

**REGIONAL GOVERNMENT SERVICES AUTHORITY
EXECUTIVE COMMITTEE MINUTES
NOVEMBER 22, 2019**

The Regional Government Services Authority held a regular meeting of the Executive Committee on November 22, 2019 at the Hotel Abrego in Monterey, CA. The meeting was called to order at 10:32 a.m.

1. CALL TO ORDER / ROLL CALL

Introductions

Members Present: Fran Robustelli, Chair
Steve Rogers, Vice-Chair
Dan Buckshi, Member
Julie Carter, Alternate Member
Michael McHatten, Member

Members Absent: Dan Schwarz, Member

Other Attendees: Richard Averett, Executive Director
Sophia Selivanoff, Deputy Executive Director for Client Services
Jeff Kise, Finance and Operations Manager
Rich Oppenheim, Administrative Services Manager
Tiffany Buraglio, Executive Assistant
Sky Woodruff, Agency General Counsel
Peter McNamara, Keenan and Associates
Linadria Porter, Catalyst Group, arrived 11:30AM
Charles Gardiner, Catalyst Group, arrived 11:30AM

2. PUBLIC COMMENT – None

Staff requested that item 6B be moved to the beginning of the meeting.

6. NEW BUSINESS

B. Approval of Associate Membership for Dental Pool Participants
Executive Director Averett introduced Mr. McNamara from Keenan and Associates. The Municipal Dental Pool (MDP) has been hosted by RGS for 5 years. There was an arrangement with Delta that Keenan could invite participants in, and it was somewhat informal, but when the MSA dissolved, it was found there was a need for more formality in the agreement. Delta wanted participants to be members of RGS which was not workable because of the associated terms and governance responsibilities of standard JPA membership. Associate Membership, created with the 2016 JPA Amended Agreement, with no governance responsibility or other terms & conditions other than participation in the Dental Pool, was acceptable to Delta Dental. Currently there are 19 agencies participating, and 5 additional wanting to join effective 1/1/20. Staff is proposing that the Executive Director of the JPA be given authority to accept new associate members, with a report new Associate Members at the next regular meeting of the Executive Committee. Mr. McNamara said the current members signed an agreement to participate with MSA and will now sign the Associate Membership agreement with RGS to replace that. Mr. McNamara expressed that Keenan is also screening applicants to the pool because it is their desire to keep the membership of the pool healthy. This year there was a 2% premium increase, mainly to increase the reserves of the pool. Mr. Woodruff emphasized that this authorization was for Municipal Dental Pool Associate Membership only and if the JPA considers another type of Associate Membership in the future, staff would come back to the EC for approval for that type of membership. Vice Chair Rogers said the proposed procedure was a good step and liked that Keenan is managing the members of pool. Discussion regarding the 10% penalty for agencies currently in a Delta Dental pool to transfer over which still stands, but this percent is on only the admin fee (of roughly 10%) so is effectively 1% of premiums. Vice-Chair Rogers asked about plans to market the Pool moving forward. He made the point that it is a good way to introduce agencies to RGS and the services they provide. Executive Director Averett agreed that the MDP

provides name recognition for RGS: agencies in the pool are from all over the state, particularly in areas RGS has not traditionally served. Alternate Member Carter asked how the 5 pending agencies are being vetted. Mr. McNamara said they have utilization data – claims for the last 3 years of premium payment history, as well as what their current plan benefits are compared to what MDP offers. None of the pending 5 agencies are currently Delta Dental customers. Executive Director Averett mentioned RGS monitors the financial transactions of the Pool and there is currently about \$900,000 in reserves in the Pool to make sure there is enough to cover a worst-case scenario if agencies stop paying their premiums. Member McHatten clarified that January 1, 2020 is the date for new membership and Executive Director Averett confirmed. Alternate Member Carter clarified the question regarding vetting: how is the financial stability of the agency vetted? Mr. McNamara said that almost all agencies are already clients of Keenan, so they have vetted their financial stability. Executive Director Averett added that there is also a process to remove a member from the pool and Mr. Woodruff said there is also a process to remove an agency from RGS Associate Membership. Vice Chair Rogers noted that when RGS was formed, the purpose was to try to help local governments. This is a great way to meet that original goal. Chair Robustelli asked if future MDP Associate Memberships are added would this appear on the consent calendar and Executive Director Averett confirmed that it would.

Action: Moved and seconded (Steve Rogers/Julie Carter) to approve Associate Membership for Dental Pool Participants and the procedure for the Executive Director to approve Associate Membership with a report back to the Executive Committee

AYES: Robustelli, Rogers, Buckshi, Carter, McHatten

NOES: None

ABSTAIN: None

3. APPROVAL OF CONSENT AGENDA

Staff requested items 3C and 3G be pulled from the Consent Agenda for discussion.

