



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
BOARD OF DIRECTORS MEETING
AGENDA**

LOCATION: Zoom Meeting

**A - Action
I - Information**

DATE/TIME: June 10, 2021
10:00 A.M.

**1 - Included
2 - Hand Out
3 - Separate
4 - Verbal**

Per Government Code 54954.2, persons requesting disability related modifications or accommodations, including auxiliary aids or services, in order to participate in the meeting are requested to contact Joan Crossley at Alliant Insurance Services, Inc. at (916) 643-2708.

Documents and material relating to an open session agenda item that are provided to the SBASIA Board of Directors less than 72 hours prior to a regular meeting will be available for public inspection and copying at 2180 Harvard St, Suite 460, Sacramento, CA 95815.

Page

A. CALL TO ORDER

B. ROLL CALL

A 4

C. APPROVAL OF AGENDA

A 1

D. PUBLIC COMMENT

This time is reserved for members of the public to address the Board of Directors on SBASIA business.

1 **E. CONSENT CALENDAR**

A 1

2-5 **1. Board of Directors Meeting Minutes – December 3, 2020**



F. FINANCIAL

- | | | | |
|-------|--|----------|----------|
| 6 | 1. Sublimit for Injunctive Relief Defense Costs | A | 1 |
| | <i>The Board of Directors should decide whether the JPA wants to add a sublimit for injunctive relief defense costs.</i> | | |
| 7 | 2. Excess Liability Renewal | A | 1 |
| | <i>Staff will present the Excess Liability renewal for the period of July 1, 2021-2022.</i> | | |
| 8 | 3. Excess Property and Boiler & Machinery Renewal | A | 1 |
| | <i>Staff will present the Excess Property and Boiler and Machinery renewal for period of July 1, 2021-2022.</i> | | |
| 9-13 | 4. Crime Policy Renewal | A | 1 |
| | <i>Staff will present the Crime insurance renewal for period of July 1, 2021-2022.</i> | | |
| 14-20 | 5. Deadly Weapon Response Policy Renewal | A | 1 |
| | <i>Staff will present the renewal of the Deadly Weapon Response Policy for period of July 1, 2021-2022.</i> | | |
| 21 | 6. Revenue and Expense Budget for July 1, 2021-2022 | A | 1 |
| | <i>Staff will present the Revenue and Expense Budget for July 1, 2021 –2022.</i> | | |
| 22-26 | 7. Review and Adoption of Liability Memorandum of Coverage | A | 1 |
| | <i>Staff will present the Liability Memorandum of Coverage for July 1, 2021-2022.</i> | | |
| 27-31 | 8. Review and Adoption of Property Memorandum of Coverage | A | 1 |
| | <i>Staff will present the Property Memorandum of Coverage for July 1, 2021-2022.</i> | | |

G. GENERAL ADMINISTRATION

- | | | | |
|----|--|----------|----------|
| | | A | 4 |
| 32 | 1. SBASIA Election of Officers and Executive Committee | | |
| | <i>The Executive Committee will present a slate of officers for July 1, 2021-2022.</i> | | |
| 33 | 2. Investment Authority | A | 4 |
| | <i>Per Government Code, the Board will need to approve the delegation of authority to invest or reinvest SBASIA funds.</i> | | |



South Bay Area Schools Insurance Authority
Board of Directors
June 10, 2021

- | | | |
|-------|---|---------------|
| 34-39 | 3. Review of Investment Policy
<i>Per Government Code, the Board must review the Investment Policy annually.</i> | A 1 |
| 40-41 | 4. Resolution Establishing Meeting Dates for Fiscal Year 2021-2022
<i>The Board will need to adopt meeting dates for July 1, 2021-2022.</i> | A 1 |

H. COMMENTS FOR THE GOOD OF THE ORDER

ADJOURNMENT

NEXT MEETING

The next Board of Directors Meeting is set for December 2, 2021 at 10:00 a.m.



Agenda Item E.1

CONSENT CALENDAR

ACTION ITEM

ISSUE: The Board of Directors should review the Consent Calendar and pull any items that need discussion. Otherwise, the Board of Directors should adopt the Consent Calendar as presented.

RECOMMENDATION: The Program Administrator recommends adoption of the Consent Calendar items as presented.

FISCAL IMPACT: None.

BACKGROUND: The following items are placed on the Consent Calendar for adoption by the Board. The Board may accept the Consent Calendar as posted, or pull any item for discussion and separate action while accepting the remaining items.

1. Board of Directors Meeting Minutes – December 3, 2020

ATTACHMENTS: Board of Directors Meeting Minutes – December 3, 2020



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
BOARD OF DIRECTORS MEETING MINUTES
WEBEX MEETING
December 3, 2020**

MEMBERS PRESENT

Eric Dill, President, Santa Clara County Office of Education
Delores Perley, Vice President, Los Gatos-Saratoga Joint Union High School District
Mike Mathiesen, Treasurer, Mountain View-Los Altos Union High School District
Ron Lebs, Secretary, Metropolitan Education District
Joshua Quitariano, Berryessa Union School District
Nelly Yang, Campbell Union School District
Randy Kenyon, Los Altos School District
Kelly Ng, Milpitas Unified School District
Rebecca Westover, Mountain View Whisman School District
Mark Schiel, Santa Clara Unified School District

MEMBERS ABSENT

Position Vacant, Evergreen School District
Sean Joyce, Lakeside Joint School District

GUESTS & CONSULTANTS

Matt Gowan, Alliant Insurance Services
Joan Crossley, Alliant Insurance Services
Mary Stark, Evergreen School District
Marlon Wadlington, Atkinson, Andelson, Loya, Ruud & Romo
Jennifer Zraick, Gilbert Associates, Inc.
Kevin Wong, Gilbert Associates, Inc.
James Marta, James Marta & Company
Angelique King, Carl Warren & Company
Joyce Fairley Ray, Carl Warren & Company
Rich McAbee, Carl Warren & Company
Suzie Spencer, Carl Warren & Company

A. CALL TO ORDER

The meeting was called to order at 10:04 a.m.

B. ROLL CALL

The above-mentioned members were present constituting a quorum.

C. APPROVAL OF AGENDA

A motion was made to approve the agenda.

MOTION: Mike Mathiesen	SECOND: Ron Lebs	MOTION CARRIED
AYES: 10	NOES: 0	ABSENT: 1
	ABSTAIN: 0	

AYES: Dill, Perley, Mathiesen, Lebs, Quitariano, Yang, Kenyon, Ng, Westover, Schiel
NAYS: None

Draft



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
BOARD OF DIRECTORS MEETING MINUTES
WEBEX MEETING
December 3, 2020**

ABSENT: Joyce

D. PUBLIC COMMENT

There were no public comments.

E. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.95

1. Martinez, et al v. Newsom, et al

The Board of Directors went into closed session at 10:05 a.m.

The Board of Directors returned from closed session at 10:22 a.m.

F. PRESIDENT'S REPORT ON ACTION FROM CLOSED SESSION

Mr. Eric Dill reported that no action was taken.

G. LEGAL DEFENSE FUND FOR MARTINEZ, ET AL V. NEWSOM, ET AL

Mr. Matt Gowan said the JPA decided to utilize a joint defense for this case because all SBASIA members were sued. The estimate for legal fees was \$10,000 per district. Although this case has now been dismissed, there was legal work performed by the attorney prior to the dismissal. Mr. Gowan said SBASIA can collect a fee from each member to pay the legal fees, perhaps \$5,000 per member. Mr. Dill said it's unlikely the legal fees will reach \$50,000 now that the case is dismissed. Mr. Dill commented this discussion is taking place because this lawsuit is not a covered loss on the Liability insurance policy as the suit is asking for injunctive relief. Mr. Gowan said the Executive Committee will discuss at a future meeting whether the JPA should establish a legal defense fund to cover future injunctive relief cases. After discussion, the Board recommended that the JPA front the legal fees until the final reconciliation is received and then the JPA can decide if a fee needs to be collected from each member.

