



SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY REVISED EXECUTIVE COMMITTEE AGENDA

LOCATION: **Campbell Union School District**
 155 N. Third Street
 Campbell, CA 95008

A - Action
I - Information

DATE / TIME: **March 3, 2016**
 9:30 AM

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 at (916) 643-2708.

Documents and material relating to an open session agenda item that are provided to the SBASIA Executive Committee 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 Executive Committee on matters of the SBASIA Executive Committee business.

1 E. CONSENT CALENDAR

A 1

- 2-4 1. Executive Committee Meeting Minutes – December 3, 2015**
- 5-6 2. Executive Committee Teleconference Minutes – January 15, 2016**
- 7-12 3. Financial Report for Quarter Ending December 31, 2015**
- 13-16 4. Investment Report for Quarter Ending December 31, 2015**

17 F. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.95

A 4

- 1. McElroy vs. Santa Clara County Office of Education**



G. PRESIDENT'S REPORT ON ACTION FROM CLOSED SESSION

H. GENERAL ADMINISTRATION

- | | | | |
|---------------------|---|----------|----------|
| 18-21 | 1. Accounting-Updated Engagement Letter for January 1 – June 30, 2016
<i>Staff will present an updated engagement letter from Gilbert Associates, Inc. due to new standard from American Institute of Certified Public Accountants.</i> | A | 1 |
| 22-27 | 2. Accounting Contract for July 1, 2016 - June 30, 2019
<i>Staff will present the renewal of the accounting contract as the current contract expires on June 30, 2016.</i> | I | 1 |
| 28-29 | 3. Discount Factor Used in Actuarial Study
<i>The Executive Committee will discuss changing the discount factor.</i> | A | 1 |
| 30-33 | 4. Safety Credits
<i>The Executive Committee will discuss issuing safety credits in lieu of issuing dividends.</i> | A | 1 |
| 34-36 | 5. Underwriting Policy
<i>Staff will present an underwriting policy as this is a new CAJPA accreditation requirement.</i> | A | 1 |
| 37 | 6. Critical Incident Services
<i>Staff will discuss new critical incident services provided by CSAC EIA</i> | I | 1 |
| 38-39 | 7. JPA Website
<i>Staff will present price quotes to create a new JPA website.</i> | A | 1 |
| 40 | 8. FPPC Form 700 Electronic Filing
<i>Staff will present a price indication for software to file FPPC Form 700 electronically.</i> | I | 1 |
| 41 | 9. Slate of Officers for June 16, 2016 Meeting
<i>Staff and the Executive Committee will discuss developing a slate of officers for the June Board meeting.</i> | I | 1 |
| I. FINANCIAL | | | |
| 42 | 1. Preliminary Revenue and Expense Budget for July 1, 2016-2017
<i>Staff will present a preliminary budget for the July 1, 2016-2017 program year.</i> | I | 2 |



South Bay Area Schools Insurance Authority
Executive Committee Meeting
March 3, 2016

J. COMMENTS FOR THE GOOD OF THE ORDER

ADJOURNMENT

NEXT MEETING

The next Executive Committee Meeting is set for Thursday, May 5, 2016 at 9:30 a.m. The Location will be at Campbell Union School District, 155 N. Third Street, Campbell, CA 95008.



Agenda Item E.1

CONSENT CALENDAR

ACTION ITEM

ISSUE: The Executive Committee should review the Consent Calendar and pull any item that needs discussion. Otherwise, the Executive Committee 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 Executive Committee. The Executive Committee may accept the Consent Calendar as posted or pull any item for discussion.

1. **Executive Committee Meeting Minutes – December 3, 2015**
2. **Executive Committee Teleconference Minutes – January 15, 2016**
3. **Financial Report for Quarter Ending December 31, 2015**
4. **Investment Report for Quarter Ending December 31, 2015**

ATTACHMENTS: Executive Committee Meeting Minutes – December 3, 2015
Executive Committee Teleconference Minutes – January 15, 2016
Financial Report for Quarter Ending December 31, 2015
Investment Report for Quarter Ending December 31, 2015



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
EXECUTIVE COMMITTEE MEETING MINUTES
CAMPBELL, CALIFORNIA
December 3, 2015**

MEMBERS PRESENT

James Crawford, President, Campbell Union School District
Nelly Yang, Vice President, Evergreen School District
Mark Allgire, Treasurer, Santa Clara Unified School District
Barbara Coats, Secretary, Santa Clara County Office of Education

MEMBERS ABSENT

Phuong Le, Member at Large, Berryessa Union School District

GUESTS & CONSULTANTS

Matt Gowan, Alliant Insurance Services
Joan Crossley, Alliant Insurance Services
Mark Davis, Davis & Young
Eric Bengtson, Davis & Young

A. CALL TO ORDER

The meeting was called to order at 9:00 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: Barbara Coats	SECOND: Mark Allgire	MOTION CARRIED
AYES: 4	NOES: 0	ABSENT: 1
	ABSTAIN: 0	

AYES: Crawford, Yang, Allgire, Coats
NAYS: None
ABSENT: Le

D. PUBLIC COMMENT

There were no public comments.

E. CONSENT CALENDAR

1. **Executive Committee Meeting Minutes – June 18, 2015**
2. **Executive Committee Teleconference Minutes – November 4, 2015**
3. **Engagement Letter for SBASIA Actuarial Study as of 12/31/15**

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



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
EXECUTIVE COMMITTEE MEETING MINUTES
CAMPBELL, CALIFORNIA
December 3, 2015**

MOTION: Barbara Coats

AYES: 4

NOES: 0

SECOND: Mark Allgire

ABSTAIN: 0

MOTION CARRIED

ABSENT: 1

AYES: Crawford, Yang, Allgire, Coats

NAYS: None

ABSENT: Le

F. CLAIMS

1. Closed Session Pursuant to Government Code Section 54956.95

- a. Does vs. Santa Clara County Office of Education
- b. Perrizo vs. Santa Clara County Office of Education
- c. McElroy vs. Santa Clara County Office of Education
- d. Negrillo vs. Santa Clara Unified School District
- e. Milne vs. Berryessa Union School District

The Executive Committee went into closed session at 9:03 a.m.

The Executive Committee returned from Closed Session at 9:40 a.m. Mr. James Crawford reported that the Closed Session items were discussed and no action was taken at this time.

G. GENERAL ADMINISTRATION

1. JPA Website

Ms. Joan Crossley said the software used for the JPA website is out of date and is no longer compatible with the new versions of Internet Explorer. Ms. Crossley said her firm's IT department provided her with software to design a new website, but it is geared toward website designers and is complicated. Another client recommended a website design firm so Ms. Crossley obtained a quote just to get an idea of the cost to hire a vendor to design a website. The cost quoted was \$11,524. The Executive Committee stated there are firms that provide canned websites for schools which staff should look into as they are much less expensive.

2. Review of Board Agenda Items

Regarding the Board of Directors agenda, Mr. Matt Gowan said there would most likely not be a quorum so the Board would be unable to approve the consent calendar and audited financial report. Ms. Robin Zane from James Marta & Company will present the audited financial report as of June 30, 2015. Ms. Tracey Smith-Reed will present the quarterly financial reports as of June 30 and September 30, 2015.

Mr. Gowan said the target surplus funding analysis as of June 30, 2015 shows the JPA is above the target equity by \$82,691. The Executive Committee said there are some upcoming claims so no dividends should be issued.



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
EXECUTIVE COMMITTEE MEETING MINUTES
CAMPBELL, CALIFORNIA
December 3, 2015**

Ms. Barbara Coats asked that the JPA consider any funds available for dividends be used for safety credits. Mr. Mark Allgire commented that safety credits could be issued if a member participated in a mandated activity such as training or tasks. The Executive Committee said they would discuss safety credits at a future meeting.

