

**North Bay Schools Insurance Authority  
Board of Directors Meeting  
January 27, 2017**

**MINUTES**

**CALL TO ORDER**      The meeting was called to order at 9:03 a.m. by President Rahill.

**ATTENDANCE**      Those in attendance were:  
Tim Rahill, Benicia Unified School District  
Tommy Welch, Solano County Office of Education  
Michelle Henson, Fairfield-Suisun Unified School District  
Cecile Nunley, Vallejo City Unified School District  
Matt Best, Davis Joint Unified School District  
John Calise, Dixon Unified School District (left 10:40 am)  
Wade Roach, Napa Valley Unified School District  
Tracy Robinson, Solano County Office of Education  
Adrian Vargas, Dixon Unified School District (left 11:46 am)  
John Zikmund, Napa County Office of Education

Staff and Guests:

Janet Selby, NBSIA  
Ken Hearnberger, NBSIA  
Suzanne Dillman, NBSIA  
Kami Liñan, NBSIA  
Jo Ann Nelson, NBSIA  
Shelby Van Orsow, NBSIA  
Jamie Brewer, St. Helena Unified School District  
Kevin Webb, Cantor Fitzgerald  
Jim Marta, James Marta & Company  
Robert Cutbirth, Tucker Ellis LLP

Absent:

Yulian Ligioso, Solano Community College  
Jamie Metcalf, Travis Unified School District  
Deo Persaud, Vacaville Unified School District

**APPROVAL OF AGENDA**

Motion was made by Welch and seconded by Best to approve as presented: Ayes: Rahill, Welch, Henson, Nunley, Best, Roach, Vargas, Zikmund; Noes: none; Abstained: none.

**REPORTS TO BOARD**

Public Comments:      None.

NBSIA Investment Portfolio Review

Kevin Webb, a Director with Cantor Fitzgerald, reviewed NBSIA's Investment Portfolio, reporting generally that the portfolio is being well-managed in accordance with the Investment Policy.

#### NBSIA Memorandum of Liability Coverage Review

Robert Cutbirth, attorney with Tucker Ellis, LLP, reviewed NBSIA key documents, relationships and coverages, including the Memorandum of Liability Coverage, detailing the agreed coverage terms and key limitations and conditions of coverage.

**CLOSED SESSION** The Board entered into closed session at 10:28 a.m. to discuss matters related to Government Code section 54956.95(a): Lake v. Napa Valley USD.

#### REPORT FROM CLOSED SESSION ACTION

The Board returned to open session at 10:40 a.m. President Rahill reported that a unanimous vote by the Board granted settlement authority re: Lake v. Napa Valley USD. Ayes: Rahill, Welch, Henson, Nunley, Best, Roach, Vargas, Zikmund; Noes: none; Abstained: none.

#### COMMUNICATIONS

Selby reviewed a number of communication items that were included in the agenda packet. Among them, a briefing on a Supreme Court case that would significantly impact educational benefits for children with special needs, and articles about marijuana legalization in California and the impact of that on the Workers' Compensation system.

#### ACTION ITEMS

##### Approval of Consent Calendar:

Motion to accept the minutes of the September 28, 2016 Board Meeting, the minutes of the December 19, 2016 Special Board Meeting, and Quarterly Financial Statements at September 30, 2016 (unaudited) was made by Best, seconded by Welch, and approved as follows: Ayes: Rahill, Welch, Henson, Nunley, Best, Roach, , Vargas, Zikmund; Noes: none; Abstained: none.

#### Finance/Operations

##### Financial Audit Results for Fiscal Year Ended June 30, 2016

James Marta from James Marta & Company, LLP presented the results of the 2015/16 financial audit, noting no concerns or findings. A motion to accept the 2015/16 audit results was made by Welch, seconded by Nunley, and approved as follows: Ayes: Rahill, Welch, Henson, Nunley, Best, Roach, , Vargas, Zikmund; Noes: none; Abstained: none

##### Resolution for Electronic Payment Services

With the addition of a 529 college savings plan available to NBSIA employees, NBSIA is now required to use electronic payment services. The Board was asked to review Resolution 17-01, which adopts WestAmerica Bank's Resolution Regarding Electronic Payments. The Executive Committee recommended approval. A motion to approve the Resolution for Electronic Payment Services (No. 17-01) was made by Welch, seconded by Henson, and approved as follows: Ayes: Rahill, Welch, Henson, Nunley, Best, Roach, , Vargas, Zikmund; Noes: none; Abstained: none