H. CONSENT CALENDAR

- 1. Board of Directors Meeting Minutes – June 11, 2020**
- 2. Financial Report for Quarter Ending September 30, 2020**
- 3. Investment Report for Quarter Ending September 30, 2020**

A motion was made to approve the items on the Consent Calendar as presented.

MOTION: Delores Perley

SECOND: Mike Mathiesen

MOTION CARRIED

AYES: 10

NOES: 0

ABSTAIN: 0

ABSENT: 1

AYES: Dill, Perley, Mathiesen, Lebs, Quitoriano, Yang, Kenyon, Ng, Westover, Schiel

NAYS: None

ABSENT: None



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
BOARD OF DIRECTORS MEETING MINUTES
WEBEX MEETING
December 3, 2020**

I. FINANCIAL

1. Audited Financial Report as of June 30, 2020

Mr. James Marta of James Marta & Company presented the audited financial report as of June 30, 2020. Mr. Marta stated the net position increased by \$586,691 (46%) from the prior year bringing the net position to \$1,866,795. Claims expense increased by 27.9% from the prior year. The IBNR (incurred but not reported) increased by 1.66%. The JPA's operating revenues increased by 24% from the prior year. Total expenses increased by 23.7% and total assets increased by 8.31%. Total liabilities decreased by 1%.

Mr. Marta said the JPA's net position had dropped rather dramatically back in 2018, but the net position has been increasing since then. A strong net position is needed due to claim volatility and increasing insurance premiums caused by the hard insurance market. Liability claims are costing more for the JPA and public entities in general.

A motion was made to accept the Audited Financial Report as of June 30, 2020.

MOTION: Ron Lebs	SECOND: Mike Mathiesen	MOTION CARRIED
AYES: 10	NOES: 0	ABSTAIN: 0
		ABSENT: 1

AYES: Dill, Perley, Mathiesen, Lebs, Quitoriano, Yang, Kenyon, Ng, Westover, Schiel
NAYS: None
ABSENT: None

J. CLAIMS

1. Claims Stewardship Report

Ms. Suzie Spencer of Carl Warren & Company presented a claims stewardship report for the JPA. The report presents an overview of claims for the last ten years. The top cause of loss by severity is molestation. The top cause of loss by frequency is student injuries including students injured by other students and students injured during athletics. The closing ratio for claims is 95.7%. The litigation rate is 11% which is average. 51% of claims have \$0 payments.

K. GENERAL ADMINISTRATION

1. Insurance Market Update

Mr. Gowan gave a brief overview of the insurance market. The Property and Liability insurance markets are in the midst of changes that haven't been seen since 9/11. Underwriters are looking at new risks such as civil commotion, firestorm and social inflation. Although this does not apply to the JPA's current insurance coverage, some insurance carriers and pools are charging a separate retention for each student if multiple students are molested by a single individual; some insurance carriers and pools are also excluding claims for students molesting other students. Some carriers and



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
BOARD OF DIRECTORS MEETING MINUTES
WEBEX MEETING
December 3, 2020**

pools are adding sublimits for firestorm and molestation. Most carriers are now excluding communicable disease coverage. The JPA has communicable disease coverage at this time.

Cyber threats are growing and schools are being targeted especially with ransomware. The average ransom payment amount in 2018 was \$302,539.

The impact from COVID-19 is hitting all lines of insurance coverage, but it's unknown at this time how great that impact will be.

Liability and Property rates are expected to continue to increase. Crime and Cyber Liability premiums are expected to remain stable.

Mr. Dill commented he is an alternate on the SELF Board and that due to molestation claims, SELF is moving from an occurrence based policy to a claims made policy.

2. Target Surplus Funding Analysis as of June 30, 2020

Mr. Gowan said the JPA raised the loss funding to 80% confidence level effective July 1, 2019 and the JPA's net position has increased as a consequence of the increased confidence level. The JPA established a minimum surplus requirement of \$2.5 million which is five times the JPA's Property SIR of \$500,000. As of June 30, 2020, the JPA is below the minimum surplus target by \$633,205. The three year funding plan shows that if the JPA continues funding at 80% confidence level, the minimum surplus of \$2.5 million will be met in 2021.

L. COMMENTS FOR THE GOOD OF THE ORDER

There were no comments for the good of the order.

ADJOURNMENT

The meeting was adjourned at 11:39 a.m.



Agenda Item F.1

SUBMIT FOR INJUNCTIVE RELIEF DEFENSE COSTS

ACTION ITEM

ISSUE: The Board of Directors should decide whether the JPA wants to establish an injunctive relief defense fund with \$100,000 sublimit.

RECOMMENDATIONS: None

FISCAL IMPACT: Bickmore Actuarial reviewed injunctive relief program funding for SBASIA by reviewing claims from its K-12 school clients for the last 15 years. Their recommendation is annual funding of \$7,077 plus one year funding of \$50,000 to establish the fund.

BACKGROUND: The JPA members recently received a lawsuit alleging denial of free appropriate public education for Special Ed students due to the COVID-19 shutdown. The lawsuit is for injunctive relief which is not an insurable risk. The Executive Committee directed staff to explore the establishment of a JPA fund to cover injunctive relief defense costs.

Sample MOC language on injunctive relief defense costs:

Northern California Relief, Southern California Relief, Statewide Association of Community Colleges

Injunctive Relief/Non-Monetary Claims: \$100,000 Limit of Coverage per Member with \$10,000 Member Retained Limit

The total of Loss Adjustment Expense coverage available for a Claim of Injunctive/Non-Monetary Relief brought against multiple Members shall not exceed two hundred fifty thousand dollars (\$250,000) in the aggregate.

Injunctive/Non-Monetary Relief means a Claim against a Covered Agency or Covered Individual seeking non-monetary recourse, relief or redress, and which does not include a demand for the payment of damages caused to other third parties, other than the payment of legal fees and costs awarded to the complaining party or its legal counsel.

San Mateo County SIG

SMCSIG will pay up to \$100,000 for defense of an action seeking solely injunctive relief or other non-monetary recourse from a covered party, if no other defense coverage applies to the action. The inclusion of a demand for claimant's attorney fees and/or costs will not disqualify an action from this coverage, but SMCSIG will not pay any such amounts awarded.

ATTACHMENTS: None



Agenda Item F.2

EXCESS LIABILITY RENEWAL

ACTION ITEM

ISSUE: The Board of Directors should review and approve the renewal of the Excess Liability insurance for SBASIA for the period of July 1, 2021 – July 1, 2022.

RECOMMENDATION: The Executive Committee recommends adoption of the Excess Liability renewal as presented.

FISCAL IMPACT: The PRISM premium is \$1,471,000. The SELF premium is \$1,310,347.

BACKGROUND: For the 2021-2022 Liability program, the JPA will maintain its self-insured retention (SIR) of \$250,000 and will purchase coverage with PRISM, the current insurer, to a \$5 million limit, then attach to SELF (Schools Excess Liability Fund) from \$5 million to \$55 million limit. The total liability limit is \$55 million.

PRISM (Public Risk Innovation, Solutions, and Management) was formed as a joint powers authority in 1979 and is California Association of Joint Powers Authorities (CAJPA) Accredited with Excellence.

SELF (Schools Excess Liability Fund) was formed as a joint powers authority in 1986 and is California Association of Joint Powers Authorities (CAJPA) Accredited with Excellence.

