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DATE/TIME:	DAY 1 – September 12, 2022 at 10:00 AM – 2:00 PM PDT DAY 2 – September 13, 2022 at 9:30 AM – 2:00 PM PDT
LOCATION:	Marriott Vacation Club, 1001 Heavenly Village Way, South Lake Tahoe, CA 96150 Motion Media Room (2 nd Floor)
VIDEO CHAT:	DAY 1 https://alliantinsurance.zoom.us/j/95992853327?pwd=WUh2WFd0LytVTUgzd2tpMDlTRFg2dz09 DAY 2 https://alliantinsurance.zoom.us/j/99391376380?pwd=ZlFlaU8zaUpCMUIQdDhEQlJQOEJ6QT09
Teleconference:	888-475-4499 (Toll Free) or 877-853-5257 (Toll Free)
Meeting ID:	DAY 1 – 959 9285 3327 DAY 2 – 993 9137 6380

*A = Action Item
I= Information Item*

A. Call to Order, Roll Call, Quorum

- | | | |
|-----------|--|----------|
| 1. | Approval of the Agenda | A |
| | The Committee will be asked to approve the agenda order. | |

B. Public Comments

C. Consent Calendar

The Committee is asked to take action on the consent calendar items as a group, except that a member may request that an item be withdrawn from the Consent Calendar for discussion and action.

- | | | | |
|-----------|---|----------|--------------|
| 1. | Minutes of SPA Board Meeting June 13, 2022 | A | <i>p. 5</i> |
| 2. | Minutes of SPA Board Meeting June 27, 2022 | A | <i>p. 10</i> |

D. Topics for Discussion

- | | | | |
|-----------|--|----------|--------------|
| 1. | Coverage Program Reviews, Development and Marketing | A | <i>p. 13</i> |
| | a. Liability Program | | |
| | b. Property, APD, ADWRP & Terrorism Program | | |

- c. Alliant Connect Property Schedules & Vehicle Schedules
- d. New Member Marketing
- e. Interfund Borrowing
- f. Allocation of Aggregate Limits of Coverage
- g. Loss Control Budget/Ideas
- h. Discussion of Leveraging Member Resources

3. Financial Report

- a. Financials as of June 30, 2022 A p. 24
- b. SPA Actuary Report as of June 30, 2022 A p. 28
- c. Claims Management and Reporting Activities A p. 43
- d. Evaluation of SPA Cost Allocation Process A p. 45

4. General Administration

- a. SPA FY 22/23 Board Meeting Schedule A p. 46
The Board will set the schedule of meetings for the remainder of FY 22/23.
- b. Conflict of Interest Code A p. 47
The Board will review and may approve the Conflict of Interest Code.
- c. JPA Agreement A p. 53
The Board will review and may approve of changes to the SPA JPA Agreement.
- d. SPA Memorandum of Understanding (MOU) A p. 59
The Board will receive a draft MOU and may consider approval.
- e. Property Program Policy & Procedure for Payment Advances & Claim Payments A p. 69
The Board will review and may consider approval of a Policy & Procedure for payment advances and claim payments.
- f. Property Program Valuation and Trend Factors for FY 23/24 I p. 70
The Board will consider trend factors for the FY 23/24.
- g. Governance – Nominations of Managing Member and Chairpersons A p. 71
Due to recent changes to the composition of the SPA Board the group is asked to nominate and approve Vice Chairpersons of the Board.
- h. Newfront Brokerage Service Agreement A p. 73
The Board will review and consider an agreement from Newfront.
- i. Discussion of Policies and Procedures, Roles and Responsibilities and Standing Committees/Task Groups I p. 80
The Board will discuss & consider whether additional policies and procedures, defined roles and responsibilities, and standing committees/task groups as needed.

j. Emerging Risks and Potential for SPA to Support Members *I* *p. 81*
At this time the Board will bring forward and discuss emerging risks and whether there is a role for SPA to help members respond to them.

Tues. 10:30 am k. KYND Cyber *I* *p. 82*
Ben Duffy from KYND will provide the Board with an update regarding the status of cyber landscape.

E. SPA Committee and Staffing

1. SPA Program Staff *p. 83*
 The Committee will review the current JPA Administration staffing roster.

F. New Programs and/or Services

1. Ideas for Creation or Modification of SPA Program and/or Services *p. 84*
 The Committee will discuss ideas for creation or modification of SPA programs and/or services.

2. Projects to be Included on the FY 22/23 SPA Long Range Action Plan *p. 85*
 The Committee will finalize its recommendations of projects to be included on the FY 22/23 SPA long-range action plan.

G. Review of Meeting Discussion and Identification of Items for SPA Long Range Action Plan

At this time, the Board will review the meeting’s discussions and identify items that will be more fully developed in a Long Range Action Plan for adoption at a future SPA Board meeting.

H. Adjournment

The next SPA Board meeting is scheduled for Tuesday, September 13, 2022 at the Marriott Vacation Club, 1001 Heavenly Village Way, South Lake Tahoe, CA 96150. If you have questions regarding the agenda package, please contact:

Michelle Minnick at Michelle.Minnick@alliant.com / 916-643-2715

CONSENT CALENDAR

ACTION ITEM

ISSUE: Items on the Consent Calendar are to be reviewed. If any item requires clarification, discussion, or amendment by any member of the Board, such item(s) may be pulled from Consent Calendar and placed on the agenda for separate discussion.

Items pulled from the Consent Calendar will be placed on the agenda in an order determined by the President.

RECOMMENDATION: Adoption of items presented on the Consent Calendar after review by the Board.

FISCAL IMPACT: As indicated on any item included.

BACKGROUND: Items of importance that may not require discussion are included on the Consent Calendar for adoption.

ATTACHMENTS:

1. Minutes of SPA Board Meeting June 13, 2022
2. Minutes of SPA Board Meeting June 27, 2022

SCHOOLS PROGRAM ALLIANCE

June 13, 2022 Teleconference Board Meeting Minutes

Members Present:

Butte Schools Self-Funded Programs (BSSP)	Christy Patterson
Butte Schools Self-Funded Programs (BSSP)	Nicole Strauch
North Bay Schools Insurance Authority (NBSIA)	Kim Stantin
North Bay Schools Insurance Authority (NBSIA)	Brandon Schlenker
Redwood Empire Schools Insurance Group (RESIG)	Sandy Manzoni
Schools Insurance Authority (SIA)	Martin Brady
Schools Insurance Authority (SIA)	Brooks Rice
Schools Insurance Authority (SIA)	Debrah Sherrington
Schools Insurance Authority (SIA)	Phil Brown
Schools Insurance Authority (SIA)	Amy Russell
Schools Insurance Group (SIG)	Cindy Wilkerson
Schools Insurance Group (SIG)	Nancy Mosier

Consultants & Guests

Dan Howell, Alliant Insurance Services	James Wilkey, New Front Insurance
Dan Madej, Alliant Insurance Services	Rob Kramer, Sedgwick
Marcus Beverly, Alliant Insurance Services	Ryan Telford, AmWins
Michelle Minnick, Alliant Insurance Services	Chris Tambo, AmWins
Kevin Wong, Gilbert Associates	

A. CALL TO ORDER, ROLL CALL, QUORUM

Mr. Martin Brady called the meeting to order at 10:02 a.m. The above-mentioned members were present constituting a quorum.

B. APPROVAL OF THE AGENDA AS POSTED

A motion was made to approve the Agenda as posted.

MOTION: Cindy Wilkerson SECOND: Sandy Manzoni MOTION CARRIED UNANIMOUSLY

C. PUBLIC COMMENT

There were no public comments.

D. CONSENT CALENDAR

1. Minutes of SPA Board Meeting May 9, 2022
2. Minutes of SPA Board Meeting May 18, 2022

A motion was made to approve the Consent Calendar.

MOTION: Cindy Wilkerson SECOND: Sandy Manzoni MOTION CARRIED UNANIMOUSLY

E. FINANCIALS

E.1. FINANCIAL AUDIT

Kevin Wong provided the SPA Board with a review of the SPA Audit for YE 6/30/2021. He noted that he noted an un-modified opinion and indicated there were not disagreements and management was helpful. As this is the first audit it was noted there were no changes from prior years.

Looking at retained layer funding and for 6/30/21 NBSIA did not fund the full amount of the retained layer – in FY 20/21 the only member that did not fully fund the retained layer was NBSIA.

A motion was made to accept and file the Financial Audit for YE 6/30/2021

MOTION: Sandy Manzoni

SECOND: Christy Patterson

**MOTION CARRIED
UNANIMOUSLY**

After the motion Jim Wilkey provided comments regarding the billing for the Excess Liability and it was noted that billing for that placement did not pass through SPA as members were billed directly and New Front intends to do the same.

E.2. SPA FY 22/23 BUDGET

Phil Brown noted that we identified that both the New Front and the Alliant billing processes for the Excess Insurance invoices went directly to the members and as we look toward the FY 22/23 we are carrying the same practice.

A motion was made to approve the SPA FY 22/23 Budget.

MOTION: Kim Stantin

SECOND: Cindy Wilkerson

**MOTION CARRIED
UNANIMOUSLY**

E.3. EXCESS INSURANCE AND RETAINED LAYER ADVANCES TO MEMBERS

Phil Brown mentioned that we have started to get excess advances with payments payable to SIA and some to SPA and are related to Excess Carriers that are advancing funds that need to go to the member districts and at this time SPA needs to develop a process to get these payments to the member districts. It was noted that we are currently recommending approval of the payments in the amount of \$2.769M to SIA for claims costs. It was also recommended that SPA Program Administration develop a Policy & Procedure which establishes the process for payment advances and final payments on member claims.

A motion was made to approve the recommended release of payments to SIA as presented and moving forward with establishing a Policy & Procedure.

MOTION: Kim Santin

SECOND: Sandy Manzoni

**MOTION CARRIED
UNANIMOUSLY**

F. GENERAL ADMINISTRATION

F.1. LIABILITY UPDATE

F.1.A. RENEWAL OF SPA EXCESS LIABILITY PROGRAM

Jim Wilkey provided the Board with an update regarding the Liability Program (BASIC & SIA) marketing efforts and noted that they were able to secure all the layers \$25M excess \$5M for SPA. He reviewed the changes in proposed coverage including the proposed SAM limits for each carrier and noted that there could be a replacement of carriers with a replacement layer (\$10Mx\$20M) and then bring this back to a Special SPA Board meeting if needed in order to finalize the pricing.

A motion was made to give Managing Member authority to bind up to the \$20M to include binding up to the \$30M if Arcadian pricing (\$10Mx\$20M) is favorable.

MOTION: Kim Stantin

SECOND: Sandy Manzoni

**MOTION CARRIED
UNANIMOUSLY**

F.1.B. REINSURER AND EXCESS CARRIER REQUEST FOR AMENDMENT TO SPA MOC

Jim Wilkey provided the Board with an update regarding the Excess and Re-Insurance Carriers have requested some minor changes to the SPA Liability MOC to show the layers of coverage – after a review it was generally agreed to accept the changes.

A motion was made to accept the amended wording to the current fiscal year MOC.

MOTION: Kim Stantin

SECOND: Christy Patterson

**MOTION CARRIED
UNANIMOUSLY**

F.1.C. POTENTIAL NEW SPA EXCESS LIABILITY MEMBER

Jim Wilkey noted that there is a client which has expressed interest in joining the SPA group for Excess Liability Coverage, Central California Schools Authority (CCSA). It was noted that the excess carriers in the SPA tower have provided the approval to add CCSA to the quotes for FY 22/23. After a general discussion regarding the potential new member it was highlighted that there are no issues with their MOC and their loss run show no losses since 1993. It was mentioned that SPA should continue to seek additional aggregate limit if considering adding a new member at this time. It was requested that this be brought back to a SPA Special Board meeting to finalize the potential new member addition.

F.2. PROPERTY PROGRAM RENEWAL UPDATE

Dan Madej provided the Board with an update from last week regarding the allocations given the marketing efforts. He reminded members that this was a Bind Proposal that was presented at the prior Board meeting. Ryan Telford and Chris Tambo provided an update regarding the \$50Mx\$100M layer and noted that we are seeking additional options to pursue higher limits.

A motion to delegate authority to the Managing Member to increase our limits for reasonable premiums within the cost not to exceed \$530k.

MOTION: Cindy Wilkerson**SECOND: Kim Stantin****MOTION CARRIED
UNANIMOUSLY**

Dan Madej noted that we are still reviewing the MOC for the wording of Automatic Acquisition wording and we are in the final stages of the wording to better clarify for members. Chris Tambo provided a summary of proposed company endorsement and exclusions.

F.3. REVIEW OF PROPOSED NEW MEMBER – CENTRAL CALIFORNIA SCHOOLS AUTHORITY (CCSA)

Dan Howell noted that this member is interested in joining the Property Program and we are advising against that as the Excess Carriers are not interested in increasing their wildfire exposure than they currently have. If they join the Excess Liability program then we will consider attempting to add to the Property Program in the future.

F.4. SELF-INSURANCE OF CYBER EXPOSURE

Dan Howell noted that SIA is moving forward with establishing at \$250K Self-Insured Retained layer with a MOC of cyber coverage with dedicated service providers with the intent to expand that program in the future due to the nature of the Cyber market. It was requested that Program Administration share the drafted language that was developed for SIA to ensure consistency in language with other SPA members.

F.5. CRIME BOND FOR MANAGING MEMBER

Dan Howell noted that the SPA JPA Agreement says there should be a Crime Bond in place with a \$1,000 limit and it's unclear if the bond that is in place for SIA is sufficient or if a separate crime bond is required. The SPA Board needs to determine if they would like to endorse SPA on SIA's crime bond or buy it separately and after a general discussion it was noted that SPA should have separate crime coverage. Program Administration was provided with direction to secure quotes for crime coverage.

A motion was made for the Managing member to obtain a separate crime bond for SPA coverage at a cost not to exceed \$5K.

MOTION: Cindy Wilkerson**SECOND: Christy Patterson****MOTION CARRIED
UNANIMOUSLY**

F.6. LONG RANGE PLANNING UPDATE

Dan Howell noted that we are on track for the remainder of the fiscal year and we will present this again at the Long Range Planning meeting in September 2022. Members were reminded that the Board meeting is set for 10am on Monday September 12, 2022 at the Marriott Vacation Club.

F.7. PUBLIC SCHOOL WORKS – LEARNING MANAGEMENT SYSTEM PROPOSAL

Marcus Beverly noted that Public Schools Works proposal for an all-inclusive training resource that would be available to all SPA members with access to a discounted SPA rate and create a direct relationship with Public Schools Works and bills would be sent to members directly. It was noted that those members who have a relationship with Safety National would receive additional discounts. Program Administration was asked to move forward under the SPA umbrella to maintain a group discount and individual members will contract with Public School Works directly when the time is appropriate.

F.8. ACKNOWLEDGMENT RESOLUTION

Dan Howell noted that Janet Selby’s resolution is presented to the Board to help memorialize her contributions to the group and field and presented her with a cuckoo-clock as a small thank you.

A motion was made to adopt the resolution as presented.

MOTION: Cindy Wilkerson SECOND: Christy Patterson MOTION CARRIED UNANIMOUSLY

G. INFORMATION ITEMS AND DISCUSSION

Rob Kramer was asked if they could finalize the BASIC Budget June 28th in anticipation of the upcoming fiscal year and it was noted that would be accomplished.

H. ADJOURNMENT

A motion to adjourn was made at 12:10 p.m.

MOTION: Kim Santin SECOND: Cindy Wilkerson MOTION CARRIED UNANIMOUSLY

The meeting was adjourned at 12:10 P.M.

NEXT MEETING DATE: July 12, 2022 via Teleconference

Respectfully Submitted,

Martin Brady, Secretary

Date

SCHOOLS PROGRAM ALLIANCE

June 27, 2022 Teleconference Board Meeting Minutes

Members Present:

Butte Schools Self-Funded Programs (BSSP)	Christy Patterson
Butte Schools Self-Funded Programs (BSSP)	Nicole Strauch
North Bay Schools Insurance Authority (NBSIA)	Kim Santin
North Bay Schools Insurance Authority (NBSIA)	Brandon Schlenker
Redwood Empire Schools Insurance Group (RESIG)	Sandy Manzoni
Schools Insurance Authority (SIA)	Martin Brady
Schools Insurance Authority (SIA)	Debrah Sherrington
Schools Insurance Authority (SIA)	Phil Brown
Schools Insurance Group (SIG)	Cindy Wilkerson
Schools Insurance Group (SIG)	Nancy Mosier

Consultants & Guests

Dan Howell, Alliant Insurance Services	James Wilkey, New Front Insurance
Dan Madej, Alliant Insurance Services	Eileen Massa, New Front Insurance
Marcus Beverly, Alliant Insurance Services	Rob Kramer, Sedgwick
Michelle Minnick, Alliant Insurance Services	Ryan Telford, AmWins
David Evans, Alliant Insurance Services	Chris Tambo, AmWins

A. CALL TO ORDER, ROLL CALL, QUORUM

Mr. Martin Brady called the meeting to order at 10:03 a.m. The above-mentioned members were present constituting a quorum.

B. APPROVAL OF THE AGENDA AS POSTED

A motion was made to approve the Agenda as posted.

MOTION: Cindy Wilkerson **SECOND:** Sandy Manzoni **MOTION CARRIED UNANIMOUSLY**

C. PUBLIC COMMENT

There were no public comments.

D. GENERAL ADMINISTRATION

D.1. LIABILITY PROGRAM RENEWAL UPDATE

Jim Wilkey provided the Board with an update regarding the Liability Program (BASIC & SIA) marketing efforts. It was noted that at the June 13th meeting the Board reviewed the SPA Renewal tower in detail and the BOD approved binding and that has been completed. It was also noted that Martin was authorized to bind the \$10xs\$20 layers but those numbers had not be finalized as we

ended up with less SAM aggregate and that we were continuing to make efforts to bolster that limit in the market place. He provided a report of the efforts to increase the SAM aggregate but noted it was extremely difficult due to the occurrence base for Public Schools. Additionally, he noted that he has provided the additional premium that would be included (for each option) if the Board decided to add CCSA as a new member of the Excess Liability Program. It was noted that last year was the first year that SPA purchased a \$5x\$25 limit. After a general discussion regarding the limits and the potential addition of CCSA the Board provided direction to pursue the additional aggregate of \$5x\$5. It was also noted that the Board should consider implementation of a loss stratification process so the group can identify which layers are affected by losses to determine if the group needs to purchase the additional aggregates.

