

Per Government Code 54954.2, persons requesting disability related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact Michelle Minnick at Alliant Insurance at (916) 643-2715 twenty-four (24) hours in advance of the meeting. The Agenda packet will be posted at each member’s site. Documents and material relating to an open session agenda item that are provided to the SPA members less than 72 hours prior to a regular meeting will be available for public inspection and copying at 2180 Harvard Street, Suite 460, Sacramento, CA 95815. Access to some buildings and offices may require routine provisions of identification to building security. However, SPA does not require any member of the public to register his or her name, or to provide other information, as a condition to attendance at any public meeting and will not inquire of building security concerning information so provided. See Government Code section 54953.3.

DATE/TIME: DAY 1 - August 30, 2021 at 11:00 AM – 5:00 PM PDT
 DAY 2 - August 31, 2021 at 8:00 AM – 11:30 AM PDT

LOCATION: Best Western Sonoma Valley Inn, 550 2nd St W, Sonoma, CA 95476

VIDEO CHAT: DAY 1
<https://alliantinsurance.zoom.us/j/93041319623?pwd=elUxR2FmeFNkV1JlB09WWUNMeHJCZz09>
 DAY 2
<https://alliantinsurance.zoom.us/j/91378688435?pwd=ME1QcHJwUlhQWkJSUFJWkZkNWRCQT09>

Teleconference: 888-475-4499 (Toll Free) or 877-853-5257 (Toll Free)

Meeting ID: DAY 1 - 930 4131 9623
 DAY 2 - 913 7868 8435

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is asked to take action on the consent calendar items as a group, except that a member may request that an item be withdrawn from the Consent Calendar for discussion and action.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 August 2, 2021 | A | <i>p. 5</i> |
| 2. | Conflict of Interest Code | A | <i>p. 9</i> |

D. Topics for Discussion

- | | | | |
|-----------|--|--|--------------|
| 1. | Potential Shared Services | | |
| | a. Learning Management System (LMS) Shared Procurement | | <i>p. 12</i> |
| | b. Enhanced Loss Control Services for Property Inspection | | <i>p. 13</i> |
| | <i>Fireline Defense, HSB, Infrared/Drones</i> | | |

2. Coverage Program Reviews, Development and Marketing	<i>p. 28</i>
a. Liability Program	
b. Property, APD & Terrorism Program	
c. Active Shooter Coverage/Alliant Deadly Weapons Response Program	
d. Alliant Connect Property Schedules & Vehicle Schedules	
e. New Member Marketing	
3. Financial Report	
a. Financials as of June 30, 2021	<i>p. 29</i>
b. Ownership of Funds in the Retained Layer	<i>p. 33</i>
c. Property Program Retained Layer Funding	<i>p. 34</i>
d. Administration of Property Program	<i>p. 36</i>
e. Administration of Liability Program	<i>p. 37</i>
4. Property Program Loss Control Allocation	<i>p. 38</i>
5. General Administration	
a. SPA FY 21/22 Board Meeting Schedule	<i>A p. 42</i>
<i>The Board will set the schedule of meetings for the remainder of FY 21/22.</i>	
b. Discussion of Policies and Procedures, Roles and Responsibilities and Standing Committees/Task Groups	<i>p. 43</i>
<i>The Board will discuss & consider whether additional policies and procedures, defined roles and responsibilities, and standing committees/task groups are needed..</i>	
c. Emerging Risks and Potential for SPA to Support Members	<i>p. 44</i>
<i>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.</i>	

E. SPA Committee and Staffing

1. SPA Program Staff	<i>p. 45</i>
<i>The Committee will review the current JPA Administration staffing roster.</i>	

F. New Programs and/or Services

1. Ideas for Creation or Modification of SPA Program and/or Services	<i>p. 46</i>
<i>The Committee will discuss ideas for creation or modification of SPA programs and/or services.</i>	

2. Projects to be Included on the FY 21/22 SPA Long Range Action Plan

p. 47

The Committee will finalize its recommendations of projects to be included on the FY 21/22 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, August 31, 2021 at the Best Western Sonoma Valley Inn, 550 2nd St W, Sonoma, CA 95476. If you have questions regarding the agenda package, please contact:

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

Item No: C.

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 August 2, 2021
2. Conflict of Interest Code

SCHOOLS PROGRAM ALLIANCE

August 2, 2021 Teleconference Meeting Minutes

Members Present:

Butte Schools Self-Funded Programs (BSSP)	Christy Patterson
North Bay Schools Insurance Authority (NBSIA)	Janet Selby
North Bay Schools Insurance Authority (NBSIA)	Brandon Schlenker
Redwood Empire Schools Insurance Group (RESIG)	Rose Burcina (late)
Redwood Empire Schools Insurance Group (RESIG)	Steven Fields
Redwood Empire Schools Insurance Group (RESIG)	Sandy Manzoni
Schools Insurance Authority (SIA)	Debrah Sherrington
Schools Insurance Authority (SIA)	Brooks Rice
Schools Insurance Group (SIG)	Cindy Wilkerson
Schools Insurance Group (SIG)	Nancy Mosier

Consultants & Guests

Dan Madej, Alliant Insurance Services	Jim Wilkey, ABD
Michelle Minnick, Alliant Insurance Services	Mark Stokes, ABD
Marcus Beverly, Alliant Insurance Services	Ryan Telford, AmWins
Jaesa Cusimano, Sedgwick	Chris Tambo, AmWins

A. CALL TO ORDER, ROLL CALL, QUORUM

Mr. Martin Brady called the meeting to order at 11:01 a.m. The above-mentioned members were present constituting a quorum.

