

Special
SHARP Board of Director's Meeting
August 24th, 2016 @ 10:00 AM
Bay Area Metro Center
375 Beale Street, San Francisco CA 94105
Ohlone Conference Room

Meeting Minutes

SHARP Members in Attendance:

Laci Kolc (Chair) - American Canyon
Joe Chinn (Vice Chair) – Town of Ross
Monica LaBossiere - Saratoga
Pak Lin – Los Altos Hills
Marti Paschal – ABAG

ABAG Staff in attendance:

James Hill – ABAG PLAN Risk Management Officer
Jill Stallman – ABAG PLAN Claims Manager

1. Call to Order / Opening Remarks / Public Comments:

The meeting was called to order at 10:18am by Laci Kolc. No members of the public were present.

2. Roll Call – Roll call was taken by Laci Kolc. A quorum was present.

3. Adoption of Agenda

Action: Motion to adopt agenda as presented. **M//Chinn//S//LaBossiere//C//Unanimous**

4. Approval of Minutes; Board of Directors Meeting May 4th, 2106

Action: Motion to approve minutes as presented. **M//LaBossiere//S//Lin//C//Unanimous**

5. Actuarial Update – July 27th, 2016 update

Staff (Jim Hill) provided the Board with the Actuary Update for the SHARP program. He noted the preliminary Actuary Reports (pre-renewal) are based on losses valued on December 31st of the calendar year primarily for purposes of determining program loss funding requirements and member renewal premium contributions. This report is updated after the close of the fiscal year using losses valued as of fiscal year end (June 30, 2016). The actuary report showed program expected liabilities of \$922 thousand have increased slightly (\$14K) due to changes in claim estimates. Pak Lin inquired as to any impact on member premiums. Staff noted there is no impact to current year program pricing and rates. Pak also inquired if the discount rate effected the change. Staff noted that there was no change in the discount rate utilized in the actuarial study (3%). Staff pointed out there will be a “true up” based on final reported payrolls which will be invoiced separately. Laci asked “When will members see an invoice or a refund check, October?” Jim affirmed member deposit premiums are based on estimated payroll numbers and accounting will advise of the deposit premium adjustment shortly. Staff referred to page 6 of the report, which highlights the changes in discounted losses. The preceding pages show actual losses and we have remained below our ultimate projections which is favorable. Staff recommendation is to approve the Actuary Report as presented.

Action: Motion to approve Actuarial Update as of July 27th, 2016. **//M//Lin//S//Chinn//C//Unanimous**

6. SHARP Member Resolutions / 7. SHARP Resource Guide

Jim covered the above agenda items into one discussion by informing the BOD staff is putting together a resource guide for members to help orient and guide new SHARP members. Staff reviewed the Table of Contents and presented a sample resource guide for member review.

Staff pointed to the bylaws and risk agreement which empowers each member to make decisions on behalf of each organization. These powers are not to be taken lightly and granting of these powers has to be attested to by the governing body of each participating member. Noting there have been several changes in SHARP board representation over time due to personnel changes within each jurisdiction, staff asked the members to update resolutions to ensure they match appointed personnel. Staff (Kim) provided sample resolutions to guide members and noted current discrepancies. Staff advised current governing documents are under review by counsel and MTC as part of the transition and will be subject to modification. SHARP Board will review/approve all modifications. Staff noted there are also some servicing components within the bylaws that we need to bring up to date.

Staff (Jim and Jill) discussed structured settlements with the Board and gave an overview of a recent presentation by Chronovo. Jim and Laci talked about ways to utilize grant funds providing the board with additional ideas including ergonomics, and health/wellness. Joe asked about using grants for Du-All Safety and Jim affirmed that it is part of the program. Jim also noted that Du-All Safety's contract will have the same rate for all members across the Board.

- 8. York Claims Contract Amendment** – Jim initiated discussion and provided some history on the claim administration aspects of the program. The prior TPA was sold and the contract was assigned at that juncture. We are obligated to renegotiate the contract based on its current terms and conditions. Jim reviewed a contract extension proposal from York Risk Services the current TPA. Our current claims expense budget is \$15,000. We have currently been paying \$12,000-\$13,000 annually for TPA fees and the contract terms are dated. We negotiated a fix priced contract, all in, no matter how many or how complex the claims may be for \$13,600 annually. Staff recommendation is to approve the contract as presented, while calling on the board to determine whether the contract be extended beyond one year due to the ABAG/MTC merger activity. It may be more pragmatic to renew incrementally each year at this juncture. Laci commented she will vote for one year. Jill asked the board if they want to create a Defense Counsel list for WC claims as we do with PLAN. Laci commented there are very few litigated claims but she has experienced one. Staff will vet out qualified defense counsel so members have an array of choices while reminding the group they already have the freedom of choice when it comes to assignment of cases to counsel.

Action: Motion to approve York contract amendment dated July 1, 2016

//M//Lin//S//Chinn//C//Unanimous

9. ABAG/MTC Merger Update and Strategic Planning

Jim provided the board with an update on the ABAG/MTC Merger Implementation Plan (IAP). He affirmed the fact ABAG staff will be integrated with the MTC staff in the near future. The plan calls for integration of staff by year end but it appears highly unlikely due to the enormity of the challenge.

He noted there is a website link to the history of the merger and ongoing updates. ABAG staff has worked hard to ensure overall transparency and open communications. Laci asked "Why MTC would like to keep SHARP?" Jim said he views SHARP as an integral part of ABAG's risk and insurance programs and a compatible solution is needed. He noted the SHARP pool is relatively small and may be reduced further to 4 members if ABAG is integrated into MTC's WC program. Laci commented splitting off from the group (ABAG/MTC) may be a better option. Jim cautioned members if the group splits, each agency would now be vulnerable to cyclical market pricing and have to take responsibility for structuring their WC insurance program. Jim noted members could look into joining other pools. Jill commented other pools might not have grants or other program benefits. Jim noted that to remain a viable pool we would have to retain all existing members with a focus on moderate growth and expansion. He also stated we don't want to be premature with our decisions and noted there is benefit in staying together, our collective results and relatively low loss frequency.

If we stay the course, and ABAG is replaced by MTC, we have to be very meticulous in our approach to accepting new members focusing on the resulting impact on pricing and our ex-mod, as well as, similarities in terms of best practices. Jim noted there are some potential cities. Laci commented it would be silly to try to recruit new members now given the circumstances and uncertainty. Laci advised the group that staying the course may not be an option for American Canyon given their high proportionate share of losses. Should any other member decide to leave SHARP her loss funding requirement may increase dramatically. She noted she is more interested in option # 2 and wanted to explore other pools individually and is also interested in marketing our group to other entities as well. . Laci asked when we can get an RFP prepared. Jim said we cannot issue an RFP without the Boards direction to do so. Laci affirmed the boards desire to do so. Jim noted he is working on the PLAN RFP now and is going on vacation in September. Laci asked if we will have another meeting to approve the RFP before it is released and staff affirmed. Laci asked for a motion to direct staff to prepare an RFP to be approved by the Board before it is released.

Action: Motion to direct ABAG Staff to conduct RFP for pool administration services and & other services //M//Lin//S//Chinn//C//Unanimous

10. Other Business / Closing Remarks

11. **Adjourn** – Meeting was adjourned at 12:24pm by Laci Kolc

Respectfully,



James Hill

Risk Management Officer/SHARP Secretary