H. COMMENTS FOR THE GOOD OF THE ORDER

There were no comments for the good of the order.

ADJOURNMENT

The meeting was adjourned at 9:57 a.m.



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
EXECUTIVE COMMITTEE TELECONFERENCE MINUTES
January 15, 2016**

MEMBERS PRESENT

James Crawford, President, Campbell Union School District
Nelly Yang, Vice President, Evergreen School District
Phuong Le, Member at Large, Berryessa Union School District

MEMBERS ABSENT

Mark Allgire, Treasurer, Santa Clara Unified School District
Barbara Coats, Secretary, Santa Clara County Office of Education

GUESTS & CONSULTANTS

Matt Gowan, Alliant Insurance Services
Joan Crossley, Alliant Insurance Services
Janet Cory Sommer, Burke, Williams & Sorensen, LLP

A. CALL TO ORDER

The meeting was called to order at 9:37 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: Phuong Le

SECOND: Nelly Yang

MOTION CARRIED

AYES: 3

NOES: 0

ABSTAIN: 0

ABSENT: 2

AYES: Crawford, Yang, Le

NAYS: None

ABSENT: Allgire, Coats

D. PUBLIC COMMENT

There were no comments from the public.

**E. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.95
1. Milne vs. Berryessa Union School District**

The Executive Committee went into closed session at 9:37 a.m.

The Executive Committee returned from closed session at 9:53 a.m. Mr. James Crawford reported that the closed session items were discussed and appropriate actions were taken.



**SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY
EXECUTIVE COMMITTEE TELECONFERENCE MINUTES
January 15, 2016**

AYES: Crawford, Yang, Le

NAYS: None

ABSENT: Allgire, Coats

F. COMMENTS FOR THE GOOD OF THE ORDER

None

ADJOURNMENT

The meeting was adjourned at 9:53 a.m.

South Bay Area Schools Insurance Authority
Statement of Net Position
As of December 31, 2015 and December 31, 2014

	<u>Dec 31, '15</u>	<u>Dec 31, '14</u>
ASSETS		
Current Assets		
Checking/Savings		
Wells Fargo Bank - Santa Clara County	3,722,269.07	3,703,245.19
Wells Fargo Bank - Transfer Account	3,164.36	-
B of A - Transfer Account	10,000.00	10,000.00
B of A Claims Trust Account	103,395.77	45,665.11
B of A - General Checking	1,022,159.34	1,373,330.31
Total Checking/Savings	<u>4,860,988.54</u>	<u>5,132,240.61</u>
Accounts Receivable		
Claim Recovery Receivable	1,147,039.32	452,699.68
Claims Deductibles	220,769.07	211,554.44
Total Accounts Receivable	<u>1,367,808.39</u>	<u>664,254.12</u>
Total Current Assets	6,228,796.93	5,796,494.73
Other Assets		
Interest Receivable	6,112.19	3,877.34
Prepaid Expenses		
Prepaid Contract Administration	75,000.00	75,000.00
Prepaid Excess Insurance	1,136,658.28	1,206,625.30
Total Prepaid Expenses	<u>1,211,658.28</u>	<u>1,281,625.30</u>
Total Other Assets	<u>1,217,770.47</u>	<u>1,285,502.64</u>
TOTAL ASSETS	<u><u>\$ 7,446,567.40</u></u>	<u><u>\$ 7,081,997.37</u></u>
LIABILITIES & EQUITY		
Current Liabilities		
Accounts Payable	\$ 19,638.95	\$ 20,345.22
Claims Reserves	650,000.00	650,000.00
Deferred Revenue	1,683,290.90	1,724,767.92
Total Current Liabilities	<u>2,352,929.85</u>	<u>2,395,113.14</u>
Long Term Liabilities		
IBNR & Reserves	2,144,324.93	1,338,114.00
Unallocated Loss Adjustment	267,000.00	276,000.00
Total Long Term Liabilities	<u>2,411,324.93</u>	<u>1,614,114.00</u>
TOTAL LIABILITIES	4,764,254.78	4,009,227.14
NET POSITION		
Reserve for Shock Loss	2,500,000.00	2,500,000.00
Unrestricted Net Position	82,691.75	244,700.97
Net Revenue Over Expenditures	99,620.87	328,069.26
TOTAL NET POSITION	<u><u>\$ 2,682,312.62</u></u>	<u><u>\$ 3,072,770.23</u></u>

South Bay Area Schools Insurance Authority
Statement of Revenue, Expenses, and Changes in Net Position
For the Quarter and Year Ended December 31, 2015 and December 31, 2014

	<u>Oct '15 - Dec '15</u>	<u>Jul '15 - Dec '15</u>	<u>Jul '14 - Dec '14</u>
Revenue			
Member Contributions			
Liability Contributions	\$ 185,745.75	\$ 371,491.49	\$ 354,663.00
Property Contributions	379,342.75	758,685.50	845,502.50
Crime Policy	3,239.43	6,478.86	6,460.00
Administration	68,067.51	136,135.02	126,642.48
Loss Funding	205,250.02	410,500.04	391,499.94
Total Member Contributions	<u>841,645.46</u>	<u>1,683,290.91</u>	<u>1,724,767.92</u>
Interest Income	6,112.19	11,880.79	7,832.16
Total Income	<u>847,757.65</u>	<u>1,695,171.70</u>	<u>1,732,600.08</u>
Expense			
General & Administrative			
Accounting Services	5,750.00	11,500.00	10,500.00
Accreditation Fee	4,500.00	4,500.00	-
Audit Expense - Financial	12,110.00	12,110.00	11,870.00
Bank Service Charges	57.29	141.91	-
Conference	-	-	1,476.59
Dues & Membership	-	450.00	450.00
Legal	-	18,366.90	-
Loss Control	32,500.00	32,500.00	-
Miscellaneous	-	-	-
Supplies, Postage, Misc Expense	-	-	40.40
Total Administration	<u>54,917.29</u>	<u>79,568.81</u>	<u>24,336.99</u>
Program Administration			
Claims Management Fees	22,518.09	38,136.77	22,119.48
Contract Administration	37,500.00	75,000.00	75,000.00
Total Program Administration	<u>60,018.09</u>	<u>113,136.77</u>	<u>97,119.48</u>
Total General and Administrative Expenses	<u>114,935.38</u>	<u>192,705.58</u>	<u>121,456.47</u>
Insurance Expense			
Excess Liability Policy	185,746.84	371,493.68	354,663.00
Excess Property Policy	379,342.80	758,685.60	845,502.32
Crime Policy	3,239.50	6,479.00	6,460.00
Total Insurance Expense	<u>568,329.14</u>	<u>1,136,658.28</u>	<u>1,206,625.32</u>
Claims Expenses			
Claims Payments	269,506.74	298,807.00	99,975.31
Claims Adjustment Account	(21,028.01)	(32,620.03)	(23,526.28)
Total Claims Expenses	<u>248,478.73</u>	<u>266,186.97</u>	<u>76,449.03</u>
Total Expenses	<u>931,743.25</u>	<u>1,595,550.83</u>	<u>1,404,530.82</u>
Net Revenue Over Expenses	<u>\$ (83,985.60)</u>	<u>\$ 99,620.87</u>	<u>\$ 328,069.26</u>
Net Position, Beginning		<u>\$ 2,582,691.75</u>	<u>\$ 2,744,700.97</u>
Net Position, Ending		<u><u>\$ 2,682,312.62</u></u>	<u><u>\$ 3,072,770.23</u></u>

South Bay Area Schools Insurance Authority
Statement of Revenues and Expenses - Budget vs. Actual
For the Year to Date Ended December 31, 2015

