

Agenda Item #.#
Board of Directors
June 7, 2010

MINUTES OF THE
MBASIA AD HOC BUDGET COMMITTEE MEETING
Tuesday, June 18, 2010 at 11:00 AM
Teleconference Meeting

MEMBERS PRESENT

Robert Galvan, City of Hollister
Renee Mendez, City of Gonzales
Steve Ando, City of Scotts Valley

MEMBERS ABSENT

None

GUESTS AND CONSULTANTS

Conor Boughey, Alliant Insurance Services
Michael Simmons, Alliant Insurance Services
Kent Rice, Kent Rice and Associates

A. CALL TO ORDER

President Robert Galvan called the meeting to order at 11:00 AM

B. CONSENT CALENDAR

There was no discussion on this issue.

C. PUBLIC COMMENTS

There were no public comments.

D. BUDGET COMMITTEE

D1. Target Safety Utilization

The Committee discussed the two proposed billing options for utilizing Target Safety through CSAC-EIA. The Committee would like to encourage the Authority to utilize the Target Safety platform should the Authority join CSAC-EIA directly (and not through LAWCX), because of this the Committee believes billing the JPA as one entity would encourage each Member Agency to utilize the platform rather than billing each entity based on usage.

The Committee recommends that the Board review the proposed options and select Option 1 which would bill the JPA as one entity.

D2. Effect of Loan Repayment on Financial Audit

The Committee reviewed the response provided by the Financial Auditor that stated that the repayment of the Loan would not cause the Financial Audit to become Qualified. The Committee further reviewed the potential benefits and disadvantages to repaying or keeping the loan. After some discussion the Committee agreed that repaying the loan would be in the best interest of the Authority.

The Committee recommends the Board review the response from the Financial Auditor and start negotiations to pay off the loan immediately.

D3. MBASIA Retention Options for July 1, 2010

The Committee reviewed the pricing presented by LAWCX and CSAC for estimated premiums at several different SIR's. The Committee reviewed the financial impact of these premiums in comparison to the Actuarially Estimated funding levels for each SIR as well as claims paid excess of the SIR levels to determine what potential savings would have taken place had the Authority been attached to the excess carrier. After review, it was determined that the CSAC-EIA \$125,000 and \$250,000 would both provide significant savings over the current LAWCX attachment as well as the LAWCX \$350,000 attachment.

The Committee recommends that the Board review the potential attachment options provided through LAWCX and CSAC-EIA for attachment options at the \$500,000, \$350,000, \$250,000 and \$125,000 SIR levels. The Committee recommends the Board take action to renew with CSAC-EIA at the \$125,000 SIR if it is available, and if it is not, the \$250,000 SIR option with CSAC-EIA.

E. CORRESPONDENCE / INFORMATION

There was no discussion on this issue.

F. GENERAL RISK MANGEMENT ISSUES

There were no issues discussed.

ADJOURNMENT

The Meeting was adjourned at 12:15 PM