

BOARD OF DIRECTORS MEETING

June 21, 2018 at 10:00 AM.

MPA Office, 1911 San Miguel Drive, Suite 100, Walnut Creek

MINUTES

Attendees:

Tracy Robinson, *City of Lafayette, President, Executive Committee*
Gary Napper, *City of Clayton, Vice-President, Executive Committee*
Joe Kriskovich, *City of Manteca, Past-President, Executive Committee*
Brad Farmer, *City of Pittsburg, Member-at-Large, Executive Committee*
Reina Schwartz, *City of San Pablo, Treasurer, Member-at-Large, Executive Committee*
Nickie Mastay, *City of Antioch*
Sukari Beshears, *City of Brentwood*
Rob Ewing, *Town of Danville*
Karen Pinkos, *City of El Cerrito*
Lori Martin, *City of Hercules*
Anne Cardwell, *City of Martinez*
Joe Tanner, *Town of Moraga*
Paul Rankin, *City of Orinda*
Andrea Miller, *City of Pinole*
Ericka Mitchell, *City of Pleasant Hill*
Eva Phelps, *City of San Ramon*
Erwin Chang, *Liability Claims Manager**
Barbara Esquivel, *Workers' Compensation Claims Manager**
Frank Williamson, *Finance Manager**
Victoria Thomas, *Administrative Services Supervisor **
Jasmin Intravaia, *Administrative Assistant**
Dennis Mulqueeney, *Alliant Insurance Services**

(*Non-voting attendee)

All members present will be recorded in the minutes.

I. President, Tracy Robinson called the meeting to order at 10:04am.

II. INTRODUCTIONS

Introductions were conducted.

III. APPROVAL OF THE AGENDA AS POSTED

Motion made by Rob Ewing to approve the Agenda as posted. Seconded by Joe Kriskovich. Approved by unanimous vote of all members present and represented herein. (16-0).

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

Robinson pulled Item K (Salary Schedule page 90 of the agenda) from the Consent Calendar for clarification.

Motion made by Karen Pinkos to approve the Consent Calendar as posted, minus Item K. Seconded by Reina Schwartz. Approved by unanimous vote of all members present and represented herein. (16-0).

Item K – Robinson reported that the Chief Administrative Officer's (CAO) salary is reflected on the Salary Schedule, but the position does not receive a COLA. The CAO has a separate employment contract and any potential salary increase is discussed on the employment anniversary date in closed session.

Motion made by Sukari Beshears to approve Item K on the Consent Calendar. Seconded by Rob Ewing. Approved by unanimous vote of all members present and represented herein. (16-0).

VI. ACTION ITEMS

1. General Liability Memorandum of Coverage for Fiscal Year 2018-19

The Coverage & Governance Committee met and suggested minor changes be made to the Memorandum of Coverage.

Chang listed all the proposed changes.

Chang also informed the Board that CARMA changed its definition of pollutants and removed mold and fungal pathogens from the Memorandum of Coverage. MPA continues to have coverage for mold up to \$100,000.

There was no discussion.

Motion made by Rob Ewing to approve the amendments to the General Liability and Auto Memorandum of Coverage. Seconded by Joe Kriskovich. Approved by unanimous vote of all members present and represented herein. (16-0).

2. Vehicle Physical Damage Program Memorandum of Coverage Renewal for Fiscal Year 2018-19

The Coverage & Governance Committee met and determined that many changes were needed to the Memorandum of Coverage.

Chang listed all the proposed changes.

Brad Farmer reminded the Board that there is a 30 day notice requirement for newly acquired vehicles to be covered.

There was no discussion.

Motion made by Brad Farmer to approve the amendments to the Vehicle Physical Damage Memorandum of Coverage. Seconded by Rob Ewing. Approved by unanimous vote of all members present and represented herein. (16-0).

3. Property Program Rate Renewal for Fiscal Year 2018-19

Dennis Mulqueeny from Alliant Insurance Services presented to the Board via telephone.

It was reported that there are no recommended changes to the deductible levels for Fiscal Year 2018-19. Rates will remain at: \$25,000 All Risk, \$25,000 Copper Claim and \$150,000 Water claim.

Property rates are for Fiscal Year 2018-19 as follows:

- Flood - \$.0158 per \$100 of TIV (Total Insured Value)
- All-Risk - \$.050049 per \$100 of TIV
- All-Risk for Gilroy's Auto PD - \$.283219 per \$100 of TIV
- Boiler & Machinery - \$.001004 per \$100 of TIV

Cyber coverage – Currently, Members are insured for \$2 million in cyber limits to include all services related to a data breach with a sub-limit up to \$1 million for privacy notification costs. Mulqueeny presented two options to the Board for consideration that would enhance the coverage: Option 1-Separating breach notifications from the dollar limit and specifying the number of covered notifications and Option 2 – Excess Limits available, up to \$5 Million.

