



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
BOARD OF DIRECTORS MEETING
AGENDA**

LOCATION:	Campbell Union School District 155 N. Third Street Campbell, CA 95008	A - Action I - Information
DATE/TIME:	June 15, 2017 10:00 A.M.	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 Board of Directors 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.

Page

- A. CALL TO ORDER**
- B. ROLL CALL**
- C. APPROVAL OF AGENDA** **A 4**
- D. PUBLIC COMMENT**
This time is reserved for members of the public to address the Board of Directors on SBASIA business. **I 4**
- E. CONSENT CALENDAR** **A 1**
- 1. Board of Directors Meeting Minutes – December 1, 2016**
- F. LOSS CONTROL**
- 1. Liability and Property Safety Inspections on Exterior of Buildings to include Crime Prevention through Environmental Design** **I 4**
Mr. Jeff Johnston of Bickmore Risk Services will discuss the safety inspections to be performed.
- G. FINANCIAL**
- 1. Excess Liability Renewal** **A 2**
Staff will present the Excess Liability renewal for the period of July 1, 2017-2018.



- | | | | |
|-------|---|---|---|
| 8-12 | 2. Review and Adoption of Liability Memorandum of Coverage
<i>Staff will present the Liability Memorandum of Coverage for July 1, 2017-2018.</i> | A | 1 |
| 13 | 3. Excess Property and Boiler & Machinery Renewal
<i>Staff will present the Excess Property and Boiler and Machinery renewal for period of July 1, 2017-2018.</i> | A | 2 |
| 14-25 | 4. Alliant Property Insurance Program Claims Reporting Procedures and Acknowledgement
<i>Staff will present claims reporting procedures for the Property, Cyber Liability and Pollution Liability coverage.</i> | I | 1 |
| 26 | 5. Crime Policy Renewal
<i>Staff will present the renewal of the Crime Policy for period of July 1, 2017-2019.</i> | A | 2 |
| 27-32 | 6. Review and Adoption of Property Memorandum of Coverage
<i>Staff will present the Property Memorandum of Coverage for July 1, 2017-2018.</i> | A | 1 |
| 33-42 | 7. Claims Service Contract with Carl Warren & Company
<i>The claims service contract expires on June 30, 2017. Staff will present the renewal contract for July 1, 2017–June 30, 2022.</i> | A | 1 |
| 43 | 8. Revenue and Expense Budget for July 1, 2017-2018
<i>Staff will present the Revenue and Expense Budget for July 1, 2017 –2018.</i> | A | 2 |

H. GENERAL ADMINISTRATION

- | | | | |
|-------|--|---|---|
| 44 | 1. SBASIA Election of Officers and Executive Committee
<i>The Executive Committee will present a slate of officers for July 1, 2017-2018.</i> | A | 4 |
| 45 | 2. Investment Authority
<i>Per Government Code, the Board will need to approve the delegation of authority to invest or reinvest SBASIA funds.</i> | A | 4 |
| 46-51 | 3. Review of Investment Policy
<i>Per Government Code, the Board must review the Investment Policy annually.</i> | A | 1 |



52-53

4. Resolution Establishing Meeting Dates for Fiscal Year 2017- 2018

A 1

The Board will need to adopt meeting dates for July 1, 2017-2018.

I. COMMENTS FOR THE GOOD OF THE ORDER

ADJOURNMENT

NEXT MEETING

The next Board of Directors Meeting is set for Thursday, December 7, 2017 at 10:00 A.M. at Campbell Union School District, 155 N. Third Street, Campbell, CA 95008.



Agenda Item E.1

CONSENT CALENDAR

ACTION ITEM

ISSUE: The Board of Directors should review the Consent Calendar and pull any items that need discussion. Otherwise, the Board of Directors 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 Board. The Board may accept the Consent Calendar as posted, or pull any item for discussion and separate action while accepting the remaining items.

1. Board of Directors Meeting Minutes – December 1, 2016

ATTACHMENTS: Board of Directors Meeting Minutes – December 1, 2016



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
BOARD OF DIRECTORS MEETING MINUTES
CAMPBELL, CALIFORNIA
December 1, 2016**

MEMBERS PRESENT

James Crawford, President, Campbell Union School District
Nelly Yang, Vice President, Evergreen School District
Mark Allgire, Treasurer, Santa Clara Unified School District
Barbara Coats, Secretary, Santa Clara County Office of Education
Tina Hsu, Berryessa Union School District
Mike Mathiesen, Mountain View-Los Altos Union High School District
Robert Clark, Mountain View Whisman School District

MEMBERS ABSENT

Lisa Gonzales, Lakeside Joint School District
Randy Kenyon, Los Altos School District
Greg Medici, Los Gatos-Saratoga Joint Union High School District
Marie dela Cruz, Metropolitan Education District
Wendy Zhang, Milpitas Unified School District

GUESTS & CONSULTANTS

Matt Gowan, Alliant Insurance Services
Joan Crossley, Alliant Insurance Services
Brandon Schlenker, Carl Warren & Company
Cindy Conklin, Gilbert Associates, Inc.
Mike Manduca, James Marta & Company

A. CALL TO ORDER

The meeting was called to order at 10:05 a.m.

B. ROLL CALL

The above-mentioned members were present constituting a quorum.

C. APPROVAL OF AGENDA

A motion was made to move item H.2 Amendment to Joint Powers Agreement after item F.1 Audited Financial Report as of June 30, 2016.

MOTION: Mark Allgire	SECOND: Nelly Yang	MOTION CARRIED
AYES: 7	NOES: 0	ABSENT: 5
	ABSTAIN: 0	

AYES: Crawford, Yang, Allgire, Coats, Hsu, Mathiesen, Clark
NAYS: None
ABSENT: Gonzales, Kenyon, Medici, dela Cruz, Zhang

D. PUBLIC COMMENT

There were no public comments.

Draft



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
BOARD OF DIRECTORS MEETING MINUTES
CAMPBELL, CALIFORNIA
December 1, 2016**

E. CONSENT CALENDAR

1. **Board of Directors Meeting Minutes – June 16, 2016**
2. **Unaudited Financial Report for Quarter Ending June 30, 2016**
3. **Investment Report for Quarter Ending June 30, 2016**
4. **Financial Report for Quarter Ending September 30, 2016**

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

MOTION: Mark Allgire **SECOND:** Mike Mathiesen **MOTION CARRIED**
AYES: 7 **NOES:** 0 **ABSTAIN:** 0 **ABSENT:** 5

AYES: Crawford, Yang, Allgire, Coats, Hsu, Mathiesen, Clark
NAYS: None
ABSENT: Gonzales, Kenyon, Medici, dela Cruz, Zhang

F. FINANCIAL

1. Audited Financial Report as of June 30, 2016

Ms. Joan Crossley introduced Mr. Mike Manduca of James Marta & Company, the JPA's financial auditor for the year ending June 30, 2016. Mr. Manduca stated net position increased by \$172,042 from the prior year. Claims expense decreased by 38% from the prior year. The IBNR (incurred but not reported) decreased by 42%. The JPA's operating revenues decreased by 2.4% from the prior year. Total expenses decreased by 11.2% and total assets increased by 17.6%. Total liabilities increased by 26.8%. Mr. Manduca noted that assets have been increasing over the last several years and the JPA is meeting its target surplus goal of \$2.5 million.

A motion was made to approve the Audited Financial Report as of June 30, 2016.

MOTION: Mark Allgire **SECOND:** Nelly Yang **MOTION CARRIED**
AYES: 7 **NOES:** 0 **ABSTAIN:** 0 **ABSENT:** 5

AYES: Crawford, Yang, Allgire, Coats, Hsu, Mathiesen, Clark
NAYS: None
ABSENT: Gonzales, Kenyon, Medici, dela Cruz, Zhang

H. GENERAL ADMINISTRATION

2. Amendment to Joint Powers Agreement

Ms. Crossley said the JPA is accredited with CAJPA (California Association of Joint Powers Authorities). CAJPA recommended adding Government Code 6509 to the Joint Powers Agreement. This code restricts the manner of exercising the power of the JPA in the same



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
BOARD OF DIRECTORS MEETING MINUTES
CAMPBELL, CALIFORNIA
December 1, 2016**

manner as one of its member districts. The Executive Committee decided to select Santa Clara Unified School District as the specific member to be named in the Joint Powers Agreement.

A motion was made to add Government Code 6509 to the Joint Powers Agreement to restrict the manner of exercising the power of the JPA in the same manner as Santa Clara Unified School District.

MOTION: Mark Allgire **SECOND:** Mike Mathiesen **MOTION CARRIED**
AYES: 7 **NOES:** 0 **ABSTAIN:** 0 **ABSENT:** 5

AYES: Crawford, Yang, Allgire, Coats, Hsu, Mathiesen, Clark
NAYS: None
ABSENT: Gonzales, Kenyon, Medici, dela Cruz, Zhang

G. CLAIMS

1. Claims Stewardship Report

Mr. Brandon Schlenker of Carl Warren & Company presented a claims stewardship report for the JPA. The report presents an overview of claims for the last ten years. The claim count per year has been steady; there are no spikes in frequency. The closing ratio for claims is 95.5% which is good. Regarding claim count by cause, there are 102 student injury claims out of 494 total claims. The litigation rate is less than 10% which is average.

H. GENERAL ADMINISTRATION

1. Target Surplus Funding Analysis as of June 30, 2016

Mr. Gowan said the target surplus funding analysis shows the surplus at a specific point in time. The JPA funds at a 70% confidence level and has established a minimum surplus requirement of \$2.5 million which is five times the JPA's Property SIR of \$500,000. As of June 30, 2016, the JPA is above the minimum surplus target by \$254,733.

3. FPPC Form 700 Electronic Filing

Ms. Crossley stated the Board members and alternates file the Form 700 annually by mailing a hard copy to the FPPC (Fair Political Practices Commission). The FPPC has purchased an electronic system for filing the Form 700. In January 2017, the FPPC will email the JPA members a link to the website along with a Login ID and password so that the Form 700 can be filed online. Ms. Crossley said she will follow up with members in January to make sure they have received the email from the FPPC.

I. COMMENTS FOR THE GOOD OF THE ORDER

There were no comments for the good of the order.



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
BOARD OF DIRECTORS MEETING MINUTES
CAMPBELL, CALIFORNIA
December 1, 2016**

ADJOURNMENT

The meeting was adjourned at 10:53 a.m.