B. APPROVAL OF AGENDA AS POSTED

It was requested that the Board review Item F.3. first.

A motion was made to approve the Agenda as posted, with the move of Item F.3.

MOTION: Janet Selby

SECOND: Christy Patterson

**MOTION CARRIED
UNANIMOUSLY**

***NOTE: Steven Fields is the voting member of RESIG for this motion.**

C. PUBLIC COMMENT

There were no public comments.

D. CONSENT CALENDAR

1. Minutes of SPA Board Meeting June 7, 2021
2. Gilbert 2021 Audit Engagement Letter

It was noted that Chris Spencer did not attend the June 7, 2021 meeting.

A motion was made to approve the Consent Calendar with the revision as noted.

MOTION: Christy Patterson

SECOND: Janet Selby

MOTION CARRIED

UNANIMOUSLY

E. ADMINISTRATIVE REPORTS**1. Alliant Update**

We have the revised Conflict of Interest code for comments and will be presented on the August agenda for final approval. Dan Howell also requested that members confirm the rooming list for the August LRP meeting.

F. GENERAL ADMINISTRATION

The Board requested to review Item F.3. at this time.

F.3. Property MOC

Dan Madej provided the Board with a brief review of the changes that have been incorporated into the FY 21/22 Property MOC. He noted that the Auto Acquisition threshold has dropped from \$50M in FY 20/21 to \$25M in FY 22/23 and now anything that exceeds that amount will be charged additional premium and will be reviewed on a quarterly basis as Underwriters will now review the additions and consider coverage. After a discussion it was noted the \$25M applies to any one acquisition (site level). Dan Howell noted that Underwriters have reserved the right to underwrite if a COC project will exceed \$25M and if members are anticipating adding any new locations that will exceed this threshold they were encouraged to reach out to the Alliant Staff to determine the best avenue to pursue coverage.

A motion was made to accept the Property MOC.

MOTION: Janet Selby

SECOND: Rose Burcina

MOTION CARRIED

UNANIMOUSLY

F.1. Loss Control Update

Marcus Beverly provided a review of the recent loss control efforts including wildfire risk mitigation efforts and noted that XMR Fire is still completing reports for their recent visits. Members were provided with a review of the sample report from Industrial Emergency Council

(IEC) as well as information about Fireline Defense, which could be another resource available to members. Marcus requested that members consider locations they would like be reviewed in the next round of visits. After a discussion regarding the FY 20/21 Loss Control Funds it was requested that the Board bring this back at the Long Range Planning meeting for a more robust discussion of the FY 21/22 Loss Control Funds.

A motion was made to determine the remaining balance of Loss Control funds from FY 20/21 which will be allocated to SPA members based on pro rata share (based on TIV) for use with their members for Wildfire assessments through any of the three providers (XMR Fire, IEC, Fireline Defense).

MOTION: Janet Selby

SECOND: Rose Burcina

**MOTION CARRIED
UNANIMOUSLY**

F.2. Long Range Planning Topics

Marcus Beverly noted that the Long Range Planning meeting is coming up at the end of the month and provided the Board with a list of potential topics for the meeting. It was mentioned that members are seeing different requests from their members (low income residential housing for teachers) and it was suggested to have an Emerging Risks for Members item. Another topic of exposure management and data collection was suggested for the LRP and if Alliant Connect could be utilized to help as well as how we are collecting data and the amount of detail that is needed to capture changes throughout the year.

A motion was made to approve the list of topics for the planning meeting as presented with the addition of the Emerging Risk topic, sharing of stories for marketing and underwriting purposes and exposure collection and the use of Alliant Connect.

MOTION: Janet Selby

SECOND: Rose Burcina

**MOTION CARRIED
UNANIMOUSLY**

G. INFORMATION ITEMS AND DISCUSSION

Marcus Beverly noted that the website is almost up and running.

H. ADJOURNMENT

A motion to adjourn was made at 12:20 P.M.

MOTION: Christy Patterson

SECOND: Rose Burcina

**MOTION CARRIED
UNANIMOUSLY**

The meeting was adjourned at 12:20 A.M.

NEXT MEETING DATE: Monday August 30, 2021 11 A.M.



Schools Program Alliance

c/o Alliant Insurance Services

Corporation Insurance License No. 0C36861

2180 Harvard Street, Suite 460, Sacramento, CA 95815

Respectfully Submitted,

Martin Brady, Secretary

Date

DRAFT

**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.

POTENTIAL SHARED SERVICES

LEARNING MANAGEMENT SYSTEMS (LMS) PROCUREMENT

INFORMATION ITEM

ISSUE: Members have asked to place this topic on the agenda for discussion to determine if SPA can be a vehicle to assist member JPA's in procuring and administering an LMS

RECOMMENDATION: None – for discussion and possible direction.

