on a variety of areas that allow the JPA to move forward. Napper added that he does not intend to run again in two years. Farmer shared that he has created captives before, has held an insurance license for over nine years, and along with his financial background, he thinks these experiences would be of great value to the Board.

Thomas called for each Members vote for the Board Vice-President position:

<u>Member</u>	<u>Vote</u>
Antioch	Gary
Brentwood	Gary
Clayton	Gary
Danville	Gary
El Cerrito	Gary
Gilroy	Gary
Hercules	Gary
Lafayette	Gary
Manteca	Brad
Martinez	Gary
Moraga	Absent

Oakley	Gary
Orinda	Brad
Pacifica	Gary
Pinole	Gary
Pittsburg	Brad
Pleasant Hill	Gary
San Pablo	Gary
San Ramon	Brad
Walnut Creek	Gary

Gary	15 votes
Brad	4 votes

Gary Napper remains Board Vice-President with 15 votes.

For the position of Executive Committee Member-at-Large, Staff received nominations for Karen Pinkos, City of El Cerrito and Brad Farmer, City of Pittsburg. Robinson asked for nominations from the floor. There were none.

Thomas called for each Members vote for the Executive Committee Member-at-Large position:

<u>Member</u>	<u>Vote</u>
Antioch	Karen
Brentwood	Brad
Clayton	Karen
Danville	Karen
El Cerrito	Karen
Gilroy	Brad
Hercules	Karen
Lafayette	Karen
Manteca	Brad
Martinez	Brad
Moraga	Absent
Oakley	Brad
Orinda	Brad
Pacifica	Brad
Pinole	Brad
Pittsburg	Brad
Pleasant Hill	Karen
San Pablo	Karen
San Ramon	Brad
Walnut Creek	Brad
Karen	8 votes
Brad	11 votes

Brad Farmer is the new Executive Committee Member-at-Large with 11 votes.

For the position of Board Treasurer, Staff received nominations for Reina Schwartz, City of San Pablo and Paul Rankin, City Orinda. Robinson asked for nominations from the floor. There were none.

Schwartz and Rankin both shared with the Board their interest in the position of Board Treasurer. Schwartz reminded the Board that she has held the position for two years and after MPA's long transition she feels that now quality discussions are being had regarding the investments and finances and would like to take it to the next level in terms of how investments and strategies are being handled. Schwartz has a strong finance background and is on another Board as the Treasurer so she brings the experience. Rankin shared that he saw this as an opportunity, as a new member, to engage and show a commitment to the Pool. Rankin has worked with a variety of Pools and was the President of (Association of Bay Area Governments (ABAG) and was active in the startup of that Pool.

Thomas called for each Members vote for the Board Treasurer position:

<u>Member</u>	<u>Vote</u>
Antioch	Reina
Brentwood	Reina
Clayton	Reina
Danville	Reina
El Cerrito	Reina
Gilroy	Reina
Hercules	Reina
Lafayette	Reina
Manteca	Paul
Martinez	Reina
Moraga	Absent
Oakley	Reina
Orinda	Paul
Pacifica	Reina
Pinole	Reina
Pittsburg	Reina
Pleasant Hill	Reina
San Pablo	Reina
San Ramon	Reina
Walnut Creek	Reina

Reina	17 votes
Paul	2 votes

Reina Schwartz remains Board Treasurer with 17 votes.

Positions Board President, Board Vice-President, Board Treasurer and Executive Committee Member-at-Large are held for two years. An election for these positions will be held during the first meeting of the calendar year in 2020.

2. Coverage and Governance Committee Member Appointments

The members of the Committee are appointed by the Board President during the first meeting of the calendar year. Members' terms are for two years. The Committee is generally comprised of the Board President, up to 5 members, Board Counsel, and MPA's Liability Claims Manager Chairs the Committee.

Staff informed the Board that more than 5 members would be accepted as reviewing the MOCs is important as it significantly impacts all Members, and a larger input would be beneficial. Cox reminded the Board that it could not be more than 9 members.

Members that have expressed interest in participating on the Coverage and Governance Committee are: Sukari Beshears, City of Brentwood, Rob Ewing, Town of Danville, Kristen Cunningham, City of El Cerrito, Joe Kriskovich, City of Manteca, Mike Chandler, City of Martinez, Lynn Tracy Nerland, City of San Pablo. Robinson asked if other Members had an interest to be on the Committee. Robustelli nominated Megan Stephenson, City of Walnut Creek. It was asked how many times the Committee met. Cox replied one to two times a year.