South Bay Area Schools Insurance Authority
Board of Directors
June 15, 2017

Agenda Item F.1

**LIABILITY AND PROPERTY SAFETY INSPECTIONS
ON EXTERIOR OF BUILDINGS TO INCLUDE CRIME PREVENTION
THROUGH ENVIRONMENTAL DESIGN**

INFORMATION ITEM

EXPLANATION: At its May 4 meeting, the Executive Committee selected Bickmore Risk Services to perform Liability and Property Safety Inspections on Exterior of Buildings to include Crime Prevention through Environmental Design. Mr. Jeff Johnston, Director of Risk Control Services at Bickmore, will present an overview of the inspections to be performed.

ATTACHMENTS: None



Agenda Item G.1

EXCESS LIABILITY RENEWAL

ACTION ITEM

ISSUE: The Board of Directors should review and approve the renewal of the Excess Liability insurance for SBASIA for the period of July 1, 2017 – July 1, 2018.

RECOMMENDATION: The Executive Committee recommends adoption of the Excess Liability renewal as presented.

FISCAL IMPACT: \$1,052,580 for the period of July 1, 2017 – July 1, 2018. This is the CSAC EIA premium of \$579,000 plus the SELF premium of \$473,580.

BACKGROUND: For the 2017-2018 Liability program, the JPA will maintain its self-insured retention (SIR) of \$250,000 and will purchase coverage with CSAC-EIA, the current insurer, to a \$5 million limit, then attach to SELF (Schools Excess Liability Fund) from \$5 million to \$55 million limit. The total liability limit is \$55 million.

CSAC-EIA (California State Association of Counties-Excess Insurance Authority) was formed as a joint powers authority in 1979 and is California Association of Joint Powers Authorities (CAJPA) Accredited with Excellence.

SELF (Schools Excess Liability Fund) was formed as a joint powers authority in 1986 and is California Association of Joint Powers Authorities (CAJPA) Accredited with Excellence.

ATTACHMENTS: None



Agenda Item G.2

REVIEW AND ADOPTION OF LIABILITY MEMORANDUM OF COVERAGE

ACTION ITEM

ISSUE: The Board of Directors should review the proposed Memorandum of Coverage and adopt the Memorandum for the coverage period of July 1, 2017 to July 1, 2018.

RECOMMENDATION: The Program Administrator recommends adoption of the Memorandum of Coverage.

FISCAL IMPACT: The adoption of the Memorandum better defines the coverage for which the cost is unknown until the claims incurred are closed at some time in the future. However, we have an estimate of the costs of liability claims covered under this Memorandum from the actuarial study. The amount is \$622,000 at a 70% confidence level. This is reflected in the proposed budget.

BACKGROUND: The Memorandum of Coverage clarifies the losses to be covered by SBASIA and establishes certain procedures. The attached liability memorandum incorporates the excess insurance policy's terms and conditions provided by CSAC EIA for the period July 1, 2017 to July 1, 2018. The memorandum also defines the exceptions to those terms and conditions. These exceptions are only the terms of liability and the self-insured retention.

A declarations page will be provided to each member describing the term of coverage, the limits provided, etc. These will be distributed to the members, along with the corresponding Memorandum of Coverage, once adopted by the Board.

ATTACHMENTS: Liability Declarations Page
Liability Memorandum of Coverage

SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY

LIABILITY

UNDERLYING MEMORANDUM OF COVERAGE

DECLARATIONS

MEMORANDUM NO. SBASIALI 001-17

1. **Member District:** Berryessa Union School District
1376 Piedmont Road
San Jose, CA 95132

2. **Coverage Period:** July 1, 2017 through June 30, 2018

3. **Member District Deductible:** \$ 10,000 **Each Occurrence, offense or wrongful act**

4. **Limits of Liability:**
 - a. Liability Coverage \$ 250,000 **Each Occurrence, offense or wrongful act***

*One limit applies regardless of the number of members involved

FORMS AND ENDORSEMENTS: Form LIAB-1
FORMING PART OF THE POLICY
AT INCEPTION

President, James Crawford

Date

It is agreed that these Declarations and the Memorandum of Coverage together with any endorsements that may be added thereto constitutes the entire coverage agreement.

**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
LIABILITY
UNDERLYING MEMORANDUM OF COVERAGE
FORM NO. LIAB-1**

1. INSURING AGREEMENT

In consideration of the payment of the required contribution and subject to all the terms of this Memorandum of Coverage, SBASIA agrees to pay on behalf of the Member District **Loss** resulting from any occurrence, offense or wrongful act covered by the terms, except limits of liability and self-insured retentions, of the **CSAC Excess Insurance Authority Memorandum of Coverage No. EIA-PE 17 EL-80** as that Memorandum of Coverage applies to SBASIA, during the Coverage Period as stated on the Declarations.

2. MEMBER DISTRICT DEDUCTIBLE

The Member District deductible stated under Item 3 of the Declarations page applies to each occurrence, offense or wrongful act covered by the terms and conditions, except limits of liability and self-insured retentions, incorporated from the **CSAC Excess Insurance Authority Memorandum of Coverage No. EIA-PE 17 EL-80**.

3. LIMITS OF LIABILITY

The Limits of Liability stated under Item 4a of the Declarations applies to each occurrence, offense or wrongful act, regardless of the number of Member Districts involved, covered by the terms and conditions, except limits of liability and self-insured retentions, incorporated from the **CSAC Excess Insurance Authority Memorandum of Coverage No. EIA-PE 17 EL-80**.

4. COVERAGE PERIOD

The Coverage Period of this Memorandum is as stated under Item 2 of the Declarations.

5. DEFINITIONS

The conditions of this Memorandum of Coverage shall be applied as if the definition of words listed below had been included with the word or words each time they appear in this Memorandum of Coverage.

LOSS – Means the ultimate net loss as defined in the Definitions section of the **CSAC Excess Insurance Authority Memorandum of Coverage No. EIA-PE 17 EL-80**.

MEMBER DISTRICT OR MEMBER ENTITY – means a signatory to the Joint Powers Agreement forming the South Bay Area Schools Insurance Authority. This meaning shall apply to the term Member District or Member Entity notwithstanding any other definition to the contrary in, or any document incorporated into, this Memorandum.

6. OTHER INSURANCE

The coverage afforded by this Memorandum of Coverage shall be excess over any other valid and collectible insurance or coverage available to the Member District and applicable to any part of the ultimate net loss, whether such other insurance or coverage is stated to be primary, excess, contingent or otherwise, unless such other insurance or coverage specifically applies as excess insurance or coverage over the limits provided in this Memorandum of Coverage.

7. NOTICE OF OCCURRENCE

Upon the happening of any occurrence likely to involve SBASIA under this Memorandum of Coverage, the Member District shall give notice, either written or oral, as soon as practicable to the Claims Adjustor of SBASIA. Such notice shall contain particulars sufficient to identify the Member District and fullest information obtainable at the time. If legal proceedings are begun, the Member District shall forward to the SBASIA Claims Adjustor each paper therein, or a copy thereof, received by the Member District or the Member District's representative, together with copies of reports or investigations with respect to such claim proceedings.

8. DEFENSE

SBASIA shall assume charge of the investigation, settlement or defense of any claims made, or suits brought, or proceedings instituted against the Member District, which in the opinion of SBASIA may create liability on the part of SBASIA under the terms of this Memorandum of Coverage.

9. PAYMENT OF LOSS

Upon final determination of **Loss**, SBASIA will promptly pay on behalf of the Member District the amount of **Loss** falling within the terms of this Memorandum of Coverage.

10. SUBROGATION

In the event of any payment under this Memorandum of Coverage, SBASIA will be subrogated to all the Member District's rights of recovery against any person or organization and SBASIA shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights.

The amount recovered as subrogation shall be apportioned in the inverse order of payment of the **Loss** to the extent of the actual payment. The expenses of all such recovery proceedings shall be apportioned in the ratio of the respective recoveries.

11. CANCELLATION

This Memorandum of Coverage may be canceled in accordance with the terms of the JPA Agreement and Bylaws of SBASIA.

To be valid, this Memorandum must be signed by SBASIA's President or Vice President.

President, James Crawford

Date



Agenda Item G.3

**EXCESS PROPERTY AND
BOILER & MACHINERY RENEWAL**

ACTION ITEM

ISSUE: The Board of Directors should review and approve the renewal of the Excess Property insurance as well as the Boiler & Machinery insurance for SBASIA for the period July 1, 2017 to July 1, 2018.

RECOMMENDATION: The Executive Committee will make a recommendation to the Board.

FISCAL IMPACT: \$1,354,829 for the period of July 1, 2017 to July 1, 2018.

BACKGROUND: The Excess Property policy, which provides Property coverage and Auto Physical Damage coverage (on premises coverage only), will be expiring on July 1, 2017. APIP (Alliant Property Insurance Program) has quoted the expiring limit of \$1,000,000,000 excess of \$500,000 deductible on the Excess Property.

On the Boiler & Machinery insurance, APIP has quoted the expiring limit of \$100,000,000 excess of \$10,000 self-insured retention.

ATTACHMENTS: None



Agenda Item G.4

**ALLIANT PROPERTY INSURANCE PROGRAM CLAIMS REPORTING
PROCEDURES AND ACKNOWLEDGEMENT**

INFORMATION ITEM

EXPLANATION: The Alliant Property Insurance Program (APIP) includes Property, Cyber Liability and Pollution Liability coverage. The APIP Claims Reporting Procedures outline the steps that should be taken at the time a loss occurs. It is critical that members and their staff recognize and respond to claims in a timely manner so as to mitigate the damages and ensure they receive the full benefits of their insurance coverage. Alliant has requested that all APIP members understand and acknowledge the claim reporting requirements. Members can sign and return the acknowledgement form at the meeting or respond to an email that will be sent later in June to those who have not signed.

ATTACHMENTS: APIP Claims Reporting Procedures and Acknowledgement

APIP Claims Reporting Acknowledgement(s) Receipt Form

The Claims Reporting Forms are being included with your packet to ensure claims reporting procedures are known and available for future reference. Please review the information. We ask that you share these critical documents with all members of your team (and Pool Members and their staffs where applicable.)