ATTACHMENTS: None



Agenda Item F.3

**EXCESS PROPERTY AND
BOILER & MACHINERY RENEWAL**

ACTION ITEM

ISSUE: The Board of Directors should review and approve the renewal of the Excess Property and Boiler & Machinery insurance for SBASIA for the period July 1, 2021 to July 1, 2022.

RECOMMENDATION: The Executive Committee will make a recommendation to the Board.

FISCAL IMPACT: \$3,113,474 for the period of July 1, 2021 to July 1, 2022

BACKGROUND: The Excess Property policy, which provides Property coverage and Auto Physical Damage coverage (on premises coverage only), will be expiring on July 1, 2021. APIP (Alliant Property Insurance Program) has quoted the expiring limit of \$500,000,000 excess of \$500,000 deductible on the Excess Property.

On the Boiler & Machinery insurance, APIP has quoted the expiring limit of \$100,000,000 excess of \$10,000 self-insured retention.

APIP also includes Cyber Liability insurance at \$2,000,000 aggregate limit per member with \$1,000,000 sublimit for breach response costs (if a Beazley vendor is used; it becomes \$500,000 sublimit if non-Beazley vendor is used).

ATTACHMENTS: None



Agenda Item F.4

CRIME POLICY RENEWAL

ACTION ITEM

ISSUE: The Board of Directors should review and approve the renewal of the Crime insurance for SBASIA for the period July 1, 2021 to July 1, 2022.

RECOMMENDATION: The Executive Committee will make a recommendation to the Board.

FISCAL IMPACT: \$36,107 for the period of July 1, 2021 to July 1, 2022

BACKGROUND: The Crime policy will be expiring on July 1, 2021. The Alliant Crime Insurance Program (ACIP) with National Union Fire Insurance Company of Pittsburgh, PA as the insurance carrier has quoted the expiring limit of \$3,000,000 per occurrence and \$5,000 deductible.

The Crime policy provides coverage for Employee Theft-Per Loss, Forgery or Alteration, Inside the Premises-Theft of Money & Securities, Inside the Premises-Robbery or Safe Burglary of Other Property, Outside the Premises, Computer Fraud, Funds Transfer Fraud and Money Orders & Counterfeit Money

ATTACHMENTS: 2021-2022 Crime Proposal

**2021-2022 Alliant Crime Insurance Program
Government Crime Insurance Proposal
South Bay Area Schools Insurance Authority**

Line of Coverage
Government Crime Coverage

INSURANCE COMPANY:	National Union Fire Insurance Company of Pittsburgh, PA (AIG)	
A.M. BEST RATING:	A+ (Excellent); Financial Size Category: XV (\$2 Billion or greater) Verified on May 7, 2021	
STANDARD & POOR'S RATING:	A+, Strong Financial Security Verified on May 7, 2021	
STATE STATUS:	Admitted	
PROGRAM POLICY/COVERAGE TERM:	July 1, 2021 – July 1, 2022	
RETROACTIVE DATE:	N/A	
COVERAGE:	<p>Government Crime Policy on Discovery form including the following coverages:</p> <ul style="list-style-type: none"> • Employee Theft – Per Loss Coverage - including Faithful Performance of Duty • Forgery or Alteration - including Credit, Debit, or Charge Card Forgery • Inside the Premises – Theft of Money and Securities • Inside the Premises – Robbery & Safe Burglary of Other Property • Outside the Premises - Money, Securities and Other Property • Computer Fraud • Funds Transfer Fraud • Money Orders & Counterfeit Money 	
	<u>2020-2021 CURRENT</u>	<u>2021-2022 PROPOSED</u>
LIMITS:	\$3,000,000	\$3,000,000
DEDUCTIBLE:	\$5,000	\$5,000
ANNUAL PREMIUM:	\$34,388	\$36,107

**2021-2022 Alliant Crime Insurance Program
Government Crime Insurance Proposal
South Bay Area Schools Insurance Authority**

Line of Coverage

Government Crime Coverage - Continued

MINIMUM EARNED PREMIUM:	None
POLICY AUDITABLE:	No
DESIGNATED AGENTS AS ENDORSED:	<p>None Reported</p> <p>If your entity has a written agreement in place with any person, partnership or corporation to act as your Designated Agent and needs to be included for coverage, please contact Alliant to request approval.</p>
ENDORSEMENTS (including but not limited to):	<ul style="list-style-type: none"> • California Changes • Additional Named Insured – Identifies individual member limit and deductible • Add Faithful Performance of Duty Coverage for Government Employees – Employee Theft Per Loss Limit • Revision of Discovery and Prior Theft or Dishonesty \$25,000 Sub-Limit, Risk Management Department or other department designated to handle insurance matters for the named insured. • Cancellation of Policy Amended –120 Days • Bonded Employees Exclusion Deleted endorsement • Add Credit, Debit or Charge Card Forgery • Include Specified Non-Compensated Officers as Employees - ALL • Include Chairperson and Members of Specified Committees – ALL • Include Designated Persons or Classes of Persons as Employees – Any Directors or Trustees of any of those named as insured; Any board members of any of those named as insured, Any elected or appointed officials • Include Volunteer Workers as Employees • Include Treasurers or Tax Collectors as Employees • Include Expenses Incurred to Establish Amount of Covered Loss - \$75,000 Sub-limit • Employee Post Termination Coverage – 90 Days • Cancellation Amendatory (Return Pro-Rata) • Include Leased Workers as Employees Endorsement • Notice of Claim Reporting by Email • Economic Sanctions (excludes loss payments in violation of economic or trade sanctions)

2021-2022 Alliant Crime Insurance Program Government Crime Insurance Proposal South Bay Area Schools Insurance Authority

ENDORSEMENTS (including but not limited to) Cont.:

- Omnibus Named Insured
- Vendor Theft - \$1,000,000 Limit excess of vendor insurance policy limit (\$500,000 minimum) required by contract
Coverage not applicable if crime insurance is not required in a written agreement.
- Conditions Amended – Subrogation of Faithful Performance of Duty Claims
- Third Party Coverage – Loss of or damage to 'Client Property' – Sublimit \$250,000 with a \$25,000 Deductible.
- Impersonation Fraud Endorsement – Sublimit \$250,000 with \$25,000 Retention – Does not apply to any losses prior to 07/01/2015
- Blanket Joint Loss Payable- Where legally permissible

EXCLUSIONS (Including but not limited to):

- Unauthorized disclosure of confidential information
- Governmental Action
- Indirect or Consequential Loss
- Protected Information (Carveback)
- Legal Fees and Expenses
- Nuclear Hazard
- Pollution
- War and Military Action
- Inventory Shortages
- Trading losses
- Accounting or Arithmetical Errors or Omissions
- Exchanges or Purchases
- Fire
- Money Operated Devices
- Motor Vehicles or Equipment and Accessories
- Transfer or Surrender or Property
- Vandalism
- Voluntary Parting of Title to Possession of Property

PROPOSAL VALID UNTIL:

June 30, 2021

**2021-2022 Alliant Crime Insurance Program
Government Crime Insurance Proposal
South Bay Area Schools Insurance Authority**

CLAIMS REPORTING PROCEDURE:

AIG
Financial Lines Claims
P.O. Box 25947
Shawnee Mission, KS 66225
Fax: 866-227-1750
Email: c-claim@aig.com

Please forward a copy of the loss to the following Alliant Claim Advocates:

Alliant Insurance Services, Inc.
Attn: Robert Frey, Senior Vice President
100 Pine Street, 11th Floor
San Francisco, CA 94111
Phone: 415-403-1400
Fax: 415-403-1466
E-Mail: rfrey@alliant.com

Alliant Insurance Services, Inc.
Attn: Elaine Tizon, Assistant Vice President
100 Pine Street, 11th Floor
San Francisco, CA 94111
Phone: 415-403-1400
Fax: 415-403-1458
E-Mail: etizon@alliant.com

SUBJECTIVITIES:

- Signed and currently dated "Request to Bind" page.
- Payment to Alliant is due within 25 Days of Binding

BROKER:

ALLIANT INSURANCE SERVICES, INC.
Newport Beach, CA

Tom E. Corbett, Senior Vice President
Mariana C. Salyer, CISR, Program Specialist- Lead

See Disclaimer Page for Important Notices and Acknowledgement



Agenda Item F.5

DEADLY WEAPON RESPONSE POLICY RENEWAL

ACTION ITEM

ISSUE: The Board of Directors should review and approve the renewal of the Deadly Weapon Response insurance for SBASIA for the period July 1, 2021 to July 1, 2022.

