

**NORTH BAY SCHOOLS INSURANCE AUTHORITY
BOARD OF DIRECTORS MEETING
April 22, 2020**

MINUTES

CALL TO ORDER: The meeting was called to order at 12:00 p.m. by President Welch.

ATTENDANCE: Those in attendance:
Tommy Welch, Solano County Office of Education
Via videoconference/Zoom:
Michelle Henson, Fairfield-Suisun USD (joined at 12:06)
Josh Schultz, Napa County Office of Education
Matt Best, Davis Joint USD
Trudy Barrington, Travis USD
Chris Hulett, Vacaville USD
Victoria Lamica, Solano Community College
Dana Page, Napa Valley USD
Tim Rahill, Benicia USD
Adrian Vargas, Vallejo City USD
Monique Stovall, Dixon USD

Staff and Guests

Janet Selby, NBSIA
Karen Antunes, NBSIA
Carrie Green, NBSIA

Via videoconference/Zoom:

Suzanne Dillman, NBSIA
Kami Liñan, NBSIA
Colleen Abney, NBSIA
Brandon Schlenker, NBSIA
Vahé Hovakimian, NBSIA
Mike Harrington, Bickmore Actuarial (presentation under Item 4)
Derek Burkhalter, Bickmore Actuarial (presentation under Item 4)
Daniel Shaw, Bickmore Actuarial (presentation under Item 4)
Kevin Wong, Gilbert (presentation under Item 6)

APPROVAL OF AGENDA

Motion was made by Rahill, seconded by Schultz, and carried unanimously to approve as presented. (*Ayes: Welch, Schultz, Best, Barrington, Hulett, Lamica, Page, Rahill, Vargas, Stovall; Noes: none; Abstained: none; Absent: Henson.*)

PUBLIC COMMENTS

None.

REPORTS TO BOARD OF DIRECTORS

2020 Actuarial Reports, Mike Harrington, Bickmore Actuarial

Mike Harrington presented a slide deck on the 2020 actuarial reports for all self-funded programs and the captive. He noted improvement in PL losses but caution going forward due to current industry loss trends including COVID-19, wildfires, and AB 218. Workers' comp and the captive continue to outperform expectations. Loss rate is down and funding for all programs is strong and well-positioned to meet future obligations. Lastly, the workers' compensation experience modification report was presented, showing various changes by Member and no changes exceeding +/- 10%.

MEMBER REPORTS AND COLLABORATION

Members asked about workers' comp coverage for COVID-19 exposure due to work. Ms. Selby and Ms. Liñan explained that these cases are fact-specific and complex. Current legal standard is that the illness may be covered under workers' compensation if there is evidence of exposure at work and the work exposure was materially different than that of the general public. The employee should follow the process of calling Company Nurse, and the District should call NBSIA.

ACTION ITEMS

Approval of Consent Calendar

Motion was made by Schultz, seconded by Best, and carried unanimously to approve the Consent Calendar. Consent items: Minutes from strategic planning meeting January 30, 2020; Minutes from regular meeting January 31, 2020; Quarterly Financial Statements at December 31, 2019 (unaudited); and 2020 Actuarial Studies for all self-funded programs. (*Ayes: Welch, Henson, Schultz, Best, Barrington, Hulett, Lamica, Page, Rahill, Stovall, Vargas; Noes: none; Abstained: none; Absent: none*)

Finance and Administration

Financial Audit for fiscal year end June 30, 2019

Kevin Wong, CPA, of Gilbert, presented the FY2018-19 audit report and recommendations. Mr. Wong reported that of the five categories under the audit process (Responsibilities & opinions; Interactions with management; Qualitative aspects of accounting practices; Results of the audit; and Supplementary information), NBSIA received the best determinations and opinions possible. There was one change reported in accounting for one fund. There were no deficiencies reported, and no citations for non-compliance.