A motion was made to approve bind coverage and approve the admittance of CCSA at a cost of \$1.225M which includes an initiation support which will be reviewed prior to the upcoming years as part of the long range planning. If CCSA does not join SPA then we will bind option one without purchasing the additional aggregate.

MOTION: Christy Patterson

SECOND: Kim Santin

**MOTION CARRIED
UNANIMOUSLY**

D.2. PROPERTY PROGRAM RENEWAL UPDATE

Dan Madej provided the Board with an update from last week regarding the allocations given the marketing efforts. He reminded members that this was a Bind Proposal that was presented at the last SPA Board meeting and noted that the true up numbers went out to AmWins on Thursday and they are not final at this time. It was noted that the true up TIV has increased from the bound TIV that was submitted and as soon as final numbers are available Program Administration will distribute to the group. Chris Tambo and Ryan Telford provided a review of the current limits and the options for renewal. After a general discussion regarding the need for limits excess of \$100M it was also noted that BSSP is excluded from all of the additional options excess of \$100M presented.

A motion was made to accept the \$25M excess \$100M limit (Option A).

MOTION: Cindy Wilkerson

SECOND: Kim Santin

**MOTION CARRIED
UNANIMOUSLY**

D.3. SPA MEMORANDUM OF UNDERSTANDING

Marcus Beverly provided the Board with a quick review of the SPA MOU and noted that the purpose was intended as a group purchase arrangement and noted that SPA has now started to share risk in the Property Program. Program Administration was provided with direction to bring this back to the LRP meeting with the language cleaned up to match our other SPA documents.

E. INFORMATION ITEMS AND DISCUSSION

Cindy noted that this will be her last meeting on behalf of SIG and she will return as the Representative for RESIG and the new David Rawe starts on Thursday and he will be attending future meetings on behalf of SPA.

F. ADJOURNMENT

The meeting was adjourned at 12:02 P.M.

NEXT MEETING DATE: September 12-13, 2022 in South Lake Tahoe

Respectfully Submitted,

Martin Brady, Secretary

Date

DRAFT

**COVERAGE PROGRAM REVIEWS,
DEVELOPMENT, AND MARKETING**

INFORMATION ITEMS

- a. Liability Program**
- b. Property, APD, ADWRP & Terrorism Program**
- c. Alliant Connect Property Schedules & Vehicle Schedules**
- d. New Member Marketing**
- e. Interfund Borrowing**
- f. Allocation of Aggregate Limits of Coverage**
- g. Loss Control Budget/Ideas**
- h. Discussion of Leveraging Member Resources**

SPA Long Range Planning Meeting

LRP – 5:

Development of Unified SPA Liability Program Memorandum of Coverage

BACKGROUND:

Schools Program Alliance (SPA) established its Excess Liability Program on 7/1/2021. The initial members participating in the program were Schools Insurance Authority (SIA) and the Bay Area Schools Insurance Cooperative (BASIC). Based upon analysis of the programs in place both for SIA and BASIC at that time, it was determined that the program would initially seek to provide limits in excess of the \$5m primary limits retained both by SIA and BASIC. Both SIA and BASIC have Memorandums of Liability Insurance (MOLCs) in place which define the liability coverage provided to their respective members. In the process of marketing and placing coverage for the new SPA Excess Liability Program, the SPA Board needed to develop a SPA MOLC coverage document. To help get the program off the ground, the SPA Board elected to initially define the SPA MOLC as a “following form” document which would schedule both the existing SIA and BASIC MOLCs as underlying coverage documents. The SPA MOLC provides limits and coverage in excess of the limits and coverage provided in this underlying coverage. At this point the SPA Excess Liability Program is effectively a “group purchase” and no risk is shared among the members.

Soon after the initial SPA “following form” MOLC was adopted the SPA liability broker (Newfront) suggested development of a unified SPA liability MOLC. One concern was that it could become unwieldy and impractical to schedule additional underlying MOLCs (to the SPA following form excess MOLC) should SPA choose to admit additional members into the program. There was also concern that the excess and reinsurance liability insurance marketplace might become concerned about multiple underlying MOLCs and less willing to consider providing capacity to the program.

Accordingly, the SPA Board directed Newfront to begin work on development of a new MOLC and research market reactions both to the “following form excess” approach and the “lead MOLC” approach. First, Newfront completed a “side-by-side” comparison of the coverage currently offered under both the SIA and BASIC MOLCs. The comparison is attached to this document for review.

MOLC ANALYSIS SUMMARY:

The SIA and BASIC MOLCs both provide General Liability, Educators’ Legal, Personal Injury, Products and Completed Operations, Premises, Automobile, Employment Practices, Employee Benefits, Professional and Errors and Omissions Liability in a single customized coverage document. Both MOLCs provide coverage on an “occurrence” basis and have similar terms, conditions and exclusions. Both state that, pursuant to Government Code 990.8(c), they do not provide insurance and are not subject to regulation under the Insurance Code. Both contain a Coverage Grant providing they pay on behalf of Covered Members (or Parties) for loss arising from “Wrongful Acts” as defined in the MOLCs, subject to the Exclusions and Conditions contained in the MOLCs.

That said, BASIC’s MOLC contemplates that its members are also public school JPAs (like SPA) and have their own underlying MOLCs, where SIA does not. The BASIC MOLC is already written as an excess liability document whereas the SIA MOLC is written as a primary MOLC document. The SIA document is understandably more detailed, like the underlying MOLCs of the three BASIC JPA members. As an example, the SIA MOLC definition of

“Covered Members” is quite detailed whereas the BASIC MOLC references that all entities defined by the BASIC members’ underlying MOLCs are “Covered Parties”.

In addition, there are relatively minor differences throughout these MOLCs. These MOLCs have been developed over many years and are the result of each JPA’s experiences with various issues. This is not surprising as the management and Boards of SIA and BASIC have had many discussions in the development of these MOLCs over the years. While the primary insuring agreements are very similar, each JPA has taken different approaches as its members have presented varying challenges and issues.

MARKET CONSIDERATIONS:

We (Newfront) have had many discussions with our wholesale broker (AmWINS) and with excess and reinsurance markets about this issue since development of the SPA “following form excess” MOLC. Perhaps surprisingly we have had little resistance to the following form excess approach. This was further tested recently with the addition of CCSA to the program. Excess markets reviewed the CCSA MOLC were willing to readily accept it as an additional underlying MOLC to the SPA program.

RECOMMENDATION:

As stated above, we have experienced little resistance to the current SPA “following form excess” MOLC from the excess and reinsurance marketplace. Newfront provides the marketplace with each SPA members’ MOLC at the time of marketing renewal each year, and the marketplace has become accustomed to this approach. The recent addition of the CCSA MOLC as an additional underlier without issue provides further evidence of this.

Coming up with a new SPA primary MOLC that provides concurrent coverage with both the SIA, BASIC – and now CCSA – MOLCs would be a significant challenge. The three SPA members have significant time and “ownership” invested in their individual MOLCs. Development of a new SPA MOLC would likely require multiple meetings with various coverage counsel and significant “give-and-take” among the SPA members. It might also require that certain changes be made to each underlying MOLC to assure that concurrent coverage is provided to SPA members from “first dollar” through the SPA excess layers.

The current following form excess approach avoids these issues as the coverage provided via SPA is defined for each member by its own underlying MOLC. As each SPA member adjusts its MOLC over the years there is no concern that the SPA MOLC will provide concurrent coverage as these changes are made.

The current following form excess approach provides flexibility and concurrency. SPA is not sharing risk in its program above each members’ underlying limits of \$5m. Unless and until SPA considers sharing risk in these layers, or until growth in numbers of underlying members’ MOLCs present difficulties in the marketplace, Newfront (along with our wholesale partner AmWINS) recommends continuing with the current following form excess MOLC approach.

ATTACHMENT: DRAFT SPA MOLC 7/1/2022 to 7/1/2023

The following chart is not intended to compare the MOLCs line-by-line but, rather, to summarize the more meaningful terms, conditions and exclusions contained in each document.

Terms/Conditions	SIA	BASIC	
Covered Member/Party	SIA and its Board, Employees and Committees. Named Covered Members and their Boards, Employees and Committees. Charter Schools under the supervision of a Named Covered Member. Authorized student body associations. Volunteers and authorized volunteer organizations.	BASIC and its Board. All entities defined by underlying Named Covered Members and participating in underlying Named Covered Member's liability programs.	Difference
Coverage Trigger	Occurrence	Occurrence	Comparable
Interrelated Claims	Treated as a single Claim and deemed to relate back to the coverage period during which the first compensable injury or harm occurred.	Treated as a single Claim and deemed to relate back to the coverage period during which the first compensable injury or harm occurred. BASIC further clarifies that Non-Employment Harassment (SAM) claims are deemed to have occurred at the time of the first occurrence and treated as a single claim regardless of the number of perpetrators, incidents, victims, locations or coverage periods involved.	Comparable but with BASIC clarifying perpetrator language
Defense	Duty and right to defend and settle.	Right to participate in defense until member's underlying retained limit is exhausted, then duty and right to defend. Includes "hammer clause" should underlying member refuse participate in a settlement recommended by BASIC.	BASIC excess of members' underlying MOLCs

Exclusions:			
Contractual	Yes (A.)	Yes (A.)	Comparable
Employment Compensation	Yes (B.)	Yes (I.)	Comparable
Intentional/Fraudulent Acts	Yes (C.)	Yes (B.)	Comparable
Covered Party SAM Perpetrators	Yes (D.)	Yes (HH.) Clarifies that exclusion applies only to perpetrators, aiders and/or abettors.	Comparable
Financial Fraud/Dishonesty/Embezzlement	Yes (E.)	Yes (D.) More detailed	Comparable
Government Code 995.2	Yes (F.)	Yes (E.)	Comparable
Claims that do not seek Indemnifiable Compensatory Damages	Yes (G.)	Yes (F.) Clarifies Claims seeking ONLY Equitable/Declaratory/Injunctive/ Restitutionary Relief.	Comparable
Loss not Indemnifiable by California Public Policy	Yes (H.)	No	Difference
Intentional Violation of Health and Safety Laws and/or Regulations	No	Yes (C.)	Difference
Voluntary Consumption of Alcohol/Drugs	Yes (I.)	Yes (G.)	Comparable
Failure to Fund Employee Benefits Programs and Failure of EB Providers to Perform Obligations	Yes (J.)	Yes (H.)	Comparable
Work Stoppages/Lock-Outs/Collective Bargaining Disputes	Yes (K.)	Yes (N.)	Comparable
Loss to Property	Yes (L.)	Yes (J.) More detailed	Comparable
Mishandling of Toxic/Hazardous Substances or Contaminants	Yes (M.) If Intentional	Yes (K.) Whether Intentional or Not	Difference
Pollution	Yes (M. and N.)	Yes (K.)	Comparable
Lead Specifically	No	Yes (L.)	Difference
Asbestos Specifically	No	Yes (M.)	Difference
Generation/Transportation of Energy/Fuels	Yes (O.)	Yes (O.)	Comparable
War/Rebellion/Insurrection	Yes (P.)	Yes (P.)	Comparable
Eminent Domain/Inverse Condemnation	Yes (Q.)	Yes (Q.)	Comparable
Integration/Segregation	Yes (R.)	Yes (R.)	Comparable
Aircraft	Yes (S.)	Yes (S.) Clarifies to include Hang Gliders, Parachutes,	Comparable

		Helicopters, Ultralights	
Unmanned Aircraft (Drones)	No	Yes (Z.) Unless Operated in Accordance with FAA Regulations	Difference
Non-Owned Auto	Yes (T.)	No	Difference
CIGA	No	Yes (T.)	Difference
Trampolines	Yes (V.)	Yes (U.)	Comparable
Fireworks/Rockets/Projectiles	Yes (X.)	Yes (V.)	Comparable
Rodeo Activities	No	Yes (X.)	Difference
Watercraft	No	Yes (Y.)	Difference
Workers Compensation/Unemployment	Yes (Z.)	Yes (BB.)	Comparable
Cost of Providing Free and appropriate Public Education	Yes (AA.)	No	Difference
Uninsured or Underinsured Motorists	Yes (BB.)	No	Difference
Fines, Penalties, Punitive Damages	Yes (CC.)	No	Difference
Causing or Contributing to the Intoxication of any Person	No	Yes (CC.)	Difference
Medical Malpractice other than by Employees or Volunteers but Excess of other Collectible Insurance	No	Yes (EE.)	Difference
Legal Malpractice other than for In-House Counsel	No	Yes (FF.)	Difference
Communicable Disease/Organic Pathogen	Yes (DD.) Except \$50k for Investigation and Defense	Yes (JJ.) Except Defense up to SIR	Comparable
Claims which became Compensable in a Prior Coverage Period	Yes (EE.)	No	Difference
Federal or California False Claims Act Cyber Liability	Yes (FF.) Yes (GG.)	No Yes (GG.)	Comparable
Any Claims Excluded by MOLC of Underlying Members	No	Yes (II.)	Difference

**SCHOOLS PROGRAM ALLIANCE
EXCESS LIABILITY MEMORANDUM OF COVERAGE DECLARATIONS**

Item No. 1. Coverage Provider:

Schools Program Alliance

Item No. 2. Named Covered Members:

Schools Insurance Authority (SIA)
P.O. Box 276710
Sacramento, CA 95827

Bay Area Schools Insurance Cooperative (BASIC)
1750 Creekside Oaks Drive #200
Sacramento, CA 95833

Central California Schools Authority (CCSA)
1430 W Herndon
Fresno, CA 93711

Item No. 3. Coverage Period:

July 1, 2022 (12:01 A.M. PST) to July 1, 2023 (12:01 A.M. PST)

Item No. 4. Coverage Limit:

Schools Program Alliance (SPA): \$5,000,000 per Occurrence in excess of \$5m (see Schedule of Underlying Coverage)

Excess Insurance: Allied World National Assurance Company: \$10,000,000 per Occurrence in excess of SPA MOC (\$5m xs \$5m)

Excess Insurance: Hallmark Specialty Insurance Company: \$5,000,000 per Occurrence in excess of AWAC \$10,000,000 excess of SPA MOC (\$5m xs \$5m)

Excess Insurance: Great American E&S Insurance Company: \$5,000,000 per Occurrence in excess of Hallmark \$5,000,000 excess of AWAC \$10,000,000 excess of SPA MOC (\$5m xs \$5m)

NOTE: above excess insurance does not reflect specific excess insurance aggregates, if any. The Excess Insurance is subject to the terms, conditions, and limitations in the respective excess policies.

Item No. 5. Schedule of Underlying Coverage:

1. \$3m xs \$2m: Memorandum of Liability Coverage (MOLC) issued by Schools Insurance Authority for the period from July 1, 2022 (12:01 AM PST) to June 30, 2023.

SCHOOLS PROGRAM ALLIANCE

2. \$3.5m xs \$1.5m: Memorandum of Excess Liability Coverage (MOELC) issued by the Bay Area Schools Insurance Cooperative for the period from 7/1/2022 (12:01 AM PST) to 7/1/2023 (12:01 AM PST)
3. \$4m xs \$1m: Excess Liability Memorandum of Coverage issued by Central California Schools Authority for the period from 7/1/2022 (12:01 AM PST) to 7/1/2023 (12:01 AM PST)

Item No. 6. Claim and Notice of Circumstance Notifications:

Schools Program Alliance
C/O Schools Insurance Authority
P.O. BOX 276710
Sacramento, CA 95827

SCHOOLS PROGRAM ALLIANCE

EXCESS LIABILITY MEMORANDUM OF COVERAGE

Various provisions in this Memorandum of Coverage (MOC) restrict coverage. Read the entire MOC and any "underlying MOC" carefully to determine rights, duties and what is and is not covered.

Throughout this MOC, the words "you" and "your" refer to the Named Covered Members shown in the Declarations and any other person or organization qualifying as a Covered Member under the "underlying coverage". The words "we" and "us" refer to the Schools Program Alliance and its underlying members.

Other words and phrases that appear in quotation marks have special meanings. Refer to Section V. Definitions.

SECTION I. COVERAGE AGREEMENT

1. We will pay those sums in excess of the limits shown in the Schedule of Underlying Coverage that you become legally obligated to pay as damages because of injury to which this coverage applies, provided that the "underlying coverage" also applies, or would apply but for the exhaustion of its applicable Limits of Coverage.
2. This MOC is subject to the same terms, conditions, agreements, exclusions and definitions as the "underlying MOCs", except:
 - a. We will have no obligation under this policy with respect to any claim or suit that is settled without our consent; and
 - b. With respect to any provisions to the contrary contained in this MOC.
3. The amount we will pay for damages shall not exceed the Limits of Coverage shown in the Declarations.
4. We will have the right to participate in the defense of claims or suits against you seeking damages because of injury to which this coverage may apply. We will have a duty to defend such claims or suits when the applicable limit of coverage of the "underlying MOCs" has been exhausted by payment of judgments, settlements and any cost or expense subject to such limit. We may, at our discretion, investigate and settle any claim or suit. Our right and duty to defend ends when the applicable limit shown in the Declarations has been used up by our payment of judgments or settlements.

SECTION II. EXCLUSIONS

The exclusions applicable to the "underlying MOCs" also apply to this MOC.

SECTION III. LIMITS OF COVERAGE

1. The Limit of Coverage shown in the Declarations as the Each Occurrence Limit is the most we will pay for damages arising out of any one occurrence or offense.

2. If a Limit of Insurance is shown in the Declarations as the Aggregate Limit, that amount will apply in the same manner as the aggregate limits shown in the Schedule of Underlying Coverage.

SECTION IV. CONDITIONS

If any of the following conditions are contrary to conditions contained in the "underlying MOCs" the provisions contained in this MOC apply.

1. Appeals

In the event the underlying coverage provider(s) elects not to appeal a judgment in excess of the limits of the "underlying MOCs", we may elect to make such an appeal. If we so elect, we shall be liable, in addition to the applicable Limits Of Coverage, for all defense expenses we incur.

