

# MINUTES



## **EXECUTIVE COMMITTEE MEETING**

WEDNESDAY, APRIL 14, 2021

11:00 AM.

This meeting was conducted by **Zoom**. Locations were not provided as the Brown Act has been partially suspended due to Coronavirus (COVID-19).

### **I. CALL TO ORDER**

President Teixeira called the meeting to order at 11:04 A.M.

### **II. ROLL CALL**

#### **OFFICERS & EXECUTIVE COMMITTEE:**

SELMA UNIFIED SCHOOL DISTRICT

PACIFIC UNION ELEMENTARY SCHOOL DISTRICT

KINGSBURG JOINT UNION SCHOOL DISTRICT (ELEMENTARY)

KINGSBURG JOINT UNION SCHOOL DISTRICT (ELEMENTARY)

FOWLER UNIFIED SCHOOL DISTRICT

KERMAN UNIFIED SCHOOL DISTRICT

KINGSBURG JOINT UNION HIGH SCHOOL DISTRICT

KINGS RIVER-HARDWICK UNION ELEMENTARY SCHOOL DISTRICT

LOS BANOS UNIFIED SCHOOL DISTRICT

SOUTHWEST TRANSPORTATION AGENCY

Larry Teixeira, President

Annette Machado, Vice President

Dr. Wesley Sever, Treasurer

Carol Bray, Accountant

May Yang, Permanent Member

Kraig Magnussen, Permanent Member

Don Shoemaker, Member at Large

Joshua Vogelgesang, Member at Large

Alejandra Garibay, Permanent Member

Gary Geringer, Member at Large

#### **MEMBERS**

CLAY JOINT ELEMENTARY SCHOOL DISTRICT

FRESNO COUNTY SUPERINTENDENT OF SCHOOLS

Judith Szpor

Jason Parkin

#### **ADMINISTRATORS & CONSULTANTS:**

KEENAN & ASSOCIATES

KEENAN & ASSOCIATES

KNAK & COMPANY

MILLIMAN, INC.

POMS & ASSOCIATES

Tyler Houston, Account Executive

Donna Murry, Account Manager

Erik Knak, Third Party Administrator

Guy Avagliano, Actuary

Amy Dolson, Risk Manager

### **III. APPROVAL OF AGENDA**

**2020/2021-42**

#### **ACTION**

The Executive Committee retains the right to change the order in which agenda items are discussed. Subject to review by the Executive Committee, the agenda is to be approved as presented. Items may be deleted or added for discussion only according to G.C. Section 54954.2

PUBLIC COMMENTS: None

COMMITTEE CONSIDERATION: Motion by member Yang with a second by member Magnussen and unanimously carried to approve the Agenda as presented. Absent: Members Chuck, Augusto, Sever & Machado.

### **IV. PUBLIC COMMENTS**

PUBLIC COMMENTS: None

COMMITTEE CONSIDERATION: None

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**V. CONSENT AGENDA**

2020/2021-43

**ACTION**

The Executive Committee considered the following items within the Consent Agenda:

- Approval of Minutes of the January 20, 2021 Executive Committee Meeting as Emailed
- Approval of Expenditures for Quarter Ending March 31, 2021 which includes Knak & Co. claim expenses.

PUBLIC COMMENTS: None

COMMITTEE CONSIDERATION: Motion by member Yang with a second by member Geringer and unanimously carried to approve the Consent Agenda as presented. Absent: Members Chuck, Augusto, Sever & Machado.

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**VI. CORRESPONDENCE**

2020/2021-44

**INFO**

The Account Manager, Donna Murry presented correspondence received:

1. The 2020 Government Compensation in California Report as received from the State Controller's office and the report as filed in response by the JPA auditor Gus Corona. This report provides the State with any wages the Organization of Self-Insured Schools pays to its governing board. The report shows \$0 in compensation.
2. The retirement letter from Larry Teixeira was presented. His retirement will be effective 7/01/21.

