



Santa Barbara SIPE

Joint Powers Self Insurance

MINUTES OF THE BOARD OF DIRECTORS

March 15, 2021

9:30 A.M.

A meeting of the Board of Directors was held via Zoom webinar on March 15, 2021.

VOTING MEMBERS PRESENT:

Allan Hancock Joint Community College District	Eric Smith	Member (<i>left: 10:57a.m.</i>)
Buellton Union School District	Randy Haggard	Member (<i>arrived: 9:31a.m.</i>)
Carpinteria Unified School District	Maureen Fitzgerald	Alternate (<i>left: 11:22a.m.</i>)
Goleta Union School District	Conrad Tedeschi	Alternate (<i>arrived: 9:31a.m.</i>)
Hope School District	Anne Hubbard	Member (<i>arrived: 9:31a.m.</i>)
Los Olivos School District	Nydia Bernal	Alternate
Montecito Union School District	Anthony Ranii	Member
Santa Maria-Bonita School District	Javier Cavazos	Alternate (<i>arrived: 9:31a.m.</i>)
Santa Maria Joint Union School District	Reese Thompson	Member
Santa Barbara County Education Office (SBCEO)	Debbie Breck	Vice President/Member
Santa Ynez High School District	Elysia Lewis	Member
Solvang School District	Steve Seaford	Member (<i>arrived: 9:35a.m.</i>)
Special Education Local Plan Area (SELPA)	Kim Hernandez	Alternate

MEMBERS ABSENT:

Ballard School District
Blochman Union School District
Cold Spring School District
College School District
Cuyama Joint Unified School District
Guadalupe Union School District
Lompoc Unified School District
Orcutt Union School District
Vista Del Mar Union School District

OTHERS PRESENT:

Risk Program Administrators	Jennifer Achterberg, Administration Karen Worden, Administration J.T. Babish, Administration
Workers' Compensation Administrators	Bruce White, Claims Administrator
Eide Bailly	David Foster, Financial Auditor (<i>left: 9:47a.m.</i>)
Alliant Insurance	Angela Hatley, Broker
SBCEO	Keith Cox, Risk Control Araceli Vasquez, Treasurer/Alternate

Goleta Union School District
Hope School District
Lompoc Unified School District

Stephanie Gardner (*arrived: 9:33a.m.*)
Michael Thomson (*arrived: 11:17a.m.*)
Teresa Acosta

1. CALL TO ORDER

President Elysia Lewis called the meeting to order at 9:30 a.m.

2. PUBLIC COMMENTS

There were no public comments.

3. APPROVAL OF THE AGENDA AS POSTED OR AMENDED

Motion made by Anthony Ranii, Montecito Union School District, seconded by Anne Hubbard, Hope School District, to approve the agenda as posted. Motion passed unanimously via roll call.

Vote:

Eric Smith – *Aye*

Randy Haggard - *Aye*

Maureen Fitzgerald - *Aye*

Conrad Tedeschi - *Aye*

Anne Hubbard - *Aye*

Nydia Bernal - *Aye*

Anthony Ranii- *Aye*

Javier Cavazos - *Aye*

Reese Thompson - *Aye*

Elysia Lewis- *Aye*

Debbie Breck - *Aye*

Kim Hernandez- *Aye*

4. APPROVAL OF THE CONSENT CALENDAR

Members requested clarification on the information presented on the Consent Calendar.

Regarding item C) Training Opportunities: Reese Thompson requested amending reference of PASMA training to PARMA. Regarding item B) Warrants for January and February 2021. Kim Hernandez, SELPA, requested more information on line item Advanced Wireless & Cellular and Communication Costs. Debbie Breck, SBCEO, indicated these fees are associated with two-way radios, and repeaters which are utilized for emergency response communications.