2. Maintenance of Underlying Coverage

- a. You agree to maintain the "underlying coverage" in full force and effect during the term of this policy, and to inform us within 30 days of any replacement or material change of that "underlying coverage" by the same or another coverage provider. Failure to maintain the "underlying coverage" in full force and effect or to meet all conditions and warranties of such "underlying coverage" will not invalidate coverage provided under this MOC, but coverage provided under this MOC shall apply as if the "underlying coverage" were available and collectible.
- b. Reduction or exhaustion of the aggregate limit of any "underlying coverage" by payments for judgments, settlements or any costs or expenses subject to that limit, will not be a failure to maintain "underlying coverage" in full force and effect.
- c. No statement contained in this condition limits our right to cancel or not renew this MOC.

For purposes of this MOC, if any "underlying coverage" is not available or collectible because of:

- a. The bankruptcy or insolvency of the underlying coverage provider(s) providing such "underlying coverage"; or
- b. The inability or failure for any other reason of such underlying coverage provider(s) to comply with any of the obligations of its MOC;

then this MOC shall apply and amounts payable hereunder shall be determined as if such "underlying coverage" were available and collectible.

3. Other Coverage

This coverage is excess over any other valid and collectible coverage or insurance whether primary, excess, contingent or any other basis, except other coverage or insurance written specifically to be excess over this coverage.

4. Cancellation

- a. The Named Covered Members shown in the Declarations may cancel this MOC by mailing or delivering advance written notice of cancellation to us.

4. Cancellation (continued)

- b. We may cancel this MOC by mailing or delivering written notice of cancellation to the Named Covered Members at least:
 - (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - (2) 60 days before the effective date of cancellation if we cancel for any other reason.
- c. We will mail or deliver our notice to the Named Covered Member's last mailing address known to us.
- d. Notice of cancellation will state the effective date of cancellation. The MOC will end on that date.
- e. If this MOC is cancelled, we will send the Named Covered Member any premium refund due. If we cancel, the refund will be pro rata. If the Named Covered Member cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
- f. If notice is mailed, proof of mailing will be sufficient proof of notice.

5. Memorandum of Coverage Period

This coverage will respond to injury or damage that occurs, or arises from an offense committed, during the Memorandum of Coverage Period shown in the Declarations.

SECTION V. DEFINITIONS

"Underlying coverage" means the MOCs or self-insurance shown in the Schedule Of Underlying Coverage, any replacements thereof and other coverage purchased or issued for newly acquired or formed organizations. Coverage purchased or issued as replacements of coverage or self-insurance listed in the Schedule of Underlying Coverage or for newly acquired or formed organizations shall not be more restrictive than those listed in the Schedule Of Underlying Coverage. All "underlying coverage" shall be maintained by you in accordance with the Maintenance of Underlying Coverage condition of this **MOC**.

Executed and Issued on (Date): _____

Signed by: _____
Martin Brady, Schools Program Alliance Board Chairman

FINANCIAL REPORT FINANCIALS AS OF JUNE 30, 2022

ACTION ITEM

ISSUE: The Board is presented the financial reports as of June 30, 2022 for review and reference for the remaining Financial Report Items.

RECOMMENDATION: Review, accept and file, or provide direction.

FISCAL IMPACT: None.

BACKGROUND: SPA members' annual contributions provide for 1) a Property Program, including a shared retained layer, related administrative costs, and excess insurance purchases, and 2) a Liability Program of excess insurance purchases. The JPA Board approves member contribution rates, insurance purchases, and sets policy direction for administrative expenses purchased in support of the members.

The Schools Insurance Authority functions as the Managing Member per the JPA agreement. The Managing Member receives and disburses funds, enters into contracts, and otherwise manage the financial operations of SPA. Quarterly GAAP financial reports are prepared to report these activities.

Financial Statements - DRAFT financials for the 2021/22 fiscal year and the Check Register are provided. The financials reflect a combined net position of \$2.9 million as of June 30, 2022. These financials have been prepared and submitted to our auditor as "DRAFT" before the completion of the annual actuarial analysis, which may require the accrual of actuarial expense and liabilities to the financials. Financials include:

- Total assets of \$3.9 million; total liabilities of nearly \$1million; \$2.9 million net position
- The financial statements reflect a decrease in net position of \$474,203
- Combined revenues were \$19.7 million (\$14.9 million property, \$4.8 million liability)
- Combined total expenses of \$20.6 million include \$18.1 million insurance premiums (\$13.3 million property, \$4.8 million liability) and \$2.25 million of claims expenses
- Accrual of the \$51K return of insurance premium from BMS and recognition of \$10K audit fees within the property pool.

Other financial update & other considerations to be reported on include:

- Status of LAIF account
- 6/30/22 audit update
- Status of actuarial analysis

ATTACHMENTS:

- 1) SPA Financial Reports as of June 30, 2022, *draft*
- 2) Check Register

SPA is a Partnership of California Public Entity Joint Powers Authorities

**SCHOOLS PROGRAM ALLIANCE
PROPERTY & LIABILITY INSURANCE PROGRAMS
DRAFT - STATEMENT OF NET POSITION
Unaudited - For Management Purposes Only
AS OF JUNE 30,2022**

	BSSFP	NBSIA	RESIG	SIA	SIG	Property Pool	Combined Property	Liability	Total
ASSETS									
Cash	(4,952)	57,542	109,843	1,222,299	105,413	2,354,820	3,844,965		3,844,965
Accounts Receivable						51,105	51,105		51,105
Prepaid Insurance							-		-
TOTAL ASSETS	(4,952)	57,542	109,843	1,222,299	105,413	2,405,925	3,896,070	-	3,896,070
LIABILITIES									
Accounts Payable						2,000	2,000		2,000
SIA Admin payable							-		-
Loss Control payable							-		-
Appraisal payable		53,820					53,820		53,820
Deferred Contributions			3,000	805,517			808,517		808,517
Advances Payable						112,954	112,954		112,954
Claims Liabilities							-		-
TOTAL LIABILITIES	-	53,820	3,000	805,517	-	114,954	977,291	-	977,291
NET POSITION	(4,952)	3,722	106,843	416,782	105,413	2,290,971	2,918,778	-	2,918,778

RECONCILIATION OF MEMBER EQUITY BALANCES

	BSSFP	NBSIA	RESIG	SIA	SIG	Property Pool	Property Pool	Liability	Total
Retained Layer						2,290,971	2,290,971		2,290,971
Loss Control	3,152	24,788	63,412	252,779	54,517		398,647		398,647
Appraisals	(8,104)	(21,066)	43,432	164,003	50,896		229,160		229,160
NET POSITION	(4,952)	3,722	106,843	416,782	105,413	2,290,971	2,918,778	-	2,918,778

**SCHOOLS PROGRAM ALLIANCE
PROPERTY & LIABILITY INSURANCE PROGRAMS
DRAFT - STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION
Unaudited - For Management Purposes Only
JUNE 30,2022**

	BSSFP	NBSIA	RESIG	SIA	SIG	Property Pool	Combined Property	Liability	Total
CONTRIBUTION REVENUE									
Retained Layer Deposit						1,500,000	1,500,000		1,500,000
Reinsurance Payments						13,392,428	13,392,428	4,798,353	18,190,782
Total Retained & Reinsurance Contributions	-	-	-	-	-	14,892,428	14,892,428	4,798,353	19,690,782
SPA Admin Contributions*									
SIA Admin	2,177	8,410	11,035	40,276	13,102		75,000		75,000
Loss Control	5,806	22,428	29,427	107,402	34,937		200,000		200,000
Appraisal	4,354	16,821	22,070	80,552	26,203		150,000		150,000
Total Admin Contributions	12,337	47,659	62,532	228,230	74,242	-	425,000		425,000
TOTAL CONTRIBUTIONS	12,337	47,659	62,532	228,230	74,242	14,892,428	15,317,428	4,798,353	20,115,782
EXPENSES									
Claims Expenses						2,250,000	2,250,000		2,250,000
Insurance Premiums						13,341,323	13,341,323	4,798,353	18,139,677
Professional Services						10,133	10,133		10,133
SPA Admin Expenses*									
SIA Admin	2,177	8,410	11,035	40,276	13,102		75,000		75,000
Loss Control	9,500	22,050			12,785		44,335		44,335
Appraisals	17,020	53,820					70,840		70,840
TOTAL EXPENSES	28,697	84,280	11,035	40,276	25,887	15,601,456	15,791,631	4,798,353	20,589,985
INCREASE (DECREASE) IN NET POSITION	(16,360)	(36,621)	51,497	187,954	48,355	(709,028)	(474,203)	-	(474,203)
NET POSITION, BEGINNING OF YEAR	11,408	40,344	55,346	228,827	57,057	2,999,999	3,392,981		3,392,981
NET POSITION, END OF YEAR	(4,952)	3,722	106,843	416,782	105,413	2,290,971	2,918,778	-	2,918,778

**SCHOOLS PROGRAM ALLIANCE
CHECK REGISTER**

DISBURSEMENT TRANSACTIONS THROUGH JUNE 30, 2022

Check Number	Vendor ID	Vendor Check Name	Check Date	Amount	Inv. #	Date	Description
FY 2020-2021							
100760	ALLIANT	ALLIANT INSURANCE SERVICES	6/15/2021	7,500.00			allcate
100615	DRIVER	Alliant Insurance Services, Inc.	4/21/2021	2,868.75			allocate
100816	XMR FIRE EMERGE	XMR FIRE CONSULTING	6/23/2021	7,500.00			Nevada City - SIG
				<u>17,868.75</u>	EFT	12/16/2021	
100873	INDUSTRIAL EMER	INDUSTRIAL EMERGENCY COUNCIL	7/9/2021	1,200.00			Paradise - Butte
101001	PARAGON RISK	PARAGON RISK ENGINEERING	8/20/2021	12,950.00			allcate
				<u>14,150.00</u>	EFT	12/22/2021	
FY 2021-2022							
101358	INDUSTRIAL EMER	INDUSTRIAL EMERGENCY COUNCIL	12/3/2021	2,300.00	INV-004116	9/8/2021	SIG Loss Control
101358	INDUSTRIAL EMER	INDUSTRIAL EMERGENCY COUNCIL	12/3/2021	3,600.00	INV-004195	10/31/2021	SIG Loss Control
101357	XMR FIRE EMERGE	XMR FIRE CONSULTING (Todd Lando)	12/3/2021	9,500.00	2019-070	11/19/2021	North Bay Loss Control
101357	XMR FIRE EMERGE	XMR FIRE CONSULTING (Todd Lando)	12/3/2021	9,500.00	2019-071	11/19/2021	BSSP Loss Control
				<u>24,900.00</u>	EFT	12/28/2021	
	SIA	SIA Admin		18,750.00	EFT	12/28/2021	allocate
	SIA	SIA Admin		18,750.00	EFT	12/29/2021	allocate
3 Qtr							
101675	FIRELINE DEFENS	FIRELINE DEFENSE, LLC	3/21/2022	12,550.00	1005	3/1/2022	NBSIA Loss Control
101688	INDUSTRIAL EMER	INDUSTRIAL EMERGENCY COUNCIL	3/25/2022	4,955.00	INV-004355	2/28/2022	SIG Loss Control
101684	DUFF & PHELPS	DUFF & PHELPS CORPORATION	3/25/2022	17,020.00	LA00554761	3/16/2022	BUTTE Appraisals
	SIA	SIA Admin		18,750.00			
				<u>53,275.00</u>	EFT	3/31/2022	
4 Qtr							
101884	INDUSTRIAL EMER	INDUSTRIAL EMERGENCY COUNCIL	5/23/2022	1,930.00	INV-004474	5/16/2022	SIG Loss Control
		GILBERT ASSOCIATES		8,132.80	338657	6/23/2022	SPA Audit
		SIA ADMIN EXPENSE		18,750.00	spa Admin-4	5/15/2022	SIA admin expense
				<u>28,812.80</u>	EFT	6/28/2022	
	SIA	SIA claim #21-5244	6/28/2022	319,431.43	EFT	6/28/2022	Reins advance
	SIA	SIA claim #21-6964	6/28/2022	2,450,000.00	EFT	6/28/2022	Reins & Retained advance

**FINANCIAL REPORT
SPA ACTUARY REPORT AS OF JUNE 30, 2022**

ACTION ITEM

ISSUE: Annual Actuarial Study

RECOMMENDATION: Review, accept and file the actuary report.

FISCAL IMPACT: Accrual of actuarial liabilities as presented.

BACKGROUND: The SPA Property Program includes a self-insured shared retained layer. The retained layer covers member losses in excess of \$250,000 primary layer. SPA contracts with Alliant Insurance Services to perform actuarial services for the Property Program. Attached please find the draft 2022 Actuarial Reserve Analysis. This study will be used to record the actuarial liabilities for the SPA financial records and statements. In summary, the actuarial report estimates:

- Outstanding claim reserves of \$0 (no change from last year)
- IBNR of \$23,725 (an increase of \$23,725 from last year)
- Total unpaid losses of 23,725 (an increase of 23,725 from last year)

ATTACHMENTS: SPA Actuarial Report, *draft*

SPA
Schools Property Alliance
2022 Actuarial Reserve Analysis
As of 6/30/2022

Lines of Business

Property

DRAFT

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Overview of Program Analysis

The Schools Property Alliance (SPA) contracted with Alliant Insurance Services, Inc. (Alliant) to perform an actuarial loss reserve analysis for its retained risk for their property coverages as of 6/30/2022.

The objective of the analysis is to **Estimate Ultimate *Unpaid Loss and Allocated Loss Adjustment Expense (ALAE) including Incurred But Not Reported Losses (IBNR)*** that SPA retains within their deductibles for policy years 7/1/2020 and 7/1/2021. The entities within SPA each provided loss and exposure experience back to policy year 7/1/2011. This actuarial reserve opinion is only for the years when SPA was formed however, the policy years prior to SPA's formation are shown in the appendix as another source of data, if needed. Due to the short-tailed nature of property, the experience prior to SPA was not used as extensively, compared to a liability or workers compensation program.

SPA retains property losses based on the following retention summary.

[a] SPA Retention Summary

Retention A	1.) Losses in the \$250,000 excess of \$250,000 layer, capped at \$1,000,000 aggregate
Retention B	2.) Losses in the \$250,000 excess of \$250,000 layer, after the \$1,000,000 aggregate is exhausted
	3.) Losses excess of \$500,000
	4.) Total Retention B: The sum of (2) and (3), capped at \$2,000,000 aggregate
Total SPA Retention	The sum of Retention A and Retention B

* Given the retention summary shown above, the maximum SPA would retain in losses in a particular policy year is \$3,000,000 (\$1,000,000 from Retention A and \$2,000,000 from Retention B)

** Wildfire losses do not erode the SPA retention layer

The underlying data relied upon in this analysis was provided by each of the five entities within SPA; Schools Insurance Authority (SIA), Schools Risk and Insurance Management Group (SIG), Butte Schools Self-Funded Program (BSSP), Redwood Empire Schools' Insurance Group (RESIG), North Bay Schools Insurance Authority (NBSIA)

The provided underlying data has a valuation date as of 6/30/22 and included individual loss runs and exposures. Within the scope of this analysis, the information was evaluated for reasonability and consistency however, the data was not audited for accuracy. Any discrepancies in the underlying or assumptions should be reported immediately as they could have a material impact on the results and findings of this analysis.

During the time of the analysis, it was brought to Alliant’s attention that there were 2 claims in the loss run with errors. Claim 21-6964 had an outstanding loss of \$2.5M and \$0 in paid losses however, this should have been \$0 in outstanding losses and \$2.5M in paid losses. Claim 21-5244 was incorrectly not identified as a wildfire claim in the loss run. These claims have been correctly manually for purposes of this actuarial analysis.

Executive Summary

Underlying Data

As of 6/30/2022

SPA Policy Years 7/1/2020, 7/1/2021			Limited within SPA Retention				
Policy Year	Earned TIV \$000	Age	SPA Reported Claim Counts	SPA Open Claim Counts	Paid Losses	Case Reserves	Case Incurred
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
7/1/20	16,228,966	24	0	0	0	0	0
7/1/21	16,715,835	12	1	0	2,250,000	0	2,250,000
Total	32,944,801		1	0	2,250,000	0	2,250,000

Total Unpaid Loss Exhibit

SPA Policy Years 7/1/2020, 7/1/2021		Limited within SPA Retention					
Policy Year	Age	Chain Ladder Paid Method	Chain Ladder Incurred Method	Reserve Method Ultimate Losses	Selected Ultimate Losses	IBNR	Total Unpaid Losses
[1]	[3]	[9]	[10]	[11]	[12]	[13] = [12] - [8]	[14] = [7] + [13]
7/1/20	24	3,046	0	0	0	0	0
7/1/21	12	2,273,725	2,250,000	2,250,000	2,273,725	23,725	23,725
Total		2,276,771	2,250,000	2,250,000	2,273,725	23,725	23,725

Discussion of Methodology

This reserve analysis employed the following actuarial methodologies to project losses and ALAE to ultimate value.

1. Paid Loss Development

This methodology uses historical paid Loss & ALAE development to predict future development of paid losses. This methodology is based on actual paid claims without the impact of claim adjuster judgment in setting loss reserves. It can be volatile in early stages of policy year maturity.

2. Incurred Loss Development

This methodology uses historical case incurred Loss & ALAE development to predict future development of incurred losses. This methodology assumes consistency in claims handling practices will continue in the future and will therefore be predictive of future loss development. In early stages of a policy year, it is less volatile than paid loss development.

3. Case Reserve Development

This methodology is a combination of both paid and incurred methods applied to outstanding case reserves to determine ultimate losses.

The formulas for each of the above methods utilize loss development factors. Loss development factors quantify how losses will change until they reach their *ultimate losses* and are based on how many months a policy has aged. For example, a policy that is only a few months old will have larger loss development factors than a policy that is a few years old because the younger policy has more time for accident to happen, claims to be reported and ultimately settled.

SPA was not able to provide loss experience at past valuation dates therefore, the loss development factors could not be developed purely on SPA's experience. This is not a concern as many clients use loss development factors based on industry data. In this case, the loss development factors used in this analysis are from the Insurance Services Office (ISO). Using industry development factors is a more credible approach that leads to more smooth age to age factors. If this client data is thin, the age-to-age factors can be volatile and not be relied on for loss development factor selections.

The paid and incurred loss development methods above were based on developing ground-up claims and then quantifying how those losses pierce into SPA's Retention A and Retention B. As shown in the ISO loss development factors included in this analysis, commercial property claims are reported and paid quickly. Property claims are 86% paid by age 15 months and are 98.7% reported within 15 months from the loss year. As of 6/30/2022, SPA is aged 24 and 12 months based on their 7/1/20 and 7/1/21 policy years respectively.

