



# Santa Barbara SIPE

## Joint Powers Self Insurance

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**MINUTES OF THE  
BOARD OF DIRECTORS  
September 20, 2021  
9:30 A.M.**

A meeting of the Board of Directors was held via Zoom webinar on September 20, 2021.

**VOTING MEMBERS PRESENT:**

Allan Hancock Joint Community College District	Eric Smith	Member
Buellton Union School District	Randy Haggard	Member
Cuyama Joint Unified School District	Alfonso Gamino	Member ( <i>arrived 9:43 a.m.</i> )
Goleta Union School District	Conrad Tedeschi	Member ( <i>arrived 10:30 a.m.</i> )
Hope School District	Anne Hubbard	Member
Lompoc Unified School District	Doug Sorum	Member ( <i>left 10:27 a.m.</i> )
Los Olivos School District	Nydia Bernal	Alternate
Orcutt Union School District	Nick Taylor	Member ( <i>arrived 9:49 a.m.</i> )
Santa Maria-Bonita School District	Javier Cavazos Jr.	Member ( <i>arrived 10:10 a.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	President/Member
Vista Del Mar Union School District	Dr. Lois Peterson	Member ( <i>arrived 9:43 a.m.</i> )

**MEMBERS ABSENT:**

Ballard School District  
Blochman Union School District  
Carpinteria Unified School District  
Cold Spring School District  
College School District  
Guadalupe Union School District  
Montecito Union School District  
Solvang School District  
Special Education Local Plan Area (SELPA)

**OTHERS PRESENT:**

Risk Program Administrators	Jennifer Achterberg, Administration
	Amber Anderson, Administration
Workers' Compensation Administrators	Bruce White, Claims Administrator
Alliant Insurance	Angela Hatley, Broker
Hope School District	Michael Thomson, Alternate ( <i>arrived 9:36 a.m.</i> )
Lompoc Unified School District	Teresa Acosta, Alternate ( <i>arrived 9:34 a.m.</i> )
Orcutt Union School District	Brad Gitchell, Alternate
Perr & Knight	Mitch Paden, Consulting Actuary ( <i>left 10:00 a.m.</i> )

SBCEO

Keith Cox, Risk Control  
Araceli Vasquez, Treasurer/Secretary/Alternate

**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 Anne Hubbard, Hope School District, seconded by Eric Smith, Allan Hancock Joint Community College District, to approve the agenda as posted. Motion passed unanimously via roll call.*

Vote:

Eric Smith – *Aye*

Brad Gitchell - *Aye*

Randy Haggard - *Aye*

Reese Thompson - *Aye*

Anne Hubbard - *Aye*

Debbie Breck - *Aye*

Doug Sorum - *Aye*

Elysia Lewis - *Aye*

Nydia Bernal - *Aye*

**4. APPROVAL OF THE CONSENT CALENDAR**

*A motion was made by Reese Thompson, Santa Maria Joint Union School District, seconded by Randy Haggard, Buellton Union School District, to approve items A) Minutes of the May 15, 2021 Board Meeting, B) 2021-2022 Revised Budget, and C) Warrants for May through August 2021, and receive and file item D) Safety Program Funds Usage as of June 30, 2021, and E) Training Opportunities. Motion passed unanimously via roll call.*

Vote:

Eric Smith – *Aye*

Brad Gitchell - *Aye*

Randy Haggard - *Aye*

Reese Thompson - *Aye*

Anne Hubbard - *Aye*

Debbie Breck - *Aye*

Doug Sorum - *Aye*

Elysia Lewis - *Aye*

Nydia Bernal - *Aye*

**5. OPEN SESSION**

**A. Actuarial Report as of June 30, 2021**

Mitch Paden, Perr & Knight, presented the draft Actuarial Report as of June 30, 2021 to the Board. The Actuarial Report as presented estimates SB SIPE's total outstanding liabilities as of June 30, 2021 have increased from last year by approximately \$0.5 million on a discounted basis. This slight increase is very close to what was predicted last year. The IBNR is down from the previous year, partly due to positive developments in relation to Covid, such as

vaccines and schools reopening, and partly due to lower projected losses for similar reasons. This was offset, however, by large case reserves due to a small number of Covid claims.

The discount rate of 1.4% used in the analysis was based on the average annual yield of three to five-year U.S. Treasury Bonds from 1990 to present. SB SIPE booked \$17.9 million in liabilities for workers compensation claims as of June 30, 2021. This amount consists of \$12.4 million in case reserves, \$4.8 million in IBNR reserves, and \$0.7 million in unallocated loss adjustment expense (“ULAE”) reserves. In addition, SB SIPE has an additional undesignated fund balance of \$19.1 million. During fiscal year 7/1/20-21, SB SIPE is projecting to fund approximately \$5.0 million for claims liabilities based on a funding rate of \$1.01 per \$100 payroll. The difference of \$1.9 million will decrease SB SIPE’s current indicated redundancy of \$0.5 million (based on the expected, present value estimate) and the undesignated fund balance of \$19.1 million.

Perr & Knight also performed estimates as of June 30, 2022. The estimated projected total outstanding liabilities as of June 30, 2022 is \$17.9 million. The estimated present value outstanding liabilities is \$16.4 million as of June 30, 2022. Perr & Knight’s estimate of the present value of the SB SIPE’s outstanding liabilities at 70%, 80%, and 90% confidence levels are \$18.2 million, \$19.9 million, and \$22.3 million, respectively.