RECOMMENDATION: The Executive Committee will make a recommendation to the Board.

FISCAL IMPACT: \$16,616.02 for the period of July 1, 2021 to July 1, 2022

BACKGROUND: The Deadly Weapon Response policy will be expiring on July 1, 2021. The insurance carrier, Beazley, a Lloyds of London syndicate, has quoted the expiring limit of \$500,000 per claim, \$2,500,000 aggregate and \$10,000 deductible. This is a claims made and reported policy with a retroactive date of 7/1/18.

The Deadly Weapon Response policy provides sublimits of \$250,000 each for Crisis Management Services, Counseling Services, Funeral Expenses, First Party Property Damage, Business Interruption and Demo/Clearance/Memorialization. These sublimits are part of the overall limit and not in addition to the overall limit.

ATTACHMENTS: 2021-2022 Deadly Weapon Response Program Proposal

ALLIANT DEADLY WEAPON RESPONSE PROGRAM (ADWRP) PROPOSAL

INSURED	South Bay Area Schools Insurance Authority
INSURANCE COMPANY:	Underwriters at Lloyd's of London
A.M. BEST RATING:	A (Excellent) XV; Greater than \$2,000,000,000
STANDARD AND POOR'S RATING:	A+, Strong Financial Security
STATE LICENSE STATUS:	Non-Admitted
POLICY TERM:	July 1, 2021 – July 1, 2022
COVERAGE FORM:	Claims Made & Reported
COVERAGE TYPE:	Third Party Bodily Injury Liability, First Party Property Damage, Business Interruption & Crisis Management for events occurring at a location appearing on your Schedule of Values on file with Alliant Insurance Services, Inc.
LIMITS:	
Per Occurrence	\$ 500,000
Aggregate (Shared by Members of Pool/JPA)	\$ 2,500,000
DEDUCTIBLE:	\$10,000 Each Event including Claims Expenses
RETROACTIVE DATE:	7/1/2018

ALLIANT DEADLY WEAPON RESPONSE PROGRAM (ADWRP) PROPOSAL – CONTINUED

SUB-LIMITS:

(Each Sublimit is part of the Overall Limit of Liability and not in addition to it)

\$ 250,000	Crisis Management Services - specified in endorsement
\$ 250,000	Crisis Management Services – unspecified
\$ 250,000	Counseling Services (\$15,000 per person maximum)
\$ 250,000	Funeral Expenses (\$1M Aggregate; \$15,000 per person maximum)
\$ 250,000	Business Interruption
\$ 250,000	Demo/Clearance/Memorialization
\$ 250,000	Extra Expense
\$ 250,000	Threat
\$ 25,000	Per Person for Medical Expenses with a \$500,000 annual aggregate
\$ 50,000	Per Person Accidental Death and Dismemberment with a \$500,000 annual aggregate
Included	Circumstantial Costs for Prevention Services (\$0 Deductible)

ENDORSEMENTS:

(Including But Not Limited To)

- Deadly Weapon & Security Vulnerability Post Underwriting Review
- Deadly Weapon Safety Action Plan Webinar
- Crisis Management Services
- Circumstance Extension
- Property Damage Extension
- Counselling Services
- Funeral Expenses
- Short Rate Cancellation Table
- Premium Payment Clause
- Reinsurers Liability Clause
- Lloyd's Privacy Policy
- Sanction Limitation & Exclusion Clause
- Notice of Terrorism Insurance Coverage
- Business Interruption (*if applicable*)
- Automatic Acquisitions limit – locations up to \$25,000,000
- 90 day grace period for reporting of new locations

ALLIANT DEADLY WEAPON RESPONSE PROGRAM (ADWRP) PROPOSAL – CONTINUED

ENDORSEMENTS - CONTINUED:

(Including But Not Limited To)

- Offsite events coverage for K-12 School insureds (Field Trips) only – No Liability coverage applies.
- E&O clause – to cover locations not exceeding \$10,000,000 in value unintentionally not included in SOV provided to insurer
- **Crisis Management/Event Responder Fees** *do not erode policy limits*
- **Crisis Services Provided by CrisisRisk:**
<https://www.crisisrisk.com/>

EXCLUSIONS:

(Including But Not Limited To)

- Confiscation, nationalization, requisition or destruction of or damage to property by government, public or local authority
- Loss of market, loss of use or any other consequential loss at property physically lost or damaged
- Any explosive devices unless used in conjunction with a Deadly Weapon Event.
- Euthanasia
- Fraudulent Claims
- Any actual or alleged negligent act, error, omission, misstatement, misleading statement, neglect or breach of duty by the Directors or Officers, in the discharge of their duties solely in their capacity as Directors or Officers of the Named Insured
- Any vehicle not defined as a road vehicle
- Any weapon mounted (or designed to be mounted) on a vehicle
- Any weapon, device or substance delivered by an airborne weapon delivery system including, but not limited to, fixed wing aircraft, helicopter or drone
- Injury or death to any employees of any third party whom the Named insured has contracted for services.
- Any claim or claims made by or on behalf of an Assailant.

ALLIANT DEADLY WEAPON RESPONSE PROGRAM (ADWRP) PROPOSAL – CONTINUED

EXCLUSIONS - CONTINUED:

(Including But Not Limited To)

- Use or operation as a means to inflict harm of any computer, computer system, computer software, malicious code, computer virus or any other electronic system.
- Workers Compensation
- Employment Practices
- Ionizing radiations or contamination by radioactivity from nuclear waste or fuel
- Radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor, assembly or component
- Mercy Killing(s)
- Cross Suits
- Strikes, labor unrest, riots or civil commotion
- Suicide
- War, insurrection, civil commotion
- Mental injury or mental anguish related claim where no Bodily Injury occurred to claimant (Except as included by endorsement for counselling services)
- Any weapon or device employing atomic or nuclear fission, fusion or other like reaction or force or matter
- Loss, injury or damage caused by or resulting from Named Insured's recklessness or deliberate misconduct
- Chemical, biological, bio-chemical or electromagnetic weapon
- Nuclear reaction, radiation or contamination, however caused
- Any Pollutant or Contaminant however introduced or arisen
- Property Damage in care, custody or control of Named Insured or person under contract (except as maybe provided by the 1st Party Property coverage)
- Punitive or exemplary damages, sanctions or additional damages

ALLIANT DEADLY WEAPON RESPONSE PROGRAM (ADWRP) PROPOSAL – CONTINUED

EXCLUSIONS - CONTINUED:

(Including But Not Limited To)

ADDITIONAL EXCLUSIONS RELATING TO PROPERTY & BUSINESS INTERRUPTION:

(Including But Not Limited To)