As of 6/30/2022, any major catastrophes would have been reported and known as of the time of this analysis. It is assumed that no non-wildfire catastrophes have been reported as of 6/30/2022 for both of the policy years. For this reason, there is no IBNR included in this analysis associated from catastrophes. There have been 2 wildfire losses however, these do not erode the SPA retention and do not need to be contemplated for SPA's unpaid losses in their retention.

Conditions and Limitations

Actuarial calculations by their nature are inherently volatile as they are estimates of uncertain future events and occurrences. Standard actuarial methodologies have been employed to reasonably estimate probable outcomes for the ultimate value of losses and ALAE based on information provided at the time the analysis was made. These estimates assume that development on this program will be consistent with historical development patterns, general industry trends, and benefit levels. If future development does not follow these assumed trends and development, the ultimate value of losses may differ, possibly substantially, from these estimates. These projections make no provision for the extraordinary future emergence of losses that are not represented in the historical data, assumed development patterns, or are not yet quantifiable.

Use and Distribution

This Actuarial Analysis has been prepared for use by SPA for the expressed purpose described in the Program Overview above. Because the Appendix and each section of this report is an integral part of the whole analysis, the study should be reviewed in its entirety prior to use or being relied upon.

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Definitions

Policy Year: *The year the policy was written/ became effective*

Unpaid Loss: *Future losses that have not yet been paid. Unpaid losses are comprised of the case reserves plus IBNR*

IBNR: *IBNR stands for 'Incurred but Not Reported' and contains the following;*

- *The amount estimated to ultimately settle and close all claims that have not yet been reported*
- *The development of losses on known claims. This is also referred to Incurred but Not Enough Reported (IBNER)*

Ultimate losses: *The amount of money required to close and settle all claims for a group of policies. In a formula form: Ultimate losses = Paid Losses + Case Reserves + IBNR*

Case Reserve: *An estimate of the future amount of money required to ultimately settle a claim. This is usually determined by a claims adjuster or third-party administrator.*

Loss Triangle: *An aggregation of losses where individual claims are grouped by the policy year and age of the policy year (usually in months).*

Schools Program Alliance

Line of Business

Property

Valuation Date

6/30/22

SPA Policy Years 7/1/2020, 7/1/2021

			Limited within SPA Retention [a]										
Policy Year	Earned TIV \$000	Age	SPA Reported Claim Counts	SPA Open Claim Counts	Paid Losses	Case Reserves	Case Incurred	Chain Ladder Paid Method	Chain Ladder Incurred Method	Reserve Method Ultimate Losses	Selected Ultimate Losses	IBNR	Total Unpaid Losses
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	[13] = [12] - [8]	[14] = [7] + [13]
7/1/20	16,228,966	24	0	0	0	0	0	3,046	0	0	0	0	0
7/1/21	16,715,835	12	1	0	2,250,000	0	2,250,000	2,273,725	2,250,000	2,250,000	2,273,725	23,725	23,725
Total	32,944,801		1	0	2,250,000	0	2,250,000	2,276,771	2,250,000	2,250,000	2,273,725	23,725	23,725

SPA Policy Years 7/1/2020, 7/1/2021

			Unlimited (No Retentions Applied)				
Policy Year	Earned TIV \$000	Age	Reported Claim Counts	Open Claim Counts	Paid Losses	Case Reserves	Case Incurred
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]
7/1/20	16,228,966	24	52	12	9,284,513	2,777,336	12,061,849
7/1/21	16,715,835	12	91	58	3,785,881	2,464,521	6,250,402
Total	32,944,801		143	70	13,070,393	5,241,857	18,312,250

* Two wildfire claims account for \$9.7M of the \$18.3M total case incurred losses.
Note that wildfire claims are not included in SPA's retention

[a] SPA Retention Summary

Retention A	1.) Losses in the \$250,000 excess of \$250,000 layer, capped at \$1,000,000 aggregate
Retention B	2.) Losses in the \$250,000 excess of \$250,000 layer, after the \$1,000,000 aggregate is exhausted
	3.) Losses excess of \$500,000
	4.) Total Retention B: The sum of (2) and (3), capped at \$2,000,000 aggregate
Total SPA Retention	The sum of Retention A and Retention B

* Given the retention summary shown above, the maximum SPA would retain in losses in a particular policy year is \$3,000,000 (\$1,000,000 from Retention A and \$2,000,000 from Retention B)

** Wildfire losses do not erode the SPA retention layer

DRAFT

Schools Program Alliance

Line of Business Property
Valuation Date 6/30/22

All Other Perils; SPA entity policy years 7/1/2011 - 7/1/2021

Policy Year	Earned TIV \$000	Age	Ground-Up		Limited within SPA Retention [a]							Selected Ultimate Losses
			Reported Claim Counts	Open Claim Counts	Paid Losses	Case Reserves	Case Incurred	Chain Ladder Paid Method	Chain Ladder Incurred Method	Reserve Method Ultimate Losses		
[1]	[2]	[3]	[4]	[5]	[6]	[7]	[8]	[9]	[10]	[11]	[12]	
7/1/11	12,057,427	132	96	0	0	0	0	0	0	0	0	
7/1/12	12,814,003	120	102	1	293,909	0	293,909	293,909	293,909	293,909	293,909	
7/1/13	13,470,170	108	96	1	2,750,000	0	2,750,000	2,750,000	2,750,000	2,750,000	2,750,000	
7/1/14	13,808,956	96	81	0	0	0	0	0	0	0	0	
7/1/15	14,218,078	84	51	1	938,061	0	938,061	938,061	938,061	938,061	938,061	
7/1/16	14,625,942	72	109	1	3,000,000	0	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	
7/1/17	14,987,553	60	76	2	1,721,382	0	1,721,382	1,721,382	1,721,382	1,721,382	1,721,382	
7/1/18	15,297,357	48	71	3	2,892,767	8,211	2,900,978	2,904,944	2,901,261	2,901,612	2,904,944	
7/1/19	15,756,278	36	67	3	51,534	0	51,534	55,368	51,684	51,534	55,368	
7/1/20	16,228,966	24	52	12	0	0	0	3,046	0	0	0	
7/1/21	16,715,835	12	91	58	2,250,000	0	2,250,000	2,273,725	2,250,000	2,250,000	2,273,725	
Total	159,980,565		892	82	13,897,652	8,211	13,905,863	13,940,435	13,906,297	13,906,497	13,937,389	

Prior to SPA formation

SPA Policy Year

[a] SPA Retention Summary

Retention A	1.) Losses in the \$250,000 excess of \$250,000 layer, capped at \$1,000,000 aggregate
Retention B	2.) Losses in the \$250,000 excess of \$250,000 layer, after the \$1,000,000 aggregate is exhausted
	3.) Losses excess of \$500,000
	4.) Total Retention B: The sum of (2) and (3), capped at \$2,000,000 aggregate
Total SPA Retention	The sum of Retention A and Retention B

* Given the retention summary shown above, the maximum SPA would retain in losses in a particular policy year is \$3,000,000 (\$1,000,000 from Retention A and \$2,000,000 from Retention B)

** Wildfire losses do not erode the SPA retention layer

DRAFT

Schools Program Alliance

All Other Perils Loss Projections

Excludes catastrophes

Valuation Date 6/30/22

Case Incurred Losses

Policy Year	Earned TIV \$000	Member Deductible \$250K	\$250K x \$250K	SPA Retention						Ground-Up		Within SPA Retention	
				Retention A	Retention B			Retention A + B	Reported Claim Counts	Open Claim Counts	Reported Claim Counts	Open Claim Counts	
[1]	[2]	[3]	[4]	[5] = min([4], \$1M)	[6] = [4] - [5]	[7] = Excess \$500K	[8] = [6] + [7]	[9] = min([8], \$2M)	[10] = [5] + [9]	[11]	[12]	[13]	[14]
7/1/11	12,057,427	1,271,236	0	0	0	0	0	0	0	96	0	0	0
7/1/12	12,814,003	1,959,415	250,000	250,000	0	43,909	43,909	43,909	293,909	102	1	1	0
7/1/13	13,470,170	2,336,732	750,000	750,000	0	2,606,467	2,606,467	2,000,000	2,750,000	96	1	3	0
7/1/14	13,808,956	1,447,297	0	0	0	0	0	0	0	81	0	0	0
7/1/15	14,218,078	1,004,848	250,000	250,000	0	688,061	688,061	688,061	938,061	51	1	1	0
7/1/16	14,625,942	3,650,383	1,156,196	1,000,000	156,196	7,506,704	7,662,900	2,000,000	3,000,000	109	1	6	0
7/1/17	14,987,553	4,182,085	911,224	911,224	0	810,158	810,158	810,158	1,721,382	76	2	8	0
7/1/18	15,297,357	3,712,359	900,978	900,978	0	11,942,239	11,942,239	2,000,000	2,900,978	71	3	8	2
7/1/19	15,756,278	2,083,777	51,534	51,534	0	0	0	0	51,534	67	3	1	0
7/1/20	16,228,966	2,348,238	0	0	0	0	0	0	0	52	12	0	0
7/1/21	16,715,835	2,916,264	250,000	250,000	0	2,000,000	2,000,000	2,000,000	2,250,000	91	58	1	0
Total	159,980,565	26,912,634	4,519,931	4,363,735	156,196	25,597,538	25,753,734	9,542,127	13,905,863	892	82	29	2

Paid Losses

Policy Year	Earned TIV \$000	Member Deductible \$250K	\$250K x \$250K	SPA Retention					
				Retention A	Retention B			Retention A + B	
[1]	[2]	[3]	[4]	[5] = min([4], \$1M)	[6] = [4] - [5]	[7] = Excess \$500K	[8] = [6] + [7]	[9] = min([8], \$2M)	[10] = [5] + [9]
7/1/11	12,057,427	1,271,236	0	0	0	0	0	0	0
7/1/12	12,814,003	1,958,703	250,000	250,000	0	43,909	43,909	43,909	293,909
7/1/13	13,470,170	2,336,668	750,000	750,000	0	2,606,467	2,606,467	2,000,000	2,750,000
7/1/14	13,808,956	1,447,297	0	0	0	0	0	0	0
7/1/15	14,218,078	1,004,848	250,000	250,000	0	688,061	688,061	688,061	938,061
7/1/16	14,625,942	3,650,383	1,156,196	1,000,000	156,196	7,506,704	7,662,900	2,000,000	3,000,000
7/1/17	14,987,553	4,151,872	911,224	911,224	0	810,158	810,158	810,158	1,721,382
7/1/18	15,297,357	3,684,459	892,767	892,767	0	11,918,513	11,918,513	2,000,000	2,892,767
7/1/19	15,756,278	2,078,451	51,534	51,534	0	0	0	0	51,534
7/1/20	16,228,966	1,784,513	0	0	0	0	0	0	0
7/1/21	16,715,835	1,451,743	250,000	250,000	0	2,000,000	2,000,000	2,000,000	2,250,000
Total	159,980,565	24,820,174	4,511,720	4,355,525	156,196	25,573,811	25,730,007	9,542,127	13,897,652

Schools Program Alliance

All Other Perils Loss Projections

Excludes catastrophes

Valuation Date 6/30/22

Case Reserves

Policy Year	Earned TIV \$000	Member Deductible \$250K	\$250K x \$250K	SPA Retention					
				Retention A	Retention B			Retention A + B	
[1]	[2]	[3]	[4]	[5] = min([4], \$1M)	[6] = [4] - [5]	[7] = Excess \$500K	[8] = [6] + [7]	[9] = min([8], \$2M)	[10] = [5] + [9]
7/1/11	12,057,427	0	0	0	0	0	0	0	0
7/1/12	12,814,003	711	0	0	0	0	0	0	0
7/1/13	13,470,170	64	0	0	0	0	0	0	0
7/1/14	13,808,956	0	0	0	0	0	0	0	0
7/1/15	14,218,078	0	0	0	0	0	0	0	0
7/1/16	14,625,942	0	0	0	0	0	0	0	0
7/1/17	14,987,553	30,213	0	0	0	0	0	0	0
7/1/18	15,297,357	27,900	8,211	8,211	0	23,727	23,727	0	8,211
7/1/19	15,756,278	5,326	0	0	0	0	0	0	0
7/1/20	16,228,966	563,725	0	0	0	0	0	0	0
7/1/21	16,715,835	1,464,521	0	0	0	0	0	0	0
Total	159,980,565	2,092,460	8,211	8,211	0	23,727	23,727	0	8,211

Chain Ladder Ultimate Losses

Paid Method Ultimate Losses

Policy Year	Earned TIV \$000	Member Deductible \$250K	\$250K x \$250K	SPA Retention					
				Retention A	Retention B			Retention A + B	
[1]	[2]	[3]	[4]	[5] = min([4], \$1M)	[6] = [4] - [5]	[7] = Excess \$500K	[8] = [6] + [7]	[9] = min([8], \$2M)	[10] = [5] + [9]
7/1/11	12,057,427	1,271,236	0	0	0	0	0	0	0
7/1/12	12,814,003	1,959,415	250,000	250,000	0	43,909	43,909	43,909	293,909
7/1/13	13,470,170	2,336,732	750,000	750,000	0	2,606,467	2,606,467	2,000,000	2,750,000
7/1/14	13,808,956	1,447,297	0	0	0	0	0	0	0
7/1/15	14,218,078	1,004,848	250,000	250,000	0	688,061	688,061	688,061	938,061
7/1/16	14,625,942	3,650,383	1,156,196	1,000,000	156,196	7,506,704	7,662,900	2,000,000	3,000,000
7/1/17	14,987,553	4,182,085	911,224	911,224	0	810,158	810,158	810,158	1,721,382
7/1/18	15,297,357	3,718,249	904,944	904,944	0	11,965,433	11,965,433	2,000,000	2,904,944
7/1/19	15,756,278	2,106,703	55,368	55,368	0	0	0	0	55,368
7/1/20	16,228,966	2,439,008	3,046	3,046	0	0	0	0	3,046
7/1/21	16,715,835	3,053,474	273,725	273,725	0	2,483,205	2,483,205	2,000,000	2,273,725
Total	159,980,565	27,169,430	4,554,503	4,398,307	156,196	26,103,936	26,260,132	9,542,127	13,940,435

Schools Program Alliance

All Other Perils Loss Projections

Excludes catastrophes

Valuation Date 6/30/22

Incurred Method Ultimate Losses

Policy Year	Earned TIV \$000	Member Deductible \$250K	\$250K x \$250K	SPA Retention					
				Retention A	Retention B			Retention A + B	
[1]	[2]	[3]	[4]	[5] = min([4], \$1M)	[6] = [4] - [5]	[7] = Excess \$500K	[8] = [6] + [7]	[9] = min([8], \$2M)	[10] = [5] + [9]
7/1/11	12,057,427	1,271,236	0	0	0	0	0	0	0
7/1/12	12,814,003	1,959,415	250,000	250,000	0	43,909	43,909	43,909	293,909
7/1/13	13,470,170	2,336,732	750,000	750,000	0	2,606,467	2,606,467	2,000,000	2,750,000
7/1/14	13,808,956	1,447,297	0	0	0	0	0	0	0
7/1/15	14,218,078	1,004,848	250,000	250,000	0	688,061	688,061	688,061	938,061
7/1/16	14,625,942	3,650,383	1,156,196	1,000,000	156,196	7,506,704	7,662,900	2,000,000	3,000,000
7/1/17	14,987,553	4,182,085	911,224	911,224	0	810,158	810,158	810,158	1,721,382
7/1/18	15,297,357	3,712,780	901,261	901,261	0	11,942,987	11,942,987	2,000,000	2,901,261
7/1/19	15,756,278	2,084,629	51,684	51,684	0	0	0	0	51,684
7/1/20	16,228,966	2,351,866	0	0	0	0	0	0	0
7/1/21	16,715,835	2,929,493	250,000	250,000	0	2,041,326	2,041,326	2,000,000	2,250,000
Total	159,980,565	26,930,763	4,520,365	4,364,170	156,196	25,639,612	25,795,808	9,542,127	13,906,297

Limited Case Reserve Method

Policy Year	Earned TIV \$000	Limited Paid Losses Retention A + B	Age	Percent Losses Paid	Percent Losses Reported	Percent Losses Reserved	Limited Case Reserves	Limited Ultimate Losses
[1]	[2]	[3]	[4]	[5]	[6]	[7] = ([6] - [5]) / ([6] - [5])	[8]	[9] = [3] * [8] / [7]
7/1/11	12,057,427	0	132	100.00%	100.00%	0.00%	0	0
7/1/12	12,814,003	293,909	120	100.00%	100.00%	0.00%	0	293,909
7/1/13	13,470,170	2,750,000	108	100.00%	100.00%	0.00%	0	2,750,000
7/1/14	13,808,956	0	96	100.00%	100.00%	0.00%	0	0
7/1/15	14,218,078	938,061	84	100.00%	100.00%	0.00%	0	938,061
7/1/16	14,625,942	3,000,000	72	100.00%	100.00%	0.00%	0	3,000,000
7/1/17	14,987,553	1,721,382	60	100.00%	100.00%	0.00%	0	1,721,382
7/1/18	15,297,357	2,892,767	48	99.65%	99.98%	92.83%	8,211	2,901,612
7/1/19	15,756,278	51,534	36	98.74%	99.95%	96.02%	0	51,534
7/1/20	16,228,966	0	24	94.49%	99.75%	95.51%	0	0
7/1/21	16,715,835	2,250,000	12	83.80%	98.37%	89.96%	0	2,250,000
Total	159,980,565	13,897,652					8,211	13,906,497

Insurance Services Office (ISO)

COMMERCIAL FIRE & ALLIED LINES
Loss Development -- Special Causes of Loss ^a
 Multistate

INCURRED LOSSES

<u>Loss Year</u>	<u>As of 15 Months</u>	<u>As of 27 Months</u>	<u>As of 39 Months</u>	<u>As of 51 Months</u>	<u>As of 63 Months</u>
2010	685,754,675	672,899,658	667,393,660	666,215,046	666,009,575
2011	731,347,222	715,332,293	710,338,809	707,533,798	707,266,512
2012	387,083,761	383,486,165	381,795,587	382,486,911	383,965,861
2013	436,401,320	428,202,733	420,873,269	419,580,831	419,440,794
2014	641,918,335	636,014,550	637,572,828	637,420,334	636,325,210
2015	557,040,255	555,719,001	551,443,468	551,984,107	552,252,772
2016	376,144,789	392,551,697	394,828,278	395,824,752	
2017	396,122,018	398,275,345	400,799,030		
2018	564,512,000	557,677,533			
2019	457,892,870				