A motion was made by Eric Smith, Allan Hancock Joint Community College District, seconded by Randy Haggard, Buellton Union School District, to approve items A) Minutes of the January 25, 2021 Board Meeting, B) Warrants for January and February 2021 and receive and file item C) Training Opportunities. Motion passed unanimously via roll call.

Vote:

Eric Smith – *Aye*

Randy Haggard - *Aye*

Maureen Fitzgerald - *Aye*

Conrad Tedeschi - *Aye*

Anne Hubbard - *Aye*

Nydia Bernal - *Aye*

Anthony Ranii - *Aye*

Javier Cavazos- *Aye*

Reese Thompson - *Aye*

Elysia Lewis- *Aye*

Steve Seaford - *Aye*

Debbie Breck - *Aye*

Kim Hernandez - *Aye*

5. OPEN SESSION

A. Financial Statements Compilation Report as of June 30, 2020

David Foster, Eide Bailly, presented the compilation report, comprised of the statement of net position as of June 30, 2020 and the related statement of revenues and expenses, and otherwise called the Unaudited Financial Statements as of June 30, 2020.

Mr. Foster identified and discussed key changes as compared to the report presented as of June 30, 2019. Overall: assets reduced by \$9.7 million for an ending balance of \$34,986,355, liabilities for open claims reduced by \$1.3 million for an ending balance of \$11,274,063, with an Net Position ending balance of approximately \$19M.

Additional supplementary information was also briefly reviewed, including the: Statement of Income and Expenses, Recap of Reserves and Net Position, Recap of Reserves over the past 5 years, and a Recap of Net Position including and excluding IBNR's. A Ten Year Claims Development report and Summary of Participant Activity by fiscal years was also included for the year ended June 30, 2020.

Informational only. No action required.

B. Excess Workers' Compensation Market and 2021-2022 Coverage Update.

Angela Hatley, Alliant Insurance Services, provided a presentation of the State of the Workers' Compensation Insurance Market outlining the current trends and a hardening insurance marketplace. Ms. Hatley noted the impact to many lines of coverage, with the most significant changes effecting Property, Excess Liability and Cyber coverages. Large losses across the nation, and proposed Senate Bills are also impacting the overall insurance marketplace. Pending Assembly Bill AB1465 proposes the creation of a State operated MPN called CSMPN. The financial impact, if passed, is unknown at this point and more information will be shared at future meetings.

Ms. Hatley indicated SIPE should estimate an increase in excess workers' compensation premium between 5% and 10% for the 2021-22 program year, and reiterated the best method for SIPE members to impact their program is to continue to focus on Safety and Loss Prevention programs. Members discussed the potential impact of an increase in excess premium of 5-10% in connection with the proposed rates discussion to be had later in the meeting. Further discussion included review of the JPA's historical Self-Insured Retentions (SIR's). Currently the JPA maintains an SIR of \$1,000,000. Ms. Hatley confirmed the Brokers are in the market seeking options for SIPE at \$750,000 and \$1,000,000 SIR attachments.

Informational only. No action required.

C. Preliminary 2021-22 Budget

Debbie Breck, SBCEO, reviewed the preliminary 2021-22 Budget in detail. Several items were presented for Board discussion and clarity regarding programmatic changes. The first items discussed was the removal of salaries and benefits for the Safety and Loss Control personnel. Specifically, the Financial Auditor and the Program Administration team identified this service for discussion. SIPE's Loss Control Manager and the Administrative Assistant are

employees of SBCEO who provide services to SIPE. Therefore, the appropriation of their funds should be within SBCEO's budget, as SBCEO pays both the employee and PERS for these persons. The fees paid by SIPE would therefore be reflected within the same budgetary section as other service providers, who have been contracted for services, such as Alliant, Risk Program Administrators and WCA. Ms. Breck confirmed the employer noted on the W2's for these personnel is SBCEO. Additionally, SBCEO is performing a review of the job classification and description for the Loss Control services, which may affect aspects of the services to be provided going forward. SIPE may desire to contract, or create a memorandum of understanding, with SBCEO regarding the Loss Control Manager and Assistant services at a future date.

