



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY  
BOARD OF DIRECTORS MEETING MINUTES  
CAMPBELL, CALIFORNIA  
December 5, 2019**

**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  
Wendy Zhang, Member at Large, Milpitas Unified School District  
Kevin Franklin, Berryessa Union School District  
Randy Kenyon, Los Altos School District  
Rosemarie Pottage, Los Gatos-Saratoga Joint Union High School District  
Ron Lebs, Metropolitan Education District

**MEMBERS ABSENT**

Delores Perley, Evergreen School District  
Sean Joyce, Lakeside Joint School District  
Rebecca Westover, Mountain View Whisman School District  
James Novak, Santa Clara County Office of Education

**GUESTS & CONSULTANTS**

Matt Gowan, Alliant Insurance Services  
Joan Crossley, Alliant Insurance Services  
Traci Bonde, Los Gatos-Saratoga Joint Union High School District  
Jennifer Zraick, Gilbert Associates, Inc.  
Mike Manduca, James Marta & Company  
Brandon Schlenker, Carl Warren & Company  
Bob Savelli, Allied Reliability Group  
Jim Condon, Allied Reliability Group  
Michael Levitt, Allied Reliability Group

**A. CALL TO ORDER**

The meeting was called to order at 10:04 a.m.

**B. ROLL CALL**

The above-mentioned members were present constituting a quorum.

**C. APPROVAL OF AGENDA**

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

**MOTION:** Ron Lebs                      **SECOND:** Rosemarie Pottage      **MOTION CARRIED**  
**AYES:** 8                      **NOES:** 0                      **ABSTAIN:** 0                      **ABSENT:** 4

**AYES:** Crawford, Dill, Mathiesen, Zhang, Franklin, Kenyon, Pottage, Lebs  
**NAYS:** None  
**ABSENT:** Perley, Joyce, Westover, Novak



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**D. PUBLIC COMMENT**

There were no public comments.

**E. CONSENT CALENDAR**

- 1. Board of Directors Meeting Minutes – June 13, 2019**
- 2. Unaudited Financial Report for Quarter Ending June 30, 2019**
- 3. Investment Report for Quarter Ending June 30, 2019**
- 4. Financial Report for Quarter Ending September 30, 2019**
- 5. Investment Report for Quarter Ending September 30, 2019**

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

**MOTION:** Eric Dill                                      **SECOND:** Mike Mathiesen                                      **MOTION CARRIED**  
**AYES: 8**                                      **NOES: 0**                                      **ABSTAIN: 0**                                      **ABSENT: 4**

**AYES:** Crawford, Dill, Mathiesen, Zhang, Franklin, Kenyon, Pottage, Lebs  
**NAYS:** None  
**ABSENT:** Perley, Joyce, Westover, Novak

**F. FINANCIAL**

**1. Audited Financial Report as of June 30, 2019**

Mr. Mike Manduca of James Marta & Company presented the audited financial report as of June 30, 2019. Mr. Manduca stated net position increased by \$470,445 from the prior year bringing the net position to \$1,280,104. Claims expense decreased by 55.6% from the prior year. The IBNR (incurred but not reported) increased by 109%. The JPA's operating revenues increased by 8.4% from the prior year. Total expenses decreased by 19.5% and total assets increased by 15%. Total liabilities increased by 7.8%.

**A motion was made to accept the Audited Financial Report as of June 30, 2019.**

**MOTION:** Ron Lebs                                      **SECOND:** Mike Mathiesen                                      **MOTION CARRIED**  
**AYES: 8**                                      **NOES: 0**                                      **ABSTAIN: 0**                                      **ABSENT: 4**

**AYES:** Crawford, Dill, Mathiesen, Zhang, Franklin, Kenyon, Pottage, Lebs  
**NAYS:** None  
**ABSENT:** Perley, Joyce, Westover, Novak



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**G. LOSS PREVENTION**

**1. Loss Control-Infrared Inspections**

Mr. Jim Condon of Allied Reliability Group presented a summary of the infrared inspections performed for the JPA. A handout was distributed with examples of problems found. There were almost 100 infrared and visual problems. Infrared problems are electrical problems that generate heat. Visual problems are safety issues such as missing components on electrical panels. The inspectors notified district personnel of any critical issues while on site so the problem could be fixed immediately. Mr. Condon noted that Allied Reliability Group can offer a proposal for an electrician to fix the problems if district staff doesn't have time for the repairs. The cost for the entire JPA would be under \$30,000. Staff will contact the members to see if repairs have been made yet.