FISCAL IMPACT: None expected from this item – possible cost savings from joint purchase.

BACKGROUND: SPA members are interested in expanding the benefits of joining together to share costs and risk exposures.

The Program Managers have reviewed resources regarding the topic and offer the following to assist in the discussion.

Reviews of LMS: <https://www.softwareadvice.com/lms/>

For any business looking to improve its LMS procurement process and find a learning platform that delivers on all its promises, there are five key steps to follow.

1. Recognize that your business needs will change, and this could happen sooner than you think. This means reframing your procurement requests to favor flexibility, not features.
2. Look for solutions that offer open access to the software code, meaning you have the freedom to innovate. This empowers you to support customization, integrations, and functional extensions as required by your organization.
3. Opt for a platform with multiple different support vendors available. This means you're not reliant on a single vendor; if they went bust tomorrow, you could simply transfer your LMS to another provider, giving you the freedom to choose.
4. Ensure you receive a clear and detailed understanding of the Total Cost of Ownership (TCO) of the learning platforms you're considering. Finding out how each will cater and respond to short-notice changes will give you the freedom to save.

Consider running a paid-for discovery phase with your shortlisted vendors (no more than three). While this is an upfront investment, you are far more likely to verify and change your requirements and find both the right LMS and the right vendor based on this experience—ultimately making this a cost-saving step

ATTACHMENTS: None

Item No: D.1.b.

POTENTIAL SHARED SERVICES

ENHANCED LOSS CONTROL SERVICES FOR PROPERTY INSPECTION

INFORMATION ITEM

ISSUE: Members are encouraged to share suggestions for additional loss control services.

RECOMMENDATION: Review, discuss and provide suggestions and direction for additional loss control services.

FISCAL IMPACT: None anticipated from this item. Annual budget is \$200,000.

BACKGROUND: SPA members continue to work together to share resources for loss control services.

Wildfire - while we will continue to research and recommend services related to wildfire mitigation, focus may shift to follow up to see if recommendations have been completed and/or assist in completion. Should SPA contract with a service to complete the recommendations? Enough staff and motivation at the District level to do themselves?

Note the City of San Rafael is advertising for a Defensible Space Program Manager - Wildfire Team. <https://www.calopps.org/san-rafael/job-20151351> .

Web Resources - go to the RESIG “Be Wildfire Ready” page: <https://resig.org/wildfire/>

We are considering case studies of locations that survived wildfire to highlight the effectiveness of implementing defensible space recommendations.

Other property loss control services for the Board to consider:

Thermographic Inspection Services – SIA district has requested and in process of arranging.

Drone Inspections – Florida pool uses drones for thermography and general risk management

ATTACHMENTS: None



Fireline Defense, LLC

1. Established in 2020
2. Professional California Firefighters
 - Spenser Nail, Chief Executive Officer (CEO)
 - Justin Sentak, Chief Consulting Officer (CCO)
3. General Contractor
 - Nate Simiele, Chief Building Officer (CBO)
4. Veteran Utility Risk Manager
 - Dan Delac, Consultant and Business Development

Spenser Nail, Chief Executive Officer (CEO)

Entrepreneurial visionary of Fireline Defense, LLC

Four years professional CA firefighter (CALFIRE)

Four years Technical Rescue Specialist

B.S. Fire Protection Administration - CSULA

A.A. Bus. Admin & A.A. Comm Studies - Cerritos College

A.S. Fire Technology - Rio Hondo College

Life was saved as a two-year-old by a firefighter

Physical inspections/consultations in the field (FD LLC)



Justin Sentak, Chief Consulting Officer (CCO)

Originator of Fireline Defense Index (FDI) - score system

Seven years CALFIRE- fire apparatus engineer

Crew leader - defensible space inspections (CALFIRE)

Crew leader - vegetation management (CALFIRE)

A.S. Degree Fire Science Technology, Mendocino College

Four years U.S. Navy - crash and salvage squad leader

Physical inspections/consultations in the field (FD LLC)



Nate Simiele, Chief Building Officer (CBO)

Licensed California Class B Contractor

Eighteen years commercial & residential construction

Four years design/installation of radon detection systems

Volunteer I-TEC (International Technical Electrical Construction)
(Install Modular Solar Systems)

Energy systems and power lines in third world areas (Africa, Haiti)

A.A. Business Administration, Northwest Iowa Community College

Physical inspections/consultations in the field (FD LLC)



Dan Delac, Consultant & Business Development

Interface with public agencies and insurance industry

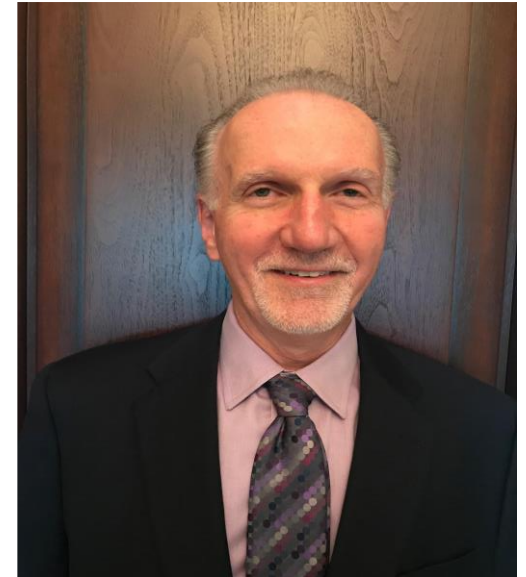
Thirty-eight years public agency risk management experience

Risk Manager of a \$1.8B publicly-owned electric utility

Manages all underwriting and claims functions

\$26M annual budget of property/casualty insurance programs

Specialist in wildfire mitigation and differentiation of insurable wildfire risks



Mission

FIRELINE DEFENSE, LLC *identifies wildfire risk and loss mitigation measures* for residential, commercial, and institutional properties.

