Approved May 17, 2006

Executive Committee
Special Teleconference Meeting
Summary Minutes

February 15, 2006
101 Eighth Street
Oakland, CA 94607-4756

Teleconference Participants

Presiding	**Jurisdiction**
Jim Steele, Chairman	So. San Francisco
Committee Members	
Larry Anderson	Burlingame
Julie Carter	Dublin
Cecilia Quick	Pacifica
Jack Dilles	Morgan Hill
Orry Korb	Los Gatos
Alex McIntyre	Tiburon
Other Members	
Maureen Lennon	Pacifica

Staff
Marcus Beverly, ABAG Risk Manager & PLAN Secretary
Ken Moy, ABAG PLAN Legal Counsel
Carol Johnson, ABAG PLAN Recording Secretary

Consultants
Michael Harrington – Bickmore Risk Services

Call To Order:
Meeting called to order at 10:10 a.m.

PUBLIC COMMENTS:
There were no public comments.

APPROVAL OF MINUTES, APRIL 27, 2005 and May 10, 2005:
Motion was made by Dilles/S/Anderson/C/ to approve minutes as presented.

CALCULATION OF MEMBER FUND BALANCE:
Staff presented a report recommending a formula for calculating the Fund Balance for each Member. The committee was presented with several options for allocating pooled losses, the key variable in the formula. The Committee was requested by Staff to make a recommendation from a choice of six options for the Board's consideration and action at their March 8, 2006, meeting.

Actuary Committee members met on January 11, 2006 and unanimously agreed to recommend the revised fund balance formula, with interest income by year allocated by the GASB 10 method and by members pro-rata based on premium. The Actuary Committee also unanimously recommended Option 7 for the allocation of losses by member. Cecilia Quick from the City of Pacifica opposed the recommended formula and addressed her concerns with Members and Staff.

Training seminars/workshops are being considered by Staff in the near future before the June 7, 2006, annual business meeting, for the purpose of clarity for a meaningful discussion and decision making in the above issues.

After discussion Members agreed to recommend the balance calculation formula per the method used in the accompanying actuary exhibits for each of the options presented, to allow staff to balance the total amounts to our financial statements on an annual basis. /M/Dilles/S/Korb/C/Approved

After discussion Members approved the recommendation to allocate interest income per year by the GASB 10 method and per Member pro-rata based on premium to present to the Board for consideration and action. /M/Anderson/S/Carter/C/Approved

After discussion Members approved Option 7, the same option recommended by staff and the Actuary Committee for the allocation of losses, to present to the Board for consideration and action.
/M/Dilles/S/Korb/C/Approved. Larry Anderson – abstained. Cecilia Quick – abstained.

USES OF SIR FUND AND WITHDRAWAL FORMULA:
Staff presented an overview of the options for use of the SIR Fund, including payment to withdrawn members. A memo prepared by Ken Moy outlining a method of paying any funds due a withdrawn Member over a five-year period was presented for review and discussion, with a request the Committee recommend a withdrawal formula to the Board. The Actuary Committee approved the formula as outlined in the memo.

After discussion staff requested the Committee's approval to present to the Board for action the formula recommended by staff and the Actuary Committee for determining and paying the Withdrawal Amount. /M/Korb/S/McIntyre/C/Approved. Cecilia Quick - abstained

MOD FACTOR AND FUNDING ERROR:
Staff presented a report describing a miscalculation of the experience modification factors used to calculate each Member's funding for FY 05-06, resulting in balances due from or to each Member. Staff presented options for correcting the balances for the Committee to review and recommend to the Board for consideration and action.

After discussion the Committee approved staff's recommendation not to charge interest to assessed members but to credit interest to Members who are due premium deductions. A credit or additional charge will be appled to the FY 06-07 funding, with Members who owe money given the option to pay during this fiscal year.
/M/Korb/S/Carter/C/Approved

CALCULATION OF ULAE:
Staff recommended increasing the reserves for Unallocated Loss Adjustment Expense (ULAE) from 5% to 10% of Reserves for Claims and Claims Expenses. The 10% amount was recommended by the Actuary Committee and would increase the reserve to $1.4 million. /M/Anderson/S/Korb/C/Approved

PACIFICA RECISSION NOTICE & BELVEDERE WITHDRAWAL NOTICE:
Staff presented recent notices from Pacifica and Belvedere for discussion. The City of Pacifica has requested a rescission of its withdrawal notice and the City of Belvedere has presented a withdrawal notice. Along with Belvedere's withdrawal notice they presented a quote from a competing pool, California J.P.I.A.

OTHER BUSINESS:
Larry Anderson suggested a future topic for discussion and consideration of setting minimum deductibles for members.

ADJOURNMENT:
Meeting adjourned 11:45 a.m.

Respectfully Submitted,

Marcus Beverly
Risk Manager & Secretary
ABAG PLAN Corporation

/cj