Association of Bay Area Governments
PLAN
CORPORATION
Pooled Liability Assurance Network
Association of Bay Area Governments

ABAG PLAN CORPORATION
Annual Meeting
Board of Directors
June 14, 2012

Agenda Item:	6 – Actuarial Review of PLAN Self-Insured Liability Program and City of Los Altos Withdrawal Funding Analysis
Action Required:	Board to approve PLAN Actuarial report and PLAN Member premium contribution and funding requirement.
Attachments:	1. Chair report 2. Actuary Report 3. Actuary Report – Premium Calculations 4. GL Funding Revised - Exhibit 5. Los Altos Withdrawal Agreement – Sample 6. Los Altos Equity Calculation – Sample

Association of Bay Area Governments

PLAN CORPORATION

Pooled Liability Assurance Network

Association of Bay Area Governments

Date: May 30, 2012

To: ABAG PLAN Executive Committee

From: Emma Karlen, Chair – Actuary Committee
James Hill, PLAN Risk Manager

Subject: **Actuarial Review of Self-Insured Liability Program**

Recommendation

The Actuary Committee recommends that the Executive Committee accept the Actuarial Review dated 4/24/12 and provide preliminary approval of proposed member funding levels for 2012-13. The Executive Committee recommendation will be forwarded to the Board of Directors for adoption at its June meeting.

Overview

Michael Harrington, FCAS, Director - Bickmore Risk Services will present the Actuarial report to the committee. The report contains estimates of PLAN liability for outstanding claims as of June 30, 2012, as well as, projected ultimate loss costs for the 2012-13 program year. All estimates are based on the latest asset, income, exposure and loss data received from PLAN. The analysis assumes a discount rate of 4%.

The Actuarial Report is very comprehensive and lengthy in its narration. It is divided into four major sections:

Executive Summary - Contains overview and tables which summarize the outstanding Liabilities.

Supporting Text - Detailed explanation on liabilities, losses, loss funding options, including a discussion of historical trends and data issues.

Summary Exhibits - These exhibits depict PLAN actuarial performance from a "big picture" perspective.

Supporting Appendices – These exhibits provide background calculations underlying the analysis.

Analysis

The staff report will highlight some of the key elements of the report. The Committee should specifically note the following:

- We continue to experience adverse loss development since the prior study which is being driven by our results for the 2007-08, 2008-09 and 2010-11 years.

- The analysis includes adjustments to our ultimate loss estimates as a result of two Gilroy claims which have developed adversely since the end of the calendar year.

- The adverse loss development has increased outstanding liabilities from $20.1 million (6/30/11) to $22.9 million (6/30/12) at the expected confidence level (50%), an increase of $2.8 million. Outstanding liabilities have increased from $29.4 million to $33.4 million (up $4 million) at the 90% confidence level.

- Assets have decreased from $45.9 million (6/30/11) to $42.6 million (6/30/12), a reduction of $3.3 million.

- The increase in liabilities and decrease in assets has reduced the SIR Fund balance to $9.2 million from $16.5 million, a reduction of $7.3 million.

- The SIR Fund balance is now recognized as consisting of the following:

    - $2.2 million for 2012-13 loss prevention expenses to be paid from surplus
    - $2.5 million for ITC claims
    - $4.5 million in general SIR Fund assets

- Overall premiums are projected to increase approximately 4% from prior year.

- Member premium changes continue to vary significantly, which is typically driven by loss experience and impact to experience modification.

- Further evaluation of a reduction in our 4% discount rate was performed and will be discussed. A 1% drop in the discount rate would approximate to an average rate increase of 3.5% (additional rate increase).

Conclusion

The Actuarial review reveals that the ABAG PLAN Self Funded Liability program is adequately funded. Our program continues to provide a stable cost effective solution for our member agencies. Our current loss performance is being impacted by adverse loss development and this phenomenon is being monitored closely. PLAN will continue to evaluate the utilization of higher confidence levels in our premium contribution (funding) requirement given the adverse loss development we have recently experienced.

ABAG PLAN CORPORATION
GL PREMIUM FUNDING - MEMBER CONTRIBUTIONS
Revised

Member	Loss Funding	Excess Insurance	Expenses	Burlingame Hillsborough CCFD Adjustments	Total Deposit
American Canyon	$66,041	$14,918	$64,816	$0	$145,775
Atherton	81,024	5,504	78,890	0	165,418
Benicia	442,968	20,809	223,980	0	687,757
Burlingame	231,470	22,447	184,492	42,683	481,093
Campbell	144,531	30,344	129,183	0	304,058
Colma	40,725	1,224	38,564	0	80,513
Cupertino	65,798	44,372	56,748	0	166,917
Dublin	117,318	35,760	113,209	0	266,287
East Palo Alto	170,412	21,650	59,714	0	251,776
Foster City	82,082	23,279	58,105	0	163,466
Gilroy	358,879	37,785	151,944	0	548,609
Half Moon Bay	35,789	8,733	18,476	0	62,998
Hillsborough	131,155	8,281	114,337	-42,683	211,091
Los Altos	0	0	0	0	0
Los Altos Hills	27,820	6,036	40,199	0	74,055
Los Gatos	247,015	22,951	146,697	0	416,662
Millbrae	111,424	16,806	95,824	0	224,055
Milpitas	192,130	51,621	135,538	0	379,289
Morgan Hill	235,681	30,789	158,221	0	424,691
Newark	84,711	32,569	82,138	0	199,418
Pacifica	174,325	30,931	92,053	0	297,308
Portola Valley	15,052	3,330	14,626	0	33,008
Ross, Town of	49,439	1,863	21,245	0	72,547
San Bruno	271,653	31,366	267,834	0	570,853
San Carlos	159,565	20,838	154,618	0	335,021
Saratoga	103,160	23,100	64,607	0	190,867
South SF	315,086	48,680	104,013	0	467,779
Suisun City	145,330	22,076	85,565	0	252,971
Tiburon	48,093	6,856	53,952	0	108,901
Woodside	34,323	4,082	40,414	0	78,819
Total	$4,183,000	$629,000	$2,850,000	$0	$7,662,000

AGREEMENT
WITHDRAWAL OF THE CITY OF LOS ALTOS
FROM
ABAG PLAN PROGRAM

Effective July 1, 2012, the Association of Bay Area Governments (ABAG), a joint exercise of powers agency created by its members pursuant to California Government Code sections 6500, *et seq.* and the City of Los Altos (Los Altos), a California charter city and a member of ABAG enter into this Agreement.

Recitals

A. ABAG created the ABAG PLAN Program as a self funded municipal liability pool for members of ABAG that chose to participate in said program by entering into the Liability Risk Coverage Agreement dated June 2, 1986, as it had been amended from time to time (LRCA) which is marked Attachment A and appended to this Agreement.
B. Los Altos has been a member of the ABAG PLAN Program since June 2, 1986.
C. Los Altos has elected to withdraw from the ABAG PLAN Program effective July 1, 2012.
D. ABAG and Los Altos intend hereby to fully discharge any obligations either party has to the other arising out of Los Altos's participation in the ABAG PLAN Program.

Now therefore, the parties agree as follows:

1. Use of Loss Allocation Formula. Article X of the LRCA requires the parties to determine Los Altos's 'retained equity' or 'withdrawal assessment'. The parties agree to use the Loss Allocation Formula to determine which of the two applies and the magnitude thereof.

2. First Retained Equity[1]. Bickmore Risk Management Services (Bickmore), the actuary for the ABAG PLAN Program, applied the Loss Allocation Formula adopted by the ABAG PLAN Corporation Board of Directors on June 15, 2011 to all of the claims tendered by Los Altos for coverage under the ABAG PLAN Program for Liability and accepted for partial or total coverage under said program (Covered Claims) as of June 30, 2012. Bickmore has determined that under the Loss Allocation Formula, Los Altos has retained equity in the amount of Eight Hundred Twenty Thousand Five Hundred Fifty-eight Thousand Dollars ($820,558) (First Retained Equity) as of June 30, 2012. The First Retained Equity is marked Attachment B and appended to this Agreement. (see fn1)

[1] This Draft Withdrawal Agreement for the City of Los Altos uses preliminary actuarial information that will change, including changes that could cause the initial determination of retained equity to become a withdrawal assessment.

3. **Subsequent Retained Equity**[2]. No later than October 1 of each of the years 2012, 2013, 2014, 2015 and 2016, ABAG will direct and pay Bickmore to apply the Loss Allocation Formula to all of Los Altos's Covered Claims as of June 30 of each of those years. For each of the years 2012, 2013, 2014, 2015 and 2016, if application of the Loss Allocation Formula to Covered Claims results in retained equity as of June 30 of said year, such amounts will be denominated as the Second Retained Equity for the equity determination as of June 30, 2013, as the Third Retained Equity for the equity determination as of June 30, 2014 and so on. Each subsequent Retained Equity will be marked Attachment C-1, C-2 and so on, and appended to this Agreement when initialed by ABAG and Los Altos.

4. Payments. No later than December 31, 2012 for the year 2012 and December 31st of each of the years 2013, 2014, 2015, and 2016 if application of the Loss Allocation Formula to Covered Claims results in a equity determination, ABAG will pay to Los Altos a pro-rata amount of the determination as follows: **one fifth (1/5) of the First Retained Equity, which is One Hundred Sixty-four Thousand One Hundred Eleven Dollars ($164,111)**[3] as of June 30, 2012, one fourth (1/4) of the Second Retained Equity, one third (1/3) of the Third Retained Equity, one half (1/2) of the Fourth Retained Equity or the entire (1/1) Fifth Retained Equity. Payments are to be made only from the Claims Fund. Los Altos hereby acknowledges that this agreement does not create any legal right to any other funds or assets held by, or available to, ABAG.

5. Withdrawal Assessment. For each year that the application of the Loss Allocation Formula in accordance with this Agreement results in a determination that Los Altos owes a withdrawal assessment for any of the years 2013, 2014. 2015 or 2016, Los Altos will pay to ABAG one fourth (1/4) of the Second Withdrawal Assessment, one third (1/3) of the Third Withdrawal Assessment, one half (1/2) of the Fourth Withdrawal Assessment or the entire (1/1) Fifth Withdrawal Assessment by December 31st of that year. Payments are to be deposited only into the "Claims Fund" as described in Article IX of the LRCA.

6. Final Payment. ABAG and Los Altos agree that upon the payment of all amounts determined under sections 4 and 5 of this Agreement, each party will have completely and finally discharged their respective obligations under Article X of the LCRA.

7. Acknowledgment and Release. ABAG and Los Altos hereby acknowledge and affirm that they each understand that the steps described in sections 2 through 5 of this Agreement could be applied to years after 2016 and that such repeated applications would result in a more precise determination of Los Altos's net retained equity or withdrawal assessment. Each party has knowingly agreed that by ending the calculations

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[2] Pursuant to section 5, subsequent actuarial determinations may result in one or more withdrawal assessments.

[3] This Draft Withdrawal Agreement for the City of Los Altos uses preliminary actuarial information that to determine the amount of the First Retained Equity used in this draft. The amount of the First Retained Equity may change base on the final actuarial information.

of retained equity or withdrawal assessments in 2016, such parties relinquish any claim to any benefit or advantage that such additional applications might have conferred upon such party.

8. Tail Claims – Liability. As a result of Los Altos's participation in the ABAG PLAN Program for Liability, ABAG has an obligation to defend and indemnify Los Altos for Covered Claims as determined under the Memorandum of Coverage – Liability in effect as of the date of loss, which are marked Attachment D-1 through D-4 and appended to this Agreement. ABAG and Los Altos acknowledge that there will likely be Covered Claims with dates of loss between June 2, 1986 and June 30, 2011 that will be made by claimants against Los Altos on or after July 1, 2012 (Tail Claims - Liability).

   (a) Administration. ABAG will administer Los Altos's Tail Claims – Liability, such administration includes, but is not limited to, (1) determinations of coverage, (2) reservations of rights, (3) settlements and settlement authority, (4) subrogation, (5) retention of defense counsel, (6) litigation management, and (7) standard loss runs and related reports. ABAG will provide such services in accordance with ABAG's then current claims administration practices, protocols and standards, including without limitation the then current PLAN General Liability Claim manual.

   (b) Rights of Los Altos. In connection with ABAG's administration of Los Altos's Tail Claims – Liability, Los Altos will be treated as though it were still a member of the ABAG PLAN Program, including the right to appeal coverage decisions under the then current Claims Policy.

   (c) Obligations of Los Altos. Los Altos will comply with the requirements of the applicable Memorandum of Coverage – Liability and ABAG's then current claims administration practices, protocols and standards, including without limitation, the then current PLAN General Liability Claim Manual. Further, ABAG will be incurring costs within Los Altos's deductible, which was [Jim – Please provide history of LA's SIRs]. Los Altos will promptly pay ABAG for such costs upon receipt of an invoice from ABAG evidencing the costs incurred. ABAG may not submit invoices more frequently than one every month.

9. Property Claims. ABAG and Los Altos acknowledge that the ABAG PLAN Program for Property provides coverage on an occurrence basis. Los Altos warrants that as of June 30, 2012, it has presented all claims for known damage to property covered by the ABAG PLAN Program for Property. Los Altos acknowledges and agrees that it must promptly report any latent damage to Los Altos property which becomes manifest after July 1, 2012 if the damage is to be covered by the ABAG PLAN Program for Property.

10. Inverse Tail Claim Program. ABAG and Los Altos acknowledge that Los Altos is eligible to participate in the ABAG PLAN Inverse Tail Claim Program (ITC Program). Los Altos has not tendered any claims for inclusion in the ITC Program. The ITC Program will close on June 30, 2013. ABAG will include Los Altos in all

communications, and permit Los Altos to participate in all activities, regarding the ITC Program.

11. Waiver. The waiver by either party of a breach by the other of any provision of this contract shall not constitute a continuing waiver or a waiver of any subsequent breach either of the same or of a different provision of this Agreement.

12. Amendment. This Agreement may only be amended by a writing signed by both parties.

13. Notices. Any notices or communications required or permitted under this Agreement will be in writing, and transmitted to the respective parties as follows:

Claims Administration:

Association of Bay Area Governments
P.O. Box 2050
Oakland, California 94604-2050
Attn: Angela Salsbury
Email: angelas@abag.ca.gov
Phone: (510) 464-7954
Fax: (510) 464-7989

City of Los Altos
One N. San Antonio Road
Los Altos, CA 94022-3087
Attn: J. Logan
Email: jlogan@losaltosca.gov
Phone: (650) 947-2700
Fax: (650) 947-2701

Payments:

Association of Bay Area Governments
P.O. Box 2050
Oakland, California 94604-2050
Attn: James Hill
Email: jimh@abag.ca.gov
Phone: (510) 464-7969
Fax: (510) 464-7989

City of Los Altos
One N. San Antonio Road
Los Altos, CA 94022-3087
Attn: J. Logan
Email: jlogan@losaltosca.gov
Phone: (650) 947-2700

DRAFT

Fax: (650) 947-2701

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14. Governing Law. This Agreement will be construed and enforced in accordance with the laws of the State of California.

Association of Bay Area Governments

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Patricia Jones, Acting Executive Director

Approved as to Legal Form and Content:

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Kenneth K. Moy, Legal Counsel

ABAG PLAN Corporation

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Jesse Takahashi, Chairman

Approved as to Legal Form and Content:

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Robert Lanzone, Legal Counsel

City of Los Altos

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Approved as to Legal Form and Content:

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ABAG PLAN - WITHDRAWAL ASSESSMENT/DIVIDEND CALCULATION
SAMPLE FOR ILLUSTRATION PURPOSES ONLY

Determination Date	(1) Premium Collected (+)	(2) Investment Income Received (+)	(3) Future Investment Income (+)	(4) Paid Losses at 6/30/11 (-)	(5) Undiscounted Case Reserves at 6/30/11 (-)	(6) Undiscounted IBNR Reserves (-)	(7) Undiscounted ULAE Reserves (-)	(8) Excess Insurance Paid (-)	(9) Loss Prevention Expense Paid (-)	(10) (Assessments) Dividends Adjustments (-)	(11) Accounts Payable (-)	(12) Net Assets at 6/30/11 (=)	(13) Discounted Risk Margin Fund (-)	(14) SIR Fund (=)	(15) Annual Dividend
6/30/2011	3,077,594	1,196,911	56,128	1,498,084	219,493	194,691	41,416	159,639	269,087	925,265	11,366	1,011,592	191,035	820,557	164,111
6/30/2012	3,077,594	1,208,000	45,000	1,589,000	176,000	156,000	33,000	159,639	269,087	1,089,376	0	858,492	153,000	705,492	176,373
6/30/2013	3,077,594	1,219,000	34,000	1,680,000	132,000	117,000	25,000	159,639	269,087	1,265,749	0	682,119	115,000	567,119	189,040
6/30/2014	3,077,594	1,230,000	23,000	1,771,000	88,000	78,000	17,000	159,639	269,087	1,454,789	0	493,079	77,000	416,079	208,040
6/30/2015	3,077,594	1,242,000	11,000	1,863,000	44,000	39,000	8,000	159,639	269,087	1,662,828	0	285,040	38,000	247,040	247,040

Association of Bay Area Governments
PLAN CORPORATION
Pooled Liability Assurance Network
Association of Bay Area Governments

ABAG PLAN CORPORATION
Annual Meeting
Board of Directors
June 14, 2012

Agenda Item:	7 – Excess Property and Liability Insurance Program
Action Required:	Board to approve PLAN Excess Property and Excess Liability premiums.
Attachments:	1. Staff Report

Date: June 14, 2012

To: ABAG PLAN Board of Directors

From: James Hill, PLAN Risk Manager

Subject: **Excess Property and Liability Insurance Program**

Recommendation

PLAN staff recommends the Board of Directors approve the purchase of Excess Liability insurance and Excess Property insurance as proposed from Alliant Insurance Services.

Overview

The Excess Liability renewal premium quote is $628,568 an increase of approximately 3% over expiring premium versus our estimated increase of 5%. The renewal premium is in line with our budget expectations and the indicated increase was tempered due to our relatively favorable loss history.

The Excess Property renewal premium quote is $960,808 an overall increase of 19.8% over expiring premium. Our estimated increase for this coverage 10%. The increase is explained further in our analysis below.

Analysis

The insurance market condition in general is showing signs of price increase. Market pricing volatility will be further discussed by Alliant in their Board presentation.

The Excess Liability premium has been very stable and pricing reflects existing market conditions in which insurers are increasing premium slightly to firm up their underwriting results (i.e. combined ratios). Even the best performing accounts are facing a nominal pricing increase.

While property premiums in general are increasing rapidly due to the hardening property market and capacity issues, the significant change in the PLAN Excess Property premium is being driven primarily by two factors.

PLAN total insurable property values (TIVs) have increased 15% over the prior period. The overall increase in PLAN TIVs is approximately $305 million. This has a significant impact on the renewal pricing. PLAN members exercised more diligence in reporting TIVs this renewal period. Member property schedules have been updated and property reports will be available from OASYS shortly after renewal.

It is notable that automobile schedules have increased significantly in terms of reported values. It is clearly evident that auto values have been under reported in the past as we have encountered issues relative to the scheduling of autos and mobile equipment during the adjustment of claims this year.

In addition to the increase in total insurable values, the renewal rate has increased 12% this year. Our estimated increase for this program was 10% and the renewal is slightly higher than the indicated increase. Again, this is a function of market conditions.

Conclusion

Staff will conduct ongoing insurance market assessment to ensure PLAN members are provided the optimal insurance program at the most competitive pricing levels. Staff will continue to work on evaluating alternative risk transfer (funding) options including the purchase of reinsurance for PLAN funded layer via traditional reinsurance or a captive risk solution.

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ABAG PLAN CORPORATION
Annual Meeting
Board of Directors
June 14, 2012

Agenda Item: 8 – Risk Management Program Update and Funding

Action Required: Board to approve PLAN Risk Management Program grant funding allocation.

Attachments:
1. Chair Report
2. Member Goals and Objectives – Scorecard
3. Risk Management Program Funding Spreadsheet
4. Grant Utilization Report – Member Utilization
5. Staff report MDR Enhancements
6. Sample MDR report

Association of Bay Area Governments

PLAN CORPORATION

Pooled Liability Assurance Network

Association of Bay Area Governments

Date: May 30, 2012

To: Executive Committee

From: Julie Carter, Chair, Risk Management Committee
James Hill, PLAN Risk Manager

Subject: **Risk Management Program Funding**

Summary

The Risk Management Committee will provide the Board of Directors with an update on PLAN Risk Management Grant funding and expenditures for the current Fiscal Year (201-12 YTD). The Committee will also present an estimate of grant allocations for FY 2012/13.

Analysis

The Risk Management Program Funding/Utilization analysis conducted in April showed overall utilization of PLAN grant funds for the FY 2011/12 at 16.9% of the total allocated dollars. $2,229,992 in grant funds has been allocated to PLAN members this fiscal year. As of April, $376,696 (16.9%) of the allocated funds were utilized. For the prior fiscal year (2011-12), 65% of allocated grant funds were utilized. The grant program allows for processing of grant requests after the fiscal period ends, therefore the percentage of grant funds utilized tends to move upward accordingly. PLAN members have taken advantage of the grant program and some have utilized 100% of their available grant funding.

Police Risk Management (30%), Best Practices (22%) and Risk Management Training (16%) make up the bulk of this fiscal year's expenditures on a percentage utilized basis. In FY 2010-11, Police Risk Management (76%), Risk Management Programs (66%), and Best Practices (54%) were the most utilized areas of grant funds on an overall percentage basis.

The committee again discussed the need to ensure the sustainability of the grant program which currently uses unfunded dollars resulting in a commensurate erosion of surplus for all grant fund expenditures. The overarching theory is that by investing in loss reduction measures which will help reduce losses (claims) the impact to surplus would be tempered

and the reduction in losses (claims) would effectively offset the cost of the program. As members move towards full implementation of Risk Management Best Practices, there is a point of diminishing returns that was recognized by the committee.

The committee discussed the current fiscal climate and noted that the fiscal challenges are significant. The grant program is a very important component of PLAN and the committee will continue to evaluate the long term implications. The committee will also institute a partial matching program for the upcoming fiscal year.

Recommendations

The Risk Management Committee recommends the continuance of the Risk Management Grant Program in FY 2012-13 with funding as follows:

Total grant funding for FY 2011/12 is estimated at approximately $1,657,000 versus $2.2 million, in the prior year. Total FY 2012-13 grant funding is $550,000 (25%) lower than the prior year funding level. The amount of grant funding falls below the FY Actuarial estimate which will lend favorably to surplus via a re-allocation of $550K back to the Risk Margin fund. Based on existing utilization trends, the reduction in grant funding will have very minimal impact on PLAN member loss control and loss reduction efforts.

We are recommending approval of the following allocation of PLAN funds.

1. Reduction of the Risk Services Budget (Consulting) allocation to 4% of the PLAN annual funding contribution. Down from 4.5%.

2. Maintain the Risk Management grant dollars at 10% of annual GL contributions with no "matching" contributions required for activities related to each member's three priority Risk Management objectives for the current fiscal year. Matching contributions will be required for all other eligible grant requests which fall in areas outside of the member defined Risk Management priorities.

3. Retain training grants at $5K. This recognizes and reflects the importance of training. It also continues to recognize the need to train/re-train personnel due to functional realignment and/or diminishing staff.