- COVID19
- Any Deadly Weapon Event that occurs at a Location(s) which has been specifically leased or loaned by the Named Insured to any other entity or individual to host a permitted event planned and ticketed for more than 500 attendees over the duration of the event, except with the prior written agreement of the Underwriters. Agreement to add any event as covered may incur additional premium.
- Land or land values
- Aircraft, watercraft or any vehicle licensed for highway use
- Animals
- Money, currency, checks, coins, stamps, securities, valuable papers, evidences of debt, precious stones, precious metals (unless forming an integral part of Insured Property), jewelry, furs, fine arts and antiques
- Electronic data
- Any property in Transit
- Increase in loss caused by suspension, lapse, cancellation of any lease, license, contract or order, unless loss results directly from the insured Interruption of Business
- Fines, penalties or damages incurred by or imposed upon the Named Insured at order of any Government Agency, Court or other Authority

ALLIANT DEADLY WEAPON RESPONSE PROGRAM (ADWRP) PROPOSAL – CONTINUED

ANNUAL PREMIUM:	\$ 16,093.00 Premium \$ 482.79 Surplus Lines Taxes \$ <u>40.23</u> Surplus Lines Fees \$ 16,616.02 Total Cost
DEFENSE INSIDE/OUTSIDE THE LIMITS:	Inside
MINIMUM EARNED PREMIUM:	25% Minimum Earned Premium
PROPOSAL VALID UNTIL:	30 Days From Date Issued
SUBJECTIVITIES:	<ul style="list-style-type: none"> • Completed and Signed Request to Bind Coverage Form (See last page) • Completed and Signed Surplus Lines Document(s) (If applicable) • Complete Schedule of Values on file to share with the carrier. • No known or reported losses or incidents likely to give rise to a claim over the last 12 months.

See Disclaimer Page for Important Notices and Acknowledgement



Agenda Item F.6

REVENUE AND EXPENSE BUDGET FOR JULY 1, 2021-2022

ACTION ITEM

ISSUE: The Board of Directors should adopt a Budget as well as review and approve the member contributions based on the allocation of anticipated expenses for the fiscal year July 1, 2021- June 30, 2022.

RECOMMENDATION: The Executive Committee will make a recommendation to the Board of Directors.

FISCAL IMPACT: To be determined. The final effect on SBASIA's financial condition is unknown due primarily to the unforeseen actual costs of claims assumed during the 21-22 fiscal year. However, funding of these claims at 80% confidence level is conservative and in accord with general joint powers authority sound funding practices. Using the 80% confidence level, the anticipated loss funding is \$1,883,000. Last year the anticipated loss funding was \$1,790,000 with 80% confidence level.

The administrative expenses are projected to be \$428,708.

BACKGROUND: Government Code Section 6508 requires the governing board of a joint powers authority to adopt an annual budget prior to the inception of the fiscal year.

ATTACHMENTS: None



Agenda Item F.7

REVIEW AND ADOPTION OF LIABILITY MEMORANDUM OF COVERAGE

ACTION ITEM

ISSUE: The Board of Directors should review the proposed Memorandum of Coverage and adopt the Memorandum for the coverage period of July 1, 2021 to July 1, 2022.

RECOMMENDATION: The Program Administrator recommends adoption of the Memorandum of Coverage.

FISCAL IMPACT: The adoption of the Memorandum better defines the coverage for which the cost is unknown until the claims incurred are closed at some time in the future. However, we have an estimate of the costs of liability claims covered under this Memorandum from the actuarial study. The amount is \$1,352,000 at 80% confidence level. This is reflected in the proposed budget.

BACKGROUND: The Memorandum of Coverage clarifies the losses to be covered by SBASIA and establishes certain procedures. The attached liability memorandum incorporates the excess insurance policy's terms and conditions provided by PRISM for the period July 1, 2021 to July 1, 2022. The memorandum also defines the exceptions to those terms and conditions. These exceptions are only the terms of liability and the self-insured retention.

A declarations page will be provided to each member describing the term of coverage, the limits provided, etc. These will be distributed to the members, along with the corresponding Memorandum of Coverage, once adopted by the Board.

ATTACHMENTS: Liability Declarations Page
Liability Memorandum of Coverage

SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY

LIABILITY

UNDERLYING MEMORANDUM OF COVERAGE

DECLARATIONS

MEMORANDUM NO. SBASIALI 001-21

- 1. Member District:** Berryessa Union School District
1376 Piedmont Road
San Jose, CA 95132
- 2. Coverage Period:** July 1, 2021 through June 30, 2022
- 3. Member District Deductible:** \$ 10,000 Each Occurrence, offense or
wrongful act
- 4. Limits of Liability:**
a. Liability Coverage \$ 250,000 Each Occurrence, offense or
wrongful act*

*One limit applies regardless of the number of members involved

FORMS AND ENDORSEMENTS: Form LIAB-1
FORMING PART OF THE POLICY
AT INCEPTION

President, Mike Mathiesen

Date

It is agreed that these Declarations and the Memorandum of Coverage together with any endorsements that may be added thereto constitutes the entire coverage agreement.

**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
LIABILITY
UNDERLYING MEMORANDUM OF COVERAGE
FORM NO. LIAB-1**

1. INSURING AGREEMENT

In consideration of the payment of the required contribution and subject to all the terms of this Memorandum of Coverage, SBASIA agrees to pay on behalf of the Member District **Loss** resulting from any occurrence, offense or wrongful act covered by the terms, except limits of liability and self-insured retentions, of the **Public Risk Innovation, Solutions, and Management (PRISM) Memorandum of Coverage No. PRISM-PE 21 EL-80** as that Memorandum of Coverage applies to SBASIA, during the Coverage Period as stated on the Declarations.

2. MEMBER DISTRICT DEDUCTIBLE

The Member District deductible stated under Item 3 of the Declarations page applies to each occurrence, offense or wrongful act covered by the terms and conditions, except limits of liability and self-insured retentions, incorporated from the **Public Risk Innovation, Solutions, and Management (PRISM) Memorandum of Coverage No. PRISM-PE 21 EL-80**.

3. LIMITS OF LIABILITY

The Limits of Liability stated under Item 4a of the Declarations applies to each occurrence, offense or wrongful act, regardless of the number of Member Districts involved, covered by the terms and conditions, except limits of liability and self-insured retentions, incorporated from the **Public Risk Innovation, Solutions, and Management (PRISM) Memorandum of Coverage No. PRISM-PE 21 EL-80**.

4. COVERAGE PERIOD

The Coverage Period of this Memorandum is as stated under Item 2 of the Declarations.

5. DEFINITIONS

The conditions of this Memorandum of Coverage shall be applied as if the definition of words listed below had been included with the word or words each time they appear in this Memorandum of Coverage.

LOSS – Means the ultimate net loss as defined in the Definitions section of the **Public Risk Innovation, Solutions, and Management (PRISM) Memorandum of Coverage No. PRISM-PE 21 EL-80**.

MEMBER DISTRICT OR MEMBER ENTITY – means a signatory to the Joint Powers Agreement forming the South Bay Area Schools Insurance Authority. This meaning shall apply to the term Member District or Member Entity notwithstanding any other definition to the contrary in, or any document incorporated into, this Memorandum.

6. OTHER INSURANCE

The coverage afforded by this Memorandum of Coverage shall be excess over any other valid and collectible insurance or coverage available to the Member District and applicable to any part of the ultimate net loss, whether such other insurance or coverage is stated to be primary, excess, contingent or otherwise, unless such other insurance or coverage specifically applies as excess insurance or coverage over the limits provided in this Memorandum of Coverage.