We request that you review the items indicated as attached, then complete the bottom portion, sign and submit to your Alliant Insurance Services representative either by a scanned e-mail or mail to have it be included in your insurance records.

- APIP Property Claims Reporting

- Cyber Claims Reporting (*this is a claims made policy*) if coverage is purchased

- Pollution Liability Claims Reporting (*this is a claims made policy*) if coverage is purchased

Acknowledgement for Claims reporting procedures under Alliant Property Insurance Programs In effect: July 1, 2017 until further notice

I have read and been informed about these separate reporting requirements under the coverage parts that apply to our entity as indicated above and provided through APIP by Alliant.

Insured Entity Name: South Bay Area Schools Insurance Authority

Authorized Signature:

Print Name

Date

Title:

IN THE EVENT OF A

PROPERTY LOSS:

- 1) *Follow your organization procedures for reporting and responding to an incident*
- 2) *Alert local emergency authorities, as appropriate*
- 3) *Report the incident to Alliant Insurance Services immediately at:*

877-725-7695

All property losses must be reported as soon as practicable upon knowledge within the risk management or finance division of the insured that a loss has occurred.

Be prepared to give basic information about the location and nature of the incident, as well as steps which have been taken in response to the incident.

- 4) *Report the incident to McLarens Global Claims Services AND your Alliant representative*

PROPERTY FIRST NOTICE OF LOSS FORM

SEND TO: Alliant Insurance Services, Inc.

BY MAIL: 100 Pine Street, 11th Floor, San Francisco, CA 94111

BY FAX: (415) 403-1466

BY EMAIL: rfrey@alliant.com AND dwalizada@alliant.com

Carbon Copy APIP Claims Administrator: sandra.doig@mclarens.com and your Alliant representative

Today's Date: _____

Type of Claim: (check all that apply)

- Real Property Vehicles
 Personal Property Other

Insured's Name & Contact Information

Insured's Name: _____ Point of Contact: _____

Address: _____

Phone #: _____

Broker/Agent's Name & Contact Information

Company Name: Alliant Insurance Services - Claims Point of Contact: Robert A. Frey & Diana L. Walizada

Address: 100 Pine Street, 11th Floor, San Francisco, CA 94111

Phone #: 1-877-725-7695

Fax #: 415-403-1466

Policy Information

Policy Number: _____ Policy Period: _____

Limits of Liability: _____ per _____ agg Self-Insured Retention/Deductible: _____

Loss Information

Date of Incident/Claim: _____ Location: _____

Description of Loss:

Please list all attached or enclosed documentation: (check if none provided) _____

Name of Person Completing This Form: _____

Signature: _____

Per the PEPIP USA Form Master Policy Wording, Section IV General Conditions;

J. NOTICE OF LOSS

In the event of loss or damage insured against under this Policy, the Insured shall give notice thereof to ALLIANT INSURANCE SERVICES, INC., 100 Pine Street, 11th Floor, San Francisco, CA 94111-1073. TEL NO. (877) 725-7695, FAX NO. (415) 403-1466 of such loss. Such notice is to be made as soon as practicable upon knowledge within the risk management or finance division of the insured that a loss has occurred.

IN THE EVENT OF A
CYBER LOSS:

- 1) *Follow your organizations procedures for reporting and responding to an incident*
- 2) *Alert authorities, as appropriate*
- 3) *Report the incident to Beazley Group immediately at:*

tmbclaims@beazley.com

All Cyber losses must be reported as soon as practicable upon knowledge by the insured that a loss has occurred.

Be prepared to give basic information about the location and nature of the incident, as well as steps which have been taken in response to the incident.

- 4) *Report the incident to Alliant Claims Department and your Alliant representative*

SPECIAL NOTE REGARDING PRIVACY NOTIFICATION COSTS:

The policy provides a \$500,000 Aggregate Limit for Privacy Notification Costs. If you utilize a Beazley vendor, the limit is increased to \$1,000,000.

Please contact Beazley for a list of approved vendors.

CYBER FIRST NOTICE OF LOSS FORM

SEND TO: Beazley Group

BY MAIL: 1270 Avenue of the America's, Suite 1200, New York, NY 10020

BY FAX: (546) 378-4039

BY EMAIL: tmbclaims@beazley.com

CC Alliant Claims Department:
ekim@alliant.com , and your Alliant representative

Today's Date: _____

Insured's Name & Contact Information

Insured's Name: _____ Point of Contact: _____

Address: _____

Phone #: _____

Broker/Agent's Name & Contact Information

Company Name: Alliant Insurance Services – Claims Point of Contact: Elaine Kim

Address: 100 Pine Street, 11th Floor, San Francisco, CA 94111

Phone #: 877-725-7695 Fax #:415-403-1466

Policy Information

Policy Number: _____ Policy Period: _____

Limits of Liability: _____ per _____ agg Self-Insured Retention/Deductible _____

Loss Information

Date of Incident/Claim: _____ Location: _____

Description of Loss: _____

Please list all attached or enclosed documentation: (check if none provided) _____

Name of Person Completing This Form: _____

Signature: _____

A. NOTICE OF CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM

1. If any **Claim** is made against the **Insured**, the **Insured** shall, as soon as practicable upon knowledge by the **Insured**, forward to the Underwriters through persons named in Item 9.A. of the Declarations written notice of such **Claim** in the form of a telecopy, or express or certified mail together with every demand, notice, summons or other process received by the **Insured** or the **Insured's** representative; provided that with regard to coverage provided under Insuring Agreements I.A. and I.C., all **Claims** made against any **Insured** must be reported no later than the end of the **Policy Period**, in accordance with the requirements of the **Optional Extension Period** (if applicable), or within thirty (30) days after the expiration date of the **Policy Period** in the case of **Claims** first made against the Insured during the last thirty (30) days of the **Policy Period**.
2. With respect to Insuring Agreement I.B. for a legal obligation to comply with a **Breach Notice Law** because of an incident (or reasonably suspected incident) described in Insuring Clause I.A.1 or I.A.2, such incident or reasonably suspected incident must be reported as soon as practicable during the **Policy Period** after discovery by the Insured. For such incidents or suspected incidents discovered by the **Insured** within 60 days prior to expiration of the Policy, such incident shall be reported as soon as practicable, but in no event later than 60 days after the end the **Policy Period**, provided; if this Policy is renewed by Underwriters and covered **Privacy Notification Costs** are incurred because of such incident or suspected incident reported during the 60 day post **Policy Period** reporting period, then any subsequent **Claim** arising out of such incident or suspected incident is deemed to have been made during the **Policy Period**.
3. With respect to Insuring Agreements I.A. and I.C., if during the **Policy Period**, the **Insured** first becomes aware of any circumstance that could reasonably be the basis for a **Claim** it may give written notice to Underwriters in the form of a telecopy, or express or certified mail through persons named in Item 9.A. of the Declarations as soon as practicable during the **Policy Period** of:
 - a. the specific details of the act, error, omission, or **Security Breach** that could reasonably be the basis for a **Claim**;
 - b. the injury or damage which may result or has resulted from the circumstance; and
 - c. the facts by which the **Insured** first became aware of the act, error, omission or **Security Breach**

Any subsequent **Claim** made against the **Insured** arising out of such circumstance which is the subject of the written notice will be deemed to have been made at the time written notice complying with the above requirements was first given to the Underwriters.
4. A **Claim** or legal obligation under section X.A.1 or X.A.2 above shall be considered to be reported to the Underwriters when written notice is first received by Underwriters in the form of a telecopy, or express or certified mail or email through persons named in Item 9.A. of the Declarations of the **Claim** or legal obligation, or of an act, error, or omission, which could reasonably be expected to give rise to a **Claim** if provided in compliance with sub-paragraph X.A.3. above.

(Cyber)



ACE Environmental Risk

**IN THE EVENT OF AN
ENVIRONMENTAL EMERGENCY:**

- 1) *Follow your organization procedures for reporting and responding to an incident***
- 2) *Alert local emergency authorities, as appropriate***
- 3) *Report the incident to ACE Environmental Risk immediately at:***

888-310-9553 or use ACE Alert App

- 4) *Report the incident to Alliant***

Akbar Sharif
Claims Advocate
949-260-5088
415-403-1466 – fax
asharif@alliant.com

Be prepared to give basic information about the location and nature of the incident, as well as steps which have been taken in response to the incident. You will be contacted by a trained representative of ACE to discuss further response steps as soon as possible.

DO follow your organization's detailed response plan
DO contact your management as well as appropriate authorities
DO ensure anyone who could come in contact with a spill or release is kept away

DO NOT ignore a potential spill or leak
DO NOT attempt to respond beyond your level of training or certification



ACE ENVIRONMENTAL RISK FIRST NOTICE OF LOSS FORM

SEND TO: ACE Environmental Risk Claims Manager
BY MAIL: ACE USA Claims, P.O. Box 5103, Scranton, PA 18505-0510
BY FAX: (800) 951-4119
BY EMAIL: CasualtyRiskEnvironmentalFirstNotice@chubb.com
CC Alliant Insurance: asharif@alliant.com and your Alliant Representative

Today's Date: _____

Notice of: (check all that apply)

- Pollution Incident Potential Claim Other _____
 Third-Party Claim Litigation Initiated

Insured's Name & Contact Information

Company Name: _____ Point of Contact: _____

Address: _____

Phone #: _____

Broker/Agent's Name & Contact Information

Company Name: Alliant Insurance Services - Claims Point of Contact: Akbar Sharif

Address: 1301 Dove St. Ste. 200 Newport Beach, CA 92660

Phone #: 1-949-260-5088

Policy Information

Policy Number: _____ Policy Period: _____

Limits of Liability: _____ per _____ agg Self-Insured Retention/Deductible _____

Loss Information

Date of Incident/Claim: _____ Location: _____

Claimant Name/Address: _____

Description of Loss: _____

Please list all attached or enclosed documentation: (check if none provided) _____

Name of Person Completing This Form: _____ Signature: _____

VII. REPORTING AND COOPERATION

A. The “insured” must see to it that the Insurer receives written notice of any “claim” or “pollution condition”, as soon as practicable, at the address identified in Item 7.a. of the Declarations to this Policy. Notice should include reasonably detailed information as to:

1. The identity of the “insured”, including contact information for an appropriate person to contact regarding the handling of the “claim” or “pollution condition”;
2. The identity of the “covered location” or “covered operations”;
3. The nature of the “claim” or “pollution condition”; and
4. Any steps undertaken by the “insured” to respond to the “claim” or “pollution condition”. In the event of a “pollution condition”, the “insured” **must also take all reasonable measures to provide immediate verbal notice to the Insurer.**

B. The “insured” must:

1. As soon as practicable, send the Insurer copies of any demands, notices, summonses or legal papers received in connection with any “claim”;
2. Authorize the Insurer to obtain records and other information;
3. Cooperate with the Insurer in the investigation, settlement or defense of the “claim”;
4. Assist the Insurer, upon the Insurer’s request, in the enforcement of any right against any person or organization which may be liable to the “insured” because of “bodily injury”, “property damage”, “remediation costs” or “legal defense expense” to which this Policy may apply; and
5. Provide the Insurer with such information and cooperation as it may reasonably require.