	<u>Jul '15 - Dec '15</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Revenue				
Member Contributions				
Liability Contributions	\$ 371,491.49	\$ 742,983.00	-371,491.51	50.0%
Property Contributions	758,685.50	1,517,371.00	-758,685.50	50.0%
Crime Policy	6,478.86	12,958.00	-6,479.14	50.0%
Administration	136,135.02	272,270.00	-136,134.98	50.0%
Loss Funding	410,500.04	821,000.00	-410,499.96	50.0%
Total Member Contributions	<u>1,683,290.91</u>	<u>3,366,582.00</u>	<u>-1,683,291.09</u>	<u>50.0%</u>
Interest Income	11,880.79	0.00	11,880.79	100.0%
Total Revenue	<u>1,695,171.70</u>	<u>3,366,582.00</u>	<u>-1,671,410.30</u>	<u>50.35%</u>
Expense				
General and Administrative Expenses				
General Expenses				
Accounting Services	11,500.00	23,000.00	-11,500.00	50.0%
Accreditation Fees	4,500.00	4,500.00	0.00	100.0%
Actuarial Study	0.00	7,210.00	-7,210.00	0.0%
Audit Expense - Financial	12,110.00	12,110.00	0.00	100.0%
Bank Service Charges	141.91	0.00	141.91	100.0%
Conference	0.00	2,500.00	-2,500.00	0.0%
Contingency	0.00	5,000.00	-5,000.00	0.0%
Dues & Membership	450.00	450.00	0.00	100.0%
Legal Expense - JPA	18,366.90	2,000.00	16,366.90	918.35%
Loss Control	32,500.00	100,000.00	-67,500.00	32.5%
Meeting Expense	0.00	500.00	-500.00	0.0%
Total General Expenses	<u>79,568.81</u>	<u>157,270.00</u>	<u>-77,701.19</u>	<u>50.59%</u>
Program Administration				
Claims Management Fees	38,136.77	65,000.00	-26,863.23	58.67%
Contract Administration	75,000.00	150,000.00	-75,000.00	50.0%
Total Program Administration	<u>113,136.77</u>	<u>215,000.00</u>	<u>-101,863.23</u>	<u>52.62%</u>
Total General and Administrative Expenses	<u>192,705.58</u>	<u>372,270.00</u>	<u>-179,564.42</u>	<u>51.77%</u>
Insurance Expense				
Excess Liability Policy	371,493.68	742,983.00	-371,489.32	50.0%
Excess Property Policy	758,685.60	1,517,371.00	-758,685.40	50.0%
Crime Policy	6,479.00	12,958.00	-6,479.00	50.0%
Total Insurance Expense	<u>1,136,658.28</u>	<u>2,273,312.00</u>	<u>-1,136,653.72</u>	<u>50.0%</u>
Claims Costs				
Claims Payments	298,807.00	821,000.00	-522,193.00	
Claims Adjustment Account	-32,620.03	0.00	-32,620.03	
Total Claims Costs	<u>266,186.97</u>	<u>821,000.00</u>	<u>-554,813.03</u>	<u>32.42%</u>
Total Expense	<u>1,595,550.83</u>	<u>3,466,582.00</u>	<u>-1,871,031.17</u>	<u>46.03%</u>
Net Revenue Over Expenses	<u>\$ 99,620.87</u>	<u>\$ (100,000.00)</u>	<u>\$ 199,620.87</u>	<u>-99.62%</u>

South Bay Area Schools Insurance Authority
General Checking Account Activity
October 1, 2015 - December 31, 2015

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
Bank of America - 61312								
Deposit	10/01/2015			Deposit	Accounts Receivable	948.20		1,378,448.97
Check	10/15/2015			Service Charge	Bank Service Charges		26.09	1,379,397.17
Check	11/05/2015	10189	Carl Warren & Company		B of A Claims Trust Account		282,008.26	1,379,371.08
Check	11/05/2015	10185	Carl Warren & Company	Inv # 1716047 - 1716075	Claims Management Fees		4,621.48	1,097,362.82
Check	11/05/2015	10186	RSM US LLP	Inv # M-4695757-185	Loss Control		32,500.00	1,092,741.34
Check	11/05/2015	10187	James Marta & Company	Inv # 9138	Audit Expense - Financial		8,055.00	1,060,241.34
Check	11/05/2015	10188	Gilbert Associates, Inc.	Inv # 310556	Accounting Services		6,750.00	1,052,186.34
Check	11/15/2015	eft	Bank of America	Service Charge	Bank Service Charges		2.94	1,045,436.34
Deposit	11/18/2015			Deposit	Accounts Receivable	4,598.44		1,045,433.40
Check	12/02/2015	10190	Gilbert Associates, Inc.	Inv # 5750 (July - December 2015)	Accounting Services		5,750.00	1,050,031.84
Check	12/02/2015	10191	CAJPA	Re-Accreditation Fee	Accreditation Fees		4,500.00	1,044,281.84
Check	12/02/2015	10192	Carl Warren & Company	Inv # 1719623 - 1719649 - October 2015	Claims Management Fees		6,934.14	1,039,781.84
Check	12/02/2015	10193	Carl Warren & Company	Replenishment	B of A Claims Trust Account		10,627.31	1,032,847.70
Check	12/03/2015	10194	Haight Brown & Bonesteel, LLP	Inv # 3097260	Legal Expense - JPA		48.00	1,022,220.39
Check	12/15/2015	eft	Bank of America	Service Charge	Bank Service Charges		13.05	1,022,172.39
Total Bank of America - 61312						5,546.64	361,836.27	1,022,159.34
TOTAL						5,546.64	361,836.27	1,022,159.34

South Bay Area Schools Insurance Authority
Check Register - Carl Warren Trust Account
October 1, 2015 - December 31, 2015

