

**NORTH BAY SCHOOLS INSURANCE AUTHORITY
EXECUTIVE COMMITTEE MEETING
November 7, 2018**

MINUTES

- Call To Order** The meeting was called to order at 12:38 p.m. by President Welch.
- Attendance** Those in attendance were:
Matt Best, Davis Joint Unified School District
Michelle Henson, Fairfield-Suisun Unified School District
Josh Schultz, Napa County Office of Education
Tommy Welch, Solano County Office of Education
- Staff and Guests** Janet Selby, NBSIA
Shelby Van Orsow, NBSIA
- Approval of Agenda** Motion made by Schultz, seconded by Henson, and carried unanimously to approve the agenda as presented. (*Ayes: Best, Henson, Schultz, Welch; Noes: none; Absent: none; Abstain: none*)
- Public Comments** None
- Member Reports and Collaboration** Director Best shared that DJUSD had secured bond funding in the recent election and would be undertaking a number of construction projects. He inquired as to whether the program to provide project-based insurance coverage was still available. Selby shared that it was, as part of the Owner-Controlled Insurance Program (OCIP) available to NBSIA members through Alliant/EIA. She will send information to all members.
- Executive Director's Report and Communications** Selby reviewed her Executive Director's Report, noting that she is travelling to Utah on November 13th to meet with legal counsel and state regulators to begin the process of establishing NBSIA's captive. She also highlighted the veto language for AB 3120, which provided a comprehensive history of policymaking on this issue.
- ACTION ITEMS**
- Approval of Consent Calendar** Auditor Schultz asked one question regarding the expenditure reports. After receiving a satisfactory response, motion was made by Schultz, seconded by Best, and carried unanimously to approve all items listed on the Consent Calendar, including Regular Meeting Minutes August 22, 2018; Investment Committee Minutes August 22, 2018; Special Meeting Minutes September 10, 2018; Expenditure Reports: July-September 2018; Personnel Actions: August-October 2018; and List of Surplus Equipment. (*Ayes: Best, Henson, Schultz, Welch; Noes: none; Absent: none; Abstain: none*)
- Finance/Operations**
- Approval of Broker/Dealer Firm: Piper Jaffray
In accordance with NBSIA's Investment Policy, all broker/dealer firms must be approved by the Executive Committee in advance of transactions. Kevin Webb has worked previously with NBSIA as a representative of Cantor

Fitzgerald. Kevin has now moved to Piper Jaffray and would like to continue his working relationship with NBSIA. Upon review of the Broker/Dealer Questionnaire required of all prospective broker/dealers, and associated documentation, as well as checks performed on the SIPC and FINRA websites, it has been determined that Piper Jaffray meets the broker/dealer firm standards.

Motion was made by Best, seconded by Schultz, and carried unanimously to approve the addition of Piper Jaffray as a new broker/dealer firm. (*Ayes: Best, Henson, Schultz, Welch; Noes: none; Absent: none; Abstain: none*)

September 2018 Investment Plan Report

All portfolio benchmarks for liquidity, safety, and return on investment are being managed according to NBSIA's investment policy. The yield is lagging behind the plan benchmark, which is expected as the market will move up or down faster than NBSIA's portfolio.

Motion was made by Schultz, seconded by Henson, and carried unanimously to accept and file the September 2018 Investment Plan Report. (*Ayes: Best, Henson, Schultz, Welch; Noes: none; Absent: none; Abstain: none*)

Property/Liability

Status of Property/Liability Capital Target Funding at 6/30/18

The Property/Liability Program funding analysis reveals that current funding satisfies the 85% confidence level and rate stabilization fund, but does not fully cover the minimum catastrophic loss fund component of \$2 million. P/L program funding has been trending down for several years as a result of adverse loss development and actuarial increases in estimated ultimate losses, particularly in the last five years. These loss trends are impacting pool rates, as well as the rates and coverage offered by NBSIA's excess carriers. Selby noted that the Board currently funds at a conservative level and that the program remains well-funded. To begin recapitalizing the program, the Board previously approved an additional funding allocation of \$500,000 for the current year, which is not reflected in this analysis. The Board may consider additional prudent steps to proactively strengthen program funding.