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**VII. CLAIMS**

**THIRD PARTY ADMINISTRATOR UPDATE**

2020/2021-45

**INFO**

Erik Knak, Claims Administrator for the OSS presented the OSS Loss History Review (Incurred) 4-05-2021 to the Executive Committee and Members, comparing the report to the 04/01/20 report provided at last April's meeting. The years 2011/12, 2012/13, 2013/14, 2015/16, 2016/17 and 2017/18 have no open claims with 2016/17 total incurred figure increasing by \$1K and the 2017/18 year decreasing by \$500 since the 04/01/20 report. The 2014/15 year has only one open claim related to bullying allegations. 2018/19 has only one open claim out of 71 opened thus far to date. This was an excellent year with reserves down \$60K from the 04/01/20 report. The 2019/20 year has been a difficult claim year, presently with 8 open claims. Though not as many claims for 2019/20, there were several large Property and Liability claims. The current 2020/21 year has had only 25 claims opened thus far, but it includes 3 large Property claims for a warehouse fire, gym floor water damage and multi-room vandalism; for this year there are 12 claims that are still open. In summary, there are 22 open claims, down 6 from the 04/01/20 report and currently \$261K in reserves, down \$259K from the report presented from last April's meeting.

PUBLIC COMMENTS: None

COMMITTEE CONSIDERATION: None

Member Sever arrived.

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**VIII. UNDERWRITING**

**NCR EXPERIENCE RATING FOR THE OSS (Authority)**

2020/2021-46

**INFO**

The Account Executive, Tyler Houston provided an indication on the NCR renewal for budgeting purposes to the OSS Executive Committee. Within the self-funded layers, NCR is having an excellent renewal, with reductions in both liability and property ex-mods for the \$50,000 layer. The OSS JPA is seeing a substantial decrease in its liability ex-mod and a moderate increase in its property ex-mod. Negotiations with the excess markets are currently in progress, but due to several catastrophic storm losses, California wildfires, and AB 218 the marketplace has started to tighten up. The preliminary estimate for the excess Liability could see an increase of 15% with excess Property taking a 10% increase, but there is an opportunity for these estimates to change and potentially improve. The Ancillary Coverages (Crime, Equipment Breakdown and EDP) are all expected to renew at expiring rates with the exception of Cyber Coverage which could expect to see a significant increase in the rate due to a large uptick in Cyber related losses. With everything being said, the Account Executive estimated a conservative increase of 3% to the NCR/SAFER program for the OSS. This does not take into consideration any increase in a district's ADA or total insured value (TIV); as well as changes to the self-funded portion of the program.

PUBLIC COMMENTS: None

COMMITTEE CONSIDERATION: None

Member Machado arrived.

## NCR UPDATE

2020/2021-47  
INFO

The Account Executive provided information and recent updates on the NCR Program.

- NCR Executive Summaries

**Finance Committee** – A status report on the Loss Portfolio Transfer (LPT) showed the protection balance has increase from \$42 M above expected losses to \$49.2 M due to favorable loss development. Overall, the financial position of the NCR JPA continues to be fiscally strong and stable.

**Executive Committee** – SAFER (excess layer) is strategically positioned very well due to its layering structures, participation of many carriers in each layer, and the goal of securing multi-year rate guarantees. SAFER implemented an Experience Modification policy for this renewal, which rewards those with good loss experience and to inspire those with poor loss history to seek assistance to remediate their issues through strong risk management practices. Mr. Houston congratulated (3) OSS member districts (Fowler USD, Orange Center Elem SD, and Washington Unified SD-Fresno) that were chosen in the NCR Risk Management lottery drawing to receive \$2,500 to use toward risk management products and services. To be entered into the drawing, districts had to have 50% of their employees take 2 or more of the selected Keenan Safe School Coronavirus courses. A total of (10) districts were chosen.

**Claims and Coverage Committee** – It has been identified that a large majority of Sexual Abuse Molestation Adult to Student claims involves coaches and walk on coaches. NCR will be developing best practices to risk manage this exposure.

**Joint Underwriting and Member Services Committee** – Both the Matching Grant & the Risk Management Reward Programs are to be renewed. The current Property Appraisal Contract with AssetWorks will expire 6/30/21. The Underwriting Committee is working with the NCR Manager to secure a new 5-year agreement with a 20% rate reduction. The reduction was secured by increasing the appraisal threshold to \$1,000, eliminating paper copies of the final report and district site plan diagrams. If a district still wants a hard copy report and/or site plans, they will still be available at a separate negotiated price. The Special Agency Rating Policy has been revised to increase the contribution for SELPAs, Food Service Agencies, and Sister JPAs. The current contributions were developed in the early 2000s and have never been reviewed or updated.

