



**SUMMARY MINUTES
DRAFT
BOARD OF DIRECTORS
Regular Meeting
June 11, 2009**

**Royal Crown Hotel
777 Bellew Drive
Milpitas, CA 95035**

PRESIDING:

Emma Karlen, Chair Milpitas

MEMBERS PRESENT:

Bronda Silva American Canyon
 Heather McLaughlin Benicia
 Gus Guinan Burlingame
 Jesus Nava Burlingame
 Jesse Takahashi Campbell
 Laura Allen Colma
 Laura Miyakawa Cupertino
 M.L. Gordon East Palo Alto
 Kristi Chappelle Foster City
 LeeAnn McPhillips Gilroy
 Kathy Leroux Hillsborough (by Teleconference)
 J. Logan Los Altos
 Nick Pegueros Los Altos Hills
 Orry Korb Los Gatos
 Jeff Killian Millbrae
 Danny Wan Morgan Hill
 Gary Galliano Newark
 Angela Howard Portola Valley
 Gary Broad Ross
 Jim O'Leary San Bruno
 Jeff Maltbie San Carlos
 Yulia Rasulova San Carlos
 Shawn Mason San Mateo
 Barbara Powell Saratoga
 Jim Steele So. San Francisco
 Herb Lester Suisun City
 Kevin Bryant Woodside

CONSULTANTS PRESENT: Mike Harrington Bickmore Risk Services
Seth Cole Alliant Risk Services

STAFF PRESENT: Henry Gardner, ABAG Executive Director
Marcus Beverly, PLAN Risk Manager
Ken Moy, Legal Counsel
Angela Salisbury, PLAN Claims Manager
Gertruda Luermann, PLAN Risk Management Analyst
Carol Taylor, PLAN Secretary

1. Call to Order and Introductions:

Meeting called to order 12:33 p.m. by Emma Karlen. She spoke on the accomplishments and the challenges of the PLAN. She gave a special thanks to Marcus Beverly for his hard work and committed support. Marcus Beverly presented a certificate of appreciation to Emma Karlen for her dedication and leadership. Committee members, representatives and PLAN staff introduced themselves.

2. Public Comments: Heather McLaughlin gave Marcus Beverly a special thanks on behalf of the Committee Members for a job well done for the PLAN and its Members.

3. Approval of Minutes of October 22, 2008:

Minutes were approved as presented. /M/Maltbie/S/Korb/C/unanimously approved

4. Election of Officers for FY 09-10 & Approval of Committee Schedules:

The Board was asked to fill the Board Chair and Vice Chair positions for FY09-10. The Executive Committee nominated Laura Allen, Colma, as Chair and Shawn Mason, San Mateo, as Vice Chair. No other nominations were made at the meeting. Allen and Mason were appointed as nominated by the Committee. /M/McPhillips/C/Lester/C/unanimously approved.

The Board solicited nominations for the at-large members to the Executive Committee. Gary Broad, Ross. Jeff Maltbie, San Carlos, and Bronda Silva, American Canyon, were nominated and after discussion approved by the Board to the Executive Committee. /M/ Chappelle/S/Gordon/C/unanimously approved.

The Board reviewed and accepted the Committee listing and schedule for FY09-10.

5. The Year in Review:

Henry Gardner, ABAG PLAN President, presented a report on the past year's goals and accomplishments. He informed the Board Members of the transition plan to replace the outgoing Risk Manager and the designated tasks and responsibilities of the PLAN department staff during the transition. A survey will be sent to Members to document any circumstances, claims etc. that might be considered outstanding and need immediate attention.

He reported that the recruitment process for a new Risk Manager had begun and should take approximately 4 months to hire. Three designated Executive Committee Members will be involved in the interview and final selection process. He reported on the implementation of the IVOS software system as almost in completion except for an accounting challenge that still remains and is being worked on.

After Gardner's report, the members agreed to add an agenda item to report out from the Executive Committee Meeting that was held just prior to the Board meeting. /M/Powell/S/Howard/ approved with Mason opposed.

Shawn Mason reported out from the Executive Committee about the sub-committee formed to investigate cost allocation and governance structure issues raised at the last regular Executive Committee meeting. He spoke on the cost allocation review process by Jim Steele. Jesus Nava and Jesse Takahashi have volunteered to review the cost allocation issues and report back to the Board. He also reported on the governance issues raised and the need for further review.

After the report and much discussion between the Board members and Gardner regarding the issues raised, the recruitment and the plan for the interim, the Board agreed to direct Gardner to cease the recruitment for a new Risk Manager and look at the desirability of hiring an interim until the sub-committees finish their investigations.

After discussion and review Board Members approved not to hire a permanent replacement for the Risk Manager but to consider an interim replacement. /M/Korb/S/Powell/C/unanimously approved

After further discussion and given the urgency of having a decision about an interim, the Board made a motion to have a report back from the sub-committees and Executive Committee within 60 days. /M/Galliano/S/Killian/C/ approved.

