



SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY EXECUTIVE COMMITTEE ZOOM TELECONFERENCE AGENDA

DATE / TIME: December 2, 2021 at 9:00 a.m.

<https://alliantinsurance.zoom.us/j/97319573024?pwd=aHljcStTVFF6L0txUFhMeDNaSERNZz09>

Meeting ID: 973 1957 3024

Passcode: 954434

Or Dial: 877 853 5257 (Toll Free) or 888 475 4499 (Toll Free)

This meeting agenda shall be posted at the address of the Zoom teleconference locations shown below with access for public via phone.

Los Gatos-Saratoga JUHSD

17421 Farley Rd West
Los Gatos, CA 95030

Milpitas Unified School District

1331 E Calaveras Blvd
Milpitas, CA 95035

Mountain View-Los Altos Union HS District

1299 Bryant Ave
Mountain View, CA 94040

Mtn View Whisman School District

1400 Montecito Ave
Mountain View, CA 94043

Santa Clara Unified School District

1889 Lawrence Rd
Santa Clara, CA 95051

Davis, Bengtson & Young

1960 The Alameda Ste 210
San Jose, CA 95126

Alliant Insurance Services

2180 Harvard St, Suite 460
Sacramento, CA 95815

A – Action I – Information 1 – Included 2 - Hand Out 3 – Separate 4 - Verbal

Per Government Code 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 Joan Crossley at Alliant Insurance Services, Inc. at (916) 643-2708.

Documents and material relating to an open session agenda item that are provided to the SBASIA Executive Committee less than 72 hours prior to a regular meeting will be available for public inspection and copying at 2180 Harvard St, Suite 460, Sacramento, CA 95815.



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	A. CALL TO ORDER		
	B. ROLL CALL	A	4
	C. APPROVAL OF AGENDA	A	1
	D. PUBLIC COMMENT <i>This time is reserved for members of the public to address the Executive Committee on SBASIA business.</i>		
1	E. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.95	A	4
	1. A.M./M.A v. Berryessa Union School District		
	F. PRESIDENT’S REPORT ON ACTION FROM CLOSED SESSION		
2	G. CONSENT CALENDAR	A	1
3-6	1. Executive Committee Meeting Minutes – October 7, 2021		
	H. GENERAL ADMINISTRATION		
7	1. Cyber Security Audit Request for Proposal Results <i>Staff will present the proposals received for Cyber Security Audit.</i>	A	2
8-13	2. Accounting Contract for July 1, 2022 - June 30, 2025 <i>Staff will present the renewal of the accounting contract as the current contract expires on June 30, 2022.</i>	I	1
14	3. Review of Board Agenda Items <i>Staff will review the Board agenda items with the Executive Committee.</i>	A	3
	I. COMMENTS FOR THE GOOD OF THE ORDER		

ADJOURNMENT

NEXT MEETING

The next Executive Committee Meeting is set for March 3, 2022 at 9:30 a.m.



South Bay Area Schools Insurance Authority
Executive Committee Meeting
December 2, 2021

Agenda Item E.1.

CLOSED SESSION PURSUANT TO GOVERNMENT CODE 54956.95

ACTION ITEM

ISSUE: Pursuant to Government Code Section 54956.95, the Executive Committee will hold a Closed Session to discuss the following claims:

A.M./M.A. v. Berryessa Union School District

RECOMMENDATION: The Program Administrator cannot make a recommendation at this time as the subject matter is confidential.

FISCAL IMPACT: To be determined



Agenda Item G.

CONSENT CALENDAR

ACTION ITEM

ISSUE: The Executive Committee should review the Consent Calendar and pull any items that need discussion. Otherwise, the Executive Committee should adopt the Consent Calendar as presented.

RECOMMENDATION: The Program Administrator recommends adoption of the Consent Calendar items as presented.

FISCAL IMPACT: None.

BACKGROUND: The following items are placed on the Consent Calendar for adoption by the Executive Committee. The Executive Committee may accept the Consent Calendar as posted, or pull any item for discussion and separate action while accepting the remaining items.

