

CALL IN: 855-201-9213

PASSCODE: 5797667

AGENDA

JPA: MBASIA Board of Directors Teleconference Meeting

DATES/TIMES: Thursday, August 22, 2013 at 11:00 AM

PRIMARY: Alliant Insurance Services, Inc.

LOCATION: 100 Pine Street
11th Floor
San Francisco, Ca 94111
(415) 403-1411

**LOCATIONS
VIA**

TELEPHONE:

- City of Capitola, 420 Capitola Ave., Capitola, CA 95010 (831) 475-7300
- City of Del Rey Oaks, 650 Canyon Del Rey Rd., Del Rey Oaks, CA 93940 (831) 394-8511
- City of Gonzales, 147 Fourth Street, Gonzales, CA 93926 (831) 675-5000
- City of Greenfield, 45 El Camino Real, Greenfield, CA 93927 (831) 974-5591
- City of Hollister, 375 Fifth St., Hollister, CA 95023 (831) 636-4300
- City of King City, 212 So. Vanderhurst Ave., King City, CA 93930 (831)385-3281
- City of Marina, 211 Hillcrest Ave., Marina, CA 93933 (831) 884-1278
- City of Sand City, 1 Sylvan Park, Sand City, CA 93955 (831) 440-5606
- City of Scotts Valley, One Civic Center Dr., Scotts Valley, CA 95066 (831) 440-5606
- City of Soledad, 248 Main Street, Soledad, CA 93960 (831) 223-5000

LEGEND:

A – Action may be taken

I – Information

1 – Included

2 – Handout

3 – Separate

4 – Verbal

Member Cities

Capitola
Del Rey Oaks
Gonzales
Greenfield
Hollister
King City
Marina
Sand City
Scotts Valley
Soledad

In accordance with the requirements of the Brown Act, notice of this meeting must be posted in publicly accessible places, 72 hours in advance of the meeting, in each of the member agencies involved.

Per Government Code section 54954.2, persons requesting disability-related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact Alliant Insurance Services at (415) 403-1411, 24 hours in advance of the meeting. Access to some buildings may require routine provision of identification to building security. However, MBASIA does not require any member of the public to register his or her name, or to provide other information, as a condition to attendance at any public meeting and will not inquire of building security concerning information so provided. See Government Code section 54953.3.

PAGE

A. CALL TO ORDER

B. CONSENT CALENDAR

-None

4 C. PUBLIC COMMENTS

The public is invited at this point to address the Board on issues of interest to them.

(I)

4 D. BOARD OF DIRECTORS

2-7

1. City of Del Rey Oaks – Proposed Loan Agreement

Members will have a discussion regarding the proposed loan agreement with the City of Del Rey Oaks

E. CORRESPONDENCE / INFORMATION

- None

(I)

4 F. GENERAL RISK MANAGEMENT ISSUES

Subjects that of interest to members: please bring 15 copies of any materials.

(I)

ADJOURNMENT

**Item No. D.1
Board of Directors
August 22nd, 2013**

DRO LOAN REPAYMENT SCHEDULE

ISSUE: Due to financial difficulties at the City of Del Rey Oaks, the City has requested restructuring their debt structure.

The Executive and Finance Committee reviewed the request from Del Rey Oaks along with several repayment plans. The Committee recommends that the Board approve the request to restructure with the following parameters: new loan with five year duration, paying 1.75% interest, with a total amount loaned of \$194,327.

The proposed loan agreement fits within MBASIA's current Loan Policy and Procedure.

RECOMMENDATION: It is recommended that the Board review the proposed plans and take action to approve, or give direction.

FISCAL IMPACT: The Fiscal Impact is outlined by the attached schedules of repayment.

BACKGROUND: Due to an unexpected increase in insurance costs and financial difficulties at the City, the City of Del Rey Oaks took a loan in 2010 to help absorb the increased costs.

The City has been making payments on this debt amount, but would like to roll the existing \$59,471 still outstanding into a new loan, which would include an additional \$133,815 from the current year premium. The total request is for \$194,327. The term of the loan is up for discussion during the meeting, with the proposed interest rate of 1.75%.