The Board discussed Risk Control efforts and requested a report be added to the Consent Calendar regarding the Safety Committee meetings and items approved or disapproved for payment from the Safety Incentive Funds. The Board further discussed the monies allotted for specific Risk Control programs. The Board directed the Fiscal Agent to increase to specific budgetary lines: the Safety Incentive funds from \$75,000 to \$100,000 and the Trainings and Services from \$152,300 to \$170,000 for the 2021-22 program year.

Board members requested an introduction regarding resources available through SIPE. Ms. Breck affirmed the Board there is a focus to create documents and presentations to support better communication and orientation for both Board members and other employees at member agencies.

Ms. Breck provided clarification on other line items as requested, indicating the discussed changes would be provided in the revised budget to be presented at the May Board meeting.

Informational only. No action required.

D. Ad Hoc Rates Committee Recommendation

Ms. Breck reminded the Board the Ad Hoc Committee and service partners met on February 24, 2021 to review and discuss the proposed Excess Workers' Compensation Rates for the 2021-22 program year. The Committee recommended the Board retain an "artificially" low base rate of 1.01%, explaining the true amount to fund for the JPAs claims and operating expense is higher than this rate. The Board approved a 5 year plan to reduce its overall fund balance, or net position, to \$12 million. Historically the Board had taken action to accomplish this by both funding the last four program years at a reduced rate, and by providing a retrospective rebate to the membership in the last few program years. The Committee further recommended no retrospective rebate be considered at this time due to the uncertain impact which COVID 19 may have on claims development through the 2020-21 program year.

Bruce White, WCA, presented the Rates Calculator, which has been utilized by the JPA for several years, explaining the methodology and process in which the data points are used to calculate SIPE members' contributions. The calculations are based on 60% member payroll, 40% on experience modification (ex-mod), and then the overall increases or decrease are capped by 50% or 25% respectively. Mr. White provided additional clarification on each of these factors. Payroll is the average of the three most recent years, with two years of actual

payroll and the estimate for payroll of the current program year. The Ex-Mod for each member is calculated based upon the individual members' loss experience for the most recent 10 years, which is then divided by SIPE's 10 year average loss experience. Additional exhibits showed calculations reflecting a review of the payroll and experience over the past 10 years per member agency.

Ad Hoc committee members informed the Board of their discussion and deliberation regarding the recommendation to not issue a retrospective rebate at the end of the current program year.

Motion was made by Reese Thompson, Santa Maria Joint Union School District, seconded by Randy Haggard, Buellton Union School District, to approve the ad hoc committee's recommendations of: 1) Workers' Compensation base premium rate of \$1.01 for the 2021-2022 program year; and 2) confirmed no retrospective rebate. Motion passed unanimously via roll call.

Vote:

Eric Smith – *Aye*

Randy Haggard - *Aye*

Maureen Fitzgerald - *Aye*

Conrad Tedeschi - *Aye*

Anne Hubbard - *Aye*

Nydia Bernal - *Aye*

Anthony Ranii- *Aye*

Javier Cavazos- *Aye*

Reese Thompson - *Aye*

Elysia Lewis- *Aye*

Steve Seaford- *Absent*

Debbie Breck - *Aye*

Kim Hernandez - *Aye*

E. Loss Control Update

Keith Cox, SBCEO, provided an update on trainings and services provided to members since the January Board meeting. Mr. Cox provided shared information regarding OSHA's recent position and strict requirements for indoor air quality. Many tests and additional research has been done by Mr. Cox to better support the districts in finding alternatives to individual room purifiers in order to reduce costs.

Mr. Cox reminded the Board of upcoming trainings for: CPR, Ergonomics, Asbestos and Lead Awareness training. Ms. Kim Hernandez of SELPA, thanked Mr. Cox for speaking at a meeting for SELPA's special education group, presenting suggestions of ways to reduce staff injuries.