1. Performs field inspections to identify specific wildfire hazards
2. Assigns numeric risk scores using Fireline Defense Index (FDI)
3. Recommends specific risk mitigation measures
4. Re-evaluates properties after mitigation, to provide new FDI ratings

Manageable Wildfire Risk Hazards

1. Fuels adjacent to or leading up to structures
2. Structures upslope or mid-slope from vegetation
3. Unmanaged vegetation on-site
4. Ladder fuels and tree crown proximity
5. Fire and ember access into the structures

Wildfire Risk Mitigation Techniques

1. Enhance defensible space
2. Reduce/manage fuel
3. Harden structures using fire resistive designs and materials
4. Establish proactive exterior fire suppression systems

On-Site Consultations

1. Performed by professional firefighters trained by Fireline Defense
2. More advanced than other defensible space inspection programs
3. Fireline Defense consultation reports identify:
 - a. Property type, location, address
 - b. Specific wildfire hazards in writing and with photos
 - c. Wildfire hazard FDI scores
 - d. Risk mitigation recommendations

Proprietary Wildfire Risk Score System

1. Proprietary Fireline Defense Index (FDI)
2. Each hazard is assigned points based on severity of wildfire risk
3. The higher the FDI score, the better the risk
4. Post-mitigation scores demonstrate reduced risk

On-Line App Used by Field Inspectors



Fireline Defense Index (FDI) - Ac... Submit

Accessibility

Would you feel safe staying to defend this structure as a firefighter?

Street names and numbers are clearly marked or reflective.

Multi Photo


Long Text

Address is not viewable from street. >

Driveway complies with county or jurisdictional codes and is at least 12ft wide x 15ft high clearance.

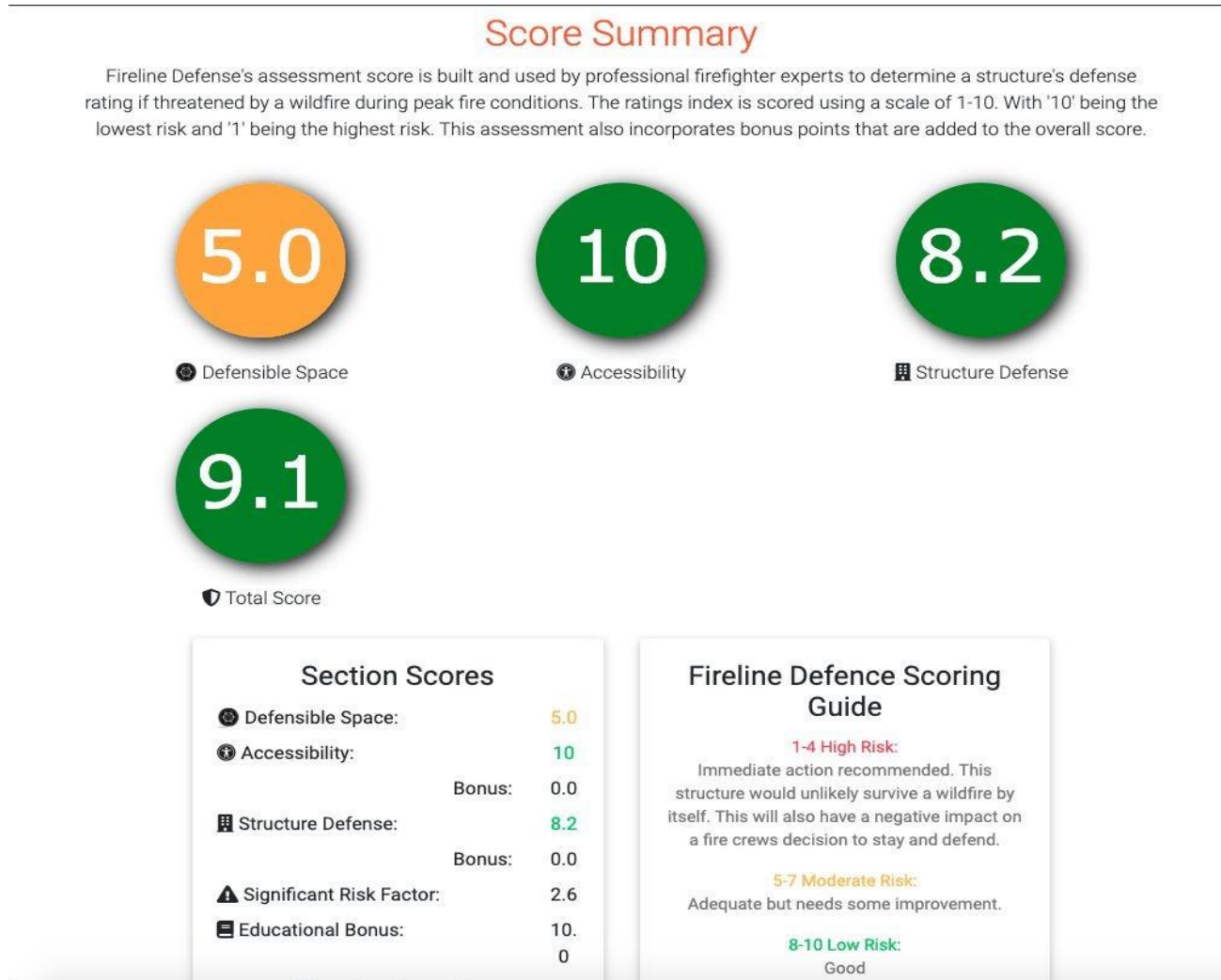
Water resource is greater or equal to 500 gallons within 500ft of structure.

