

EXECUTIVE COMMITTEE MEETING

June 2, 2021 at 12:00 P.M.

Via Teleconference and Videoconference

MINUTES

Attendees:

Reina Schwartz, *City of Clayton, President, Executive Committee*
Sukari Beshears, *City of Brentwood, Vice President, Executive Committee*
Mike Chandler, *City of Martinez, Member-at-Large, Executive Committee*
Tim Przybyla, *City of Oakley, Member-at-Large, Executive Committee, Board Treasurer*
Paul Rankin, *City of Orinda, Member-at-Large, Executive Committee*
Linda Cox, *MPA Chief Administrative Officer**
Frank Williamson, *MPA Finance Manager**
Erwin Chang, *MPA General Liability Claims Manager**
Barbara Esquivel, *MPA Workers' Compensation Claims Manager**
Victoria Thomas, *MPA Administrative Services Supervisor/Board Clerk**
Jasmin Intravaia, *MPA Administrative Assistant**
Kellie Murphy, *Johnson, Schachter & Lewis**
Allison Kaune, *PFM Investments**
Henri Castro, *Sedgwick**

(*Non-voting attendee)

All members present will be recorded in the minutes.

I. President, Reina Schwartz called the meeting to order at 12:03pm.

II. INTRODUCTIONS

Board Clerk Thomas took roll call.

III. APPROVAL OF THE AGENDA AS POSTED

Motion made by Mike Chandler to approve the Agenda as posted. Seconded by Tim Przybyla. Approved by roll call vote. (4-0 Paul Rankin was not in attendance to vote).

IV. TIME RESERVED FOR MEMBER OF THE PUBLIC

Board Clerk Thomas reported that she had not received any written communications from the public.

V. APPROVAL OF THE CONSENT CALENDAR

Motion made by Tim Przybyla to approve the Consent Calendar as amended. Seconded by Mike Chandler. Approved by roll call vote. (4-0 Paul Rankin was not in attendance to vote).

12:05pm Paul Rankin joined the meeting.

VI. ACTION ITEM

1. Proposed Changes to MPA's Investment Policy

Cox reported that Board Member Paul Rankin questioned how MPA presents the investment reports to Board Members. Rankin stated that the Investment Policy reads that Staff is to provide quarterly reports rather than monthly reports, which is what Staff currently provides. Rankin suggested that Staff summarize the reports rather than presenting the entire report. Cox replied that CAJPA Accreditation recommends that investment reports be provided monthly. Rankin corrected Cox and stated that the monthly requirement is a list of transactions per MPA's Investment Policy. He added that providing only the list of transactions may reduce the report to two pages.

Cox reported that long term investments were capped at 20%, the cap was changed in 2012 to 25%. MPA currently has \$80M+ in investments, showing an increase from 2012 at \$50M, with a net position of 36% of total assets. With MPA being so well funded, there is more flexibility and more earning potential, allowing the cap to increase from 25% to 35%.

Staff proposed a language change in the policy (page 188 of the agenda X Investment Parameters, B, 3) 'wherein the allocation to the long term growth account shall not exceed 35% of the Authority's aggregate assets' as well as added additional language.

Motion made by Paul Rankin to approve the proposed changes in the Investment Policy and move forward to Board of Directors for approval. Seconded by Sukari Beshears. Approved by roll call vote. (5-0).

2. Wellness Program Rate Renewal

Staff proposed a rate increase of 3.1% from \$0.057 to \$0.0588 per \$100 of payroll. The increase will generate \$146,394 representing an increase of \$13,355 over last year's premium.

Cox said that the Wellness Program is managed by Victoria Thomas. When the pandemic began, Thomas changed the on-site fitness and cooking classes to virtual live classes. Live classes are recorded and placed on MPA's website for all to view and participate at their convenience. Participation and viewership for both types of classes continues to increase. With the pandemic restrictions lightening, Thomas is in the process of scheduling the Members' Walk-n-Lunches, CPR Trainings, and the Asbestos Cement Pipe Trainings.