7. NOTICE OF OCCURRENCE

Upon the happening of any occurrence likely to involve SBASIA under this Memorandum of Coverage, the Member District shall give notice, either written or oral, as soon as practicable to the Claims Adjustor of SBASIA. Such notice shall contain particulars sufficient to identify the Member District and fullest information obtainable at the time. If legal proceedings are begun, the Member District shall forward to the SBASIA Claims Adjustor each paper therein, or a copy thereof, received by the Member District or the Member District's representative, together with copies of reports or investigations with respect to such claim proceedings.

8. DEFENSE

SBASIA shall assume charge of the investigation, settlement or defense of any claims made, or suits brought, or proceedings instituted against the Member District, which in the opinion of SBASIA may create liability on the part of SBASIA under the terms of this Memorandum of Coverage.

9. PAYMENT OF LOSS

Upon final determination of **Loss**, SBASIA will promptly pay on behalf of the Member District the amount of **Loss** falling within the terms of this Memorandum of Coverage.

10. SUBROGATION

In the event of any payment under this Memorandum of Coverage, SBASIA will be subrogated to all the Member District's rights of recovery against any person or organization and SBASIA shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights.

The amount recovered as subrogation shall be apportioned in the inverse order of payment of the **Loss** to the extent of the actual payment. The expenses of all such recovery proceedings shall be apportioned in the ratio of the respective recoveries.

11. CANCELLATION

This Memorandum of Coverage may be canceled in accordance with the terms of the JPA Agreement and Bylaws of SBASIA.

To be valid, this Memorandum must be signed by SBASIA's President or Vice President.

President, Mike Mathiesen

Date



Agenda Item F.8

REVIEW AND ADOPTION OF PROPERTY MEMORANDUM OF COVERAGE

ACTION ITEM

ISSUE: The Board of Directors should review the proposed Memorandum of Coverage and adopt the Memorandum for the coverage period of July 1, 2021 to July 1, 2022.

RECOMMENDATION: The Program Administrator recommends adoption of the Memorandum of Coverage.

FISCAL IMPACT: The adoption of the Memorandum better defines the coverage for which the cost is unknown until the claims incurred are closed at some time in the future. However, we have an estimate of the costs of property claims covered under this Memorandum from the actuarial study. The amount is \$531,000 at 80% confidence level. This is reflected in the proposed budget.

BACKGROUND: The Memorandum of Coverage clarifies the losses to be covered by SBASIA and establishes certain procedures. The attached property memorandum incorporates the Excess Property insurance policy's terms and conditions provided for the period July 1, 2021 to July 1, 2022. The memorandum also defines the exceptions to those terms and conditions. These exceptions are the limits of liability, sub-limits of liability, deductible and Auto Physical Damage coverage.

A declarations page will be provided to each member describing the term of coverage, the limits provided, etc. These will be distributed to the members, along with the corresponding Memorandum of Coverage, once adopted by the Board.

ATTACHMENTS: Property Declarations Page
Property Memorandum of Coverage

SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY

PROPERTY

UNDERLYING MEMORANDUM OF COVERAGE

DECLARATIONS

MEMORANDUM NO. SBASIAPR 001-21

- 1. Member District:** Berryessa Union School District
1376 Piedmont Road
San Jose, CA 95132
- 2. Coverage Period:** July 1, 2021 through June 30, 2022
- 3. Member District Deductible:**
 - a. Property or Auto Physical Damage \$ 10,000 Each Occurrence
- 4. Limits of Liability:**
 - a. Property \$ 500,000 Each Occurrence
 - b. Auto Physical Damage \$ 500,000 Each Occurrence
- 5. Sub-limits of Liability:**
 - a. Claim Preparation Expenses \$ 20,000 Each Occurrence

FORMS AND ENDORSEMENTS: Form PROP-1
FORMING PART OF THE POLICY
AT INCEPTION

President, Mike Mathiesen

Date

It is agreed that these Declarations and the Memorandum of Coverage together with any endorsements that may be added thereto constitutes the entire coverage agreement.

**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
PROPERTY
UNDERLYING MEMORANDUM OF COVERAGE
FORM NO. PROP-1**

1. INSURING AGREEMENT

In consideration of the payment of the required contribution and subject to all the terms of this Memorandum of Coverage, SBASIA agrees to pay the Member District for **Loss** covered by the terms, except limits of liability and deductibles, of the **Alliant Property Insurance Program (APIP) Policy No. 21-22** as that Policy applies to SBASIA, during the Coverage Period as stated on the Declarations.

2. MEMBER DISTRICT DEDUCTIBLE

The Member District Deductible stated under Item 3 of the Declarations page applies to each **Loss** covered by the terms and conditions, except limits of liability and deductibles, incorporated from the **Alliant Property Insurance Program (APIP) Policy No. 21-22**.

3. LIMITS OF LIABILITY

The Limits of Liability stated under Item 4 of the Declarations applies to each **Loss** covered by the terms and conditions, except limits of liability and deductibles, incorporated from the **Alliant Property Insurance Program (APIP) Policy No. 21-22**, except those Sub-Limits of Liability stated under Item 5.

4. COVERAGE PERIOD

The Coverage Period of this Memorandum is as stated under Item 2 of the Declarations.

5. AUTO PHYSICAL DAMAGE

- A. The terms and conditions of the APIP policy are amended to include **Auto Physical Damage Coverage**.
- B. As respects **Auto Physical Damage Coverage**, SBASIA will pay for **Loss** using the valuation, either actual cash value or replacement cost, provided in the **Alliant Property Insurance Program (APIP) Policy No. 21-22**.

- C. As respects **Auto Physical Damage Coverage**, the following are excluded:
- (1) Towing
 - (2) Diminution in Value
 - (3) Wear and tear, freezing, mechanical or electrical breakdown
 - (4) Blowouts, punctures or other road damage to tires
 - (5) Tapes, records, discs or other similar audio, visual or data electronic devices designed for use with audio, visual or data electronic equipment

6. DEFINITIONS

The conditions of this Memorandum of Coverage shall be applied as if the definition of words listed below had been included with the word or words each time they appear in this Memorandum of Coverage.

LOSS – means direct physical loss or damage to covered property and loss resulting from interruption of business, services or rental value caused by direct physical loss or damage to covered property as defined in the **Alliant Property Insurance Program (APIP) Policy**. As respects **Auto Physical Damage Coverage**, **Loss** means direct and accidental physical loss or damage to an **auto**.

AUTO – means a land motor vehicle, trailer or semi-trailer designed for travel on public roads, including any attached machinery or equipment or any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged.

AUTO PHYSICAL DAMAGE COVERAGE – covers **Loss** of an owned or hired **auto** under **Collision** and **Comprehensive Coverage**.

COLLISION COVERAGE – covers **Loss** caused by an **auto's** collision with another object or **auto's** overturn.

COMPREHENSIVE COVERAGE – covers **Loss** from any cause except **Collision**.

MEMBER DISTRICT OR MEMBER ENTITY – means a signatory to the Joint Powers Agreement forming the South Bay Area Schools Insurance Authority. This meaning shall apply to the term Member District or Member Entity notwithstanding any other definition to the contrary in, or any document incorporated into, this Memorandum.

7. OTHER INSURANCE

The coverage afforded by this Memorandum of Coverage shall be excess over any other valid and collectible insurance or coverage available to the Member District and applicable to any part of the loss, whether such other insurance or coverage is stated to be primary, excess, contingent or

otherwise, unless such other insurance or coverage specifically applies as excess insurance or coverage over the limits provided in this Memorandum of Coverage.

8. NOTICE OF LOSS

Upon the happening of any **Loss** likely to involve SBASIA under this Memorandum of Coverage, the Member District shall give notice, either written or oral, as soon as practicable to the Claims Adjustor of SBASIA. Such notice shall contain particulars sufficient to identify the Member District and fullest information obtainable at the time.

