

**NORTH BAY SCHOOLS INSURANCE AUTHORITY
EXECUTIVE COMMITTEE MEETING
March 31, 2021**

MINUTES

- Call to Order** The meeting was called to order at 12:00 p.m. by President Henson.
- Attendance** Those in attendance were:
Michelle Henson, Fairfield-Suisun USD
Attending by videoconference/Zoom:
Matt Best, Davis Joint USD
Josh Schultz, Napa County Office of Education
Dana Page, Napa Valley USD
- Staff and Guests** Janet Selby, NBSIA
Carrie Green, NBSIA
- Approval of Agenda** Motion made by Page, seconded by Best, and carried unanimously to approve the agenda as presented. (*Ayes: Best, Henson, Page, Schultz; Noes: none; Absent: none; Abstain: none*)
- Public Comments** No public present.
- Member Reports and Collaboration**
No reports.
- Executive Briefing** Selby provided an update to the Executive Committee, along with articles of interest. She noted that Schools Program Alliance (SPA) is looking to expand to cover group purchase of general liability excess coverage. This would provide more market clout and help with renewal terms. SPA is also looking into marketing to other pools. Selby also highlighted the article on trends in cyber coverage and market hardening due to increased exposures in the remote work/learn environment and higher frequency and severity of ransomware claims. Selby indicated that because of market conditions, underwriting is getting stricter, and an application process is now required. There is an anticipated rate hike this coming year, but while the percentage may be high, the dollar amount is low compared to other coverages.
- ACTION ITEMS**
- Consent Calendar Motion was made by Schultz, seconded by Page, and carried unanimously to approve all items listed on the Consent Calendar, including the Regular Meeting Minutes November 10, 2020; Personnel Actions (November 2020–February 2021); Quarterly Financial Reports: December 31, 2020 (unaudited); Portfolio Executive Summary: February 28, 2021; and Expenditure Report: July-December 2020 (*Ayes: Best, Henson, Page, Schultz; Noes: none; Absent: none; Abstain: none*)
- Administration**
- Revision to Board Investment Policy
Selby provided background on NBSIA Board Investment Policy 3.2, section (8.2) on “Maximum Maturities” that allows investment in

securities over five years maturity. Currently, the policy is limited to US Treasuries or Agencies, and only up to 10 years maturity. In addition, all purchases over five years require preapproval by two members of the Executive Committee.

Selby reviewed the proposed amendments to Investment Policy, to allow State Obligations (Munis) of any state and Negotiable Certificates of Deposit (full FDIC protection) as additional security types allowed between five- and 10-year maturity; and to remove the requirement for pre-approval of each purchase over five years maturity. Staff will continue to provide regular reports to the Executive Committee on the overall portfolio status including liquidity and duration.

A robust conversation was had by the Committee. They supported the proposed changes and asked if there were other areas where our policy was more restrictive than what is allowed by law. Selby responded that for the most part, the differences are in allowed security types and duration. Another question was on conflicts of interest in investing in local municipal securities. Selby will look into that issue. The Committee appreciated the added flexibility of the proposed amendments.

Motion was made by Best, seconded by Schultz, and carried unanimously to approve the amendments to the Investment Policy as presented for final approval by the Board of Directors. (*Ayes: Best, Henson, Page, Schultz; Noes: none; Absent: none; Abstain: none*)

Revisions to JPA Bylaws

At the January 2021 meeting, the NBSIA Board expressed support for extending direct representation to the smaller Napa Districts to increase capacity for leadership and add diversity of perspective.

Selby reported that after the meeting, she reached out to the four "upvalley" Napa districts regarding their interest in participating on the NBSIA Board. Two of those districts – St. Helena and Calistoga – responded positively. Howell Mountain asked for time to consider but has not yet responded. Pope Valley did not respond.

After consultation with general counsel, Selby presented a revision to the Bylaws that would allow St. Helena and Calistoga direct board representation. Should others decide to participate, staff could update the proposed changes prior to final approval at the April board meeting. If approved, the amended Bylaws and expanded Board would go into effect as of May 1, 2021.

Motion was made by Schultz, seconded by Page, and carried unanimously to approve the amendments to the JPA Bylaws as presented for final approval by the Board of Directors. (*Ayes: Best, Henson, Page, Schultz; Noes: none; Absent: none; Abstain: none*)

Property/Liability Program

Renewal of Endorsements to Memorandum of Liability Coverage (MOLC)

Selby presented that the Board previously approved adding Endorsements #3 (Limited COVID Coverage) and #4 (Class Action

Defense Coverage) to the 2020-21 MOLC. This coverage was added mid-year in response to pandemic-related exposures.

In the FY 2021-22 renewal process, there is the option to keep Endorsement #3 and #4 coverage or eliminate it. Selby recommended continuing coverage and reported that most pools are providing some type of coverage, as these exposures continue to be of concern. After speaking with our actuary, Selby reported that determining a funding rate would be difficult due to the lack of claims experience. The actuary felt that with the increase in program assets over the past year, funding could come from existing reserves.

Motion was made by Page, seconded by Best, and carried unanimously to recommend continuing coverage provided by MOLC Endorsements #3 and 4 as presented for final approval by the Board of Directors. (*Ayes: Best, Henson, Page, Schultz; Noes: none; Absent: none; Abstain: none*)

Closed Session

The Executive Committee entered Closed Session at 12:31 p.m. to discuss the evaluation of the Executive Director pursuant to Government Code Section 54957(b).

Report from Closed Session

The Executive Committee returned from Closed Session at 12:42 p.m. and reported that there were no reportable actions taken.

NON-ACTION ITEMS

Actuarial Reports and Rates for FY2021-22

Selby reviewed the staff report in detail, providing information from the actuarial reports and an update on the development of program rates for FY2021-22. Actuarial information and excess renewal estimates are being reviewed. Early indications are positive across all lines, except cyber. It was anticipated that most rates will be presented for approval at the April Board of Directors meeting.

Property Appraisals in 2021-22

Selby reported that the last property appraisals were done in 2013. Staff have budgeted for a full appraisal of Members in FY2021-22, with some associated costs being covered by SPA. Staff are working with Duff & Phelps, and it is anticipated that appraisals will begin in early 2022.

Strategic Planning 2021-22

Selby provided an update on the June Strategic Planning session. The program will be held at The Andaz in Napa. Rebecca Ryan (NEXT Gen Consulting), an expert in strategic forecasting, will facilitate discussion on the future of public schools. Following that meeting, staff and NEXT Gen will continue exploring the possible futures of public education and the impact of those futures on the pool. These discussions will culminate in development of a five-year strategic plan in January 2022.

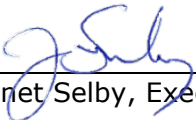
Captive Shareholder and Board Meetings

Selby discussed logistics for the Captive Shareholder and Board Meetings scheduled for April 16, 2021 in Park City, Utah. Executive Committee

Members and captive Board Members Henson and Shultz will be attending in-person, as will Selby and Finance Manager, Vahé Hovakimian. Executive Committee/captive Board Members Best and Page will be participating virtually. Presentations will include the financial audit from Gilbert CPA and investment portfolio and strategy from PFM.

ADJOURNMENT

There being no further business, the meeting was adjourned at 12:58 p.m.

Respectfully submitted by:  3/31/2021
Janet Selby, Executive Director Date

Approved by Committee: 5/26/21
Date