C. No “insured” shall make or authorize an admission of liability or attempt to settle or otherwise dispose of any “claim” without the written consent of the Insurer. **Nor shall any “insured” retain any consultants or incur any “remediation costs” without the prior express written consent of the Insurer, except in the event of an “emergency response”.** (Emergency Response coverage is limited to the first 7 days)

D. Upon the discovery of a “pollution condition”, the “insured” shall make every attempt to mitigate any loss and comply with applicable “environmental law”. The Insurer shall have the right, but not the duty, to mitigate such “pollution conditions” if, in the sole judgment of the Insurer, the “insured” fails to take reasonable steps to do so. In that event, any “remediation costs” incurred by the Insurer shall be deemed incurred by the “insured”, and shall be subject to the “self-insured retention” and Limits of Liability identified in the Declarations to this Policy.



APIP Pollution: Claim Reporting Fact Sheet

This page outlines the steps that should be taken BY YOUR ORGANIZATION, at the time of an environmental incident, to assure that the Pollution coverage offered with ACE through APIP is not jeopardized. We ask that you review this document and provide copies to all appropriate colleagues in advance of a possible incident.

Coverage under Pollution policies is dependent on specific compliance with claims and loss reporting; *especially* in the case of “Emergency Response” expenses that you may incur to address a pollution loss. For these “Emergency Response” expenses there is a strict seven (7) day window, following discovery of a “Pollution Condition” by the “Insured”, after which reasonable expenses will not be reimbursed unless the carrier has given prior consent. It is **extremely important** pollution exposures be reported **immediately**; and clearly no later than seven (7) days.

Although we ask that you fully review your policy and all its’ Terms and Conditions, we have highlighted some key sections of the ACE policy which address the **Emergency Response** issue and the reporting provisions:

III. DEFENSE AND SETTLEMENT C. The “insured” shall have the right and duty to retain a qualified environmental consultant to perform any investigation and/or remediation of any “pollution condition” covered pursuant to this Policy. The “insured” must receive the written consent of the Insurer prior to the selection and retention of such consultant, except in the event of an “emergency response”. Any costs incurred prior to such consent shall not be covered pursuant to this Policy, or credited against the “self-insured retention”, except in the event of an “emergency response”.

V. DEFINITIONS

F. “Emergency response” means actions taken and reasonable “remediation costs” 7 days following the discovery of a “pollution condition” by an “insured” in order to abate or respond to an imminent and substantial threat to human health or the environment arising out of such “pollution condition”.

T. “Pollution condition” means: **2.** The discharge, dispersal, release, escape, migration, or seepage of any solid, liquid, gaseous or thermal irritant, contaminant, or pollutant, including smoke, soot, vapors, fumes, acids, alkalis, chemicals, hazardous substances, hazardous materials, or waste materials, on, in, into, or upon land and structures thereupon, the atmosphere, surface water, or groundwater.

V. “Remediation costs” means reasonable expenses incurred to investigate, quantify, monitor, mitigate, abate, remove, dispose, treat, neutralize, or immobilize “pollution conditions” to the extent required by “environmental law”.

VII. REPORTING AND COOPERATION

A. The “insured” must see to it that the Insurer receives written notice of any “claim” or “pollution condition”, as soon as practicable, at the address identified in Item **7.a.** of the Declarations to this Policy. Notice should include reasonably detailed information as to: **1.** The identity of the “insured”, including contact information for an appropriate person to contact regarding the handling of the “claim” or “pollution condition”;

B. The “insured” must: **1.** As soon as practicable, send the Insurer copies of any demands, notices, summonses or legal papers received in connection with any “claim”;

C. No “insured” shall make or authorize an admission of liability or attempt to settle or otherwise dispose of any “claim” without the written consent of the Insurer. Nor shall any “insured” retain any consultants or incur any “remediation costs” without the prior express written consent of the Insurer, except in the event of an “emergency response”. (Emergency Response coverage is limited to the first 7 days)

D. Upon the discovery of a “pollution condition”, the “insured” shall make every attempt to mitigate any loss and comply with applicable “environmental law”. The Insurer shall have the right, but not the duty, to mitigate such “pollution conditions” if, in the sole judgment of the Insurer, the “insured” fails to take reasonable steps to do so. In that event, any “remediation costs” incurred by the Insurer shall be deemed incurred by the “insured”, and shall be subject to the “self-insured retention” and Limits of Liability identified in the Declarations to this Policy.

The bottom line is if there is a Pollution event, please contact us **immediately** so that we can report the Incident and properly protect coverage for these unexpected events; please refer to the Claims Reporting form for proper contact information.



Agenda Item G.5

CRIME POLICY RENEWAL

ACTION ITEM

ISSUE: The Board of Directors should review and approve the renewal of the Crime insurance for SBASIA for the period July 1, 2017 to July 1, 2019.

RECOMMENDATION: The Executive Committee will make a recommendation to the Board.

FISCAL IMPACT: \$32,750 annual premium for the period of July 1, 2017 to July 1, 2018. A second installment of \$32,750 will be invoiced for the period of July 1, 2018 to July 1, 2019.

BACKGROUND: The Crime policy will be expiring on July 1, 2017. The Crime policy will now have a two year policy term. The Alliant Crime Insurance Program (ACIP) with National Union Fire Insurance Company of Pittsburgh, PA as the insurance carrier has quoted the expiring limit of \$3,000,000 per occurrence and \$5,000 deductible.

The Crime policy provides coverage for Employee Theft-Per Loss, Forgery or Alteration, Inside the Premises-Theft of Money & Securities, Inside the Premises-Robbery or Safe Burglary of Other Property, Outside the Premises, Computer Fraud, Funds Transfer Fraud and Money Orders & Counterfeit Money

ATTACHMENTS: None



Agenda Item G.6

REVIEW AND ADOPTION OF PROPERTY MEMORANDUM OF COVERAGE

ACTION ITEM

ISSUE: The Board of Directors should review the proposed Memorandum of Coverage and adopt the Memorandum for the coverage period of July 1, 2017 to July 1, 2018.

RECOMMENDATION: The Program Administrator recommends adoption of the Memorandum of Coverage.

FISCAL IMPACT: The adoption of the Memorandum better defines the coverage for which the cost is unknown until the claims incurred are closed at some time in the future. However, we have an estimate of the costs of property claims covered under this Memorandum from the actuarial study. The amount is \$328,000 at a 70% confidence level. This is reflected in the proposed budget.

BACKGROUND: The Memorandum of Coverage clarifies the losses to be covered by SBASIA and establishes certain procedures. The attached property memorandum incorporates the excess insurance policies' terms and conditions provided by APIP for the period July 1, 2017 to July 1, 2018. The memorandum also defines the exceptions to those terms and conditions. These exceptions are the limits of liability, sub-limits of liability, deductible and Auto Physical Damage coverage.

A declarations page will be provided to each member describing the term of coverage, the limits provided, etc. These will be distributed to the members, along with the corresponding Memorandum of Coverage, once adopted by the Board.

ATTACHMENTS: Property Declarations Page
Property Memorandum of Coverage

SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY

PROPERTY

UNDERLYING MEMORANDUM OF COVERAGE

DECLARATIONS

MEMORANDUM NO. SBASIAPR 001-17

1. **Member District:** Berryessa Union School District
1376 Piedmont Road
San Jose, CA 95132

2. **Coverage Period:** July 1, 2017 through June 30, 2018

3. **Member District Deductible:**
 - a. Property or Auto Physical Damage \$ 10,000 **Each Occurrence**
 - b. Crime \$ 1,000 **Each Occurrence**

4. **Limits of Liability:**
 - a. Property \$ 500,000 **Each Occurrence**
 - b. Auto Physical Damage \$ 500,000 **Each Occurrence**
 - c. Crime \$ 5,000 **Each Occurrence**

5. **Sub-limits of Liability:**
 - a. Claim Preparation Expenses \$ 20,000 **Each Occurrence**

FORMS AND ENDORSEMENTS: **Form PROP-1**
FORMING PART OF THE POLICY
AT INCEPTION

President, James Crawford

Date

It is agreed that these Declarations and the Memorandum of Coverage together with any endorsements that may be added thereto constitutes the entire coverage agreement.

**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
PROPERTY
UNDERLYING MEMORANDUM OF COVERAGE
FORM NO. PROP-1**

1. INSURING AGREEMENT

In consideration of the payment of the required contribution and subject to all the terms of this Memorandum of Coverage, SBASIA agrees to pay the Member District for **Loss** covered by the terms, except limits of liability and deductibles, of the **Alliant Property Insurance Program (APIP) Policy No. 17-18** and the **National Union Fire Insurance Company of Pittsburgh, PA Crime Policy No. 01-330-98-06**, as those Policies apply to SBASIA, during the Coverage Period as stated on the Declarations.

2. MEMBER DISTRICT DEDUCTIBLE

The Member District Deductible stated under Item 3 of the Declarations page applies to each **Loss** covered by the terms and conditions, except limits of liability and deductibles, incorporated from the **Alliant Property Insurance Program (APIP) Policy No. 17-18** and the **National Union Fire Insurance Company of Pittsburgh, PA Crime Policy No. 01-330-98-06**.

3. LIMITS OF LIABILITY

The Limits of Liability stated under Item 4 of the Declarations applies to each **Loss** covered by the terms and conditions, except limits of liability and deductibles, incorporated from the **Alliant Property Insurance Program (APIP) Policy No. 17-18**, except those Sub-Limits of Liability stated under Item 5, and the **National Union Fire Insurance Company of Pittsburgh, PA Crime Policy No. 01-330-98-06**.

