

SHARP Joint Powers Authority  
Bay Area Metro Center  
375 Beale Street - Suite 700  
San Francisco, CA 94105

*\*Special\**  
Board of Directors Meeting  
May 3, 2017 @ 10:00 AM  
Conference Room 7102 Tamalpais

**Meeting Minutes:**

**Sharp Members in Attendance:**

Joe Chinn (Vice Chair) – Town of Ross  
Monica LaBossiere – City of Saratoga  
Pak Lin – Los Altos Hills  
Marti Paschal – ABAG

**ABAG Staff in attendance:**

Courtney Ruby – SHARP Finance Director  
Jill Stallman – *Interim* SHARP Secretary  
Kim Chase – SHARP Administrative Assistant  
Moti Kumar – SHARP Accountant

**Others in Attendance:**

James Hill – PLAN Consultant  
Mike Harrington – Bickmore  
Jennifer Gorgen - YORK (*Telephonic Attendance*)

**1. Call to Order / Opening Remarks**

The meeting was called to order at 10:11am by Joe Chinn

**2. Roll Call** – Roll call was taken by Kim Chase. A quorum was present

**3. Public Comments** – No members of the public were present

**4. Adoption of Agenda**

**Action:** Motion to approve agenda as read

**M//Lin//S//Paschal//C//Unanimous**

**5. Approval of Minutes; *Special* Board of Directors Meeting November 29<sup>th</sup>, 2106**

**Action:** Motion to approve minutes as read

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

**6. Claim Review and Claims Audit Wrap Up**

- a. Semi-Annual Claims Review – York Risk Services
- b. Workers Compensation Annual Claims Audit – Farley Consulting

Item # 6 was discussed in closed session pursuant to the requirements of the Ralph M. Brown Act 54956.9. All actions taken were announced in open session prior to the adjournment of the meeting. Closed session from 10:14am – 10:55am.

A Motion was made by Paschal to accept the Annual Claims Audit (6b).  
**//M//Paschal//S//LaBossiere//C//Unanimous**

## **7. Call for Nominations – Election of Officers**

Laci Kolc is the current Chair. Joe Chinn is the Vice Chair and will become Chair. Pak Lin is being recommended to serve as the new Vice Chair for 2017/2018 FY. The Finance Officer is Courtney Ruby. The secretary position is currently being filled by Jill Stallman on an interim basis. No floor nominations were raised.

**Action:** Motion to approve Election of Officers FY 2017/18  
**//M//Paschal//S//LaBossiere//C//Unanimous**

*\*Agenda 10 was discussed at this point due to presenter's availability\**

## **8. Review of Financial and Investment Reports**

Courtney presented the Audited Financial Reports; the MOIC; Basic Financial Statements; Balance Sheets; Income Statements for the Administrative Fund and the Trust Fund (*Claims Expense*); Investment Policy and Quarterly Investment Reports.

Our independent auditors issued an unqualified opinion on the financial statements which present fairly in all material respects through June 30<sup>th</sup>, 2016. No deficiencies in internal controls that Maze & Associates consider a material weakness has been identified. The Board is required to review the investment policy annually and approve any modifications at a public meeting. At this time no modifications are requested to the investment policy. Courtney enclosed an investment summary report. Joe asked if there was a target amount for cash on hand. Courtney says it is looked at then transferred to LAIF, but typically leaves a couple hundred thousand in there to allow for movement when needed. Courtney clarified to Joe that LAIF is currently where the funds go but she is looking into other options. Courtney confirmed for Pak that we do hold investments to maturity and also confirmed CDs are held 3-5 years. Pak inquired about the claims provisions. Mike and Jim explained represents Claims Reserves. Courtney acknowledged her verbiage and agreed to re-phrase going forward. Pak asked if she needs to be concerned with the JPA funding levels with new discount rate changing with CalPERS and how it is reflected in the overhead rate. Courtney says that is being taken into consideration in the indirect overhead rate.

**Action:** Approval of FY 2016/17 BFS and MOIC  
**//M// Paschal//S// Lin//C//Unanimous**

## **9. Review of FY 2017/18 Administrative Budget**

Reviewed the 2017/18 proposed Administration Budget as well as the historical budget and actual incurred comparison. ABAG staff will become MTC employees effective July 1<sup>st</sup>, 2017. The two agencies calculate differently (both methods are acceptable), The pre-merger and post-merger illustrations were discussed. The proposed 17/18 administrative budget is down 16.61% from current FY and the decrease is attributed to the difference in agency calculations, ABAG retaining retirement liabilities as well as increased staff serving more programs all factor in the future overhead calculation. This coming FY the SHARP pool will

be required (every other year) to pay for the claim audit which was added into the proposed budget. Kim's hours have increased in the SHARP pool and the budget reflects that. Pak asked why the MTC rate is so much lower, if that is due to more people to divide between, and if the increase in hours is due to PTO being billed directly to the program vs agency. Jill confirmed. Jim asked if the 7% current employee salary adjustment was included in the 17/18 budget and Courtney confirmed that it was. Consultant raised a question about Ken's direct expense charges for legal services to SHARP. Courtney explained it was for services related to the ABAG/MTC staff consolidation and associated activity. Consultant pointed out that these charges would normally be classified within overhead rather than as a direct charge. Courtney clarified that Ken's legal services would only be charged for the actual hours worked for program needs. Courtney said ABAG remains intact with its own active Executive Board. Only the staff is consolidating so MTC will be fulfilling the service obligations to the LCPs going forward. Joe asked if there were any further questions. None were raised. He called for the vote.