4. Reduction of Police grants to $15K. Police grants have been effectively utilized, however, there are several state/federal programs available to Law Enforcement which can be used to supplement grant requests. The Chairman of the Police Steering Committee suggests that these funds focus on training and development.

5. Imposition of a 20% cap on all members (percentage of grant to premium funding). Since the grant program is "loss sensitive" (i.e. derived from loss funding), there was an inherent dislocation in funding for members who have effectively controlled their losses and have a reduced loss capacity (funding).

The cap ensures equity amongst all members in terms of percentage allocation of grant dollars.

Final grant program funding will be based on the above percentage allocations, caps and limitations. The final allocations will be determined using the Board approved premium funding levels.

Proposed 2012-13

ABAG PLAN CORPORATION RISK MANAGEMENT PROGRAM FUNDING FISCAL YEAR 2012/2013

City	Loss & Admin Funding FY 11-12	Risk Services Budget at 4%	Budget Hours @ $125/hr	Training Grants	Total City RM Program Grant capped at 20% of funding (includes $15000 for citie with contract police)	Police RM Grants capped at 20% of Funding	All Grants Combined with City and Police RM Grants capped at 20% of Funding
AMERICAN CANYON	$ 145,775	$ 5,831	47	$ 5,000	$ 29,155	$ -	$ 39,986
ATHERTON	$ 165,418	$ 6,617	53	$ 5,000	$ 16,542	$ 15,000	$ 43,159
BENICIA	$ 687,757	$ 27,510	220	$ 5,000	$ 68,776	$ 15,000	$ 116,286
BURLINGAME	$ 481,093	$ 19,244	154	$ 5,000	$ 48,109	$ 15,000	$ 87,353
CAMPBELL	$ 304,058	$ 12,162	97	$ 5,000	$ 30,406	$ 15,000	$ 62,568
COLMA	$ 80,513	$ 3,221	26	$ 5,000	$ 6,441	$ 9,662	$ 24,323
CUPERTINO	$ 166,917	$ 6,677	53	$ 5,000	$ 31,692	$ -	$ 43,368
DUBLIN	$ 266,287	$ 10,651	85	$ 5,000	$ 41,629	$ -	$ 57,280
EAST PALO ALTO	$ 251,776	$ 10,071	81	$ 5,000	$ 25,178	$ 15,000	$ 55,249
FOSTER CITY	$ 163,466	$ 6,539	52	$ 5,000	$ 16,347	$ 15,000	$ 42,885
GILROY	$ 548,609	$ 21,944	176	$ 5,000	$ 54,861	$ 15,000	$ 96,805
HALF MOON BAY	$ 62,998	$ 2,520	20	$ 5,000	$ 12,600	$ -	$ 20,120
HILLSBOROUGH	$ 211,091	$ 8,444	68	$ 5,000	$ 21,109	$ 15,000	$ 49,553
LOS ALTOS HILLS	$ 74,055	$ 2,962	24	$ 5,000	$ 14,811	$ -	$ 22,773
LOS GATOS	$ 416,662	$ 16,666	133	$ 5,000	$ 41,666	$ 15,000	$ 78,333
MILLBRAE	$ 224,055	$ 8,962	72	$ 5,000	$ 37,406	$ -	$ 51,368
MILPITAS	$ 379,289	$ 15,172	121	$ 5,000	$ 37,929	$ 15,000	$ 73,100
MORGAN HILL	$ 424,691	$ 16,988	136	$ 5,000	$ 42,469	$ 15,000	$ 79,457
NEWARK	$ 199,418	$ 7,977	64	$ 5,000	$ 19,942	$ 15,000	$ 47,919
PACIFICA	$ 297,308	$ 11,892	95	$ 5,000	$ 29,731	$ 15,000	$ 61,623
PORTOLA VALLEY	$ 33,008	$ 2,445	20	$ 5,000	$ 6,602	$ -	$ 14,047
ROSS	$ 72,547	$ 2,902	23	$ 5,000	$ 5,804	$ 8,706	$ 22,411
SAN BRUNO	$ 570,853	$ 22,834	183	$ 5,000	$ 57,085	$ 15,000	$ 99,919
SAN CARLOS	$ 335,021	$ 13,401	107	$ 5,000	$ 48,502	$ -	$ 66,903
SARATOGA	$ 190,867	$ 7,635	61	$ 5,000	$ 34,087	$ -	$ 46,721
SOUTH SAN FRANCISCO	$ 467,779	$ 18,711	150	$ 5,000	$ 46,778	$ 15,000	$ 85,489
SUISUN CITY	$ 252,971	$ 10,119	81	$ 5,000	$ 25,297	$ 15,000	$ 55,416
TIBURON	$ 108,901	$ 4,356	35	$ 5,000	$ 9,161	$ 12,619	$ 31,136
WOODSIDE	$ 78,819	$ 3,153	25	$ 5,000	$ 15,764	$ -	$ 23,917
MEMBERS SUBTOTAL	$ 7,662,002	$ 307,605	2461	$ 145,000	$ 875,877	$ 270,986	$ 1,599,467
General Fund		$ 40,000		$ 50,000		$ 40,000	$ 130,000
Defensive Driving Program							$ 40,000
SewerSmart Program							$ 60,000
GRAND TOTAL							$ 1,829,467

Association of Bay Area Governments
PLAN CORPORATION
Pooled Liability Assurance Network
Association of Bay Area Governments

Date: April 11, 2012

To: Risk Management Committee

From: Jim Hill, PLAN Risk Management Officer

Subject: Risk Management Information Systems (RMIS)– MDR Report Enhancements

Recommendation

This report is for informational purposes only. No action required.

Summary

ABAG PLAN's Management Data Report (MDR) is an important Risk Management tool. The MDR report is designed to provide member claims information in a manner that is easy to understand and useful in terms of illustrating member performance. The report provides data to analyze claim trends and to benchmark performance against the PLAN norms.

The new look MDR report is the first step in an ongoing effort to improve the way the MDR report is structured and to increase the dynamics of the report. We will continue to explore ways to improve report output and will build on the input and feedback we have received from members.

MDR Report Highlights

The new look MDR report begins by focusing on member loss trending and the distribution of claims by department over the past five years. The data will further assist PLAN members in analyzing claims activity by claim count as well as claim costs. Pie charts representing the distribution of claims by department are helpful in depicting claims activity and cost at the department level.

Starting our review from a five year perspective allows us to get a broader picture and view the overall trend of claims. This helps eliminate the issue of misleading spikes. In many cases, there are were so few claims from year to year the trending on the old bar graphs was not as meaningful. The new MDR report's appearance looks brighter as the original report contained bar graphs with multiple colors making it sometimes difficult to see.

The new MDR report further analyzes member claim activity by department and by sub code. An example is Public Works (department level) with sub codes such as Streets, Sewer, Sidewalks. In addition to providing department level data, the reports also show data by cause of loss for the major sub codes. The department level data will help each member evaluate the overall performance in each department by number of claims, claim cost and cause of loss.

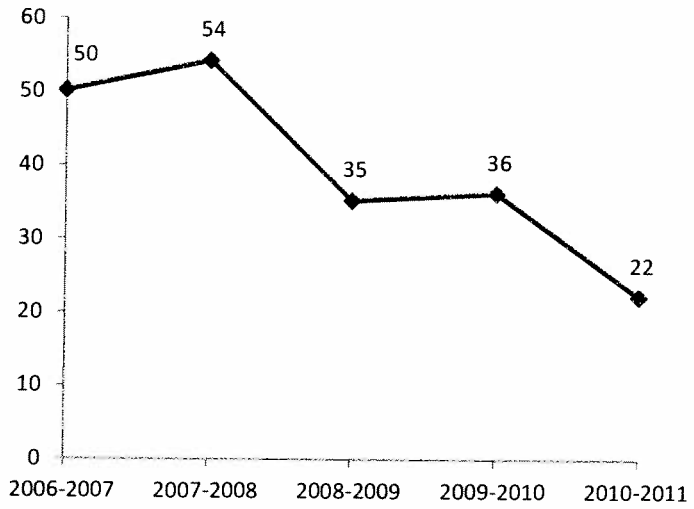
The report concludes with an analysis of member performance as compared to PLAN norms in six key statistical areas:

1. Experience Modifier - Trend in member ex mod.
2. Average Cost (Incurred) per claim - Trend in member average claims cost.
3. Claims (number) trend per million in payroll.
4. Severity rate ($) trend per $100 in payroll.
5. Claims trend per 1,000 in population.
6. Average Cost (incurred) per 1,000 in population.

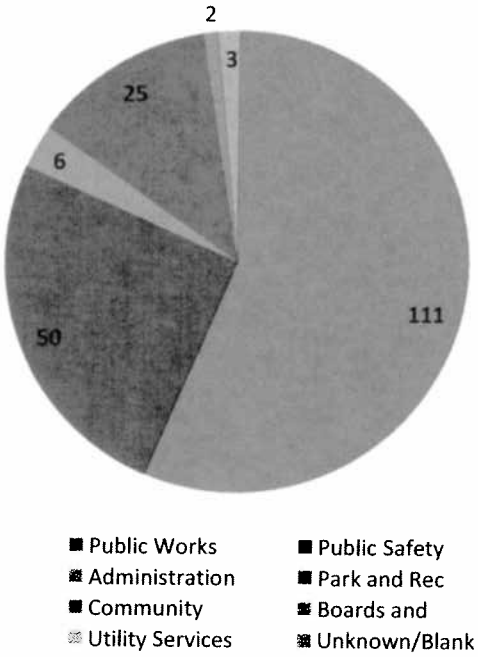
Future enhancements will include the development of "leading indicators" to assist members in developing proactive measures to reduce risk before losses occur. Leading indicators will be aligned with current Best Practices during the development of the analytical model.

ABAG PLAN Management Data Report: Name of City

Count of Claims by Fiscal Year

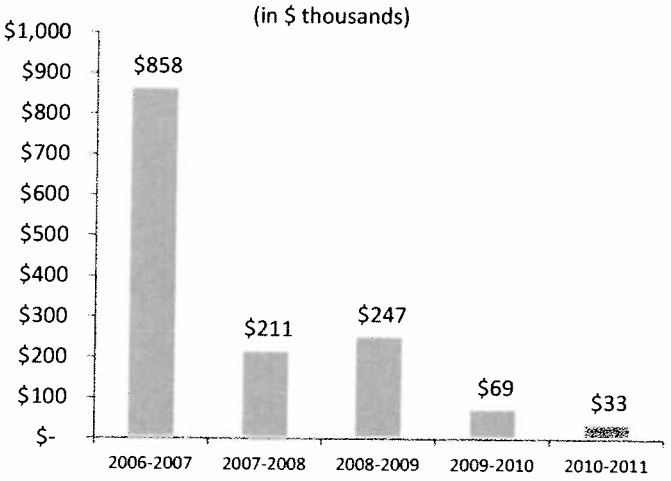


Count of Claims by Department

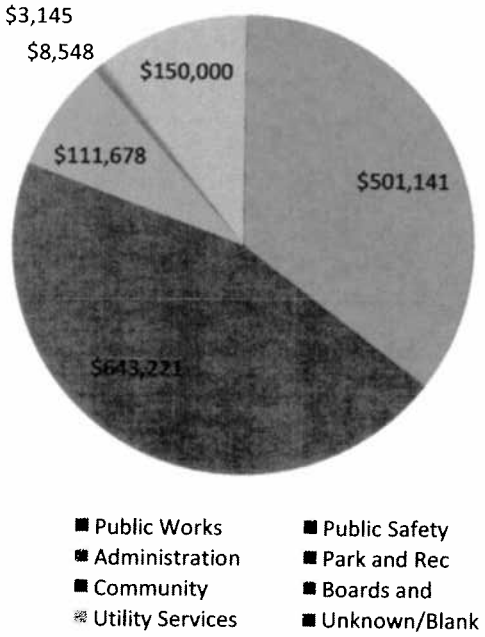


Incurred by Fiscal Year

(in $ thousands)



Incurred by Department

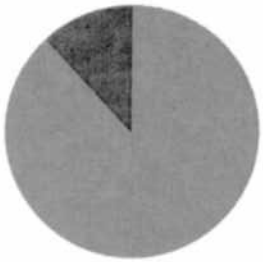


Data valued as of 12/31/2011

ABAG PLAN Management Data Report: Name of City

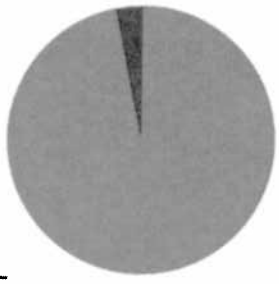
Public Safety

Count



Sub-department	Count	Incurred
■ Police	44	$622,982
■ Fire	6	$20,238

Incurred



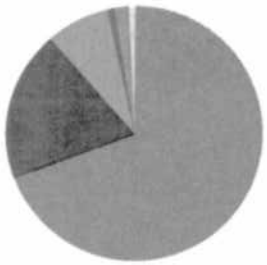
	Count	Incurred
■ Police	44	$ 622,982
Use of force	7	$ 295,315
Speed excessive	1	$ 130,908
Training	1	$ 69,967
Towing	3	$ 68,696
Intersection accident	5	$ 10,265
Causes <10% of Count and Incurred	27	$ 47,833

	Count	Incurred
■ Fire	6	$ 20,238
Other NOC	1	$ 18,100
Head-on or sideswipe	1	$ 1,427
Property Damage (PD)	1	$ 572
Highway accident, NOC	1	$ 140
Firing/reduction in force	1	
Law Enforcement, NOC	1	

ABAG PLAN Management Data Report: Name of City

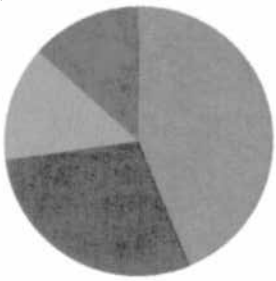
Public Works

Count



Sub-department	Count	Incurred
Streets	77	$219,376
Sewer	21	$144,891
Sidewalks	9	$69,234
Water	1	$67,136
Public Works NOC	2	$504
Others not in top 5	1	

Incurred



	Count	Incurred
Streets	77	$ 219,376
Ground surface hazards	12	$ 598
Struck by object/road	9	
Roadway/street repair	8	$ 50
Design Error	5	$ 152,004
Loss of control	1	$ 26,863
Causes <10% of Count and Incurred	42	$ 39,860

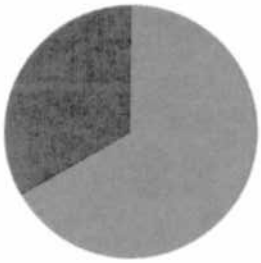
	Count	Incurred
Sewer	21	$ 144,891
Sewers: error/failure	18	$ 130,190
Culverts, storm lines and	2	$ 14,701
Causes <10% of Count and Incurred	1	

	Count	Incurred
Sidewalks	9	$ 69,234
Curbs/sidewalks hazards	4	$ 31,400
Floor/walkway hazard	4	$ 37,820
Improper use of	1	$ 14

ABAG PLAN Management Data Report: Name of City

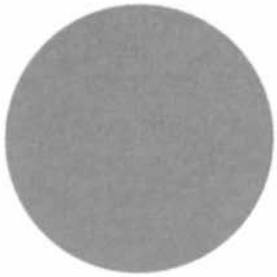
Utility Services

Count



Sub-department	Count	Incurred
■ Utility Services	2	$150,000
■ Electricity	1	

Incurred



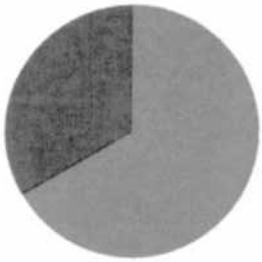
	Count	Incurred
■ Utility Services	2	$ 150,000
Construction zones	1	$ 100,000
Utilities: error/failure	1	$ 50,000

	Count	Incurred
■ Electricity	1	$ -
Utilities: error/failure	1	

ABAG PLAN Management Data Report: Name of City

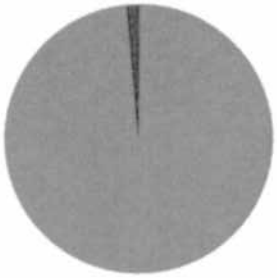
Administration

Count



Sub-department	Count	Incurred
■ Administration	4	$110,000
■ Buildings	2	$1,678

Incurred



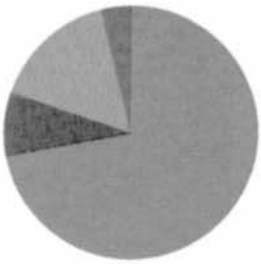
	Count	Incurred
■ Administration	4	$ 110,000
ADA violations-(ABAG's	1	$ 110,000
Constitutional rights	1	
Contractual Liability	1	
Permit E and O	1	

	Count	Incurred
■ Buildings	2	$ 1,678
Collision Fixed Object	1	$ 1,678
Permit E and O	1	

ABAG PLAN Management Data Report: Name of City

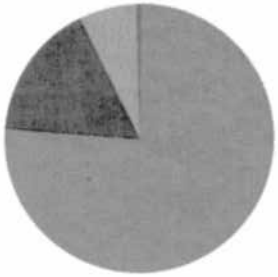
Park and Rec

Count



Sub-department	Count	Incurred
Parks	18	$6,503
Recreation	2	$1,400
Trees	4	$595
School Childrens	1	$50

Incurred



	Count	Incurred
Parks	18	$ 6,503
Tree, unsafe condition	5	$ 444
Floor/walkway hazard	2	
Playground/recreation	2	
Unsafe backing	2	$ 4,812
Property Damage (PD)	1	$ 1,148
Causes <10% of Count and Incurred	6	$ 100

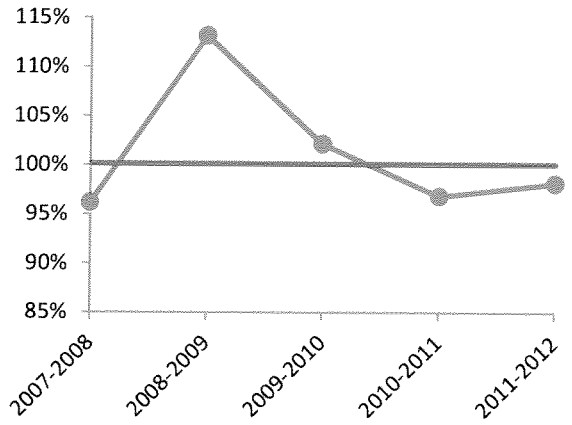
	Count	Incurred
Recreation	2	$ 1,400
Playground/recreation	1	$ 1,400
Theft/larceny/robbery	1	

	Count	Incurred
Trees	4	$ 595
Tree, unsafe condition	4	$ 595

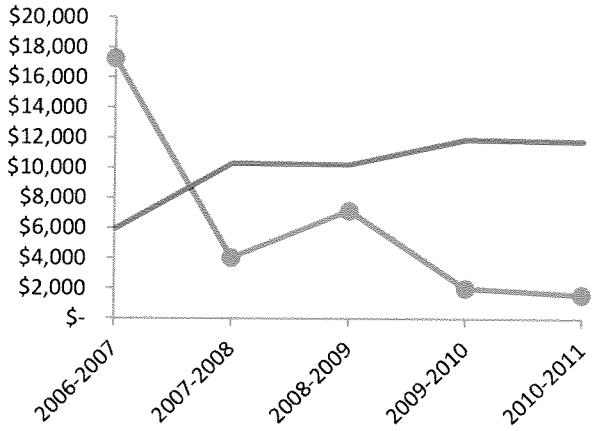
ABAG PLAN Management Data Report: Name of City

Name of City
ABAG PLAN

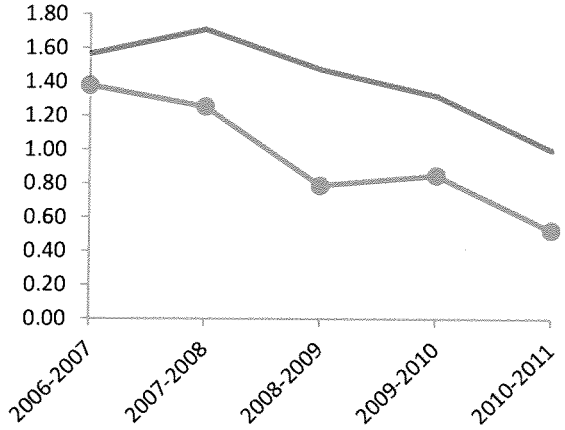
Experience Modifiers



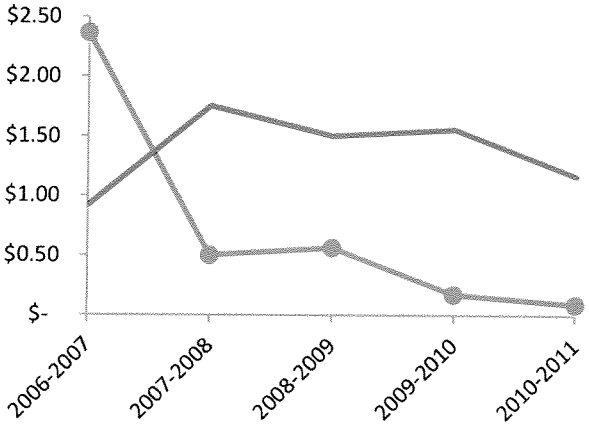
Average Incurred per Claim



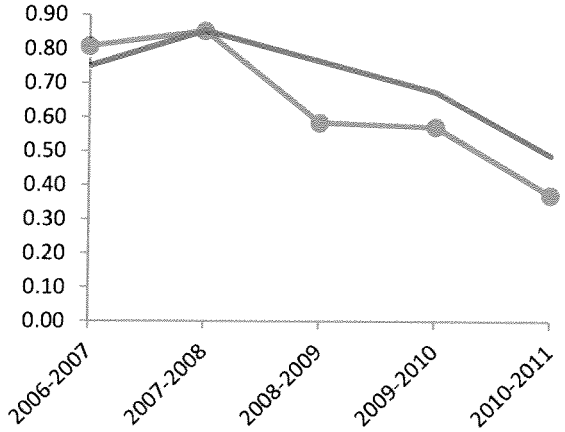
Claims per $1 million Payroll



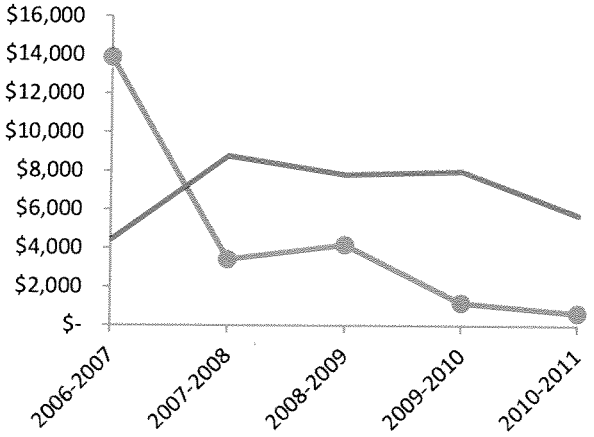
Severity Rate (Incurred per $100 payroll)



Claims per 1,000 Population



Incurred per 1,000 Population



Association of Bay Area Governments
PLAN CORPORATION
Pooled Liability Assurance Network
Association of Bay Area Governments

ABAG PLAN CORPORATION
Annual Meeting
Board of Directors
June 14, 2012

Agenda Item: 9 – Approval of the 2011-12 Administrative Budget

Action Required: Board to approve PLAN Administrative Budget for 2012/13.