Fine art coverage – Some Members own fine art which is covered in the property program. The current deductible is \$25,000 which is included in the current premium. Mulqueeny presented two options to the Board for consideration that would change coverage deductible and premium. Option 1 what is currently covered, Option 2 with a deductible of \$10,000 and premium of \$5,000 and Option 3 with a deductible of \$5,000 and premium of \$7,500.

Rankin asked for clarification as to why Walnut Creek has a separate side coverage that has a different deductible and also asked when the deductible changed to \$25,000. Mulqueeny explained that at least ten years ago Members' deductible was \$5,000 (or \$10,000 he couldn't recall). At that time, Walnut Creek requested to have their deductible lowered to \$2,500 because they have the most significant schedule of fine art. The cost

change was minimal and has been grandfathered in over time. If the Members decide to change the premium coverage as a group then Walnut Creek would be included in the change; e.g., have the same premium/deductible as all other Members.

Schwartz informed Mulqueeney that the Board Member for Walnut Creek was not in attendance of the meeting. Schwartz asked if Walnut Creek was paying additional premium to have the lower deductible. Mulqueeney replied no and that any allocation process for fine art was not broken out. He added that Walnut Creek was the only city that focused on their fine art schedule, or at least, more than other cities did. Mulqueeney advised that Walnut Creek be asked how valuable the fine art is to them, and if it is not then simplify it and move to the deductible that all other Members have.

Schwartz commented that the City of San Pablo would prefer a lower deductible for fine art, and added that since it's not broken out, suggested that it be moved to Option 3 of a \$5,000 deductible and \$7,500 premium. Rankin supported the suggestion to move to Option 3. Ewing asked if the \$7,500 in premium was spread across the Pool. Mulqueeney replied that yes it is spread across the Pool on a pro-rata basis. Rankin read from an email he received from Mulqueeney on each Member's premium cost:

Antioch	\$323
Brentwood	\$856
Clayton	\$90
Danville	\$315
El Cerrito	\$80
Gilroy	\$0
Hercules	\$14
Lafayette	\$651
Manteca	\$17
Martinez	\$17
Moraga	\$54
Orinda	\$367
Pacifica	\$0
Pinole	\$0
Pittsburg	\$702
Pleasant Hill	\$62
San Pablo	\$23
San Ramon	\$15
Walnut Creek	\$3,914

Ewing said that he was uncomfortable if the deductible/premium was changed/increased with Walnut Creek not being present for the vote. Mulqueeney suggested that if Walnut Creek accepts the increase of a \$5,000 deductible then the premium will be allocated as it has been in the past. Should Walnut Creek want to continue with the \$2,500 deductible, then additional premium would be added by taking some from other Members and adding to Walnut Creek.

Pinkos commented that she is conflicted with the idea that negotiations are going to take place with a member city because they were not in attendance for the scheduled board meeting.

Motion made by Reina Schwartz to change the fine art deductible to \$5,000 subject to a final negotiation with Walnut Creek should they need to continue with a \$2,500 deductible. Seconded by Paul Rankin. Motion approved by unanimous vote of all members present and represented herein. (16-0).

Robinson confirmed with Mulqueeny that the Property Program is renewed annually. She also stated that if Walnut Creek needs to be at the \$2,500 deductible now for Fiscal Year 2018-19 to allow it, and put them on notice next fiscal year that the entire Pool will have the same deductible going forward. Mulqueeny agreed that all Members in the Pool should have the same deductible.

Rankin informed the Board that there was a decrease limit on unscheduled infrastructure losses that was not highlighted. The past limit was \$2 million, and dropped to \$750,000 (per occurrence) with a \$500,000 deductible. Mulqueeny clarified that it's not true infrastructure, like property, but is more of a physical tangible property that doesn't get included in a schedule. It is more specific to streets, sidewalks, bridges, traffic signals, things that the city owns.

Mulqueeny said that the unscheduled infrastructure was built into the program over the years as a benefit to Members should an infrastructure suffer a loss there would be a small sublimit for it. The idea for this was to assist should a loss happen; e.g., sinkholes, bridges washing out, traffic lights getting damaged by vehicles, etc. Tanner asked what has been paid out in claims. Mulqueeny said \$4M over the life of the program.

Motion made by Reina Schwartz to approve that rate renewal for Fiscal Year 2018-19. Seconded by Rob Ewing. Approved by unanimous vote of all members present and represented herein. (16-0).

4. Wellness Program Rate Renewal

Williamson reported that currently there are four events a year. Staff received a lot of compliments from different member cities saying that they enjoyed the additions Staff provided and are asking for even more events.