ATTACHMENT: MBASIA's Member Loan Policy
2010 DRO Promissory Note for \$106,305
Proposed Debt Structure over 60 months (5 Years)

Policy on Loans

Those members who are in both funds may borrow from the surplus fund (Liability) to pay for the increased cost of WC premium. The conditions are:

- * Up to \$325, 000 may be used from the Liability Fund.
- * Loan may not exceed the increase in premium and \$125,000.
- * Once the \$325,000 is committed, no further loans may be granted.
- * Repayment may be over 5 years at an interest rate equal to LAIF interest paid.
- * The City electing the loan must request from the Board and agree in writing to repay.

This policy also applies to the Fund.

Revised May 1994

PROMISSORY NOTE

Borrower: City of Del Rey Oaks of 650 Canyon Del Rey Rd. Del Rey Oaks, CA 93940 (individually and collectively the "Borrower")

Lender: MBASIA

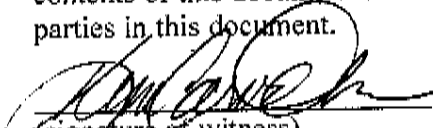
Principal Amount: \$106,305

1. FOR VALUE RECEIVED, The Borrower promises to pay to MBASIA at such address as may be provided in writing to the Borrower, the principal sum of one hundred, six thousand, three hundred five (\$106,305) USD, with interest payable on the unpaid principal at the rate of 1.75 percent per annum, calculated monthly not in advance.
2. This Note will be repaid in 36 equal consecutive monthly installments of principal and interest on the first day of each month commencing July 15, 2010 with any outstanding balance owing under this Note being paid at the end of its term.
3. Notwithstanding anything to the contrary in this Note, if the Borrower defaults in the performance of any obligation under this Note, then MBASIA may declare the principal amount owing and interest due under this Note at that time to be immediately due and payable.
4. This Note will be construed in accordance with and governed by the laws of the State of California.
5. All costs, expenses and expenditures including, and without limitation, the complete legal costs incurred by MBASIA in enforcing this Note as a result of any default by the Borrower, will be added to the principal then outstanding and will immediately be paid by the Borrower.
6. This Note will enure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and assigns of the Borrower and MBASIA. The Borrower waives presentment for payment, notice of non-payment, protest and notice of protest.

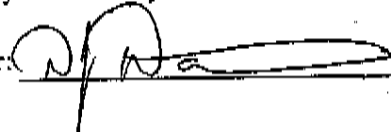
IN WITNESS WHEREOF the parties have duly affixed their signatures under seal on this 1st day of July, 2010.

SIGNED, SEALED, AND DELIVERED

this 1st day of July, 2010 in front of the person below who is over 18 years of age and not involved with the contents of this document or related to any of the parties in this document.


(signature of witness)

City of Del Rey Oaks

per:  (SEAL)

WITNESS DETAILS:

Name: Kim Carvalho
Address: 650 Canyon Del Rey
Del Rey Oaks CA 93940

SIGNED, SEALED, AND DELIVERED

From: [Steve Ando](#)
To: [Rene Mendez](#); [Robert Galvan](#); [Michael Simmons](#); [Conor Boughey](#); [Amy Young](#)
Cc: [Daniel Dawson](#)
Subject: Executive Committee Meeting
Date: Monday, July 29, 2013 4:32:22 PM
Attachments: [New DRO Repayment Schedule.xlsx](#)

I ran some alternatives with various repayment terms. The total amount owing is \$194,327.10. That is \$133,815.32 for the balance on the 2012-13 WC premium plus \$59,471.04 still owing on the original note plus \$1,040.74 interest for one year on the existing note. I ran 5, 7, 8, and 9 years (attached). Daniel wants to request either the 7 or 8 year repayment schedule. This would be at 1.75% interest, the same as the existing note. LAIF is currently 0.24%.

Let me know how you would like to proceed. We can still have a phone meeting or if you are okay with taking 7 or 8 years to the entire Board, you could e-mail your approval to do so. If you still want a phone meeting, please respond to Amy with your availability next week. I believe the choices were 9, 10, and 11 am or 2 pm on 8/5, 8/6, or 8/7.