LINK RATIOS

<u>Loss Year</u>	<u>27:15 Months</u>	<u>39:27 Months</u>	<u>51:39 Months</u>	<u>63:51 Months</u>
2010	0.981	0.992	0.998	1.000
2011	0.978	0.993	0.996	1.000
2012	0.991	0.996	1.002	1.004
2013	0.981	0.983	0.997	1.000
2014	0.991	1.002	1.000	0.998
2015	0.998	0.992	1.001	1.000
2016	1.044	1.006	1.003	
2017	1.005	1.006		
2018	0.988			
3 pt. Avg.	1.012	1.001	1.001	0.999
5 pt. Avg.	1.005	0.998	1.001	1.000
5 pt. ex. Hi/Low	0.998	1.000	1.001	1.000
All pt. Avg.	0.995	0.996	1.000	1.000

LOSS DEVELOPMENT FACTORS TO ULTIMATE

	<u>15:Ult</u>	<u>27:Ult</u>	<u>39:Ult</u>	<u>51:Ult</u>
3 pt. Avg.	1.013	1.001	1.000	0.999
5 pt. Avg.	1.004	0.999	1.001	1.000
5 pt. ex. Hi/Low	0.999	1.001	1.001	1.000
All pt. Avg.	0.991	0.996	1.000	1.000

Age	LDF	% Reported	Age	LDF	% Rept	% Paid	% Reserved
15	1.013	98.72%	12	1.017	98.37%	83.80%	90%
27	0.999	100.10%	24	1.002	99.75%	94.49%	96%
39	1.001	99.90%	36	1.000	99.95%	98.74%	96%
51	1.000	100.00%	48	1.000	99.98%	99.65%	93%

Insurance Services Office (ISO)

COMMERCIAL FIRE & ALLIED LINES
Loss Development -- Special Causes of Loss ^a
 Multistate

PAID LOSSES

<u>Loss Year</u>	<u>As of 15 Months</u>	<u>As of 27 Months</u>	<u>As of 39 Months</u>	<u>As of 51 Months</u>	<u>As of 63 Months</u>
2010	590,512,318	654,128,337	661,488,069	664,130,215	664,753,742
2011	638,752,073	691,782,785	701,623,414	705,170,690	705,876,321
2012	322,514,463	370,279,876	377,475,961	380,905,260	382,579,646
2013	356,923,992	408,320,929	416,668,572	417,920,875	418,953,971
2014	558,213,496	619,524,888	631,556,978	635,679,517	634,810,372
2015	491,482,532	540,245,202	546,593,351	550,392,770	551,929,174
2016	328,127,036	382,210,842	391,837,113	394,010,016	
2017	342,823,417	387,701,257	395,141,290		
2018	472,561,908	534,471,661			
2019	387,481,776				

LINK RATIOS

<u>Loss Year</u>	<u>27:15 Months</u>	<u>39:27 Months</u>	<u>51:39 Months</u>	<u>63:51 Months</u>
2010	1.108	1.011	1.004	1.001
2011	1.083	1.014	1.005	1.001
2012	1.148	1.019	1.009	1.004
2013	1.144	1.020	1.003	1.002
2014	1.110	1.019	1.007	0.999
2015	1.099	1.012	1.007	1.003
2016	1.165	1.025	1.006	
2017	1.131	1.019		
2018	1.131			
3 pt. Avg.	1.142	1.019	1.007	1.001
5 pt. Avg.	1.127	1.019	1.006	1.002
5 pt. ex. Hi/Low	1.124	1.019	1.007	1.002
All pt. Avg.	1.124	1.017	1.006	1.002

LOSS DEVELOPMENT FACTORS TO ULTIMATE

	15.000 <u>15:Ult</u>	27.000 <u>27:Ult</u>	39.000 <u>39:Ult</u>	51.000 <u>51:Ult</u>
3 pt. Avg.	1.173	1.027	1.008	1.001
5 pt. Avg.	1.158	1.027	1.008	1.002
5 pt. ex. Hi/Low	1.156	1.028	1.009	1.002
All pt. Avg.	1.152	1.025	1.008	1.002

Age	LDF	% paid	Age	LDF	% paid
15	1.158	86.36%	12	1.193	83.80%
27	1.027	97.37%	24	1.058	94.49%
39	1.008	99.21%	36	1.013	98.74%
51	1.002	99.80%	48	1.003	99.65%

* * * * *

Christopher Nahas, ACAS, MAAA is a member of the Casualty Actuarial Society and the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the Actuarial Opinion contained in this Report.

This analysis was performed using generally accepted actuarial principles and in accordance with all relevant Actuarial Standards of Practice.

Please contact me with any questions in regards to this report.

Respectfully submitted,



DRAFT

Christopher Nahas, ACAS, MAAA
Associate Actuary
(626) 314-4476
Christopher.Nahas@alliant.com

**FINANCIAL REPORT
CLAIMS MANAGEMENT AND REPORTING ACTIVITES**

ACTION ITEM

ISSUE: Improved loss run reporting practices will improve administrative management.

RECOMMENDATION: The Board appoints a committee to develop common practices. The SPA Property Program includes a self-insured shared retained layer. Each member pool is responsible for managing their claims within their primary layer. They are also responsible to report claims to SPA based on SPA program reporting requirements (I don't know what these are).

Each member pool is responsible to maintain the loss run for their individual pools. These loss runs are used to develop each members' actuarial liabilities. Alliant periodically collects these loss runs for marketing purposes and to assist with pool administration needs, including most recently for the actuarial study.

Primary pool loss runs reflect their reserve valuation based on their reserving practices & philosophies. For entity specific total incurred & outstanding reserves valuation & reporting, their loss runs report outstanding reserved claims from the member deductible up to \$250K.

SPA covers a retained layer in excess of the members' \$250,000 retentions. SPA provides coverage from \$250k to \$2.5 million (subject to aggregates & A&B retentions).

There is currently no SPA-layer loss run managed or generated, separate from the Alliant compiled loss runs. There is no finite reporting of total incurred & outstanding reserves in the retained layer.

McLarens is contracted to assist with the administration of SPA claims; to coordinate between the SPA member pools and excess carriers in claims valuation, administration, and reimbursement for losses. McLarens maintains an "excess carrier" perspective loss run that has been provided to us.

Entity	Deductible	Retained Layer Max	Loss run Total Incurred (reserved range)	Loss run maintained by
Member Pools	local MOC / member election	\$250,000	local deductible - \$250,000	daily by Member Pool
SPA	\$250,000	\$2,500,000	<i>should be \$250,000 - \$2,500,000</i>	not formally maintained *
McLarens **	Wildfire or \$2,500,000**	unknown	Amounts above \$2,500,000	McLarens **

*infrequently assembled by Alliant from member pool loss run submissions - marketing & actuary purposes

** The McLarens Loss Run is maintained from the perspective of excess carriers; claim reserves reflect EXCESS reserves, based on McLarens loss valuation, in excess of the SPA member Wildfire deductible or SPA retained layer "deductible".

Examples of impacts of uncommon practices include:

- The loss run provided to the actuary (compilation of member ground up loss runs) did not include the \$2.25 million payment from SPA to SIA, as the payment was made from SPA (and no SPA focused loss run is maintained). The loss run provided to Alliant by SIA would reflect SIA reserves to \$250K (a recovery of \$2.25 million) – ***The actuary was not notified of \$2.25M claim payment.***
- The loss run provided to the auditor (obtained from McLarens) is representative of the excess carriers' loss and reserve activities. This had to be annotated by SIA staff to interpret the application of the Excess-of- SPA perspective to reflect SPA outstanding losses.

FINANCIAL REPORT EVALUATION OF SPA COST ALLOCATION PROCESS

ACTION ITEM

ISSUE: SPA needs to have a fair and equitable way of allocating its reinsurance costs to SPA Members. The Cost Allocation approach was designed in 2020 but given unique market, placement and member situations, the cost allocation was decided more so on market conditions and judgement. That has carried forward in 2021 and 2022, making the use of the Cost Allocation approach difficult to “true-up” and use.

RECOMMENDATION: SPA Members to review and discuss the design of the Cost Allocation approach and determine best approach for 2023 forward regarding its use.

FISCAL IMPACT: Will impact our member allocations are decided; no impact to 2022.

BACKGROUND: A cost allocation process is necessary to allocate the coverage costs of SPA amongst its membership. Some allocation approaches are straightforward, using only TIV relative to the group. Some allocation approaches include a more robust and diverse set of factors and calculations. In 2020, SPA Members reviewed and considered a Cost Allocation approach. The principles behind the approach included:

- 1) Experience component (using experience Cat and Non-Cat experience in the retained layer and the reinsurance program)
- 2) Size component (TIV)
- 3) Catastrophe exposure component (using Modeling)
- 4) Protection from large swings (collars)
- 5) Judgement/Market Conditions

In 2020, the allocation was set more heavily based upon judgement and, in some cases, divergent as to what the Cost Allocation calculation suggested. Some member’s Cost Allocation initial suggested result was a fraction of what they were currently paying (NBSIA), while others were multiples (Butte). The thought process was that over time, members would “float” towards their equilibrium allocation. Similar issues arose in 2021 and 2022, wherein the Cost Allocation calculation was not able to be relied on as much as judgement, given the divergent start in 2020.

ATTACHMENTS: The Cost Allocation worksheet will be reviewed during the meeting.

Item No: D.4.a.

GENERAL ADMINISTRATION**SPA FY 22/23 BOARD MEETING SCHEDULE****ACTION ITEM**

ISSUE: The remainder of the Board Meetings for FY 22/23 have been set on either Wednesday or Tuesday. The SPA joint powers agreement calls for an annual meeting to adopt the budget and other administrative activities. Normally this meeting would be held in the period before the annual program renewals (7/1/2023). Members should also consider if these meetings will be held in person or via teleconference.

RECOMMENDATION: Consider and approve dates and locations for the FY 22/23 meetings.

10/12/2022 - WEDNESDAY

11/8/2022 – TUESDAY

1/10/2023 – TUESDAY

2/14/2023 – TUESDAY

3/14/2023 – TUESDAY

4/11/2023 – TUESDAY

5/09/2023 – TUESDAY

6/13/2023 – TUESDAY

FISCAL IMPACT: The Fiscal Impact cannot be determined at this time, any change to the location or schedule should have a minimal financial impact.

BACKGROUND: For the last fiscal year all SPA meetings have been held via Teleconference with the exception of the August 2021 Long Range Planning Meeting. Meetings have occurred monthly and the Board is asked to consider bi-monthly meetings.

ATTACHMENT(S): None.

GENERAL ADMINISTRATION**CONFLICT OF INTEREST CODE****ACTION ITEM**

ISSUE: The Board of Directors must review and revise or re-adopt SPA's Conflict of Interest Code every even year. No changes are needed or recommended this year.

RECOMMENDATION: Approve the Conflict of Interest Code as presented, with no changes.

FISCAL IMPACT: None.

BACKGROUND: The Conflict of Interest Code was last amended in July 2021 to comply with the updated Fair Political Practices Commission (FPPC) filing requirements. Prior to 2012, Alliant Insurance Services, as the JPA administrator, kept the original Form 700s and filed copies with the FPPC. The FPPC has changed that requirement and now the original Form 700s are filed with the FPPC.

The Political Reform Act, Government Code Sections 81000, et. Seq. requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Conflict of Interest Code for the public agency must be reviewed by the governing Board every even numbered year. Any changes, or a statement that it has been reviewed and no changes required, must be filed with FPPC prior to October 1st.

ATTACHMENT(S):

1. SPA Conflict of Interest Code
2. 2022 Multi County Biennial Notice

**CONFLICT OF INTEREST CODE
FOR THE
SCHOOLS PROGRAM ALLIANCE**

The Political Reform Act (Government Code Section 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 California Code of Regulations Section 18730) that contains the terms of a standard conflict of interest code, which can be incorporated by reference in an agency's code. After public notice and hearing, the standard code may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendices, designating positions and establishing disclosure categories, shall constitute the conflict of interest code of the Schools Program Alliance (Authority).

Individuals holding designated positions shall file their statements of economic interests electronically with the Fair Political Practices Commission. All statements will be retained by the Fair Political Practices Commission.

**CONFLICT OF INTEREST CODE
FOR THE
SCHOOLS PROGRAM ALLIANCE**

Appendix A-Designated Positions

<u>Designated Position</u>	<u>Assigned Disclosure Category</u>
Members and Alternates of the Board of Directors	1, 2, 3
Program Administrator	1, 2, 3
Auditor	1, 2, 3
Board Counsel	1, 2, 3
Consultants/New Positions	*

Note: The positions of Program Administrator, Claims Administrator, Board Counsel, and Auditor are filled by outside consultants, but act in a staff capacity.

*Consultants/new positions shall be included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation:

The Chairperson/Secretary may determine in writing that a particular consultant or new position, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to comply fully with the disclosure requirements described in this section. Such determination shall include a description of the consultant's or new position's duties and, based upon that description, a statement of the extent of disclosure requirements. The Chairperson/Secretary's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code. (Gov. Code Sec. 81008)

The following positions are not covered by the code because the positions manage public investments. Individuals holding such positions must file under Government Code Section 87200 and are listed for informational purposes only.

- Treasurer
- Consultants who manage public investments

An individual holding one of the above listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by Section 87200.

**CONFLICT OF INTEREST CODE
FOR THE
SCHOOLS PROGRAM ALLIANCE**

Appendix B-Disclosure Categories

Designated positions must disclosure pursuant to the categories below.

1. Investments and business positions in business entities, and income (including receipt of loans, gifts, and travel payments), from sources of the type that contract with the Authority to supply goods, services, materials, or supplies.
2. Investments and business positions in business entities, and income (including receipt of loans, gifts, and travel payments), from sources that are engaged in the performance of work or services of the type utilized by the Authority, including insurance companies, carriers, holding companies, underwriters, brokers, solicitors, agents, adjusters, claims managers, and actuaries.
3. Investments and business positions in business entities, and income (including receipt of loans, gifts, and travel payments), from sources that have filed a claim or have a claim pending that are reviewed and administered by the Authority.

This is the last page of the conflict of interest code for the **Schools Program Alliance**.



CERTIFICATION OF FPPC APPROVAL

Pursuant to Government Code Section 87303, the conflict of interest code for the **Schools Program Alliance** was approved on 9/15/ 2021. This code will become effective on 10/15/ 2021.

A handwritten signature in black ink, appearing to read "John M. Feser, Jr.", written over a horizontal line.

John M. Feser, Jr.

Senior Commission Counsel

Fair Political Practices Commission

2022 Multi-County Agency Biennial Notice

Name of Agency: _____

Mailing Address: _____

Contact Person: _____ Phone No. _____

Email: _____ Alternate Email: _____

Counties within Jurisdiction, or for Charter Schools, Counties in which the School is Chartered:
(if more space is needed, include an attachment):

No. of Employees* _____ No. of Form 700 Filers* _____

**Including board and committee members*

Accurate disclosure is essential to monitor whether officials have conflicts of interest and to help ensure public trust in government. The biennial review examines current programs to ensure that the agency's code includes disclosure by those agency officials who make or participate in making governmental decisions.

Please identify which statement accurately describes your agency's status.

- This agency has reviewed its conflict of interest code. The current code designates all positions which make or participate in making governmental decisions. The designated positions are assigned accurate disclosure categories that relate to the job duties of the respective positions. The code incorporates FPPC regulation 18730 so that all relevant Government Code Sections are referenced.
- This agency has reviewed its conflict of interest code and has determined that an amendment is necessary. An amendment may include the following:
- New positions which involve the making or participating in the making of decisions which may foreseeably have a material impact on a financial interest
 - Current designated positions need renaming or deletion
 - Statutorily required provisions of the code need to be addressed
 - Disclosure categories need revision

Verification (to be completed if no amendment is required)

This multi-county agency's code accurately designates all positions that make or participate in the making of governmental decisions. The disclosure assigned to those positions accurately requires that all investments, business positions, interests in real property, and sources of income that may foreseeably be affected materially by the decisions made by those holding designated positions are reported. The code includes all other provisions required by Government Code Section 87302.

Signature of Chief Executive Officer

Date

All multi-county agencies must complete and return this notice, including those agencies whose codes are currently under review. Please return this notice no later than **October 3, 2022** to the FPPC at biennialnotice@fppc.ca.gov or 1102 Q Street, Suite 3000, Sacramento, CA 95811.

www.fppc.ca.gov
FPPC Advice: advice@fppc.ca.gov (866.275.3772)
Page 1 of 1

GENERAL ADMINISTRATION**SPA JPA AGREEMENT****ACTION ITEM**

ISSUE: The SPA Joint Powers Agreement was drafted to be a partnership JPA among the members allowing them to jointly contract for insurance and related risk management services. At its October 11, 2021 meeting, the Board passed resolution No.21-01 clarifying that SPA had the power to retain risk in self-funded layers. At today's meeting the Board will have the opportunity to discuss the governing documents and take action or provide direction on developing any amendments.

RECOMMENDATION: It is recommended that the Board discuss the SPA governing documents and take action or provide direction to Staff as appropriate.

FISCAL IMPACT: No fiscal impact is expected from action at today's meeting.

BACKGROUND: Please refer to the attachments to this item for the governing documents.

ATTACHMENT(S):

- 1) SPA Joint powers Agreement
- 2) SPA Bylaws
- 3) Resolution No. 21-01 Resolution of the SPA Board of Directors Risk Pooling Activities

SCHOOLS PROGRAM ALLIANCE JOINT POWERS AGREEMENT

This Schools Program Alliance Joint Powers Agreement (“Agreement”) creates the Schools Program Alliance Joint Powers Authority (“SPA”), a public agency as defined in Government Code Section 6500. SPA is not an entity legally separate from its Members, but a joint powers authority that exists and operates in keeping with the rights and responsibilities set forth in this Agreement, and the inherent and express rights and authorities granted to joint powers authorities by California law, including the California Government Code.¹

1. SPA will exist as a joint powers authority on June 22, 2020, and shall continue in existence until dissolved by a three-quarters (3/4rs) vote of its Board of Directors. Upon dissolution and the winding down process following a dissolution vote, to the fullest extent allowed or required by law, Members shall remain individually liable for allocated debts and obligations with respect to Contracting Activities, and their separate contractual obligations for Shared Activities, on a pro-rata basis in proportion to their share of any Contracting Activity in which they are a participant. This may include, but is not limited to, retroactive assessments or financial obligations reasonable or necessary to resolve the debts or obligations of its Members.