1. Executive Committee Meeting Minutes – October 7, 2021

ATTACHMENTS: Executive Committee Meeting Minutes – October 7, 2021



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
EXECUTIVE COMMITTEE MEETING MINUTES
ZOOM MEETING
October 7, 2021**

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

A. CALL TO ORDER

The meeting was called to order at 9:36 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.

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

D. PUBLIC COMMENT

There were no comments from the public.

E. CONSENT CALENDAR

1. Executive Committee Meeting Minutes – June 10, 2021
2. Unaudited Financial Report for Quarter Ending June 30, 2021
3. Investment Report for Quarter Ending June 30, 2021
4. Engagement Letter for SBASIA Actuarial Study as of 12/31/21



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
EXECUTIVE COMMITTEE MEETING MINUTES
ZOOM MEETING
October 7, 2021**

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

MOTION: Wendy Zhang SECOND: Delores Perley MOTION CARRIED

AYES: 5 NOES: 0 ABSTAIN: 0 ABSENT: 0

AYES: Mathiesen, Schiel, Perley, Westover, Zhang

NAYS: None

ABSENT: None

F. GENERAL ADMINISTRATION

1. Claims Audit

Mr. Matt Gowan said a claims audit is performed every two years. The auditor, Risk Management Services, scored Carl Warren & Company at 100% which is excellent.

2. Claims Service Contract with Carl Warren & Company

Mr. Gowan said the claims service contract with Carl Warren & Company expires on June 30, 2022. Mr. Gowan stated the JPA can either solicit a renewal quote or issue a Request for Proposal (RFP) for claims services. After discussion, the Executive Committee asked that staff solicit a renewal quote from Carl Warren & Company.

3. Accounting Contract with Gilbert Associates, Inc.

Mr. Gowan stated the accounting contract with Gilbert Associates expires on June 30, 2022. Back in 2019, the JPA issued a RFP for Accounting Services; the RFP was sent to four firms, but only Gilbert Associates provided a proposal. The Executive Committee asked that staff solicit a renewal quote from Gilbert Associates, Inc.

4. Upcoming Meetings and AB361

Mr. Mike Mathiesen said the Executive Committee needs to decide whether to hold future meetings in person or via Zoom. Staff obtained a legal opinion on the new law AB 361 which allows government agencies to continue virtual meetings as long as a state of emergency is declared. In order to continue Zoom meetings and not have to follow the Brown Act teleconference requirements about posting the agenda at each member location, the Executive Committee would need to meet every 30 days and vote that the state of emergency affects the ability of the members to meet safely in person. Otherwise the JPA can continue Zoom meetings, but will have to follow the Brown Act teleconference posting requirements. Ms. Wendy Zhang asked if the JPA can meet in person, but also have an option for some members to join via Zoom or telephone. The Executive Committee said that might be a good idea and asked staff to look into whether the teleconference posting requirements would have to be followed.



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5. Insurance Market and Strategies

Mr. Gowan provided an early update on the insurance market. In the Property market, the first quarter of 2021 was the worst first quarter for losses ever. In addition, 2020 was the worst firestorm loss year ever. The latest Marshall & Swift third quarter property inflation trend factors have been received and the factors are 12.43% for buildings and 6.73% for contents. This factor is applied to property values to make sure the values are accurate if a building burns and needs to be replaced. The high factors are due to labor shortages, increased material costs and supply chain problems.

Mr. Gowan said potential strategies to mitigate the hard market include parametrics which can be used for catastrophic loss such as firestorm, hurricanes or earthquake. Parametrics is not insurance; if your entity meets certain factors such as experiencing a Category 3 hurricane, the insurance carrier pays a fixed amount of money without a lengthy claim process. For example, if the JPA were able to obtain parametric coverage for firestorm, in theory it would reduce the overall property rate or potentially open up other insurance markets not currently available. Mr. Gowan said this is theoretical for the JPA at this time and staff will need to look into the process.

