

**North Bay Schools Insurance Authority
Board of Directors Meeting
January 26, 2018**

MINUTES

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

ATTENDANCE Those in attendance
Tommy Welch, Solano County Office of Education
Michelle Henson, Fairfield-Suisun Unified School District
Matt Best, Davis-Joint Unified School District
Tim Rahill, Benicia Unified School District
John Calise, Dixon Unified School District
Sonia Lasyone, Travis Unified School District
John Zikmund, Napa County Office of Education

Staff and Guests
Janet Selby, NBSIA
Suzanne Dillman, NBSIA
Ken Hearnberger, NBSIA
Kami Liñan, NBSIA
Colleen Abney, NBSIA
Karen Antunes, NBSIA
Kevin Webb, Cantor Fitzgerald
Mark Stokes, USI Insurance Services
Jim Wilkey, USI Insurance Services
Jim Marta, James Marta & Company

Absent
Josh Schultz, Napa County Office of Education
Wade Roach, Napa Valley Unified School District
Gigi Patrick, Vallejo City Unified School District
Janet Dietrich, Vacaville Unified School District

APPROVAL OF AGENDA

Motion was made by Best, seconded by Rahill, and carried unanimously to approve as presented. (*Ayes: Welch, Best, Calise, Henson, Lasyone, Rahill, Zikmund; Noes: none; Abstained: none.*)

PUBLIC COMMENTS

None.

REPORTS TO BOARD

NBSIA Investment Portfolio Review

Kevin Webb, a Director with Cantor Fitzgerald, reviewed NBSIA's Investment Portfolio. Mr. Webb reported that the portfolio is performing well against plan benchmarks. Graphs reviewed included the Investment Plan Executive Summary and Effective Duration versus Purchase Yield.

Insurance Market Report

Jim Wilkey, Senior Vice President, and Mark Stokes, Managing Director of USI Insurance Services presented on the current state of the insurance market and the outlook for 2018/19 excess renewals. Their presentation included a

recap of relevant insurance markets and NBSIA excess programs, including BASIC liability and property programs. They noted that despite recent catastrophic losses, there is no capacity shortage in the property market, but Members should anticipate rate increases. The liability market is beginning to settle, with minimal rate increase expected. Workers' comp rates are expected to be slightly lower.

MEMBER REPORTS AND COLLABORATION

COMMUNICATIONS

Selby highlighted an article regarding the regulation of athletic trainers in schools, and reported that pending legislation to regulate in California is not likely to pass this year.

ACTION ITEMS

Approval of Consent Calendar

Motion was made by Best, seconded by Henson, and carried unanimously to approve the Consent Calendar. Consent items included: minutes of the September 27, 2017 Regular Board Meeting and the Quarterly Financial Statements at September 30, 2017 (unaudited). *(Ayes: Welch, Best, Calise, Henson, Lasyone, Rahill, Zikmund; Noes: none; Abstained: none.)*

Finance/Operations

Financial Audit for fiscal year end June 30, 2017

James Marta from James Marta and Company, LLP presented the results of the 2016/17 financial audit, noting no concerns or findings. Mr. Marta noted the trend (widespread) of increasing claim costs in liability and property, and the negative impact on equity. Motion was made by Best, seconded by Rahill, and carried unanimously to accept and file the 2016/17 audit report. *(Ayes: Welch, Best, Calise, Henson, Lasyone, Rahill, Zikmund; Noes: none; Abstained: none.)*

Amendment to Board Procedure 3.1, Capital Target

Selby reported that during this year's capital target review, it was noted that the Board Procedure did not match standing practice in terms of timing. The proposed amendment would match procedure to practice. Motion was made by Calise, seconded by Best, and carried unanimously to approve amendment to Board Procedure 3.1 as presented. *(Ayes: Welch, Best, Calise, Henson, Lasyone, Rahill, Zikmund; Noes: none; Abstained: none.)*

