

**NORTH BAY SCHOOLS INSURANCE AUTHORITY
BOARD OF DIRECTORS MEETING
January 27, 2023**

**Andaz Hotel, Great Room
1450 1st Street, Napa, CA 94559**

MINUTES

CALL TO ORDER The meeting was called to order at 9:00 a.m. by President Best.

ATTENDANCE Voting Board Members in attendance:
Christy Patterson, BSSP
Tim Rahill, Benicia USD
Maureen Hester, Calistoga JUSD
Matt Best, Davis Joint USD
Trudy Barrington, Dixon USD
Laneia Grindle, Fairfield-Suisun USD
Josh Schultz, Napa County Office of Education
Dana Page, Napa Valley USD
Andrea Stubbs, St. Helena USD
Manolo Garcia, Vacaville USD
Board Alternates and District representatives in attendance:
Nicole Strauch, BSSP
Amari Watkins, Davis JUSD
Abigail Hilliard, Solano County Office of Education
Lisa Dennis, Winters JUSD
Absent (voting):
Michelle Henson, Solano County Office of Education
Sal Abbate, Solano Community College District
Gabe Moulaison, Travis USD
Rosa Loza, Vallejo City USD
Staff and Guests in attendance
Kim Santin, NBSIA
Carrie Green, NBSIA
Karen Antunes, NBSIA
Kami Liñan, NBSIA
Brandon Schlenker, NBSIA
Denise Schreiner, NBSIA
Andrew Obando, NBSIA
James Wilkey, Newfront
Mark Stokes, Newfront
Jennet Horder, Newfront
Dan Madej, Alliant
Kevin Webb, RW Baird
James Marta, James Marta & Associates
Rob Cutbirth, General Counsel

APPROVAL OF AGENDA Motion made by Garcia, seconded by Barrington, and carried unanimously to approve the agenda as presented. (*Ayes: Barrington, Best, Dennis, Garcia, Grindle, Hester, Page, Patterson, Rahill, Schultz, Stubbs; Noes: none; Abstained: none; Absent: Solano County Office of Education, Solano Community College District, Travis USD, Vallejo City USD*)

PUBLIC COMMENTS None.

MEMBER REPORTS AND COLLABORATION
None.

REPORTS TO THE BOARD OF DIRECTORS

Workers' Compensation Excess

Mark Stokes and Jennet Horder, from Newfront, presented the current and projected trends for the workers' compensation excess coverage. There has been an over 50% increase in the average payment for face-to-face medical evaluations, and carriers will be watching for inflation and economic downturns. Capacity and competition are still there, and school exposures are not as worrisome as other types of entities. They expect the renewal for the coming fiscal year to go well.

Property Excess

Dan Madej, from Alliant and Schools Program Alliance (SPA) presented the status of property excess renewals and the excess marketplace. Underwriting capacity has stabilized, but the markets continue to be challenged by low interest rates and increased catastrophes over the past few years. Carriers are reducing coverage in some areas to limit exposure. Rate increases are expected but less than in prior years. The formation of the Schools Program Alliance (SPA) JPA, of which NBSIA is a founding member, has helped with renewal terms and spread of costs for shared services.

General Liability Excess

Jim Wilkey, from Newfront, presented information on general liability excess renewals and the state of the market. Markets continue to be hard for California public entities, including schools. Some long-term carriers have left California and capacity is limited. There are signs of stability, including areas like coverage limits, aggregates, and rate increases. Increases are expected but less than in prior years. The new SPA excess liability program is helping to stabilize rates.

NBSIA Investment Portfolio Review

Kevin Webb, from RW Baird, presented the Investment Plan Report at December 2022. He provided some data and commentary on the current economic environment, including the federal government's continued yield curve control strategy and its effects of increasing prices and decreasing available fixed income offerings. He reported that all portfolio benchmarks for liquidity, safety and return on investment are being managed according to NBSIA investment policy. The rate of return is good as compared to other portfolios he works with, particularly given that duration risk is lower than the plan benchmark. In short, the portfolio is in good shape. We continue to look for investment opportunities, while maintaining our strategy of dollar cost averaging. Mr. Webb's 2023 Super Bowl prediction ends with a Philadelphia Eagle's win.

Executive Director's Report / Board Briefing

The Board was provided with an update including legislative updates, and upcoming training and meetings dates. There will be an upcoming NBSIA Reboot training for our member Districts and COEs at the beginning of March. Internally, there will be an NBSIA team-building Day in March as well.