-Steve

Loan term 5 Years
Interest Rate 1.75%
Compound Period Monthly

<u>Date</u>	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
				194,327.10
September 1, 2013	3,384.91	283.39	3,101.52	191,225.58
October 1, 2013	3,384.91	278.87	3,106.04	188,119.54
November 1, 2013	3,384.91	274.34	3,110.57	185,008.98
December 1, 2013	3,384.91	269.80	3,115.11	181,893.87
January 1, 2014	3,384.91	265.26	3,119.65	178,774.22
February 1, 2014	3,384.91	260.71	3,124.20	175,650.02
March 1, 2014	3,384.91	256.16	3,128.75	172,521.27
April 1, 2014	3,384.91	251.59	3,133.32	169,387.95
May 1, 2014	3,384.91	247.02	3,137.89	166,250.07
June 1, 2014	3,384.91	242.45	3,142.46	163,107.61
July 1, 2014	3,384.91	237.87	3,147.04	159,960.56
August 1, 2014	3,384.91	233.28	3,151.63	156,808.93
September 1, 2014	3,384.91	228.68	3,156.23	153,652.70
October 1, 2014	3,384.91	224.08	3,160.83	150,491.86
November 1, 2014	3,384.91	219.47	3,165.44	147,326.42
December 1, 2014	3,384.91	214.85	3,170.06	144,156.36
January 1, 2015	3,384.91	210.23	3,174.68	140,981.68
February 1, 2015	3,384.91	205.60	3,179.31	137,802.37
March 1, 2015	3,384.91	200.96	3,183.95	134,618.42
April 1, 2015	3,384.91	196.32	3,188.59	131,429.83
May 1, 2015	3,384.91	191.67	3,193.24	128,236.59
June 1, 2015	3,384.91	187.01	3,197.90	125,038.69
July 1, 2015	3,384.91	182.35	3,202.56	121,836.13
August 1, 2015	3,384.91	177.68	3,207.23	118,628.89
September 1, 2015	3,384.91	173.00	3,211.91	115,416.99
October 1, 2015	3,384.91	168.32	3,216.59	112,200.39
November 1, 2015	3,384.91	163.63	3,221.28	108,979.11
December 1, 2015	3,384.91	158.93	3,225.98	105,753.13
January 1, 2016	3,384.91	154.22	3,230.69	102,522.44
February 1, 2016	3,384.91	149.51	3,235.40	99,287.04
March 1, 2016	3,384.91	144.79	3,240.12	96,046.92
April 1, 2016	3,384.91	140.07	3,244.84	92,802.08
May 1, 2016	3,384.91	135.34	3,249.57	89,552.51
June 1, 2016	3,384.91	130.60	3,254.31	86,298.20
July 1, 2016	3,384.91	125.85	3,259.06	83,039.14
August 1, 2016	3,384.91	121.10	3,263.81	79,775.33
September 1, 2016	3,384.91	116.34	3,268.57	76,506.76
October 1, 2016	3,384.91	111.57	3,273.34	73,233.42
November 1, 2016	3,384.91	106.80	3,278.11	69,955.31

December 1, 2016	3,384.91	102.02	3,282.89	66,672.41
January 1, 2017	3,384.91	97.23	3,287.68	63,384.74
February 1, 2017	3,384.91	92.44	3,292.47	60,092.26
March 1, 2017	3,384.91	87.63	3,297.28	56,794.99
April 1, 2017	3,384.91	82.83	3,302.08	53,492.90
May 1, 2017	3,384.91	78.01	3,306.90	50,186.00
June 1, 2017	3,384.91	73.19	3,311.72	46,874.28
July 1, 2017	3,384.91	68.36	3,316.55	43,557.73
August 1, 2017	3,384.91	63.52	3,321.39	40,236.34
September 1, 2017	3,384.91	58.68	3,326.23	36,910.11
October 1, 2017	3,384.91	53.83	3,331.08	33,579.03
November 1, 2017	3,384.91	48.97	3,335.94	30,243.09
December 1, 2017	3,384.91	44.10	3,340.81	26,902.28
January 1, 2018	3,384.91	39.23	3,345.68	23,556.60
February 1, 2018	3,384.91	34.35	3,350.56	20,206.05
March 1, 2018	3,384.91	29.47	3,355.44	16,850.60
April 1, 2018	3,384.91	24.57	3,360.34	13,490.27
May 1, 2018	3,384.91	19.67	3,365.24	10,125.03
June 1, 2018	3,384.91	14.77	3,370.14	6,754.89
July 1, 2018	3,384.91	9.85	3,375.06	3,379.83
August 1, 2018	3,384.91	4.93	3,379.98	-