2. A “Member” includes any public agency or entity executing this Agreement on or before June 22, 2020. After June 22, 2020, an offer of Membership may be extended by the SPA Board of Directors to any public agency or entity on such terms and conditions as the Board of Directors may deem just and proper. Membership shall be approved upon an affirmative vote of at least three-quarters (3/4rs) of the Board of Directors, with the new Member then required to sign an addendum to this Agreement obligating it to be bound by all of its terms and conditions. An original, facsimile or electronic signature on this Agreement, or any Addendum to this Agreement, shall be deemed an original and binding signature for all purposes.

A Member may thereafter be expelled from SPA or any SPA Program, for any good faith and proper reason upon a vote of at least three-quarters (3/4rs) of the Board of Directors.

3. SPA, and its administrative functions, shall be administered by a Board of Directors, in keeping with Government Code Section 6506, which shall be comprised of one appointed representative from each Member. The Board of Directors shall hold an annual meeting at a date designated by the current Chairperson/Secretary, at which time the Board shall: (a) appoint a Chairperson/Secretary, who shall be from any Member then in current good standing, (b) set forth the strategic and operational plans for SPA’s Members for the following 12 months, (c) establish the budget and allocated costs for the general administration of SPA by its Managing Member, (d) establish the budget and allocated costs, on a unanimous basis of the participating Members, for approved Contracting Activities, and (e) appoint/reappoint a Managing Member. Prior to the next annual meeting, a Managing Member may be withdrawn from this role, for any good faith reason, upon a vote of at least three quarters (3/4rs) of the Board of Directors. The Board of Directors may also specially meet to address and impose any corrective or remedial financial allocations to address the needs or best interests of SPA or its Members.

The SPA Board of Directors shall not be required to review or approve any Shared Activities of the Members, who shall separately agree on the terms, conditions, costs, and methods of payment for Shared Activities (that may or may not be reviewed at the annual meeting), recognizing always that Shared Services shall be evidenced by a separate writing approved by each participating Member’s governing Boards, a copy of which shall be provided to the Managing Member and the Chairperson/Secretary of SPA for purposes of maintaining accurate books and records of the activities of SPA and its Members.

¹ The terms and conditions of such statutes and authorities are incorporated herein by reference, as may be reasonable or necessary, to ensure compliance with law and to implement any processes or procedures, while shortening the overall length of this Agreement. The creation of SPA, and all actions taken hereafter by SPA, are presumed to be legally authorized and in full compliance with the terms and conditions of the California Government Code, and all other governing statutes and authorities. E.g., *Zack v. Marin Emergency Radio Auth.*, 118 Cal. App. 4th 617, 631-32 (2004) *Beckwith v. County of Stanislaus*, 175 Cal. App. 2d 40, 44-45 (1959) [“[i]t is to be presumed that [parties to a joint powers agreement] acted reasonably and within the scope of their respective powers”]).

Special meetings of the Board of Directors may be called by the Chairperson or, if the Chairperson is unavailable, the Managing Member. All SPA meetings shall be conducted in accordance with the Brown Act, Government Code Section 54950, et seq., with the physical location of the Board Meeting being the primary place of business of the Managing Member, unless otherwise designated for any meeting or meetings.

4. SPA and its Members shall be entitled to engage in any lawful act permitted to be conducted on a joint powers basis (“Programs”), and which are approved by the Board of Directors, including, but not limited to: (1) the right, power, and authority to direct the Managing Member to enter into contracts in the names of its Members, for the benefit of any group or grouping of Members, for goods, services, or benefits (including insurance, reinsurance, or other financial or risk management/risk transfer benefits, and claims-related services) that may reduce the costs of goods, services or benefits, improve the quality or timeliness of goods, services or benefits, and/or provide access to marketplaces, services or benefits not otherwise available or readily available to any singular Member (“Contracting Activities”); and (2) the sharing or leasing of employees, shared services, equipment, or physical facilities (“Shared Activities”). Members shall be entitled to full participation in any Contracting Activities Program, subject to the terms, conditions, or requirements of the Board of Directors, including any current or future financial payment, reserve, or retroactive assessment obligations.

5. The Managing Member shall receive and disburse funds in accordance with strict accountability standards imposed by the State of California on local public agencies and/or Generally Accepted Standards Board pronouncements for local public agencies. The Managing Member shall be the party entering into contracts in the name of, or on behalf of, the participating SPA Members, as their duly authorized representative, accepting and disbursing funds of Members to Contracting Activities vendors or providers, and serving as the point of contact for the vendors, with the Managing Member at all times required to timely and fully report all material facts regarding Contracting Activities to the Board of Directors, and with the Managing Member following the directions of the Board of Directors in carrying out such tasks except when authorized by the Board of Directors to exercise independent discretion in such actions. The Managing Member shall serve with a bond in the amount of \$1,000.

6. Members authorize the timely payment in full of funds from their respective treasuries to the Managing Member to support the purposes of this Agreement, including any adopted budget for the operation of SPA and/or the existence of any Contracting Activity.

7. If a Member participating in Contracting Activities desires to withdraw from one or more Contracting Activities, or from SPA, the Member shall provide a written notice of its potential withdrawal to all SPA Members no later than December 31, and shall provide a final written notice of its withdrawal to all SPA Members no later than March 1. The withdrawing Member shall remain fully obligated to make any financial payments arising from its participation in the Contracting Activities or SPA, including any required retroactive assessments as the Board of Directors may adopt. Absent unanimous consent of all Members, a Member withdrawing from a Program or from SPA shall not be entitled to again participate in the Program or in SPA for a period of three years following the withdrawal.

8. Except for the sole and separate liability of the Managing Member, or any grossly negligent or intentional act or omission by the Managing Member or its directors, officers, or employees, each SPA Member agrees to jointly and severally defend, indemnify and hold the Managing Member and its directors, officers and employees harmless from liability for any act, error, or omission arising from, or related to, its role as the Managing Member. The Members also jointly and severally agreed to defend and indemnify themselves for any acts, errors, or omissions arising from the formation or operation of SPA or of its Programs.

9. By signing below, each representative of a Member warrants and represents that their Member has agreed to be bound by all terms and conditions of this Agreement, through their separately required review and approval processes, that they have had an opportunity to review the terms and conditions of this Agreement with counsel or representatives of their choice, they have no questions or reservations about entering into this Agreement, and this Agreement constitutes their full and complete understanding of their rights and obligations as members of SPA, subject to any duly adopted actions by the Board of Directors as authorized herein, and that this Agreement is deemed to include all terms and conditions of this Agreement, as well as the statutorily required or authorized provisions deemed incorporated herein by reference.

10. The actions of SPA and its Members may benefit public agencies participating in a Member's joint powers authority, or the employees or other individuals receiving benefits in some manner from their association with a Member. No such individuals or entities, however, shall be entitled to assert any direct right or claim under this Agreement, or under any Program of SPA, but they instead shall solely and only address any claims or grievances against the relevant Member, which will need to bring on their behalf any claim or claimed entitlement to some type of benefit from SPA or a SPA-sponsored Program.

11. In the event of a dispute regarding the adoption or enforcement of this Agreement, any rights or obligations owed under this Agreement, or any rights or obligations created by any Contracting Activities or Shared Activities, SPA's Members, or any other person or entity attempting to asserting a claim under a SPA Program, shall submit any such dispute to final and binding arbitration pursuant to the Arbitration Rules of the American Arbitration Association ("AAA") before a neutral arbitrator to be mutually selected by the parties, or appointed by the parties in keeping with the governing rules for selection if no joint appointment can be made. The Arbitrator shall solely derive his/her power from the terms of this Agreement, and any applicable rules of the AAA, but the Arbitrator shall not have the authority to add, delete, or modify the terms of this Agreement, or to enforce any claimed unwritten or parol agreements or understandings, with the Arbitrator required to adhere to all requirements of due process while still expediting and controlling the management of the process to ensure an efficient and effective resolution of the dispute. The Award of the Arbitrator shall be final and binding, provided, however, that the parties to the Arbitration shall retain the right to challenge the enforcement of the Award under any factual or legal basis otherwise available under California law, with California substantive law applied to all factual and legal issues in dispute.

The parties to the dispute shall share the expense of arbitration, with the prevailing party entitled to reasonable attorneys' fees and costs. In the event a party to the dispute fails to proceed with arbitration, unsuccessfully challenges the Arbitrator's Award, or fails to comply with an Arbitrator's Award, the other Party shall be entitled to an award of its attorneys' fees and costs in compelling arbitration or in defending or in enforcing the award.

IN WITNESS WHEREOF, the Members have caused this Agreement to be properly executed as of the date below.

_____, SPA Member

By: _____

Date: _____

Title: _____

RESOLUTION 21-01**RESOLUTION OF THE SPA BOARD OF DIRECTORS****RISK POOLING ACTIVITIES**

WHEREAS, The Board of Directors of the Schools Program Alliance Joint Powers Authority (“SPA”) met on October 11, 2021, and made the following finding and determinations:

NOW THEREFORE, BE IT RESOLVED,

1. The Schools Program Alliance Joint Powers Agreement (“Agreement”) presently permits its Members to engage in Programs, including Contracting Activities and Shared Activities, as those terms are defined in the Agreement;
2. The Agreement, as already reviewed and approved by the individual Members’ governing Boards or Representatives, also permits SPA to engage in any lawful act permitted to be conducted on a joint powers basis as approved by its Board of Directors (*Agreement, Paragraph 4*);
3. SPA’s Members have previously determined that sharing of certain risks was in their mutual and best interests, and they now wish to potentially expand into additional opportunities for the sharing and/or transfer of rights, particularly including more formalized risk-pooling or risk sharing activities, in which Members will jointly agree to share in the costs and expenses of risk-retained or risk shared liability and/or property exposures, whether such risk pooling is undertaken on a primary or excess loss basis; and
4. It would not be harmful to SPA, as a joint powers authority, to further expand its functions into broader and additional risk-pooling or risk sharing programs and/or opportunities.

Therefore, be it Resolved that:

- A. SPA and its Members may further facilitate the exploration of suitable risk pooling and/or shared risk activities, with the Board of Directors hereby formally adding a comprehensive third approved Program, to be titled “Risk Pooling Activities,” which does not require individual Member approval given the existing authorizations in Paragraph 4, with SPA and its Members authorized to engage in all lawful activities permitted on a joint powers basis for the Risk Pooling Activities Program; and

- B. The Risk Pooling Activities Program may, as Members may so choose, engaged in the sharing of risks, on a jointly retained or shared basis, whether such risks are retained in whole or in part, and whether on a primary or an excess basis, subject to the participating Members agreeing on a coverage or indemnity agreement(s), that would include reasonable or necessary terms and provisions to ensure compliance with all applicable standards.

I hereby certify that the foregoing is a full, true and correct copy of Resolution No. 21-01 duly and regularly adopted and passed at a regular meeting of the Board of Directors of the Schools Program Authority held on the 11th day of October 2021, by the following vote:

AYES: PATTERSON, SELBY, BURCINA, BRADY, WILKERSON

NAYS: NONE.

ABSENT: NONE.

ABSTAIN: NONE.



Martin Brady – SPA Chairperson

GENERAL ADMINISTRATION

SPA MEMORANDUM OF UNDERSTANDING

ACTION ITEM

ISSUE: The attached draft Memorandum of Understanding between Schools Insurance Authority and SPA members is meant to serve as the Bylaws for the group by outlining its purpose, responsibilities of the members, and various policies and procedures.

The attached is a red-lined version that aligns the original draft with the JPA Agreement that was subsequently executed. For example, the Members Committee has been replaced with Board of Directors, and the Sponsor JPA has been replaced with Managing Member, with just the first revisions not accepted for illustration. Other revisions remain red-lined and/or highlighted with comments to identify differences with the JPA Agreement and/or Board decision points.

Among the highlighted portions are policies and procedures for the minimum period of participation and withdrawal requirements, mandatory and voluntary program participation, and procedures for shortfalls or overages.

The members are asked to review and provide feedback and direction regarding the MOU and its terms. One provision that will need to be addressed, given the admission of CCSA to the Liability Program, is the designation of the property program as a mandatory program.

A copy of the JPA Agreement is attached to the prior item for reference.

RECOMMENDATION: Review and provide feedback, direction, and/or approval of the MOU as revised.

FISCAL IMPACT: None expected from this item.

BACKGROUND: The MOU was drafted prior to SPA's inception on July 1, 2020 but has never been passed.

ATTACHMENT(S):

1. Draft Red-lined MOU Regarding Participation in the Schools Program Alliance Program between Schools Insurance Authority and SPA Member.
2. SPA JPA Agreement (included in prior item)

DRAFT

**MEMORANDUM OF UNDERSTANDING REGARDING PARTICIPATION IN THE
SCHOOLS PROGRAM ALLIANCE PROGRAM
BETWEEN SCHOOLS INSURANCE AUTHORITY AND
_____ (Name of SPA Member)**

This document constitutes an agreement (hereinafter "Agreement"), by and between Schools Insurance Authority (hereinafter "SIA") and _____ (hereinafter "SPA Member") to participate in the Schools Program Alliance (hereinafter "SPA") program.

PURPOSE

SPA ~~Members Committee~~Board of Directors approved SPA Member's participation in the SPA, a program established by SIA and the SPA participants, commencing July 1, 2020. The purpose of this Agreement is to memorialize the terms and conditions of the SPA Member's participation in SPA.

SPA is intended as a group purchase arrangement for the benefit of securing (re)insurance for the SPA Members, as well as other cost sharing benefits for loss control and appraisal services. This is inclusive of, but not limited to in the future, mandatory coverages for property and equipment breakdown, as well as voluntary coverages of auto physical damage, pollution, crime, cyber and deadly weapons. For the benefit of the SPA Members, there may also be a shared layer of coverage, prior to the attachment of the (re)insurance coverage. The SPA programs will be overseen as directed by a SPA Board of Directors, made up of one representative for each SPA Member and SPA meetings shall be conducted as meetings open to the public under the Ralph M. Brown Act (CA Gov. Code Section 54950 *et seq.*).

SIA has been engaged as ~~Sponsor~~JPA Managing Member by resolution of the SPA Board of Directors for administration, finance and accounting support of the SPA programs.

AGREEMENT

Responsibilities of Key Parties

SPA Board of Directors

Each SPA Member shall have one representative on the SPA Board of Directors. The SPA Board of Directors will be responsible for:

1. Adopting the policies and procedures necessary for the functioning and operation of the SPA programs. These policies and procedures are to be in compliance with the CAJPA Accreditation Standards.

SPA Participation Agreement

Effective: July 1, 2020

DRAFT

2. Adoption of an annual budget for costs associated with insurance placements, Managing Member cost recovery and shared services of the SPA Members.
3. Hiring and oversight of the Managing Member for the administration, finance and accounting needs of the SPA programs.
4. Assuring the Managing Member's Board of Directors representative obtains the information necessary for managing the finance and accounting needs of the SPA programs.
5. Hiring and oversight of a Program Administrator working with the Managing Member to fulfill the duties of the Program Administration Policy and Procedures.
6. Approval of claims payments in compliance with SPA Claims Policy and Procedures.
7. Adoption of a Memorandum of Coverage for any self-insured programs.
8. Meeting at least once per year and conducting meetings in compliance with the public under the Ralph M. Brown Act (CA Gov. Code Section 54950 *et seq.*).
9. Establishing SPA Members' responsibilities.
10. Election of a Chair and Vice Chair of the SPA Board of Directors.
11. Formation of Ad Hoc committee(s), as needed, and delegation of limited authority to such committee(s) to accomplish certain tasks.

Commented [MB1]: Next on the agenda – Item 4.e.

Managing Member

The Managing Member shall be responsible for the administration, finance, and accounting requirements for the operation of the SPA programs. This includes managing contribution funds, expenditures, creation of a separate, non-comingled account for such funds, investment of any funds and release of funds for claims payments when directed by the SPA Board of Directors. The Managing Member shall follow the policies and procedures set forth by the SPA Board of Directors, or if a policy or procedure is not available for which the Managing Member needs to fulfill its responsibilities, the Managing Member may rely on its own existing policy or procedure. Whichever the case, it is agreed that administration of the SPA programs shall be performed in compliance with the California Association of Joint Powers Authority's (CAJPA) Accreditation Standards.

The Managing Member, via its representation on the SPA Board of Directors, will request, obtain, and report all necessary information to fulfill its responsibilities. The Managing Member will create and keep current any procedural needs required to satisfy these responsibilities. Subject to the approval of the SPA Board of Directors, the Managing Member may contract to third parties certain services including but not limited to administrative services, insurance brokerage services, claims administration services, loss control services, and appraisal services. The Managing Member will designate a Program Administrator to serve as the SPA Members' day to day contact providing general oversight of the SPA programs.

SPA Member

Any party to this Agreement will join all mandatory programs and is considered a SPA Member. Each SPA Member agrees to:

Commented [MB2]: See below P&P section 3.

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1. Abide by all the rules, policies and procedures and obligations established by the SPA Board of Directors or within the Memorandum of Coverage/Insurance Policies for which the SPA Member participates.
2. Appoint a representative and alternate to the SPA Board of Directors.
3. Participate in all "Mandatory Programs".
4. Remit fund contributions and other amounts due within 15 days of the date of invoice or, in the case of the deposit premiums adopted in the budget, within 15 days of the commencement of the fiscal year for which the budget applies.
5. Cooperate fully with the SPA Board of Directors, Managing Member, and Program Administrator in reporting on claims, in determining the cause of claims and in the settlement of such claims.
6. Upon withdrawal from a SPA program, the member shall remain responsible for any losses and any other costs which it has incurred while a Member of the SPA program.

In addition to the above, each member agrees to cooperate fully with parties or persons employed by the SPA Board of Directors to provide loss control services, and each of the entities agree to permit such parties or persons access to inspect property and conditions. In the event a participating member fails to comply with loss control recommendations, after having been afforded reasonable opportunity to do so, the SPA Board of Directors may vote to terminate the SPA Member's membership in any SPA program as provided in this Agreement.