Attachments:

1. Chair Report
2. Administrative Budget Exhibit
3. Staff Report – Quarterly Administrative Budget Variance Analysis
4. Total member funding spreadsheet
5. Staff Report – Audited Financial Statements and Memorandum of Internal Controls
6. Audited Financial Statements and MOIC

Association of Bay Area Governments
PLAN
CORPORATION
Pooled Liability Assurance Network
Association of Bay Area Governments

Date: May 16, 2012

To: Jesse Takahashi – President - Board of Directors
Kevin Bryant - Chairman - Finance Committee

From: Jim Hill, Risk Management Officer

Subject: **PLAN Administration Fund – 2012-13 FY Preliminary Budget**

Recommendation:

Staff recommends that the Finance Committee approve the PLAN Administrative Budget as presented.

Summary

PLAN Administrative Budget of $2,814,326 has been reduced $35,413 (1%) from prior fiscal year. A detailed analysis of the proposed budget with comparison to prior fiscal year is included as an attachment. Also included is a detailed breakdown of Personnel cost, including prior fiscal year comparison. Other PLAN operating costs are detailed.

ABAG continues to focus on containment of operating expenses and PLAN is exploring other cost reduction measures. Additional cost reduction scenarios (PLAN B) are under review. Further study as to the impact to operational efficiency is warranted.

ABAG Plan Corporation Administrative Budget FY 2012/13

	Proposed Budget 2012-13	Approved Budget 2011-12	$ Change	% Change
REVENUES				
Administrative Premium	$ 2,850,000	$ 2,500,000	$ 350,000	14%
Investments	n/a	n/a	n/a	
Other Revenue	$ 10,000	$ 10,000	$ -	0%
TOTAL REVENUES	$ 2,860,000	$ 2,510,000	$ 350,000	14%
EXPENSES				
PLAN Personnel Costs (Staff)	$ 2,544,826	$ 2,635,739	$ (90,913)	-3%
Total	$ 2,544,826	$ 2,635,739	$ (90,913)	-3%
OTHER COSTS				
Technical Consultant Fees	$ 68,500	$ 40,200	$ 28,300	70%
Legal Consultants	$ 20,000	$ 15,000	$ 5,000	33%
Claims Consultants	$ 45,000	$ 45,000	$ -	0%
Actuarial Consultants	$ 28,000	$ 23,000	$ 5,000	22%
Audit Fees Financial	$ 12,000	$ 24,000	$ (12,000)	-50%
Audit Fees Claims Audit	$ 12,000	$ -	$ 12,000	
Other Consultants	$ 15,000	$ 3,000	$ 12,000	400%
Total Other Costs	$ 200,500	$ 150,200	$ 50,300	33%
OTHER DIRECT CHARGES				
Travel	$ 5,000	$ 7,000	$ (2,000)	-29%
Printing In-House	$ 1,000	$ 750	$ 250	33%
Printing Outside	$ 1,000	$ 750	$ 250	33%
Conferences & Seminars	$ 12,000	$ 9,500	$ 2,500	26%
Office Supplies	$ 3,000	$ 3,000	$ -	0%
Subscriptions & Memberships	$ 5,000	$ 5,000	$ -	0%
Postage	$ 3,000	$ 3,000	$ -	0%
Telephone	$ 1,500	$ 1,300	$ 200	15%
Insurance & Bonding	$ 20,000	$ 17,000	$ 3,000	18%
Staff Training & Development	$ 2,500	$ 1,500	$ 1,000	67%
Miscellaneous	$ 15,000	$ 15,000	$ -	0%
Total Other Direct Charges	$ 69,000	$ 63,800	$ 5,200	8%
TOTAL EXPENSES	$ 2,814,326	$ 2,849,739	$ (35,413)	-1%
SURPLUS/(DEFICIT)	$ 45,674	$ (339,739)		

ABAG Plan Corporation Administrative Budget FY 2012/13

Other Costs - Detail

Technical Consultant Fees	Technical Consultants @ 20,000 System Maintenance @ $48,500
Legal Consultants	PLAN Counsel @ $10,000 Other Legal Consultants @ $10,000
Claims Consultants	Consulting Services @ $45,000 (Temps - Vacation, Leave, Etc)
Actuarial Consultants	Bickmore Actuary Services @ 28,000 (Includes annual equity study)
Audit Fees Financial	Maze & Associates @ 12,000 (Audited Financial Statements & MOIC)
Audit Fees Claims	Claim Audit @ $12,000 (Will RFQ to explore cost savings)
Other Consultants	CPS @ $12,000 (HR Efficiency study) Misc consultants @ $3,000

Other Direct Charges - Detail

Travel	PARMA/CAJPA/Other @ $5,000 (Annual conference travel for 2)
Printing - Inhouse	ABAG Folders, Brochures @ $1,000
Printing Outside	ABAG Newsletter @ $1,000
Conferences & Seminars	PARMA/CAJPA/Other @ $12,000 (Registration, Hotel, Etc - 2)
Office Supplies	Supplies @ $3,000
Subscriptions & Memberships	PARMA/CAJPA/AGRIP @ $4,000 Magazines, Newsletters @ $1,000
Postage	Postage @ $3,000 (Metered and Special Delivery)
Telephone	Phone charges @ $1,500
Insurance and Bonding	TPA E&O Insurance @ $20,000
Staff Training and Development	Workshops & Professional Development @ $2,500
Miscellaneous	Miscellaneous non-recurring expenses @ $15,000

Date: May 16, 2012

To: Jesse Takahashi – President - Board of Directors
Kevin Bryant - Chairman - Finance Committee

From: Jim Hill, Risk Management Officer

Subject: **Quarterly Variance Report – PLAN Administration Fund**
3rd QE – March 31, 2012

Action: None. Informational only.

Revenue

3rd QE Earned Premium (YTD) is $1,874,997, in line with our budget estimate on a pro-rata basis. No significant variance from plan is noted. PLAN recorded other revenue of $10,000 during this FY which represents the first payment (annual installment) related to the settlement of the iVOS claim.

Expenses

Personnel
3rd QE Personnel Costs (YTD) of $1,835,575, are below budget by approximately 5%. There are no notable variances in Personnel expenditures when compared to budget on a pro-rata basis. Costs are being incurred in direct proportion to budget with some nominal savings due to Risk Analyst working at an 80% rate.

Consultants
3rd QE Consulting Fees (YTD) were $183,480. We are currently 22.2% over our total annual budget at 3rd^{d} QE due to the following anomalies:

<u>Technical Consulting Fees</u> – Technical consulting fees are $29,921 (74%) over the annual budget of $40,000. This expense is being inflated due to payments for the maintenance fees (annual) for the iVOS and Safety Logic platforms. Staff is going to reclassify System Maintenance charges to "Technical Support Fees" to better capture and isolate PLAN recurring system maintenance fees.

Annual system maintenance fees were not included in the past budget due to several disputes over service related matters. These fees were included in the service contracts we entered into upon purchase of the system and are non-negotiable during the life of each contract (3-5 years).

Claims Consultants – Claim consultant fees are $5,681 (12.6%) over the annual budget due to the utilization of a temporary Claims Examiner hired during a leave of absence by one of the PLAN Claims Examiners. The variance was noted in prior quarterly report and remains constant. An informal staffing an operational efficiency review is ongoing. Further expense controls (outside field activity) are being evaluated as they relate to auto usage and expense management.

Actuarial Consultants – This expense category shows expenditures of $18,950 which represent 82% of the year to date budget. $4,050 remains as the budget balance and this amount is light in terms of projected costs. Most of our actuarial work is completed for the year; however, we have yet to incur the full cost of PLAN loss funding and premium calculation by the actuaries. The Risk Manager is working with the Actuary to validate remaining costs for the balance of the fiscal year, including the ongoing "equity analysis" which is required to calculate equity for withdrawing members. A portion the Actuarial expenses will be deferred into the next fiscal year due to the timing of receipt of invoices.

Other Consultants – The notable variance in other consulting fees is being impacted by the costs incurred for the RFQ study and the PLAN Board Retreat. The YTD budget variance of $17,160 is below the total projected costs for the consultants used in each project. The Executive Committee approved an additional amount of $23,000 for these two specific projects (in September 2011 and November 2011).

Other Direct Charges

3rd QE (YTD) total other direct charges of $38,923 are below budget, however, there are three expense categories where costs have exceeded budget on a YTD basis. The two variances being noted were each below $1,500 or 2% of the total budget for this category.

Conferences & Seminars – This category is over budget by $1,296 (13.6%). There was a reduction of $1,907 in expenses in March to adjust for miscoding error but the variance remains. Staff will look into further reducing costs associated with PARMA conference (single attendee only, bargain hotels, etc).

Surplus/Deficit

PLAN operating deficit at 3rd QE was $12,724 well below our projected deficit on a pro-rata basis. The deficit position is structural and largely a function of the fact that PLAN Revenues billed for the Administrative Fund were only $2,500,000 for FY 2011 while PLAN approved budget expenditures of $2,849,739. PLAN is benefitting from a fund balance (carryover) of approximately $433K from the prior fiscal year. This variance will evaporate over this fiscal budget cycle.

The Actuary Committee has is now using "actual" historical administrative fund costs as the basis of developing our PLAN Budget and PLAN premium funding estimates for the upcoming fiscal year. Staff will incorporate the prior year actual budget figures into the Actuarial Review and include in the Income Statement (Administrative Fund) beginning in 2012-13 fiscal year.

Summary

There are no immediate recommendations or action required for this fiscal year's budget. PLAN will continue to closely monitor the Administrative budget and continue to report any significant variances to the Board Chairman and Finance Committee Chairman.

INCOME STATEMENT

ABAG PLAN CORPORATION, ADMINISTRATION FUND
Period: MAR-12 Currency: USD

	FY Budget	Actual Current Month	Actual Year-to-date	% of Budget	Budget Balance
REVENUES					
EARNED PREMIUM	2,500,000.00	208,333.00	1,874,997.00	75.00%	625,003.00
OTHER REVENUES	0.00	0.00	10,000.00	n/m	(10,000.00)
TOTAL REVENUES	2,500,000.00	208,333.00	1,884,997.00	75.40%	615,003.00
EXPENSES					
PERSONNEL COSTS	2,635,739.00	204,813.09	1,835,575.28	69.64 %	800,163.72
TOTAL PERSONNEL COSTS	2,635,739.00	204,813.09	1,835,575.28	69.64 %	800,163.72
TECHNICAL CONSULTANT FEES	40,200.00	14,729.15	70,121.37	174.43 %	(29,921.37)
LEGAL CONSULTANTS	15,000.00	0.00	8,380.10	55.87 %	6,619.90
CLAIMS CONSULTANTS	45,000.00	350.00	50,681.92	112.63 %	(5,681.92)
ACTUARIAL CONSULTANTS	23,000.00	0.00	18,950.00	82.39 %	4,050.00
AUDIT FEES FINANCIAL	24,000.00	0.00	15,187.00	63.28 %	8,813.00
OTHER CONSULTANTS	3,000.00	2,435.00	20,160.00	672.00 %	(17,160.00)
TOTAL	150,200.00	17,514.15	183,480.39	122.16 %	(33,280.39)
OTHER DIRECT CHARGES					
TRAVEL	7,000.00	250.00	2,465.51	35.22 %	4,534.49
PRINTING IN-HOUSE	750.00	302.35	1,453.90	193.85 %	(703.90)
PRINTING OUTSIDE	750.00	0.00	1,736.85	231.58 %	(986.85)
CONFERENCES & SEMINARS	9,500.00	(1,906.77)	10,796.27	113.64 %	(1,296.27)
OFFICE SUPPLIES	3,000.00	0.00	1,062.11	35.40 %	1,937.89
SUBSCRIPTIONS & MEMBERSHIPS	5,000.00	48.80	6,484.30	129.69 %	(1,484.30)
POSTAGE	3,000.00	213.17	1,950.38	65.01 %	1,049.62
TELEPHONE	1,300.00	0.00	818.99	63.00 %	481.01
INSURANCE & BONDING	17,000.00	0.00	15,491.00	91.12 %	1,509.00
STAFF TRAINING & DEVELOPMENT	1,500.00	0.00	153.00	10.20 %	1,347.00
MISCELLANEOUS	15,000.00	315.00	6,253.82	41.69 %	8,746.18
TOTAL OTHER DIRECT CHARGES	63,800.00	(777.45)	48,666.13	76.28 %	15,133.87
TOTAL EXPENSES	2,849,739.00	221,549.79	2,067,721.80	72.56 %	782,017.20
SURPLUS/(DEFICIT)	(349,739.00)	(13,216.79)	(182,724.80)	52.25%	(167,014.20)

ABAG PLAN CORP
FINAL PLAN FUNDING - FY12/13

MEMBER	LIABILITY DEDUCTIBLE	LIABILITY LOSS FUNDING	EXCESS LIABILITY INSURANCE	ADMIN. PREMIUM	PUBLIC BOND PREMIUM	PROPERTY LOSS FUNDING & XS PREMIUM	TOTAL PREMIUM FY 12/13	
AMERICAN CANYON	$ 25,000	$ 66,041	$ 14,918	$ 64,816	$ 786	$ 24,783	$ 171,344	
ATHERTON	$ 25,000	$ 81,024	$ 5,504	$ 78,890	$ 786	$ 5,974	$ 172,178	
BENICIA	$ 25,000	$ 442,968	$ 20,809	$ 223,980	$ 786	$ 81,464	$ 770,007	
BURLINGAME	$ 250,000	$ 231,470	$ 22,447	$ 184,492	$ 786	$ 56,745	$ 495,940	
BURLINGAME (CCFD ADJ.)	$ -	$ 42,683	$ -	$ -	$ -	$ -	$ 37,209	533,149
CAMPBELL	$ 100,000	$ 144,531	$ 30,344	$ 129,183	$ 786	$ 30,175	$ 335,019	
COLMA	$ 50,000	$ 40,725	$ 1,224	$ 38,564	$ 786	$ 12,230	$ 93,529	
CUPERTINO	$ 250,000	$ 65,798	$ 44,372	$ 56,748	$ 786	$ 42,031	$ 209,735	
DUBLIN	$ 50,000	$ 117,318	$ 35,760	$ 113,209	$ 786	$ 43,813	$ 310,886	
EAST PALO ALTO	$ 100,000	$ 170,412	$ 21,650	$ 59,714	$ 786	$ 7,905	$ 260,467	
FOSTER CITY	$ 100,000	$ 82,082	$ 23,279	$ 58,105	$ 786	$ 54,628	$ 218,880	
GILROY	$ 50,000	$ 358,879	$ 37,785	$ 151,944	$ 786	$ 101,760	$ 651,154	
GILROY WATER TREATMENT	$ -	$ -	$ -	$ -	$ -	$ 39,605	$ 39,605	
HALF MOON BAY	$ 50,000	$ 35,789	$ 8,733	$ 18,476	$ 786	$ 3,979	$ 67,763	
HILLSBOROUGH	$ 50,000	$ 131,155	$ 8,281	$ 114,337	$ 786	$ 21,950	$ 276,509	
HILLSBOROUGH (CCFD ADJ.)		$ (42,683)	$ -	$ -	$ -	$ -	$ 37,209	239,300
LOS ALTOS HILLS	$ 25,000	$ 27,820	$ 6,036	$ 40,199	$ 786	$ 6,723	$ 81,564	
LOS GATOS	$ 50,000	$ 247,015	$ 22,951	$ 146,697	$ 786	$ 27,977	$ 445,426	
MILLBRAE	$ 100,000	$ 111,424	$ 16,806	$ 95,824	$ 786	$ 20,900	$ 245,740	
MILPITAS	$ 100,000	$ 192,130	$ 51,621	$ 135,538	$ 786	$ 92,951	$ 473,026	
MORGAN HILL	$ 100,000	$ 235,681	$ 30,789	$ 158,221	$ 786	$ 81,325	$ 506,802	
NEWARK	$ 100,000	$ 84,711	$ 32,569	$ 82,138	$ 786	$ 39,594	$ 239,798	
PACIFICA	$ 50,000	$ 174,325	$ 30,931	$ 92,053	$ 786	$ 97,835	$ 395,930	
PORTOLA VALLEY	$ 25,000	$ 15,052	$ 3,330	$ 14,626	$ 786	$ 5,581	$ 39,375	
ROSS, TOWN OF	$ 25,000	$ 49,439	$ 1,863	$ 21,245	$ 786	$ 2,333	$ 75,666	
SAN BRUNO	$ 100,000	$ 271,653	$ 31,366	$ 267,834	$ 786	$ 39,199	$ 610,838	
SAN CARLOS	$ 100,000	$ 159,565	$ 20,838	$ 154,618	$ 786	$ 24,144	$ 359,951	
SARATOGA	$ 25,000	$ 103,160	$ 23,100	$ 64,607	$ 786	$ 17,134	$ 208,787	
S. SAN FRANCISCO	$ 100,000	$ 315,086	$ 48,680	$ 104,013	$ 786	$ 141,606	$ 610,171	
SUISUN CITY	$ 25,000	$ 145,330	$ 22,076	$ 85,565	$ 786	$ 16,614	$ 270,371	
TIBURON	$ 50,000	$ 48,093	$ 6,856	$ 53,952	$ 786	$ 6,722	$ 116,409	
WOODSIDE	$ 25,000	$ 34,323	$ 4,082	$ 40,414	$ 786	$ 3,373	$ 82,978	
TOTALS		*$ 4,182,999*	$ 629,000	$ 2,850,002	$ 22,794	$ 1,151,053	$ 8,910,266	
							8,835,848.00	

ABAG PLAN CORP -- LIABILITY/ADMIN.
FUNDING COMPARISON - FY12.13

MEMBER	TOTAL FUNDING 12/13	TOTAL FUNDING 11/12	DOLLAR CHANGE	% CHANGE
AMERICAN CANYON	$ 145,775	$ 117,157	$ 28,618	24.43%
ATHERTON	$ 165,418	$ 132,357	$ 33,061	24.98%
BENICIA	$ 687,757	$ 703,779	$ (16,022)	-2.28%
BURLINGAME	$ 438,409	$ 542,673	$ (104,264)	-19.21%
BURLINGAME (CCFD ADJ.)	$ 42,683	$ 37,209	$ 5,474	14.71%
CAMPBELL	$ 304,058	$ 233,891	$ 70,167	30.00%
COLMA	$ 80,513	$ 75,235	$ 5,278	7.02%
CUPERTINO	$ 166,918	$ 136,219	$ 30,699	22.54%
DUBLIN	$ 266,287	$ 204,836	$ 61,451	30.00%
EAST PALO ALTO	$ 251,776	$ 194,958	$ 56,818	29.14%
FOSTER CITY	$ 163,466	$ 187,943	$ (24,477)	-13.02%
GILROY	$ 548,608	$ 470,048	$ 78,560	16.71%
GILROY WATER TREATMENT	$ -	$ -	$ -	0.00%
HALF MOON BAY	$ 62,998	$ 89,996	$ (26,998)	-30.00%
HILLSBOROUGH	$ 253,773	$ 199,816	$ 53,957	27.00%
HILLSBOROUGH (CCFD ADJ.)	$ (42,683)	$ (37,209)	$ (5,474)	14.71%
LOS ALTOS HILLS	$ 74,055	$ 56,965	$ 17,090	30.00%
LOS GATOS	$ 416,663	$ 388,577	$ 28,086	7.23%
MILLBRAE	$ 224,054	$ 206,118	$ 17,936	8.70%
MILPITAS	$ 379,289	$ 408,745	$ (29,456)	-7.21%
MORGAN HILL	$ 424,691	$ 326,685	$ 98,006	30.00%
NEWARK	$ 199,418	$ 212,251	$ (12,833)	-6.05%
PACIFICA	$ 297,309	$ 319,065	$ (21,756)	-6.82%
PORTOLA VALLEY	$ 33,008	$ 34,087	$ (1,079)	-3.17%
ROSS, TOWN OF	$ 72,547	$ 103,637	$ (31,090)	-30.00%
SAN BRUNO	$ 570,853	$ 439,117	$ 131,736	30.00%
SAN CARLOS	$ 335,021	$ 317,288	$ 17,733	5.59%
SARATOGA	$ 190,867	$ 235,265	$ (44,398)	-18.87%
S. SAN FRANCISCO	$ 467,779	$ 557,865	$ (90,086)	-16.15%
SUISUN CITY	$ 252,971	$ 194,593	$ 58,378	30.00%
TIBURON	$ 108,901	$ 83,770	$ 25,131	30.00%
WOODSIDE	$ 78,819	$ 60,630	$ 18,189	30.00%
TOTALS	$7,662,001	$ 7,233,566	$ 428,435	5.92%

ABAG PLAN CORPORATION PROPERTY PROGRAM FUNDING 2012/2013

MEMBER JURISDICTION		TOTAL INSURED VALUE (TIV)	INSURANCE PREMIUMS	PROPERTY POOL FUND	FLOOD EXPOSURE FUND	PROPERTY PROGRAM FUNDING
AMERICAN CANYON		$ 47,153,155	$ 20,803	$ 3,681	$ 300	$ 24,783
ATHERTON		$ 11,506,348	$ 5,076	$ 898	$ -	$ 5,974
BENICIA		$ 156,894,181	$ 69,217	$ 12,247	$ -	$ 81,464
BURLINGAME		$ 107,554,294	$ 47,450	$ 8,395	$ 900	$ 56,745
CAMPBELL		$ 58,115,735	$ 25,639	$ 4,536	$ -	$ 30,175
COLMA		$ 23,361,858	$ 10,307	$ 1,824	$ 100	$ 12,230
CUPERTINO		$ 80,611,211	$ 35,563	$ 6,292	$ 175	$ 42,031
DUBLIN		$ 84,150,346	$ 37,125	$ 6,569	$ 120	$ 43,813
EAST PALO ALTO		$ 15,224,814	$ 6,717	$ 1,188	$ -	$ 7,905
FOSTER CITY		$ 105,209,391	$ 46,415	$ 8,212	$ -	$ 54,628
GILROY		$ 194,442,330	$ 85,782	$ 15,178	$ 800	$ 101,760
GILROY, SCRWA WATER TREATMENT		$ 61,860,604	$ 27,291	$ 4,829	$ 7,485	$ 39,605
HALF MOON BAY		$ 7,663,810	$ 3,381	$ 598	$ -	$ 3,979
HILLSBOROUGH		$ 42,273,837	$ 18,650	$ 3,300	$ -	$ 21,950
LOS ALTOS HILLS		$ 12,948,258	$ 5,712	$ 1,011	$ -	$ 6,723
LOS GATOS		$ 53,881,481	$ 23,771	$ 4,206	$ -	$ 27,977
MILLBRAE		$ 40,252,698	$ 17,758	$ 3,142	$ -	$ 20,900
MILPITAS		$ 175,696,198	$ 77,512	$ 13,715	$ 1,725	$ 92,951
MORGAN HILL		$ 155,663,081	$ 68,674	$ 12,151	$ 500	$ 81,325
NEWARK		$ 76,255,818	$ 33,642	$ 5,952	$ -	$ 39,594
PACIFICA		$ 183,647,622	$ 81,020	$ 14,335	$ 2,480	$ 97,835
PORTOLLA VALLEY		$ 10,748,016	$ 4,742	$ 839	$ -	$ 5,581
ROSS		$ 3,799,764	$ 1,676	$ 297	$ 360	$ 2,333
SAN BRUNO		$ 75,494,223	$ 33,306	$ 5,893	$ -	$ 39,199
SAN CARLOS		$ 46,307,927	$ 20,430	$ 3,615	$ 100	$ 24,144
SARATOGA		$ 32,806,212	$ 14,473	$ 2,561	$ 100	$ 17,134
SCRWA (see Gilroy, Water Treatment)						
SOUTH SAN FRANCISCO		$ 265,962,934	$ 117,335	$ 20,761	$ 3,510	$ 141,606
SUISUN		$ 29,396,843	$ 12,969	$ 2,295	$ 1,350	$ 16,614
TIBURON		$ 12,483,337	$ 5,507	$ 974	$ 240	$ 6,722
WOODSIDE		$ 6,495,320	$ 2,866	$ 507	$ -	$ 3,373
TOTAL		**$ 2,177,861,647**	**$ 960,808**	**$ 170,000**	**$ 20,245**	**$ 1,151,053**
Rate Per $100 of TIV			$ 0.044	$ 0.008	0.001	$ 0.053

