



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
EXECUTIVE COMMITTEE MEETING MINUTES
ZOOM MEETING
May 12, 2022**

MEMBERS PRESENT

Mike Mathiesen, President, Mountain View-Los Altos Union High School District
Mark Schiel, Vice President, Santa Clara Unified School District
Delores Perley, Treasurer, Los Gatos-Saratoga Joint Union High School District
Rebecca Westover, Secretary, Mountain View Whisman School District
Wendy Zhang, Member at Large, Milpitas Unified School District

MEMBERS ABSENT

None

GUESTS & CONSULTANTS

Matt Gowan, Alliant Insurance Services
Joan Crossley, Alliant Insurance Services
Eric Bengtson, Davis & Young

A. CALL TO ORDER

The meeting was called to order at 9:32 a.m.

B. ROLL CALL

The above-mentioned members were present constituting a quorum.

C. APPROVAL OF AGENDA

A motion was made to approve the agenda as presented.

MOTION: Delores Perley	SECOND: Mark Schiel	MOTION CARRIED
AYES: 5	NOES: 0	ABSENT: 0
	ABSTAIN: 0	

AYES: Mathiesen, Schiel, Perley, Westover, Zhang

NAYS: None

ABSENT: None

D. PUBLIC COMMENT

There were no public comments.



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E. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.95

1. Doe v. Los Gatos-Saratoga Joint Union High School District
2. Martinez, et al v. Newsom, et al
3. Angel, et al v. Marten, et al

The Executive Committee entered closed session at 9:34 a.m. The Executive Committee returned from closed session at 9:56 a.m.

AYES: Mathiesen, Schiel, Perley, Westover, Zhang

NAYS: None

ABSENT: None

F. PRESIDENT’S REPORT ON ACTION FROM CLOSED SESSION

Mr. Mike Mathiesen reported that the closed session items were discussed and appropriate actions were taken.

G. CONSENT CALENDAR

1. Executive Committee Meeting Minutes – March 3, 2022
2. Executive Committee Meeting Minutes – April 14, 2022
3. Financial Report for Quarter Ending March 31, 2022

A motion was made to approve the items on the Consent Calendar as presented.

MOTION: Mark Schiel **SECOND:** Rebecca Westover **MOTION CARRIED**
AYES: 5 **NOES: 0** **ABSTAIN: 0** **ABSENT: 0**

AYES: Mathiesen, Schiel, Perley, Westover, Zhang

NAYS: None

ABSENT: None

H. GENERAL ADMINISTRATION

1. Administration Contract with Alliant Insurance Services

Mr. Matt Gowan stated the Executive Committee previously reviewed the option to extend the Administration Contract for two years at the March meeting and recommended the extension be placed on the next meeting agenda for approval. The administration fee will be \$164,800 annually for the next two years.

A motion was made to approve the two year extension to the Administration Contract with Alliant Insurance Services.



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MOTION: Delores Perley **SECOND:** Mark Schiel **MOTION CARRIED**
AYES: 5 **NOES: 0** **ABSTAIN: 0** **ABSENT: 0**

AYES: Mathiesen, Schiel, Perley, Westover, Zhang
NAYS: None
ABSENT: None

2. California Association of Joint Powers Authorities (CAJPA) Re-accreditation Update

Ms. Joan Crossley stated the JPA gets re-accredited with CAJPA every three years. CAJPA granted Full Accreditation to the JPA as long as two items are completed within the next six months. The first item is the prior 2019 accreditation report and the 2022 accreditation report are presented to the Board of Directors; Ms. Crossley said this will be on the June Board agenda. The second item is the Treasurer signs a statement of the JPA's ability to meet expenditure requirements over the next six months. Ms. Crossley said the Treasurer already signs this statement, but CAJPA wants the signed statement included in the agenda.

CAJPA also made a few recommendations, not requirements, as follows:

1. Actuarial Study
 - Change to annual from every two years
 - Request discount factor costs at 1% and 0%.
 - Have the actuary provide one of the following confidence level factors: 99%, 98% or 99.5%
2. Target Surplus Funding Policy requires funding at 70% confidence level, but the JPA has been funding at 80% confidence level for the last three years so the policy should be updated.

Mr. Gowan commented the actuarial study already contains 95% confidence level factor and it's not necessarily needed to include 99%, 98% or 99.5%. Mr. Gowan said the JPA should follow through on the other two recommendations for the actuarial study.

Ms. Crossley commented the recommendation about the Target Surplus policy is already on this agenda and will be discussed later in the meeting.

I. FINANCIAL

1. Preliminary Revenue and Expense Budget for July 1, 2022-2023

Mr. Gowan said staff received updated premium estimates and the PRISM Liability premium estimate has decreased by \$104,000 since the March meeting. The SELF premium estimate decreased by \$199,738.

Mr. Gowan recommends increasing the confidence level from the current 80%. This is due to claims received under AB 218 and new California case law that results in the JPA paying multiple SIRs for



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molestation claims. This new case law states there is one occurrence per claimant per policy period which also means there is one SIR per claimant per policy period.

Mr. Gowan noted the actuary said the AB 218 claims are from older years and the loss funding for those years was determined in those older actuarial studies before AB 218 was passed. The actuary said increasing the confidence level would be the way to obtain additional loss funding for the AB 218 claims coming to light now. Mr. Gowan said the higher the confidence level the better and recommends at least 90% Liability funding and 85% Property funding.

Mr. Mark Schiel commented that increasing to 85% may be better as the JPA can stair step the confidence level increases more gradually. He also noted the school districts have to allocate their budget over three years which means the 90% confidence level increase would show in the district budget for three years. Mr. Schiel recommends increasing the confidence level to 85% plus issuing a one time assessment.

Mr. Gowan noted that the overall March budget had a 10% increase. Due to the updated premium estimates, the budget at 80% confidence level is now a 4.9% increase. Increasing the confidence level to 90% would bring the overall increase back to 10%. The members have already budgeted for a 10% increase as they received the March estimate. Mr. Gowan stated the confidence level can be re-assessed again next year.

After discussion, the Executive Committee agreed to increase the confidence level to 90%.

A motion was made to increase the confidence level to 90% in the budget.

MOTION: Delores Perley **SECOND:** Mark Schiel **MOTION CARRIED**
AYES: 5 **NOES: 0** **ABSTAIN: 0** **ABSENT: 0**

AYES: Mathiesen, Schiel, Perley, Westover, Zhang
NAYS: None
ABSENT: None

2. Target Surplus Funding Policy

Ms. Crossley stated when the Target Surplus Funding policy was adopted in 2008, the JPA was using 70% confidence level to fund losses and that percentage is written in the policy. The JPA has since increased its confidence level and the CAJPA auditor recommended amending the Target Surplus Funding policy to show the updated confidence level. Ms. Crossley said she can amend the policy to show 90% confidence as the Executive Committee just approved that confidence level.

A motion was made to amend the Target Surplus Funding Policy to 90% confidence level.

MOTION: Delores Perley **SECOND:** Rebecca Westover **MOTION CARRIED**
AYES: 5 **NOES: 0** **ABSTAIN: 0** **ABSENT: 0**



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NAYS: None

ABSENT: None

J. COMMENTS FOR THE GOOD OF THE ORDER

Mr. Mathiesen stated there is currently a spike in COVID-19 cases so he recommends the June Board meeting be a virtual meeting and the JPA can resume in person meetings in the fall. The Executive Committee agreed.

ADJOURNMENT

The meeting was adjourned at 10:52 a.m.

Reviewed and Approved by: 

Date: 6/10/22