



Santa Barbara SIPE

Joint Powers Self Insurance

**MINUTES OF THE
BOARD OF DIRECTORS
March 14, 2022
9:30 A.M.**

A meeting of the Board of Directors was held via Zoom webinar on March 14, 2022.

VOTING MEMBERS PRESENT:

Allan Hancock Joint Community College District	Laura Becker	Member
Buellton Union School District	Randy Haggard	Member
Cuyama Joint Unified School District	Alfonso Gamino	Member (<i>left at 11:27 a.m.</i>)
Hope School District	Mike Thomson	Alternate (<i>left at 11:30 a.m.</i>)
Lompoc Unified School District	Teresa Acosta	Alternate
Los Olivos School District	Nydia Bernal	Member
Montecito Union School District	Anthony Ranii	Member
	Virginia Alvarez	Alternate
Orcutt Union School District	Brad Gitchell	Member
Santa Barbara County Education Office (SBCEO)	Debbie Breck	Vice President/Member
	Araceli Vasquez	Treasurer/Alternate
Santa Maria-Bonita School District	Javier Cavazos Jr.	Member
Santa Maria Joint Union School District	Reese Thompson	Member
Santa Ynez High School District	Elysia Lewis	President/Member
Vista Del Mar Union School District	Dr. Lois Peterson	Member (<i>left at 11:30 a.m.</i>)

MEMBERS ABSENT:

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

OTHERS PRESENT:

Risk Program Administrators	Jennifer Achterberg, Administration Amber Anderson, Administration
Alliant Insurance	Angela Hatley, Broker Lilian Vanvieldt, Broker (<i>joined at 12:02 p.m.; left at 12:58 p.m.</i>)
SBCEO	Keith Cox, Loss Control Manager
Workers' Compensation Administrators	Bruce White, Claims Administrator

Johnson Schachter & Lewis
Murphy Campbell Alliston Quinn

Kellie Murphy (*joined at 9:45 a.m.; left at 10:15 a.m.*)
Douglas R. Alliston (*joined at 10:16 a.m.; left at 10:31 a.m.*)

1. CALL TO ORDER

President Elysia Lewis called the meeting to order at 9:33 a.m.

2. PUBLIC COMMENTS

There were no public comments.

3. APPROVAL OF THE AGENDA AS POSTED OR AMENDED

Motion made by Randy Haggard, Buellton Union School District, seconded by Alfonso Gamino, Cuyama Joint Unified School District, to approve the agenda as posted. Motion passed unanimously via roll call. Lompoc Unified School District was not present.

Vote:

Laura Becker – *Aye*
Randy Haggard – *Aye*
Alfonso Gamino – *Aye*
Mike Thomson – *Aye*
Nydia Bernal – *Aye*
Anthony Ranii – *Aye*

Brad Gitchell – *Aye*
Javier Cavazos – *Aye*
Reese Thompson – *Aye*
Elysia Lewis – *Aye*
Lois Peterson – *Aye*
Debbie Breck – *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 and direct staff to finalize items: A) Minutes of the January 24, 2022 Board Meeting, B) Warrants for January and February 2022, and C) Excess Workers' Compensation 2020-2021 Premiums Audit Results, and receive and file items: D) Minutes of the January 20, 2022 Safety & Health Committee Meeting, E) Safety Program Funds Usage Report, F) Training Opportunities, and G) Program Administration Services Update. Motion passed unanimously via roll call.

Vote:

Laura Becker – *Aye*
Randy Haggard – *Aye*
Alfonso Gamino – *Aye*
Mike Thomson – *Aye*
Teresa Acosta – *Aye*
Nydia Bernal – *Aye*
Anthony Ranii – *Aye*

Brad Gitchell – *Aye*
Javier Cavazos – *Aye*
Reese Thompson – *Aye*
Elysia Lewis – *Aye*
Lois Peterson – *Aye*
Debbie Breck – *Aye*

5. OPEN SESSION

A. Interviews of Respondents to the General Counsel RFP

The Board of Directors interviewed the respondents to the General Counsel RFP: Kellie Murphy of Johnson Schachter & Lewis, and Douglas Alliston of Murphy, Campbell, Alliston & Quinn, respectively. Following the interviews, Admin Staff were directed to send notification to interviewees regarding the Board's decision, which will be formally reported to the Board at its May meeting.

Information only- no action required.

B. Ad Hoc Rates Committee Recommendation

Vice President Debbie Breck advised the Board that the Rates Committee, of which Ms. Breck is Chair, met on February 17, 2022 to review rates for the 2022/23 Fiscal Year SIPE premiums. In making a recommendation for the Fiscal Year 2022/23 premiums, the Rates Committee took the following into consideration:

- Meet the cash flow needs of SIPE for claims and paid in fiscal year 2022/23.
- Recognize an excess insurance self-retention level of \$1M, which means SIPE retains liability up to \$1M on each claim.
- Change the actuarial confidence level from expected (55%) to 70% to be more in line with industry best practices.
- Decrease the ending fund balance target level to \$10M in recognition of the higher actuarial confidence level.
- Progress toward having the base premium rate in line with the actuarial recommendation for the fiscal year rate.
- Complete implementation of reducing ending fund balance approved as follows at the 3/19/18 SIPE Board Meeting:

Ms. Breck notified the Board that the Rates Committee recommendation for FY 2022/23 is a base premium rate increased to \$1.12, but that individual district rates will vary due to claims experience.