4. COVERAGE PERIOD

The Coverage Period of this Memorandum is as stated under Item 2 of the Declarations.

5. AUTO PHYSICAL DAMAGE

- A. The terms and conditions of the APIP policy are amended to include **Auto Physical Damage Coverage**.
- B. As respects **Auto Physical Damage Coverage**, the most SBASIA will pay for **Loss** is the lesser of the actual cash value of the damaged **auto** or the cost of repairing or replacing the damaged **auto** with other property of like kind and quality.

- C. As respects **Auto Physical Damage Coverage**, the following are excluded:
- (1) Towing
 - (2) Diminution in Value
 - (3) Wear and tear, freezing, mechanical or electrical breakdown
 - (4) Blowouts, punctures or other road damage to tires
 - (5) Tapes, records, discs or other similar audio, visual or data electronic devices designed for use with audio, visual or data electronic equipment

6. DEFINITIONS

The conditions of this Memorandum of Coverage shall be applied as if the definition of words listed below had been included with the word or words each time they appear in this Memorandum of Coverage.

LOSS – means direct physical loss or damage to covered property and loss resulting from interruption of business, services or rental value caused by direct physical loss or damage to covered property as defined in the **Alliant Property Insurance Program (APIP) Policy**. As respects **Auto Physical Damage Coverage**, **Loss** means direct and accidental physical loss or damage to an **auto**. As respects **Crime**, **Loss** means loss or damage to money, securities and **other property** which results directly from theft by an employee, forgery or alteration of checks, theft, disappearance or destruction inside the premises or outside the premises in the care of a messenger, robbery or safe burglary inside the premises; loss directly related to the use of any computer to fraudulently cause a transfer; fraudulent instruction to a financial institution; money orders and counterfeit money.

AUTO – means a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment or any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged.

AUTO PHYSICAL DAMAGE COVERAGE – covers **Loss** of an owned or hired **auto** under **Collision** and **Comprehensive Coverage**.

COLLISION COVERAGE – covers **Loss** caused by an **auto's** collision with another object or **auto's** overturn.

COMPREHENSIVE COVERAGE – covers **Loss** from any cause except **Collision**.

OTHER PROPERTY – as respects **Crime**, means any tangible property other than money or securities that has intrinsic value but does not include any property excluded under the **National Union Fire Insurance Company of Pittsburgh, PA Crime Policy No. 01-330-98-06**.

MEMBER DISTRICT OR MEMBER ENTITY – means a signatory to the Joint Powers Agreement forming the South Bay Area Schools Insurance Authority. This meaning shall apply to the term Member District or Member Entity notwithstanding any other definition to the contrary in, or any document incorporated into, this Memorandum.

7. OTHER INSURANCE

The coverage afforded by this Memorandum of Coverage shall be excess over any other valid and collectible insurance or coverage available to the Member District and applicable to any part of the loss, whether such other insurance or coverage is stated to be primary, excess, contingent or otherwise, unless such other insurance or coverage specifically applies as excess insurance or coverage over the limits provided in this Memorandum of Coverage.

8. NOTICE OF LOSS

Upon the happening of any **Loss** likely to involve SBASIA under this Memorandum of Coverage, the Member District shall give notice, either written or oral, as soon as practicable to the Claims Adjustor of SBASIA. Such notice shall contain particulars sufficient to identify the Member District and fullest information obtainable at the time.

9. PAYMENT OF LOSS

Upon final determination of **Loss**, SBASIA will promptly pay the Member District the amount of **Loss** falling within the terms of this Memorandum of Coverage.

10. SUBROGATION

In the event of any payment under this Memorandum of Coverage, SBASIA will be subrogated to all the Member District's rights of recovery against any person or organization and SBASIA shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights.

The amount recovered as subrogation shall be apportioned in the inverse order of payment of the **Loss** to the extent of the actual payment. The expenses of all such recovery proceedings shall be apportioned in the ratio of the respective recoveries.

11. CANCELLATION

This Memorandum of Coverage may be canceled in accordance with the terms of the JPA Agreement and Bylaws of SBASIA.

To be valid, this Memorandum must be signed by SBASIA's President or Vice President.

President, James Crawford

Date



Agenda Item G.7

CLAIMS SERVICE CONTRACT WITH CARL WARREN & COMPANY

ACTION ITEM

ISSUE: The Board of Directors should review and, if appropriate, approve the five year claims service contract with Carl Warren & Company.

RECOMMENDATION: The Executive Committee will make a recommendation to the Board of Directors.

FISCAL IMPACT: The annual fee for the first two years is \$75,000 per year for up to 65 claims a year and for the last three years is \$78,000 per year for up to 65 claims a year. If there are more than 65 claims per year, there will be a flat fee of \$1,155 per claim for the first two years and a flat fee of \$1,200 per claim for the last three years.

BACKGROUND: Carl Warren & Company is the current claims administrator. Their contract expires on June 30, 2017.

ATTACHMENTS: Carl Warren & Company Contract for July 1, 2017 – June 30, 2022



CARL WARREN & COMPANY

THIRD PARTY CLAIMS ADMINISTRATION CONTRACT

THIS AGREEMENT, entered into effective July 1, 2017 by and between SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY hereinafter called "PRINCIPAL," and CARL WARREN & COMPANY, hereinafter called "CONTRACTOR," is for certain services as outlined in connection with the duties and responsibilities of administering a program of self-insurance.

WITNESSETH

WHEREAS, PRINCIPAL has undertaken to self-insure and is in need of a qualified third party to whom to delegate the responsibilities and duties of administering said partially self-insured commercial general liability insurance program (the "Self Insurance program"), and

WHEREAS, CONTRACTOR is engaged in the supervision and administration of programs for commercial general liability self-insurance,

NOW, THEREFORE, PRINCIPAL and CONTRACTOR mutually understand and agree as follows:

1. GENERAL

CONTRACTOR shall: (a) supervise and administer the Self-Insurance program for PRINCIPAL; (b) represent the PRINCIPAL in all matters related to the investigation, adjustment, processing, supervision and resolution of liability claims for money damages asserted by third parties against the PRINCIPAL (and other participants in the program as specified); and (c) provide to PRINCIPAL during the Term (as defined below) all the services more particularly set forth hereinafter.

2. INVESTIGATIVE SERVICES

CONTRACTOR shall provide complete investigative and analytical services including, but not limited to: (a) receipt and examination of all reports of accidents, incidents, claims or cases which are or may be the subject of such claims reported by PRINCIPAL to CONTRACTOR; and (b) the investigation of such accidents, incidents, claims or cases where examination warrants such investigation or when requested by PRINCIPAL, such investigation to include on-site investigation, photographs, interviewing of witnesses, determination of losses and other such investigative services necessary to determine liability and loss.

3. SETTLEMENT AUTHORITY

CONTRACTOR will promptly notify PRINCIPAL in writing of any claim which, excluding administration, adjusting, defense, all amounts payable to CONTRACTOR hereunder, and other costs and expenses, is reasonably expected in CONTRACTOR'S opinion to result in total settlement payments in excess of the settlement authority limit that is agreed upon by PRINCIPAL and CONTRACTOR (the "Authority Limit"). Such Authority Limit shall be set forth in an addendum



to this Agreement, substantially in the form attached hereto as Exhibit A, and which is referred to herein as the "Payment Guidelines". Such Payment Guidelines will be binding on the parties, and incorporated into this Agreement, when executed by both parties. From time to time during the Term, the Payment Guidelines may be adjusted by mutual agreement of the parties, with each revised Payment Guidelines superseding any previously adopted Payment Guidelines and becoming binding on the parties, and incorporated into this Agreement, when executed by both parties.

4. CLAIMS ADJUSTMENT SERVICES

CONTRACTOR shall provide complete claims adjustment services on each accident or incident that may be the subject of a claim against the PRINCIPAL which is reported to CONTRACTOR by the PRINCIPAL. Such services shall include, but not be limited to (a) the maintenance of a claim file on each potential or actual claim reported to CONTRACTOR; (b) whenever its investigation results in a determination that PRINCIPAL has sustained a liability to a third party, CONTRACTOR shall process any such claim or potential claim for settlement in accordance with the PRINCIPAL'S instructions for settlement of such claims, as set forth in the Payment Guidelines; and (c) obtaining all release agreements or proofs of loss on settlement of any claim or potential claim. If subrogation is pursued, the rates in Section 9 will apply unless a separate contingency fee agreement is agreed to by PRINCIPAL and CONTRACTOR.

5. ADMINISTRATIVE SERVICES

CONTRACTOR shall provide the following administrative services: (a) assignment of a Principal Account Adjuster to the PRINCIPAL; (b) providing PRINCIPAL with electronic access to all reported claims during the term of this Agreement, indicating the status of each reported open claim assigned to CONTRACTOR, the details of each such claim, the outstanding reserves for each claim and details of all claim payments; and (c) periodic review and adjusting of reserves on all open claims. Account specific reports and attendance at meetings (including round trip travel) shall be provided by CONTRACTOR at the rates provided in Section 9 under ancillary services.

6. LEGAL SUPPORT SERVICES

CONTRACTOR shall provide the following legal support services on each claim wherein the claimant has commenced litigation: (a) Upon notification by PRINCIPAL that litigation has been filed on an open claim, CONTRACTOR shall notify PRINCIPAL and, in accordance with PRINCIPAL'S instructions, the PRINCIPAL'S excess insurance carrier and/or excess reporting authority, pool or group (the "excess entity") and/or trial attorney assigned by PRINCIPAL to handle the case and provide such excess entity and/or trial attorney with all information and files concerning claim; (b) maintain liaison with PRINCIPAL'S excess entity and/or trial attorney and provide such investigation services as are required by such attorney during pre-trial and trial stages; and (c) assist PRINCIPAL'S excess entity and/or trial attorney with discovery and other legal processes.

7. SUBROGATION SERVICES

If the Fee Schedule in Section 9 shows that CONTRACTOR will be providing subrogation services, CONTRACTOR shall: Supervise and administer the subrogation program for PRINCIPAL, represent PRINCIPAL in all matters related to the investigation, collecting processing, supervision



and resolution of subrogation claims, against third parties, for damage to PRINCIPAL'S property. This Agreement does not include recovery of damages or cost relating to Workers Compensation Claims, presented by PRINCIPAL'S employees.