- A. Approval of **August 15, 2019** Minutes
- B. Approval of RGS Position Listings
- D. Approval of Payments and Deposits made April 2019 through June 2019
- E. Approval of Investments Report through June 2019
- F. Approval of Management Services Agreements

Executive Director Averett noted there was a typo on the minutes which would be changed administratively. In the Executive Director Comments section, when discussing the MIC program, the minutes stated there were 8 members in PACE, but it should have stated MIC.

Action: Moved and seconded (Julie Carter/Michael McHatten) to approve consent agenda items A, B, D, E and F with the amendment to the minutes.

AYES: Robustelli, Rogers, Buckshi, Carter, McHatten

NOES: None

ABSTAIN: None

- C. Approval of Regularly Scheduled Meetings Calendar

Executive Director Averett reviewed that historically the JPA has rotated meetings at member agencies, then the practice moved to more telephonic meetings, but the group has found that a lot of discussion is lost via telephonic meetings. In-person meetings combined with popular conferences was considered but has proven to be logistically challenging. Vice Chair Rogers agreed that piggybacking on a conference wasn't working quite as originally thought. Executive Director Averett noted that the one conference which would normally bring everyone together is the League CM conference. Vice Chair Rogers noted that the League will take exception to doing anything during the CM meeting, so holding the JPA meeting after the CM meeting is better. Executive Director Averett noted that at least until the makeup of the Executive

Committee changes, the CM Department Meeting is the best option for getting together at a conference. For a second in-person event, staff suggest meeting at member agency locations until RGS can schedule informational seminars to draw Executive Committee Members and representatives of client and potential client agencies. Staff is also suggesting continuing with 2 telephonic meetings each year as well. Walnut Creek is a suggestion for a second in-person location in 2020. Vice Chair Rogers liked the approach of 2 in-person and 2 telephonic meetings. Vice Chair Rogers added that RGS also needs to have a presence at CSAC and CSDA as part of their approach. It was agreed that staff will calendar the rest of 2020 meetings on Members' calendars and keep Walnut Creek as the location for the September.

Action: Moved and seconded (Steve Rogers/Michael McHatten) to approve consent agenda item C

AYES: Robustelli, Rogers, Buckshi, Carter, McHatten

NOES: None

ABSTAIN: None

G. Approval of Updates to Personnel Rules, Regulations and Policies

Executive Director Averett wanted to highlight the new, proposed Surplus Property Disposal policy, giving the Executive Director the discretion to dispose of items valued at \$500 or less, and to sell items valued at over \$500. There will be supporting documentation of property value. Member Buckshi asked if RGS has property other than office equipment and Executive Director Averett stated that the JPA owns no property or cars, just office equipment.

Executive Director Averett wanted to also highlight the proposed modifications to the Board Member Agency Training Funds policy, including the name change to Member Services Reimbursement policy, designating separate reimbursement amounts based on membership on the Board versus the Executive Committee, only allowing funds to be used for RGS-provided services, and removing the rollover of reimbursement funds. Executive Director Averett reminded the Committee that funds could originally be used in part for outside training services. He mentioned that tracking the use and rollover amounts takes administrative time on both RGS and Members' parts, so this change in policy is trying to lessen the administrative burden. Additionally, the JPA is approaching the limit of 7 members on the Executive Committee and in the future, there could be members on the Board who are not on the Executive Committee. The difference in the reimbursement amounts recognizes the difference in services rendered to RGS. Finally, staff desired to roll the Mobile Computing Device policy into the reimbursement policy. Vice Chair Rogers noted these changes are moving in a good direction and clarity of knowing where to spend the money is helpful. Vice Chair Rogers also thought it is good to focus Executive Committee and Board members to use funds solely for RGS services. Executive Director Averett mentioned staff would like a contact at each agency so they can be contacted about possible uses of reimbursement funds as well as to provide a quarterly update on fund balance so there is no lapse of funds just because a member agency forgot funds were available. Deputy Executive Director Selivanoff offered to visit each member agency to describe off-the-shelf services members could use. Executive Director Averett suggested RGS assessment services and the RGS training academies as a possible use of funds. Mr. Oppenheim added that one member agency has been using Emergency Management services, one of our newer service lines. Vice Chair Rogers noted that the Supervisor/Manager training academies have been really well received.

Action: Moved and seconded (Michael McHatten/Julie Carter) to approve consent agenda item G