Multi Photo

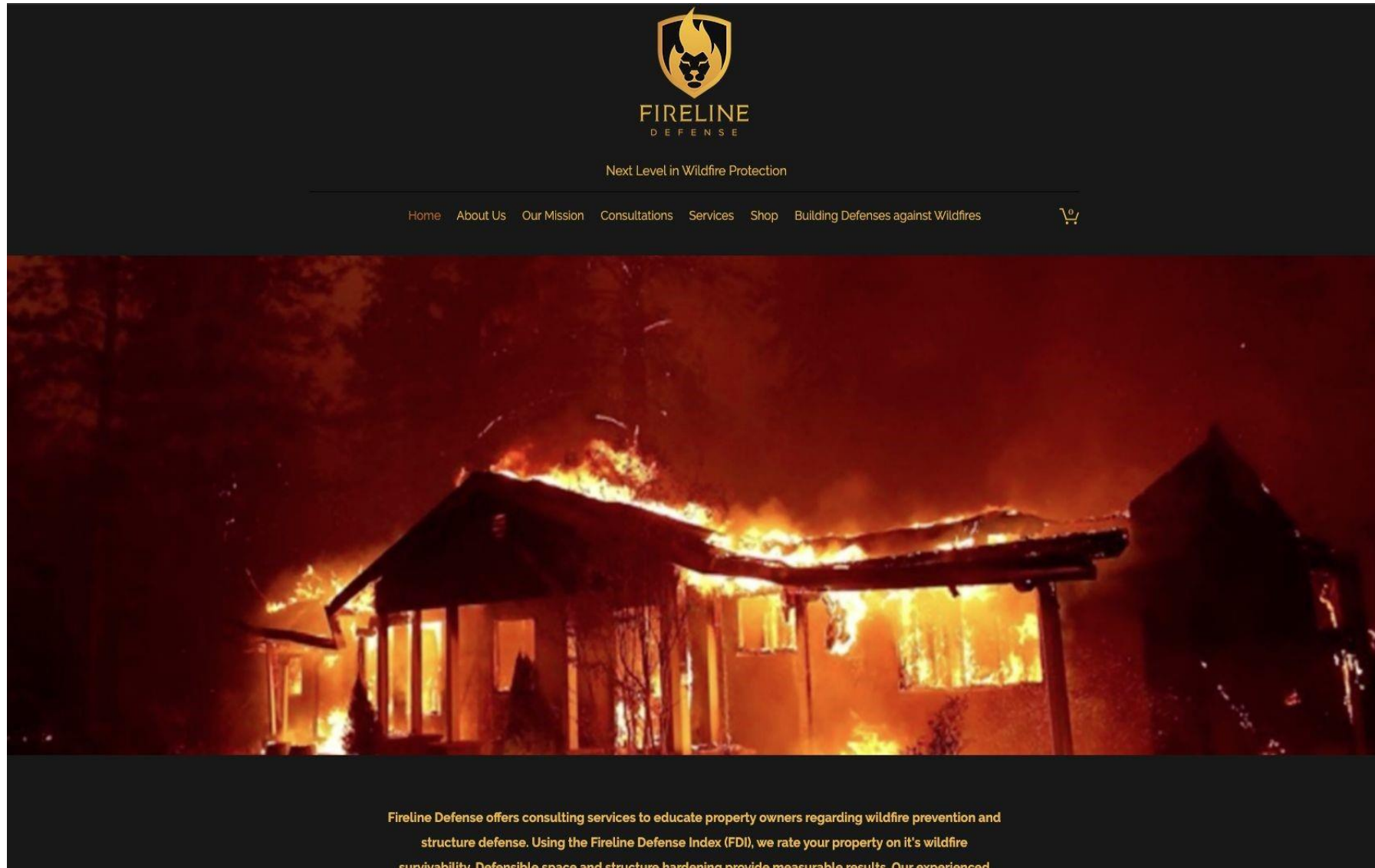


Index Verify Prev Next

Inspection Reports Include Numeric Scores



www.firelinedefense.com



Item No: D.2.