Each Member Entity agrees to share the cost of loss control services which shall be allocated to each Member as agreed by the SPA Board of Directors.

Policies and Procedures

The SPA Board of Directors, with the help of the Program Administrator, will develop and adopt policies and procedures necessary for the functioning and operation of the SPA programs. These policies and procedures will be in compliance with the CAJPA Accreditation Standards. The Program Administrator will review the CAJPA Accreditation Standards annually and advise the SPA Board of Directors of recommended changes or additions. For any policies and procedures deemed needed by the Managing Member but not yet adopted by the SPA Board of Directors, the SPA Board of Directors agrees to follow the policy and procedure currently in place with the Managing Member, until such time as a comparable policy or procedure is adopted by the SPA Board of Directors. This includes any policies or procedures needed for the accreditation requirements with CAJPA.

1. Minimum Period of Participation and Withdrawal Requirements

SPA Members are required to participate in SPA and abide by all SPA policies, procedures and practices as may be amended or modified for a minimum of three full program years. If a SPA Member desires to withdraw from a SPA program, a written withdrawal notice must be provided to the SPA Board of Directors no later than six months prior to a program's renewal anniversary date once the three full years of participation has been satisfied. Withdrawal from a program will

Commented [MB3]: Will include in Service Calendar – do we want to be Accredited?

be effective as of the program's renewal anniversary date. Subject to approval of the SPA Board of Directors, a SPA Member may rescind its withdrawal by providing written notice at least 45 days by March 1 prior to the program's renewal anniversary date.

Commented [MB4]: JPA Agreement says March 1

2. Minimum Period of Non-Participation after Leaving Program

If SPA Member withdraws from SPA at any time, it may not reapply to participate in SPA for a minimum period of three (3) years.

3. Mandatory and Voluntary Program Participation

It is agreed that SPA Members must join any mandatory programs offered by SPA. After joining the mandatory programs, a SPA Member is then eligible to join any voluntary program offered by SPA. The mandatory programs include the property insurance program and the equipment breakdown insurance program. The voluntary programs include, but are not limited to auto physical damage, pollution, crime, cyber and deadly weapons

Commented [MB5]: CCSA joined Liability only. Do we want to have a mandatory program at this point? Not required in JPA Agreement

4. Rates

The SPA Board of Directors, consisting of one representative from each SPA Member, shall have the exclusive authority to set and adjust the SPA Members' rates based on actuarial data, a rating plan adopted by the SPA Board of Directors, and program expenses.

4. Annual Contributions

SPA Members are required to make contribution payments to SPA as determined by the SPA Board of Directors for all SPA participants. As Managing Member of the SPA program, SIA shall perform fund accounting services to SPA, collect deposits and premiums, and make disbursements in accordance with the rating plan and policies and procedures adopted by the SPA Board.

5. Managing Member Cost Recovery

In acknowledgement of the services rendered by the Managing Member, SIA, the SPA Board of Directors will compensate SIA for the costs incurred in this role, provided such costs are approved by the SPA Board of Directors. This includes, but may not be limited to, costs for managing the accounting of the SPA program, cost of increased liability insurance, and cost to run-off the SPA program under Termination of Program, if any. SIA shall provide the SPA Board of Directors with expected costs as the Managing Member and the SPA Board of Directors shall include those costs in the upfront calculation of the Annual Contributions.

6. Shortfalls

If the dollar amount of a SPA Member's claims and program expenses exceed its annual contribution in any fiscal year, the SPA Member shall make an additional contribution in accordance with the SPA Rating Plan to reach an appropriate funding level. SIA shall not incur any liability from SPA Member shortfalls and a negative fund balance of the SPA Program shall be charged interest at the then current rate of investment income return earned by SIA on its investments until such time as the shortfall funded.

Commented [MB6]: Need to address method and timing of any shortfall contributions – make payments or all at once?

7. Indemnification and Hold Harmless

SPA Member hereby agrees to indemnify and hold harmless SIA, its Governing Board, officers, employees, agents and representatives from and against any and all costs, claims, demands, damages, suits, liabilities, charges and complaints of any kind, including reasonable attorneys' fees, foreseeable or unforeseeable, from any person or entity directly or indirectly arising out of or related to SIA's obligation to administer SPA pursuant to this Agreement. SPA Member shall not be obligated to indemnify or hold harmless SIA, if the aforementioned costs, claims, demands, damages, suits, liabilities, charges or complaints arise out of SIA's, (including SIA's Governing Board, officers, employees) sole or gross negligence, or are incurred solely because of SIA's (including SIA's Governing Board, officers, employees) actions or failure to act.

Commented [MB7]: JPA Agreement includes exception for gross negligence.

8. Overages

If the dollar amount of SPA Member's claims and program expenses, including allocated investment income, are less than the SPA Member's annual contribution in any fiscal year, as determined by the SPA Board of Directors under the adopted rating plan, SIA at the direction of the SPA Board of Directors shall adjust the SPA Member's contribution and return any unneeded funds.

9. Risk Sharing

It is understood and agreed that the SPA Member is not participating in any other risk sharing program of SIA and is limited solely to the cost of participation in SPA as determined by the SPA Board of Directors, subject to the review of the SIA Executive Committee for adequacy.

10. Claims

SPA claims shall be adjusted by a professional claims administrator designated by the SPA Board of Directors. Claims payments shall be approved and paid under the policies and procedures adopted by the SPA Board of Directors which shall be consistent with SIA practices and procedures as applied to SPA.

11. Termination of Program, Managing Member or SPA Member

SPA Board of Directors may elect to terminate any or all SPA programs, or a SPA Member, upon a supporting vote of two thirds (2/3) of the current membership and six months' written notice to all the parties to this agreement.

SIA, or SPA's Board of Directors, may elect to terminate SIA's role as Managing Member upon six months' written notice to all the parties to this agreement. SPA Board of Directors termination requires a supporting vote of two thirds (2/3) of the current membership. In the event the SPA Board of Directors elects to transfer the program to a successor organization, SIA will cooperate and provide assistance in transferring the program to the successor organization. Upon termination or transfer to a successor organization, SPA Members shall be responsible for all reasonable and necessary costs incurred for run-off of the SPA program or costs incurred by SIA to transfer the program to a successor organization.

The successor organization will be responsible for any requirements yet to be completed or finalized under the provisions of this Agreement, including the Overage section. The SPA Board of Directors, working in unison with SIA, will be responsible to detailing any outstanding requirements yet to be completed or finalized upon transfer to the successor organization.

For any SPA program that is terminated per the provisions of this agreement, any remaining funds will be distributed pro rata based on original contribution or pursuant to the rating plan duly adopted by the SPA Board of Directors and in force at the time of the distribution.

12. Binding Agreement

This Agreement shall be binding upon the Parties. All of the covenants, stipulations, promises, and agreements contained in this Agreement by or on behalf of, or for the benefit of either of the Parties, shall bind and inure to the benefit of their respective successors or assigns.

13. Entire Agreement

This Agreement constitutes the entire agreement between SIA and SPA Member regarding the SPA Member's participation in SPA. As long as there is no material breach of this Agreement, this Agreement supersedes any and all agreements, either oral or in writing, between the Parties or their predecessors in interest. Each party to this Agreement acknowledges that representations by any party with respect to the subjects identified in this section which are not embodied herein, or any other agreements, statements or promises not contained in this Agreement, shall not be valid and/or binding.

The parties represent, warrant, and agree that in executing and entering into this Agreement they are not relying upon, and have not relied upon, any representation, promise or statement made by anyone which is not recited, contained, or embodied herein. The Parties agree and assume the risk that any fact not verified, contained or embodied in this Agreement may turn out to be other than, different from, or contrary to, the facts now known to them and believed by them to be true. The Parties further agree that this Agreement shall be effective in all respects notwithstanding, and shall not be subject to termination, modification or rescission by reasons of any such differences in fact.

Each party executing this Agreement hereby acknowledges and agrees that they have carefully read all of its terms and provisions, have been advised of its many consequences by their attorneys, and signs this Agreement of their own free will and with advice of counsel.

14. Third Party Beneficiaries

The Parties agree that this Agreement is by and between the Parties and/or their successors and assigns, and no third party is intended, expressly or by implication, to be benefited by this Agreement.

15. Amendment and Waiver

No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by all the Parties. No waiver of one provision of this Agreement shall be

deemed to constitute a waiver of any other provision(s), whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

16. Invalid Term

If any provision of this Agreement is declared or determined by any court of competent jurisdiction to be illegal, invalid or unenforceable, the legality, validity or enforceability of the remaining portions hereof shall not, in any way, be affected or impaired thereby.

17. Applicable Law

The parties understand and agree that this Agreement shall be governed by, and interpreted under, the laws of the State of California.

In the event of a dispute concerning the terms of this Agreement, the Parties expressly agree that the venue for any legal action shall be with the appropriate court in the County of Sacramento, State of California.

16. Arbitration

In the event a dispute shall arise between the parties regarding any aspect of this Agreement, it is hereby agreed that they will submit any such dispute to final and binding arbitration pursuant to the Arbitration Rules of the American Arbitration Association before a neutral arbitrator to be mutually selected by the parties.

In making an award, the arbitrator shall have no power to add to, delete from or modify this Agreement, or to enforce purported unwritten agreements or prior agreements, or to construe implied terms or covenants into the Agreement, the parties being in agreement that no such oral or implied terms or covenants or unwritten agreements or prior agreements are intended by them to remain enforceable, to the extent they may ever have been. In reaching his or her decision, the arbitrator shall adhere to the relevant law and applicable precedent and shall have no power to vary therefrom.

The award of the arbitrator shall be final and binding, provided, however, that in the event the arbitrator exceeds the powers or jurisdiction here conferred or fails to issue a decision in conformance herewith, it is specifically agreed that the aggrieved party may petition a court of competent jurisdiction to correct or vacate such award and that the arbitrator's act of exceeding his or her powers shall be grounds for granting such relief.

The parties shall share the expense of arbitration. The prevailing party to a dispute shall be entitled to reasonable attorneys fees. In the event a party fails to proceed with arbitration, unsuccessfully challenges the arbitrator's award, or fails to comply with arbitrator's award, the other party is entitled to costs of suit including reasonably attorney's fees for having to compel arbitration or defend or enforce the award.

17. Interpretation

All Parties warrant that they participated at arm's length in drafting this Agreement. The terms of this Agreement shall not be construed for or against any party by reason of authorship of this Agreement, but shall be construed in accordance with the meaning of the language used herein.

18. Additional Matters

Each party will execute, promptly upon request from another party, any further papers or documents not herein specifically mentioned which may be reasonably necessary to carry out the letter and spirit of this Agreement, and will do all things necessary to carry out and effectuate the terms and intent of this Agreement.

19. Effective Date of This Agreement

This Agreement, regardless of when executed, shall be deemed to be dated on or effective as of the 1st day of July, 2020, for those SPA Members joining at inception of SPA, or the 1st day of participation in the year that any subsequent SPA Member joins the SPA programs.

20. Identical Counterparts

This Agreement may be executed in identical counterparts, each of which shall constitute a duplicate original.

21. Headings

The headings contained herein are for the purpose of convenience only, and shall not be construed to limit or extend the meaning of the Agreement.

22. Authority to Execute

Each signatory to this Agreement warrants that he or she is authorized to enter into this Agreement on behalf of his or her principal.

****End of Agreement, Signature Page Follows****

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be properly executed as of the date hereinabove set forth.

SCHOOLS INSURANCE AUTHORITY, SPA Managing Member

By: _____ Date: _____

Title: _____

_____, SPA Member

By: _____ Date: _____

Title: _____

Item No: D.4.e.

GENERAL ADMINISTRATION**PROPERTY PROGRAM POLICY & PROCEDURE FOR PAYMENT ADVANCES &
CLAIMS PAYMENTS****ACTION ITEM**

ISSUE: Phil Brown, SIA, raised a question regarding the SPA retained layer. Payment is advanced for claims payments as common practice in the industry, once a proof of loss is submitted and not in dispute. The question is if SPA should adopt a similar policy and procedure for losses impacting the retained layer. These would impact only the SPA retained layer and the procedure of advancing payment to a member whose loss has penetrated the retained layer. This does not deal with the reinsurance layers.

RECOMMENDATION: SPA to review and confirm the handling of advance payments for losses impacting the retained layer of SPA.

FISCAL IMPACT: Will likely impact the timing of claims payments from the retained layer for SPA.

BACKGROUND: None.

ATTACHMENTS: None.

GENERAL ADMINISTRATION

PROPERTY PROGRAM VALUATION AND TREND FACTORS FOR FY 23/24

INFORMATION ITEM

ISSUE: The Program Administrators continue to monitor the property value trend factors used by underwriters to keep pace with inflation. Marshall and Swift is the leading provider of trend factors and have recommended a 19.01% real property increase as of the last quarter.

Marshall Swift Trend Factors as of July 2022: 19.01% Real 18.16% Contents
PRISM Property Trend Factors as of August 2022: 7.5% Real 7.5% Contents

RECOMMENDATION: Review and the Board provide direction regarding use of the trend factors for the SPA FY 23/24 property renewal for any locations that are not being appraised.

FISCAL IMPACT: Trending the values of insured property will tend to increase the premium, though perhaps not as much as the percentage increase in the values, given target premiums.

BACKGROUND: Members have requested an overview of the trend factors used to update the property values and an update on how those factors may impact the FY 22/23 property renewal. Duff and Phelps uses the M&S factors and trends the values at the end of the calendar year based on 4th quarter factors, as does the Alliant property program, APIP. The appraisals for Butte have been completed and values will be uploaded before the end of the year. D&P has confirmed they can complete all the assigned appraisals, except for SIA, by the end of calendar year 2022.

The appraised values will not need to be trended this year, though the properties not appraised will be subject to trending. The remaining appraisals will be uploaded when received without trending.

ATTACHMENT(S): None.

GENERAL ADMINISTRATION

GOVERNANCE – NOMINATIONS OF MANAGING MEMBER AND CHAIRPERSONS

ACTION ITEM

ISSUE: SPA is not a separate entity from its members; however, Section 3 of the SPA joint powers agreement does require the appointment of a Chairperson/Secretary as well as a Managing Member. The Schools Insurance Authority (SIA) has agreed to serve as the initial Managing Member and it is recommended that SIA's Executive Director be appointed as the Chairperson/Secretary for administrative ease.

RECOMMENDATION: Nominate and approve appointment of Managing Member, Chairperson as well as First and Second Vice Chairpersons via the attached Resolution.

FISCAL IMPACT: None.

BACKGROUND: SPA is being formed under CA Government Code Section 6500 *et seq.* as a partnership JPA. As provided in the joint powers agreement, SPA will not exist as a separate entity but rather serve as a vehicle for Contracted Services of the shared activities desired by the members. The Chairperson/Secretary acting through the Managing Member will implement the direction of the SPA Board to achieve SPA's goals.

The SPA JPA Agreement calls for the Board to appoint a Chairperson/Secretary but is silent regarding chairing meetings when that person is unavailable. The attached Resolution will establish a recognized order for chairing a meeting as needed.

ATTACHMENT(S): Resolution 22-02 Appointing Chairperson and Vice Chairpersons, *draft*

REFERENCE: JPA Agreement Section 3:

The Board of Directors shall hold an annual meeting at a date designated by the current Chairperson/Secretary, at which time the Board shall: (a) appoint a Chairperson/Secretary, who shall be from any Member then in current good standing, (b) set forth the strategic and operational plans for SPA's Members for the following 12 months, (c) establish the budget and allocated costs for the general administration of SPA by its Managing Member, (d) establish the budget and allocated costs, on a unanimous basis of the participating Members, for approved Contracting Activities, and (e) appoint/reappoint a Managing Member.

RESOLUTION 22-02**RESOLUTION APPOINTING MANAGING MEMBER AND DELEGATION OF CHAIRPERSONS**

WHEREAS, The Schools Program Alliance (SPA) Agreement requires an annual reappointment of a Managing Member and Chairpersons the Board of Directors does hereby appoint the following persons to the following elected position of Chairpersons, and determines the need to name Vice Chairpersons to the Board in order to chair meetings in the absence the Chairperson.

NOW THEREFORE, BE IT RESOLVED, that the Schools Program Alliance Board of Directors does hereby authorize the following Schools Program Authority or their successors in office shall be authorized to chair meetings effective immediately:

- Schools Program Alliance Managing Member – Schools Insurance Authority
- Schools Program Alliance Chairperson – Martin Brady
- Schools Program Alliance First Chairperson –
- Schools Program Alliance Second Chairperson –

I hereby certify that the foregoing is a full, true and correct copy of Resolution No. 22-02 duly and regularly adopted and passed at a regular meeting of the Board of Directors of the Schools Program Alliance held on the 12th day of September 2022, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

Martin Brady – SPA Chairperson

GENERAL ADMINISTRATION

NEWFONT BROKERAGE SERVICE AGREEMENT

ACTION ITEM

ISSUE: Renewal of SPA/Newfront Brokerage Services Agreement

RECOMMENDATION: It is recommended that the SPA Board of Directors consider the proposed renewal for 7/1/22 to 7/1/23 as well as discuss the proposed approach for July 1, 2023 and take action as appropriate.

FISCAL IMPACT: Not Applicable

BACKGROUND: Newfront Insurance (formerly ABD Insurance Services) has served as broker for the SPA Excess Liability Program since its inception on 7/1/2021. As outlined in the Brokerage Services agreement for last year (2021 – 2022) Newfront (ABD) was not compensated directly by SPA. Newfront was compensated, rather, via its separate Brokerage Service Agreements with Schools Insurance Authority (SIA) and the Bay Area Schools Insurance cooperative (BASIC).

As discussed previously, Newfront proposes the same compensation arrangement as last year. An updated Brokerage Services Agreement is attached containing the same terms and conditions as last year.

CCSA joined the SPA Excess Liability Program effective 7/1/2022. Newfront does not have a Brokerage Services Agreement with CCSA (CCSA is a client of Alliant) and so has received no compensation for its work relative to including and negotiating the SPA Excess Liability Program to include CCSA for this year.

The addition of CCSA this year was a late development and Newfront has completed this work as a courtesy to SPA and its partnership with Alliant. Newfront would like, however, to propose an alternative compensation arrangement for next year (2023 – 2024) and will include a draft proposal at an upcoming SPA Board meeting.

ATTACHMENTS: SPA/Newfront Brokerage Service Agreement for 7/1/2022 to 7/1/2023.