CONTRACTOR shall provide complete collection services to PRINCIPAL, including receipt and examination of all reports of accident, incidents, claims or cases which are or may be the subject of a subrogation claim. The investigation of such accidents, incidents, claims or cases will include determining responsibility, establishing damage amount, pursuing collection, negotiating settlements and processing of monetary recovery.

8. TERM OF AGREEMENT

The term of the Agreement (the "Term") shall commence on **July 1, 2017** and continue until **June 30, 2022**, unless terminated earlier as provided in Section 13 herein.

9. PRICING

PRINCIPAL agrees to pay the following claim handling and service fees for CONTRACTOR'S services:

Liability & Property Claims Administration Services

SERVICE	Year 1&2	Year 3-5
Liability Adjusting Services	\$75,000/yr	\$78,000/yr
Property Adjusting Services	Up to 65 claims/yr	Up to 65 claims/yr
Claims over 65 (Flat fee per claim)	\$1,155/claim	\$1,200/claim
Data Processing	Included	
Index - Per Submission (ISO Claims Search and OFAC)	\$18	\$20
MMSEA (liability claims)	\$4.85	\$5
Adjuster Mileage	IRS Rate	
Photographs	Included	
Office Expenses	Included	
Telephone/Fax	Included	
Set up fee	Included	
Photocopies/per page	Included	
ANCILLARY SERVICES	FEES	
Subrogation (when utilized)	21% of recovery	
Miscellaneous/Allocated (i.e. police reports, medical records)	At Cost	
Surveillance/Fraud Unit		
Outside Investigations		



ADMINISTRATION FEE	FEES
Annual Administration fee includes: <ul style="list-style-type: none"> ➤ Data Management ➤ Account Management ➤ Quarterly Claim Review ➤ Annual Stewardship Reportt 	Included
RISK MANAGEMENT INFORMATION SYSTEM	FEES
<ul style="list-style-type: none"> ➤ RMIS Training ➤ Ongoing access (up to 3 users) ➤ Data Extract to Carriers ➤ Standard Monthly Loss Run 	Included
<ul style="list-style-type: none"> ➤ Additional Users 	\$250 each
BANKING/TRUST ACCOUNT	FEES
<ul style="list-style-type: none"> ➤ Check Issuance 	Included
<ul style="list-style-type: none"> ➤ 1099 Reporting, including IRS File 	Included

CONTRACTOR has the right to revise this fee schedule at no more frequently than one (1) year intervals. CONTRACTOR will provide a minimum of thirty (30) days prior notice of any such revision to the fee schedule to PRINCIPAL, which notice shall state the effective date of the revised fee schedule. Unless PRINCIPAL exercises its right to terminate this Agreement pursuant to Section 13(a) prior to the effective date of the revised fee schedule, such revised fee schedule shall govern for the remainder of the Term (or until further adjusted pursuant to this Section 9). If PRINCIPAL does exercise its right to terminate this Agreement pursuant to Section 9 during the period between receipt of any such revised fee schedule and the effective date of such revised fee schedule, the existing fee schedule (and not the revised schedule) shall govern for the remainder of the Term.

The above fee schedule for the services does not include “Allocated Expenses”, defined to mean customary and usual costs and expenses incurred and/or paid by CONTRACTOR on PRINCIPAL’S behalf in connection with the investigation, adjustment, settlement or defense of a claim. Such costs and expenses include, but are not limited to, professional photography, police reports, independent medical examinations, professional engineering services, laboratory services, bulk copy jobs, private investigators, legal costs and fees and work performed by accountants. CONTRACTOR shall charge PRINCIPAL for non-staff investigators or adjusters when, in the opinion of CONTRACTOR, such assistance is necessary and reasonably related to the monetary exposure. Allocated Expenses do not include the fees payable to CONTRACTOR pursuant to the fee schedule in this Section 9, nor the salaries, wages or benefits paid to CONTRACTOR’S employees or office and other overhead expenses associated with the performance of the services hereunder by CONTRACTOR. PRINCIPAL agrees to pay for the cost of all reasonable and supportable Allocated Expenses incurred in connection with the services under this Agreement.

Charges for non-file-related professional services performed at the specific request of PRINCIPAL will be billed on an as quoted basis.



10. DATA PROCESSING

- a. The following standard services are included in this services provided pursuant to this Agreement - claims data electronically for up to three recipients and access to mycarlwarren.com for up to three users. For security purposes, access to mycarlwarren and any subscriptions will automatically terminate at the end of twelve (12) months. PRINCIPAL shall be responsible for notifying CONTRACTOR to renew user subscriptions and access or to substitute users.
- b. Additional users or recipients shall be charged on a per person basis at an annual fee of \$250.
- c. Special reports, new reports and data feeds can also be requested. They are subject to a cost per quote at a rate per project or per hour once the scope has been agreed upon. CONTRACTOR does not possess any interest, title, lien or right to any client data or records. Therefore, upon termination of the contract, CONTRACTOR is relieved of all obligations to provide data processing services to PRINCIPAL and will deliver to PRINCIPAL all data and records in a readily available excel or PDF format. If a different format is desired by PRINCIPAL, CONTRACTOR will provide it to PRINCIPAL at an agreed upon and reasonable cost and timeline.

11. PRINCIPAL'S RESPONSIBILITIES

PRINCIPAL shall provide CONTRACTOR with copies of all relevant documents upon request and without charge and shall make available any PRINCIPAL employee for interviews by CONTRACTOR at reasonable times concerning any investigation of a claim or incident pursuant to this Agreement.

CONTRACTOR shall bill PRINCIPAL and furnish PRINCIPAL with invoices for services rendered in accordance with the fee schedule set forth in the Agreement. Each invoice will include the claim or other matters for which a fee is being charged and the amount of the associated fee for that claim or matter. All sums due hereunder shall be paid by delivery of PRINCIPAL'S check, or wire transfer to CONTRACTOR'S offices located at the address set forth herein, within thirty (30) days following the invoice date. If any amount invoiced is in dispute, PRINCIPAL shall pay the undisputed amount and notify CONTRACTOR within thirty (30) days after the invoice date of the disputed portion; failure by PRINCIPAL to deliver written notice to CONTRACTOR of dispute with regard to any portion of an invoice within such time frame shall be deemed acceptance of the entire invoice by PRINCIPAL. Fees not paid in full within thirty (30) days of the invoice date (excluding any good faith disputed amount for which PRINCIPAL has delivered a written notice of dispute in accordance with this Section 11), at CONTRACTOR'S option, will be subject to per annum interest at the lower of (i) 18% or (ii) the maximum interest rate permitted by applicable law, calculated from the due date to the date payment is received by CONTRACTOR. For invoices not paid in full within thirty (30) days of the invoice date, CONTRACTOR will notify PRINCIPAL of such failure to pay and if PRINCIPAL does not cure such failure in full (excluding any good faith disputed amount for which PRINCIPAL has delivered a written notice of dispute in accordance with this Section 11) within ten (10) business days after the date of such notice (the "cure period"), CONTRACTOR may, without waiving any other rights or remedies to which it may be entitled, as of the first business day following the cure period, immediately limit access to data,



suspend and/or terminate this Agreement, and/or seek collection of all amounts due, including by sending outstanding invoices to a collection agency. PRINCIPAL will reimburse any costs and expenses (including, but not limited to, the fees of a collection service and reasonable attorneys' fees) incurred by CONTRACTOR to collect any amount that is not paid when due.

12. CONFLICT OF INTEREST

In the event a claim or incident is reported to CONTRACTOR by PRINCIPAL and it is determined that the actual or potential claimants therein are also clients of CONTRACTOR, then CONTRACTOR shall immediately notify PRINCIPAL of such potential conflict of interest so PRINCIPAL may have the option to choose an independent investigator and adjuster.

13. CANCELLATION OF AGREEMENT

- a. Voluntary Termination. This Agreement may be terminated at any time by either party, without cause, by giving the other party not less than sixty (60) days prior written notice of such termination.
- b. Termination for Cause. This Agreement shall terminate at the election of PRINCIPAL or CONTRACTOR if the other party breaches any material provision of this Agreement and fails to cure such breach within ten (10) business days after written notice thereof is given to the party, or in the event the breach is not capable of being cured within such ten (10) business day period, the breaching party has not commenced good faith efforts to cure such default within ten (10) business days and continued thereafter in good faith to diligently pursue the completion of such cure. Failure of PRINCIPAL to comply with Section 11 PRINCIPAL'S RESPONSIBILITIES shall qualify as cause under this Section.
- c. Termination by CONTRACTOR. CONTRACTOR may terminate this Agreement pursuant to Section 17(f).

14. DISPOSITION OF FILES ON TERMINATION OF AGREEMENT

- a. All files on each claim shall be property of the PRINCIPAL.
- b. In the event of expiration of the Agreement, non-renewal thereof, or cancellation, CONTRACTOR shall bill the PRINCIPAL, subject to the rates quoted in Section 9 herein above, for work completed by CONTRACTOR on each claim. Upon receipt of payment of outstanding invoices (including those in Section 14(c) below), CONTRACTOR shall promptly forward all completed and pending claim files to the PRINCIPAL unless PRINCIPAL requests CONTRACTOR to continue to process any files on a time and expense basis as provided for in the CONTRACTOR'S Rate Manual at the time such services are rendered.
- c. PRINCIPAL agrees to pay CONTRACTOR for the internal and/or external cost of retaining, storing, retrieving, logging, packing and shipping files which are stored on or off premises by CONTRACTOR.