- Cyber Liability is proving to be the up and coming risk. There has been a huge increase in cyber claims. It is of the utmost importance for districts to have off-site backups as well as other cyber security related measures in place to help offset their potential exposure for ransomware losses.
- Builders Risk Coverage – NCR has recognized that many JPAs and standalone districts within the program have been utilizing the program’s Builders Risk Endorsement to MOC (BREM) to satisfy their responsibility to provide Builders Risk coverage for new construction projects. Historically our JPA members, like many other NCR members, have got accustomed to using the BREM as opposed to securing an independent builder’s risk policy. BREM, originally designed for low cost construction projects does not provide all the appropriate coverages needed for such higher end projects. A Standalone Alone Builders Risk (SABR) Policy are more appropriate for larger projects and will need to be considered and/or utilized by the membership moving forward. Member districts will need to plan ahead, as the process for securing a builder’s risk policy requires an application and underwriting process.

PUBLIC COMMENTS: None

COMMITTEE CONSIDERATION: None

Member Szpor arrived

**IX. FINANCIAL**

**APPROVAL OF THE MILLIMAN, INC ACTUARIAL REPORT**

**2020/2021-48**

**ACTION**

The Actuary, Guy Avagliano presented the *Summary of Actuarial Analysis as of December 31, 2020* as prepared by his firm, Milliman, Inc. for review and recommendation to the Board of Directors. Highlights were: The Fiscal Accident Year (FAY) 2019-20 and prior decreased by \$93 thousand in estimated net ultimate losses. Most of the change was in FAY 2019-20 due to the pandemic as schools were closed for part of the year, reducing the exposure to these claims. The current estimate for FAY 2020-21 is \$65 thousand below last year's forecast, driven by a decrease in reported claims, likely due to the pandemic. The funding estimate for FAY 2021-22 at an 80% probability level is about 3% higher than the corresponding estimate for the prior year due to an increase in expenses. Frequency has declined in recent years, especially the last two. Severity varies by year with the last two years seeing several larger claims. The average case reserve has generally increased over time.

**APPROVAL OF THE MILLIMAN, INC ACTUARIAL REPORT - CONT**

**2020/2021-48**

**ACTION**

PUBLIC COMMENTS: None

COMMITTEE CONSIDERATION: Motion to recommend approving the Actuarial Report to the Board of Directors as presented was made by member Magnussen with a second by member Geringer and unanimously carried. Absent: Members Chuck & Augusto.

**LOSS FUND RATES**

**2020/2021-49**

**ACTION**

The Actuary presented the Loss Fund Rates to the Executive Committee for their consideration and recommendation to the Board of Directors. The Loss Fund is used by the JPA to fund its \$50,000 self-insured layer. The funding rate is further developed based on a combined loss experience for all OSS districts using the five most recent completed FAYs capping it at a 20% credit or a 20% surcharge per district. At the 80% funding probability, there is an increase in the rate by \$0.51 per ADA for the FAY 2021-22 due to the increase in the expense provision. It was recommended to continue to fund the program at the 80% probability level.

PUBLIC COMMENTS: None

COMMITTEE CONSIDERATION: Motion by member Magnussen seconded by member Vogelgesang and unanimously carried to recommend retaining the 80% probability level to the Board of Directors. Absent: Members Chuck & Augusto.

**TREASURER'S REPORT**

**2020/2021-50**

**ACTION**

The OSS accountant, Carol Bray presented the Treasurer's Report for Quarter ending March 31, 2021 for review and consideration. Total operating revenues were at 100% with revenues of \$5,597,934 and operating expenses at 92% with expenditures of \$5,172,223, which included the WRA and rebates payments.

PUBLIC COMMENTS: None

COMMITTEE CONSIDERATION: Motion by member Magnussen with a second by member Machado and unanimously passed to accept the Treasurer's Report as presented. Absent: Members Chuck & Augusto.

**CONSIDERATION OF PAYING A REBATE**

**2020/2021-51**

**ACTION**

The Account Executive presented the second-year actuarial analysis of the rebate calculations to the Executive Committee for consideration and recommendation to the Board of Directors. Due to the increase in Cyber claims and the high potential of unquantifiable exposure via AB 218, it was his recommendation not to take a rebate for the current 20/21 year. The funds would still be available for payment in the future.

PUBLIC COMMENTS: None

COMMITTEE CONSIDERATION: Motion was made by member Vogelgesang with a second by member Magnussen and unanimously passed not to pay the funds available for a rebate for the 20/21 year. Absent: Members Chuck & Augusto.

