

**ABAG COMP SHARED RISK POOL
Board of Directors Meeting**

Conference Room B
101 8th Street (8th and Oak Streets)
Oakland, California 94607

Attendees:

Barbara Powell, City of Saratoga
Nick Piros, Town of Los Altos Hills
Gary Broad, Town of Ross
Dan Eeds, ABAG

Consultants:

Mark Priven, Bickmore Risk Services
Anthony Cazem, Gregory B. Bragg & Assoc.

Staff:

Joseph Chan, Director, Finance
Kenneth K. Moy, Legal Counsel
Marcus Beverly, Director, ABAG PLAN Corporation
Cheryl Adsit, Administrative Assistant

Summary Minutes

- April 25, 2008 -

1. **Call to Order**
2. **Introduction of Board Members, ABAG Staff and Consultants**
3. **Public Comments - None**
4. **Adoption of Agenda** – A motion was made to adopt the agenda. DE/BP/CR
5. **Approval of Minutes, Board of Directors Meeting, April 25, 2007** – A motion was made to approve the minutes of the Board of Directors meeting of April 25, 2007. DE/BP/CR
6. **Election of New Officers** – A motion was made to approve the new officers: Gary Broad, Chair; Barbara Powell, Vice Chair; and Dan Eeds, Secretary. BP/DE/CR
7. **Response to March 7, 2008 Claims Audit and Approval of Claims Audit** – Anthony Cazem, Bragg & Associates and Marcus Beverly, ABAG. Anthony reported on the claims audit. There was only one exception found in the audit which needed to be corrected. Claims continue to be handled very well. The claims audit was done by Northbay Associates.

In an effort to expedite the claims process, close claims quicker and lower costs, Bragg & Associates has asked the Board for permission to authorize certain procedures at the claims examiner level rather than having to go through their partner, Professional Dynamics. Anthony provided the Board with a list of the procedures. The Board discussed the issue and after due consideration agreed to Bragg's recommendation. No motion was required.

8. **Semi-annual Claims Review – Anthony Cazem, Bragg & Associates.** Anthony discussed each member's claim status report which he distributed to each Board member. In discussing the second claims review, Anthony suggested the review be done by appointment within the next 5 to 6 months at the members' offices.

A Board member asked if Bragg offered any workers comp training. According to Anthony, Bragg & Associates has a comprehensive loss control training which includes ergonomics, safety training and prevention and also provides instruction on how to process claims, recognize red flags, etc. In answer to the question about cost, Anthony said training would be charged on a time and expense basis.

9. **Approval of FY 2006-07 Financial Audit and Management Letter – Joseph Chan, ABAG.** Joe reported that auditors expressed a clean opinion and found no internal control issues. Total assets as of June 30, 2007 were \$2.71 million as opposed to \$2.3 million a year ago. Claim payments were approximately \$17,000 as opposed to \$65,000 in 2006. Accordingly, the actuary has reduced the pool's claims reserve as of June 30, 2007 by \$227,000 to \$468,000.

Investment activities as of June 30, 2007: The total book value was \$2.6 million and total market value was very close to that number. The investment portfolio earned \$109,000 in interest representing a 4.9% overall yield. At the end of year, 15% of the portfolio was in LAIF, 70% in federal agencies notes and 15% in corporate notes. Joe reported that the pool is in an excellent position to offer loss prevention programs. A motion was made to approve the financial audit and management letter. BP/DE /CR

10. **Estimated Excess Insurance Premium for FY 2008-09 – Dan Eeds, ABAG.** Dan discussed the excess premium which is estimated to be \$192,000 this year.

Nick Piros, Town of Los Altos Hills arrived at 10:25 a.m.

11. **Actuarial Report and Deposit Premiums for 2008-09 – Mark Priven, Bickmore Risk Services.** Mark Priven presented the actuarial report noting the pool had a very healthy surplus. He discussed in detail funding at \$150,000 and \$250,000 SIRs and the effects of raising or lowering the pool's confidence level. A motion was made to accept the actuarial report. DE/BP/CR
12. **Adoption of Deposit Premium and Actuarial Report – Dan Eeds, ABAG**
A motion was made to retain the same confidence level of 75% for FY 2008-09 and raise the SIR to \$250,000. BP/DE/CR
13. **Change Procedure for Collection of Annual Payroll Estimates – Dan Eeds, ABAG**
Dan discussed the change in LAWCX's method of estimating premiums which would now add 5% to the previous year's payroll for each of its members to calculate its annual estimate.

14. **Program Outlook for FY 2008-09 – Marcus Beverly, ABAG.** Marcus discussed in detail the 3 benchmarks for measuring a healthy pool indicating that the pool's benchmarks were all very good. Given the solid financial foundation of the pool, Marcus recommended the possibility of raising the pool's retention to \$250,000 going forward but suggested maintaining the confidence level at 75%.

The Board brought up for discussion the issue of LAWCX's increased exposure. Marcus agreed to look into other potential options for excess insurance. Marcus discussed with the Board the process of withdrawal from LAWCX if that becomes a reasonable option.

New Members: Marcus reported on the progress for new members.

15. **Budget for Employee Safety Training and Fitness – Marcus Beverly, ABAG**
Marcus discussed with the Board the idea of setting aside some money for training. The Board had agreed to allocate \$10,000 dollars per member for training from the admin reserve fund. A Board member asked if there were any criteria related to the training. Marcus said the workers compensation general criterion is any service that would decrease the frequency and severity of the jurisdiction's claims. Each jurisdiction can decide the kind of training under that general criterion. A motion was made to take \$50,000 from the admin reserve and allow each member to use up to \$10,000 of it for training and the remaining \$10,000 would be an offset against administrative expenses. GB/BP/CR
16. **Review of Financial and Investment Reports – Joseph Chan, ABAG**
- Financial Reports – December 31, 2007
 - Investment Report – December 31, 2007
 - Investment Strategies for FY 2008-09

Joe presented the financial report. As of December 31, the total assets were about \$2.81 million. The total book value of the pool's investment portfolio was \$2,287 million and total market value \$2.29 million. Overall yield 4.86%. Joe stated that the portfolio was adequately liquid to meet the expenditure requirements of the pool for the next 6 months. One corporate security note and a federal agency note were called in the last quarter of 2007 both will be reinvested. Two federal agency notes were purchased. The pool would continue to invest in corporate notes. The current investment policy was reaffirmed. A motion was made to accept the Financial and Investment Reports. DE/NP/CR

17. **Adoption of FY 2008-09 Budget – Dan Eeds, ABAG.** Dan announced a savings in the pool's claims administration with the renegotiation of its contract with Bragg. Also, based on the Board's decision to raise its SIR, the excess premium estimate would be lowered to \$118,000. A motion was made to adopt the FY 2008-09 budget as amended: workers compensation excess insurance at \$118,000; \$50,000 taken out of admin reserve (\$40,000 goes to the members for training - \$10,000/member - and remaining \$10,000 goes to premium offset). NP/DE/CR
18. **Adjournment**