Check	Payee	Check Date	DOL	Claim	Cov	Claimant	Amount	Loss	Expense
10733	DAVIS & YOUNG, APLC	10/23/2015	8/9/2010	1614389	LBI	Pham, Wendy	\$985.00	\$0.00	\$985.00
10732	DAVIS & YOUNG, APLC	10/23/2015	8/23/2011	1865109	LBI	DUONG, BECKY (MINOR)	\$1,080.60	\$0.00	\$1,080.60
10731	DAVIS & YOUNG, APLC	10/23/2015	9/21/2013	1894367	LPI	PERRIZO, KAYDEN	\$2,242.50	\$0.00	\$2,242.50
10730	DAVIS & YOUNG, APLC	10/23/2015	11/10/2013	1886281	LPI	CRANDALL, CRAIG	\$385.00	\$0.00	\$385.00
10729	ANDREEA SINGH	10/12/2015	6/9/2015	1916137	APD	SINGH, ANDREEA	\$2,196.66	\$2,196.66	\$0.00
10728	TOLLNER LAW OFFICES	10/02/2015	9/2/2014	1900522	LPI	KIM, PATRIC	\$6,000.00	\$6,000.00	\$0.00
10727	GABRIELA SEXTON	10/02/2015	7/13/2015	1911834	APD	SEXTON, GABRIELA	\$982.91	\$982.91	\$0.00
10726	DAVIS & YOUNG, APLC	10/02/2015	7/31/2012	1859899	LPI	MCELROY, GEORGE	\$3,348.50	\$0.00	\$3,348.50
10725	DAVIS & YOUNG, APLC	10/02/2015	1/27/2015	1908841	LPI	URIZAR, ISMAEL	\$1,260.00	\$0.00	\$1,260.00
10724	DAVIS & YOUNG, APLC	10/02/2015	1/27/2015	1908841	LPI	Maldonado, Adrian	\$1,260.00	\$0.00	\$1,260.00
10723	DAVIS & YOUNG, APLC	10/02/2015	1/27/2015	1908841	LPI	Quevedo, Emiliano	\$1,260.00	\$0.00	\$1,260.00
10722	DAVIS & YOUNG, APLC	10/02/2015	9/12/2012	1851064	LBI	Pott, Audrie	\$105.00	\$0.00	\$105.00
10721	DAVIS & YOUNG, APLC	10/02/2015	7/31/2012	1859899	LPI	MCELROY, GEORGE	\$2,050.00	\$0.00	\$2,050.00
10720	DAVIS & YOUNG, APLC	10/02/2015	9/5/2012	1867378	LBI	DOE, JANE	\$6,458.10	\$0.00	\$6,458.10
10719	DAVIS & YOUNG, APLC	10/02/2015	8/23/2011	1865109	LBI	DUONG, BECKY (MINOR)	\$1,045.00	\$0.00	\$1,045.00
10718	DAVIS & YOUNG, APLC	10/02/2015	1/27/2015	1908841	LPI	Quevedo, Emiliano	\$10,726.00	\$0.00	\$10,726.00
10717	DAVIS & YOUNG, APLC	10/02/2015	11/10/2013	1886281	LPI	CRANDALL, CRAIG	\$2,872.50	\$0.00	\$2,872.50
10716	DAVIS & YOUNG, APLC	10/02/2015	9/21/2013	1894367	LPI	PERRIZO, KAYDEN	\$2,615.00	\$0.00	\$2,615.00
10715	JINRONG LI AS PARENT AND GUARDIAN OF WILLIAM SU	10/02/2015	6/4/2015	1911239	LBI	SU, WILLIAM	\$1,000.00	\$1,000.00	\$0.00
10714	DAVIS & YOUNG, APLC	10/02/2015	9/2/2014	1900522	LPI	KIM, PATRIC	\$2,018.00	\$0.00	\$2,018.00
10713	DANNIS WOLIVER KELLEY	10/02/2015	9/25/2014	1904143	LEP	ABRAHAMIAN, ASAD	\$13,350.76	\$0.00	\$13,350.76
10712	DANNIS WOLIVER KELLEY	10/02/2015	9/25/2014	1904142	LEP	MAZDEH, SHAHLA	\$6,608.38	\$0.00	\$6,608.38
10711	DAVIS & YOUNG, APLC	10/02/2015	8/24/2011	1868927	LBI	VILLARREAL, ISABEL (MINOR)	\$31,963.64	\$0.00	\$31,963.64
10710	Moore Law Firm, P.C. Trust Account	10/02/2015	11/10/2013	1886281	LPI	CRANDALL, CRAIG	\$11,000.00	\$11,000.00	\$0.00
10709	CORSIGLIA, MCMAHON & ALLARD, LLP	10/01/2015	8/24/2011	1868927	LBI	VILLARREAL, ISABEL (MINOR)	\$3,150,000.00	\$3,150,000.00	\$0.00
10708	CORSIGLIA, MCMAHON & ALLARD, LLP	10/01/2015	8/23/2011	1865109	LBI	DUONG, BECKY (MINOR)	\$3,200,000.00	\$3,200,000.00	\$0.00
10707	CORSIGLIA, MCMAHON & ALLARD, LLP	10/01/2015	8/9/2010	1860076	LBI	GONZALEZ, ARLETH	\$3,150,000.00	\$3,150,000.00	\$0.00
10706	CORSIGLIA, MCMAHON & ALLARD, LLP	10/01/2015	8/9/2010	1614389	LBI	Pham, Wendy	\$1,850,000.00	\$1,850,000.00	\$0.00
10744	DAVIS & YOUNG, APLC	11/24/2015	1/27/2015	1908841	LPI	URIZAR, ISMAEL	\$380.00	\$0.00	\$380.00
10743	DAVIS & YOUNG, APLC	11/24/2015	9/15/2015	1924030	LPI	DOE, JANE	\$1,521.00	\$0.00	\$1,521.00
10742	EVERGREEN SCHOOL DISTRICT	11/24/2015	6/25/2015	1910796	LPD	CHABOYA, LIBRARY	\$33,450.28	\$33,450.28	\$0.00
10741	AMERICAN TECHNOLOGIES, INC.	11/24/2015	6/25/2015	1910796	LPD	CHABOYA, LIBRARY	\$25,822.58	\$25,822.58	\$0.00
10740	DAVIS & YOUNG, APLC	11/23/2015	1/27/2015	1908841	LPI	Maldonado, Adrian	\$3,301.20	\$0.00	\$3,301.20
10739	DAVIS & YOUNG, APLC	11/23/2015	9/21/2013	1894367	LPI	PERRIZO, KAYDEN	\$1,331.90	\$0.00	\$1,331.90
10738	DAVIS & YOUNG, APLC	11/23/2015	7/31/2012	1859899	LPI	MCELROY, GEORGE	\$876.00	\$0.00	\$876.00
10737	DAVIS & YOUNG, APLC	11/20/2015	9/2/2014	1900522	LPI	KIM, PATRIC	\$3,068.00	\$0.00	\$3,068.00
10736	DAVIS & YOUNG, APLC	11/17/2015	9/5/2012	1867378	LBI	DOE, JANE	\$6,065.00	\$0.00	\$6,065.00
10735	DAVIS & YOUNG, APLC	11/17/2015	11/10/2013	1886281	LPI	CRANDALL, CRAIG	\$5,598.73	\$0.00	\$5,598.73

South Bay Area Schools Insurance Authority
Check Register - Carl Warren Trust Account
October 1, 2015 - December 31, 2015

Check	Payee	Check Date	DOL	Claim	Cov	Claimant	Amount	Loss	Expense
10734	DAVIS & YOUNG, APLC	11/17/2015	9/5/2012	1867378	LBI	DOE, JANE	\$8,444.62	\$0.00	\$8,444.62
10713	DANNIS WOLIVER KELLEY	11/13/2015	9/25/2014	1904143	LEP	ABRAHAMIAN, ASAD	-\$13,350.76	\$0.00	-\$13,350.76
10712	DANNIS WOLIVER KELLEY	11/13/2015	9/25/2014	1904142	LEP	MAZDEH, SHAHLA	-\$6,608.38	\$0.00	-\$6,608.38
10754	DAVIS & YOUNG, APLC	12/21/2015	8/9/2010	1614389	LBI	Pham, Wendy	\$209.81	\$0.00	\$209.81
10753	DAVIS & YOUNG, APLC	12/21/2015	1/1/2013	1852921	LBI	SHENE, HARLEY	\$1,746.00	\$0.00	\$1,746.00
10752	DAVIS & YOUNG, APLC	12/21/2015	1/1/2013	1852921	LBI	SHENE, HARLEY	\$1,670.13	\$0.00	\$1,670.13
10751	DAVIS & YOUNG, APLC	12/21/2015	7/31/2012	1859899	LPI	MCELROY, GEORGE	\$1,667.50	\$0.00	\$1,667.50
10750	DAVIS & YOUNG, APLC	12/21/2015	8/23/2011	1865109	LBI	DUONG, BECKY (MINOR)	\$159.68	\$0.00	\$159.68
10749	DAVIS & YOUNG, APLC	12/21/2015	9/5/2012	1867378	LBI	DOE, JANE	\$2,082.69	\$0.00	\$2,082.69
10748	DAVIS & YOUNG, APLC	12/21/2015	1/27/2015	1908841	LPI	URIZAR, ISMAEL	\$1,280.00	\$0.00	\$1,280.00
10747	Ronald Ewalt as Parent & Guardian of Michaela Medeiros Ewalt, a	12/17/2015	10/2/2015	1923821	LBI	EWALT, MICHAELA	\$696.10	\$696.10	\$0.00
10746	AMERICAN TECHNOLOGIES, INC.	12/14/2015	6/25/2015	1910796	LPD	CHABOYA, LIBRARY	\$91,535.95	\$91,535.95	\$0.00
10745	JB JORDAN & ASSOCIATES	12/14/2015	6/25/2015	1910796	LPD	CHABOYA, LIBRARY	\$21,188.89	\$21,188.89	\$0.00
							\$11,654,950.47	\$11,543,873.37	\$111,077.10