**Action:** Approval of FY 2017/18 Admin Budget  
**//M//Lin//S//Paschal//C//Unanimous**

## **10. Actuarial Report and Deposit Premiums for FY 2017/18**

### **Estimated Excess Insurance Premium for 2017/18**

Staff recommends the SHARP Board of Directors accept the Actuarial Review of the Self Insured Workers Compensation program dated May 2, 2017. SHARP BOD to recommend adoption of the report and approval of FY 2017-18 program funding levels and excess premium. Mike Harrington (Bickmore) reviewed the analysis which was conducted using the assumption that ABAG will have no staff going forward (effective 7-1-17). ABAG anticipates that it will retain a single employee in which case the payroll will be updated and a revised analysis will be requested once the employee status is confirmed, Incurred Losses have developed adversely overall since the prior study primarily due to the 11/12, 13/14 and

14/15 program years resulting in an increase of \$58,000 in estimated ultimate losses. Payments have been higher than expected comparing actual payments to expected paid development. The SHARP program is funded well above the 85% confidence level. Program surplus is also up. Overall SHARP premium contributions are down 10.6% at the 65% confidence level due to ABAG's payroll reduction. Overall premium contributions for SHARP at the 65% confidence level are down by 10.6%, primarily driven by a reduction in payroll as ABAG's staff shift to MTC.

The Actuarial report and analysis indicates the SHARP WC program is experiencing an increase in claim payment activity but that the program remains well funded. Claim frequency remains low but we have experienced one matter going into the excess layer and others have increased in their final development as we anticipated and noted last year. Despite this, in general, SHARP program assets remain strong. The outlook is favorable and program funding levels are adequate. Member funding at the 65% confidence level would be prudent and would allow for the continuation of the grant program with no reservations. *ABAG anticipates that it will retain a single employee in which case the payroll will be updated and a revised analysis will be requested once the employee status is confirmed.*

Jim asked about ABAG's equity if ABAG leaves the pool. Mike said we can take the same approach that is taken with PLAN, which would entail an extensive study.

**Action:** Adoption of Deposit Premium and Actuarial Report subject to future equity study & cost analysis adding \$10,000 per member for 117/18. Motion includes tasking Actuary to re-run the numbers w/ excess corrected @ 65% confidence level.

**//M//Lin//S//LaBossiere//C//Unanimous**

## **11. Review of Loss Prevention Program**

Moti presented the Loss Prevention Program and says not much has changed with respect to our position this time last year. There is a notable fund balance for all the members. This equates to 31% utilization with 69% still remaining available in the fund for use. Last year American Canyon and Saratoga had the highest utilization rate. We are proposing \$10,000 for each member this FY. Joe and Monica asked if it is a use it or lose it situation, Jill confirmed and noted unused funds carry over and are redistributed amongst all members in the following FY so they will see some back. Joe called for a motion.

**Action:** Adoption of Loss Prevention Grant Program

**//M//Paschal//S//Lin//C//Unanimous**

## **12. Other Business – PLAN RFP Update – Strategic Planning Issues**

Jim provided a report from James Hill Consulting. He incorporated the SHARP Program interests into the PLAN RFP discussion. The respondents have affirmed SHARP's involvement in their RFP responses. We posted the RFP and received responses from 5 well qualified organizations. They all met requirements. Four RFP respondents were interviewed by a diverse panel Pricing dynamics are complex. Jim emphasized the in-house dedicated resources including in-house coverage counsel with a lot of institutional knowledge. The claims subrogation is also an in-house function. Joe is going to serve as SHARP's conduit with PLAN's Executive Committee for further deliberations in terms of dialogue. Jim stated that the SHARP Board is welcome to come to the PLAN Board meeting for a combined wrap up. Joe called for questions. None were raised. Jill noted ABAG will still exist and the agencies are not yet merging. Right now only the staff is being consolidated. That is why ABAG SHARP remains unchanged as a JPA. Joe asked if SHARP and PLAN are different in terms of structure. Jim noted the differences.. Jim says he will keep Joe apprised with the next executive subcommittee meetings. At Joe's request we will reconvene as soon as we can get the updated Actuary information and arrive at a mutually agreeable date and time.

## **13. Adjourn** – Meeting was adjourned at 2:00pm by Joe Chinn

Respectfully,



Jill Stallman

*Acting SHARP Secretary*