Another strategy is analytics which is a deep dive into the insurance coverage. For example, the JPA has a very broad Property insurance policy which includes items such as fine arts coverage which may not be needed. The JPA is better off with this broad policy, but if the policy becomes outrageously expensive, then potentially a custom Property insurance program can be created using multiple insurance carriers to provide only the insurance coverage needed. This can be risky because an insurance coverage may be eliminated thinking it's not needed only to have a loss for that very coverage.

Staff can also look into individual deductibles for members to see if there are any cost savings; for example a large school district may have \$25,000 deductible while a smaller district has \$5,000 deductible.

Staff can also check into corridor deductibles which provide a separate deductible for the largest risk such as firestorm or molestation. For example, there could be a \$250,000 SIR for Liability claims except for molestation claims which have a \$1 million corridor deductible.

Mr. Gowan said the Liability market continues to be hard primarily due to settlement inflation and increasing molestation claims due to AB 218 which increased the time limit for filing molestation claims. In addition, some Liability insurance carriers have left California or reduced their capacity.

Workers' Compensation has been stable for a number of years. Fortunately, the education sector was not hit by a significant amount of COVID claims. Although currently stable, there may be a hardening market in the future due to a recent increase in the medical billing schedule in California and continued medical inflation.

Mr. Gowan stated the Cyber Liability market is the biggest concern. The Cyber market imploded due to significant increases in claims especially ransomware. The market stopped writing new Cyber policies and would only renew existing policies with a significant premium increase. The insurance carriers hoped the significant increases would stabilize the market, but Cyber insurance



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carriers have already seen large Cyber losses this year. Cyber underwriters will require loss control and will not renew accounts that have weak cyber security controls. The next item on the JPA's loss control plan happens to be a cyber security audit which is advantageous for the JPA's upcoming Cyber renewal.

The Crime insurance and Deadly Weapon Response Program insurance remain stable. There are no expected coverage changes and there should only be a slight inflation increase in the premiums.

G. COMMENTS FOR THE GOOD OF THE ORDER

There were no comments for the good of the order.

ADJOURNMENT

The meeting was adjourned at 10:48 a.m.



Agenda Item H.1

CYBER SECURITY AUDIT REQUEST FOR PROPOSAL RESULTS

ACTION ITEM

ISSUE: The Executive Committee should review the proposals received for Cyber Security Audit and select a firm to perform the audit.

RECOMMENDATION: None

FISCAL IMPACT: To be determined

BACKGROUND: The next item on the JPA's loss control plan is a Cyber Security Audit. The last audit was performed in 2016. Staff issued a Request for Proposal (RFP) for Cyber Security Audit and distributed the RFP to five firms.

ATTACHMENTS: None



Agenda Item H.2

ACCOUNTING CONTRACT FOR JULY 1, 2022 – JUNE 30, 2025

INFORMATION ITEM

EXPLANATION: SBASIA's accounting contract with Gilbert Associates, Inc. expires on June 30, 2022. At its last meeting, the Executive Committee asked staff to obtain a renewal quote from Gilbert Associates. Staff will present a new contract with a three year term and an optional two year extension to be reviewed by the Executive Committee prior to being presented to the Board of Directors for approval.

The proposed annual fee is:

- \$35,000 for period of July 1, 2022 – June 30, 2023
- \$36,000 for period of July 1, 2023 – June 30, 2024
- \$37,000 for period of July 1, 2024 – June 30, 2025
- \$38,000 for period of July 1, 2025 – June 30, 2026 (optional extension)
- \$39,000 for period of July 1, 2026 – June 30, 2027 (optional extension)

The expiring fee is \$34,000.

ATTACHMENTS: Gilbert Associates, Inc. Contract for Period of July 1, 2022 – June 30, 2025

**ACCOUNTING SERVICES AGREEMENT BETWEEN
SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
AND GILBERT ASSOCIATES, INC.**

This Agreement is made this 1st day of July 2022, by and between the South Bay Area Schools Insurance Authority ("SBASIA") and Gilbert Associates, Inc. ("Accountant") concerning services.