Board President Robinson appointed mentioned names as committee members on the Coverage and Governance Committee.

3. Chief Administrative Officer Annual Salary Increase

Robinson reported that the CAO's salary increase was discussed in Closed Session at the Executive Committee meeting. The topic is being brought to the Board for a vote to increase the annual salary by 5% to \$189,000. The increase would be retroactive to her employment anniversary date of September 1st and will be paid in one lump sum.

Robinson asked if there was any discussion on the item. It was silent.

Motion made by LeeAnn McPhillips to adopt Resolution Nol. 2018-01. Seconded by Deborah Sultan. Approved by unanimous vote of all Members present and represented herein. (19-0).

4. Annual Review Investment Policy

Lesley Murphy was in attendance to present the PFM Investment Policy.

Cox reported that PFM reviews the Investment Policy annually and they have made some minor recommendations to the policy.

Murphy reported that the existing policy is comprehensive, well written, and is in compliance with the sections of California government code that mandate the investment of public funds. There are no changes to the code, therefore the suggested changes are not legally required. The suggested changes are just to strengthen the policy. Shown on page 111 of the agenda packet are suggested changes to the Internal Controls and Qualified Financial Dealers and Institutions. Shown on page 113 of the agenda packet are suggested changes to the Permitted Investment Instruments.

Murphy said the practice is already in place, but adding the language strengthens the policy; e.g., page 111, VIII, Qualified Financial Dealers and Institutions, fourth paragraph where it reads: 'If the Authority has an investment advisor, the investment advisor may use its own list of authorized broker/dealers to conduct transactions on behalf of the Authority'.

Motion made by Reina Schwartz to adopt the changes in the Investment Policy. Seconded by Brad Farmer. Approved by unanimous vote of all Members present and represented herein. (19-0).

5. Premium Calculation Review and Consideration for Change

Cox asked if there was any additional steps or direction from the Board based on the presentation given at the Workshop the previous day.

Schwartz said that there seemed to be a fair amount of interest and likely support for bringing the topic back to the Board to determine the implications of only applying the ex-mod to the premium component and not the administrative component and using another methodology for spreading the administrative component. Schwartz gave her opinion that it made sense to split out the ex-mod only for the loss component and would like to see what the numbers would be for the rest of the cost.

Harrington revised the list of options that were presented to the Board for consideration during the Workshop. Added options were: loss capping, capping maximum loss rate and number of years of experience. Organized them into what affects an ex-mod. Harrington asked if there was interest in maximizing the ex-mods and keeping the ex-mods in between 1.3 and 0.7 or just "let them ride". Kriskovich opted for the "let them ride" option. Harrington agreed that this is the best practice because if there were some type of capping then there is the factor that a Member will be paying more than another Member. Harrington said that the same applies to capping the annual changes and added that he's more giving on this number as it affects the premium. Farmer commented that if this practice was done over a three year period versus a five year period that it would matter as the five year would capture more of the total experiences.

Harrington agreed and added that it is a bigger mass to move at a five year period making it more stable than the three year period.

Chandler said that the three year plan works for his City. Moving from three years to five years would be counterproductive.

Murray suggested implementing policies that bring incentives and then on the back end restructure things to provide stability to Members. Adding that it feels like a fix, but shouldn't be a guiding principle.

Murray stated that this is not his level of expertise and asked that the professional in the field (like the investment policy) present their recommendation to the Board and then explain why they are presenting their idea. Harrington replied that specific recommendations were given at the Workshop and what was being presented at the Board of Directors meeting is more informational on ideas that can be implemented if a Member within the Board had an opinion that they were not getting a large enough impact with large losses.

Robustelli agreed with Murray's suggestion of receiving Bickmore's recommendation and asked that Staff provide their recommendation as well, from a policy perspective, and how it links to the Pool's goals and objectives. Cox said Staff will provide a recommendation as well going forward.

Harrington asked for guidance on the Board's choice regarding "bearing or sharing". Schwartz shared a past discussion the Board had on disability insurance and that there were some outliers in the data and someone on the Board said that historically the Board has acted as a true Pool and shared the experience/cost. She added that the Board seemed to lean on the bearing side at the Workshop. She suggested that a conversation on this topic would be helpful before making a determination. Robustelli agreed with the sharing philosophy, but with some accountability and suggested creating an accountability scale.