15. HOLD HARMLESS

- a. PRINCIPAL'S Indemnification Obligation. PRINCIPAL agrees it will indemnify, defend and hold harmless CONTRACTOR and its affiliates, and their respective officers, directors, employees, agents, attorneys, shareholders, and their successors and assigns (collectively "CONTRACTOR Indemnity"), from and against any loss, claim, damage, cost or expense, including but not limited to reasonable attorney's fees and costs, that such CONTRACTOR Indemnity may incur arising out of, in connection with, or in any way related to the performance of CONTRACTOR'S duties and obligations under this Agreement except claims solely resulting from or arising out of:
- (i) acts of CONTRACTOR performed in bad faith or failures to act occurring as a result of CONTRACTOR'S negligence resulting in a breach of CONTRACTOR'S duties and obligations under this Agreement; or
 - (ii) acts of CONTRACTOR which exceed the authority granted to it by PRINCIPAL under this Agreement; or
 - (iii) acts or failures to act of CONTRACTOR which are not in compliance with lawful written instructions issued by PRINCIPAL to CONTRACTOR provided such instructions are consistent with the scope, objectives and terms of this Agreement.
- b. CONTRACTOR'S INDEMNIFICATION OBLIGATION. CONTRACTOR agrees it will indemnify, defend and hold harmless PRINCIPAL and its respective affiliates, and their respective officers, directors, employees, agents, attorneys, shareholders, and their successors and assigns (collectively "PRINCIPAL Indemnity"), from and against any loss, claim, damage, cost or expense, including but not limited to reasonable attorney's fees and costs, that such PRINCIPAL Indemnity may incur solely resulting from or arising out of:
- (i) acts of CONTRACTOR performed in bad faith or failures to act occurring as a result of CONTRACTOR'S negligence resulting in a breach of CONTRACTOR'S duties and obligations under this Agreement; or
 - (ii) acts of CONTRACTOR which exceed the authority granted to it by PRINCIPAL under this Agreement; or
 - (iii) acts or failures to act of CONTRACTOR which are not in compliance with lawful written instructions issued by PRINCIPAL to CONTRACTOR provided such instructions are consistent with the scope, objectives and terms of this Agreement.
- c. Limitations on CONTRACTOR's Indemnity Obligations. CONTRACTOR'S indemnification obligations set forth in this Agreement shall apply only to the extent such obligations solely relate to or solely arise in connection with claims serviced by CONTRACTOR during the Term and under the scope of this Agreement.
- d. Survival of Obligations. The obligations of the parties set forth in this Section 15 shall survive termination of this Agreement.



16. AUDITS

The CONTRACTOR'S files shall be made available for audits at any time upon reasonable notice. Reasonable notice shall be defined as thirty (30) days or as otherwise agreed by the parties. If special retrieval or shipment of the requested files is necessary, PRINCIPAL shall reimburse CONTRACTOR at cost. The CONTRACTOR reserves the right to reject an auditor proposed by PRINCIPAL if the proposed auditor may gain an unfair competitive advantage over CONTRACTOR by conducting such an audit.

17. MISCELLANEOUS

- a. Governing Law. This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of California.
- b. Amendments, etc. Neither this Agreement nor any of the terms hereof may be amended, changed, waived, discharged or terminated except by an instrument in writing signed by both of the parties hereto.
- c. No Waiver. No delay on the part of any party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any waiver on the part of any party hereto of any such right, power or privilege, or any single or partial exercise of any such right, power or privilege, preclude any further exercise thereof or the exercise of any other right, power or privilege.
- d. Severability. If any part of this Agreement is contrary to, prohibited by or deemed invalid under, any applicable law of any jurisdiction, then such provision shall, as to such jurisdiction, be inapplicable and deemed omitted to the extent so contrary, prohibited or invalid, without invalidating the remainder hereof or affecting the validity or enforceability of such provision in any other jurisdiction.
- e. Independent Contractor. At all times during the term of this Agreement, CONTRACTOR shall be deemed to be an independent contractor to PRINCIPAL acting in the capacity as PRINCIPAL'S agent subject to the limited authority granted herein. Nothing contained in this Agreement shall be deemed to create the relationship of employer and employee, partners, or joint ventures between PRINCIPAL and CONTRACTOR. CONTRACTOR shall not act as an insurer, nor shall it be ultimately financially responsible for payment or satisfaction of Claims or causes of action against PRINCIPAL.
- f. Current Law & Regulation. This Agreement is entered into with the understanding that existing Federal, State or other jurisdictional regulations will remain in effect for the duration of this Agreement. PRINCIPAL agrees that should administrative or other costs of service provided hereunder be substantially increased as a result of modifications in existing law, enactment of new legislation, or promulgation of new administrative guidelines, CONTRACTOR service fees may be renegotiated during the Agreement term. If revised fee agreements cannot be reached, CONTRACTOR may terminate this Agreement, at its option, after thirty (30) days written notice to PRINCIPAL.



g. Counterparts. This Agreement may be executed simultaneously in two counterparts, each of which when so executed and delivered shall be deemed an original, but both of which together shall constitute one and the same instrument, and all signatures need not appear on any one counterpart. A facsimile, telecopy or other reproduction of this Agreement may be executed by any party and delivered by such party by facsimile or other electronic transmission (including e-mail), and such execution and delivery shall be considered valid, binding and effective for all purposes.

18. INSURANCE

CONTRACTOR 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 Employers 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

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by their duly authorized representatives as of the day and year first written above.

(CONTRACTOR)

(PRINCIPAL)

CARL WARREN & COMPANY

BY: _____

BY: _____

TITLE: _____

TITLE: _____

DATE: _____

DATE: _____

ANY ALTERATIONS TO THIS CONTRACT WILL RENDER THE CONTRACT NULL AND VOID. THE PRICING QUOTED IN THIS CONTRACT WILL REMAIN EFFECTIVE FOR THIRTY (30) DAYS FROM THE INCEPTION DATE LISTED ON THIS CONTRACT AFTER WHICH TIME THE CONTRACT WILL BE RECINDED.



Agenda Item G.8

REVENUE AND EXPENSE BUDGET FOR JULY 1, 2017-2018

ACTION ITEM

ISSUE: The Board of Directors should adopt a Budget as well as review and approve the member contributions based on the allocation of anticipated expenses for the fiscal year July 1, 2017-June 30, 2018.

RECOMMENDATION: The Executive Committee will make a recommendation to the Board of Directors.

FISCAL IMPACT: To be determined. The final effect on SBASIA's financial condition is unknown due primarily to the unforeseen actual costs of claims assumed during the 17-18 fiscal year. However, funding of these claims at a 70 percent confidence level is conservative and in accord with general joint powers authority sound funding practices. Using the 70% confidence level, the anticipated loss funding is \$950,000. Last year the anticipated loss funding was \$925,000 with a 70% confidence level.

The administrative expenses are projected to be \$468,912.

BACKGROUND: Government Code Section 6508 requires the governing board of a joint powers authority to adopt an annual budget prior to the inception of the fiscal year.

ATTACHMENTS: None



Agenda Item H.1

SBASIA ELECTION OF OFFICERS AND EXECUTIVE COMMITTEE

ACTION ITEM

ISSUE: The Board of Directors should review the slate of Officers and Executive Committee Member at Large presented by the Executive Committee and take nominations from the floor. The Board should elect officers and the Executive Committee Member at Large.

RECOMMENDATION: The Executive Committee presents the following slate of officers for consideration by the Board:

President: Mr. James Crawford, Campbell Union School District
Vice President: Mr. Mark Allgire, Santa Clara Unified School District
Treasurer: Mr. Mike Mathiesen, Mountain View-Los Altos Union High School District
Secretary: Ms. Barbara Coats, Santa Clara County Office of Education
Member at Large: Ms. Nelly Yang, Evergreen School District

FISCAL IMPACT: None

BACKGROUND:

Under the Bylaws – Article III - Officers reads as follows:

A. The officers of the Authority shall be elected at a regular meeting of the Board of Directors immediately preceding July 1st of each year. The Executive Committee may offer a slate of officers for the Board to adopt, but only after accepting and considering the nominations from the floor for each office.

Under the Bylaws – Article IV – Executive Committee reads as follows:

A. An Executive Committee shall consist of the President, Vice President, Treasurer/Fiscal Agent, Secretary, and one Member at Large elected by and from the Board of Directors at the time of the election of officers.

ATTACHMENTS: None



South Bay Area Schools Insurance Authority
Board of Directors
June 15, 2017

Agenda Item H.2

INVESTMENT AUTHORITY

ACTION ITEM

ISSUE: The Board of Directors should renew the delegation of the authority to invest or reinvest funds of SBASIA to the Treasurer for the period July 1, 2017 to June 30, 2018.

RECOMMENDATION: The Executive Committee will make a recommendation to the Board regarding the delegation of authority to invest funds to the Treasurer.

FISCAL IMPACT: None.

BACKGROUND: Government Code 53607 provides for the delegation of the authority of the legislative body of a local agency to invest funds to the Treasurer. However, such delegation cannot exist beyond one year so the Board will need to authorize the newly elected/appointed treasurer to invest the funds of SBASIA.

ATTACHMENTS: None



Agenda Item H.3

REVIEW OF INVESTMENT POLICY

ACTION ITEM

ISSUE: The Board of Directors should review the Investment Policy and make any changes, if necessary.

RECOMMENDATION: The Program Administrator recommends the Investment Policy as presented.

FISCAL IMPACT: None.

BACKGROUND: The JPA adopted an investment policy in 2003. Government Code 53646 requires annual review of the investment policy by the governing body of a local agency. There are no recommended changes to the Investment Policy.

ATTACHMENTS: Investment Policy

**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
(SBASIA)**

INVESTMENT POLICY

Adopted March 27, 2003

I. POLICY STATEMENT

The Policy of the South Bay Area Schools Insurance Authority (the "Authority") shall be to invest all funds under the Authority's control in a manner that complies with all laws of the State of California; all applicable Government Code Sections including but not limited to Government Code Section 53601, and the policies of the Authority.

II. SCOPE OF POLICY

This policy sets forth guidance for all funds and investment activities under the direction and control of the Authority.

III. AUTHORITY

The Authority's Treasurer is responsible for the investment activities for those funds under his/her control. The Authority may delegate its investment decision making and execution authority to an investment advisor. The advisor shall follow the policy and such other written instructions as are provided.

IV. OBJECTIVES

- A. Safety: The primary objective of this policy is to protect, preserve and maintain cash and investments of the Authority. Preservation of capital is the primary objective of the Authority. Every investment transaction shall strive to avoid capital losses arising from securities default and/or broker/dealer default.
- B. Liquidity: An adequate percentage of the portfolio will be maintained in liquid short-term securities which can be converted to cash as necessary to meet disbursement requirements. The liquidity requirements will be determined from time to time from projected cash flow reports. Investments will be made in securities with active secondary or resale markets. Securities with low market risk will be emphasized.
- C. Yield: Within the constraints of safety and liquidity, the highest and best yield will be sought. The maximization of return will not transcend the objective of capital preservation.
- D. Market-Average Rate of Return: The Authority's portfolio shall be structured to achieve a market-average rate of return through various economic cycles. The benchmark for "market-average rate" shall be the rate of return on the three-month Treasury Bill.
- E. Diversification: The portfolio will be diversified to avoid incurring unreasonable and avoidable risk regarding specific security types or individual financial institutions.
- F. Prudence: Those persons authorized to make investment decisions on behalf of the Authority will be considered trustees and subject to the prudent investor standard that states, "when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency." (California Government Code 53600.3)
- G. Public Trust: All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust. In a diversified portfolio, it must be recognized that occasional measured losses are inevitable and must be considered within the context of the overall investment return.