WHEREAS, SBASIA desires to retain the services of Accountant to provide accounting services and Accountant desires to perform such services on the terms and conditions set forth below,

NOW, THEREFORE, the parties agree as follows:

A. *Description of Work* - Accountant agrees to perform the following services:

	Monthly	Quarterly	Annually
Bookkeeping Services			
Maintain detailed record of all income, expenditures, deposits & withdrawals	X		
Verify payment demands & print checks or authorize Bill.com as necessary	X (or as otherwise directed)		
Respond to requests for confirmation made by member agencies' financial auditors			X
Reconcile bank statements	X		
Reconcile payments to loss runs	X		
Administer accounts payable & receivable	X		
Maintain financial records in accordance with Generally Accepted Accounting Principles	X		
Prepare & submit to SBASIA Treasurer for approval a Treasurer's report detailing all funds on hand, classified by depository		X	
Data Entry into QuickBooks	X		
Preparation of dividend checks to members, if applicable			X
Prepare and timely file 1099 forms with IRS for all necessary contractors			X
Preparation of Financial Statements			
Assistance with Management's Discussion & Analysis			X
Statement of Net Position		X	
Statement of Revenues, Expenses & Changes in Net Position		X	
Statement of Revenues, Expenses & Changes in Net Position- Budget to Actual		X	
Footnotes for Audit Report			X
Supplementary information			X
Prepare Supporting Schedules for Auditor, as needed			X
Prepare & file State Controller's Report of Financial Transactions			X

- B. *Compensation* - In exchange for the services rendered hereunder, Accountant shall be compensated in the amount of \$35,000 for period of July 1, 2022 - June 30, 2023; \$36,000 for period of July 1, 2023 – June 30, 2024 and \$37,000 for period of July 1, 2024 – June 30, 2025. Compensation for the optional two year extension shall be \$38,000 for period of July 1, 2025 – June 30, 2026 and \$39,000 for period of July 1, 2026 – June 30, 2027. The fee estimate is based on anticipated cooperation from SBASIA’s representatives and the assumption that unexpected circumstances will not be encountered during the work performed. If significant additional time is necessary, Accountant will discuss it with SBASIA representatives and arrive at a new fee estimate before Accountant incurs additional costs. Accountant invoices are payable upon presentation.
- C. *Term* – The term of this agreement shall commence on July 1, 2022 and terminate on June 30, 2025. SBASIA shall have an option to extend this Agreement for up to two additional years, exercisable by SBASIA by notifying the Accountant of such request for an extension 30 days prior to the anniversary date. This Agreement shall then have an anniversary date each July 1st, for the purpose of renewing compensation and services.
- D. *Compliance with Laws* - Accountant agrees that the work will be conducted and the services will be performed in compliance with all laws and regulations, with the policies, procedures and directives of SBASIA, particularly those related to fiscal and management matters, and with generally accepted accounting principles applicable to governmental entities.
- E. *Termination* - This Agreement may be terminated at any time by either party upon sixty days advance written notice to the other party. Upon termination by either party, Accountant shall be compensated for all work performed through the date of termination.
- F. *Disclosures of Conflicts* – Accountant shall be responsible for disclosing financial interests that may be a conflict. Disclosure may be satisfied through completion of the related Fair Political Practices Commission form on an annual basis.
- G. *Insurance* – Accountant shall maintain Commercial General Liability on an occurrence basis with limits no less than \$1,000,000 per occurrence and general aggregate limit no less than \$2,000,000; Auto Liability with limit no less than \$1,000,000 per accident; Workers’ Compensation with Statutory limits and Employer’s Liability with limits of no less than \$1,000,000 per accident for bodily injury or disease; Professional Liability insurance with limit no less than \$1,000,000 per occurrence or claim and aggregate no less than \$2,000,000 and Crime coverage with limit of no less than \$1,000,000.
- H. *Indemnification* – Accountant agrees to indemnify, defend and hold harmless SBASIA, its officers, directors and member agencies from any liability arising from Accountant’s negligence or willful misconduct or omissions in the performance of

this agreement. SBASIA, its officers, directors and member agencies agree to indemnify, defend and hold harmless Accountant from any liability arising from the negligence, willful misconduct or omissions of SBASIA, its officers, directors and member agencies.