9. PAYMENT OF LOSS

Upon final determination of **Loss**, SBASIA will promptly pay the Member District the amount of **Loss** falling within the terms of this Memorandum of Coverage.

10. SUBROGATION

In the event of any payment under this Memorandum of Coverage, SBASIA will be subrogated to all the Member District's rights of recovery against any person or organization and SBASIA shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights.

The amount recovered as subrogation shall be apportioned in the inverse order of payment of the **Loss** to the extent of the actual payment. The expenses of all such recovery proceedings shall be apportioned in the ratio of the respective recoveries.

11. CANCELLATION

This Memorandum of Coverage may be canceled in accordance with the terms of the JPA Agreement and Bylaws of SBASIA.

To be valid, this Memorandum must be signed by SBASIA's President or Vice President.

President, Mike Mathiesen

Date



Agenda Item G.1

SBASIA ELECTION OF OFFICERS AND EXECUTIVE COMMITTEE

ACTION ITEM

ISSUE: The Board of Directors should review the slate of Officers and Executive Committee Member at Large presented by the Executive Committee and take nominations from the floor. The Board should elect officers and the Executive Committee Member at Large.

RECOMMENDATION: The Executive Committee presents the following slate of officers for consideration by the Board:

President: Mr. Mike Mathiesen, Mountain View-Los Altos Union High School District
Vice President: Mr. Mark Schiel, Santa Clara Unified School District
Treasurer: Ms. Delores Perley, Los Gatos-Saratoga Joint Union High School District
Secretary: Ms. Rebecca Westover, Mountain View Whisman School District
Member at Large: Ms. Wendy Zhang, Milpitas Unified School District

FISCAL IMPACT: None

BACKGROUND:

Under the Bylaws – Article III - Officers reads as follows:

- A. The officers of the Authority shall be elected at a regular meeting of the Board of Directors immediately preceding July 1st of each year. The Executive Committee may offer a slate of officers for the Board to adopt, but only after accepting and considering the nominations from the floor for each office.

Under the Bylaws – Article IV – Executive Committee reads as follows:

- A. An Executive Committee shall consist of the President, Vice President, Treasurer/Fiscal Agent, Secretary, and one Member at Large elected by and from the Board of Directors at the time of the election of officers.

ATTACHMENTS: None



South Bay Area Schools Insurance Authority
Board of Directors
June 10, 2021

Agenda Item G.2

INVESTMENT AUTHORITY

ACTION ITEM

ISSUE: The Board of Directors should renew the delegation of the authority to invest or reinvest funds of SBASIA to the Treasurer for the period July 1, 2021 to June 30, 2022.

RECOMMENDATION: The Executive Committee will make a recommendation to the Board regarding the delegation of authority to invest funds to the Treasurer.

FISCAL IMPACT: None.

BACKGROUND: Government Code 53607 provides for the delegation of the authority of the legislative body of a local agency to invest funds to the Treasurer. Such delegation cannot exist beyond one year so the Board will need to authorize the newly elected/appointed treasurer to invest the funds of SBASIA.

ATTACHMENTS: None



South Bay Area Schools Insurance Authority
Board of Directors
June 10, 2021

Agenda Item G.3

REVIEW OF INVESTMENT POLICY

ACTION ITEM

ISSUE: The Board of Directors should review the Investment Policy and make any changes, if necessary.

RECOMMENDATION: The Program Administrator recommends the Investment Policy as presented.

FISCAL IMPACT: None.

BACKGROUND: The JPA adopted an investment policy in 2003. Government Code 53646 requires annual review of the investment policy by the governing body of a local agency. There are no recommended changes to the Investment Policy.

ATTACHMENTS: Investment Policy

**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
(SBASIA)**

INVESTMENT POLICY

Adopted March 27, 2003

I. POLICY STATEMENT

The Policy of the South Bay Area Schools Insurance Authority (the "Authority") shall be to invest all funds under the Authority's control in a manner that complies with all laws of the State of California; all applicable Government Code Sections including but not limited to Government Code Section 53601, and the policies of the Authority.

II. SCOPE OF POLICY

This policy sets forth guidance for all funds and investment activities under the direction and control of the Authority.

III. AUTHORITY

The Authority's Treasurer is responsible for the investment activities for those funds under his/her control. The Authority may delegate its investment decision making and execution authority to an investment advisor. The advisor shall follow the policy and such other written instructions as are provided.

IV. OBJECTIVES

- A. Safety: The primary objective of this policy is to protect, preserve and maintain cash and investments of the Authority. Preservation of capital is the primary objective of the Authority. Every investment transaction shall strive to avoid capital losses arising from securities default and/or broker/dealer default.
- B. Liquidity: An adequate percentage of the portfolio will be maintained in liquid short-term securities which can be converted to cash as necessary to meet disbursement requirements. The liquidity requirements will be determined from time to time from projected cash flow reports. Investments will be made in securities with active secondary or resale markets. Securities with low market risk will be emphasized.
- C. Yield: Within the constraints of safety and liquidity, the highest and best yield will be sought. The maximization of return will not transcend the objective of capital preservation.
- D. Market-Average Rate of Return: The Authority's portfolio shall be structured to achieve a market-average rate of return through various economic cycles. The benchmark for "market-average rate" shall be the rate of return on the three-month Treasury Bill.
- E. Diversification: The portfolio will be diversified to avoid incurring unreasonable and avoidable risk regarding specific security types or individual financial institutions.
- F. Prudence: Those persons authorized to make investment decisions on behalf of the Authority will be considered trustees and subject to the prudent investor standard that states, "when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency." (California Government Code 53600.3)
- G. Public Trust: All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust. In a diversified portfolio, it must be recognized that occasional measured losses are inevitable and must be considered within the context of the overall investment return.

V. REPORTING

The Authority's Treasurer shall submit a quarterly investment report to the Board of Directors that is in compliance with the Government Code.

VI. INVESTMENT INSTRUMENTS AND MATURITIES

A. Included Investments:

Type	Minimum Credit Rating	Maximum Maturity**	Maximum Portfolio Percentage *	Maximum Individual Holding*
1. U.S. Treasury		5 years	100%	100%
2. Government Agency		5 years	100%	100%
3. California Municipals	AAA	5 years	20%	20%
4. Negotiable Certificates of Deposit	A-1 or P-1/AA	3 years	30%	\$1,000,000
5. Bankers Acceptances	A-1 or P-1	180 days	30%	\$1,000,000
6. Commercial Paper	A-1, P-1, or F-1	270 days	25%	\$1,000,000
7. Local Agency Investment Fund (LAIF)			100%	100%***
8. Santa Clara County Investment Pool			100%	100%
9. Repurchase Agreements		1 year	100%	\$1,000,000
10. Medium Term Notes	AA	5 year	30%	\$1,000,000

* Excluding U.S. Government, agency securities, LAIF and the County Investment Pool no more than 10% of the portfolio may be invested in any one institution. The maximum percentages/amounts are determined at time of purchase. Amount refers to par value.

**Maximum term unless expressly authorized by the Board of Directors and within the prescribed time frame for the approval (Government Code ☐53601)

*** Subject to a deposit limit imposed by LAIF of \$40,000,000.

B. Excluded Investments: The following investments or investment practices are not permitted under this Statement of Investment Policy:

1. Purchase or sale of securities on margin
2. Reverse Repurchase Agreements
3. Financial Futures and financial options
4. Guaranteed Small Business Administration (SBA) Notes
5. Government National Mortgage Association (GNMA) Notes
6. Mutual Funds

C. The following sections define in detail the parameters of each approved investment type.

1. U.S. Treasury and other government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest.

There are no limits on the dollar amount or percentage that the Agency may invest in U.S. Treasuries.

2. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

There are no limits on the dollar amount or percentage that the Authority may invest in U.S. Agency obligations.

3. Obligations issued by the State of California or any local agency within the state which are rated "AAA" by Moody's Investors Service, Inc. (Moody's) or Standard & Poor's Corporation (Standard & Poor's). Purchases of California Municipals may not exceed 5 years in maturity or 20% of the Agency's portfolio.
4. Negotiable certificates of deposit or deposit notes with a remaining term to maturity of two years or less, issued by a nationally or state-chartered bank or a state or federal savings and loan association or by a state-licensed branch of a foreign bank provided that the senior debt obligations of the issuing institution are rated "AA" or better by Moody's or Standard & Poor's. Maximum maturity is restricted to three years from date of purchase.

Purchases or negotiable certificates of deposit may not exceed three years in maturity or 30 percent of the Agency's investment portfolio. No more than \$1 million may be invested in any one issuer.

5. Banker's Acceptances issued by domestic or foreign banks, which are eligible for purchase by the Federal Reserve System, the short-term paper of which is rated in the highest category by Moody's (P-1) or by Standard & Poor's (A-1).

Purchases of Banker's Acceptances may not exceed 180 days maturity or 30 percent of the Authority's investment portfolio. No more than \$1 million or 40 percent of the Authority's investment portfolio may be invested in the Banker's Acceptances of any one commercial bank.

6. Commercial Paper rated in the highest short-term rating category, as provided by Moody's Investors Services, Inc. (P-1), Standard & Poor's (A-1), or Fitch Financial Services (F-1). The issuing corporation must be organized and operating within the United States, having total assets in excess of \$500 million, and having an "A" or higher rating for its long-term debt, if any, as provided by Moody's, Standard & Poor's, or Fitch.

Purchases of eligible commercial paper may not exceed 270 days maturity and may not exceed 25 percent of the Authority's investment portfolio. No more than \$1 million may be invested in any one issuer. Purchases shall not exceed 10% of the outstanding paper of the issuing corporation.

7. Repurchase Agreements are subject to the following collateral restrictions: Only U.S. Treasury securities or Federal Agency securities, as described in VI. C. 1 and 2 will be acceptable collateral. All securities underlying repurchase agreements must be delivered to the Authority's custodian bank versus payment or be handled under a tri-party repurchase agreement. The Authority or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to repurchase agreement. The market value of securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities, and the value shall be reviewed on a regular basis and adjusted no less than weekly. Market value of underlying collateral must be reviewed regularly or each time there is a substitution of collateral.

The Authority may enter into repurchase agreements only with primary dealers in U.S. Government securities who are eligible to transact business with, and who report to, the Federal Reserve Bank of New York. The Authority will have specific written agreements with each firm with which it enters into repurchase agreements. Reverse repurchase agreements are not allowed.

Purchases or repurchase agreements may not exceed one year in maturity and no more than \$1 million may be invested in any one issuer.

8. Medium-term corporate notes defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued only by corporations operating within the United States or by depository institutions licensed by the U.S. or any state and operating within the U.S. shall be permitted. Medium-term corporate notes shall be rated in a rating category of "AA-" or its equivalent or better by a nationally recognized rating service.

Purchases or medium term corporate notes may not exceed five years in maturity or 30 percent of the Agency's investment portfolio. No more than \$1 million may be invested in any one issuer.

9. Local Agency Investment Fund (*L.A.I.F.*) - There are no limits on the dollar amount or percentage that the Agency may invest in LAIF.
10. Santa Clara County Investment Pool – There is no limit on the dollar amount or percentage that the Agency may invest in the County Pool.

Credit criteria listed in this section refers to the credit of the issuing organization at the time the security is purchased.

VII. INTERNAL CONTROLS

The system of internal control shall be established and maintained in written form. The controls are designed to prevent losses of public funds arising from fraud, error, misrepresentations of third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the Authority. The most important controls are: control of collusion; separation of duties; separation of transaction authority from accounting and bookkeeping; custodial safekeeping; delegation of authority; limitations regarding securities losses and remedial action; written confirmation of telephone transactions; minimizing the number of authorized investment officials; documentation of transactions and strategies; and annual review of controls by the Treasurer.

VIII. TRANSFER OF FUNDS

The Treasurer shall have authority to transfer to and from the investment accounts in the ordinary course of operations.

IX. BANKS AND SECURITIES DEALERS

In selecting financial institutions for the deposit or investment of Authority funds, the Treasurer shall consider the credit worthiness of institutions. To be eligible to receive local agency deposits, the financial institution must have received a minimum overall satisfactory rating for meeting the credit needs of California Communities in its most recent evaluation. The Treasurer shall continue to monitor their credit characteristics and financial history throughout the period in which Agency funds are deposited or invested. A commercial rating or bank watch may be used to accomplish this objective.

X. INVESTMENT RISKS

- A. **General Policy:** The Authority recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary liquidity. Portfolio diversification is employed as a way to control risk. Investment managers are expected to display prudence in the selection of securities as a way to minimize default risk. No individual investment transaction shall be undertaken which jeopardizes the total capital position of the overall portfolio. As needed, the Treasurer shall periodically meet with the Board of Directors to establish guidelines and strategies to control credit risk, market risk, and liquidity.
- B. **Specific Policy:** In addition to these general policy considerations, the following specific policies will be followed:
1. All transactions will be executed on a delivery versus payment basis
 2. A competitive bid process, when practical, will be used to place all investments

XI. SAFEKEEPING AND CUSTODY

Securities purchased from broker/dealers will be held in a third-party custodian/safekeeping account except the collateral for time deposits in banks and savings and loans institutions. Collateral for time deposits of thrifts is held by the Federal Home Loan Bank or an approved Agent of Depository. Collateral for time deposits in banks will be held in the Authority's name in the bank's Trust Department of the Federal Reserve Bank.

XII. REVIEW OF INVESTMENT POLICY

The objectives and the performance of the portfolio will be reviewed annually by the Executive Committee, which will submit to the Board of Directors recommendations for changes, if any, to the Investment Policy.



Agenda Item G.4

**RESOLUTION ESTABLISHING MEETING DATES
FOR FISCAL YEAR 2021-2022**

ACTION ITEM

ISSUE: The Board of Directors should adopt a resolution establishing regular meetings for the 2021-2022 fiscal year as presented in the attachment or as amended.

RECOMMENDATION: The Executive Committee will make a recommendation regarding the adoption of the resolution establishing meeting dates.

FISCAL IMPACT: None.

BACKGROUND: Section 54954(a) of the Government Code states that regular meetings of the governing body of a local agency be established by the bylaws or resolution.

The Bylaws do not establish days or dates for the regular meetings. Although the Bylaws require that the Board hold at least 1 regular meeting a year, it is intended to have more meetings than the minimum to facilitate the business of the JPA.

ATTACHMENTS: Resolution Establishing Meeting Dates for the Fiscal Year 2021 – 2022



RESOLUTION NO.: **R21-01**

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
ESTABLISHING MEETING DATES
FOR THE FISCAL YEAR THROUGH JUNE 2022**

BE IT RESOLVED THAT:

The following Board of Directors meeting dates are hereby established for the Fiscal Year through June 2022:

December 2, 2021 10:00 A.M.

June 9, 2022 10:00 A.M.

This Resolution of the Board of Directors was adopted this 11th day of June 2020 in Campbell, California by the following vote:

Votes In Favor	_____
Votes Against	_____
Votes Abstaining	_____
Votes Absent	_____

Signed:

Attest:

Delores Perley, Vice President

Mike Mathiesen, Treasurer