Jeff Maltbie volunteered to work with Shawn Mason, Jeff Killian, and Danny Wan on the Governance sub-committee.

6. Actuary Committee Report:

A. Funding Policy Revisions

Marcus Beverly, ABAG PLAN Secretary and Managing Director, presented a revised funding Policy to include the Termination Formula previously approved by the Board. After presentation and review the Board was ask to approve the funding policy revisions as presented. /M/Karlen/S/Allen/C/unanimously approved

B. Program Statue and Funding for FY 09-10

Mike Harrington of Bickmore Risk Services presented his firm's report, including his projections for the PLAN'S outstanding liabilities as of June 30, 2009 and recommended funding for FY 09-10 projected losses.

C. Options for Liability and Property Programs

Seth Cole, Vice President, Alliant Risk Services presented his firm's results in marketing the PLAN's excess liability and property coverage for FY 09-10.

D. Funding Options and Recommendations

Marcus Beverly provided an overview of how well the PLAN is achieving its funding benchmarks and recommend funding levels for the Liability and Property Programs, to include a broadening of the property coverage. After overview and discussion recommended funding options for the liability program were approved as presented. /M/Broad/S/Powell/C/unanimously approved.

After overview and discussion recommended funding options for the property program were approved as presented. /M/Maltbie/S/Chappelle/C/unanimously approved

7. Risk Management Committee Report Risk Management Committee Report

A. Risk Management Programs and Funding

Gertruda Luermann , Risk Management Analyst presented an overview of member progress in implementing the Risk Management Policy, feedback and suggestions for the risk management programs, and recommended funding for the FY 09-10 programs. After presentation and discussion, presentation and recommended funding for FY 09-10 programs were approved as presented. /M/Nava/S/McPhillips/C/unanimously approved

B. Revisions to the Risk Management Policy*

Marcus Beverly presented new best practices for Employment Practices Liability for review and approval. The Board was ask to review and approve the EPL best practices and adds them to the RMP. The Board was also asked to approve the minor changes to the Police best practices. /M/Mason/C/McPhillips/C/unanimously approved

8. Finance Committee Report*

Herbert Pike, ABAG PLAN CFO, presented an overview of the Committee's activities, including the audited financials as of June 30, 2008 and the PLAN's Investment Performance Report as of December 31, 2008. He reported that the auditors expressed a clean opinion on the Basic Financial Statements and made no adjustments other than the usual market value adjustments of the PLAN's investments. The auditors did not uncover any material weaknesses in internal control as a result of their audit. There was one reportable condition presented in the auditors' Memorandum on Internal Control to which management's response is included in the Basic Financial Statements.

After presentation and overview the Board was ask to approve the audit report year ending 2008 as presented. /M/Takahashi/S/McPhillips/C/unanimously approved

After presentation and overview the Board was asked to approve the investment policy with no changes. /M/Nava/S/Karlen/C/unanimously approved

9. Claim Committee Report

A. Revisions to the Liability MOC

Marcus Beverly presented proposed revisions to the Liability Memorandum of Coverage (MOC), to include coverage for attorney fees and a new exclusion for failure to comply with regulatory requirements. The revisions are a new exclusion and a change to the definition of damages. After presentation and review the revisions were approved as presented. /M/Broad/S/Chappelle/C/unanimously approved.

B. Committee Update

Marcus Beverly provided an update of significant issues and claims addressed by the committee throughout the year. He reported on one police case that was defended at trial and one settlement in what overall has been a good year.

10. Strategic Planning Discussion

Marcus Beverly presented a recommendation from the Executive Committee that the Board participate in a facilitated interest-based discussion at its next strategic planning meeting. The discussion is intended to build consensus around the issue of "Inverse Tail" claims. Marcus Beverly solicited proposals from two facilitators recommended by committee members. After discussion at the last Executive Committee meeting, 05-14-09,

the members discussed the proposals and agreed to recommend Royleen White. After presentation and discussion Marcus Beverly requested the Board approve Royleen White as facilitator for the Board Meeting scheduled for October 29, 2009. /M/Mason/S/Steele/C/unanimously approved

11. Proposed ABAG PLAN Administrative Budget – FY 2009-10 *

Marcus Beverly presented the proposed budget for funding administrative expenses of the PLAN. After presentation the Board was requested to approve the administrative budget as presented.
/M/Nava/S/McPhillips/C/unanimously approved

12. Other Business:

Gary Galliano, Newark requested a list of “worst practices” in comparison to “best practices” for the purpose of cost comparison and cost decision making. Ken Moy responded by saying advisement as to “worst practices” could be handled individually and as needed.

13. Adjourned:

Meeting adjourned at 4:45 p.m.

Respectfully Submitted,



Marcus Beverly
Risk Manager and Secretary

DRAFT