



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
BOARD OF DIRECTORS MEETING MINUTES
ZOOM MEETING
December 1, 2022**

MEMBERS PRESENT

Mike Mathiesen, President, Mountain View-Los Altos Union High School District
Mark Schiel, Vice President, Santa Clara Unified School District
Delores Perley, Treasurer, Los Gatos-Saratoga Joint Union High School District
Kevin Franklin, Berryessa Union School District
Nelly Yang, Campbell Union School District
Erik Walukiewicz, Los Altos School District
Kelly Ng, Alternate, Milpitas Unified School District

MEMBERS ABSENT

Victoria Knutson, Evergreen School District
Sean Joyce, Lakeside Joint School District
Dorothy Reconose, Metropolitan Education District
Rebecca Westover, Mountain View Whisman School District
Stephanie Gomez, Santa Clara County Office of Education

GUESTS & CONSULTANTS

Matt Gowan, Alliant Insurance Services
Joan Crossley, Alliant Insurance Services
James Marta, James Marta & Company
Laura Birnbrauer, Carl Warren & Company
Rich McAbee, Carl Warren & Company
Joyce Fairley Ray, Carl Warren & Company
Kelly Ogle, Carl Warren & Company
Linda Schroeder, Carl Warren & Company

A. CALL TO ORDER

The meeting was called to order at 10:03 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: Mark Schiel	SECOND: Delores Perley	MOTION CARRIED
AYES: 7	NOES: 0	ABSENT: 5
	ABSTAIN: 0	

AYES: Mathiesen, Schiel, Perley, Franklin, Yang, Walukiewicz, Ng

NAYS: None

ABSENT: Knutson, Joyce, Reconose, Westover, Gomez



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D. PUBLIC COMMENT

There were no public comments.

E. CONSENT CALENDAR

1. Board of Directors Meeting Minutes – June 9, 2022

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

MOTION: Mark Schiel **SECOND:** Erik Walukiewicz **MOTION CARRIED**
AYES: 7 **NOES:** 0 **ABSTAIN:** 0 **ABSENT:** 5

AYES: Mathiesen, Schiel, Perley, Franklin, Yang, Walukiewicz, Ng

NAYS: None

ABSENT: Knutson, Joyce, Reconose, Westover, Gomez

F. FINANCIAL

1. Audited Financial Report as of June 30, 2022

Mr. James Marta of James Marta & Company presented the audited financial report as of June 30, 2022. Mr. Marta advised SBASIA has received an unmodified opinion, which is the best opinion that can be provided. Mr. Marta stated the net position increased by \$1,062,090 from the prior year bringing the net position to \$2,481,674. The JPA's operating revenues increased by 28.3% from the prior year. Total expenses increased by 4.5% and total assets increased by 16.08%.

Mr. Marta advised that claims liabilities increased approximately \$189,000. Mr. Marta noted Liability claims costs continue to increase as well as insurance premiums and this is consistent across the school sector.

A motion was made to accept the Audited Financial Report as of June 30, 2022.

MOTION: Nelly Yang **SECOND:** Delores Perley **MOTION CARRIED**
AYES: 7 **NOES:** 0 **ABSTAIN:** 0 **ABSENT:** 5

AYES: Mathiesen, Schiel, Perley, Franklin, Yang, Walukiewicz, Ng

NAYS: None

ABSENT: Knutson, Joyce, Reconose, Westover, Gomez

Mr. Mark Schiel left the meeting at 10:20 a.m.



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G. CLAIMS

1. Claims Stewardship Report

Ms. Joyce Fairley Ray presented a claims stewardship report for the JPA. The report presents an overview of claims for the last ten years. The top cause of loss by severity is sexual assault followed by employment practices liability. The top cause of loss by frequency is miscellaneous student injuries. The closing ratio for claims is 98.8%. The litigation rate is 13% which is average. 51% of claims have \$0 paid.

H. GENERAL ADMINISTRATION

1. Loss Control Update

Mr. Matt Gowan said the JPA has a five year loss control plan. Since all five years have been completed, the plan re-sets to Year 1 and begins again. Year 1 is Liability and Property Safety Inspections on Exterior of Buildings to include Crime Prevention through Environmental Design. A Request for Proposal (RFP) was issued and the Executive Committee selected ESM Insite to perform the inspections. The inspections will begin in early 2023.

2. Insurance Market Update

Mr. Gowan provided a brief overview of the insurance market. Liability, Property and Cyber Liability insurance capacity continues to shrink. Regarding Property insurance, 2021 was the 4th worst loss year on record due to increasing hurricanes, typhoons, and wildfires.

Liability losses continue to increase mainly due to social inflation (juries are awarding substantial damages to plaintiffs) and legislation such as AB 218. Liability carriers are now concerned about PFAs (Per- and polyfluoroalkyl substances) and PFA exclusions are being added to policies. Artificial turf contains PFAs and the City of Boston recently banned the use of artificial turf in public parks.

Cyber claims continue to increase in frequency and severity mainly due to ransomware claims. Cyber Liability insurance carriers will exclude coverage for war effective July 1, 2023.

3. Target Surplus Funding Analysis as of June 30, 2022

Mr. Gowan stated the JPA 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, 2022, the JPA's net position is \$2,481,674. The three-year funding plan shows that if the JPA continues funding at its current 90% confidence level, the minimum surplus of \$2.5 million will be met in 2023.

I. COMMENTS FOR THE GOOD OF THE ORDER

There were no comments for the good of the order.



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ADJOURNMENT

The meeting was adjourned at 11:02 a.m.

Reviewed and Approved by: _____

Date: _____