

**MINUTES OF THE
MBASIA EXECUTIVE COMMITTEE TELECONFERENCE
TUESDAY, MARCH 25, 2014
LOCATION: SCOTTS VALLEY, CA**

MEMBERS PRESENT

Rene Mendez, City of Gonzales
Steve Ando, City of Scotts Valley

MEMBERS ABSENT

Daniel Dawson, City of Del Rey Oaks

GUESTS AND CONSULTANTS

Conor Boughey, Alliant Insurance Services
Vadim Livshits, Alliant Insurance Services

A. CALL TO ORDER

Rene Mendez called the meeting to order at 9:35 a.m.

B. CONSENT CALENDAR

B1. Approval of the Minutes from the August 13, 2013 Meeting.

A motion was made to approve the minutes.

Motion: Steve Ando Second: Rene Mendez Motion Carried

Member	Aye	Nay
Rene Mendez	X	
Steve Ando	X	

C. PUBLIC COMMENTS

None.

D. EXECUTIVE AND FINANCE COMMITTEE

D1. 2014-2015 Liability Budget

Conor Boughey explained the liability spending in the current fiscal year, as well as the reasoning for changes being proposed for next year's budget. The budget looks like it is going up a little bit, and he is not sure it is being funded at the proper confidence level. He noted that some

budget items from the current fiscal year are not being used, or are getting moved around to where they make more sense.

The budget does take into account an adjustment for an error in the Hollister allocation previously. Most Cities will be seeing an increase for this reason, as we come in line with what Hollister should be paying. Marina is looking at an increase for several years because they are growing so rapidly.

The committee was asked if they were interested in looking at the formula for the budget, but they said they are not, as they had seen it many times before. They believe that we are about where we should be for the year.

Del Rey Oaks does not have the money to make their premium payments. The Board would like a written statement from Daniel Dawson, presented at the next Board of Directors meeting, that explains why they cannot meet their financial obligations, their plans to get out of financial trouble, and how they will prevent this from happening again, especially since another loan is not available due to policy changes.

Direction was given to the administrators to revise the budget with a \$100,000 credit from surplus to present to the Board.

D2. 2014-2015 Workers Compensation Budget

Conor Boughey explained the levels of the Workers' Compensation budget. A small increase is being proposed this year. This is exceptional because last year the budget was kept flat, and this is really an increase that covers two years. Additionally, due to over-estimated payroll, the premium was actually smaller than projected in the previous year.

The workers comp budget is proposed to be kept flat this year. The swings in relative cost per member are a result of claims expense. Gonzales is seeing a 74.4% increase due to a large claim received this year. The Board may use these numbers, but it has an option to cap increases. They are warned that small caps don't really work in the long run, but a cap of 50% does.

Rene Mendez is comfortable with a 50% cap. Conor says that he will propose the Workers' Compensation budget with a slight increase and a 50% cap with 75% weighting on claims.

Steve Ando asked if the losses are reserved or paid. Conor said they are incurred, which is reserved and paid.

A disadvantage of using total incurred is, if a claim does not go through, the member pays premium for the claim for the years it is on the books, even though they actually do not end up paying any significant amount for the claim.

Direction was given that that the budget is proposed with a 50% cap year over year.

E. CORRESPONDENCE/INFORMATION

None

ADJOURNMENT

The meeting was adjourned at 10:27 am