Motion was made by Schultz, seconded by Rahill, and carried unanimously to accept and file the audit report as presented. (*Ayes: Welch, Henson, Schultz, Best, Barrington, Hulett, Lamica, Page, Rahill, Stovall, Vargas; Noes: none; Abstained: none; Absent: none*)

Revisions to Board Policies and Procedures

Selby presented the proposed revisions to Board Policy sections 2.3 and 3.9, and Board Policy and Procedures section 4.14, as discussed previously at the January 31, 2020 Board meeting.

Motion was made by Best, seconded by Welch, and carried unanimously to approve the proposed changes to three Board Policies and/or Procedures as presented and recommended by the Executive Committee. (*Ayes: Welch, Henson, Schultz, Best, Barrington, Hulett, Lamica, Page, Rahill, Stovall, Vargas; Noes: none; Abstained: none; Absent: none*)

Dental/Vision Programs

Proposed 2020/21 Dental Rates

Selby presented the strong financial position of the program and stable cost trends for the past few years. Based on this, no change in rates and continuation of the 3% rate discount were recommended for the coming year. In addition, a one-time \$500,000 rebate is proposed to reflect anticipated reduction in costs related to COVID-19. This rebate will be applied as a credit against the rates for 2020/21.

Motion was made by Barrington, seconded by Lamica, and carried unanimously to approve the dental rates with discounting and rebate, as presented. *(Ayes: Welch, Henson, Schultz, Best, Barrington, Hulett, Lamica, Page, Rahill, Stovall, Vargas; Noes: none; Abstained: none; Absent: none)*

Proposed 2020/21 Vision Rates

Selby presented the proposed vision rates with a 3% decrease based on lower cost trends.

Motion was made by Best, seconded by Vargas, and carried unanimously to approve the vision rates as presented. *(Ayes: Welch, Henson, Schultz, Best, Barrington, Hulett, Lamica, Page, Rahill, Stovall, Vargas; Noes: none; Abstained: none; Absent: none)*

Workers' Compensation Program

Preliminary 2020/21 Rates – NBSIA

In terms of past losses, Selby reported that the NBSIA program remains financially strong and well-managed, with funding above the 85% confidence level and a healthy reserve for rate stabilization and catastrophic losses.

The captive is reinsuring losses as of July 1, 2019 and coming up on its one-year anniversary. The actuary estimates funding above the 85% confidence level at June 30. The manual rate for funding losses in the coming year, with administrative costs and excess included, dropped from \$2.01 to \$1.87.

Since 2011/12, the Board has elected to cap the manual rate using program equity as backing. The current cap is \$1.80. Selby recommends continuing this rate for another year, as the program remains very healthy and the gap between the manual and capped rates is closing. Members were reminded that continuing to cap the rate may reduce pool equity.

Motion was made by Best, seconded by Hulett, and carried unanimously to approve the preliminary workers' compensation contribution capped rates as presented. *(Ayes: Welch, Henson, Schultz, Best, Barrington, Hulett, Lamica, Page, Rahill, Stovall, Vargas; Noes: none; Abstained: none; Absent: none)*

Preliminary 2020/21 Rates – Vallejo City USD

Selby reported a slight increase in the overall actuarial loss estimate for 2020/21 due to higher than expected loss development over the past several years. As a result of conservative funding policy, the program is well-funded. For 2020/21, the loss rate per \$100 of payroll went from \$3.14 to \$3.19, a 1.6% increase (not including VCUSD's pro-rata share of administrative costs).