To accommodate the request for more events, Staff proposed a rate increase \$.0091 per \$100 of payroll for all Members participating in the program. This would increase the funding by \$20,000 allowing for two additional massage days and an additional fitness day at each member city.

Robinson added that the increase will also allow for the bone density testing and cholesterol testing done each year.

Rankin asked if Staff would be more specific in the future with number of attendees at each event and what member cities are asking for more events and the types of events being asked for. Robinson agreed that going forward, Staff should keep track of those metrics and give a more formalized feedback.

Williamson stated MPA will be forming a committee later in the year once our new Program Coordinator is hired to ask for volunteers from member cities to sit on the committee and help come up with ideas for future wellness events.

Motion made by Sukari Beshears to approve that rate renewal for Fiscal Year 2018-19. Seconded by Karen Pinkos. Approved by unanimous vote of all members present and represented herein. (15-1 – City of Manteca abstained as they are not in the program).

5. Establish an Ad-Hoc Committee to review Compensation of Municipal Pooling Authority Employees

Williamson reported that Tracy Robinson and Joe Kriskovich volunteered to be on the committee. The Executive Committee asked that one member from the Board of Directors also be on the committee.

Sukari Beshears volunteered.

Motion made by Reina Schwartz that Sukari Beshears be added to the Ad-Hoc Committee. Seconded by Gary Napper. Approved by unanimous vote of all members present and represented herein. (16-0).

6. Fiscal Year 2018-19 Budget

Staff brought the preliminary budget to the April board meetings for review. Williamson reported that the final budget had some small changes:

- Vehicle Physical Damage Program increased \$.01
- Staff received Alliant's final numbers for the Property Program
- Staff received the actuarial's final numbers
- The Wellness Program increased by \$.0091

The final budget shows a total net change from the preliminary budget of approximately \$2,000 not including reserves.

Rankin asked if the facilities management rent was an internal change. Williamson replied yes the cost is approximately \$268,000.

Motion made by Rob Ewing to approve the budget for Fiscal Year 2018-19. Seconded by Nickie Mastay. Approved by unanimous vote of all members present and represented herein. (16-0).

VI. INFORMATIONAL ITEMS

7. Board Conference Attendance and Available Funds

Staff rolled forward \$16,726.33 from the previous year's giving a total of \$34,726.333 to use for conference attendance in the Fiscal Year 2018-19. Williamson reminded the Board that there is a cap on the rollovers of 2½ times the amount allocated each year making it \$45,000.

Robinson added that \$2,500 has been earmarked for a risk management training for all interested members by CPS HR.

8. OPEB Actuarial Report

Williamson reported that MPA employees hired prior to February 1, 2011, who retire on or after age 55 with 10 or more years of service with MPA receive \$400 per month to apply towards their medical coverage. Employees hired after February 1, 2011 only receive the CalPERS MEC, which currently is \$133 per month.

Bickmore did the OPEB report and it was reported that there is an explicit and an implicit rate. Bickmore reported that MPA is doing fine on the explicit, but the implicit for retirees that are before Medicare age, cost more than the rates current employees are being charged. The actuary report presented is for two years; fiscal year ending 2019 is \$216,011 making MPA 66.6% funded with \$430,000 invested in a trust (California Employees Retirement Benefit Trust) and fiscal year ending 2020 will decrease to \$212,273.

The Actuarially Determined Contribution for fiscal year ending 2019 is \$50,381 and with what MPA pays retirees plus the subsidy credit of \$26,000 makes it more than the Actuarially Determined Contribution. Therefore, a payment does not need to be made to the trust this year. This will be the same in fiscal year ending 2020 as more will be paid to the retirees and the subsidy credit.

Rankin asked if money was already budgeted for the contribution. Williamson replied that monies were budgeted to pay retirees, but not to the trust.

9. Workers' Compensation Profile Audit Review

Esquivel reported that the State of California does a profile audit review every five years that is specific to public sector claims. The audit took approximately three weeks to complete with 48 files audited. The primary focus for the audit is to ensure files are documented correctly with: claim notes, DWC1 form, 5020 form (employer's report), doctor's report, as well as a wage statement if they're not a maximum earner.

It was reported that MPA is paying benefits on time, paying the correct amount, documenting files correctly, sending the correct benefit letters and notices to injured workers and providing the injured worker every possible remedy.

The current performance standard is 1.47573. In order to pass an audit the score received must be at or under the performance standard. The Workers' Compensation Department received a rating of 0.97.

10. General Liability and Workers' Compensation Dashboards

There was no discussion.

VII. MEMBERS COMMENTS - None

VIII. ADJOURNMENT – Meeting was adjourned at 11:08am.