



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY  
EXECUTIVE COMMITTEE MEETING  
AGENDA**

**LOCATION:** Webex Meeting **A - Action**  
**I - Information**

**DATE/TIME:** June 11, 2020 **1 - Included**  
**2 - Hand Out**  
**3 - Separate**  
**4 - Verbal**  
9:30 A.M.

Per Government Code 54954.2, persons requesting disability related modifications or accommodations, including auxiliary aids or services, in order to participate in the meeting are requested to contact Joan Crossley at Alliant Insurance Services, Inc. at (916) 643-2708.

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

*Page*

- A. CALL TO ORDER**
- B. ROLL CALL** **A 4**
- C. APPROVAL OF AGENDA** **A 1**
- D. PUBLIC COMMENT**  
*This time is reserved for members of the public to address the Executive Committee on SBASIA business.*
- 1* **E. CONSENT CALENDAR** **A 1**
- 2-6* **1. Executive Committee Meeting Minutes – March 26, 2020**
- F. GENERAL ADMINISTRATION**
- 7-8* **1. Executive Committee Meeting Dates for Fiscal Year 2020-2021** **A 1**  
*The Executive Committee will need to adopt meeting dates for July 1, 2020-2021.*



- 9**      **2. Review of Board Agenda Items**      **A 1**  
*Staff will review the Board agenda items with the Executive Committee.*

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

**ADJOURNMENT**

**NEXT MEETING**

The next Executive Committee Meeting is set for October 8, 2020 at 9:30 a.m.



**Agenda Item E.**

**CONSENT CALENDAR**

**ACTION ITEM**

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

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

**FISCAL IMPACT:** None.

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

**1. Executive Committee Meeting Minutes – March 26, 2020**

**ATTACHMENTS:** Executive Committee Meeting Minutes – March 26, 2020



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WEBEX MEETING  
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**MEMBERS PRESENT**

James Crawford, President, Campbell Union School District  
Eric Dill, Vice President, Santa Clara Unified School District  
Mike Mathiesen, Treasurer, Mountain View-Los Altos Union High School District  
Ron Lebs, Secretary, Metropolitan Education District  
Wendy Zhang, Member at Large, Milpitas Unified School District

**MEMBERS ABSENT**

None

**GUESTS & CONSULTANTS**

Matt Gowan, Alliant Insurance Services  
Joan Crossley, Alliant Insurance Services  
Angelique King, Carl Warren & Company  
Rich McAbee, Carl Warren & Company  
Joyce Fairley Ray, Carl Warren & Company  
Kevin Wong, Gilbert Associates, Inc.

**A. CALL TO ORDER**

The meeting was called to order at 9:37 a.m.

**B. ROLL CALL**

The above-mentioned members were present constituting a quorum.

**C. APPROVAL OF AGENDA**

**A motion was made to approve the agenda as presented.**

<b>MOTION:</b> Wendy Zhang	<b>SECOND:</b> Ron Lebs	<b>MOTION CARRIED</b>
<b>AYES:</b> 5	<b>NOES:</b> 0	<b>ABSENT:</b> 0
	<b>ABSTAIN:</b> 0	

**AYES:** Crawford, Dill, Mathiesen, Lebs, Zhang  
**NAYS:** None  
**ABSENT:** None

**D. PUBLIC COMMENT**

There were no public comments.

**E. CONSENT CALENDAR**

- 1. Executive Committee Meeting Minutes – December 5, 2019**
- 2. Financial Report for Quarter Ending December 31, 2019**
- 3. Investment Report for Quarter Ending December 31, 2019**



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Mr. Kevin Wong noted the net position is \$702,285 vs. \$2,496,687 one year ago. The main driver of this decrease is the increase in IBNR (incurred, but not reported) which is taken from the most recent actuarial study. The IBNR is \$2,922,081 vs. \$1,455,684 one year ago. IBNR has increased due to the impact from increased molestation settlements and overall increased settlement awards made by juries.

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

**MOTION:** Eric Dill                      **SECOND:** Wendy Zhang                      **MOTION CARRIED**  
**AYES: 5**                      **NOES: 0**                      **ABSTAIN: 0**                      **ABSENT: 0**

**AYES:** Crawford, Dill, Mathiesen, Lebs, Zhang

**NAYS:** None

**ABSENT:** None

**F. GENERAL ADMINISTRATION**

**1. COVID-19/Insurance Market Update**

Mr. Matt Gowan presented an insurance market update. The Liability market remains very hard due to molestation claims and the impact of AB 218 which became law on January 1, 2020. This law extends the statute of limitations for molestation to age 40 and creates a 3 year period for previously time barred claims to be filed. The JPA’s Liability insurance carrier up to \$5 million limit is CSAC EIA which does not have a large impact from AB 218 because they didn’t write coverage for schools until the early 2000’s. The increase in the number of claims against schools and increasing settlement awards is affecting the Liability market. The Property market continues to harden due to catastrophic losses caused by hurricanes, hailstorms, floods and wildfires.