- I. *Independent Contractor* – It is expressly agreed by the parties that Accountant’s relationship to SBASIA is that of an independent contractor. As such, SBASIA will not be providing any Workers’ Compensation coverage or benefits to Accountant.

- J. *Other Obligations of Parties* – SBASIA is responsible for making management decisions and performing management functions and for designating an individual with suitable skill, knowledge or experience to oversee any bookkeeping services or other services the Accountant provides. SBASIA is responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services. SBASIA is responsible for establishing and maintaining internal controls, including monitoring ongoing activities.

None of the accounting services rendered can be relied on to disclose errors, fraud or illegal acts that may exist. However, Accountant will inform SBASIA of any material errors and of any evidence or information that comes to Accountant’s attention during the performance of Accountant’s preparation procedures that fraud may have occurred. In addition, Accountant will report to SBASIA any evidence or information that comes to Accountant’s attention during the performance of Accountant’s preparation procedures regarding illegal acts that may have occurred, unless they are clearly inconsequential. Accountant has no responsibility to identify and communicate the deficiencies in SBASIA’s internal control as part of this engagement.

Accountant will prepare the financial statements on a quarterly basis in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a preparation engagement is to present, in the form of financial statements, information that is the representation of management without undertaking to express any assurance on the financial statements.

A preparation engagement differs significantly from a compilation, review, or an audit of financial statements. A preparation engagement does not contemplate performing inquiry, analytical procedures or other procedures performed in a review. Additionally, a preparation engagement does not contemplate obtaining an understanding of the entity’s internal control; assessing fraud risk; tests of accounting records by obtaining sufficient appropriate audit evidence through inspection, observation, confirmation, the examination of source documents (for example, cancelled checks or bank images); or other procedures ordinarily performed in an audit. Therefore, a preparation engagement does not provide a basis for expressing any level of assurance on the financial statements.

- K. *Entire Agreement* - This writing constitutes the entire agreement between the parties relative to the services specified herein, and no modifications shall be effective unless and until such modification is evidenced by a writing signed by both parties.
- L. *Successors and Assignment* - Accountant agrees that it will not assign, transfer, convey, or otherwise dispose of this Agreement or any part thereof, or its rights, title, or interest therein, without the prior written consent of SBASIA.
- M. *Waiver* - The waiver by either party of a breach by the other of any provision of this Agreement shall not constitute a continuing waiver or a waiver of any subsequent breach of either of the same or a different provision of this Agreement.
- N. *Severability* - Should any part of this Agreement be declared unconstitutional, invalid, or beyond the authority of either party to enter into or carry out, such decision shall not affect the validity of the remainder of this agreement, which shall continue in full force and effect; provided that the remainder of this contract can, absent the excised portion, be reasonably interpreted to give effect to the intentions of the parties.
- O. *Headings* - The descriptive headings used in this Agreement are for convenience only and shall not control or affect the meaning or construction of any of its provisions.
- P. *Title to Documents* - All original calculations, files, records, studies and other material or documents developed or used in connection with the performance of this Agreement shall be the property of SBASIA.

If working papers or product include computer generated material, Accountant shall provide the material including the database upon which it is based to SBASIA in a mutually agreed upon computer machine-readable format and media.

IN WITNESS WHEREOF, the parties execute this Agreement on the day and year first above written.

SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY

BY _____ DATE _____

TITLE _____

GILBERT ASSOCIATES, INC.

BY _____ DATE _____

TITLE _____



Agenda Item H.3

REVIEW OF BOARD AGENDA ITEMS

ACTION ITEM

ISSUE: The Executive Committee should make recommendations to the Board of Directors for those items on their agenda that require action.

RECOMMENDATION: None.

FISCAL IMPACT: Various. See the Board of Directors December 2, 2021 agenda.

BACKGROUND: The Board of Directors should take action on the following items:

Audited Financial Report as of June 30, 2021
Teleconference Policy

ATTACHMENTS: None