Harrington suggested looking at the number of years in the loss cap, and the loss rate seemed reasonable. The application of the ex-mod to the entire premium seems suspect so he suggested changing that and applying the ex-mod to the losses within the Pool layer that MPA keeps. He also suggested applying it to the claims administrative expense or a portion of the claims administrative expense.

The reason for this is because if a Member's loss experience is bad, chances are the folks that are taking care of the claims are taking care of you a lot more than other Members.

There is no need to apply the ex-mod to the excess insurance or general expenses. Harrington ended his recommendation with change the ex-mod and include a cap.

Harrington will present several scenarios that give different options on how to apply the ex-mod using the fixed variable expenses and taking into account end of the date cap changes.

Robinson said that this is a topic for the In Service Day and have Harrington there to walk Members through an exercise to make a final determination on ex-mod methodology.

Schwartz added that a focus of Harrington's scenarios should be on the issues of what the ex-mod is applied to and what it would look like if the potential annual was capped to a Member's premium.

It was determined that the ex-mods will remain the same for this fiscal year.

Cox asked the Board if the end of February or early March would work with their schedules for an In Service Day. Staff will email Members suggested dates to choose from.

No motion was made. Direction was provided to Staff.

6. Premium Collection/Timing

Options were discussed at the Workshop regarding premium collection and the timing. Cox reviewed the options:

1. Implementing best practices for the timing and the penalty for late payments made by the Members that are in line with other California JPAs. Staff provided a chart on what other Pools do (pg 124 of the agenda packet).

2. Enforce the existing policy. Staff did not want to enforce a policy that most Members were not aware of as it hadn't been enforced since inception in 2008.

Napper said he was interested in hearing more details on Option #1. He also suggested Staff send a letter to all member cities informing them of the existing policy that had not been enforced in the past, but would be enforced going forward.

Have Members ask their Finance Managers if a July 1st due date to pay premiums is possible for their City. Bring this topic back to the April Board of Directors meeting to hear member cities feedback.

Robinson said she would like to implement the "pay in full" method this year so the benefit is received this year. She would also like to hear back from any Member if this will cause a hardship. If a few cities report that it will create a hardship then she suggested working with them and give them a relief packet rather than putting it off for a year.

Motion made by Brad Farmer to accept a Hybrid Option whereby MPA would give direction to PFM to create a short term commercial paper portfolio structured to mature on or before July 15th to give Members liquidity to make their payments at the end of July. PFM will then reassess in April and later in the summer what MPA/PFM will proceed with for the next year. Seconded by Reina Schwartz. Approved by unanimous vote of all members present and represented herein. (19-0).

7. Dividends

Cox reported that both the Workers' Compensation and General Liability Programs are not performing well. Therefore, the assets versus liabilities aren't where Staff would like them to be. The dividends that have been received are currently carrying both programs and have contributed to the \$3M net position the Authority currently has.

Knowing the significance in the value of providing grants to Members, Staff provided the Board with three options:

1. No dividend distribution
2. Provide each Member with a grant of \$10,000 to be used to mitigate losses by implementing safety measures; e.g., ergonomics, pot holes, trees or police trainings
3. Provide each Member with a grant of \$15,000. Staff is offering this as an option only because it's what's been distributed in the past, but would prefer to not offer this much.

Chandler said that the grant program was/is very helpful to his City. He opted for Option 2 to receive a \$10,000 dividend distribution.

Napper suggested putting a freeze on dividend distribution for one year, and wait to hear Bickmore's findings on member cities loss experiences.

Motion made by Paul Rankin to proceed without a grant program for one year. Seconded by Brad Farmer. Approved by 17 members present and represented herein. Opposed by the City of Manteca and the City of Martinez. (17-2).

VII. INFORMATIONAL ITEMS

8. Preliminary Premium Estimates

Harrington reported that past practice was to prepare the premium estimates later in the year. Cox asked Bickmore to prepare preliminary premium estimates to present at this Board meeting to allow Members more time for review and consideration.

Cox reported that Staff is working with Bickmore on the results of Workers' Compensation and General Liability premiums and will provide numbers on January 31st. Staff is also reviewing the set reserves on Workers' Compensation and General Liability claims to determine if there are any that can be reduced.