Mr. Paden noted a typo on Table 8 of the report pertaining to the dates referenced, and noted this would be corrected on the final version that would be distributed. Mr. Thomson requested a breakdown of administrative feed in the report, which Mr. Paden responded could also be broken out for 2021/22.

*Informational only, No action required.*

**B. Loss Control Update**

Keith Cox, SBCEO, presented the update for the Board, noting that ergonomic evaluations are at an all-time high. He indicated several other trainings have also been provided, from forklifts to CPR and RRP training. Mr. Cox noted that any painting using lead needs not only the painter but the district to be certified and reporting in to the EPA. There were no questions regarding the report.

*Informational only, No action required.*

**C. Claims Administration Update**

Bruce White, Workers’ Compensation Administrators, presented a claims update, pointing out that claims have ramped up of late. While 2019/20 was expected to be worse than the year prior, the pandemic drastically reduced frequency, which carried into the beginning of 2021/22. In March when reopening began, claims began rocketing up again and are headed toward the initially predicted trend.

The total estimated cost of claims, even though the frequency dropped 36%, remained the same,

and Mr. White noted that the costs of the Covid claims that did come in contributed to that. He showed reserves as of 9/7/2021 we up a bit (1.32%), and posited that the lower the percentage, the more accurate the reserves, which is positive. This also means it is more volatile, meaning if the pool begins to receive more claims, the IBNR can increase quickly. In summary, this fiscal year to date, the reserves, net reserves and IBNR have remained steady. The claim count has trended with an increase.

Mr. White spent additional time reviewing Covid claims specifically, showing charts that revealed a large increase in cases in June and July of this year following months of very low activity in the beginning of the year. He noted that there is positive development due to vaccine availability, but that the Delta variant is causing more confusion as to where the person became infected, due to its higher rate of contagion. The source of infection depends on the workers' reports and medical records, making them difficult cases.

Referencing Mr. Cox's previous report of a high number of ergonomic evaluations being requested of late, Mr. White confirmed that doctors and workers involved with workplace injury claims are driving these types of requests, which should be helpful in resolving claims of this kind. He reminded the Board that there is a fund available to assist with providing ergonomic equipment that has not as of yet had any requests for it this year.

The two main takeaways Mr. White highlighted were: 1) watch the Covid cases closely, as the pandemic is not behind us yet with the Delta variant, and these cases are extremely costly, and 2) slips and falls are the large dollar cases that have always been a constant to watch as well. The pool in general, he assured the Board, is in a good position to deal with anything that comes its way.

*Informational only, No action required.*

D. Program Administration Update

Jennifer Achterberg, Risk Program Administrators, presented an update on the timeline and prioritization of items on the agenda for the year. Ms. Achterberg noted that this Board meeting would include consideration of retaining General Counsel, and that further into September the fiscal agent and RPA staff will meet with SISC to discuss membership status and the coverages afforded through the program.

Ahead in the coming months will be discussion of D & O coverage, collection of underwriting data for the 2022/23 renewal, possible General Counsel RFP process, and Workers' Compensation Memorandum of Coverage document creation.

Reese Thompson questioned whether the pool had D & O coverage in the past, and suggested it had come up in the past and that a letter had been provided confirming coverage. Ms. Achterberg requested a copy of the letter, and assured the Board that staff would review and provide an update at the next Board meeting. She noted that there was not a current budget item for D & O coverage, so posited that the coverage may have existed in the past, but was

dropped at some point. Angela Hatley, confirmed that Alliant was not currently providing the coverage but assured the Board that it could be provided for future.

*Informational only, No action required.*

E. General Counsel Services & Proposed RFP

Ms. Achterberg presented an update regarding General Counsel Services for the Board, reminding members that the Board previously discussed a desire for retaining counsel at its November 2019 and January 2020 meetings, and decided to postpone further discussion until a future date. In the time that has elapsed since the initial meetings, the JPA has obtained a new administration partner to support management of the JPA. Ms. Achterberg reviewed the preliminary scope of what services are typically provided to pools, as well as a tentative timeline for the RFP, if desired.

President Elysia Lewis concurred that the addition of such a role is important and approved of the timeline of the RFP being such that the General Counsel could begin working with the Board in the new program year. It was agreed that staff would provide a draft RFP for approval at the November meeting. Following that, staff was directed to seek out candidates independently, with the Board becoming involved in the interview process.

*Informational only, No action required.*

F. 2021-2022 Board of Directors Meetings Format

Ms. Achterberg presented updated information regarding potential format for the remaining Board meetings in the program year. She noted that in light of the tentative nature of the lifting of California's COVID-related travel and gathering restrictions this fall, staff recommends the Board consider holding its meetings virtually for the remainder of the program year. With regards to the current order by the Governor that was set to expire on September 30, 2021, she advised that a new bill was just signed providing further instructions on how remote meetings can be agendized. Staff will further advise as to the details of the requirements that the new bill sets forth in order to continue with remote meetings.

The Board members acknowledged that the format of meeting remotely has been beneficial in the current environment, and has increased participation from membership. It was agreed that the remainder of meetings for the calendar year would be held remotely, with additional advisement forthcoming from staff on any changes in procedure in order to accommodate.

*Informational only, No action required.*

G. Draft Board Agenda for November 15, 2021

Ms. Achterberg reviewed the items scheduled to be presented and discussed at the November 15, 2021 Board Meeting.

*Informational Only. No action required.*

6. **CLOSING COMMENTS**

*None.*

7. **ADJOURNMENT**

President Elysia Lewis adjourned the meeting at 10:58 a.m.

8. **FUTURE MEETING**

November 15, 2021 Board Meeting to be held via Zoom