ABAG PLAN CORPORATION - PROPERTY FUNDING COMPARISON - FY 2012/2013

ABAG PLAN	PROPERTY PREMIUM 2011-12		PROPERTY PREMIUM 2012-13		COMPARISON OF TOTAL INSURED VALUES FROM PRIOR FISCAL YEAR		COMPARISON OF PREMIUM FROM PRIOR FISCAL YEAR	
MEMBER JURIDICTION	TOTAL INSURED VALUES	PROPERTY PREMIUM	TOTAL INSURED VALUES	PROPERTY PREMIUM	VALUE CHANGE	PERCENTAGE CHANGE	DOLLAR CHANGE	PERCENTAGE CHANGE
AMERICAN CANYON	$ 44,634,423	$ 17,587	$ 47,153,155	$ 20,803	$ 2,518,732	5.34%	$ 3,216	0.13%
ATHERTON	$ 11,261,541	$ 4,437	$ 11,506,348	$ 5,076	$ 244,807	2.13%	$ 639	0.26%
BENICIA	$ 147,181,592	$ 57,991	$ 156,894,181	$ 69,217	$ 9,712,589	6.19%	$ 11,226	0.12%
BURLINGAME	$ 101,578,639	$ 40,023	$ 107,554,294	$ 47,450	$ 5,975,655	5.56%	$ 7,427	0.12%
CAMPBELL	$ 52,250,196	$ 20,587	$ 58,115,735	$ 25,639	$ 5,865,539	10.09%	$ 5,052	0.09%
COLMA	$ 23,988,537	$ 9,452	$ 23,361,858	$ 10,307	$ (626,679)	-2.68%	$ 855	-0.14%
CUPERTINO	$ 73,350,220	$ 28,901	$ 80,611,211	$ 35,563	$ 7,260,991	9.01%	$ 6,662	0.09%
DUBLIN	$ 81,828,884	$ 32,242	$ 84,150,346	$ 37,125	$ 2,321,462	2.76%	$ 4,883	0.21%
EAST PALO ALTO	$ 16,333,932	$ 6,436	$ 15,224,814	$ 6,717	$ (1,109,118)	-7.28%	$ 281	-0.03%
FOSTER CITY	$ 78,950,040	$ 31,107	$ 105,209,391	$ 46,415	$ 26,259,351	24.96%	$ 15,308	0.06%
GILROY	$ 133,423,726	$ 52,571	$ 194,442,330	$ 85,782	$ 61,018,604	31.38%	$ 33,212	0.05%
GILROY, WATER TREATMENT	$ 64,026,923	$ 25,227	$ 61,860,604	$ 27,291	$ (2,166,319)	-3.50%	$ 2,064	-0.10%
HALF MOON BAY	$ 7,739,295	$ 3,049	$ 7,663,810	$ 3,381	$ (75,485)	-0.98%	$ 332	-0.44%
HILLSBOROUGH	$ 41,963,977	$ 16,534	$ 42,273,837	$ 18,650	$ 309,860	0.73%	$ 2,116	0.68%
LOS ALTOS HILLS	$ 12,795,634	$ 5,042	$ 12,948,258	$ 5,712	$ 152,624	1.18%	$ 671	0.44%
LOS GATOS	$ 34,988,055	$ 13,786	$ 53,881,481	$ 23,771	$ 18,893,426	35.06%	$ 9,985	0.05%
MILLBRAE	$ 39,158,244	$ 15,429	$ 40,252,698	$ 17,758	$ 1,094,454	2.72%	$ 2,329	0.21%
MILPITAS	$ 155,229,745	$ 61,162	$ 175,696,198	$ 77,512	$ 20,466,453	11.65%	$ 16,349	0.08%
MORGAN HILL	$ 144,942,330	$ 57,109	$ 155,663,081	$ 68,674	$ 10,720,751	6.89%	$ 11,565	0.11%
NEWARK	$ 73,673,317	$ 29,028	$ 76,255,818	$ 33,642	$ 2,582,501	3.39%	$ 4,614	0.18%
PACIFICA	$ 186,420,186	$ 73,452	$ 183,647,622	$ 81,020	$ (2,772,564)	-1.51%	$ 7,568	-0.27%
PORTOLA VALLEY	$ 11,119,527	$ 4,381	$ 10,748,016	$ 4,742	$ (371,511)	-3.46%	$ 360	-0.10%
ROSS	$ 3,728,223	$ 1,469	$ 3,799,764	$ 1,676	$ 71,541	1.88%	$ 207	0.29%
SAN BRUNO	$ 76,012,414	$ 29,950	$ 75,494,223	$ 33,306	$ (518,191)	-0.69%	$ 3,356	-0.65%
SAN CARLOS	$ 44,879,193	$ 17,683	$ 46,307,927	$ 20,430	$ 1,428,734	3.09%	$ 2,747	0.19%
SARATOGA	$ 32,311,815	$ 12,731	$ 32,806,212	$ 14,473	$ 494,397	1.51%	$ 1,742	0.35%
SRWCA see Gilroy, Water								
SOUTH SAN FRANCISCO	$ 267,900,370	$ 105,556	$ 265,962,934	$ 117,335	$ (1,937,436)	-0.73%	$ 11,779	-0.61%
SUISUN	$ 25,836,539	$ 10,180	$ 29,396,843	$ 12,969	$ 3,560,304	12.11%	$ 2,789	0.08%
TIBURON	$ 11,431,319	$ 4,504	$ 12,483,337	$ 5,507	$ 1,052,018	8.43%	$ 1,003	0.10%
WOODSIDE	$ 6,541,653	$ 2,577	$ 6,495,320	$ 2,866	$ (46,333)	-0.71%	$ 288	-0.62%
TOTALS	**$ 2,005,480,489**	**$ 790,184**	**$ 2,177,861,647**	**$ 960,808**	**$ 172,381,158**	**7.92%**	**$ 170,624**	**21.59%**
Rate Per $100 of TIV		$ 0.039401		$ 0.044117				

Association of Bay Area Governments

To: PLAN Finance Committee

From: Herbert Pike, Chief Financial Officer

Date: May 16, 2011

Re: **2011 Audited Financial Statements and Memorandum on Internal Control**

We are happy to present the audited Basic Financial Statements and Memorandum on Internal Control for the fiscal year ended June 30, 2011.

The auditors expressed a clean opinion on the Basic Financial Statements and made no adjustments other than the usual market value adjustments for PLAN's investments. PLAN follows the practice of maintaining investments at amortized cost basis internally. Market values are reflected on audited financial statements in order to comply with GASB requirements. The auditors also did not uncover any material weaknesses in internal control as a result of their audit work. There were no reportable conditions identified in the auditors' Memorandum on Internal Control.

Key 3-year financial information of PLAN ($'000):

	6/30/11	6/30/10	6/30/09
Total assets	$47,150	$50,437	$48,715
Above-deductible claims	6,988	3,808	1,651
Claim reserves	20,011	18,023	16,329
Net assets	26,533	31,796	31,355

The increase in Above-deductible claims was attributed to significant settlements during FY 10-11. The largest claim payout was for $1.5 million for a food claim. PLAN also experienced three very large bodily injury claims in the current fiscal year with settlement payments of $485 thousand, $620 thousand and $850 thousand, respectively. The increase in Claim reserves reflects an increase in the severity of recent and prospective claim activity. .

Total Net Assets decreased by $5.3 million in fiscal year 2011 to a new total of $26.5 million at June 30, 2010. Confidence level for the pool remains well above 90% as of June 30, 2011. We attribute this to the pool's strong equity position which is primarily the result of the Board's foresight in holding back equity distributions in recent years and the significant investment in loss prevention programs.

Staff Recommendation

Staff recommends these reports be approved by the Finance Committee and forwarded to the full Board for consideration at the Annual Board Meeting.

ABAG POOLED LIABILITY ASSURANCE NETWORK CORPORATION (PLAN)

BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

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ABAG POOLED LIABILITY ASSURANCE
NETWORK CORPORATION (PLAN)
BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

Table of Contents

Page

Independent Auditor's Report 1

Management's Discussion and Analysis 3

Basic Financial Statements

Statement of Net Assets 6

Statement of Activities 7

Statement of Cash Flows 8

Notes to Financial Statements 9

Required Supplementary Information

Ten-Year Claims Development Information-General Liability Pool 19

Ten-Year Claims Development Information-Property Liability Pool 20

Notes to Required Supplementary Information 21

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MAZE & ASSOCIATES

ACCOUNTANCY CORPORATION
3478 Buskirk Ave. - Suite 215
Pleasant Hill, California 94523
(925) 930-0902 · FAX (925) 930-0135
maze@mazeassociates.com
www.mazeassociates.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
ABAG PLAN Corporation
Oakland, California

We have audited the financial statements of each major fund of the ABAG Pooled Liability Assurance Network Corporation (PLAN) as of June 30, 2011, and for the year then ended, which collectively comprise PLAN's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of PLAN's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major funds of PLAN at June 30, 2011 and the respective changes in financial position and cash flows for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

Management's Discussion and Analysis and Required Supplementary Information are not required parts of the basic financial statements but are required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Maze & Associates

December 19, 2011

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The ABAG PLAN Corporation (PLAN) has issued the financial reports for fiscal year ending June 30, 2011 based on the provisions of the Government Accounting Standards Board Statement 34, "Basic Financial Statement and Management's Discussion & Analysis—for State and Local Governments," (GASB 34).

GASB 34 requires PLAN to provide an overview of financial activities in the fiscal year and it should be read in conjunction with the accompanying financial statements.

OVERVIEW OF BASIC FINANCIAL STATEMENTS

The Basic Financial Statements required under GASB 34 include:

(1) Statement of Net Assets—provides information about the financial position of PLAN, including assets, liabilities and net assets. The difference between this statement and the traditional Balance Sheet is that net assets (fund equity) are shown as the difference between total assets and total liabilities.

(2) Statement of Activities—presents revenues, expenses and changes in net assets for the fiscal year. It differs with the traditional Statement of Revenues and Expenses in that revenues and expenses directly attributable to operating programs are presented separately from investment income and financing costs.

(3) Statement of Cash Flows—provides itemized categories of cash flows. This statement differs from the traditional Statement of Cash Flows in that it presents itemized categories of cash in flows and out flows instead of computing the net cash flows from operation by backing out non-cash revenues and expenses from net operating income. In addition, cash flows related to investments and financing activities are presented separately.

FISCAL YEAR 2011 FINANCIAL HIGHLIGHTS

PLAN's financial highlights for the fiscal year include the following:

- Total assets at June 30, 2011 were $47.2 million. At June 30, 2010, total assets were $50.4 million.

- Total revenues, including program and general revenues, were $9.7 million in FY 2011, while total expenses were $14.9 million.

- Total net assets decreased by $5.3 million in FY 2011 to a new total of $26.5 million at June 30, 2011.

- General Liability program operating revenues were $5.3 million in FY 2011, while Property Liability operating revenues were $1.1 million and Administration operating revenues were $2.5 million.
- General Liability program operating expenses were $11.2 million in FY 2011, while Property Liability operating expenses were $1.3 million and Administration operating expenses were $2.5 million.

- General revenues, comprising investment income, totaled $812 thousand in FY 2011, of which $785 thousand and $27 thousand were allocated to General Liability and Property Liability funds respectively (see Investment Activities below).

- General Liability net assets were $24.8 million at June 30, 2011, while Property Liability net assets were $1.3 million and Administration net assets were $433 thousand at that date.

CLAIMS SETTLEMENT AND RESERVES FOR CLAIMS

Above-deductible General Liability claims paid totaled $6.6 million in FY 2011 compared to $3.6 million during FY 2010. In FY 2011, the largest claim payout was for $1.5 million for a Flood Claim. PLAN also experienced three very large bodily injury claims this period with settlement payments of $485 thousand, $620 thousand and $850 thousand, respectively. The reserve level for claims was increased to $19.9 million in FY 2011 from $17.9 million in FY 2010. The increase in reserves reflects an increase in the severity of recent and prospective claim activity.

Above-deductible Property Liability claims paid during FY 2011 amounted to $375 thousand. Reserves for Property Liability claims were $158 thousand at June 30, 2011, and the reserves are being carefully analyzed to address emerging trends.

INVESTMENT ACTIVITIES

As required by GASB, PLAN reports its investments at fair value. At June 30, 2011, PLAN has $3.0 million invested in the Local Agency Investment Fund (LAIF), $33.3 million in federal agency securities, and $7.2 million in corporate notes. The investment portfolio realized total earnings of $812 thousand, representing an overall average yield of 2.11% for FY 2011, excluding adjustments for fair value.

The change in market values of PLAN's investment portfolio between June 30, 2010 and June 30, 2011 was insignificant. With the exception of PLAN's investment in LAIF, all other investments are fixed income securities. The market value of a fixed income security falls during periods of rising interest rates, and increases when interest rates decline. It is PLAN's investment objective to hold all its securities to maturity, and therefore, temporary unrealized gains and losses have no real financial significance for the pool. As all securities in PLAN's investment portfolio are highly rated, they are generally regarded as safe investments that will mature at their full face values.

MAJOR PROGRAM INITIATIVES IN FY 2011 AND OUTLOOK FOR FY 2012

In response to the litigation and land development claim settlements (inverse condemnation) incurred in FY 2008, the Board of Directors of PLAN approved a revised Memorandum of Coverage effective July 1, 2008 designed to prevent and reduce such exposure. On February 2, 2010, a resolution was adopted authorizing implementation of the Inverse Tail Claim Program (ITC Program) with the following components: Set aside of Seven Million Dollars ($7,000,000) from the ABAG PLAN Program "Self-Insurance Retention Fund" for the purpose of funding the ITC Program; how said claims affect a member's experience modification factor from the date the claim is tendered to PLAN for five years; set a final

date for members to submit claims under the ITC Program to June 30, 2013; set a cap in ITC payments of $1 million per member; and other specific limitations. The ITC exposure continues to be effectively managed.

During FY 2011, PLAN has fully upgraded to Version 4.3.2 of the new claim processing software (iVOS). Work continues on customizing the system to meet the specific needs of ABAG PLAN. During FY 2011, PLAN created and is testing a fully automated deductible billing platform. The iVOS system was enhanced to allow members to have on-line access via a guest link to review claims information as it relates to deductible invoicing and recovery. Beginning January 2012, members will be able to receive deductible billing reports electronically via email and access the system remotely.

In FY 2012, PLAN will continue to offer its members $25 million in general liability coverage which includes an excess insurance policy with a limit of $20 million. The property program will offer property appraisals and boiler inspections for key facilities. PLAN will also continue to focus on collection (subrogation) of property damage losses from responsible third parties. Our recovery efforts have realized significant financial savings against property losses in the past.

During FY 2011, PLAN offered and will continue to offer in FY 2012 the following loss prevention programs:

- The Best Practices program offers special credits for consulting and training resources as incentives for implementing recommended practices.

- The Police Risk Management program offers up to $25,000 per jurisdiction to qualified members.

- The Defensive Driving program offers the latest training to all member staff, including police and other emergency personnel.

- The Sewer Smart Program website: www.sewersmart.org. PLAN will continue to host the annual Sewer Summit to provide Risk Management Best Practices and Regulatory updates on Sewer and Storm Water management systems to local jurisdictions.

CONTACTING PLAN'S FINANCIAL MANAGEMENT

The Basic Financial Statements are intended to provide PLAN members, citizens, creditors and other interested parties a general overview of PLAN's finances. Questions about these statements should be directed to ABAG PLAN Corporation, 101 Eighth Street, Oakland, CA 94607.

ABAG PLAN CORPORATION
STATEMENT OF NET ASSETS
JUNE 30, 2011

	General Liability Fund	Property Liability Fund	Administration Fund	Total
ASSETS				
Current Assets				
Cash and Cash Equivalents (Note 2)	$3,100,049	$1,450,214	$702,362	$5,252,625
Investments, at Fair Value (Note 2)	40,562,908			40,562,908
Total Cash and Investments	43,662,957	1,450,214	702,362	45,815,533
Receivables				
Due from Members	611,046	50		611,096
Interest	314,821			314,821
Total Current Assets	44,588,824	1,450,264	702,362	46,741,450
Noncurrent Assets				
Capital Assets, Net of Accumulated Depreciation (Note 4)	408,932			408,932
Total Noncurrent Assets	408,932			408,932
Total Assets	44,997,756	1,450,264	702,362	47,150,382
LIABILITIES				
Current Liabilities				
Accounts Payable and Accrued Liabilities	329,759		268,913	598,672
Reserves for Claims and Claim Adjustment Expenses	1,293,000	150,000		1,443,000
Reserves for Unallocated Loss Adjustment Expenses		7,500		7,500
Total Current Liabilities	1,622,759	157,500	268,913	2,049,172
Noncurrent Liabilities (Note 3)				
Reserves for Claims and Claim Adjustment Expenses	16,583,000			16,583,000
Reserves for Unallocated Loss Adjustment Expenses	1,985,000			1,985,000
Total Noncurrent Liabilities	18,568,000			18,568,000
Total Liabilities	20,190,759	157,500	268,913	20,617,172
NET ASSETS (Note 5)				
Invested in Capital Assets, Net of Related Debt	408,932			408,932
Unrestricted	24,398,065	1,292,764	433,449	26,124,278
Total Net Assets	$24,806,997	$1,292,764	$433,449	$26,533,210

See accompanying notes to basic financial statements

ABAG PLAN CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

	General Liability Fund	Property Liability Fund	Administration Fund	Total
PROGRAM REVENUES				
Premiums from Members				
General Liability	$5,260,584			$5,260,584
Administration			$2,520,000	2,520,000
Property Insurance		$1,080,207		1,080,207
Total Program Revenues	5,260,584	1,080,207	2,520,000	8,860,791
PROGRAM EXPENSES				
Provision for Claims and Claim Adjustment Expenses	8,601,390	374,763		8,976,153
Property Insurance Coverage		880,207		880,207
Excess Insurance Coverage	738,062		15,491	753,553
Depreciation	44,787			44,787
Management and Administration	9,450		2,125,419	2,134,869
Loss Prevention Programs	1,767,729			1,767,729
Contract Services			327,632	327,632
Other Expenses	39,420		11,092	50,512
Total Program Expenses	11,200,838	1,254,970	2,479,634	14,935,442
Net Program Operating Loss	(5,940,254)	(174,763)	40,366	(6,074,651)
GENERAL REVENUE				
Investment Income	784,754	27,000		811,754
Total General Revenue	784,754	27,000		811,754
CHANGES IN NET ASSETS	(5,155,500)	(147,763)	40,366	(5,262,897)
BEGINNING NET ASSETS	29,962,497	1,440,527	393,083	31,796,107
ENDING NET ASSETS	$24,806,997	$1,292,764	$433,449	$26,533,210

See accompanying notes to basic financial statements

ABAG PLAN CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011

	General Liability Fund	Property Liability Fund	Administration Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from members	$5,072,274	$1,090,207	$2,520,000	$8,682,481
Payments for insurance and contract services	(2,520,730)	(880,207)	(343,123)	(3,744,060)
Payments to ABAG	(9,450)		(2,121,829)	(2,131,279)
Claims paid	(6,613,390)	(374,763)		(6,988,153)
Other payments	(39,420)		(11,092)	(50,512)
Net cash flows from operating activities	(4,110,716)	(164,763)	43,956	(4,231,523)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	(25,977)			(25,977)
Net cash flows from capital and related financing activities	(25,977)			(25,977)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from investments	6,341,590			6,341,590
Interest received (paid)	879,024	27,000		906,024
Net cash flows from investing activities	7,220,614	27,000		7,247,614
Net cash flows	3,083,921	(137,763)	43,956	2,990,114
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	16,128	1,587,977	658,406	2,262,511
CASH AND CASH EQUIVALENTS AT END OF YEAR	$3,100,049	$1,450,214	$702,362	$5,252,625
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income (loss)	($5,940,254)	($174,763)	$40,366	($6,074,651)
Adjustments to reconcile operating loss to cash flows from operating activities:				
Depreciation	44,787			44,787
Change in assets and liabilities:				
Receivable from members	(188,310)	10,000		(178,310)
Payables	(14,939)		3,590	(11,349)
Reserves for claims and claim adjustment expenses	1,779,000			1,779,000
Reserves for unallocated loss adjustment expenses	209,000			209,000
Net cash flows from operating activities	($4,110,716)	($164,763)	$43,956	($4,231,523)

See accompanying notes to basic financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description and Programs

The Association of Bay Area Governments Pooled Liability Assurance Network Corporation (PLAN) is a non-profit public benefit corporation created by the Association of Bay Area Governments (ABAG) to provide a pooled approach for liability coverage for a number of Bay Area cities as allowed under the California Government Code. The purpose of PLAN is to operate and maintain a joint program for liability and property damage protection for the member agencies. PLAN is governed by a Board of Directors comprising officials appointed by each member agency. The activities of PLAN include setting and collecting premiums, administering and paying claims and related expenses, investing PLAN's assets, and offering loss prevention programs.

ABAG assists PLAN by providing administrative, accounting and clerical support. PLAN paid ABAG $2,191,615 for these services and $286,217 for contract services in the fiscal year ended June 30, 2011. Of these services, $256,767 was due to ABAG at June 30, 2011.

The members of PLAN must be members of ABAG, but not all ABAG members are members of PLAN. For that reason, PLAN is not a component unit of ABAG.

B. Basis of Presentation

PLAN's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

These Standards require that the financial statements described below be presented.

The Statement of Net Assets and the Statement of Activities display overall financial activities of PLAN. Eliminations have been made to minimize the double counting of internal activities. These statements display the *business-type activities* of PLAN that are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of PLAN's business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that may be received and are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that may be received and are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues are presented as general revenues.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. *Major Funds*

Major funds are defined as funds that have either assets, liabilities, revenues or expenses equal to at least ten percent of their fund-type total and five percent of the grand total.

PLAN reported all its enterprise funds as major funds in the accompanying financial statements:

General Liability Fund – this fund accounts for revenues and expenses for the general liability program for its participating members.

Property Liability Fund – this fund accounts for revenues and expenses for the property liability program for its participating members.

Administration Fund – this fund accounts for revenues and expenses for management and administration activities of PLAN.