Regarding COVID-19, the insurance industry is concerned about business interruption claims. The insurance industry underwrites business income loss based on physical damage such as fire, but did not anticipate a business shutdown due to COVID-19. This could potentially have a large impact on the insurance industry depending on how lawsuits for COVID-19 business income loss are settled. In Workers’ Compensation coverage, communicable disease is often treated as a single occurrence; if someone alleges they contracted COVID-19 at work, staff advises to turn the claim into the claim adjuster to investigate compensability. The JPA’s Liability insurance has coverage for school nurses providing medical professional services. Also, in staff’s opinion, there would be nothing in the Liability policy that specifically bars coverage for suits arising from a pandemic; it would be difficult for someone to prove negligence arising from COVID-19. The same would apply to Public Officials Errors and Omissions coverage. Regarding Cyber Liability, there is coverage for claims when working from home on a district laptop or working on a home computer on district business.

Mr. Gowan also discussed SELF (Schools Excess Liability Fund) where the JPA has Liability coverage from \$5 million to \$55 million limit. SELF has been hit especially hard by AB 218. Since SELF’s inception as a pool in 1986, every California school district, with the exception of L.A. Unified, has been a member of SELF. The SELF rate is increasing by 70%. SELF is also discussing



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if it will be necessary to have an AB 218 assessment. SELF has already seen 19 AB 218 claims going back to the 1980's.

**2. Property Appraisal Request for Proposal Results**

At the December 5, 2019 meeting, the Executive Committee decided to issue a Request for Proposal (RFP) for Property Appraisals as the JPA's last appraisal was performed in 2013. The RFP was sent to four firms and all four responded. Staff presented a handout comparing the responses to the RFP. The firms who responded are:

- AssetWorks Inc. with fee of \$181,950
- CBIZ Valuation Group with fee of \$217,890
- Duff & Phelps(formerly American Appraisal) with fee of \$155,000
- HCA Asset Management with fee of \$210,000

Ms. Joan Crossley stated all firms would provide the same appraisal service so there is no difference in the service offered.

Mr. Gowan noted that the JPA's Property insurance program is APIP (Alliant Property Insurance Program) which pays for appraisals for buildings valued over \$5 million. Once the appraisal is complete, staff will send the invoice for buildings valued over \$5 million to APIP for reimbursement. Ms. Crossley noted the JPA has approximately 2,426 buildings, but only 101 buildings are valued over \$5 million.

After discussion, the Executive Committee decided to award the contract to perform property appraisals to Duff & Phelps.

**A motion was made to engage Duff & Phelps to perform the property appraisal.**

<b>MOTION:</b> Ron Lebs	<b>SECOND:</b> Eric Dill	<b>MOTION CARRIED</b>
<b>AYES:</b> 5	<b>NOES:</b> 0	<b>ABSENT:</b> 0
	<b>ABSTAIN:</b> 0	

**AYES:** Crawford, Dill, Mathiesen, Lebs, Zhang  
**NAYS:** None  
**ABSENT:** None

**3. Five Year Loss Control Plan – Year 4**

Ms. Crossley said the JPA has a loss control plan with five loss control items that will take place over five years. The JPA completed the loss control items for Years 1-3. The loss control item for Year 4 is playground inspections including sports fields. Mr. Gowan noted this is currently budgeted at \$198,000, but the Executive Committee may decide the loss control item can be postponed due to the budget increase that will be discussed later in the meeting. The Executive Committee said loss control will be discussed during the budget discussion.



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**4. Electronic Document Delivery Form**

Ms. Crossley said Alliant Insurance Services has been sending documents electronically to the JPA members for many years. In order to comply with existing law, Alliant Insurance Services needs the JPA to execute a signed Electronic Document Delivery form

**A motion was made to elect to receive all documents electronically and execute the Electronic Document Delivery Form.**

<b>MOTION:</b> Ron Lebs	<b>SECOND:</b> Eric Dill	<b>MOTION CARRIED</b>
<b>AYES:</b> 5	<b>NOES:</b> 0	<b>ABSENT:</b> 0
	<b>ABSTAIN:</b> 0	

**AYES:** Crawford, Dill, Mathiesen, Lebs, Zhang  
**NAYS:** None  
**ABSENT:** None

**5. Slate of Officers for June 11, 2020 Meeting**

Mr. James Crawford noted that his contract to act as JPA President expires June 30, 2020. Mr. Eric Dill said he can move from Vice President to President. Mr. Dill said Ms. Delores Perley at Evergreen School District stated she could serve on the Executive Committee if needed. After discussion, the Executive Committee will recommend the following slate of officers to the Board of Directors at the June 11, 2020 meeting:

- President: Mr. Eric Dill, Santa Clara Unified School District
- Vice President: Ms. Delores Perley, Evergreen School District
- Treasurer: Mr. Mike Mathiesen, Mountain View-Los Altos Union High School District
- Secretary: Mr. Ron Lebs, Metropolitan Education District
- Member at Large: Ms. Wendy Zhang, Milpitas Unified School District

**G. FINANCIAL**

**1. Preliminary Revenue and Expense Budget for July 1, 2020-2021**

Mr. Gowan presented the Preliminary Revenue and Expense budget for July 1, 2020-2021 at the current 80% confidence level. The Liability funding, which is determined by the actuary, is increasing 28.5%. CSAC EIA provides Liability coverage from \$250,000 to \$5 million and the premium is estimated to increase by 20%. CSAC EIA is financially strong and there is no reduction in coverage even in this hard market. SELF provides Liability coverage from \$5 million to \$55 million and is being hard hit by AB 218 claims. The SELF premium is increasing by 68.5%. Last year the JPA marketed its Excess Liability coverage and had no success finding a competitive market; the market has worsened this year.



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The Property funding, which is determined by the actuary, increased by 3.6%. The Property premium is estimated to increase by 22%; approximately 7% of that is due to increases in total insured values.

The overall budget is estimated to increase by 28.5% or approximately \$1,470,613.

Mr. Gowan said increasing the JPA's Liability SIR would also increase the Liability funding for that higher SIR and transfer more risk to the JPA; it would not reduce the budget. Mr. Gowan said staff looked at increasing the individual member deductible which is currently \$10,000 to see if that would significantly reduce the JPA's Liability funding. The JPA would save 2.6% by increasing the member deductible to \$20,000. The JPA would save 9.6% if the member deductible is \$50,000, but that higher deductible would be passed onto individual members. Mr. Mike Mathiesen commented that any savings would be a wash; the member premium would decrease somewhat, but when claims occur, the savings would be lost by paying the higher deductible. Mr. Dill said in the past he was a member of another JPA and chose a higher deductible, but the cost of claims at the higher deductible was greater than the savings on the premium.

Loss control is budgeted at \$198,000. The Executive Committee decided to postpone the scheduled loss control of playground inspections as it would reduce the budget by approximately 2.9%.

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

Ms. Joyce Fairley Ray said more claims were closed in the quarter ending December 31, 2019 than in the previous quarter. The total incurred increased by over \$1 million from the previous quarter because reserves needed to be increased on several claims including a claim for a student injured by a shot put and a molestation claim.

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

There were no comments for the good of the order.

**ADJOURNMENT**

The meeting was adjourned at 11:09 a.m.





**Agenda Item F.1**

**EXECUTIVE COMMITTEE MEETING DATES FOR FISCAL YEAR 2020-2021**

**ACTION ITEM**

**ISSUE:** The Executive Committee should adopt a schedule establishing regular meetings for the 2020-2021 fiscal year as presented in the attachment or as amended.

**RECOMMENDATION:** None.

**FISCAL IMPACT:** None.

**BACKGROUND:** The Bylaws do not establish days or dates for the regular meetings. The Bylaws require that the Executive Committee hold at least 4 regular meetings a year. The Executive Committee should adopt a schedule establishing meeting dates to facilitate JPA business.

**ATTACHMENTS:** Meeting Dates for Executive Committee for 2020-2021



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EXECUTIVE COMMITTEE MEETING DATES  
FISCAL YEAR 2020-2021**

<b>October 8, 2020</b>	<b>Thursday @ 9:30 a.m.</b>	<b>Webex meeting</b>
<b>December 3, 2020</b>	<b>Thursday @ 9:00 a.m. (BOARD @ 10:00 a.m.)</b>	<b>Webex meeting</b>
<b>March 11, 2021</b>	<b>Thursday @ 9:30 a.m.</b>	<b>Webex meeting</b>
<b>May 6, 2021</b>	<b>Thursday @ 9:30 a.m.</b>	<b>Webex meeting</b>
<b>June 10, 2021</b>	<b>Thursday @ 9:00 a.m. (BOARD @ 10:00 a.m.)</b>	<b>Webex meeting</b>



**Agenda Item F.2**

**REVIEW OF BOARD AGENDA ITEMS**

**ACTION ITEM**

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

**RECOMMENDATION:** None.

**FISCAL IMPACT:** Various. See the Board of Directors June 11, 2020 agenda.

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

- Excess Liability Renewal
- Review and Adoption of Liability Memorandum of Coverage
- Excess Property and Boiler & Machinery Renewal
- Review and Adoption of Property Memorandum of Coverage
- Crime Policy Renewal
- Deadly Weapon Response Policy Renewal
- CAJPA Tort Liability Data Analysis Project
- Revenue and Expense Budget for July 1, 2020-2021
- SBASIA Election of Officers and Executive Committee
- Investment Authority
- Review of Investment Policy
- Review of Conflict of Interest Code
- Resolution Establishing Meeting Dates for Fiscal Year 2020-2021

**ATTACHMENTS:** None