Harrington reported what was reviewed was outstanding liabilities, what has already happened and the funding for the following year. To determine what the rate will be, Bickmore reviews the unfunded liability of all claims, reviews administrative costs and excess insurance and adds all of that together.

Workers' Compensation

The ultimate losses and allocated loss adjustment expenses (ALAE) have changed since last year. Overall, there is an \$831,000 increase. Currently, there are several years with open claims. Until the claims are closed, there is an actuarial reserve on the claims, which is known as the Incurred But Not Reported (IBNR). Bickmore estimated that in 2015-16 group of claims would be \$7,371,000 and 2016-17 is estimated to increase to \$8,147,000. There has been an increase in claims for the past four years.

Estimated liability for unpaid loss and LAE at June 30, 2018 is at \$33,366,000 with an ULAE of \$1,752,000. Claims are paid out over time which will offset the investment income making the estimate \$4,888,000. Giving a discounted value of \$30,230,000. Available assets are \$36,198,000 making the surplus of \$5,968,000. To ensure there are enough funds for all open claims Bickmore recommends funding at an 85% confidence level.

The change in outstanding claim liabilities is that case reserves, IBNR reserves and claims administration reserves have all increased making the total reserves for June 30, 2018 \$35,1118,000. An increase in liability of \$1,756,000 since last year. Offset of investment income is a difference of \$241,000 making the total outstanding claim liability \$1,515,000.

The frequency of claims in the Workers' Compensation program has decreased from last year. However, the severity of the claims has increased making the Loss and LAE funding guidelines for 2018-19 \$8,531,000. With an investment income offset of \$1,014,000 the discounted Loss and LAE is \$7,517,000.

2018-19 at an 80% confidence level with an SIR of \$500,000 gives the ultimate loss and ALAE \$8,531,000. With an offset investment income of \$1,014,000 would bring the discount Loss and ALAE to \$7,517,000. Currently, the confidence level is funding at 80% giving the total recommended funding of \$12,740,000, which is what Bickmore recommends. This gives approximately \$1.5M of additional premium by funding at a level higher than expected.

Parameters used for experience modification factors – latest three years of losses and payroll are used, losses are limited to \$100,000 per occurrence, weighting is limited to a maximum of 75% for the largest Member and experience rating modifications for Danville, Lafayette, and Orinda include an additional adjustment because these cities do not have a police department.

Members' comparison of experience modification factor for 2018-19 shows all Members prior total capped incurred losses at \$11,085,043, with current total capped incurred losses at \$11,768,691, showing a difference of \$683,648 / 6%.

11:15am Kristen Cunningham left the meeting

General Liability

Change in ultimate Loss and ALAE for 2015-16 had an increase of \$1,766,000 and year 2016-17 also had an increase of \$1,210,000.

11:17am Lesley Murphy left the meeting

Estimated liability for unpaid Loss and ALAE at June 30, 2018 expected is \$15,346,000 with a \$750,000 ULAE less the investment income offset of \$799,000 making the discounted Loss and LAE \$15,297,000. With available assets of \$19,737,729 the surplus would be \$4,440,729. If funded at an 85% confidence level the Loss and ALAE would be \$19,643,000 with a \$960,000 ULAE less the investment income offset of \$1,023,000 making the discounted Loss and LAE \$19,580,000. With available assets of \$19,737,729 the surplus would be (\$1,265,271).

Change in outstanding claim liabilities for Loss and LAE are that case reserves, IBNR reserves and claims administration reserves have all increased making the total reserves for June 30, 2018 \$16,096,000. With an offset for investment income of \$799,000 the total outstanding claim liability is \$15,297,000.

Claim frequency decreased from 2016-17 at 0.75 number of claims per \$1M of payroll to 2017-18 at 0.70 number of claims per \$1M of payroll. Claim severity also decreased from 2016-17 at \$16,100 to 2017-18 at \$14,300.

Loss rate also shows a decrease from 2016-17 at 1.20 dollars of loss per \$100 of payroll to 2017-18 at 1.00 dollars of loss per \$100 of payroll.

Member's comparison of experience modification factor for 2018-19 shows all Members prior total capped incurred losses at \$7,094,026, with current total capped incurred losses at \$9,155,392, showing a difference of \$2,061,366 / 29%.