Informational only, No action required.

F. Program Administration Services Update

Jennifer Achterberg, RPA, provided an update on the many projects the Administration team has been involved in. The Board reviewed an updated listing of SIPE's Board of Directors, noting this revised listing would be made available on SIPE's website. Several districts have indicated they will be processing resolutions to confirm appointment at a future scheduled meeting of their district.

Ms. Achterberg, reminded the Board of the various documents and processes currently being reviewed and developed for consideration at future meetings. Included was a partial listing of these ongoing projects, identifying priority and potential timelines.

Reese Thompson, Santa Maria Joint Union School District, requested clarification on the renewal survey sent to members and how the information would be used moving forward. Ms. Achterberg reminded the Board of information provided earlier in the meeting by the Broker team, indicating the Renewal markets were asking additional questions in order to consider coverage for the 2021-22 program year. That data collected will be used by the Broker team as it works to obtain Excess Workers' Compensation coverage, the Administration team will be working with the Loss Control Manager to develop trainings, resources and generally provide better support in areas where members have indicated a need, as well as supporting members with a history of information collected for each renewal. Ms. Achterberg indicated the process by which the data is collected, and provided as historical reference, during the renewal process for 2022-23 would be managed in a manner that provides clarity and not confusion or concern.

Informational only, No action required.

G. Discussion of Safety Program

Ms. Achterberg, reminded the members of discussions during the January Board meeting regarding SIPE's Safety Program. Ms. Achterberg and Mr. Cox reviewed the current document which provides guidelines of the current Safety Incentive funds. Overall management of the safety program has been under the discretion of the SIPE Risk & Loss Control Manager, also known as the SIPE Safety Officer in some program documentation, and the Safety and Health Committee.

Ms. Achterberg reviewed the process, procedures and qualifications for use of these funds, which are found in Section J of SIPE's IIPP. The action proposed was to create a stand-alone policy which governs the Safety Program, inclusive of the specific metrics to utilize SIPE Safety Incentive funds.

Discussion of the types of services and equipment qualified for this funding, were confirmed as being specific to Worker' Compensation related requests only. Members were highly encouraged to participate in the Safety programs and training sessions provided by this funding. Members of the Board indicated a preference for general guidelines to remain in place, rather than a specific list of approved or non-approved items which would limit any unknowns as related to Workers' Compensation.

As directed earlier in the meeting, a report will be prepared for the Consent Calendar that will tie to the Warrant Listings in order to present the Board with a specific update of the usage of the Safety Incentive funds.

Informational only, No action required.

H. Claims Administration Update

Mr. White provided an update on the current status of claims for the current fiscal year as compared to the same time last year, reflecting an overall reduction in the number of claims at 58%. Review of the reserves and incurred but not reported (IBNR's) from June 30, 2020 to March 5, 2021 show a total net increase of 1.48%.

Specific to COVID claims, six claims have been filed with 3 are in the delayed phase, 3 have been denied and two of those are now closed. The Non-Industrial COVID reported claims are currently: 290 employees tested positive, representing an average of 64 employees potentially exposed, per any location. Mr. White then presented some examples of estimated claim costs as related to potential COVID claims scenarios.

Informational Only. No action required.

I. Draft Board Agenda for May 10, 2021

Ms. Achterberg reviewed the items scheduled to be presented and discussed at the May 10th Board Meeting. Board members provided feedback regarding adding a status report from the Safety Committee, to the consent calendar, with updated information pertaining to the safety program item, district and cost applied, for this current year.

Informational Only. No action required.

6. **CLOSING COMMENTS**

None.

7. **ADJOURNMENT**

President Elysia Lewis adjourned the meeting at 11:38 a.m.

8. **FUTURE MEETING**

May 10, 2021 Board Meeting to be held via Zoom