Motion was made by Vargas, seconded by Best, and carried unanimously to approve the preliminary workers' compensation contribution rates for VCUSD as presented. *(Ayes: Welch, Henson, Schultz, Best, Barrington, Hulett, Lamica, Page, Rahill, Stovall, Vargas; Noes: none; Abstained: none; Absent: none)*

Vallejo City USD Target Equity Policy

Selby reported that VCUSD has been paying into its self-fund for almost six years. District leadership would like to access some of those funds for rate

stabilization and financing risk management programs. It is prudent to establish a funding and capital target policy like that of NBSIA, to govern the level of funding considered adequate to pay losses and hold in reserve, as well as the ability of VCUSD to access funds above target and for what purposes. The proposed policy has the same three components as the NBSIA policy: an 85% confidence level, a catastrophic loss fund, and a rate stabilization fund. There is no direct fiscal impact to the pool due to the existing Memorandum of Understanding between NBSIA and VCUSD.

Motion was made by Best, seconded by Schultz, and carried unanimously to approve the Addendum to the Memorandum of Understanding between VCUSD and NBSIA, as presented and recommended by the Executive Committee.
(Ayes: Welch, Henson, Schultz, Best, Barrington, Hulett, Lamica, Page, Rahill, Stovall, Vargas; Noes: none; Abstained: none; Absent: none)

NON-ACTION DISCUSSION ITEMS

PL Program Rates

Selby reported that staff is continuing to work on developing rates for 2020/21 and are waiting on final premiums from excess carriers. Negotiations have been disrupted by COVID-19, and carriers are being very cautious in underwriting.

Staff are also working with the Executive Committee on a plan to strengthen program funding over the next 4-5 years. The draft plan will be presented to the board in June, with the additional funding built into PL contributions starting in fiscal year 2020-21.

Lastly, in light of the unprecedented situation with COVID-19, Selby floated an idea to declare a one-time dividend from the workers' compensation program to mitigate increases in PL contributions and provide financial relief to members facing significant budget reductions. The funds would not "leave the building" except that those members not participating in the PL program would receive a check. Several members expressed interest in the idea of this one-time rebate. Staff will present options to the Executive Committee at their May meeting.

SELF Liability Assessment

Selby presented the funding plan to all districts and colleges. First invoice is expected in July or August. The Board hopes that pools share this information with the legislature to highlight the financial consequences on school districts.

Red Cross Agreement

Current Property and Liability Manager, Colleen Abney, asked the Board Members if anyone has a current facility use agreement with the Red Cross, or if they have recently been contacted for such an agreement. Most Board Members/Districts are not operating under a contract, nor have recently been contacted, with the exception of Fairfield-Suisun and Davis. The Board discussed creating a template for such an agreement, and Board Members Welch and Schultz indicated that they would work with their respective county offices to help create a standardized agreement.

Staff Reports

Member Services: Member Services Manager, Suzanne Dillman, provided an update to the Board, including some information regarding the EAP program which will be sent out to District HR personnel in the next month.

Workers' Compensation: Workers' Compensation Manager, Kami Liñan, provided an update to the Board. Discussion focused on the issues that arise from employees being released to return to work when districts are still closed. Also, if the districts should be supply face masks in light of the most recent requirements.

Property & Liability: Incoming Property & Liability Manager, Brandon Schlenker, discussed creating upcoming trainings for when schools reopen in Fall. Possible topics would include athletics, modified attendance, and safety and wellness guidelines. Desired attendees would include district administrators, principals and directors. The Board seemed interested in having NBSIA provide these trainings.

Executive Director's Report

Selby provided updates and information in the Executive Director's Report, including an acknowledgement to Kami Liñan for her achievements in the most recent AGRiP accreditation.

NON-ACTION DISCUSSION ITEMS

Board Briefing

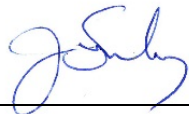
Selby provided the Board with COVID-19 updates, along with recent articles, and website and legislative updates.

Tech Peer Group Report

Selby updated the Board with NBSIA's Tech Peer Forum activities in 2020.

ADJOURNMENT

There being no further business, the meeting was adjourned at 1:54 p.m.

Respectfully submitted by:  (signature on file) Date: 4/22/2020

Approved by Board of Directors: 6/10/2020