Workers' Compensation Program

Status of Capital Target Funding at 6/30/17

Selby reported that the Workers' Compensation Program retains funding of \$9.2 million after application of the capital target policy. This amount fully satisfies the confidence level, catastrophic loss reserve, and rate stabilization components of the policy. Equity is down approximately \$600,000 from this time last year, the expected result of capping the WC rate for the past several years. Motion to accept and file the report was made by Best, seconded by Henson, and carried unanimously. *(Ayes: Welch, Best, Calise, Henson, Lasyone, Rahill, Zikmund; Noes: none; Abstained: none.)*

Member Services Program

Site Security Pilot Program

Staff proposed a pilot with Secure Education Consultants (SEC) to test its school site security assessment and training services. Napa County Office of Education volunteered to participate in the pilot. Selby reported that staff would like a District to participate as well, and a couple of Members expressed interest. Staff agreed to follow up with more information. Executive Director recommended allocation of \$30,000 from workers' compensation program equity to fund the school site security assessment and training pilot program. Motion to approve the allocation of \$30,000 in equity from the workers' compensation program was made by Rahill, seconded by Best, and carried unanimously. (*Ayes: Welch, Best, Calise, Henson, Lasyone, Rahill, Zikmund; Noes: none; Abstained: none.*)

Property/Liability Program

Status of Capital Target Funding at 6/30/17

Selby reported Property/Liability Program funding of (\$1,616,242) after application of the capital target policy. Funding satisfies the confidence level and rate stabilization components of the policy, but does not fully cover the minimum catastrophic loss reserve. Adverse loss development for the past several years has significantly eroded program funding. At this time last year, funding was at (\$672,843). The Board should consider action in the coming year to address the reduction in funding. A motion to accept and file the report was made by Best, seconded by Calise, and carried unanimously. (*Ayes: Welch, Best, Calise, Henson, Lasyone, Rahill, Zikmund; Noes: none; Abstained: none.*)

Dental/Vision Programs

Status of Capital Target Funding at 6/30/17

The Dental program analysis identifies ultimate funding of \$2.3 million after application of the capital target policy, an increase of around \$500,000 from the previous reporting period. This amount fully satisfies both the confidence level and rate stabilization components of the dental capital target policy. Selby reported that equity is currently being used to fund the addition of implants to the program effective 7/1/17. Motion to accept and file the report was made by Best, seconded by Henson, and carried unanimously. (*Ayes: Welch, Best, Calise, Henson, Lasyone, Rahill, Zikmund; Noes: none; Abstained: none.*)

Release of Benicia Unified School District Dental Equity

Selby reported that Benicia USD has been out of the dental program for two full years. All of their dental claims are effectively closed. Last year, the Board approved partial release equity in the amount of \$128,453. The Executive Committee recommends approval of release of the balance of equity, \$136,177. Motion to approve the final release of \$136,177 in equity to Benicia USD was made by Rahill, seconded by Best, and carried unanimously. (*Ayes: Welch, Best, Calise, Henson, Lasyone, Rahill, Zikmund; Noes: none; Abstained: none.*)

NON-ACTION ITEMS

Napa Wildfire Claim Update

Selby provided a brief update on the Napa Wildfire claims. Total claims from Calistoga and Napa Valley USD were around \$315,000. Travelers has been very responsive. They are still considering the number of occurrences to apply, which will impact BASIC and NBSIA Member deductibles. BASIC fronted the deductible to Travelers, so that NBSIA Members could be paid.

Executive Director's Report

Selby announced that the recent Workers' Compensation and Property/Liability independent claims audits went very well, both reflecting careful and effective claims administration. Selby congratulated and thanked both managers and their teams for these excellent results.

ADJOURNMENT

There being no further business, the meeting was adjourned at 10:46am.

Respectfully submitted by: Janet Selby (signature on file) Date: 1/31/18

Approved by Board of Directors: 4/18/18