ACTION ITEMS

Consent Calendar

Motion was made by Schultz, seconded by Grindle, and carried unanimously to approve all items listed on the Consent Calendar, including the Minutes: Regular Meeting of September 28, 2022; Investment Plan Report, January 2022; Quarterly Investment Report at December 31, 2022; Quarterly Financial Statements at December 31, 2022 (unaudited); Quarterly Expenditure Report at December 31, 2022 (unaudited); Personnel Report at January 1, 2023; AGRiP Recognition Application Submission; Eyres Law Firm, Hotline Extension Agreement through June 30, 2024; Statement of Work and Agreement, extension contract, Origami. (Ayes: Barrington, Best, Dennis, Garcia, Grindle, Hester, Page, Patterson, Rahill, Schultz, Stubbs; Noes: none; Abstained: none; Absent: Solano County Office of Education, Solano Community College District, Travis USD, Vallejo City USD)

FINANCE/OPERATIONS

Financial Audit for Fiscal Year End June 30, 2022

James Marta, from James Marta & Associates, presented findings from the FY2021-22 audit. Mr. Marta reported that all aspects of the audit process went well, and that they issued an unmodified opinion, the best possible. There were no material weaknesses, significant findings, or issues of noncompliance.

Motion was made by Hester, seconded by Rahill, and carried unanimously to accept and file the Financial Audit for FY2021-22 as presented. (Ayes: Barrington, Best, Dennis, Garcia, Grindle, Hester, Page, Patterson, Rahill, Schultz, Stubbs; Noes: none; Abstained: none; Absent: Solano County Office of Education, Solano Community College District, Travis USD, Vallejo City USD)

Revision to Board Policy 3.2 (Investment Policy)

Santin highlighted that Board Investment Policy 3.2 includes a section (8.2) on "Maximum Maturities" that allow investments over five years maturity solely in US Treasuries or Agencies, Municipal Bonds (any state), or Negotiable Certificates of Deposit and only up to 10 years maturity. The limitations placed by the current policy prevent investment activities that are allowable by statute with a Board approved policy. The proposed amendment to the Investment Policy would allow additional security types beyond five year maturity and allow percentage limits to be consistent with statute.

It was requested that the proposed amendment to the Investment Policy be changed to read as follows, "... the Board of Directors authorizes investments in the following securities with maturities up to 30 years."

Motion made by Schultz, seconded by Grindle, and carried unanimously to approve the revisions to the Investment Policy as presented with the noted changes. *(Ayes: Barrington, Best, Dennis, Garcia, Grindle, Hester, Page, Patterson, Rahill, Schultz, Stubbs; Noes: none; Abstained: none; Absent: Solano County Office of Education, Solano Community College District, Travis USD, Vallejo City USD)*

PROPERTY/LIABILITY PROGRAM

Status of Property/Liability Capital Target Funding at 6/30/22

Santin reported that the Property/Liability Program net position increased almost \$3 million over the prior year. The program now meets all three components of the capital target equity policy. The Board approved higher confidence level funding (90%) for the current 2022-23 year with the goal of continuing to strengthen program funding, to help us weather uncertain times and hard excess markets, including cyber.

Motion was made by Page, seconded by Barrington, and carried unanimously to accept and file the Property/Liability Capital Target Funding report as presented. *(Ayes: Barrington, Best, Dennis, Garcia, Grindle, Hester, Page, Patterson, Rahill, Schultz, Stubbs; Noes: none; Abstained: none; Absent: Solano County Office of Education, Solano Community College District, Travis USD, Vallejo City USD)*

WORKERS' COMPENSATION PROGRAM

Status of Workers' Comp Capital Target Funding at 6/30/22

Santin reported that net position increased significantly over the prior year due to increased investment income through the captive and reduced actuarial ultimate loss projections for prior years. Program funding fully satisfies the confidence level, catastrophic loss reserve and rate stabilization components of the capital target policy. The program remains financially strong and stable, and equity has been used to fund mission-critical programs like grants for mental health programs and site security assessments.

Motion was made by Rahill, seconded by Page, and carried unanimously to accept and file the Workers' Compensation Capital Target Funding report as presented. *(Ayes: Barrington, Best, Dennis, Garcia, Grindle, Hester, Page, Patterson, Rahill, Schultz, Stubbs; Noes: none; Abstained: none; Absent: Solano County Office of Education, Solano Community College District, Travis USD, Vallejo City USD)*

DENTAL/VISION PROGRAMS

Status of Dental Capital Target Funding at 6/30/22

Santin reported the dental program shows net equity of \$4m after application of the capital target policy. This amount has been stable as compared to the prior reporting period. Claim payments have decreased just under \$470,000. Current 12-month rolling loss ratio is 93.14%; this means we have received more premium than we are paying out in claims and expenses. Overall, the program remains financially strong and meets all capital targets. Equity presents opportunities to moderate rate changes and absorb short-term cost increases.

Motion was made by Grindle, seconded by Garcia, and carried unanimously to accept and file the Dental and Vision Capital Target Funding reports as presented. (*Ayes: Barrington, Best, Dennis, Garcia, Grindle, Hester, Page, Patterson, Rahill, Schultz, Stubbs; Noes: none; Abstained: none; Absent: Solano County Office of Education, Solano Community College District, Travis USD, Vallejo City USD*)

ADJOURNMENT

There being no further business, the meeting was adjourned at 10:54 a.m.

Respectfully submitted by: Kim Santin 1/27/2023
Kim Santin, Executive Director Date

Approved by the Board: 4/19/2023
Date