Claims Checking Account

Beginning Bank Balance @ 9/30/15	\$	115,710.67
Deposits - Transfers from general account		292,635.57
Deposits - from CSAC		11,350,000.00
Claim Payments		-\$11,654,950.47
Ending Balance @ 12/31/15	\$	103,395.77



Quarterly Investment Report

December 31, 2015



Santa Clara County Commingled Pool and Segregated Investments

December 31, 2015

Fund	Cost Value**	Market Value	Variance	% Variance
Commingled Investment Pool	\$6,543,388,499	\$6,533,597,201	-\$9,791,298	-0.15%
Worker's Compensation	\$27,370,385	\$27,477,238	\$106,854	0.39%
Mountain View-Los Altos	\$2,020,484	\$2,020,573	\$89	0.00%
Palo Alto Unified	\$602,065	\$602,238	\$173	0.03%
Park Charter Fund	\$11,370,756	\$11,357,886	-\$12,870	-0.11%
San Jose-Evergreen	\$19,826,407	\$19,864,449	\$38,042	0.19%
Medical Malpractice Insurance Fund (1)	\$12,852,294	\$12,851,387	-\$907	-0.01%
Total	\$6,617,430,890	\$6,607,770,973	-\$9,659,917	-0.15%

(1) Managed by Chandler Asset Management, Inc.

Summary of Yields* for Select Santa Clara County Investment Funds

Fund	2015			2014
	<u>Oct 31</u>	<u>Nov 30</u>	<u>Dec 31</u>	<u>Dec 31</u>
Commingled Investment Pool	0.77%	0.77%	0.72%	0.47%
Worker's Compensation	1.21%	1.21%	1.21%	1.22%
Weighted Yield	0.78%	0.77%	0.73%	0.47%

*Yield to maturity (YTM) is the rate of return paid on a bond, note, or other fixed income security if the investor buys and holds it to its maturity date and if the coupon interest paid over the life of the bond is reinvested at the same rate as the coupon rate. The calculation for YTM is based on the coupon rate, length of time to maturity, and market price at time of purchase.

Yield is a snapshot measure of the yield of the portfolio on the day it was measured based on the current portfolio holdings on that day. This is not a measure of total return, and is not intended to be, since it does not factor in unrealized capital gains and losses and reinvestment rates are dependent upon interest rate changes

**Cost Value is the amortized book value of the securities as of the date of this report.



Santa Clara County Commingled Pool and Segregated Investments

Portfolio Strategy

December 31, 2015

The Federal Reserve Bank, on December 16, 2015 raised its benchmark interest rate for the first time in almost a decade. Nearly a month later, domestic and global bond yields are lower than before the Federal Reserve Bank enacted its historical decision. Turmoil in financial markets and the subsequent easing of monetary policy in Japan and the Eurozone depressed bond yields. A severe sell-off in equity markets around the world instigated a flight from risky assets to safe havens like U.S. Treasury bonds causing yields to tumble and increasing bond prices. Concern has centered on slowing global economic growth and on China, the world's second largest economy which generated some 40 percent of total world growth in 2015. The Standard & Poor's 500 stock index is down approximately 7.6 percent since the December meeting in which Reserve Bank policy makers adjusted interest rates.

U.S. economic news have been mixed. The labor market continue as a source of strength. With nearly 70 percent of economic activity is attributable to consumer spending, employment is a key indicator of economic health. The Labor market roared forward in December when employers added 292,000 jobs to non-farm payrolls. That brought the new jobs total to 2.65 million for 2015.

Real estate markets exhibited solid growth. Sales of existing single-family homes increased 16.1 percent in December which amounted to an annual rate of 4.82 million. Purchases of multifamily properties, including condominiums and townhouses increased 4.9 percent. The median price of an existing U.S. home is \$224,000. This price reflects a 7.6 percent increase between December 2014 and December 2015.

In contrast to labor markets and real estate, growth of gross domestic product (GDP) slowed. The Commerce Department reported that GDP which represents the total dollar value of goods and services produced in the U.S. rose at a meager 0.7 percent annualized rate in the three months ending in December. GDP had increased 2 percent in the prior quarter. Economists conclude growth slowed because the higher value of the dollar made U.S. exports less competitive. Exports also faced slower global demand. Plunging oil prices caused drilling firms to retrench and significantly reduce production. GDP expanded 2.4 percent in 2015 for a second straight year.

Our portfolio strategy continues to focus on: (1) acquisition of high quality issuers; (2) identifying and selecting bonds with attractive valuations; (3) appropriately sizing the liquidity portion of the portfolio to ensure adequate cash for near term obligations; and (4) ensuring that monies targeted for longer term investments are deployed in instruments with favorable risk adjusted yields. Broker-dealers have generally down-sized the amount of securities carried in inventories in response to risk-curbing rules crafted after the 2008 financial crisis, including Basel III and the 2010 Dodd-Frank Act. With more efficient software, we have been addressing this issue by scanning a larger scope of inventory listings to find attractive bonds. Our portfolio structuring does not engage in interest rate anticipation strategies.



Santa Clara County Commingled Pool and Segregated Investments

Portfolio Compliance, Review, and Monitoring

December 31, 2015

Yield and Weighted Average Maturity

The yield of the Commingled Pool is 0.72% and the weighted average life is 402 days.

Compliance

The County Treasurer believes the Commingled Pool contains sufficient cash flow from liquid and maturing securities, bank deposits and incoming cash to meet the next six months of expected expenditures.

Review and Monitoring

FTN Financial Main Street Advisors, the County's investment advisor, currently monitors the Treasury Department's investment activities.

Additional Information

Securities are purchased with the expectation that they will be held to maturity, so unrealized gains or losses are not reflected in the yield calculations.

The market values of securities were taken from pricing services provided by the Bank of New York Mellon, Bloomberg Analytics, dealer quotes, and an independent pricing service.



Agenda Item F.1

CLOSED SESSION PURSUANT TO GOVERNMENT CODE 54956.95

ACTION ITEM

ISSUE: Pursuant to Government Code Section 54956.95, the Executive Committee will hold a Closed Session to discuss the following claim:

1. McElroy vs. Santa Clara County Office of Education

RECOMMENDATION: The Program Administrator cannot make a recommendation at this time as the subject matter is confidential.

FISCAL IMPACT: To be determined

ATTACHMENTS: None



Agenda Item H.1

**ACCOUNTING- UPDATED ENGAGEMENT LETTER FOR
JANUARY 1 – JUNE 30, 2016**

ACTION ITEM

ISSUE: The Executive Committee should review and, if appropriate, approve the updated engagement letter with Gilbert Associates for accounting services.

RECOMMENDATIONS: The Program Administrator recommends approval of the updated engagement letter.

FISCAL IMPACT: None

BACKGROUND: The American Institute of Certified Public Accountants issued a pronouncement related to the type of accounting services provided to the JPA. The pronouncement takes effect for engagements to prepare financial statements for periods ending on or after December 15, 2015. Gilbert Associates has updated their engagement letter so that the language is consistent with the new standard.

ATTACHMENTS: Gilbert Associates Engagement Letter for January 1-June 30, 2016

February 9, 2016

Matt Gowan, Administrator
South Bay Area Schools Insurance Authority
c/o Alliant Insurance Services
2180 Harvard Street, Suite 460
Sacramento, California 95815

Thank you for the opportunity to serve South Bay Area Schools Insurance Authority (SBASIA). This agreement is intended to document the expectations of service from our firm by clearly identifying the particular services to be provided and their frequency. This agreement will cover our services from January 1, 2016 through June 30, 2016, subject to mutual agreement and 30 days notice.