D. *Basis of Accounting*

PLAN accounts for all transactions in enterprise funds, which are separate sets of self-balancing accounts that comprise assets, liabilities, net assets, revenues and expenses. All transactions are accounted for on the accrual basis, which means that expenses are recorded when the liability is incurred and revenues are recorded when earned, rather than when cash changes hands.

Since PLAN operates proprietary activities, which are usually thought to be business-type activities, applicable statements and interpretations of the Financial Accounting Standards Board (FASB) issued before November 30, 1989 may apply unless they conflict with or contradict GASB pronouncements. PLAN has elected not to apply FASB pronouncements issued after November 30, 1989.

Premiums from Members - Each member is assessed a premium which is intended to cover PLAN's claims, operating costs and claims settlement expenses. Premiums are based on an actuarially determined estimate of the probable losses and expenses attributable to a policy year. Additional cash contributions may be assessed on the basis of adverse loss experience. Refunds to members may be made if funds are determined to be in excess of the desired confidence level. All premiums are recognized as revenues when earned, based on the period covered by the premium.

Losses and Claims - PLAN establishes claim liabilities based on estimates of the ultimate cost of claims (including future claims settlement expenses) that have been reported but not settled, and based on estimates of claims that have been incurred but not reported (IBNR). Because actual claim costs can be affected by such complex factors as inflation, changes in legal costs and damage awards, claim liabilities are recommitted periodically using a variety of actuarial and statistical techniques to produce current estimates. The calculation of estimated future claims costs is based on actual historical data that reflect past inflation and other factors that are considered to be appropriate modifiers of past experience. Adjustments to claim liabilities are charged or credited to expense in the periods in which they are made.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PLAN has a multi-level risk sharing arrangement. Each member assumes its own losses up to its retention level. Losses in excess of the self-insured retention are paid out of a central pool maintained by PLAN for the pooled layers of coverage. This central pool is funded by premiums from all members.

PLAN purchases excess insurance policies to provide coverage for its members' exposure to losses in excess of the liability pool's $5 million limit and the property pool's $100,000 limit. Excess liability insurance provides a total of $20 million (above the $5 million PLAN layer) in liability coverage and excess property insurance pays claims up to the replacement cost of damaged property, subject to the terms of the policies. Premiums paid for excess insurance during the year ended June 30, 2011 amounted to $1,618,269.

Risk Sharing - PLAN is a "risk sharing" program which pools risks and funds and shares in the cost of losses. Losses and expenses are paid from the liability and property pools up to the limit of coverage subject to the self-insured retention.

Each year, PLAN evaluates the pools' financial risk position, defined as contributions less expenses, claim reserves and incurred-but-not-reported (IBNR) claims. If the events of the year result in a negative risk position, the members' annual assessments may be increased in subsequent years.

E. Estimates

PLAN's management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses and the disclosure of contingent liabilities to prepare these financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Actual results could differ from those estimates.

NOTE 2 - CASH AND INVESTMENTS

Cash and investments consist of the following at June 30, 2011:

	Cash and Cash Equivalents	Investments	Total
Cash in Banks	$2,269,838		$2,269,838
Local Agency Investment Fund	2,982,787		2,982,787
U.S. Agency Obligations		$33,321,158	33,321,158
Corporate Notes		7,241,750	7,241,750
Total Cash and Investments	$5,252,625	$40,562,908	$45,815,533

A. *Authorized Investments by PLAN*

PLAN's Investment Policy and the California Government Code allow PLAN to invest in the following, provided the credit ratings of the issuers are acceptable to PLAN.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	7 years	N/A	None	None
U.S. Agency Securities	7 years	N/A	None, (A)	None
Bankers Acceptances	180 days	A1/P1	25%	10%
Commercial Paper	270 days	A1/P1/F1	10%	10%
Medium Term/Corporate Notes	5 years	AA	10%	10%
Negotiable Certificates of Deposit	2 years	AA/A-1	30%	10%
Time Certificates of Deposit	1 years	(D)	10%	10%
Money Market Mutual Funds	N/A	AAA or (B)	10%	10%
California Local Agency Investment Fund	N/A	N/A	None, (C)	None

(A) Maximum limit of 20% of the investment portfolio on mortgage-backed securities.
(B) ABAG PLAN can also purchase money market funds managed by a manager with a minimum 5 year history and $500 million under management.
(C) LAIF has a limit of $50 million.
(D) Financial institution must have received a minimum overall satisfactory rating for meeting the credit needs for California Communities in its most recent evaluation.

NOTE 2 - CASH AND INVESTMENTS (Continued)

B. Interest Rate Risk

Interest rate risk is the potential adverse effect resulting from changes in market interest rates on the fair value of an investment. Generally, the longer the maturity of an investment, the greater is the sensitivity of its fair value to changes in market interest rates.

The sensitivity of the fair values of PLAN's investments to market interest rate fluctuations can be analyzed by the following distribution of PLAN's cash and investments by maturity which has been prepared using stated maturity date or callable dates, if applicable:

Cash and Investments	12 Months or less	13 to 24 Months	25 to 60 Months	Total
Investments with Original Maturities of 3 Months or Greater:				
U.S. Agency Obligations				
Federal Home Loan Bank	$6,009,220	$6,117,060	$2,193,320	$14,319,600
Federal Home Loan Mortgage Corporation	2,004,600	6,237,120		8,241,720
Federal National Mortgage Association		8,605,478	2,154,360	10,759,838
Corporate Notes				
PNC Funding	2,040,280			2,040,280
Citigroup Funding		2,038,780		2,038,780
General Electric Capital Corporation		3,162,690		3,162,690
Subtotal Investments	10,054,100	26,161,128	4,347,680	40,562,908
Cash and Cash Equivalents:				
Cash in Banks	2,269,838			2,269,838
Local Agency Investment Fund	2,982,787			2,982,787
Subtotal Cash and Cash Equivalents	5,252,625			5,252,625
Total Cash and Investments	$15,306,725	$26,161,128	$4,347,680	$45,815,533

As of year end, the weighted average maturity of the investments in the LAIF investment pool is approximately 237 days.

NOTE 2 - CASH AND INVESTMENTS (Continued)

C. *Credit Risk*

Credit risk is the risk of failure of an issuer of an investment in fulfilling its obligation to the holder of the investment. Presented below is the actual rating by Moody's as of June 30, 2011 for each investment type:

	Rating at year end				
	Exempt from Disclosure	Aaa	A3 (A)	Aa2 (B)	Total
Local Agency Investment Fund	$2,982,787				$2,982,787
U.S. Agency Obligations		$33,321,158			33,321,158
Corporate Notes					
PNC Funding			$2,040,280		2,040,280
Citigroup Funding			2,038,780		2,038,780
General Electric Capital Corporation				$3,162,690	3,162,690
Total	$2,982,787	$33,321,158	$4,079,060	$3,162,690	$43,545,695

(A) Two corporate notes are insured by the Federal Depository Insurance Corporation (FDIC). The total is $4,079,060.
(B) Credit Rating based on Moody's rating.

On August 5, 2011, Standard & Poor's Ratings Services (S&P) lowered its long-term credit rating on the United States of America from AAA to AA+. At the same time, S&P affirmed its A-1+ short-term rating on the United States of America.

On August 8, 2011, S&P lowered its issuer credit ratings and related issue ratings on ten of twelve Federal Home Loan Banks (FHLBs) and the senior debt issued by the FHLB System from AAA to AA+. S&P also lowered the ratings on the senior debt issued by the Federal Farm Credit Banks (FFCB) from AAA to AA+, and lowered the senior issue ratings on Fannie Mae (FNMA) and Freddie Mac (FHLMC) from AAA to AA+. The A subordinated debt rating and the C rating on the preferred stock of these entities remained unchanged. Finally, S&P affirmed the short-term issue ratings for these entities at A-1+. As of June 30, 2011, the City's investments in these agencies that were subject to the downgrade were as follows: FHLB $14,319,600, FHLMC $8,241,720 and FNMA $10,759,838.

NOTE 2 - CASH AND INVESTMENTS (Continued)

D. Concentration of Credit Risk

PLAN's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer, other than U.S. Treasury securities, mutual funds, and external investment pools that represent 5% or more of total entity-wide investments, are as follows at June 30, 2011:

Issuer	Investment Type	Amount
Federal Home Loan Bank	Federal Agency Securities	$14,319,600
Federal Home Loan Mortgage Corporation	Federal Agency Securities	8,241,720
Federal National Mortgage Association	Federal Agency Securities	10,759,838
General Electric Capital Corporation	Corporate Note	3,162,690

E. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, PLAN may not be able to recover its deposits or collateral securities that are in the possession of an outside party. Under California Government Code Section 53651, depending on specific types of eligible securities, a bank must deposit eligible securities posted as collateral with its agent having a fair value of 105% to 150% of the public agency's deposit. All of PLAN's deposits are either insured by the Federal Depository Insurance Corporation (FDIC) or collateralized with pledged securities held in the trust department of the financial institutions in PLAN's name.

In addition, the custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, PLAN may not be able to recover the value of its investment or collateral securities that are in the possession of another party. PLAN's Investment Policy limits its exposure to custodial credit risk by requiring that all security transactions entered into by PLAN, be conducted on a delivery-versus-payment basis. Securities are to be held by a third party custodian.

F. Local Agency Investment Fund

PLAN is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. PLAN reports its investment in LAIF at the fair value amount provided by LAIF. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporate notes.

NOTE 2 - CASH AND INVESTMENTS (Continued)

G. Statement of Cash Flows

For purposes of the statement of cash flows, PLAN considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

NOTE 3 - RESERVES FOR CLAIMS AND CLAIM ADJUSTMENT EXPENSES

Reconciliation of Reserves

Reserves for claims and claim adjustment expenses changed as follows:

	General Liability Pool		Property Liability Pool	
	2011	2010	2011	2010
Reserves for claims and claim settlement expenses, beginning of year	$17,873,000	$16,171,000	$157,500	$157,500
Provision for claims and claim settlement expenses attributable to insured events of:				
Current year	4,789,000	4,199,000	157,500	157,500
Prior years	3,812,390	1,072,265	217,263	81,100
Total incurred claims and claim settlement expenses	8,601,390	5,271,265	374,763	238,600
Less settlement of claims and claim settlement expenses attributable to insured events of current and prior fiscal years:				
Claims paid -- current year	(22,699)	(305,022)	(317,572)	(148,439)
Claims paid -- prior years	(6,590,691)	(3,264,243)	(57,191)	(90,161)
Total payments	(6,613,390)	(3,569,265)	(374,763)	(238,600)
Reserves for claims and claim settlement expenses, end of year	$19,861,000 **	$17,873,000	$157,500	$157,500
Components of unpaid claim liabilities:				
Reserves for claims and claim settlement expenses	$17,876,000	$16,097,000	$150,000	$150,000
Reserves for unallocated loss settlement expenses	1,985,000	1,776,000	7,500	7,500
Total	$19,861,000	$17,873,000	$157,500	$157,500
Current portion	$1,293,000	$982,981	$157,500	$157,500

** The liability is recorded at present value using a discount rate of 4%. Undiscounted liability claims totaled $21,836,169 at June 30, 2011.

NOTE 4 - CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed.

Capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation expense is calculated on the straight line method over the estimated useful lives of assets, which are as follows:

Vehicles	4 Years
Capitalized software	10 Years

Capital Assets activity was as follows for the year ended June 30, 2011:

	June 30, 2010	Additions	Transfers	June 30, 2011
Capital assets not being depreciated:				
Construction in progress	$427,742		($427,742)	
Total capital assets not being depreciated	427,742		(427,742)	
Capital assets being depreciated:				
Capitalized software		$25,977	427,742	$453,719
Vehicles	52,715			52,715
Total capital assets being depreciated	52,715	25,977	427,742	506,434
Less accumulated depreciation for:				
Capitalized software		44,787		44,787
Vehicles	52,715			52,715
Total accumulated depreciation	52,715	$44,787		97,502
Net capital assets being depreciated				408,932
Capital Assets, Net	$427,742			$408,932

NOTE 5 – NET ASSETS

Net Assets is the excess of a fund's assets over all its liabilities. PLAN's Net Assets are divided into the two captions described below:

Invested in Capital Assets, net of related debt is the current net book value of PLAN's capital assets, less the outstanding balance of any debt issued to finance these assets.

Unrestricted describes the portion of the Net Assets which may be used for any PLAN purpose.

ABAG PLAN CORPORATION
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
TEN-YEAR CLAIMS DEVELOPMENT INFORMATION - GENERAL LIABILITY POOL - (in Thousands)
YEARS ENDED JUNE 30,

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
(1) Earned premiums	$5,486	$6,223	$6,300	$6,979	$7,475	$8,085	$7,906	$8,262	$8,326	$7,753
Excess insurance premiums	250	370	445	544	562	777	710	764	776	738
Net Earned	5,236	5,853	5,856	6,436	6,913	7,308	7,196	7,498	7,550	7,015
(2) Investment income allocation:										
FY 10-11	(8)	(135)	68	73	6	105	(15)	14	89	63
FY 09-10	25	(135)	74	79	53	129	36	60	98	
FY 08-09	39	(204)	123	119	140	206	92	106		
FY 07-08	(20)	(267)	192	146	199	259	116			
FY 06-07	47	(215)	173	181	213	237				
FY 05-06	43	(203)	179	207	206					
FY 04-05	53	(71)	170	196						
FY 03-04	69	143	179							
FY 02-03	171	161								
FY 01-02	191									
(3) Net earned premiums and investment revenues	5,846	4,927	7,014	7,437	7,730	8,244	7,425	7,678	7,737	7,078
(4) Unallocated expenses	1,597	1,844	2,137	2,532	2,825	2,799	5,086	5,013	3,673	4,422
(5) Funds available for claims	4,249	3,083	4,877	4,905	4,905	5,445	2,339	2,665	4,064	2,656
(6) Paid (cumulative) as of:										
End of program year		955	59	29	97	15		24	305	23
One year later	580	1,247	529	102	255	57	95	405	363	
Two years later	2,589	5,716	600	873	905	235	1,009	2,064		
Three years later	3,016	8,180	969	1,838	1,471	506	2,954			
Four years later	3,284	8,124	944	1,874	2,894	1,061				
Five years later	3,278	8,667	1,766	1,874	4,649					
Six years later	4,573	8,277	2,026	1,874						
Seven years later	3,289	8,279	2,042							
Eight years later	3,303	8,716								
Nine years later	4,601									
(7) Estimated reserves for claims and claims adjustment expenses										
End of policy year	3,985	3,039	4,302	8,095	8,581	4,938	5,194	5,029	4,199	4,789
One year later	2,832	4,464	3,935	5,170	4,183	4,412	4,351	3,995	6,944	
Two years later	2,119	3,378	3,116	3,151	3,678	2,449	3,595	3,660		
Three years later	1,280	1,166	1,874	1,625	2,429	1,447	2,392			
Four years later	856	1,095	950	790	4,110	937				
Five years later	1,899	789	404	274	442					
Six years later	376	469	182							
Seven years later	190	45	479							
Eight years later	26	179								
Nine years later	39									
(8) Re-estimated incurred claims and claims adjustment expenses:										
End of policy year	3,985	3,994	4,361	8,124	8,678	4,953	5,194	5,053	4,504	4,812
One year later	3,412	5,711	4,464	5,272	4,438	4,469	4,446	4,400	7,307	
Two years later	4,708	9,094	3,716	4,024	4,583	2,684	4,604	5,724		
Three years later	4,296	9,346	2,843	3,463	3,900	1,953	5,346			
Four years later	4,140	9,219	1,894	2,664	7,004	1,998				
Five years later	5,177	9,456	2,170	2,148	5,091					
Six years later	4,949	8,746	2,208	1,874						
Seven years later	3,479	8,324	2,521							
Eight years later	3,329	8,895								
Nine years later	4,640									
(9) Change in estimated net incurred claims from end of policy year	655	4,901	(1,840)	(6,250)	(3,587)	(2,955)	152	671	2,803	
(10) Funds available after estimated claims and net asset distributions	(391)	(5,812)	2,356	3,031	(186)	3,447	(3,007)	(3,059)	(3,243)	(2,156)

ABAG PLAN CORPORATION
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
TEN-YEAR CLAIMS DEVELOPMENT INFORMATION - PROPERTY LIABILITY POOL - (in Thousands)
YEARS ENDED JUNE 30,

		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
(1)	Earned premiums	$516	$829	$822	$984	$893	$1,004	$892	$918	$1,086	$1,080
	Excess insurance premiums	347	679	658	774	718	858	727	726	885	880
	Net Earned	169	150	164	210	175	146	165	192	201	200
(2)	Investment income allocation:										
	FY 10-11	2		(1)	1	(1)	(1)	(15)	(4)	(1)	(2)
	FY 09-10	2		(1)	1	(1)	(1)	(13)	(4)	1	
	FY 08-09	3	(1)	(1)	2	(1)	(1)	(16)	(5)		
	FY 07-08	7	(1)	(2)	(4)	(15)	(9)	(15)			
	FY 06-07	5	(1)	(1)	(4)	(12)	(4)				
	FY 05-06	4	(1)	3	(2)	(1)					
	FY 04-05	4		2	2						
	FY 03-04	2	(2)	2							
	FY 02-03	3	(2)								
	FY 01-02	9									
(3)	Net earned premiums and investment revenues	210	142	165	206	144	130	106	179	201	198
(4)	Unallocated expenses	1	13						1		
(5)	Funds available for claims	209	129	165	206	144	130	106	178	201	198
(6)	Paid (cumulative) as of:										
	End of program year	63	214	19	165	208	225	415	379	148	318
	One year later	76	243	105	273	420	294	796	407	242	
	Two years later	82	237	102	283	424	181	859	374		
	Three years later	82	255	199	283	187	181	859			
	Four years later	81	255	199	132	187	177				
	Five years later	81	255	199	132	187					
	Six years later	81	255	199	132						
	Seven years later	81	255	199							
	Eight years later	81	255								
	Nine years later	81									
(7)	Estimated reserves for claims and claims adjustment expenses										
	End of policy year	150	157	157	157	158	158	158	158	158	158
	One year later										
	Two years later										
	Three years later										
	Four years later										
	Five years later										
	Six years later										
	Seven years later										
	Eight years later										
	Nine years later										
(8)	Re-estimated incurred claims and claims adjustment expenses:										
	End of policy year	213	371	176	322	365	383	573	537	306	476
	One year later	76	243	105	273	420	294	796	407	242	
	Two years later	82	237	102	283	424	181	859	374		
	Three years later	82	255	199	283	187	181	859			
	Four years later	81	255	199	132	187	177				
	Five years later	81	255	199	132	187					
	Six years later	81	255	199	132						
	Seven years later	81	255	199							
	Eight years later	81	255								
	Nine years later	81									
(9)	Change in estimated net incurred claims from end of policy year	(132)	(116)	23	(190)	(178)	(206)	286	(163)	(64)	
(10)	Net Asset Adjustment FY 04-05		104								
(11)	Funds available after estimated claims	128	(22)	(34)	74	(43)	(47)	(753)	(196)	(41)	(278)

The preceding tables illustrate how PLAN's earned revenue (net of excess insurance) and investment income compare to related costs of loss and other expenses assumed by PLAN as of the end of each of the past ten years. The rows of table are defined as follows:

(1) This line shows the total of each fiscal year's gross earned premium revenue, premium revenue ceded to excess insurers and net earned premium revenues.

(2) This line shows investment income allocation to policy year from investment income earned during each of the past ten fiscal years.

(3) This line shows the total of net earned premiums and investment revenues.

(4) This line shows each fiscal year's other operating costs of PLAN not allocable to individual claims.

(5) This line shows the net funds available for claims, after payments for excess insurance and unallocated expenses.

(6) This section of ten rows shows the cumulative net claims paid at the end of successive years for each policy year.

(7) This section of ten rows shows the estimated outstanding reserves as of the end of the current year for each policy year. This annual reestimation results from new information received on reported claims not previously reported.

(8) This section of ten rows is the total of (6) and (7) and shows how each policy year's net incurred claims has changed as of the end of successive years.

(9) This line compares the latest reestimated net incurred claims amount to the amount for each policy year originally established (first row of line 8) and shows the difference between the current and original amounts. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years.

(10) This line shows the allocation of net asset distributions to policy years paid by the pool during each of the 10 most recent fiscal years.

(11) (General Liability Pool only) This line shows the total of line 10 by policy year.

(12) This line shows the funds available after reestimated claims and distributions.

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ABAG POOLED LIABILITY ASSURANCE NETWORK CORPORATION (PLAN)
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS

FOR THE YEAR ENDED
JUNE 30, 2011

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ABAG POOLED LIABILITY ASSURANCE NETWORK CORPORATION (PLAN)
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS

For the Year Ended June 30, 2011

Table of Contents

	Page
Memorandum on Internal Control	1
Required Communications	3
Financial Statement Audit Assurance	3
Other Information Included with the Audited Financial Statements	3
Accounting Policies	3
Unusual Transactions, Controversial or Emerging Areas	4
Estimates	4
Disagreements with Management	4
Retention Issues	5
Difficulties	5
Audit Adjustments	5
Uncorrected Misstatements	5

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MAZE & ASSOCIATES

ACCOUNTANCY CORPORATION
3478 Buskirk Ave. - Suite 215
Pleasant Hill, California 94523
(925) 930-0902 · FAX (925) 930-0135
maze@mazeassociates.com
www.mazeassociates.com

MEMORANDUM ON INTERNAL CONTROL

December 19, 2011

To the Board of Directors of the
ABAG Pooled Liability Assurance Network Corporation (PLAN)
Oakland, California

In planning and performing our audit of the financial statements of the ABAG Pooled Liability Assurance Network Corporation (PLAN) as of and for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered PLAN's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of PLAN's internal control. Accordingly, we do not express an opinion on the effectiveness of PLAN's internal control. As PLAN's administration and the majority of its internal controls are provided by the Association of Bay Area Government (the Association) staff we included tests of procedures and controls performed by them as part of our work.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of PLAN's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

This communication is intended solely for the information and use of management, the Board, others within the organization, and agencies and pass-through entities requiring compliance with generally accepted government auditing standards, and is not intended to be and should not be used by anyone other than these specified parties.

Maze + Associates

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MAZE & ASSOCIATES

ACCOUNTANCY CORPORATION
3478 Buskirk Ave. - Suite 215
Pleasant Hill, California 94523
(925) 930-0902 · FAX (925) 930-0135
maze@mazeassociates.com
www.mazeassociates.com

REQUIRED COMMUNICATIONS

December 19, 2011

To the Board of Directors of the
ABAG Pooled Liability Assurance Network Corporation (PLAN)
Oakland, California

We have audited the financial statements of the ABAG Pooled Liability Assurance Network Corporation (PLAN) as of and for the year ended June 30, 2011 and have issued our report thereon dated December 19, 2011. Professional standards require that we advise you of the following matters relating to our audit.

Financial Statement Audit Assurance: Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit in accordance with generally accepted auditing standards does not provide absolute assurance about, or guarantee the accuracy of, the financial statements. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is an inherent risk that material errors, fraud, or illegal acts may exist and not be detected by us.

Other Information Included with the Audited Financial Statements: Pursuant to professional standards, our responsibility as auditors for other information in documents containing PLAN's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. Our responsibility also includes communicating to you any information that we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements. This other information and the extent of our procedures is explained in our audit report.