AYES: Robustelli, Rogers, Buckshi, Carter, McHatten

NOES: None

ABSTAIN: None

4. TREASURER'S REPORT

- A. Review of Preliminary Fiscal-Year-To- Date Financial Reports through September 2019
Information item; no action was taken. Finance and Operations Manager Kise noted that through 3 months of the fiscal year, the JPA recorded a \$44k loss on \$2.5 mil revenue. The JPA is working on 107 contracts across 8 service lines including training. There is a seasonality to profit/loss because of holidays, so more profit is anticipated in the latter part of the fiscal year. Finance and Operations Manager Kise detailed a few of extraordinary items which were driving the loss: One workers comp claim, legal fees due to CALPERS challenge to RGS employees, and audit costs. Executive Director Averett noted that the increase in CalSAWS services, particularly full-time employees, and another 20 employees needed in early 2020, will help the financial outlook of the JPA. Staff, however, realizes the bread-and-butter of the JPA remains the consultant services. The financial impact of the increase in CalSAWS services should show up in Feb-March financial reports.
- B. Approve FY19 Annual Financial Reports
This item was postponed to the next regular meeting. Audit review is usually a November agenda action item but will be informational this time. Finance and Operations Manager Kise noted that the audit started on the normal timeline, but this year, the JPA's prior insurance pool submitted documentation of an outstanding liability of \$2 million which had been anticipated to be \$600 thousand. RGS is currently questioning the accounting and reporting that came to the \$2 million liability amount. Adding to the delay in audit finalization was the dissolution of the LGS and MSA which has resulted in extra work/audit entries. The final audit will be distributed as soon as available and scheduled for approval at the Feb meeting.

5. OLD BUSINESS - None

6. NEW BUSINESS

Item 6B was moved to the beginning of the meeting for discussion.

- A. Approval of the City of Napa as a New RGS Member Agency
No discussion
Action: Moved and seconded (Julie Carter/Steve Rogers) to approve Napa as a new RGS Member Agency
AYES: Robustelli, Rogers, Buckshi, Carter, McHatten
NOES: None
ABSTAIN: None
- C. Approval of Executive Director's Authority to Designate Staff Authorized to Sign Documents normally signed by the Executive Director
Executive Director Averett noted that staff wanted to formalize a process to respond to occasional external requests of documentation of who is authorized to sign agreements. Staff also wanted to clarify and strengthen internal controls, so work can continue to flow if the Executive Director is unavailable for signatures.
Action: Moved and seconded (Steve Rogers/Julie Carter) to approve Executive Director's authority to designate staff authorized to sign documents.
AYES: Robustelli, Rogers, Buckshi, Carter, McHatten
NOES: None
ABSTAIN: None

11:32 a.m. Recess to Closed Session

CONFERENCE WITH LEGAL COUNSEL--EXISTING LITIGATION
Pursuant to Government Code Section 54956.9(d)(1)

Name of Cases: (1) Administrative Appeal of CalPERS Audit Services Review of City of Arroyo Grande

CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION
(Pursuant to Government Code Section 54956.9(d)(4))

Initiation of litigation: (1) Sixteen potential cases

PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Title: Executive Director

CONFERENCE WITH LABOR NEGOTIATORS

Agency designated representatives: Ad Hoc Committee: Chair Robustelli

Unrepresented employee: Executive Director

12:49 p.m. Reconvene Meeting

Report Out of Closed Session – No reportable action was taken.

Chair Robustelli asked for a motion to approve items 6D, E and F all together. No discussion.

D. Award of Executive Director Performance Bonus

E. Approval of Executive Director Amended Employment Agreement

F. Approval of external consultant for compensation methodology and annual process for Executive Director performance and compensation review.

Action: Moved and seconded (Steve Rogers/Dan Buckshi) to approve items 6D, E and F

AYES: Robustelli, Rogers, Buckshi, Carter, McHatten

NOES: None

ABSTAIN: None

7. EXECUTIVE DIRECTOR AND COMMITTEE MEMBERS

A. Executive Director: Executive Director Averett noted that MIC (Municipal Insurance Cooperative), a non-risk sharing pool for WC/Liability/Crime/Cyber, had been a less than satisfactory experience for the JPA. RGS will be giving preliminary notice for leaving MIC, with final notice required by March 31, 2020. RGS will also be considering changing its brokerage services provider. Asked if members have ideas for an appropriate JPA for insurance – Vice Chair Rogers said to talk to him. Staff will explore options. Member Carter inquired if RGS was just a member, or more active? Executive Director Averett noted that RGS (through MSA) was a founding member, and for the first 3 years Averett was president. Finance and Operations Manager Kise is now treasurer. Other agencies have given preliminary notice before and some have stayed, and some have left. STARS: The trusts have about \$11 million in assets. STARS is looking to add participating agencies and is looking for different options to market the trusts better. Staff is happy with the financial advisory services provided by SageView. New Member Agencies: There are no identified agencies at this point for potential new members to RGS. Software implementation: It was a FY20 budget item to implement a new financial software package. RGS' business portfolio has evolved to include 80% NTE clients and the need arose to more accurately track project financials. Staff selected Core by BQE software which is a client-oriented project management software. Staff is collapsing four current systems into one and the go live date is Feb.1, 2020. Services: Deputy Executive Director Selivanoff noted there is an Emergency Management expert on the RGS team and last summer RGS built that into a more robust service line. RGS also has a retired FEMA claims adjuster and is working on further building that team, particularly with recent events in California. Staff is looking at pulling disability services out of HR service line and offer that as a separate offering. RGS has several advisors with high-level specialty skills for that team.

B. Members: No Member reports.

8. ADJOURN – The meeting adjourned at 1:01pm. The next regular meeting is scheduled for February 7, 2020 at 12:00 noon in Napa.