COVERAGE PROGRAM REVIEWS, DEVELOPMENT, AND MARKETING

ACTION ITEM

- a. Liability Program**

- b. Property, APD & Terrorism Program**

- c. Active Shooter Coverage/Alliant Deadly Weapons Response Program**

- d. Alliant Connect Property Schedules & Vehicle Schedules**

- e. New Member Marketing** - Approach to identify, contacting and admitting new members

Item No: D.3.a.

FINANCIAL REPORT

FINANCIALS AS OF JUNE 30, 2021

ACTION ITEM

ISSUE: The Board is presented the financial reports as of June 30, 2021 for review and reference for the remaining Financial Report Items.

RECOMMENDATION: None – this is for reference to support the discussion of additional topics in the financial report.

FISCAL IMPACT: None.

BACKGROUND: SIA is providing the financial accounting services to the SPA Property Program at a budgeted cost of \$75,000 per year.

ATTACHMENTS: SPA Financial Reports as of June 30, 2021, *draft*

**SCHOOLS PROGRAM ALLIANCE
PROPERTY INSURANCE PROGRAM
STATEMENT OF COMPREHENSIVE INCOME
JUNE 30,2021**

DRAFT

	BSSFP	NBSIA	RESIG	SIA	SIG	Total
CONTRIBUTIONS						
SPA Retained Layer Deposit	\$ 91,230	\$ 318,660	\$ 427,230	\$ 1,669,020	\$ 493,860	\$ 3,000,000
SPA Admin Cost Allocation*	12,924	45,144	60,524	236,445	69,964	425,000
TOTAL CONTRIBUTIONS	104,154	363,804	487,754	1,905,465	563,824	3,425,000
EXPENSES						
Loss Control Inspections	228	797	1,068	4,173	1,235	7,500
Exposure Modeling Consulting Costs	87	305	409	1,596	472	2,869
Training	228	797	1,068	4,173	1,235	7,500
Wildfire Mitigation	36	127	171	668	198	1,200
Paragon - Engineering Surveys	394	1,376	1,844	7,205	2,132	12,950
TOTAL EXPENSES	974	3,401	4,560	17,813	5,271	32,019
Investment Income	374	724	1,740	6,820	2,020	11,678
Balance as of 6/30/21	\$ 103,181	\$ 360,402	\$ 483,194	\$ 1,887,651	\$ 558,553	\$ 3,404,659

* SPA Admin Cost Allocation

SIA Admin Charge	\$	75,000
Loss Control	\$	200,000
Appraisal	\$	150,000
Total	\$	425,000

**SCHOOLS PROGRAM ALLIANCE
PROPERTY INSURANCE PROGRAM
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30,2021**

DRAFT

	3.2%	6.2%	14.9%	58.4%	17.3%	
	BSSFP	NBSIA	RESIG	SIA	SIG	Total
ASSETS						
Cash	\$ 103,602	\$ 202,582	\$ 485,196	\$ 1,895,533	\$ 560,883	\$ 3,247,796
Accounts Receivable	-	159,335	-	-	-	159,335
Interest Receivable	374	724	1,740	6,820	2,020	11,678
TOTAL ASSETS	103,975	362,641	486,936	1,902,353	562,904	3,418,809
LIABILITIES						
Accounts Payable	430	1,503	2,015	7,872	2,329	14,150
TOTAL LIABILITIES	430	1,503	2,015	7,872	2,329	14,150
TOTAL LIABILITIES AND NET POSITION	\$ 103,545	\$ 361,138	\$ 484,921	\$ 1,894,480	\$ 560,574	\$ 3,404,659

Check Number	Vendor ID	Vendor Check Name	Check Date	Checkbook ID	Audit Trail Code	Amount
100760	ALLIANT	ALLIANT INSURANCE SERVICES	6/15/2021	US BANK	PMPAY00000140	7,500.00
100615	DRIVER	Alliant Insurance Services, Inc.	4/21/2021	US BANK	PMPAY00000117	2,868.75
100816	XMR FIRE EMERGE	XMR FIRE CONSULTING	6/23/2021	US BANK	PMPAY00000145	7,500.00
						<u>17,868.75</u>

Item No: D.3.b.

FINANCIAL REPORT

OWNERSHIP OF FUNDS IN THE RETAINED LAYER

ACTION ITEM

ISSUE: There is some question about whether the intent of the Property Program participants was to share risk in the retained layer or be a banking program

Members are asked to consider whether or not the SPA Property Program is a pooled purchase program or if members should share funds and/or risk for losses within the retained layer.

RECOMMENDATION: Discuss pros and cons of sharing funds and/or risk within the context of SPA's *mission statement* and provide direction.

FISCAL IMPACT: None expected from this item.

BACKGROUND: *Currently SPA is set up as a purchasing program, with no loss sharing. Members can change that structure, retroactively if desired, to introduce some level of risk sharing. Options include:*

Banking Program – no risk sharing but members “bank” on each other if they fall behind target funding benchmarks within their retained layer, with replenishment over a set schedule.

Shared Program – members share losses on a pro-rata basis based on exposures such as TIV, payroll, or ADA, with or without experience modification factors or other incentives/disincentives that impact member funding.