Accounting Policies: Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by PLAN is included in Note 1 to the financial statements. There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during 2011. During the year, the following pronouncements became effective without materially impacting PLAN's financial statements:

ABAG POOLED LIABILITY ASSURANCE NETWORK CORPORATION (PLAN)

REQUIRED COMMUNICATIONS

- **Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions**

  This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

  Disclosure of the policies in the notes to the financial statements is required.

  The definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified by the provisions in this Statement. Interpretations of certain terms within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The capital projects fund type definition also was clarified for better alignment with the needs of preparers and users. Definitions of other governmental fund types also have been modified for clarity and consistency.

- **Statement No. 59 - Financial Instruments Omnibus**

  The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. This is a technical clean up pronouncement that had no material impact to the financial statements.

Unusual Transactions, Controversial or Emerging Areas: No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during 2011.

Estimates: Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive accounting estimates affecting the financial statements are unbilled receivables. The PLAN has recorded claims liabilities approximating $20 million. Actual losses and the ultimate payment may vary from this estimate.

Disagreements with Management: For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to PLAN's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

ABAG POOLED LIABILITY ASSURANCE NETWORK CORPORATION (PLAN)

REQUIRED COMMUNICATIONS

Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Retention Issues: We did not discuss any major issues with management regarding the application of accounting principles and auditing standards that resulted in a condition to our retention as PLAN's auditors.

Difficulties: We encountered no serious difficulties in dealing with management relating to the performance of the audit.

Audit Adjustments: For purposes of this communication, professional standards define an audit adjustment, whether or not recorded by the PLAN, as a proposed correction of the financial statements that, in our judgment, may not have been detected except through the audit procedures performed. These adjustments may include those proposed by us but not recorded by PLAN that could potentially cause future financial statements to be materially misstated, even though we have concluded that the adjustments are not material to the current financial statements.

We did not propose any audit adjustments that, in our judgment, could have a significant effect, either individually or in the aggregate, on the PLAN's financial reporting process.

Uncorrected Misstatements: Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the audit committee.

******

This report is intended solely for the information and use of the Board, its committees, and management and is not intended to be and should not be used by anyone other than these specified parties.

Maze & Associates

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Association of Bay Area Governments

PLAN CORPORATION

Pooled Liability Assurance Network

Association of Bay Area Governments

ABAG PLAN CORPORATION
Annual Meeting
Board of Directors
June 14, 2012

Agenda Item: 10 – Conflict of Interest Code

Action Required: Board to discuss PLAN Conflict of Interest Code and Resolution for future action by Board.

Attachments:
1. PLAN Counsel report
2. COIC Resolution
3. COIC Public Notice Requirement

MEMORANDUM

To: Board of Directors, ABAG PLAN

From: Robert J. Lanzone, Legal Counsel

Date: June 14, 2012

Re: **CONFLICT OF INTEREST CODE**

Recommended Action:

Approve a Resolution which adopts a PLAN Conflict of Interest Code.

Background:

The California Political Reform Act requires each California local agency adopt a Conflict of Interest Code. Until recently, the PLAN met the state law requirement by having Board members include the SBWMA as an "additional jurisdiction" on the FPPC Form 700 forms filed by them with their own jurisdictions.

We believe it would be a better practice to have The Board members, and alternates prepare and file Form 700s with the Secretary to the PLAN. This would also apply to the key ABAG employees who do work for the PLAN like the Executive Director, the Chief Financial Officer and the Risk Manager.

The attached Code is aimed at compliance with FPPC regulations and is additional to the Code of Conduct the Board adopted to apply to the RFP process.

The form of the Code of Conduct should be familiar to Board members as it is virtually identical to the Codes each of the member agencies have enacted.

ROBERT J. LANZONE

RJL:jm
attachments: Code
Resolution

CONFLICT OF INTEREST CODE

ABAG PLAN CORPORATION

Section 1. Purpose. Pursuant to the provisions of Government Code Sections 87300, et seq., ABAG PLAN Corporation, Inc. a nonprofit corporation(the PLAN) hereby adopts the following Conflict of Interest Code. Nothing contained herein is intended to modify or abridge the provisions of the Political Reform Act of 1974 (Government Code Section 81000). The provisions of this Code are additional to Government Code Section 87100 and other laws pertaining to conflicts of interest. Except as otherwise indicated, the definitions of said Act and regulations adopted pursuant thereto are incorporated herein and this Code shall be interpreted in a manner consistent therewith.

Section 2. Designated Positions. The positions listed on **Exhibit A**, attached hereto and by this reference incorporated herein, are Designated Positions. Each officer and employee holding a position listed on Exhibit A is a Designated Employee, and is required to file a disclosure statement (as prescribed hereinafter) on any decision which the said officer or employee may make or in which said officer or employee may participate, that may foreseeably have a material effect on a financial interest. The Executive Committee, may determine in writing on a case by case basis that a particular consultant, although a designated position, is hired to perform a range of duties that is limited in scope and thus does not require compliance, or full compliance with disclosure requirements. Any such written determination shall include a description of the consultant's duties and a statement as to the extent of disclosure requirements. The Executive Committee may determine whether a contract consultant constitutes a "consultant" as defined in the Political Reform Act. The Executive Committee's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code.

Section 3. Disclosure Statement. Designated Positions shall be assigned to one or more of the disclosure categories as contained in the Fair Political Practices Commission (FPPC) Form 700, as set forth on Exhibit A. Each Designated Employee shall file an annual statement disclosing that employee's interest in investments, real property, and income, designated in **Exhibit B**, attached hereto and by this reference incorporated herein, as reportable under the category to which the employee's position is assigned on Exhibit A.

Section 4. Time and Place of Filing.

(a) All designated officers and employees required to submit a statement of financial interests shall file the original with the Secretary of the Board of Directors of PLAN.

(b) A designated officer or employee* required to submit a statement of financial

interest Form 700 shall submit an initial statement on or before April 1, 2013.

(c) Employees appointed, promoted or transferred to designated positions shall file initial statements within 30 days after date of employment.

(d) Annual statements shall be filed no later than April 1st of each year by all designated officers and employees. Such statements shall cover the period of the preceding calendar year.

(e) A designated officer or employee who leaves an office shall file, within 30 days of leaving office, a leaving office statement.

Section 5. Contents of Disclosure Statements. Statements of economic interests shall be made on forms prescribed by the Fair Political Practices Commission and supplied by the Secretary of the Board of Directors of PLAN.

Section 6. Disqualifications. Designated officers or employees must disqualify themselves from making or participating in the making of any decisions in which they have a reportable financial interest, when it is reasonably foreseeable that such interest may be materially affected by the decision. No designated officer or employee shall be required to disqualify himself with respect to any matter which could not be legally acted upon or decided without his participation.

EXHIBIT A

DESIGNATED POSITIONS

Designated Positions	Disclosure Categories
Members of the Board of Directors	1
Alternates for Members of the Board of Directors	1
Executive Director/President	1
Chief Financial Officer	1
Risk Manager	1
Legal Counsel to the Corporation	1

EXHIBIT B

Category 1. Persons in this category must disclose all investments in business positions in business entities, doing business in, and sources of income and interests in real property, within the jurisdictional area of the PLAN.

Category 2. Persons in this category must disclose all investments and business positions in business entities in or doing business within the jurisdictional area of the PLAN. .

Category 3. Persons in this category must disclose all investments and business positions in business entities and sources of income which provide, manufacture or supply services, supplies, materials, machinery or equipment of the type utilized by or subject to review or approval of the member entities of the PLAN..

Resolution authorizing the Notice of Intention to Adopt a Conflict of Interest Code by the Pooled Liability Assurance Network

Whereas, the Pooled Liability Assurance Network (PLAN) was established by the Association of Bay Area governments as a non profit corporation to provide a pooled risk program to manage risk, purchase insurance, provide claims administration and safety/loss control services

Whereas, pursuant to Government Code Section 87300, et seq., members of PLAN's Governing Board (Board) are subject to California's Political Reform Act of 1974, Government Code Section 81000, *et seq.*, and are required to adopt a Conflict of Interest Code (Code); and

Whereas, pursuant to Section18750.1(c)(3), every agency which proposes to adopt a conflict of interest code shall prepare a Notice of Intention to Adopt a Conflict of Interest Code opening a 45-day comment period to review the proposed Conflict of Interest Code which is attached hereto as Exhibit A.

Now, Therefore, Be It Resolved that the Governing Board of the PLAN Corporation hereby authorizes the Notice of Intention to Adopt the Conflict of Interest opening the 45-day comment period to review the proposed Code.

Passed and adopted this 14th day of June, 2012.

_____
Jesse Takahashi
Chair

Attest:

_____
James Hill
Corporate Secretary

Association of Bay Area Governments

PLAN CORPORATION

Pooled Liability Assurance Network

Association of Bay Area Governments

POOLED LIABILITY ASSURANCE NETWORK (PLAN)

NOTICE OF INTENTION TO ADOPT A CONFLICT-OF-INTEREST CODE

NOTICE IS HEREBY GIVEN that the Pooled Liability Assurance Network (PLAN) intends to adopt a conflict-of-interest code pursuant to Government Code Section 87300 and 87306. Pursuant to Government Code Section 87302, the code will designate employees who must disclose certain investments, income, interests in real property and business positions, and who must disqualify themselves from making or participating in the making of governmental decisions affecting those interests.

A forty-five (45) day written comment period has been established commencing on June 15, 2012 and terminating on July 30, 2012. Any interested person may present written comments concerning the proposed Code no later than July 30, 2012 to the PLAN , c/o ABAG, 101 8th Street, Oakland, CA 94607 or by telephone at 510.464.7913. No public hearing on this matter will be held unless any interested person or his or her representative requests, no later than fifteen (15) days prior to the close of the written comment period, a public hearing by so notifying Fred Castro, Clerk of the Board at the address or phone number written above.

The PLAN has prepared a written explanation of the reasons for the designated positions and the disclosure responsibilities and has available all of the information upon which its proposed Code is based for review, if desired, on request of the PLAN, at c/o ABAG, 101 8th Street, Oakland, CA 94607.

Copies of the PLAN's proposed Code are available to interested persons by contacting Fred Castro in writing at ABAG PLAN, at the address and telephone number written above. All written comments concerning the proposed Code should be submitted directly to Fred Castro at ABAG PLAN on or before July 30, 2012.

NOTE: This notice should be filed with the Fair Political Practices Commission and served individually on agency employees and officers affected by this code forty-five (45) days prior to agency action.

Association of Bay Area Governments

PLAN CORPORATION

Pooled Liability Assurance Network

Association of Bay Area Governments

ABAG PLAN CORPORATION
Annual Meeting
Board of Directors
June 14, 2012

Agenda Item: 11 – Summary of Board Retreat – Strategic Planning Initiative

Action Required: Information and Discussion Only

Attachments:

1. Staff report to Executive Committee
2. Strategic Planning Initiative – Flow Charts
3. Committee preliminary priorities
4. CPS Project Overview
5. PLAN Member Customer Service Survey

Association of Bay Area Governments
PLAN
CORPORATION
Pooled Liability Assurance Network
Association of Bay Area Governments

Date: January 31, 2012

To: Jesse Takahashi – Chairman
ABAG PLAN Corporation

From: Jim Hill – Risk Management Officer

Re: ABAG PLAN Strategic Planning Initiative

Overview

On December 5th, 2011, ABAG PLAN held a Board Retreat in Foster City, CA to present findings of the Cost Allocation Study/Comparative Cost Analysis and to develop the framework for a five year strategic plan. The meeting was facilitated by Judy Robb of the Robb Group. Presentations were given by Nicole Kissam of NBS Consulting and Jon Paulsen/Bernida Reagan of Merriwether & Williams, Inc. The final reports, including Executive Summary and power point presentations were provided to each PLAN member.

After the presentations, PLAN members engaged in an open discussion and Q&A session with each of the Consultants. PLAN members came up with these four areas of focus for the remainder of the retreat:

- Membership Services
- Claims Administration
- Insurance Programs
- Cost Containment

The members then individually identified one-three goals and the facilitator conducted a clustering exercise to chart and prioritize the results. Additional dialog was conducted to review and clarify the goals and to further develop prioritize objectives. The members then broke into smaller work groups to identify discussion topics/activities required to support each goal and to create the following goal categories based on popular vote.

- Claims Cost/Premium Cost
- Risk Management/Grant Program
- Membership
- Cost Analysis
- Customer Services

At the conclusion of the retreat, the PLAN Board directed the Risk Management Officer to work on developing the formal framework for PLAN's five year strategic plan and to identify all related activity in support of the defined plan.
Post retreat, the members were provided with the four focal points of discussion, the suggested goals and subtopics as developed from the member discussion/feedback and the 3-5 year strategic plan goals as developed in the breakout groups.

The following report includes an action plan supporting PLAN's Strategic Planning initiative.

PLAN Strategic Planning Initiative

The strategic planning process will include further refinement of the discussion topics and activities identified in each goal category (sub group). Each item will be compared and contrasted for similarity. Some of the items may be reclassified by sub group as some topics/activities overlap. There were four other goal categories identified and selected by members. Less than 15% (4) of the member group identified these categories as a goal or priority. The following categories will not be overlooked in the initiative. Services, SIR, Cost, Administration Costs, Options and their related topics and activities will be incorporated into the above major sub groups.

The sub groups will be aligned with the appropriate PLAN committee(s) based on the functional responsibility of each committee and the activities required in support of the goals. Discussion topics will be agendized at upcoming committee meetings, goals will be prioritized and task/activities clearly defined. Each committee will identify three priority goals for the next fiscal year and formally report to the Executive Committee. Project plans will be developed, as needed, in support of key planning objectives and deliverables.

Summary of Activities

1. PLAN members instructed the Risk Management Officer to follow up on obtaining a reply to PLAN President Jeff Maltbie's letter to ABAG Chairman Mark Green regarding efforts and strategies being implemented by ABAG Corporation to contain costs.

RM has received a draft copy of the reply/response from Ezra Rapport for review. The letter is awaiting signature which has been delayed somewhat due several complications associated with Ezra's modified schedule. Copy of the draft letter has been attached to this report. Signed letter to follow.

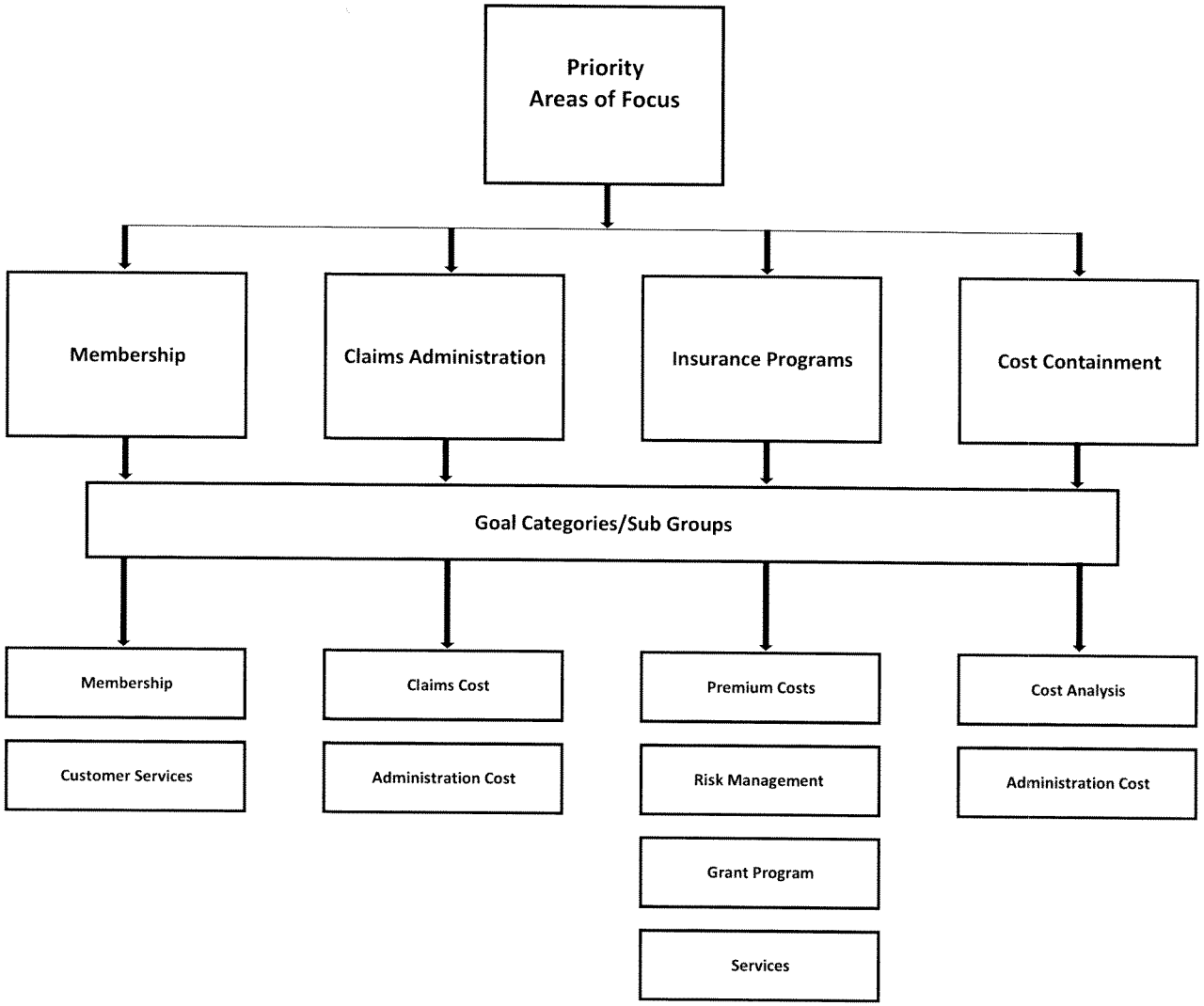
2. Suggested Goal Categories/Sub Topics Flow Chart and Matrix. The attached flow chart and matrix has been developed to assist in further refining and aligning goals/subtopics to create final goals and activities.

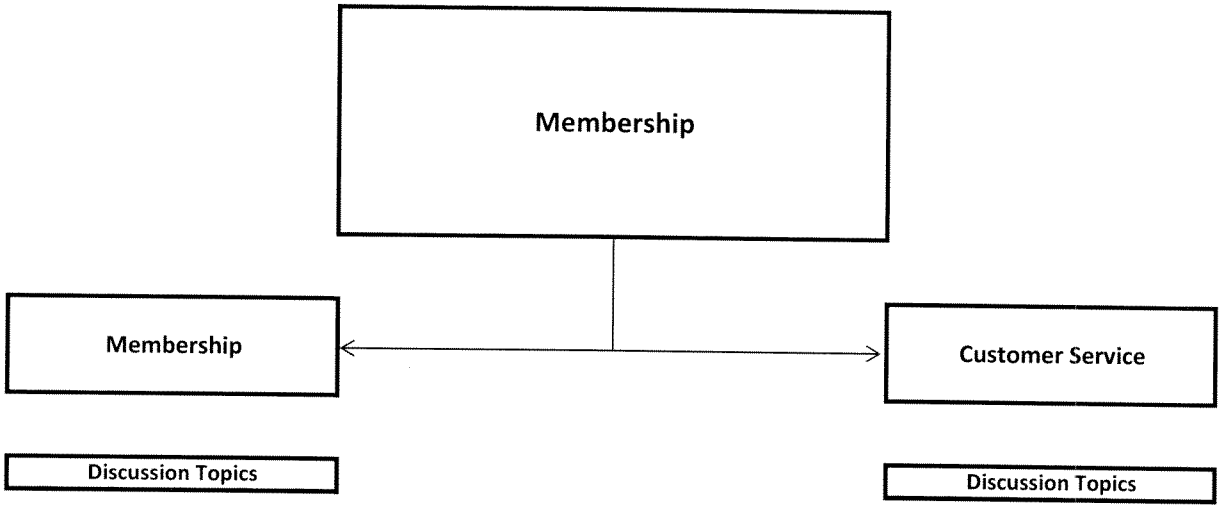
3. Activity Outline. The attached activity outline identifies current areas of focus, including tasks and activities currently in progress or currently being contemplated. These tasks and activities will be aligned with the goals and priorities developed in the Strategic Planning Initiative. Activities may encompass one or more committees.

Next Steps

The flow chart and matrix will be reviewed and discussed with PLAN Chairman for further input. The activity outline will be reviewed with PLAN Chairman and also reviewed with each Committee Chair to ensure that all required activity is incorporated into the goals and objectives of each committee. Each committee will prioritize goals, tasks, activities and select three main goals for the upcoming fiscal year.

ABAG PLAN STRATEGIC PLANNING INITIATIVE





Discussion Topics

1. Increase PLAN Membership/Recruit New Members
2. Market PLAN
3. Service Enhancements for PLAN Members
4. Improve member knowledge of PLAN & Services
5. Increased member participation on committees
6. Enhance member resources

Goals

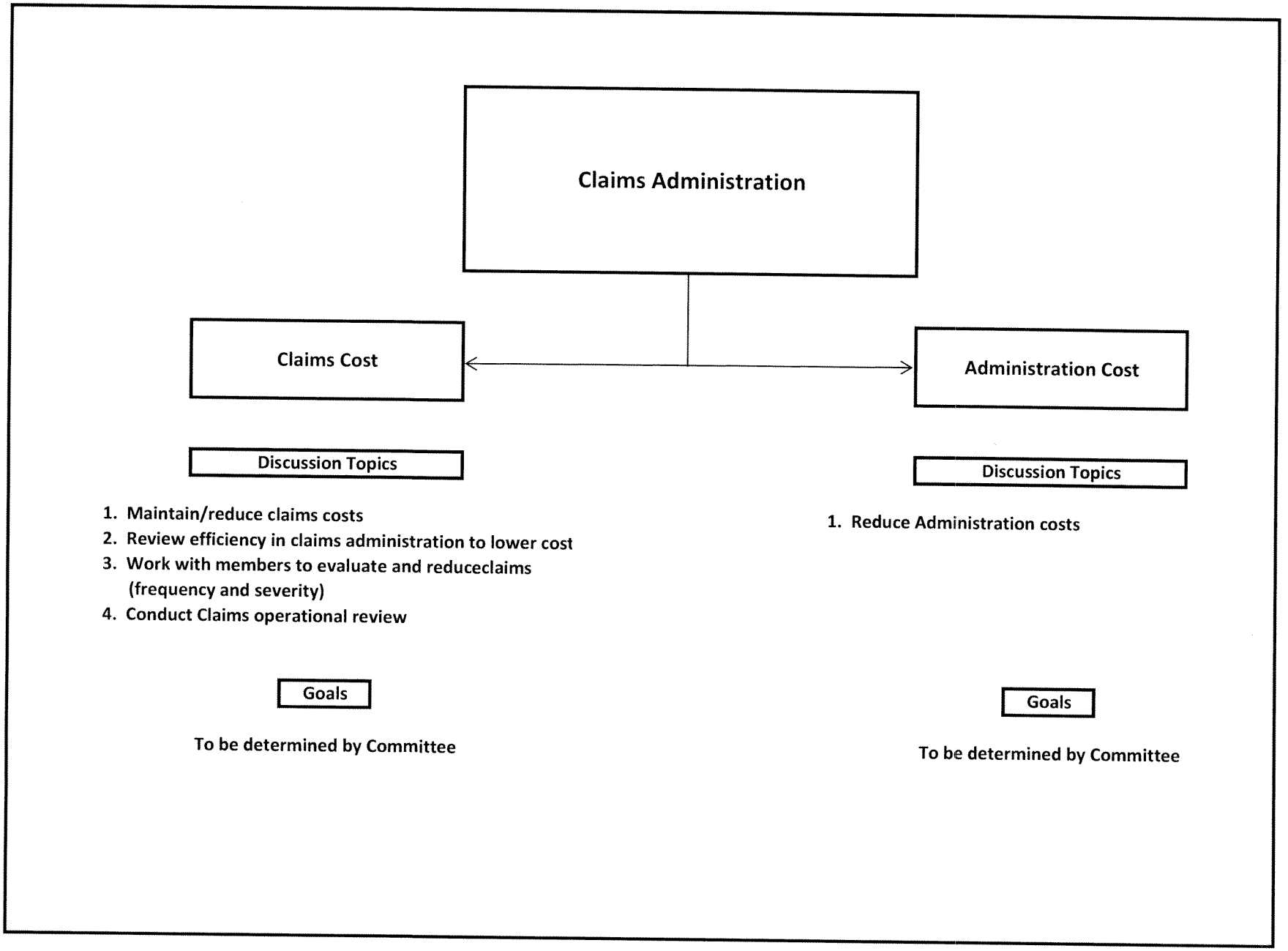
To be determined by Committee

Discussion Topics

1. Provide timely claims services
2. Provide direct access to reports
3. Improve timeliness of claims responses
4. Expand training to remote locations
5. Enhance website to increase user ability and access to tools
6. Develop customer survey.
7. Develop customer service benchmarks/scorecard.