V. REPORTING

The Authority's Treasurer shall submit a quarterly investment report to the Board of Directors that is in compliance with the Government Code.

VI. INVESTMENT INSTRUMENTS AND MATURITIES

A. Included Investments:

Type	Minimum Credit Rating	Maximum Maturity**	Maximum Portfolio Percentage *	Maximum Individual Holding*
1. U.S. Treasury		5 years	100%	100%
2. Government Agency		5 years	100%	100%
3. California Municipals	AAA	5 years	20%	20%
4. Negotiable Certificates of Deposit	A-1 or P-1/AA	3 years	30%	\$1,000,000
5. Bankers Acceptances	A-1 or P-1	180 days	30%	\$1,000,000
6. Commercial Paper	A-1, P-1, or F-1	270 days	25%	\$1,000,000
7. Local Agency Investment Fund (LAIF)			100%	100%***
8. Santa Clara County Investment Pool			100%	100%
9. Repurchase Agreements		1 year	100%	\$1,000,000
10. Medium Term Notes	AA	5 year	30%	\$1,000,000

* Excluding U.S. Government, agency securities, LAIF and the County Investment Pool no more than 10% of the portfolio may be invested in any one institution. The maximum percentages/amounts are determined at time of purchase. Amount refers to par value.

**Maximum term unless expressly authorized by the Board of Directors and within the prescribed time frame for the approval (Government Code 53601)

*** Subject to a deposit limit imposed by LAIF of \$40,000,000.

B. Excluded Investments: The following investments or investment practices are not permitted under this Statement of Investment Policy:

1. Purchase or sale of securities on margin
2. Reverse Repurchase Agreements
3. Financial Futures and financial options
4. Guaranteed Small Business Administration (SBA) Notes
5. Government National Mortgage Association (GNMA) Notes
6. Mutual Funds

C. The following sections define in detail the parameters of each approved investment type.

1. U.S. Treasury and other government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest.

There are no limits on the dollar amount or percentage that the Agency may invest in U.S. Treasuries.

2. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

There are no limits on the dollar amount or percentage that the Authority may invest in U.S. Agency obligations.

3. Obligations issued by the State of California or any local agency within the state which are rated "AAA" by Moody's Investors Service, Inc. (Moody's) or Standard & Poor's Corporation (Standard & Poor's). Purchases of California Municipals may not exceed 5 years in maturity or 20% of the Agency's portfolio.

4. Negotiable certificates of deposit or deposit notes with a remaining term to maturity of two years or less, issued by a nationally or state-chartered bank or a state or federal savings and loan association or by a state-licensed branch of a foreign bank provided that the senior debt obligations of the issuing institution are rated "AA" or better by Moody's or Standard & Poor's. Maximum maturity is restricted to three years from date of purchase.

Purchases or negotiable certificates of deposit may not exceed three years in maturity or 30 percent of the Agency's investment portfolio. No more than \$1 million may be invested in any one issuer.

5. Banker's Acceptances issued by domestic or foreign banks, which are eligible for purchase by the Federal Reserve System, the short-term paper of which is rated in the highest category by Moody's (P-1) or by Standard & Poor's (A-1).

Purchases of Banker's Acceptances may not exceed 180 days maturity or 30 percent of the Authority's investment portfolio. No more than \$1 million or 40 percent of the Authority's investment portfolio may be invested in the Banker's Acceptances of any one commercial bank.

6. Commercial Paper rated in the highest short-term rating category, as provided by Moody's Investors Services, Inc. (P-1), Standard & Poor's (A-1), or Fitch Financial Services (F-1). The issuing corporation must be organized and operating within the United States, having total assets in excess of \$500 million, and having an "A" or higher rating for its long-term debt, if any, as provided by Moody's, Standard & Poor's, or Fitch.

Purchases of eligible commercial paper may not exceed 270 days maturity and may not exceed 25 percent of the Authority's investment portfolio. No more than \$1 million may be invested in any one issuer. Purchases shall not exceed 10% of the outstanding paper of the issuing corporation.

7. Repurchase Agreements are subject to the following collateral restrictions: Only U.S. Treasury securities or Federal Agency securities, as described in VI. C. 1 and 2 will be acceptable collateral. All securities underlying repurchase agreements must be delivered to the Authority's custodian bank versus payment or be handled under a tri-party repurchase agreement. The Authority or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to repurchase agreement. The market value of securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities, and the value shall be reviewed on a regular basis and adjusted no less than weekly. Market value of underlying collateral must be reviewed regularly or each time there is a substitution of collateral.

The Authority may enter into repurchase agreements only with primary dealers in U.S. Government securities who are eligible to transact business with, and who report to, the Federal Reserve Bank of New York. The Authority will have specific written agreements with each firm with which it enters into repurchase agreements. Reverse repurchase agreements are not allowed.

Purchases or repurchase agreements may not exceed one year in maturity and no more than \$1 million may be invested in any one issuer.

8. Medium-term corporate notes defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued only by corporations operating within the United States or by depository institutions licensed by the U.S. or any state and operating within the U.S. shall be permitted. Medium-term corporate notes shall be rated in a rating category of "AA-" or its equivalent or better by a nationally recognized rating service.

Purchases or medium term corporate notes may not exceed five years in maturity or 30 percent of the Agency's investment portfolio. No more than \$1 million may be invested in any one issuer.

9. Local Agency Investment Fund (*L.A.I.F.*) - There are no limits on the dollar amount or percentage that the Agency may invest in LAIF.
10. Santa Clara County Investment Pool – There is no limit on the dollar amount or percentage that the Agency may invest in the County Pool.

Credit criteria listed in this section refers to the credit of the issuing organization at the time the security is purchased.

VII. INTERNAL CONTROLS

The system of internal control shall be established and maintained in written form. The controls are designed to prevent losses of public funds arising from fraud, error, misrepresentations of third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the Authority. The most important controls are: control of collusion; separation of duties; separation of transaction authority from accounting and bookkeeping; custodial safekeeping; delegation of authority; limitations regarding securities losses and remedial action; written confirmation of telephone transactions; minimizing the number of authorized investment officials; documentation of transactions and strategies; and annual review of controls by the Treasurer.

VIII. TRANSFER OF FUNDS

The Treasurer shall have authority to transfer to and from the investment accounts in the ordinary course of operations.

IX. BANKS AND SECURITIES DEALERS

In selecting financial institutions for the deposit or investment of Authority funds, the Treasurer shall consider the credit worthiness of institutions. To be eligible to receive local agency deposits, the financial institution must have received a minimum overall satisfactory rating for meeting the credit needs of California Communities in its most recent evaluation. The Treasurer shall continue to monitor their credit characteristics and financial history throughout the period in which Agency funds are deposited or invested. A commercial rating or bank watch may be used to accomplish this objective.

X. INVESTMENT RISKS

- A. **General Policy:** The Authority recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary liquidity. Portfolio diversification is employed as a way to control risk. Investment managers are expected to display prudence in the selection of securities as a way to minimize default risk. No individual investment transaction shall be undertaken which jeopardizes the total capital position of the overall portfolio. As needed, the Treasurer shall periodically meet with the Board of Directors to establish guidelines and strategies to control credit risk, market risk, and liquidity.
- B. **Specific Policy:** In addition to these general policy considerations, the following specific policies will be followed:
1. All transactions will be executed on a delivery versus payment basis
 2. A competitive bid process, when practical, will be used to place all investments

XI. SAFEKEEPING AND CUSTODY

Securities purchased from broker/dealers will be held in a third-party custodian/safekeeping account except the collateral for time deposits in banks and savings and loans institutions. Collateral for time deposits of thrifts is held by the Federal Home Loan Bank or an approved Agent of Depository. Collateral for time deposits in banks will be held in the Authority's name in the bank's Trust Department of the Federal Reserve Bank.

XII. REVIEW OF INVESTMENT POLICY

The objectives and the performance of the portfolio will be reviewed annually by the Executive Committee, which will submit to the Board of Directors recommendations for changes, if any, to the Investment Policy.



Agenda Item H.4

**RESOLUTION ESTABLISHING MEETING DATES
FOR FISCAL YEAR 2017-2018**

ACTION ITEM

ISSUE: The Board of Directors should adopt a resolution establishing regular meetings for the 2017-2018 fiscal year as presented in the attachment or as amended.

RECOMMENDATION: The Executive Committee will make a recommendation regarding the adoption of the resolution establishing meeting dates.

FISCAL IMPACT: None.

BACKGROUND: Section 54954(a) of the Government Code states that regular meetings of the governing body of a local agency be established by the bylaws or resolution.

The Bylaws do not establish days or dates for the regular meetings. Although the Bylaws require that the Board hold at least 1 regular meeting a year, it is intended to have more meetings than the minimum to facilitate the business of the JPA.

ATTACHMENTS: Resolution Establishing Meeting Dates for the Fiscal Year 2017 – 2018



RESOLUTION NO.: **R17-01**

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
ESTABLISHING MEETING DATES
FOR THE FISCAL YEAR THROUGH JUNE 2018**

BE IT RESOLVED THAT:

The following Board of Directors meeting dates are hereby established for the Fiscal Year through June 2018:

December 7, 2017 10:00 A.M.
Campbell Union School District
155 N. Third Street
Campbell, CA 95008

June 14, 2018 10:00 A.M.
Campbell Union School District
155 N. Third Street
Campbell, CA 95008

This Resolution of the Board of Directors was adopted this 15th day of June 2017 in Campbell, California by the following vote:

Votes In Favor	_____
Votes Against	_____
Votes Abstaining	_____
Votes Absent	_____

Signed:

Attest:

James Crawford, President

Barbara Coats, Secretary