Our Responsibilities under Professional Standards

Included among the services we will provide to SBASIA, you have requested that we prepare the financial statements of SBASIA on a quarterly basis, which comprise the statement of net position and the related statement of changes in net position.

The objective of our engagement is to prepare financial statements (except the statement of cash flows) in accordance with accounting principles generally accepted in the United States of America based on information provided by you. We will conduct our engagement in accordance with Statements on Standards for Accounting and Review Services (SSARs) promulgated by the Accounting and Review Services Committee of the AICPA and comply with the AICPA's *Code of Professional Conduct*, including the ethical principles of integrity, objectivity, professional competence, and due care.

We are not required to, and will not, verify the accuracy or completeness of the information you will provide to us for the engagement or otherwise gather evidence for the purpose of expressing an opinion or a conclusion. Accordingly, we will not express an opinion or a conclusion or provide any assurance on the financial statements.

Our engagement cannot be relied upon to identify or disclose any financial statement misstatements, including those caused by fraud or error, or to identify or disclose any wrongdoing within the entity or noncompliance with laws and regulations. However, we will inform the appropriate level of management of any material errors and any evidence or information that comes to our attention during the performance of our procedures that fraud may have occurred. In addition, we will inform you of any evidence or information that comes to our attention during the performance of our financial statement preparation procedures regarding any wrongdoing within the entity or noncompliance with laws and regulations that may have occurred, unless they are clearly inconsequential.

Management Responsibilities

The engagement to be performed is conducted on the basis that management acknowledges and understands that our role is the preparation of the financial statements (except for the statement of cash flows) in accordance with accounting principles generally accepted in the United States of America.

Management has the following overall responsibilities that are fundamental to our undertaking the engagement to prepare your financial statements in accordance with SSARS:

- 1) The selection of accounting principles generally accepted in the United States of America as the financial reporting framework to be applied in the preparation of the financial statements.
- 2) The prevention and detection of fraud.
- 3) To ensure that the entity complies with the laws and regulations applicable to its activities.
- 4) The accuracy and completeness of the records, documents, explanations, and other information, including significant judgments, you provide to us for the engagement to prepare financial statements.
- 5) To provide us with—
 - Documentation, and other related information that is relevant to the preparation and presentation of the financial statements,
 - Additional information that may be requested for the purpose of the preparation of the financial statements, and
 - Unrestricted access to persons within SBASIA with whom we determine it necessary to communicate.

The financial statements will not be accompanied by a report. However, you agree that the financial statements will clearly indicate that no assurance is provided on them.

Scope of work

The following list describes the services that we expect to provide. Please review the information below and make any changes necessary.

	Monthly	Quarterly	Annually
Bookkeeping Services			
Maintain detailed record of all income, expenditures, deposits and withdrawals	X		
Verify payment demands and print checks as necessary	X		
Respond to requests for confirmation made by member agencies' financial auditors			X
Reconcile bank statements	X		
Reconcile loss payments to loss runs	X		
Administer accounts payable and receivable	X		
Maintain financial records in accordance with Generally Accepted Accounting Principles	X		
Prepare and submit to SBASIA Treasurer for approval a Treasurer's Report detailing all funds on hand, classified by depository		X	
Data entry into QuickBooks	X		
Preparation of dividend checks to members, if applicable			X

	Monthly	Quarterly	Annually
Financial Statements			
Preparation of Financial Statements			
Assistance with Management's Discussion & Analysis			X
Statement of Net Assets		X	
Statement of Revenues, Expenses, and Changes in Net Assets		X	
Footnotes			X
Supplementary information			X
Prepare Supporting Schedules for Auditor			X
Prepare & file State Controller's Report of Financial Transactions			X

Fees and Other Relevant Information

Our fees will be billed quarterly at \$5,750 per quarter for the six months ending June 30, 2016. Our standard hourly rates for work outside of the Scope of Services specified above are as follows, as of the beginning of this agreement, January 1, 2016:

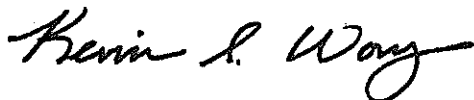
Kevin S. Wong, CPA	\$260/hour
Tracey R. Smith-Reed	\$130/hour

Our standard hourly rates may change on an annual basis. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

GILBERT ASSOCIATES, INC.
 CPAs and Advisors



Kevin S. Wong, CPA
 Shareholder

Accepted by: _____

Date: _____



Agenda Item H.2

ACCOUNTING CONTRACT FOR JULY 1, 2016 – JUNE 30, 2019

INFORMATION ITEM

EXPLANATION: SBASIA's accounting contract with Gilbert Associates, Inc. expires on June 30, 2016. Staff will present a new contract with a three year term to be reviewed by the Executive Committee prior to being presented to the Board of Directors for approval.

The proposed annual fee is:

- \$23,500 for period of July 1, 2016 – June 30, 2017
- \$24,000 for period of July 1, 2017 – June 30, 2018
- \$24,500 for period of July 1, 2018 – June 30, 2019

The expiring fee is \$23,000.

ATTACHMENTS: Gilbert Associates, Inc. Contract for Period of July 1, 2016 – June 30, 2019

ACCOUNTING SERVICES AGREEMENT BETWEEN SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY AND GILBERT ASSOCIATES, INC.

This Agreement is made this 1st day of July 2016, by and between the South Bay Area Schools Insurance Authority ("SBASIA") and Gilbert Associates, Inc. ("Accountant") concerning services.

WHEREAS, SBASIA desires to retain the services of Accountant to provide accounting services and Accountant desires to perform such services on the terms and conditions set forth below,

NOW, THEREFORE, the parties agree as follows:

A. *Description of Work* - Accountant agrees to perform the following services:

	Monthly	Quarterly	Annually
Bookkeeping Services			
Prepare & distribute annual contribution invoices			X
Prepare & distribute deductible reimbursement invoices	X (or as otherwise directed)		
Maintain detailed record of all income, expenditures, deposits & withdrawals	X		
Verify payment demands & print checks as necessary (average of approximately 10 per month)	X (or as otherwise directed)		
Respond to requests for confirmation made by member agencies' financial auditors			X
Reconcile bank statements	X		
Reconcile payments to loss runs	X		
Administer accounts payable & receivable	X		
Maintain financial records in accordance with Generally Accepted Accounting Principles	X		
Prepare & submit to SBASIA Treasurer for approval a Treasurer's report detailing all funds on hand, classified by depository		X	
Data Entry into QuickBooks	X		
Preparation of dividend checks to members, if applicable			X
Financial Statements			
Compiled Financial Statements			
Assistance with Management's Discussion & Analysis			X
Statement of Net Assets		X	
Statement of Revenues, Expenses & Changes in Net Assets		X	
Statement of Cash Flows	X		
Footnotes			X
Supplementary information			X
Prepare Supporting Schedules for Auditor			X
Prepare & file State Controller's Report of Financial Transactions			X