ABD INSURANCE & FINANCIAL SERVICES, INC. dba: NEWFRONT
BROKERAGE SERVICE AGREEMENT

This Agreement is entered into this 1st day of July 2022 (Effective Date") by and among ABD Insurance & Financial Services, Inc. dba: Newfront (Newfront) located at 1435 North McDowell Blvd. Suite #320, Petaluma, CA 94954 and Schools Program Alliance (SPA) ("Client"), located at 9800 Old Placerville Rd., Sacramento, CA 95827.

WHEREAS, Client has appointed Newfront as its broker of record for Client's Excess Liability Insurance Program,

SECTION 1. INSURANCE BROKERAGE SERVICES

SCOPE OF SERVICES

On behalf of SPA, Newfront agrees to perform the following services:

1. Meet and confer with SPA's Board of Directors to review and update the Excess Liability Program from a standpoint of claims, administration and excess coverage.
2. Meet with SPA's Board of Directors and its members to discuss coverage, rates and other matters that arise from its Excess Liability program.
3. Develop and recommend policies and procedures in such areas as necessary to provide for the efficient operation of SPA's Excess Liability program.
4. Issue Certificates of Insurance for all SPA members as requested annually and on demand.
5. Assist in the preparation of reports required by actuaries and underwriters relating to SPA's Excess Liability program.
6. Represent SPA to insurance carriers and/or other risk sharing or risk transfer alternatives to market and negotiate contracts, rates, coverage and fees as directed by SPA.
7. Act as an advocate for SPA in various areas including, but not limited to, coverage issues, damage valuation, loss negotiations, and attendance at meetings, as needed.
8. Monitor the financial strength of the insurer(s) providing Client's coverages and inform Client if the A.M. Best rating of such insurer(s) is reduced below 'A-".
9. Provide periodic forecasts & updates to the State of the Market.

The above-referenced services shall be rendered by Newfront to SPA pursuant to the terms of this Agreement. Any additional services requested by SPA shall be negotiated by the parties under separate written agreement.

SECTION 2. RESPONSIBILITIES OF THE PARTIES

- 2.1 Both parties hereto acknowledge and agree that Newfront, in performing its obligations herein, will act solely in a consultative capacity for Client. Newfront shall undertake its obligations hereunder as directed by Client and shall at no time exercise any discretionary authority or control respecting the management of the insurance benefits or monitoring of the accounts. On all matters involving the exercise of discretion, Newfront shall seek direction from Client.

- 2.2 The Client has the responsibility for providing Newfront with appropriate and accurate information as well as complying with all governmental and other requirements. Newfront's services are not intended to provide tax, legal or accounting advice.
- 2.3 Newfront can be relied upon to disclose errors, irregularities or illegal acts, including fraud or falsifications that may exist in the administration of the insurance benefits. Newfront is not liable for any actions taken or not taken, as directed by or caused by actions of the Client except to the extent losses or damages arise from Newfront's negligence, willful misconduct or breach of this Agreement.
- 2.4 The Client will be responsible for any late fees charged by the insurance carrier, unless it is due to willful misconduct or negligence on the part of Newfront.
- 2.5 Newfront may request information from Client such as general questions related to claims activity. Client acknowledges that the timeliness of information provided to Newfront for the purpose of evaluating and/or placing coverage is critical to the successful outcome of Newfront consulting services.

SECTION 3. COMPENSATION

During this year of the SPA Excess Liability Program, Newfront will not be compensated directly by SPA. Newfront will be compensated, rather, via its separate Brokerage Service Agreements with Schools Insurance Authority (SIA) and the Bay Area Schools Insurance cooperative (BASIC).

Contingent, supplemental, or bonus commissions

In its normal course of business some of the insurance companies Newfront represents may pay it additional incentive commission, sometimes referred to as contingent, supplemental or bonus commissions. Newfront hereby agrees that it will not accept any such contingent or bonus commission on the lines of insurance coverage subject to this Agreement.

Miscellaneous sources of compensation

In addition to the foregoing, Newfront may also receive income from the following sources: Interest earned on premiums received from you and forwarded to the insurance company through Newfront's bank account. Payments from insurance companies to defray the cost of services provided for them, including advertising, training, certain employee compensation, and other expenses Vendors and/or services providers.

In the event there is a significant change in Client operations which affects the nature and scope of its insurance requirements, the parties agree to renegotiate Newfront's compensation as appropriate.

SECTION 4. TERM

The term of this agreement shall be for one (1) year from the Effective Date and shall terminate on July 1st, 2023. Thereafter, the term may be extended by mutual written agreement of the parties. In the event of termination, Newfront will assist Client in arranging a

smooth transition process. However, Newfront's obligation and the obligation of its affiliates to provide services to Client will cease upon the effective date of termination, unless otherwise agreed in writing.

Notwithstanding the terms of this Agreement, either party shall have the right to terminate this Agreement upon 60 days' prior notice to the other. In the event of termination by the Client prior to expiration, Newfront's annual compensation will be deemed earned according to the following schedule:

- a) If this Agreement is terminated within the first 4 months of each annual term, Newfront shall receive 60% of the annual fees as outlined in section 4.
- b) If this Agreement is terminated within the 4-7 months of each annual term, Newfront shall receive 75% of the annual fees as outlined in section 4.
- c) If this Agreement is terminated within the first 7 months of each annual term, Newfront shall receive 100% of the annual fees as outlined in section 4.

SECTION 5. INDEMNIFICATION AND INSURANCE

Newfront agrees to defend, indemnify and hold harmless Client from and against any and all losses, judgments, damages, costs and expenses (including, but not limited to, reasonable attorneys' fees, court costs and costs of settlement) which directly result from or arise out of any breach by Newfront of any of its representations, warranties, covenants or obligations in this Agreement or its negligent acts or omissions in carrying out this Agreement.

Client shall notify Newfront by registered mail of the existence of any such action, claim or demand giving rise to a claim for indemnity under this paragraph in writing of the same within thirty (30) days of receipt of such written assertion of a claim or liability; provided, however, the failure to give such notice shall affect Newfront's obligations hereunder only to the extent that Newfront is materially prejudiced by such failure. Newfront shall not, without the prior written consent of Client, settle or compromise any claim or consent to the entry of any judgment without the consent of Client.

All indemnifications made by the parties shall survive the termination of this Agreement.

Newfront agrees to use its reasonable best efforts to cooperate in the investigation, mitigation, defense, and settlement of any third-party claim subject to this Section 5 and to permit the cooperation and participation of the Client in any such claim or action, including the sharing of legal counsel where practicable. Newfront agrees to promptly notify the Client of the occurrence of any indemnified event or material developments or amounts due respecting any indemnified event.

Insurance: Newfront shall procure and maintain (to the extent available on reasonable terms) the following minimum insurance coverages at all times due the term of this Agreement. Upon request, Newfront shall provide certificates of insurance to SPA.

Workers' Compensation: Newfront shall procure and maintain at all times during the performance of this Agreement Workers' Compensation Insurance in conformance with the laws of the State of California and federal laws where applicable.

Bodily Injury, Death and Property Damage Liability Insurance. Newfront shall procure and maintain at all times during the performance of this Agreement General Liability Insurance in the amount of Two Million Dollars (\$2,000,000) per occurrence and shall also include SPA as an additional insured as respects its operations and Automobile Liability in the amount of Two Million Dollars (\$2,000,000) each occurrence.

Fidelity Insurance. Newfront shall procure and maintain at all times during the performance of this Agreement Fidelity Insurance in an amount no less than One Million Dollars (\$1,000,000) combined single limits per occurrence.

Professional Liability Insurance. Newfront shall procure and maintain at all times during the performance of this Agreement Professional Liability Insurance with a limit of liability of One Million Dollars (\$1,000,000) for any one claim.

SECTION 6. MISCELLANEOUS

6.1 Notice. All written notices, demands and requests of any kind which either party may be required or may desire to serve upon the other party hereto in connection with this Agreement shall be delivered only by courier or other means of personal service which provides written verification of receipt or by registered or certified mail return receipt requested (each, a 'Notice'). Neither party will be bound by any Notice unless and until it is received in writing at its mailing address:

ABD Insurance & Financial Services, Inc. dba: Newfront
777 Mariners Island Blvd., Suite #250
San Mateo, CA 94404

Client shall not be bound by any notice, directive or request unless and until it is received in writing at its primary place of business located at:

Company Name	Schools Program Alliance
Company Address	9800 Old Placerville Rd., Sacramento, CA 95827
Phone Number	916-364-1281
Mobile Number	
Email Address	mbrady@sia-jpa.org
Attn:	Martin Brady
Title	Managing Member

6.2 California Law. This Agreement will be governed by and construed in accordance with the laws of the State of California without regard to its conflicts of laws rules.

6.3 Mediation. In the event a dispute shall arise between the parties to this Agreement, the parties agree to participate in good faith mediation proceedings with a mediator selected by agreement of the parties. The parties agree to share equally in the costs of the mediation. The mediation shall be administered by a licensed member, in good standing of the State Bar of California.

6.4 Arbitration. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by binding arbitration in Sutter County, California in

accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. There shall be a single arbitrator selected by agreement of the parties, or if they fail to agree on the selection of the arbitrator within 10 days of notice of intent to arbitrate from one party, then by the American Arbitration Association.

- 6.5 Integration: Amendment This Agreement and the related Exhibits constitutes the entire understanding of the parties with respect to all subject matters covered by this Agreement. This Agreement supersedes and replaces all prior agreements, whether written or oral, regarding such matters. This Agreement cannot be modified except by a written agreement signed by both parties.
- 6.6 Severability. If one or more of the provisions contained in this Agreement is held invalid, illegal or unenforceable in any respect by any court of competent jurisdiction, such holding will not impair the validity, legality, or enforceability of the remaining provisions herein.
- 6.7 Headings. The headings in this Agreement are used for convenience of reference only and shall not affect the interpretation of the provisions.
- 6.8 Non -Waiver. Failure or delay on the part of any party to exercise any right, remedy, power or privilege hereunder will not operate as a waiver thereof. No waiver will be effective unless it is in writing and signed by the party granting such waiver and shall not operate to waive any subsequent breach or default.
- 6.9 Force Majeure. No party shall be considered in breach of its obligations hereunder, including, but not limited to, delivery delays due to any failure of its performance of this Agreement, should such failure arise out of causes beyond the reasonable control of and without the fault or negligence of that party. Delays in delivery due to events beyond a party's reasonable control shall automatically extend the delivery date for a period equal to the duration of such events.
- 6.10 Hiring of Personnel. Client and Newfront agree not to solicit, hire for employment, retain or use the services of, either directly or indirectly, any person employed by the other party at any time during the term of this Agreement, for the term of this Agreement and a twelve (12) month period following its expiration or termination without prior written consent of the other party.
- 6.11 Assignment. Client may not assign either this Agreement or any of its rights, interests, or obligations hereunder, or any of its rights, interests or obligations under any document delivered pursuant to this Agreement (except as may be specifically provided for in any such document), without the prior written approval of Newfront.
- 6.12 Confidentiality. Both parties will maintain the confidence of any information received or produced pursuant to this Agreement. In the event either party is served with legal process requiring disclosure of such information, the receiving party will immediately notify the other party prior to release of any information to determine the response to be made to such legal process. Newfront and SPA shall maintain the confidentiality of data

and information gathered, delivered and/or exchanged. Upon the termination or expiration of the agreement, Newfront agrees to return the Proprietary information.

Books and Records – Ownership of Records:

- A) Records related to the services provided under this Agreement shall be the property of Client. However, Newfront shall be entitled to keep a copy of such files and documents as may be necessary to demonstrate its performance under this Agreement.
- B) In the event of the expiration or termination of this Agreement, Newfront shall return all files to Client except as may otherwise be agreed to, in writing, between Newfront and Client.

CLIENT NAME: Schools Program Alliance (SPA)

Signature and Date Required

X _____
Martin Brady
Managing Member

ABD Insurance & Financial Services, Inc. dba: Newfront

Signature and Date Required

X _____
Mark Stokes
Executive Vice President

GENERAL ADMINISTRATION

DISCUSSION OF POLICIES AND PROCEDURES, ROLES AND RESPONSIBILITIES AND STANDING COMMITTEES/TASK GROUPS

INFORMATION ITEM

ISSUE: What additional needs does SPA have for policies, procedures, administration or direction regarding key operational or strategic issues?

Item No: D.4.j.

GENERAL ADMINISTRATION

**EMERGING RISKS AND POTENTIAL
FOR SPA TO SUPPORT MEMBERS**

INFORMATION ITEM

ISSUE: Time is reserved to discuss emerging risks and how SPA may support members in dealing with them or other risks that need more focused attention.

Item No: D.4.k.

GENERAL ADMINISTRATION

KYND CYBER

INFORMATION ITEM

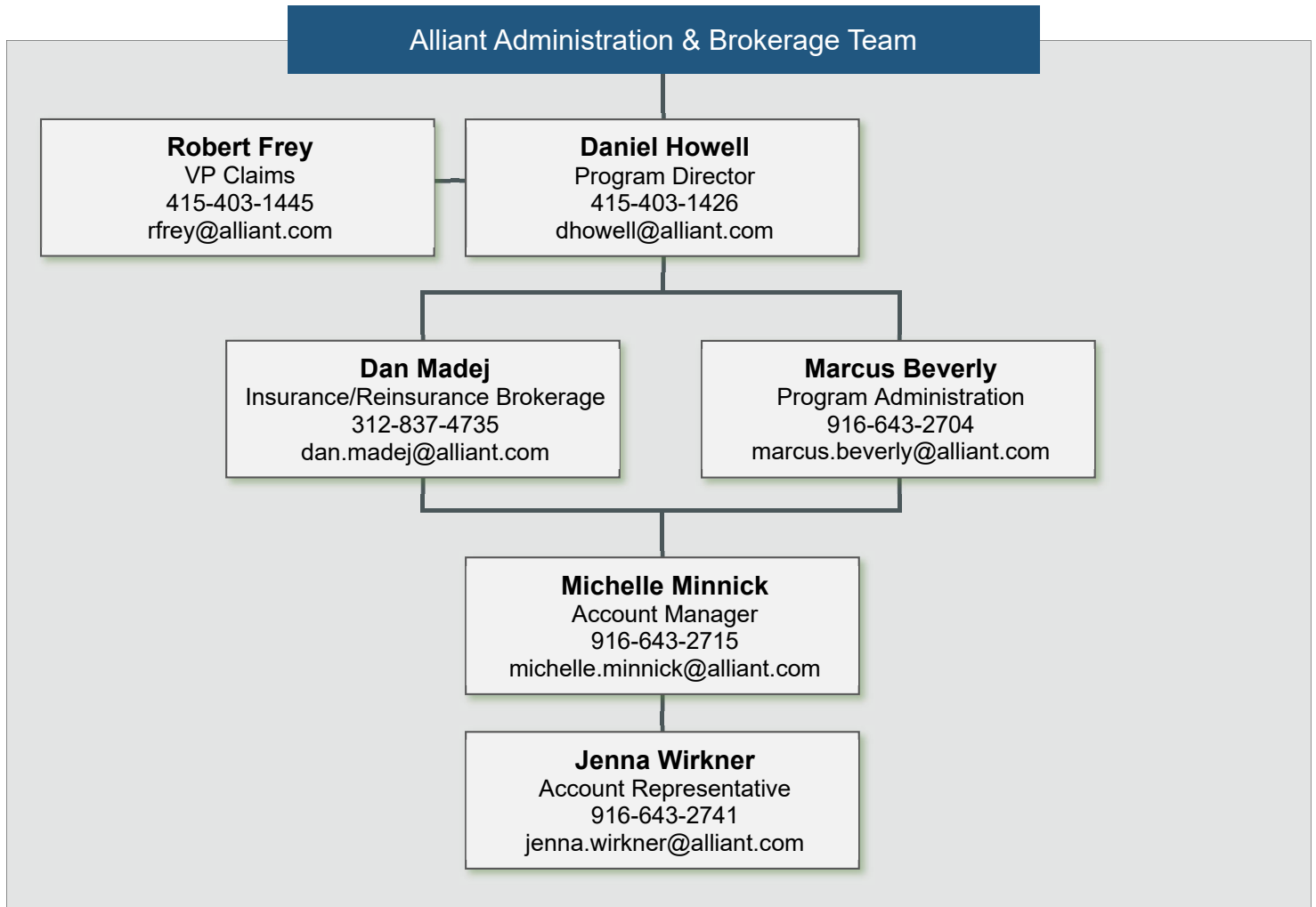
ISSUE: Ben Duffy from KYND will provide the Board with an update regarding the status of the cyber landscape.

SPA COMMITTEE AND STAFFING

SPA PROGRAM STAFF

INFORMATION ITEM

ISSUE: SPA members are provided the organization chart below and a listing of the key contacts for assistance in specific areas for information and future reference.



SPA Key Contacts:

- Program Administration – Agendas, compliance, documents: Marcus Beverly, Michelle Minnick, Dan Howell
- Insurance/Reinsurance – Rating allocations, technical Coverage discussions: Dan Madej, Dan Howell
- Certificates, Invoices, Coverage Documents – Michelle Minnick, Jenna Wirkner
- Claims – Discussion after following reporting process: Bob Frey, Dan Howell

SPA is a Partnership of California Public Entity Joint Powers Authorities

Item No: F.1

NEW PROGRAM AND/OR SERVICES

**IDEAS FOR CREATION OR MODIFICATION OF
SPA PROGRAMS AND/OR SERVICES**

INFORMATION ITEM

NEW PROGRAM AND/OR SERVICES

**PROJECTS TO BE INCLUDED IN THE
FY 22/23 SPA LONG RANGE ACTION PLAN**

INFORMATION ITEM

Item No: G.

**REVIEW OF MEETING DISCUSSION AND IDENTIFICATION OF
ITEMS FOR SPA LONG RANGE ACTION PLAN**

ACTION ITEM

ISSUE: At this time, the Board will review the meeting's discussions and identify items that will be more fully developed in a Long Range Action Plan for adoption at a future SPA Board meeting.

RECOMMENDATION:

FISCAL IMPACT: The Fiscal Impact cannot be determined at this time.

BACKGROUND: The September 12-13, 2022 Long Range Planning meeting was held by the SPA Group. Members provided comments and direction to Program Administration over the course of the two day meeting.

ATTACHMENTS: None.