Goals

To be determined by Committee


Claims Administration
Claims Cost
Administration Cost
Discussion Topics
1. Maintain/reduce claims costs
2. Review efficiency in claims administration to lower cost
3. Work with members to evaluate and reduceclaims (frequency and severity)
4. Conduct Claims operational review
Goals
To be determined by Committee
Discussion Topics
1. Reduce Administration costs
Goals
To be determined by Committee

Insurance Program

Premium Cost

Discussion Topics

1. Premium credits/reduction
2. Lower premiums
3. Stabilize premium cost

Goals

To be determined by Committee

Risk Management

Discussion Topics

1. ID high fequency/severity areas and target remediation strategies
2. Maintain best practices program
3. Revision of risk management policies (IIPP)
4. Enhance risk management/loss control services
5. Evaluate risk management framework effectiveness
6. Police Liability issues - Training to reduce exposure
7. Risk management cost benefit analysis (cost to administer)

Goals

To be determined by Committee

Grant Program

Discussion Topics

1. Maintain grant program
2. Review grant program
3. Eliminate non matching grants

Goals

To be determined by Committee

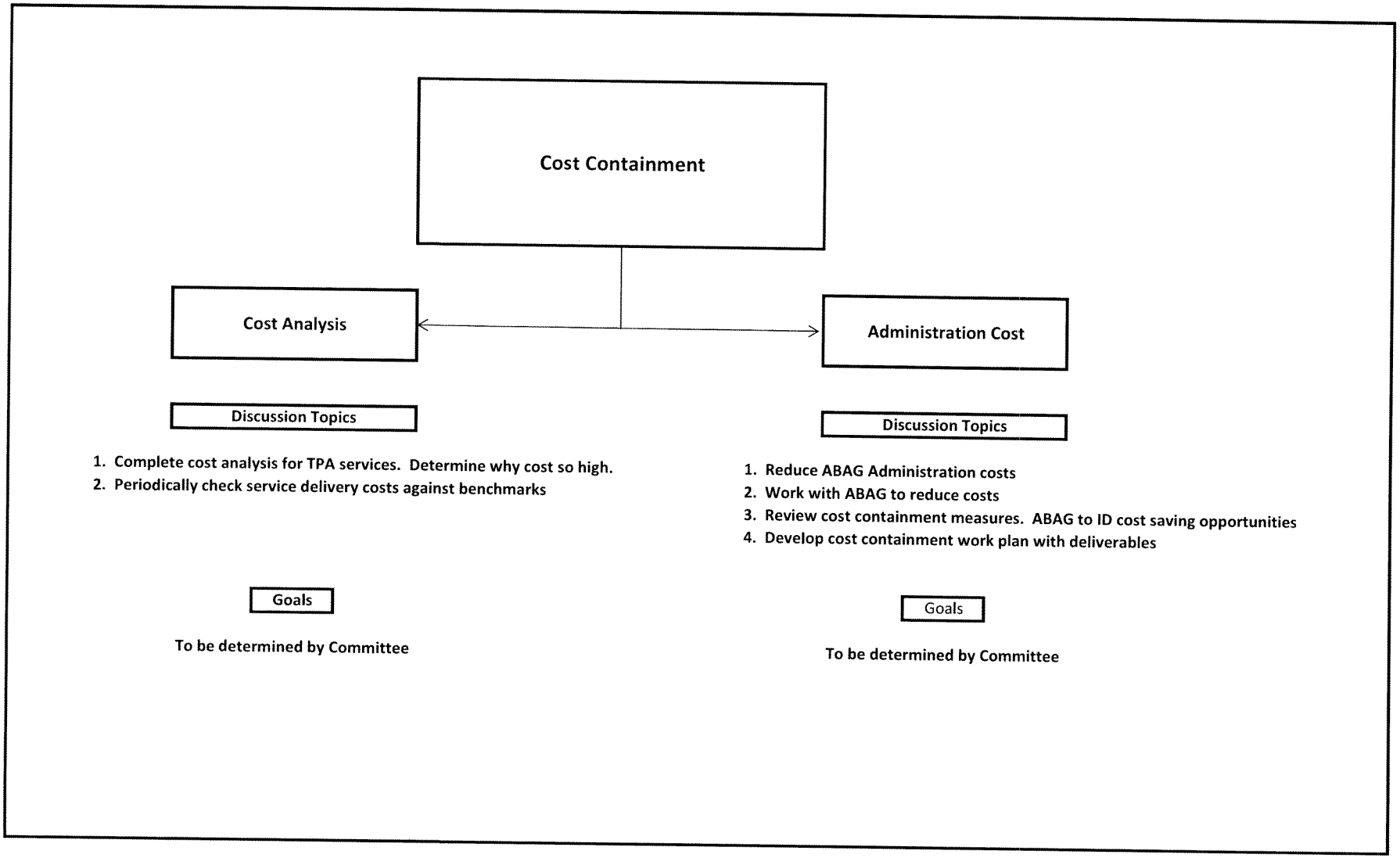
Services

Discussion Topics

1. Provide timely claims services / timeliness of response
2. Provide direct access to reports
3. Expand training to remote locations
4. Enhance website to increase user ability and access to tools
7. Develop customer survey.
8. Develop customer service benchmarks/scorecard.

Goals

To be determined by Committee


Cost Containment
Cost Analysis
Administration Cost
Discussion Topics
1. Complete cost analysis for TPA services. Determine why cost so high.
2. Periodically check service delivery costs against benchmarks
Goals
To be determined by Committee
Discussion Topics
1. Reduce ABAG Administration costs
2. Work with ABAG to reduce costs
3. Review cost containment measures. ABAG to ID cost saving opportunities
4. Develop cost containment work plan with deliverables
Goals
To be determined by Committee

CPS HR CONSULTING

March 29, 2012

Mr. Jim Hill
Risk Management Officer
Association of Bay Area Governments [ABAG]
101 Eighth Street
Oakland, CA. 94607

Via email to JimH@abag.ca.gov

Dear Jim,

CPS HR Consulting [CPS HR] is pleased to submit this proposal to conduct a classification and work assignment study for ABAG's six positions assigned to perform claims examination and processing duties. In the following pages, we outline our understanding of the project scope and present a detailed work plan describing the specific CPS HR services involved in this project. Our approach and methodology can be further tailored to fit ABAG's needs and objectives.

We thank you very much for the opportunity to submit this proposal and look forward to discussing it with you. Once you have had an opportunity to review the proposal, please feel welcome to contact me on 916-471-3463, or by e-mail at JerryG@cps.ca.gov.

Best Regards,

Jerry Greenwell
Chief Executive Officer

cc. Pat Jones, Assistant Deputy Executive Officer via email PatJ@abag.ca.gov

Our Understanding of the Scope of Work

The Association of Bay Area Governments [ABAG] PLAN Corporation is a non-profit corporation whose purpose is to benefit the citizens of each of its thirty member communities by establishing a stable, cost-effective self-insurance, risk sharing and risk management program for each member. It is through this PLAN that ABAG provides property and casualty and workers compensation claims examination services to its member agencies. These services are performed by a group of claims examination staff comprising one supervisor, six claims examiners and one clerical support staff member.

The results of a recent audit which compared the costs of the ABAG claims examination services relative to those provided by other companies in the industry indicate that ABAG's costs are high in some of the significant areas of performance. While the lack of industry cost competitiveness can be attributed to multiple factors [including overhead costs and the decrease in claims being processed], the focus of this particular study is to ensure the most cost effective placement of work within ABAG through completion of the following tasks designed to:

- Identify the different levels of claims examination services in terms of exposure and complexity [ABAG task]
- Identify the bodies of work currently being performed by each of the claims examination staff [CPS HR task]
- Prepare a classification structure for the claims examination staff with distinguishing characteristics based on the complexity of assigned work [CPS HR task]
- Align positions into the new classification structure based on work performed or to be performed, recognizing some work assignment changes may be needed [joint ABAG/CPS HR task]
- Identify published data sources which will provide some market data on the value of claims examiner jobs to evaluate how ABAG's salaries compare against the market

It should be noted that the scope of work does not comprise a detailed work task study/analysis for each claims examiner position, but instead proposes the gathering of job content data for each position which will include the [i] categories of claims processed; [ii] percentage of time spent on the different categories of claims; [iii] development of a classification structure designed to differentiate between classifications based on the complexity of work; and [iv] allocation of positions into the new structure based on current and/or future work assignments to be determined by ABAG.

Task #1 – Project Preparation– Upon contract execution, Ms. Owen [the "Project Consultant"], will contact ABAG's Project Manager in order to gather background information such as classification specifications, salary schedules, and a copy of any reports relevant to this study.

Task # 2 – Project Initiation Meetings –The Project Consultant will meet on-site with ABAG's Project Manager to go over the project work tasks and schedule, and to develop the communication plan for employees. During this meeting, the Project Consultant will seek further clarification on claims categories/work complexity to be used in the development of a targeted Position Description Questionnaire.

Task #3 – PDQ Development - The Project Consultant will develop a Position Description Questionnaire designed to capture the essential duties, responsibilities, scope of work, level of supervision received, and required knowledge, skills and abilities for each position; additional data to be collected will be the percentage of time spent by each employee on the different categories of claims processed. The PDQ will be reviewed and approved by the ABAG Project Manager prior to distribution to employees.

Task # 4 – Employee Orientation Sessions - The Project Consultant will conduct an on-site orientation session with the six study incumbents and their immediate supervisor and manager to:

- Provide information on the study process, time frame, and deliverables, as well as the role of all parties [CPS HR, ABAG, manager, supervisor and employee]
- Distribute and explain how to complete the PDQ
- Respond to any questions or concerns the employees and/or their supervisor or manager may have on the study process

Task #5 – PDQ Completion – Each ABAG study employee will complete a Position Description Questionnaire to provide detailed information on the duties, responsibilities, qualifications, supervision received and exercised, claims processing work assignment areas, and related job characteristics for their position. Each incumbent's supervisor and manager will then review and approve the PDQ content to ensure that the employee has accurately and sufficiently captured all pertinent information.

Task #6 – Review the Completed PDQ Forms in Preparation for the Study Interviews - The Project Consultant will review the PDQ's to prepare for the interview process; this review includes developing interview questions designed to clarify each position's essential duties, knowledge, skills, abilities and work assignments.

Task #7 – Conduct Job Evaluation Interviews - The Project Consultant will conduct individual interviews with study incumbents and their supervisor and/or manager. For planning purposes, this proposal presumes that the Project Consultant will conduct all on site face-to-face interviews on the same day.

Task #8 – Review, Analyze and Validate Published Market Survey Data – CPS HR will review available published data geographically relevant to ABAG to identify market trends on the value of claims examiner jobs. It is anticipated that data from the Economic Research Institute [available from CPS HR] and the Bureau of Labor Statistics will be the primary resources. Should ABAG wish to purchase additional published data sources, CPS HR can review potential sources and provide recommendations on the most viable option for ABAG. If ABAG has data from other organizations providing claims examination services, CPS HR can also incorporate such relevant data into the analysis.

Task #9 - Analyze Data/Prepare Draft Report - The Project Consultant will analyze all information collected from the incumbents through the PDQ and job evaluation interview process to identify the job level, scope, typical duties, requisite knowledge, skills, abilities, and other job-related characteristics assigned to each of the study positions, as well as an evaluation of the percentage of time spent by each position in each of the claims categories based on the employee's self-assessment, supplemented by any supporting information ABAG may have such as summaries of individual employee time records [if they can demonstrate assignment to a particular claims examination and processing category]. The Project Consultant will then prepare a draft report which will include:

- Study tasks and methodologies
- Identification of the different levels of work being performed within all claims examiner positions
- Recommended classification structure for the claims examiner positions
- New/revised classification specifications
- Allocation of positions into the recommended classification structure, based upon the CPS HR analysis and ABAG's determination of desirable work allocations
- Based upon a review of published data, CPS HR will provide a recommendation for pay levels for the new classifications

This proposal presumes that an on-site review of the report will be conducted.

Given the nature of the study, this project does not include an employee review process; however, should ABAG wish to include some level of employee review of

recommendation for his or her position, CPS HR can adjust the work plan and budget accordingly.

Task #10 – Prepare Final Reports - Once CPS HR has received comments and feedback from ABAG on the contents of the draft report, and resolved any outstanding issues, an original and three copies of the Final Report will be submitted to ABAG.

Timeline

Based upon the scope of work described within this proposal, we anticipate that the work can be completed within a period of six to seven weeks. All timelines presume, and are dependent upon, ABAG's timely participation where needed.

Cost Proposal

CPS is proposing a professional services fixed fee of $8,970 to conduct the study plus an estimated $800 for travel and any incidental expenses.

The fixed-fee cost outlined above is based on the assumption that three on-site meetings will be required. Should the ABAG require any additional on-site visits, we would do so with the additional time charged at a rate of $115 per hour for the Project Consultant's services.

Incidental expenses such as mileage, printing, copying and other related costs will be billed at actual cost.

Project Staffing

CPS is committed to meeting the highest professional standards of quality and recommends that the project be undertaken by Ms. Debbie Owen, Technical Director, Classification and Compensation, whose resume follows this section of the proposal.

Debbie Owen, CCP

Profile

Ms. Owen is the Technical Director, Classification and Compensation with CPS HR Consulting. She has over twenty years of experience, fifteen of which involved serving as a Project Manager or team consultant to public sector agencies, within her specialty area of classification and compensation; and five years in the private sector as a compensation specialist and Benefits Administrator. Ms. Owen served as the Project/Contract Manager for the Merit System Services (MSS) contract with the California State Personnel Board for over three years; she also manages and participates in the full range of classification and compensation services for state and local government agencies, including cities, counties, utilities, and special districts.

Employment History

- Technical Director, Classification and Compensation, CPS HR Consulting
- Practice Leader, CPS HR Consulting
- Manager, Retention and Deployment Services, CPS HR Consulting
- Principal Consultant, CPS HR Consulting
- Project Consultant/Senior Consultant, CPS HR Consulting
- Consultant/Senior Consultant, Ralph Andersen & Associates/Johnson & Associates
- Benefits Administrator/Compensation and Benefits Specialist, Calgene, Inc.

Professional Experience

- Serves as project manager or technical expert/advisor for base salary or total compensation studies for state and local government agencies including cities, counties, transit agencies, state governments, utilities, school districts and special districts. Project management responsibilities include labor market selection; the design and development of survey tools; the audit of analyzed compensation and benefits data; compensation report writing and review; and presentation of study results to key stakeholders including employees, management, bargaining unit representatives and governing boards.
- Base salary and/or total compensation studies managed include City of Huntington Beach, City of Modesto, State of California Law Enforcement Study, State of California Department of Transportation and Office of the Receiver total compensation studies, Amador County, San Joaquin County, San Mateo County, Placer County, City of Vacaville, Imperial Irrigation District, Eastern Municipal Water District, Western Municipal Water District and the Yosemite Community College District.
- Serves as project manager or technical expert/advisor for comprehensive classification studies including conducting employee briefings, developing classification concepts and individual employee allocation recommendations;

reviewing/preparing classification specifications and the presentation of study results to key stakeholders including employees, management, bargaining unit representatives and governing boards.

- Served as Project/Contract Manager for the Merit System Services (MSS) contract with the California State Personnel Board – MSS directly administers, or oversees compliance with, personnel programs for county social services and child support services programs. Thirty counties are Interagency Merit System (IMS) counties for whom MSS provides direct personnel services such as recruitment and selection, examination services, position classification, appointment certification, disciplinary appeal, layoff standards and consulting in compliance with LAPS and federal merit principles. Twenty-eight counties have implemented an Approved Local Merit System (ALMS) and are subject to periodic audits by MSS to ensure compliance with the local agency personnel standards promulgated by SPB.
- Human resources benefit program experience includes the design, development, implementation and administration of employee health and retirement benefit programs; monitoring and evaluating benefit program costs; implementing cost controls; analyzing and implementing cost sharing programs; ensuring all programs were in compliance with mandated requirements; developing program communications and administration manuals; and conducting training sessions on compensation and benefit programs.
- Classification studies managed include the City of Huntington Beach, City/County of San Francisco, the City of Modesto, Amador County and Orange County Information Technology study.
- Human resources compensation program administration experience includes the design and administration of corporate and subsidiary compensation programs; job analysis, salary recommendations/range placement, and merit review adjustments.

Education

- Pierce College, Athens, Greece.

Professional Associations and Certification

- Certified Compensation Professional (CCP) attained through *WorldatWork* (formerly the American Compensation Association) in 1992.
- Member, *WorldatWork*
- Member, International Public Management Association (IPMA)
- Member, California Public Employer Labor Relations Association (CalPELRA)

ABAG PLAN CORPORATION
MEMBER SURVEY
JUNE 2012

On December 5, 2011, ABAG PLAN held a Board Retreat in Foster City, CA. During the retreat, PLAN members reviewed the results of the RFP study and engaged in open dialog regarding the findings and recommendations. The members developed four areas of focus which form the basis of our Strategic Planning Initiative. A separate report was provided to the Executive Committee in February 2012.

The four areas of focus include:

- Membership Services
- Claims Administration
- Insurance Programs
- Cost Containment

One of the over-arching theme in the discussion was the need for PLAN to provide superior customer service with a focus on delivering those services at a competitive price. As we move towards fulfilling those objectives, we need to define our key priorities for FY 2012-13 and establish appropriate benchmarks for measuring performance. The process will begin with a member survey. The actual form of the survey is open for discussion (electronic versus survey form), as well as, the timing of the survey.

We will request every PLAN member to complete the survey. We will encourage open, honest and candid feedback. The information compiled in the survey will assist us in assessing member needs, measuring our customer service performance and will ensure that our strategic planning efforts are aligned with member service needs and priorities.

The survey includes a comment section after several of the questions which allow each member to further elaborate on their response, if desired. The feedback will provide us with valuable insight on ways PLAN can deliver the highest quality service to members.

ABAG PLAN MEMBER SURVEY (2012)

General Information

1. Please identify the City you represent.

2. How long has your City been a member of PLAN?

3. How long have you been a Board or Committee representative for PLAN?

4. What is your role in the City you represent?

I. Services Provided

Rank the following question(s) as follows:

Frequently (5)
Regularly (4)
Sometimes (3)
Rarely (2)
Never Used/Not Known (1)

1. How often do you use the following services:

   a. Risk Management Consulting/Advice

      (5) (4) (3) (2) (1)

   b. Certificate Reviews/Insurance Reviews

      (5) (4) (3) (2) (1)

   c. Certificate Processing/Issuance

      (5) (4) (3) (2) (1)

   d. Claims Adjusting Services

      (5) (4) (3) (2) (1)

ABAG PLAN MEMBER SURVEY (con't)

1. How often do you use the following services:

   e. Claims Reports – AdHoc/Special Reporting

      (5) (4) (3) (2) (1)

   f. Claims Consulting/Advice – Claims Reviews

      (5) (4) (3) (2) (1)

   g. Claims Investigation/Inspections

      (5) (4) (3) (2) (1)

   h. Training/Education Programs

      (5) (4) (3) (2) (1)

   i. Loss Control/Safety Consultants

      (5) (4) (3) (2) (1)

   j. PLAN Website – Best Practices, Resource Guides

      (5) (4) (3) (2) (1)

   k. Special Event Program – Events & Vendors

      (5) (4) (3) (2) (1)

   Additional Comments:

ABAG PLAN MEMBER SURVEY (con't)

II. Claims Quality Assurance

Please rank the following questions as follows:

Very satisfied (5)
Somewhat satisfied (4)
Neither Satisfied nor Dissatisfied (3)
Somewhat Dissatisfied (2)
Very Dissatisfied (1)

1. Based on your overall experience, please rate your satisfaction with PLAN Claims customer service in the following areas:

   a. Ease of contact and promptness of return calls/email

      (5) (4) (3) (2) (1)

   b. Professionalism of examiner

      (5) (4) (3) (2) (1)

   c. Quality of advice

      (5) (4) (3) (2) (1)

   d. Issue resolution

      (5) (4) (3) (2) (1)

   e. Overall handling of claims

      (5) (4) (3) (2) (1)

   Additional Comments:

ABAG PLAN MEMBER SURVEY (con't)

III. Management Information Systems

Please rank each question as follows:

Very satisfied (5)
Somewhat satisfied (4)
Neither Satisfied nor Dissatisfied (3)
Somewhat Dissatisfied (2)
Very Dissatisfied (1)

1. Please rate your satisfaction with PLAN Claims reports with respect to quality, usefulness, format and ease of understanding.