Hybrid Program – the SPA retained layer could include both Banking and Shared components with different criteria for funding each. For example, a Banking Layer up to \$1M may be weighted more toward claims experience while the Shared Layer might be weighted more toward exposure.

ATTACHMENTS: None

FINANCIAL REPORT

PROPERTY PROGRAM RETAINED LAYER FUNDING

ACTION ITEM

ISSUE: The Board raised the question regarding the long-term strategy and plan for the funding of the Retained Layer. What should the target funding be and why? What level do we wish to maintain regarding funds (and surplus of funds) backing the Retained Layer obligation?

This item will be impacted by the earlier discussion on whether or not the Retained Layer will be shared; Item D.3.b.

RECOMMENDATION: Board to discuss opinions and preferences on funding levels and determine a target to achieve and/or maintain for the SPA Retained Layer.

FISCAL IMPACT: The funding level of the Retained Layer could impact the SPA Deposit in any one year following this 2021 program year, as it is a component of the overall SPA Deposit. 2021 is set already and will not be impacted.

BACKGROUND: As part of the SPA Property program, SPA maintains a Retained Layer of \$3,000,000 for all losses ceded to the reinsurance program, other than wildfire. The Retained Layer sits above the \$250,000 AOP for each SPA Member. In the aggregate, in any one year, the obligation is \$3,000,000 to SPA. This \$3,000,000 takes the form of two retentions in the MOC:

Retention A: a \$250,000 xs \$250,000 retention with a \$1,000,000 aggregate and

Retention B: a \$2,000,000 retention sitting above Retention A in a larger Occurrence, or sitting above the \$250,000 AOP per Member, if Retention A has been exhausted.

The \$1,000,000 aggregate for **Retention A** and the \$2,000,000 aggregate for **Retention B** = the \$3,000,000 overall aggregate obligation for SPA in any one year.

The purpose of the Retained Layer is to avoid “trading dollars” with the reinsurers, demonstrate to reinsurers SPA’s desire and ability to take meaningful risk and to benefit SPA in any no/low loss years by having “unused” Retained Layer funds to either roll forward (i.e., reduce next year’s funding obligation) and/or build upon (i.e., surplus; take larger Retained Layer if needed).

The SPA Board determines how the Retained Layer will be funded. In 2020, it was decided to fund the Retained Layer 100%; or \$3,000,000. In 2021, after having not triggered the 2020 Retained Layer funds, it was decided to fund the current period by 50%, or \$1,500,000, with SIA electing to fund at the \$3,000,000 level. Each SPA Member, after the allocation is set, has the discretion to determine how much of the allocated amount they will actually transfer to the Managing Member vs hold themselves (i.e., dollars, not liability). Thus far, all SPA Members have transferred 100% of their Retained Layer allocation to the Managing Member.

Item D.3.c. *continued*

In determining the allocation for the SPA Retained Layer for each SPA Member, only TIV relative to the group is used. Retained Layer allocations for 2020 and 2021 were as follows:

Retained Layer funding amounts							
	<u>Butte</u>	<u>NBSIA</u>	<u>SIA *</u>	<u>SIG</u>	<u>RESIG</u>	<u>Total</u>	<u>Comment</u>
2020	91,222	318,670	1,669,028	493,861	427,218	3,000,000	From August 5, 2020 billing Memo
2021	43,544	168,207	1,611,034	262,032	220,700	2,305,517	From June 4th Rating email to Members **
* The SPA Board, for 2021, voted to fund the \$3M Retained Layer for \$1,500,000; SIA preferred to keep their funding "as if" \$3M							
** August billing memo will be/was sent after this item was drafted							

The SPA Board will need to determine the long-term plan and strategy for the Retained Layer.

ATTACHMENTS: None

Item No: D.3.d.

FINANCIAL REPORT

ADMINISTRATION OF PROPERTY PROGRAM

ACTION ITEM

ISSUE: How should the member JPA's interact with SPA – roles and responsibilities

Item No: D.3.e.

FINANCIAL REPORT

ADMINISTRATION OF LIABILITY PROGRAM

ACTION ITEM

ISSUE: How should the member JPA's interact with SPA – roles and responsibilities

PROPERTY PROGRAM LOSS CONTROL ALLOCATION

ACTION ITEM

ISSUE: Members requested an accounting of their Property Program administration and loss control contributions and expenses for FY 21-22 as a prelude to a discussion regarding the following questions:

- Which loss control expenses should be shared among the members and which not?
- What is a fair allocation of the shared expenses?

Members currently allocate SPA Property Program expenses among themselves based on their percentage of Total Insured Values (TIV). Attached please find a copy of the Income Statement for FY 20/21 and a breakdown of the funding, expenses, and ending balance for each member for both total admin and just the loss control funding.

The background section provides an overview of the funding and allocation of admin expenses so far, with suggestions for allocating expenses that are summarized below:

For items like appraisals, specific to each member and an expense each would normally bear, SPA can arrange for group purchase discounts and allocate to users in the SPA budget.

For items that are driven by underwriter recommendations and/or approved by the Board to make the group more marketable, SPA will include in the budget and allocate to all.