PREMIUM RATE FOR FISCAL YEAR 2022/23

<u>Base Rate per \$100 of P/R</u>	<u>P/R Inc.</u>	<u>Projected Payroll</u>	<u>Projected Premium</u>
\$1.12	3%	\$509,207,673.56	\$5,719,261.66

Bruce White, SIPE Claims Manager, presented an explanation of the SIPE rates calculator, outlining the four components that contribute to individual rates: payroll factor (60%), based on a three-year average of payroll, experience modification factor (40%), based on a ten-year loss experience, balance factor (10%), a distribution of the base premium among members, and cap adjustment, which is in place to limit how much premium can change year over year.

A motion was made by Randy Haggard, Buellton Union School District, seconded by Anthony Ranii, Montecito Union School District, to approve: 1) Workers' Compensation base premium rate of \$1.12 for the 2022-2023 program year; 2) Increase fund losses at the 70% confidence level; 3) Revise the target net equity to \$10M; and 4) Confirm no retrospective premium rebate for 2021-2022 program year at this time. Motion passed unanimously via roll call.

Vote:

Laura Becker – *Aye*

Randy Haggard – *Aye*

Alfonso Gamino – *Aye*

Mike Thomson – *Aye*

Teresa Acosta – *Aye*

Nydia Bernal – *Aye*

Anthony Ranii – *Aye*

Brad Gitchell – *Aye*

Javier Cavazos – *Aye*

Reese Thompson – *Aye*

Elysia Lewis – *Aye*

Lois Peterson – *Aye*

Debbie Breck – *Aye*

C. Discussion of Safety & Loss Control Program Structure and Funding

Jennifer Achterberg, Program Administrator, reviewed the previous discussions the Board has had in reference to SIPE's Safety and Loss Control program structure. In consideration of the incoming General Counsel in the next program year, Ms. Achterberg explained that any changes to the current structure would be best vetted in collaboration with that party, specifically during the anticipated Strategic Planning Session to be held in fall 2022. At that time, the Board could consider both the draft risk management fund guidelines that Program Administration staff put forward, as well as the various draft programs that Michael Thomson, SB SIPE representative from Hope School District, provided.

Mr. Thomson was provided the floor to discuss the item submitted by his District, and explained that the main objective was to have the Board consider the addition of a SB SIPE Risk Management Subcommittee to create programs to further incentivize member districts in maintaining Cal/OSHA regulations and improve their loss control programs. The Board agreed that the subject could be further vetted at the next SB SIPE Safety and Health Committee meeting, and requested that Mr. Thomson submit his proposed materials to Keith Cox in order to disseminate for discussion at the next such meeting. Should the Committee decide to move forward with any of the proposed measures, they could recommend the item be added to the 2022 Strategic Planning Session agenda.

Information only- no action required.

A break for lunch was taken from 11:30 a.m. to 12:00 p.m.

D. Excess Workers' Compensation Market Update & 2022-23 Renewal Update

Lilian Vanvieldt of Alliant Insurance Services provided the Board with a presentation on the State of the Public Entity Insurance Market and Evolving Risks. Ms. Vanvieldt covered the current insurance landscape, workforce changes and pricing changes, including rate comparisons by state and an overview of regional differences in claim frequency. Ms. Vanvieldt in the presentation noted

that Safety National does not have any COLA exclusion in their excess policies. The takeaway for the Board was that severity trends are worsening, and to expect a rate increase of 5%-10%.

Information only- no action required.

E. Directors' and Officers' Coverage for 2022-23

Ms. Vanvieldt reviewed Alliant's Directors' and Officers' coverage offering, explaining that the coverage exists to address the unique exposures faced by public pool organizations and their governing bodies, including: failure to purchase adequate insurance, claims handling errors and omissions, and board member versus board member actions and more. The Alliant Public Pool Liability Program (APPL) provides liability coverage for the leadership of pooling organizations to cover the governing board, officers and professional liability of the pool.

The Board directed Staff to move forward with obtaining a quote from Alliant for their Directors' and Officers' program offering.

Information only- no action required.

F. Preliminary 2022-23 Budget

Ms. Breck reviewed the preliminary budget for the 2022-23 year, and noted that the final budget would be presented to the Board at the May 9, 2022 meeting.

Information only- no action required.

G. Risk Control Update

Keith Cox, SBCEO, presented a risk control update for the Board, on training and services provided to members since the November Board meeting. Mr. Cox reminded the Board of the listing of services that may be provided is on the SIPE website, or members may contact him directly for other services needed.

Information only- no action required.

H. Claims Administration Update

Bruce White, Workers' Compensation Administrators, presented a claims update for the Board, reviewing the number and type of open claims and closed claims. The current program year is averaging an overall number of claims similar to the years prior to the reduction in claims for claims during the program years that included COVID closures. The current financials, reserves and claims paid, are on track to be within what was budgeted for the year.

Information only- no action required.

I. Draft Board Agenda for May 9, 2022

Ms. Achterberg reviewed the items scheduled to be presented and discussed at the May 9, 2022 Board Meeting.

Information only- no action required.

6. CLOSING COMMENTS

None.

7. ADJOURNMENT

President Elysia Lewis adjourned the meeting at 1:07 p.m.

8. FUTURE MEETING

May 9, 2022 Board Meeting to be held via Zoom