**H. 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 trending down for the last two years. The closing ratio for claims is 95%. The litigation rate is 11.2% which is average. 49% of claims have \$0 payments.

**I. GENERAL ADMINISTRATION**

**1. Resolution to Approve Amendment to Schools Excess Liability Fund (SELF) JPA Agreement**

Ms. Joan Crossley said SELF amended its joint powers agreement to comply with Government Code 6509 which means SELF has to designate one of its members as a contracting party so that SELF will have the same authority in law as that member. SELF designated Orange County Department of Education. The amendment has no financial impact and does not affect the liability coverage provided by SELF. Once the resolution is approved by SBASIA, each member will have to sign the amended joint powers agreement, but the members will not have to bring the amendment before their boards as it has already been approved by the SBASIA Board.

**A motion was made to approve the amendment to the SELF JPA Agreement.**

<b>MOTION:</b> Eric Dill	<b>SECOND:</b> Wendy Zhang	<b>MOTION CARRIED</b>
<b>AYES:</b> 8	<b>NOES:</b> 0	<b>ABSENT:</b> 4
	<b>ABSTAIN:</b> 0	

**AYES:** Crawford, Dill, Mathiesen, Zhang, Franklin, Kenyon, Pottage, Lebs  
**NAYS:** None  
**ABSENT:** Perley, Joyce, Westover, Novak



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**2. Election of Secretary**

Mr. James Crawford said the former Secretary, Megan Reilly, has left Santa Clara County Office of Education so the position of Secretary is vacant. Mr. Crawford reached out to the Board representative at Santa Clara County Office of Education, but he is not interested in the position. Ms. Crossley noted the Secretary attends the five Executive Committee meetings each year and signs the meeting minutes after they are approved. Mr. Ron Lebs of Metropolitan Education District volunteered to serve as Secretary through June 2020.

**A motion was made to elect Ron Lebs to the position of Secretary.**

**MOTION:** Randy Kenyon                      **SECOND:** Rosemarie Pottage      **MOTION CARRIED**  
**AYES: 8**                      **NOES: 0**                      **ABSTAIN: 0**                      **ABSENT: 4**

**AYES:** Crawford, Dill, Mathiesen, Zhang, Franklin, Kenyon, Pottage, Lebs  
**NAYS:** None  
**ABSENT:** Perley, Joyce, Westover, Novak

**3. Insurance Market Update**

Mr. Matt Gowan gave a brief overview of the insurance market. Both the Liability and Property markets are hard. The Liability market is hard due to the increase in molestation claims and increase in payments awarded by juries. Over the last 5 years, the average jury award has doubled from \$27 million to \$54 million. The Property market is hard due to large losses caused by hurricanes, floods and wildfires.

Mr. Gowan discussed the passage of AB 218 which extends the statute of limitations to bring civil action for alleged child sexual abuse until the plaintiff is 40 years old. The law becomes effective January 1, 2020. New York State passed a similar law several years ago and had 27 claims within the first week. Staff has begun documenting the JPA's Liability insurance coverage history. Prior insurance coverage will most likely have lower Liability limits than the current \$55 million Liability limit. Ms. Crossley said the JPA formed in 1985 and JPA records show the current members have been part of SBASIA since 1985 with the exception of Santa Clara County Office of Education which joined 7/1/2007.

**4. Target Surplus Funding Analysis as of June 30, 2019**

Mr. Gowan said the JPA raised the loss funding to 80% 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, 2019, the JPA is below the minimum surplus target by \$1,219,896. The three year funding plan shows that if the JPA continues funding at 80% confidence level, the minimum surplus of \$2.5 million will be met in 2021.



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**5. Alternate Position on the Schools Excess Liability Fund (SELF) Board of Directors**

Ms. Crossley said the JPA has Liability coverage with SELF from \$5 million to \$55 million limit. SELF has an open alternate position on its Board if anyone is interested. Mr. Eric Dill of Santa Clara Unified School District volunteered for the alternate position. Staff will notify SELF and the SELF Board will vote on the appointment.

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

There were no comments for the good of the order.

**ADJOURNMENT**

The meeting was adjourned at 11:22 a.m.

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

Date: June 15, 2020