##### Resolution for CalPERS Pick-up Contributions

An existing CalPERS resolution did not include the date NBSIA implemented the practice of pick-up contributions. Resolution 17-02 amends that resolution to confirm the date. A motion to accept the Resolution for CalPERS Pick-up Contributions (No. 17-02) was made by Welch, seconded by Nunley, and approved as follows: Ayes: Rahill, Welch, Henson, Nunley, Best, Roach, , Vargas, Zikmund; Noes: none; Abstained: none

#### Status of Capital Target Funding at 6/30/16 for Workers' Compensation Program

The Workers' Compensation Program has met the three specific components of the capital target policy (85% confidence level, 6x max losses, and rate stabilization fund) and retains an additional \$9.8 million. Considering recommended approval by the Executive Committee, a motion to accept the Workers' Compensation Program Status of Capital Target Funding at 6/30/16 was made by Roach, seconded by Nunley, and approved as follows: Ayes: Rahill, Welch, Henson, Nunley, Best, Roach, , Vargas, Zikmund; Noes: none; Abstained: none

#### Status of Capital Target Funding at 6/30/16 for Property/Liability Program

Selby presented the Status Report on Capital Target funding for the property/liability program, indicating that the program met two of the three specific components of the capital target policy (85% confidence level and rate stabilization fund) but did not fully cover the minimum catastrophic loss fund of \$2 million. Funding is at (\$672,843), a reduction from last year due to adverse loss development. Selby further reported that the program has not met the capital target policy in seven of the last eight years and recommended caution and close monitoring. Considering recommended approval by the Executive Committee, a motion to accept the Property/Liability Program Status of Capital Target Funding at 6/30/16 was made by Best, seconded by Nunley, and approved as follows: Ayes: Rahill, Welch, Henson, Nunley, Best, Roach, , Vargas, Zikmund; Noes: none; Abstained: none

#### Status of Capital Target Funding at 6/30/16 for Dental Program

Selby presented the Status Report on Capital Target funding for the dental program, indicating that the program met the targets for reserve funding and rate stabilization and retains an additional \$1.8 million. Selby suggested that equity could be used to reduce rates or enhance benefits, but recommended waiting for the results of the current dental rate study before making any decisions regarding use of equity. Considering recommended approval by the Executive Committee, a motion to accept the Dental Program Status of Capital Target Funding at 6/30/16 was made by Nunley, seconded by Best, and approved as follows: Ayes: Rahill, Welch, Henson, Nunley, Best, Roach, , Vargas, Zikmund; Noes: none; Abstained: none

#### Partial Release of Benicia USD Dental Equity

Benicia USD has been out of NBSIA's dental program for one full year. Their current share of net equity is \$262,635. After retaining a portion of this equity for capital target funding and tail claims, Selby reported that the balance of \$128,453 is safe to release back to the district at this time. Considering recommended approval by the Executive Committee, a motion to approve the partial release of Dental Equity to Benicia USD was made by Nunley, seconded by Best, and approved as follows: Ayes: Rahill, Welch, Henson, Nunley, Best, Roach, , Vargas, Zikmund; Noes: none; Abstained: none

### **NON-ACTION DISCUSSION ITEMS**

#### Member Services Program Report

Member Services Manager Suzanne Dillman reported on a number of successful projects in which pooled member funds enabled her to achieve better pricing. She also reviewed early data showing success of some of the programs NBSIA offers members through the Member Services program. President Rahill added that the provided data was helpful and appreciated.

Workers' Compensation Program Report

Workers' Compensation Manager Kami Linan reported a number of new initiatives in the Workers' Compensation program, including exploring telemedicine, technology mastery, review of new cost-containment programs implemented late 2016, and updates on legislation.

Property/Liability Program Report

Property/Liability Manager Colleen Abney reminded Board members that an NBSIA member district experienced a hazing incident last fall, and encouraged members to continue to be vigilant in these matters.

Finance Program Report

Finance Manager Ken Hearnberger reviewed the current financial position of NBSIA as a whole, emphasizing both stability and resiliency across all financial elements.

Change in WCIRB Experience Modification Methodology

Selby shared with the group that the WCIRB has modified the formula NBSIA uses to calculate the member experience modification factors. The new formula is less sensitive to large claims and places increased weight on frequency of claims. The change is expected to have a modest impact on most employers. Our actuary will evaluate the impact on NBSIA members as part of the coming actuarial study.

**ADJOURNMENT:** There being no further business, the meeting was adjourned at 11:57 a.m.

Respectfully submitted: Janet Selby (signature on file) Date: 4/19/17

Approved: April 19, 2017