Thomas is continually trying to improve the benefits in the program. Thomas recently partnered with Farm Fresh To You, which is delivery service for local farms' fruits, vegetables, and other foods. Thomas was able to negotiate a 10% discount on all orders. Cox added that the discount and use of the delivery service is available to all member cities' employees and their family and friends.

Motion made by Tim Przybyla to approve the Wellness Program rate increase of \$0.0588 and move forward to the Board of Directors for approval. Seconded by Mike Chandler. Approved by roll call vote. (5-0).

3. Vehicle Physical Damage Program Rate Renewal

Staff proposed a rate increase of 12.82% or \$.05 per \$100 of ACV (Actual Cash Vehicle) over the prior year's rate of \$.39. The rate increase is due to a slight increase in inventory from \$57,955,309 to \$58,151,271. Staff anticipates the Vehicle Program to stay well within its target equity range of \$475,000 and \$500,000, while drawing down equity by \$11,898 and leaving an estimated balance of approximately \$500,000 at the end of FY 2021-22

Motion made by Tim Przybyla to approve the Vehicle Program rate increase and move forward to the Board of Directors for approval. Seconded by Paul Rankin. Approved by roll call vote. (5-0).

4. Property, Crime, Cyber, and Deadly Weapons Program Rate Renewals

Cox reported on the estimated premiums of the programs. The Cyber insurance that is in the Property Program shows a rate increase with an estimated premium of \$60,000. The increase is rolled into the Property Program premium. The Crime Program shows an estimated premium of \$85,000. Alliant is estimating a slight increase making it \$93,500. The Deadly Weapons Program estimated premium is \$13,937. PRISM is estimating a premium of \$1,938,000 for the Workers' Compensation Program.

Schwartz asked how confident Dennis Mulqueeny of Alliant is with the not to exceed amounts for all the insurance coverages. Cox replied that Dennis is very conservative with the estimates and is confident with the not to exceed premiums.

Motion made by Sukari Beshears to move forward to the Board of Directors for review and approval. Seconded by Reina Schwartz. Approved by roll call vote. (5-0).

5. Proposed Budget for FY 2021-22

Williamson reported on the changes made to the proposed budget since last presented to the Board of Directors in May. With the changes, total expenses increased by 16%. 3.5% of the increase was due to insurance premiums going up and 1.4% are the claims increase. Other Item Details (Personnel Comp/Benefits, Claims Admin, and Other) showed a decrease of \$83,717.

Motion made by Tim Przybyla to move forward to the Board of Directors for review and approval. Seconded by Paul Rankin. Approved by roll call vote. (5-0).

VII. INFORMATIONAL ITEMS

6. Investment Portfolio Update

Allison Kaune of PFM Investment was in attendance to present the Investment Portfolio.

7. Potential Member Update – City of San Bruno

Henri Castro of Sedgwick was in attendance to present her findings on the risk assessment that she completed on the City of San Bruno.

On February 3rd, Castro met with the Assistant City Manager and the HR Manager at the City of San Bruno. Castro reviewed their Workers' Compensation Program, Safety Program, and

Cal/OSHA requirements. Castro developed a survey for them to send to all departments in order to gather information about Cal/OSHA that would be required for the City.

Castro said that her findings are based on the results from the survey and from her meetings with the two employees. Castro reported positively with the City identifying their exposures and training requirements for their employees. The City is currently in the process of updating their Injury and Illness Prevention Program.

In terms of assessing their exposures, Castro said that Sedgwick can educate them on identifying the high hazards in each department and develop an action plan to assist them with the implementation of required programs. Castro said that Sedgwick would provide detailed recommendations for needed improvements if the Board approved to accept the City into the Pool.

