



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY  
EXECUTIVE COMMITTEE MINUTES  
CAMPBELL, CALIFORNIA  
March 8, 2018**

**MEMBERS PRESENT**

James Crawford, President, Campbell Union School District  
Mark Allgire, Vice President, Santa Clara Unified School District  
Mike Mathiesen, Treasurer, Mountain View-Los Altos Union High School District  
Nelly Yang, Member at Large, Evergreen School District

**MEMBERS ABSENT**

The position of Secretary is currently vacant.

**GUESTS & CONSULTANTS**

Matt Gowan, Alliant Insurance Services  
Joan Crossley, Alliant Insurance Services  
Kevin Wong, Gilbert Associates, Inc.  
Rosemarie Pottage, Los Gatos-Saratoga Joint Union High School District

**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.**

<b>MOTION: Mike Mathiesen</b>	<b>SECOND: Mark Allgire</b>	<b>MOTION CARRIED</b>
<b>AYES: 4</b>	<b>NOES: 0</b>	<b>ABSENT: 0</b>
	<b>ABSTAIN: 0</b>	

**AYES:** Crawford, Allgire, Mathiesen, Yang  
**NAYS:** None  
**ABSENT:** None

**D. PUBLIC COMMENT**

There were no comments from the public.

**E. CONSENT CALENDAR**

1. Executive Committee Meeting Minutes – December 7, 2017
2. Financial Report for Quarter Ending December 31, 2017

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

*Approved 5/3/18*



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**MOTION: Mark Allgire      SECOND: Mike Mathiesen      MOTION CARRIED**  
**AYES: 4                      NOES: 0                      ABSTAIN: 0                      ABSENT: 0**

**AYES:** Crawford, Allgire, Mathiesen, Yang  
**NAYS:** None  
**ABSENT:** None

**F.      GENERAL ADMINISTRATION**

**1.      Financial Auditor Contract with James Marta & Co.**

Ms. Joan Crossley said the contract with James Marta & Company for the annual financial audit expired on June 30, 2017. James Marta & Company offered a renewal contract for three years; the fee begins at \$13,035 and increases by 3.5% each year.

**A motion was made to approve the financial auditor contract for the period of June 30, 2018 – June 30, 2020.**

**MOTION: Mark Allgire                      SECOND: Nelly Yang                      MOTION CARRIED**  
**AYES: 4                      NOES: 0                      ABSTAIN: 0                      ABSENT: 0**

**AYES:** Crawford, Allgire, Mathiesen, Yang  
**NAYS:** None  
**ABSENT:** None

**2.      Electronic Bill Payments**

Mr. Kevin Wong stated the current method for issuing checks is cumbersome. Checks are sent via UPS to the Treasurer which takes about two days. Then the Treasurer send the checks back via UPS adding another 2 days. Using electronic bill payments would streamline the process. Mr. Wong said Bill.com would be used. The JPA administrator would upload invoices, the accountant at Gilbert Associates would review the invoices and the Treasurer would receive an email that there's an invoice to approve online. Bill.com would issue an ACH payment to the vendor. Mr. Wong said there's a flat fee of \$29 per month plus transaction costs so he estimates the average monthly cost would be \$43.

**A motion was made to approve electronic payments using Bill.com.**

**MOTION: Nelly Yang                      SECOND: Mike Mathiesen                      MOTION CARRIED**  
**AYES: 4                      NOES: 0                      ABSTAIN: 0                      ABSENT: 0**

**AYES:** Crawford, Allgire, Mathiesen, Yang  
**NAYS:** None  
**ABSENT:** None



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**3. Five Year Loss Control Plan – Year 2**

Ms. Crossley said the JPA has a loss control plan with five loss control items that will take place over five years. The JPA completed the loss control item for Year 1. The next item for Year 2 is a loss control inspection of the interior of buildings to include all rooms and also include a chemical inspection. Mr. Mark Allgire suggested that the inspection include checking for lockdown devices that are not authorized by the DSA (Division of the State Architect). The Executive Committee asked that the RFP include a requirement that the reports issued by the inspector prioritize the hazards found by using low, medium and high. Ms. Crossley said she will issue a Request for Proposal that includes checking for lockdown devices and a prioritization of hazards.