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**X. ADMINISTRATION**

**AUDITOR’S ENGAGEMENT LETTER**

**2020/2021-52  
ACTION**

The Account Executive presented the engagement letter from Borchardt, Corona, Faeth & Zakarian for years ending June 30, 2022, June 30, 2023, and June 30, 2024 to the Executive Committee for ratification.

PUBLIC COMMENTS: None

COMMITTEE CONSIDERATION: Motion by member Magnussen with a second by member Shoemaker and unanimously carried to approve the engagement letter as presented. Absent: Members Chuck & Augusto.

**FUTURE MEETING DATES & LOCATIONS**

**2020/2021-53  
ACTION**

The Account Manager presented the meeting dates and locations for the 21/22 fiscal year to the Executive Committee for their recommendation to the Board of Directors.

PUBLIC COMMENTS: None

COMMITTEE CONSIDERATION: Motion by member Vogelgesang with a second by member Geringer and unanimously carried to recommend approval of the future meeting dates and locations to the Board of Directors. Absent: Members Chuck and Augusto.

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**XI. RISK MANAGEMENT**

**RISK MANAGEMENT UPDATES**

**2020/2021-54  
INFO**

The Risk Manager, Amy Dolson presented the following updates on Loss Control services and risk management information.

- OSS Safety & Security Grant Program 20/21 Application Period 7/1/20 through 6/30/21 is still available to all OSS members. The purpose of this Grant is to encourage the members to improve school safety and security measures within their districts to address specific safety and security loss control hazards.
- Virtual Training: Title IX Coordinator Training with Megan Farrell (Annual Training Requirement) – Date TBD. The consensus of the members was to have the training take place during the summer months.
  - Title IX Basics Training with Megan Farrell webinars which took place July 2020, are now available on the OSS Website at <https://www.ossweb.org/webinars/>. Megan will keep us informed if any changes are made to Title IX under the new Biden administration.
  - [www.titleixconsult.com](http://www.titleixconsult.com) – free first Thursday webinar. Sign up for Megan’s newsletter and you will get announcements about all her training opportunities.
- Virtual Training: Fundamentals of Boiler Maintenance – Hosted by Hartford Steam Boiler and Keenan – Tuesday, May 11, 2021 from 9:00am – 12:00pm
- Virtual Training: Pesticide Handler Safety Workshop – Thursday, June 17, 2021 from 8:00am – 10:30. This is an annual training requirement for all IPM Coordinators and employees that handle or apply pesticides and will be at no cost to OSS or FCSIG member school districts.
- It was announced Steve Richardson has retired from Poms after 14 years of service. Tessa Babcock will be taking over for him. The only district left to receive their Safety Inspections and Playground Audits was Parlier USD.

PUBLIC COMMENTS: None

COMMITTEE CONSIDERATION: None

## **XII. INFORMATION**

### **MEMBER COMMENTS**

Gary Geringer offered his facility at Southwest Education Support Center, in Caruthers for any type of trainings that might be needed.

### **ADMINISTRATION COMMENTS**

Tyler Houston thanked everyone for their attendance today and wanted to especially thank Larry Teixeira for his years of service to the OSS as President. He will be greatly missed and wished him the best in his retirement.

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## **XIII. AGENDA ITEMS FOR NEXT MEETING**

Members and others may suggest items for consideration at the next Executive Committee / Board of Directors' meeting on **Wednesday, May 26, 2021**, Southwest Education Support Center, 16644 S. Elm, Caruthers. Currently scheduled items include:

- OSS Loss History Report
- OSS Actuarial Report
- Treasurer's Report
- 2021/2022 Loss Fund Contribution
- NCR Contribution
- 2021/2022 Preliminary Budget
- Future Meeting Dates and Locations

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## **XIV. ADJOURNMENT**

With no further business, the meeting adjourned at 12:19 P.M.

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### **Americans with Disabilities Act:**

The Organization of Self-Insured Schools, a Property & Liability JPA conforms to the protections and prohibitions contained in Section 202 of the Americans with Disabilities Act of 1990 and the federal rules and regulations adopted in implementation thereof. A request for disability-related modification or accommodation, in order to participate in a public meeting of the Organization of Self-Insured Schools Property & Liability JPA, shall be made to: Donna Murry, Account Manager, Keenan & Associates, P.O. Box 1404, Selma, CA 93662. Documents and materials relating to an open session agenda item that are provided to the OSS Executive Committee less than 72 hours prior to a regular meeting will be available for public inspection and copying at 3036 Thompson Ave; Selma, CA 93662.