A Member asked who they could contact if they wanted to review their deductible and possibly adjust it to see how it would affect their premium. Cox replied MPA now has a Risk Analyst, Michael Pattenaude, that can do that analysis for them.

9. Mid-Year Budget Review

Williamson presented the mid-year budget review. This review includes information on a consolidated basis as well as by Program: Workers' Compensation, General Liability, Other Programs and General & Administrative.

Staff anticipates that when comparing the FY 2017-18 Budget to the FY 2017-18 projected amounts:

- Revenues will be over budget by \$177K or 0.7%
- Expenses will be over budget by \$1.25M or 5.1%
 - Claims Expenses represents \$1.3M or 10.8% of this variance
- Change in Net Position will be under budget by \$1.0M or 36.1%
- Net Position-End of Year will be under budget by \$2.2M or 15.5%

The net position at the beginning of the year was \$11,463,459 with an increase of \$2,833,687 making the net position at the end of the year \$14,297,146. The variance is primarily a result of higher than anticipated claims expenses for the Workers' Compensation and Liability Programs, which were projected based upon the draft actuarial reports dated December 2017.

Workers' Compensation Program

Budgeted net position at the beginning of the year for 2017-18 was \$5,847,511 with an increase of \$1,413,599 giving the net position at the end of the year \$7,261,110.

Part of the reason for the increase is due to the program closing a lot of claims and having to payout.

General Liability Program

Budgeted net position at the beginning of the year for 2017-18 was \$4,339,684 with an increase of \$1,400,016 giving the net position at the end of the year \$5,739,700.

Other Programs (Property, Life, LTD, Auto, Facilities Mgmt. and Wellness)

Budgeted net position at the beginning of the year for 2017-18 was \$1,276,264 with an increase of \$20,072 giving the net position at the end of the year \$1,296,336.

The premium was \$110,000 less than what was budgeted due to payroll being less than what Staff thought, also Brentwood's Police Department recently switched their program which lowered the projections.

Equipment was \$66,000 less than what was budgeted due to a new roof and air conditioning unit(s). Staff recently discovered that the cost for new air conditioning unit(s) will cost significantly more because a crane will need to be rented to lift the units on to the roof. Cox added that the cost for these two items will be placed in the next fiscal year's budget. Cox also said that the review of the building will be completed before air conditioners are replaced.

MPA General & Administration

Premium Insurance \$450, Departmental Personnel \$1,077,930, Doc Expenses \$1,821,023, Equipment \$73,900.

MPA Salary & Benefit Projections

Staff presented a five year salary and benefit projection.

10. Target Equity Ratios

MPA's Target Ratio Policy establishes funding benchmarks for five target equity ratios: Equity to SIR, Net Premium to Equity, Claim Reserves/IBNR to Equity, Prior Years' Loss Development to Equity and Changing in Equity.

Workers' Compensation is primarily meeting their target equity. Williamson said that most compare to equity and how equity is doing. Williamson reminded the Board that the confidence level was raised to build up the net position in equity for the Program. The target reserve that was missed was the Claims Reserve/IBNR to equity.

General Liability missed all their targets due to the net position. It is estimated that the targets will be missed next year as well.

Schwartz asked what is being done to improve the General Liability Program so that it is not missing all of its targets. Williamson said steps being taken to improve the Program are: Staff is reviewing the set reserves to see if any can be reduced, the confidence level has been increased for the last three years and there has been no dividend distribution for last two years.

VIII. STAFF REPORTS

Liability Manager's Report

Chang reported that he has been with the company for six months providing leadership to a now fully staffed department. Chang said when he began at MPA there were a lot of open files with large claims on: wrongful deaths, shootings, landslides. In his six months of tenure he has made an aggressive attempt to close claims, which cost the Program \$1.4M.

Workers' Compensation Manager's Report

Esquivel informed the Board that the Program settled four large claims last year in FY 16-17, which doubled the total indemnity payout for MPA. The Program has good results with closing claims. Closing claims also has a repercussion as fees have to be paid to the State of California.

Finance Manager's Report

Williamson said communications will be going out soon to all Members requesting payroll.

Chief Administrative Officer's Report

Nothing to report.

IX. MEMBERS COMMENTS

Board Members congratulated Staff on a job well done with the Workshop and Board meeting.

X. ADJOURNMENT – Meeting was adjourned at 12:03pm