- B. *Compensation* - In exchange for the services rendered hereunder, Accountant shall be compensated in the amount of \$23,500 for period of July 1, 2016 - June 30, 2017; \$24,000 for period of July 1, 2017 – June 30, 2018 and \$24,500 for period of July 1, 2018 – June 30, 2019. The fee estimate is based on anticipated cooperation from SBASIA’s representatives and the assumption that unexpected circumstances will not be encountered during the work performed. If significant additional time is necessary, Accountant will discuss it with SBASIA representatives and arrive at a new fee estimate before Accountant incurs additional costs. Accountant invoices are payable upon presentation.
- C. *Term* – The term of this agreement shall commence on July 1, 2016 and terminate on June 30, 2019.
- D. *Compliance with Laws* - Accountant agrees that the work will be conducted and the services will be performed in compliance with all laws and regulations, with the policies, procedures and directives of SBASIA, particularly those related to fiscal and management matters, and with generally accepted accounting principles applicable to governmental entities.
- E. *Termination* - This Agreement may be terminated at any time by either party upon ninety days advance written notice to the other party. Upon termination by either party, Accountant shall be compensated for all work performed through the date of termination.
- F. *Disclosures of Conflicts* – Accountant shall be responsible for disclosing financial interests that may be a conflict. Disclosure may be satisfied through completion of the related Fair Political Practices Commission form on an annual basis.
- G. *Insurance* – Accountant shall maintain Commercial General Liability on an occurrence basis with limits no less than \$1,000,000 per occurrence and general aggregate limit no less than \$2,000,000; Auto Liability with limit no less than \$1,000,000 per accident; Workers’ Compensation with Statutory limits and Employer’s Liability with limits of no less than \$1,000,000 per accident for bodily injury or disease; Professional Liability insurance with limit no less than \$1,000,000 per occurrence or claim and aggregate no less than \$2,000,000 and Crime coverage with limit of no less than \$500,000.
- H. *Indemnification* – Accountant agrees to indemnify, defend and hold harmless SBASIA, its officers, directors and member agencies from any liability arising from Accountant’s negligence or willful misconduct or omissions in the performance of this agreement. SBASIA, its officers, directors and member agencies agree to indemnify, defend and hold harmless Accountant from any liability arising from the negligence, willful misconduct or omissions of SBASIA, its officers, directors and member agencies.

- I. *Independent Contractor* – It is expressly agreed by the parties that Accountant’s relationship to SBASIA is that of an independent contractor. As such, SBASIA will not be providing any Workers’ Compensation coverage or benefits to Accountant.
- J. *Other Obligations of Parties* – SBASIA is responsible for making management decisions and performing management functions and for designating an individual with suitable skill, knowledge or experience to oversee any bookkeeping services or other services the Accountant provides. SBASIA is responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services. SBASIA is responsible for establishing and maintaining internal controls, including monitoring ongoing activities.

None of the accounting services rendered can be relied on to disclose errors, fraud or illegal acts that may exist. However, Accountant will inform SBASIA of any material errors and of any evidence or information that comes to Accountant’s attention during the performance of Accountant’s compilation procedures that fraud may have occurred. In addition, Accountant will report to SBASIA any evidence or information that comes to Accountant’s attention during the performance of Accountant’s compilation procedures regarding illegal acts that may have occurred, unless they are clearly inconsequential. Accountant has no responsibility to identify and communicate the deficiencies in SBASIA’s internal control as part of this engagement.

Accountant will compile the financial statements on a quarterly basis in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to present, in the form of financial statements, information that is the representation of management without undertaking to express any assurance on the financial statements.

A compilation differs significantly from a review or an audit of financial statements. A compilation does not contemplate performing inquiry, analytical procedures or other procedures performed in a review. Additionally, a compilation does not contemplate obtaining an understanding of the entity’s internal control; assessing fraud risk; tests of accounting records by obtaining sufficient appropriate audit evidence through inspection, observation, confirmation, the examination of source documents (for example, cancelled checks or bank images); or other procedures ordinarily performed in an audit. Therefore, a compilation does not provide a basis for expressing any level of assurance on the financial statements being compiled.

- K. *Entire Agreement* - This writing constitutes the entire agreement between the parties relative to the services specified herein, and no modifications shall be effective unless and until such modification is evidenced by a writing signed by both parties.
- L. *Successors and Assignment* - Accountant agrees that it will not assign, transfer, convey, or otherwise dispose of this Agreement or any part thereof, or its rights, title, or interest therein, without the prior written consent of SBASIA.
- M. *Waiver* - The waiver by either party of a breach by the other of any provision of this Agreement shall not constitute a continuing waiver or a waiver of any subsequent breach of either of the same or a different provision of this Agreement.
- N. *Severability* - Should any part of this Agreement be declared unconstitutional, invalid, or beyond the authority of either party to enter into or carry out, such decision shall not affect the validity of the remainder of this agreement, which shall continue in full force and effect; provided that the remainder of this contract can, absent the excised portion, be reasonably interpreted to give effect to the intentions of the parties.
- O. *Headings* - The descriptive headings used in this Agreement are for convenience only and shall not control or affect the meaning or construction of any of its provisions.
- P. *Title to Documents* - All original calculations, files, records, studies and other material or documents developed or used in connection with the performance of this Agreement shall be the property of SBASIA.

If working papers or product include computer generated material, Accountant shall provide the material including the database upon which it is based to SBASIA in a mutually agreed upon computer machine-readable format and media.

IN WITNESS WHEREOF, the parties execute this Agreement on the day and year first above written.

SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY

BY _____

DATE _____

TITLE _____

GILBERT ASSOCIATES, INC.

BY _____

DATE _____

TITLE _____



Agenda Item H.3

DISCOUNT FACTOR USED IN ACTUARIAL STUDY

ACTION ITEM

ISSUE: The Executive Committee should review the discount factor used in the actuarial study and decide if the discount factor should be changed.

RECOMMENDATION: None

FISCAL IMPACT: To be determined

BACKGROUND: At its March 5, 2015 meeting, the Executive Committee decided to change the discount factor from 2% to 1% and revisit it again in a year. The discount factor is used to discount losses as determined by the actuary to offset income earned on investments.

ATTACHMENTS: Loss Funding at Various Discount Factors

SBASIA

LOSS FUNDING AT VARIOUS DISCOUNT FACTORS

Discount Factor	70% Confidence Level	
	1%	0%
Loss Funding	\$925,000	\$949,000



Agenda Item H.4

SAFETY CREDITS

ACTION ITEM

ISSUE: The Executive Committee should decide if the JPA wants to issue safety credits in lieu of issuing dividends.

RECOMMENDATION: None

FISCAL IMPACT: To be determined

BACKGROUND: At its December 3, 2015 meeting, a suggestion was made to consider issuing safety credits in lieu of issuing dividends.

ATTACHMENTS: Sample Safety Credit Policy

WEST SAN GABRIEL LIABILITY AND PROPERTY JOINT POWERS AUTHORITY

Exhibit “C” SAFETY CREDIT POLICY

IT SHALL BE THE SAFETY CREDIT PROGRAM POLICY OF THE WEST SAN GABRIEL LIABILITY & PROPERTY JPA TO:

1. Each member district will participate in the Safety Credit Program by designating all or part of their premium refunds and/or rebates to a Safety Credit Fund managed by the Treasurer, or Treasurer designate, of the Authority;
2. Safety Credit Program Policy monies shall be utilized in the following manner:
 - A. In areas which would reduce the severity and/or frequency of losses at the District level;
 - B. All other requests shall be reviewed by the Board of Directors.
3. Safety Credits can only be utilized where credit is available, i.e., Districts may not “deficit spend” safety credits.
4. The Safety Credit Fund will be an interest bearing account, calculated quarterly based on each Member’s balance in the account as of September 30th, December 31st, March 31st, and June 30th.

**WEST SAN GABRIEL LIABILITY AND PROPERTY
JOINT POWERS AUTHORITY**

**SAFETY CREDIT REIMBURSEMENT FORM
c/o Arcadia Unified School District
150 S Third Ave Arcadia, CA 91006**

Invoice # _____

DISTRICT: _____

DATE(S) OF ACTIVITY/PROGRAM: _____

DESCRIPTION OF ACTIVITY/PROGRAM: _____

WILL OTHER DISTRICTS BE INVOLVED? _____ IF SO, WHICH ONES: _____

ITEMIZE COST OF ACTIVITY/PROGRAM (ATTACH RECEIPTS, PURCHASE ORDERS,
BIDS ETC., IF AVAILABLE. INCLUDE COPY OF CHECK STUB.) _____

TOTAL COST OF ACTIVITY/PROGRAM: _____

AMOUNT TO BE CHARGED TO **PROPERTY/LIABILITY FUND**: _____

SIGNATURE: _____ **DATE:** _____

WEST SAN GABRIEL LIABILITY AND PROPERTY JOINT POWERS AUTHORITY

Exhibit “D” ALLOCATION OF INTEREST INCOME TO DESIGNATED FUNDS POLICY

The above JPAs have allowed the members to elect to have their monies declared as rebates to remain with the JPAs as “designated funds”. These designated funds hold each member’s monies in separate accounts. Past practice has credited interest earnings to the pooled funds.