Auditor Schultz inquired how much the additional funding allocation would help the program, to which Selby responded that it is too soon to say. The next funding evaluation point is the actuarial study due in March 2019.

Director Best questioned whether the frequency of program funding review is appropriate. Selby responded that she believes current funding review frequency and staff reviews of claims and loss reserves throughout the year are adequate to evaluate and take timely action if necessary.

Motion was made by Best, seconded by Henson, and carried unanimously to accept and file the Property/Liability Policy Period Reconciliation at 6/30/18 report. (*Ayes: Best, Henson, Schultz, Welch; Noes: none; Absent: none; Abstain: none*)

Status of Workers' Comp Capital Target Funding at 6/30/18

The Workers' Compensation Program funding analysis reveals that current funding fully satisfies the confidence level, catastrophic loss reserve, and rate stabilization components of the policy. Program equity presents opportunities for the Board, including a high self-insured retention, program funding, and continued rate capping. Auditor Schultz asked how this report might look different when funding moves to a captive. Selby responded that a separate similar analysis will be done on captive funding.

Motion was made by Best, seconded by Schultz, and carried unanimously to accept and file the Workers' Compensation Policy Period Reconciliation at 6/30/18 report. (*Ayes: Best, Henson, Schultz, Welch; Noes: none; Absent: none; Abstain: none*)

Status of Dental Program Capital Target Funding at 6/30/18

The Dental program funding analysis identifies a slight decrease in ultimate funding from the previous reporting period, after application of the capital target policy. However, both the reserve funding level and rate stabilization components of the policy are fully satisfied. NBSIA is currently using program equity to discount rates and underwrite the addition of implants to the program effective 7/1/17.

Motion was made by Henson, seconded by Best, and carried unanimously to accept and file the Dental Policy Period Reconciliation at 6/30/18 report. (*Ayes: Best, Henson, Schultz, Welch; Noes: none; Absent: none; Abstain: none*)

NON-ACTION DISCUSSION ITEMS

Site Security Assessment Pilot Results

Selby shared that results of a survey conducted of the pilot participants, which revealed that over 90% would recommend the training to other districts (Benicia USD and Napa COE were the pilot participants). She shared staff's preliminary plan to propose a three-year grant program, with funding available to members for site assessment, training, and construction design consulting. The grant would be funded with equity.

Auditor Schultz asked if staff had researched costs of any other vendors. Director Best shared his experience in this regard. Director Best suggested, and others agreed, that the grant should require some contribution of funds from participating members, so they are invested in the services.

WC Profile Audit Review (PAR) Results

The Workers' Comp department recently underwent its state PAR audit, which occurs every five years and measures performance in the areas of disability payments and benefits notices issued to injured workers. NBSIA's rating was .37291, which is outstanding (lower is better). The results reflect that the NBSIA claims staff are doing an excellent job issuing timely

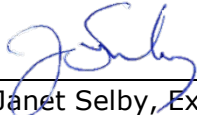
and accurate disability benefits and benefit explanation letters. Selby acknowledged Workers' Comp Claim Manager Kami Liñan and her staff.

Member Data Gathering

Selby shared that staff is exploring additional data from members to augment existing data analysis and aid in prevention and mitigation of claims. The committee agreed in concept and suggested that a focus-group of Human Resources representatives would be helpful in addressing questions and issues. NBSIA staff will work to put something together.

Adjournment

There being no further business, the meeting was adjourned at 1:32 p.m.

Respectfully submitted by:  _____ 11/7/18
Janet Selby, Executive Director Date

Approved by Committee: 2/27/19
Date