   (5) (4) (3) (2) (1)

   Additional Comments:

2. Please rate your satisfaction with PLAN's website with respect to quality, usefulness, structure and ease of access.

   (5) (4) (3) (2) (1)

   Additional Comments:

ABAG PLAN MEMBER SURVEY (con't)

IV. Customer Satisfaction

Please rank each question as follows:

Very satisfied (5)
Somewhat satisfied (4)
Neither Satisfied nor Dissatisfied (3)
Somewhat Dissatisfied (2)
Very Dissatisfied (1)

1. Please rate your level of satisfaction with the PLAN Risk Manager in the following areas:

Responsiveness	(5)	(4)	(3)	(2)	(1)
Professionalism	(5)	(4)	(3)	(2)	(1)
Technical Knowledge	(5)	(4)	(3)	(2)	(1)
Understanding of member needs	(5)	(4)	(3)	(2)	(1)

2. Please rate your level of satisfaction with the Risk Management support staff (Risk Analyst/Administrative) staff in the following areas:

Responsiveness	(5)	(4)	(3)	(2)	(1)
Professionalism	(5)	(4)	(3)	(2)	(1)
Technical Knowledge	(5)	(4)	(3)	(2)	(1)
Understanding of member needs	(5)	(4)	(3)	(2)	(1)

3. How frequently do you interact with the Risk Management staff?

Frequently ( ) Periodically ( ) Seldom ( ) Never ( )

Additional Comments:

ABAG PLAN MEMBER SURVEY (con't)

4. Please rate your level of satisfaction with the PLAN Claims Manager in the following areas:

Responsiveness	(5)	(4)	(3)	(2)	(1)
Professionalism	(5)	(4)	(3)	(2)	(1)
Technical Knowledge	(5)	(4)	(3)	(2)	(1)
Understanding of member needs	(5)	(4)	(3)	(2)	(1)

5. How frequently do you interact with the PLAN Claims Manager?

Frequently ( ) Periodically ( ) Seldom ( ) Never ( )

Additional Comments:

6. Overall, how satisfied are you with PLAN products/service?

(5) (4) (3) (2) (1)

7. What is your overall satisfaction with PLAN Corporation?

(5) (4) (3) (2) (1)

Please tell us why:

8. Would you recommend PLAN Corporation to a colleague?

Yes / No

Please tell us why:

Association of Bay Area Governments
PLAN CORPORATION
Pooled Liability Assurance Network
Association of Bay Area Governments

ABAG PLAN CORPORATION
Annual Meeting
Board of Directors
June 14, 2012

Agenda Item: 12 – Board and Committee Nominations

Action Required: Election of Executive Committee Officers

Attachments:
1. Staff report - Nominations
2. Member participation spreadsheet
3. Board Roster 2012-13
4. Committee Roster 2012-13
5. Board/Committee Schedule 2012-13

Date: June 14, 2012

To: ABAG PLAN Board of Directors

From: Jim Hill, Risk Management Officer

Subject: **Board and Committee Nominations**

Recommendation:

Staff recommends that the Board of Directors approve the attached Slate of Officers for the PLAN Executive Committee and allow for floor nominations for Board/Committee open seats.

Overview

All standing committees met in accordance with the approved meeting schedule during the current fiscal year. The Executive Committee met in accordance with its schedule and was also called on occasion for special meetings.

The Police Chief steering committee could not achieve a quorum at any of their meetings this year. Special meetings were held in lieu of the regular committee meeting with Chief Andrew Bidou, Benicia. Discussion centered on the need to get more active participation and to develop a strategic plan to supplement Law Enforcement training needs. During each special meeting, PLAN staff provided Chief Bidou with updates on Police Claims, Police Best Practice (RM) updates and police grant program utilization. Staff will continue to work with the committee to encourage more participation so PLAN can address the unique Risk Management needs of our Law Enforcement departments.

PLAN currently has vacancies on the following committees:

Executive Committee – (1) At Large seat

Risk Management Committee – (0) open seats

Actuary Committee – (1) open seat – vacated by Atherton

Claims Committee – (0) open seats

Finance Committee – (1) open seat – vacated by Woodside

Note: Kevin Bryant (Woodside) to move to Executive Committee (Vice-Chair)

Summary

PLAN is a member driven organization and the active participation of our members is integral to the overall success of PLAN. Our success truly relies on the input, feedback, advice and contributions we receive from our members through their support. We value the service of our members and each member's contribution to the overall welfare of the organization is highly appreciated. PLAN encourages each and every member to stay actively involved in the program.

BOARD OF DIRECTORS
SLATE OF NOMINEES

2012-13

Outgoing Chairman	Jesse Takahashi (Campbell)

Executive Committee

Chair	Heather McLaughlin (Benicia)
Vice Chair	Kevin Bryant (Woodside)
Chair - Risk Management	Mike Taylor (Saratoga)
Chair - Actuary	Paul Rankin (Dublin)
Chair - Claims	Mark Zafferano (San Bruno)
Chair – Finance	Nick Pegueros (Portola Valley)

ABAG PLAN CORPORATIO
MEMBER BOARD / COMMITTEE PARTICIPATION REPORT

Member Agency	Executive	Risk Management	Actuary	Claims	Finance	Police Chief	Comments
AMERICAN CANYON	X		X				
ATHERTON			X				Vacated
BENICIA	X			X		X	
BURLINGAME			X		X	X	
CAMPBELL	X				X	X	
COLMA		X					
CUPERTINO							
DUBLIN	X	X	X				
EAST PALO ALTO							Encourage support and involvement
FOSTER CITY							
GILROY	X	X		X			
HALF MOON BAY		X					
HILLSBOROUGH							Encourage support and involvement
LOS ALTOS HILLS							Encourage support and involvement
LOS GATOS				X			
MILLBRAE		X			X		
MILPITAS	X		X	X	X		
MORGAN HILL	X	X					
NEWARK				X		X	
PACIFICA							Encourage support and envolvement
PORTOLA VALLEY	X				X		
ROSS						X	
SAN BRUNO				X			
SAN CARLOS		X			X		
SARATOGA		X	X				
SOUTH SAN FRANCISCO							Encourage support and involvement
SUISUN CITY							Encourage support and involvement
TIBURON							Encourage support and involvement
WOODSIDE	X				X		

Participation Rate 76% **22 PLAN Members serve on one or more committee(s).**

ABAG *PLAN* Corporation
2012/2013
Board of Directors

Member Agency	Deductible	Address	Board Member	Board Alternate Member
American Canyon	$25,000	City Hall 4381 Broadway, Ste. 201 American Canyon, CA 94503 (707) 647-4577	Bronda Silva Human Resources Director (707) 647-4577 Fax: (707) 642-1249 Email: bsilva@cityofamericancanyon.org	Vacant
Atherton	$25,000	Town Hall 91 Ashfield Road Atherton, CA 94027-3896 (650) 752-0500	Jennifer Larson Assistant City Attorney (650) 752-0500 Email: jlarson@ci.atherton.ca.us	Vacant
Benicia	$25,000	City Hall 250 East "L" Street Benicia, CA 94510 (707) 746-4200	Heather McLaughlin City Attorney (707) 746-4216 Fax: (707) 746-1196 Email: hmclaughlin@ci.benicia.ca.us	
Burlingame	$250,000	City Hall 501 Primrose Road Burlingame, CA 94010-3997 (650) 558-7200	Clark (Gus) Guinan City Attorney (650)558-7207 Fax: (650) 342-8386 Email: gguinan@burlingame.org	Jesus Nava Finance Director (650)558-7201 Fax: (650)558-7201 Email: jnava@burlingame.org
Campbell	$100,000	City Hall 70 North First Street Campbell, CA 95008 (408) 866-2100	Jesse Takahashi Finance Director (408) 866-2113 Fax: (408) 871-5006 Email: JESSET@cityofcampbell.com	Jill Lopez Human Resources Manager (408) 866-2123 Fax: (408) 374-6889 Email: jlopez@cityofcampbell.com
Colma	$50,000	Town Hall 1198 El Camino Real Colma, CA 94014-3212 (650) 997-8300	Brian Dossey Director of Recreation Services (650) 985-5690 Fax: (650) 997-3796 Email: brian.dossey@colma.ca.gov	Laura Allen City Manager (650) 997-8318 Fax: (650) 997-8308 Email: laura..allen@colma.ca.gov

ABAG *PLAN* Corporation
2012/2013
Board of Directors

Cupertino	$250,000	City Hall 10300 Torre Avenue Cupertino, CA 95014 (408) 777-3200	Carol Atwood Administrative Services Director (408) 777-3226 Fax: (408) 777-3366 Email: carola@cupertino.org	David Woo Finance Director (408) 777-3220 Fax: (408) 777-3366 davidw@cupertino.org
Dublin	$50,000	City Hall 100 Civic Plaza Dublin, CA 94568 (925) 833-6650	Julie Carter Human Resources Director (925) 833-6653 Fax: (925) 833-6651 Email: Julie.carter@dublin.ca.gov	Paul Rankin Administrative Services Director (925) 833-6640 Fax: (925) 833-8741 Email: paul.rankin@dublin.ca.gov
East Palo Alto	$100,000	Municipal Center 2415 University Avenue East Palo Alto, CA 94303-1164 (650) 853-3100		Stephanie Osaze Interim Assistant City Manager (650) 853-3199 Fax: 650-853-3111 Email: sozaze@cityofepa.org
Foster City	$100,000	City Hall 610 Foster City Blvd. Foster City, CA 94404 (650) 286-3200	Steve Toler Assistant City Manager (650)286-3214 Fax: (650) 286-2514 Email: stoler@fostercity.org	James Hardy City Manager (650) 286-3220 Fax: (650) 577-0983 Email: jhardy@fostercity.org
Gilroy	$50,000	City Hall 7351 Rosanna Street Gilroy, CA 95020 (408) 846-0400	LeeAnn McPhillips Human Resources Director/Risk Manager (408) 846-0205 Fax: (408) 846-0200 Email: leeann.mcphillips@ci.gilroy.ca.us	Tom Haglund City Administrator (408) 846-0202 Fax: (408) 846-0500 tom.haglund@ci.gilroy.ca.us
Half Moon Bay	$50,000	City Hall 501 Main Street Half Moon Bay, CA 94019 (650) 726-8270	Laura Snideman City Manager (650) 726-8918 Fax: (650) 726-9389 Email: lauras@hmbcity.com	Katie Crowder Assistant City Manager (650) 726-8910 Fax: (650) 726-9389 Email: katiec@hmbcity.com
Hillsborough	$50,000 as of 10/1/02	Town Hall 1600 Floribunda Avenue Hillsborough, CA 94010-6498 (650) 375-7400	Kathy Leroux Assistant City Manager (650) 375-7407 Fax: (650) 375-7475 Email: kleroux@hillsborough.net	Vacant

ABAG *PLAN* Corporation
2012/2013
Board of Directors

Los Altos Hills	$25,000	Town Hall 26379 Fremont Road Los Altos Hills, CA 94022 (650) 947-7222	Carl Cahill City Manager (650) 947-7222 x 224 Fax: (650) 941-3160 Email: ccahill@losaltoshills.ca.gov	
Los Gatos	$50,000	Town of Los Gatos P.O. Box 949 Los Gatos, CA 95031 [110 East Main Street, 95032] (408) 354-6834	Judith Propp Town Attorney (408)354-6818 Fax: (408)354-8431 Email: jpropp@losgatosca.gov	Pamela Jacobs Assistant Town Manager (408)354-6832 Fax: 399-5786 Email: pjacobs@losgatosca.gov
Millbrae	$100,000	City Hall 621 Magnolia Avenue Millbrae, CA 94030 (650) 259-2334	LaRae Brown Finance Director (650) 259-2433 Fax: (650) 697-8457 Email: lbrown@ci.millbrae.ca.us	Marcia Raines City Manager 650/259-2334 Fax: 650/259-2415 Email: mraines@ci.millbrae.ca.us
Milpitas	$100,000	City Hall 455 East Calaveras Blvd. Milpitas, CA 95035 (408) 586-3000	Emma Karlen Finance Director (408) 586-3145 Fax: (408) 586-3170 Email: ekarlen@ci.milpitas.ca.gov	Bryan Otake Assistant City Attorney (408) 586-3042 Fax: (408) 586-3170 Email: botake@ci.milpitas.ca.gov
Morgan Hill	$100,000 As of 7/1/02	City Hall 17555 Peak Avenue Morgan Hill, CA 95037 (408) 779-7271	Danny Wan City Attorney (408) 776-7399 Fax: (408) 779-1592 Email: danny.wan@morganhill.ca.gov	Kevin Riper Finance Director (408) 779-7237 Fax: (408 778-1564 Email: kevin.riper@morganhill.ca.gov
Newark	$100,000	City Hall 37101 Newark Boulevard Newark, CA 94560 (510) 793-1400	Gary Galliano City Attorney (510) 578-4427 Fax: (510) 790-7259 Email: gary.galliano@newark.org	(1) John Becker (2) Sandy Abe-HR Director City Manager (510) 790-7272 Fax: (510) 794-2306 Email: john.becker@newark.org

ABAG *PLAN* Corporation
2012/2013
Board of Directors

Pacifica	$50,000 as of 7/1/05	City Hall 170 Santa Maria Avenue Pacifica, CA 94044 (650) 738-7300	Vacant	Ann Ritzma Director of General Services (650) 738-7402 Fax: (650) 359-6038 Email: ritzmaa@ci.pacifica.ca.us
Portola Valley	$25,000	Town Hall 765 Portola Road Portola Valley, CA 94028 (650) 851-1700	Nick Pegueros Town Manager npegueros@portolavalley.net (650) 851-1700 x214	
Ross	$25,000	Town of Ross P.O. Box 320 Ross, CA 94957 [33 Sir Francis Drake Blvd., CA 94957] (415) 453-1453	Pat Thompson Interim Town Manager (415) 453-1950 x107 Fax : (415) 453-1950 Email : pthompson@townofross.org	Linda Lopez Administrative Manager (415)453-1453 x105 Fax: (415) 453-1950 Email: llopez@townofross.org
San Bruno	$100,000	City Hall 567 El Camino Real San Bruno, CA 94066 (650) 616-7058	Connie Jackson City Manager (650) 616-7056 Fax: (650) 742-6515 Email: cjackson@sanbruno.ca.gov	
San Carlos	$100,000	City Hall 600 Elm Street San Carlos, CA 94070 (650) 802-4100	Rebecca Mendenhall Administrative Services Director (650) 802-4100 Email : rmendenhall@cityofsancarlos.org	Yulia Rasulova Senior Management Analyst (650) 802-4205 Fax: (650) 595-6740 Email: yrasulova@cityofsancarlos.org

ABAG *PLAN* Corporation
2012/2013
Board of Directors

Saratoga	$25,000	City Hall 13777 Fruitvale Avenue Saratoga, CA 95070 (408) 868-1200	Michael Taylor Recreation and Facilities Director (408) 868-1250 Fax: (408) 867-8559 Email: mtaylor@saratoga.ca.us	Mary Furey Finance Director (408) 868-1221 Fax: (408)867-8559 Email: mfurey@saratoga.ca.us
South San Francisco	$100,000	City of So. San Francisco P.O. Box 711 South San Francisco, CA 94083 [400 Grand Avenue, CA 94080] (650) 877-8500	Kathy Mount Human Resources Director (650) 877-8522 Fax: (650) 829-6698 Email: Kathy.mount@ssf.net	Jim Steele Director of Finance (650) 877-8505 Fax: (650) 829-6614 Email: jim.steele@ssf.net
Suisun City	$25,000	City Hall 701 Civic Center Blvd. Suisun City, CA 94585 (707) 421-7300	Jason Garben Economic Development Director (707) 421-7347 Fax: (707) 429-3758 Email: jgarben@suisun.com	Ronald C. Anderson, Jr. Assistant City Manager (707) 421-7300, Mobile: (707) 290-7035 Fax: (707) 421-7366 Email: randerson@suisun.com
Tiburon	$50,000	Town Hall 1505 Tiburon Blvd. Tiburon, CA 94920 (415) 435-7373	Peggy Curran Town Manager (415) 435-7383 Fax: (415) 435-7373 Email: pcurran@ci.tiburon.ca.us	Heidi Bigall Director of Administrative Services (415) 435-7379 Fax: (415) 435-2438 Email: hbigall@ci.tiburon.ca.us
Woodside	$25,000	Town of Woodside P.O. Box 620005 Woodside, CA 94062 [2955 Woodside Road, CA 94062] (650) 851-6790	Kevin Bryant Town Manager (650) 851-6790 Fax: (650) 851-2195 Email: kbryant@woodsidetown.org	

Association of Bay Area Governments
PLAN CORPORATION
Pooled Liability Assurance Network
Association of Bay Area Governments

Committee Member Listing
FY 2012/13

Executive Committee

Heather McLaughlin (Chair) – Benicia
Kevin Bryant (Vice Chair) – Woodside
Paul Rankin (Actuary Chair) – Dublin
Mike Taylor (Risk Management Chair) – Saratoga
Nick Pegueros (Finance Chair) – Portola Valley
Mark Zafferano (Claims Chair) – San Bruno
Bronda Silva (At Large) – American Canyon
Danny Wan (At Large) – Morgan Hill
Emma Karlen (At Large) – Milpitas

Risk Management Committee

Mike Taylor (Chair) – Saratoga
LaRae Brown – Millbrae
LeeAnn McPhillips – Gilroy
Yulia Rasulova – San Carlos
Leslie Jensen – Morgan Hill
Brian Dossey – Colma
Julie Carter – Dublin
Laura Snideman – Half Moon Bay

Actuary Committee

Paul Rankin (Chair) - Dublin
Bronda Silva – American Canyon
Jesus Nava – Burlingame
Mike Taylor - Saratoga
Teresa DelaSanta - Atherton

ABAG PLAN CORPORATION
Committee Member Listing
FY 2012/13 (con't)

Claim Committee

Mark Zafferano (Chair) – San Bruno
Gary Galliano – Newark
Heather McLaughlin – Benicia
LeeAnn McPhillips - Gilroy
Judith Propp - Los Gatos
Gus Guinan - Burlingame
Bryan Otake - Milpitas

Finance Committee

Nick Pegueros (Chair) – Portola Valley
Emma Karlen – Milpitas
Jesus Nava – Burlingame
Jesse Takahashi - Campbell
LaRae Brown – Millbrae
Rebecca Mendenhall – San Carlos

Police Chief Steering Committee (AdHoc)

Andrew Bidou (Chairman) – Benicia

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ABAG PLAN CORPORATION
Committee Member Listing
FY 2012/13 (con't)

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Jesus Nava – Burlingame
Jesse Takahashi - Campbell
LaRae Brown – Millbrae
Rebecca Mendenhall – San Carlos

Police Chief Steering Committee (AdHoc)

Andrew Bidou (Chairman) – Benicia

COMMITTEE MEETING SCHEDULE
FY 2012/13

Committee	Date	Time	Location
Board of Directors	**06/19/13**	**09:30am-4:30pm**	**TBD**
Chair: Heather McLaughlin (Benicia)			
Executive Committee	**12/05/12**	**10:30am-1:00pm**	**ABAG**
Chair: McLaughlin	**05/29/13**	**10:30am-1:00pm**	**ABAG**
Risk Mgmt Committee	**10/17/12**	**01:30pm-4:00pm**	**ABAG**
	04/10/13	**10:30am-01:00pm**	**ABAG**
Chair: Mike Taylor (Saratoga)			
Actuary Committee	**04/24/13**	**10:30am-01:00pm**	**ABAG**
Chair: Paul Rankin (Dublin)			
Claim Committee	**07/25/12**	**10:30am-12:00pm**	**ABAG**
Chair: Mark Zaferrano (San Bruno)			**ABAG**
Finance Committee	**05/16/12**	**10:30am-01:00pm**	**ABAG**
Chair: Nick Pegueros (Portola Valley)			
Police Chief Steering Committee		**AdHoc Committee**	**ABAG**
Chair: Andrew Bidou (Benicia)			

Association of Bay Area Governments

PLAN CORPORATION

Pooled Liability Assurance Network

Association of Bay Area Governments

ABAG PLAN CORPORATION
Annual Meeting
Board of Directors
June 14, 2012

Agenda Item: 13 – Other Business

Action Required: None – Discussion only

Attachments: 1. Hazard Mitigation Planning Update

MEMO

TO: Jim Hill, ABAG PLAN Risk Manager

FROM: Danielle Hutchings, ABAG Earthquake and Hazards Program Coordinator

SUBJECT: Status of hazard mitigation planning for PLAN members cities

DATE: May 24, 2012

Between 2009 and 2011, ABAG developed an update to the regional hazard mitigation plan, meeting the requirements of the Disaster Mitigation Act (DMA) of 2000, which addressed all natural hazards impacting the San Francisco Bay Area. This plan was approved by FEMA in March 2011 and adopted by ABAG's board. The plan is valid for five years from the approval date.

Local governments with an approved mitigation plan are eligible for several federal mitigation grants and, if the plan is integrated into the safety element of their general plan, can expect to have the required local match (6.25%) for FEMA post-disaster financial assistance waived.

As part of this plan, ABAG invited all Bay Area cities, counties and special districts to join in the planning process and develop annexes to the plan that would be approvable by FEMA. The deadline for adoption and approval of the local annexes was March 2012. 116 jurisdictions participated in the development of the plan and nearly 70 of them have been adopted. In order to annex to the plan, local governments were required to submit a letter of intention, participate in the development of the regional plan, develop their annex with specific local hazard and risk information, and involve the public in the planning process.

ABAG plans to update the regional hazard mitigation plan beginning in 2014 and prepare it for final adoption in 2016. At the beginning of the update process, ABAG will reach out to all local governments in the Bay Area inviting them to participate in the plan update and prepare local annexes to the plan.

If an earthquake or natural disaster were to impact a city that has not yet completed a mitigation plan, that city would be required to contribute a 6.25% local match for every dollar of federal disaster assistance received. At a time when local government resources are extremely constrained, this requirement could be potentially devastating to a city already under immense stress to respond and recover from a disaster.

I recommend that ABAG send a letter to PLAN member cities without an active mitigation plan and encourage them to develop a standalone plan that can be approved by FEMA, as part of PLAN's risk mitigation best practices. Planning grants are available from FEMA to support development of a local plan. These cities will be able to take advantage of information in the ABAG regional hazard mitigation plan, but they will have to fulfill all the requirements for developing a plan on their own.

Moving forward these cities can annex to the next update to the ABAG regional hazard mitigation plan.

The following is the current status of mitigation plans for the ABAG PLAN member cities to the best of my knowledge. Local annexes and adoption resolutions as well as the regional mitigation plan are available at http://quake.abag.ca.gov/mitigation.

Note: Cities may have developed mitigation plans separate from the ABAG plan.

PLAN Cities	**Annex Status**
American Canyon	Did not participate
Atherton	Plan has been approved by FEMA and adopted by city
Benicia	Plan is in FEMA review, needs to be adopted by city
Burlingame	Plan has been approved by FEMA and adopted by city
Campbell	Plan is in FEMA review, has been adopted by city
Colma	Participated in planning process, did not submit an annex
Cupertino	Plan is in FEMA review, has been adopted by city
Dublin	Plan is in FEMA review, has been adopted by city
East Palo Alto	Plan is in FEMA review, has been adopted by city
Foster City	Plan is in FEMA review, has been adopted by city
Gilroy	Plan is in FEMA review, has been adopted by city
Half Moon Bay	Plan has been approved by FEMA and adopted by city
Hillsborough	Plan is in FEMA review, has been adopted by city
Los Altos	Plan is in FEMA review, needs to be adopted by city
Los Altos Hills	Participated in regional plan, did not submit an annex
Los Gatos	Plan is in FEMA review, has been adopted by city
Millbrae	Plan is in FEMA review, has been adopted by city
Milpitas	Participated in regional plan, did not submit an annex
Morgan Hill	Plan is in FEMA review, has been adopted by city
Newark	Participated in regional plan, did not submit an annex
Pacifica	Plan is in FEMA review, has been adopted by city
Portola Valley	Plan approved by FEMA and adopted by city
Ross	Did not participate
San Bruno	Plan is in FEMA review, has been adopted by city
San Carlos	Participated in regional plan, did not submit an annex
Saratoga	Plan is in FEMA review, has been adopted by city
South San Francisco	Plan is in FEMA review, needs to be adopted by city

Suisun City	Did not participate
Tiburon	Plan has been adopted by city, In FEMA review
Woodside	Plan is approved by FEMA, needs to be adopted by city