Cox said the next step is to review the City's Workers' Compensation Program in relationship to MPA's actuarial report and determine how it would affect premiums if the City joined the Pool.

If the Board approves the City of San Bruno to join the Pool, it is desired to have the City in the Pool by January 1, 2022. If logistics prevent this start date, then the start date will be by July 1, 2022.

Rankin asked why the City is showing interest in joining MPA's Pool and if they are currently in a Pool. Cox replied that the City is self-insured for \$1M for workers' compensation. The City uses a third-party administrator to administer their workers' compensation claims. The Assistant City Manager previously worked for a Member City and was very familiar with MPA and the Workers' Compensation Program. It was shared that they like that our adjusters are in-house.

Cox reminded the Board that when the preliminary actuarial report was done the City came in with very low exposure showing an experience modification of under 1%.

8. Dividend Information

Staff had Bickmore Actuarial review all program years for the General Liability and Workers' Compensation Programs to determine if there was a surplus of funds on closed claim years. It was reported that there is a potential of \$1M of dividends in each program that could be made available to the Members. Cox said that it is anticipated that the CARMA premium increase is going to be significantly high and proposed that some of the dividend from both programs be used to offset any CARMA premium increase.

Cox stated that there is also a potential dividend from ERMA.

Staff asked for direction on bringing the topic back to the Board should the CARMA premium increase be significant.

9. General Liability and Workers' Compensation Actuarial and Experience Modification Reports Update

At direction of the Board, Staff presented the preliminary General Liability and Workers' Compensation actuarial and experience modification reports.

10. MPA Benefit Program Expansion – Dental and Vision Coverage

Cox reported that Keenan is finalizing rates for the two insurance plans. Cox said that when the program is implemented, Members will have the option to select what plan design they would like for their City. Staff plans to roll out the insurance plans by August to allow member cities' employees ample time to select the type of plan they want during open enrollment.

Both plans will be added to the new Benefit Administration System allowing Members to enter the employees in the system that want to participate in the new plans. Staff will notify Members once both plans have been implemented and will work with Members' Human Resource employees to offer the new plans during open enrollment in addition to the plans Members currently have.

Chandler asked Cox about the implementation process of the program and if it will cause a negative response from the current administrator, Dublin Insurance Trust, like it did last year. Cox replied that a different approach was taken this time, explaining that she no longer sits on Dublin Insurance Trusts Board so there is no conflict of interest and MPA is not going self-insured this time. Staff is working with a broker, Keenan, to get premium rates. MPA plans to go self-insured in the future if/when the program grows.

Chandler asked if there was a minimum number of participation in order to implement the plans. Cox said that currently there is no minimum requirement for participation.

Rankin expressed concern that the rate would be higher should there be minimal employees in the new plans. Cox replied that if Keenan is not able to sustain what Members' current rate is then they would move MPA's Pool into another Pool to maintain the premiums.

Schwartz reminded the Board that last summer Dublin Insurance Trust proposed a two-year rate lock. To change plans and leave the Trust would require a 30 or 60 day notification to the Trust.

Rankin shared that starting in August may be difficult as some Members may have bargaining groups that they need to present the possible program change to.

11. Public Safety Personnel (Cordico) Employee Assistance Program Rates

Staff provided the information to remind Members that the premiums were not paid when the program was purchased. Staff will be billing Members in July.

12. Short Term Disability, Long Term Disability, Life, and AD&D Rates

There was no discussion.

13. General Liability and Workers' Compensation Dashboards

There was no discussion.

VIII. MANAGERS REPORT

There was no discussion.

IX. CLOSED SESSION

Report Out from Closed Session:

Closed Session began at 2:02 p.m.

1. WC - WC-014070 vs. City of Antioch - No Action Taken
2. GL - Reasoner vs. City of Pittsburg. - Settlement Approved
3. GL - Silva vs. City of San Pablo - Settlement Approved

Closed Session ended and the meeting was adjourned at 2:21 p.m.