**4. JPA Mission Statement**

Ms. Crossley said when the JPA was re-accredited with CAJPA, the CAJPA committee strongly recommended that a mission statement be adopted. Ms. Crossley said she created a draft mission statement which is included in the agenda for review. After discussion, the Executive Committee decided to adopt the draft mission statement.

**A motion was made to adopt the JPA mission statement.**

**MOTION: Mark Allgire                      SECOND: Mike Mathiesen                      MOTION CARRIED**  
**AYES: 4                      NOES: 0                      ABSTAIN: 0                      ABSENT: 0**

**AYES:** Crawford, Allgire, Mathiesen, Yang  
**NAYS:** None  
**ABSENT:** None

**5. Litigation Management Policy**

Ms. Crossley said the JPA has an approved attorney panel to handle litigation for JPA claims. In April 2012, the JPA increased the maximum hourly attorney rate from \$180 to \$200. The rate has remained the same since 2012. Ms. Crossley consulted with CSAC EIA and Carl Warren & Company about hourly attorney rates. CSAC EIA pays \$200-\$250 per hour. Carl Warren & Company said most JPAs they work with have a maximum hourly attorney rate of \$225.

**A motion was made to increase the maximum hourly attorney rate to \$225 effective April 1, 2018.**

**MOTION: Mark Allgire                      SECOND: Mike Mathiesen                      MOTION CARRIED**  
**AYES: 4                      NOES: 0                      ABSTAIN: 0                      ABSENT: 0**

**AYES:** Crawford, Allgire, Mathiesen, Yang  
**NAYS:** None  
**ABSENT:** None



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**6. Slate of Officers for June 14, 2018 Meeting**

This item was tabled until the next meeting.

**G. FINANCIAL**

**1. Monitoring Changes in Claims Payments and Reserves**

Ms. Crossley said the financial audit as of June 30, 2017 had an unexpectedly large increase in claims expense. Ms. Crossley handed out a report from Carl Warren & Company that tracks the changes in claims payments and reserves on a quarterly basis. Mr. Wong reviewed the changes in claims payments with the Executive Committee. Ms. Crossley asked for the Executive Committee's input as to whether this report would help in monitoring claims expense so there would be no surprises when the financial audit is issued. After discussion, the Executive Committee noted that most of the changes in payments and reserves are tied to just five claims. The Executive Committee recommended that Mr. Brandon Schlenker of Carl Warren & Company present a quarterly overview of the claims with the largest or most significant changes in total incurred.

**2. Preliminary Revenue and Expense Budget for July 1, 2018 - 2019**

Mr. Gowan presented the Preliminary Revenue and Expense budget for July 1, 2018-2019. The Liability funding, which is determined by the actuary, is increasing 31.8%. This takes into account the JPA's Liability loss history as well as the fact that schools in California have seen a large increase in sexual molestation settlements. The CSAC EIA Liability premium is estimated to increase by 19%. The SELF premium is estimated to increase by 10.5%. Staff distributed a handout showing the JPA's loss ratio is 379% in the \$25 million Liability insurance layer using claims for the last six years.

The Property funding, which is determined by the actuary, increased by 7.9%. The Property rate is estimated to remain flat; the Property renewal quote has not been received yet.

The overall budget is estimated to increase by 11.4% or approximately \$438,350.

The budget uses a 70% confidence level. The JPA is below its target surplus funding goal of \$2.5 million so the Executive Committee discussed whether the confidence level should be increased. After discussion, the Executive Committee decided to remain at the 70% confidence level and review again next year.

Staff distributed a handout of recommendations for sexual misconduct loss control that was created by CSAC EIA. The handout also lists webinar training related to sexual misconduct that is available for free through CSAC EIA TV. Ms. Crossley said she will email this information to the Board.



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**H. COMMENTS FOR THE GOOD OF THE ORDER**

There were no comments for the good of the order.

**ADJOURNMENT**

The meeting was adjourned at 11:05 a.m.

Reviewed and Approved by: \_\_\_\_\_

Date: 5/3/18