Due to the growing balances in designated funds related to rebates (SELF, ReLiEF, and the JPAs), the JPAs would like to adopt a policy to credit interest to these designated funds. This policy would require that a pro rata share of pooled interest be credited to a member’s account based upon the pro rata percentage of that member’s cash balance of total pooled cash and investments.

The pooled investment earnings to the designated funds will be effective beginning July 1, 1995 for the designated funds held at that date. Allocation of interest earnings to the Direct Pool, undesignated Pool and Designated Funds (rebate monies) for rebates declared subsequent to July 1, 1995 will be determined using the number of days the funds were held effective the date the rebate was declared and/or received. Adjustments will be made if estimates were used at the time the information was prepared for the members.

A member’s rebate held as designated funds by the JPAs is only for the purpose of holding the funds as requested by the member and allowed by the JPAs. Designated funds also include Safety Credits. Designated funds are not to be used as a checking account and all monies held as designated funds earn interest.

Members may only access designated equity as a Direct Return, transfer to Safety Credits or payment of Premium Contribution. Members may exercise these options no more than six (6) times a year.



Agenda Item H.5

UNDERWRITING POLICY

ACTION ITEM

ISSUE: The Executive Committee should review and, if appropriate, adopt the underwriting policy.

RECOMMENDATION: The Program Administrator recommends adoption of the underwriting policy.

FISCAL IMPACT: None

BACKGROUND: The JPA's Full Accreditation with CAJPA expired February 2, 2016. Staff is working with CAJPA on re-accreditation. CAJPA established a new requirement for an underwriting policy.

ATTACHMENTS: Underwriting Policy

SOUTH BAY AREA SCHOOLS INSURANCE AUTHORITY UNDERWRITING POLICY

I. PURPOSE

Establishing underwriting criteria ensures that South Bay Area Schools Insurance Authority programs are analyzed for risk exposures, funding requirements and compatibility between members.

The purpose of the underwriting process is to provide the most accurate evaluation of a potential new member, existing members and overall program. This process is used to assess if a new member is a good risk and fit with existing membership. In addition, the underwriting process is used for existing members to determine member contributions.

II. UNDERWRITING CRITERIA

Potential new members are required to submit the following information for evaluation:

- Liability Questionnaire
- Average Daily Attendance (ADA)
- Property Schedule
- Liability and Property loss runs for the last five years
- Premium history for the last five years
- Safety and loss control program information

The Executive Committee will evaluate the underwriting information and make a recommendation to the Board of Directors as to whether the prospective member should be accepted into the JPA.

III. CONTRIBUTION ALLOCATION

An annual contribution for each member and any potential new member will be calculated utilizing:

(1) Deposit for the shared risk layer using actuarially determined loss rate

The shared risk layer includes Liability and Property coverage. The deposit for the shared risk layer will be calculated as follows:

- (a) Liability deposit- calculated for each member in the same proportion as their ADA is to the total ADA for all members
- (b) Property deposit- calculated for each member in the same proportion as their property values are to the total property values for all members

This amount is then multiplied by an Experience Modification Factor for each member.

(2) Charge for excess insurance coverage

- (a) Liability premium- calculated for each member in the same proportion as their ADA is to the total ADA for all members
- (b) Property premium- calculated for each member in the same proportion as their property values are to the total property values for all members

(3) Charge for administrative expenses of the program

The administrative expenses for each member will be the same percentage of total administrative expenses as the member's Liability and Property premiums for excess coverage are to the total Liability and Property premiums for all members.

IV. REVIEW OF UNDERWRITING POLICY

The underwriting policy will be reviewed by the Executive Committee every three years to ensure the process adequately measures risks and adequately allocates costs.



Agenda Item H.6

CRITICAL INCIDENT SERVICES

INFORMATION ITEM

EXPLANATION: CSAC EIA has contracted with Mainstream Unlimited to provide pre and post critical incident services.

Pre-incident services will include regional training programs and webinars over the course of the next few months on topics such as: critical incident management, communications and media management.

Post-incident services include situation assessment and media consulting services which will be provided to members upon approval by CSAC EIA and paid for by CSAC EIA up to \$50,000 per incident. Any costs above that would be paid for by the member.

Additionally, CSAC EIA has created a Critical Incident Response Team tasked with supporting members at the time of a critical incident. Each occurrence is different and calls for a different skill set of team members which CSAC EIA will create from existing staff, as well as their service partners and industry experts. The Response Team is created to support those in need and serve as a supplement to the member's existing staff wherever possible.

ATTACHMENTS: None



Agenda Item H.7

JPA WEBSITE

ACTION ITEM

ISSUE: The Executive Committee should review price quotes to design a new website for the JPA and decide which website service to use.

RECOMMENDATION: None

FISCAL IMPACT: To be determined

BACKGROUND: At its December 3, 2015 meeting, the Executive Committee directed staff to obtain quotes to create a new JPA website. The software used for the current website is out of date and not compatible with Microsoft Windows 7; therefore staff no longer has the ability to maintain or make changes to the website.

ATTACHMENTS: Website Quote Comparison

SBASIA Website Quotes

Firm	Set up Fee	Monthly Fee	Annual Fee	Notes
GoDaddy		\$9.99	\$65.88	Unable to set up password protected page
				Yearly plan is on sale now (\$5.49 a month)
Wix		\$23.99	\$155.04	Can set up password protected page
				Yearly plan is on sale now (\$12.92 a month)
CatapultK12	\$899		\$1,188	Annual fee-software & tech support
Finalsite	\$15,000		\$6,000	Annual fee-software & tech support
Cyberschool	No response			
Schoolwires	No response			



Agenda Item H.8

FPPC FORM 700 ELECTRONIC FILING

ACTION ITEM

ISSUE: The Executive Committee should decide whether to pay for software to be used for the electronic filing of the Fair Political Practices Commission (FPPC) Form 700.

RECOMMENDATION: None

FISCAL IMPACT: Prices as follows:

- Monthly software subscription - \$123.34
- Purchase price - \$3,613.10 plus \$816.20 annual cost for hosting, support, maintenance

Both options require \$1,000 certification fee payable directly to FPPC.

BACKGROUND: Software is available to file the Fair Political Practices Commission (FPPC) Form 700. Alliant Insurance Services obtained quotes for their JPA clients from SouthTech Systems.

ATTACHMENTS: None



Agenda Item H.9

SLATE OF OFFICERS FOR JUNE 16, 2016 MEETING

INFORMATION ITEM

EXPLANATION: Each June, the Board of Directors elects the Executive Committee officers and a Member at Large for the annual term of office beginning July 1.

Staff and the Executive Committee will discuss developing a slate of officers to present to the Board of Directors at the June 16, 2016 meeting.

ATTACHMENTS: None



Agenda Item I.1

PRELIMINARY REVENUE AND EXPENSE BUDGET FOR JULY 1, 2016 - 2017

INFORMATION ITEM

EXPLANATION: Staff will present a preliminary revenue and expense budget showing allocation of premium, loss funding and expenses for the insurance renewals and administrative contracts effective July 1. This document will provide preliminary indications of cost to members. This preliminary budget will be distributed to members as soon as possible to assist them in development of their own district budgets.

ATTACHMENTS: None