For training and related risk management services, if they are open and relevant to all the Board should consider sharing the expenses, including regional in-person training if appropriate.

For the wildfire assessments and other services that improve the pool's overall risk profile but address exposures that are more prevalent among some members than others, a mixed approach may work whereby all members pay a portion of the expense and those members with the greater need/exposure pay the balance of the expense or share on a pro-rata basis.

Other general administration charges, including the accounting services provided by SIA, will continue to be allocated to all, with TIV the most practical allocation method for them.

For other expenses to be allocated, members may continue pro-rating by TIV and consider other methods including pro-rata by number of locations or members using the service.

RECOMMENDATION: Review and establish criteria for sharing or bearing loss control expenses among the members, with suggested criteria summarized in the table below.

Item No: D.4. *continued*

Category/Rationale	Suggested Allocation
General Administration & Accounting	Shared pro-rata by TIV
Underwriting Expenses <i>To make entire group more marketable.</i> - Surveys, modeling, etc.	Shared, per U/W recommendation or Board direction
Training – online/regional <i>Open/needed by all?</i>	Shared per Board direction - <i>possible cap and/or pro-rata share.</i>
Wildfire Assessments	Shared - <i>with cap or adjustment for # locations?</i>
Other Loss Control <i>Open/needed by all?</i>	Shared per Board criteria and direction - <i>possible cap/pro-rata share</i>
Property Insurance Appraisals	Individual, three-year funding

FISCAL IMPACT: TBD. Current budget for loss control expenses is \$200,000 per year.

BACKGROUND: Members have requested a discussion regarding loss control expenses and how they should be allocated among the members. The expense categories lend themselves to establishing general criteria for evaluating loss control services and how SPA may assist in funding them.

Some categories are easy to identify as shared expenses, including the SIA administrative charge and exposure modeling costs. The Paragon engineering surveys have been shared since they were driven by the underwriters for the program and they provided value to the group. Other expenses that are similarly required or recommended by underwriters or members to make SPA as a whole a more desirable risk should be considered for allocation to all members.

Sponsoring training of general interest that is open and allocated to all should continue to be discussed and scheduled per Board direction. The training for Fire and Smoke Restoration was open to all members and has been allocated to all as well.

The appraisal expenses do not lend themselves to sharing since they can be directly attributed to each member and are expenses each would typically bear on their own. The plan has been to fund those expenses through the pool’s admin budget over a five-year period. Based on the appraisal scope underway, the \$150,000 per year budget should be sufficient to fund all approved appraisals within three years, and we expect the project to be completed in less than five years. The funds collected for the appraisals may be tracked individually and adjusted as needed to fund both the SPA scope appraisals and any additional locations members want appraised.

Of the current categories that leaves the wildfire risk assessments as the remaining topic and one that is not as easily defined as a shared or individual expense. Conducting the surveys and showing results of fire mitigation efforts certainly improves the risk profile of the group and is fundamental to obtaining the best available coverage terms and pricing. On the other hand, some members have more locations with high Risk Scores than others, the criteria currently used to prioritize the assessments, though that may be expanded.

ATTACHMENTS: Income Statement as of 6/30/21 and Draft Admin Cost Allocation
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DRAFT

**SCHOOLS PROGRAM ALLIANCE
PROPERTY INSURANCE PROGRAM
STATEMENT OF COMPREHENSIVE INCOME
JUNE 30,2021**

	BSSFP	NBSIA	RESIG	SIA	SIG	Total
CONTRIBUTIONS						
SPA Retained Layer Deposit	\$ 91,230	\$ 318,660	\$ 427,230	\$ 1,669,020	\$ 493,860	\$ 3,000,000
SPA Admin Cost Allocation*	\$ 12,924	\$ 45,144	\$ 60,524	\$ 236,445	\$ 69,964	\$ 425,000
TOTAL CONTRIBUTIONS	\$ 104,154	\$ 363,804	\$ 487,754	\$ 1,905,465	\$ 563,824	\$ 3,425,000
EXPENSES						
Loss Control Inspections - XMR Fire	\$ 228	\$ 797	\$ 1,068	\$ 4,173	\$ 1,235	\$ 7,500
Exposure Modeling Consulting Costs	\$ 87	\$ 305	\$ 409	\$ 1,596	\$ 472	\$ 2,869
Training - Fire/Smoke Restoration	\$ 228	\$ 797	\$ 1,068	\$ 4,173	\$ 1,235	\$ 7,500
Wildfire Mitigation - IEC	\$ 36	\$ 127	\$ 171	\$ 668	\$ 198	\$ 1,200
Engineering Surveys - Paragon	\$ 394	\$ 1,376	\$ 1,844	\$ 7,205	\$ 2,132	\$ 12,950
TOTAL EXPENSES	\$ 974	\$ 3,401	\$ 4,560	\$ 17,813	\$ 5,271	\$ 32,019
Investment Income	\$ 374	\$ 724	\$ 1,740	\$ 6,820	\$ 2,020	\$ 11,678
Balance as of 6/30/21	\$ 103,181	\$ 360,402	\$ 483,194	\$ 1,887,651	\$ 558,553	\$ 3,404,659

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Member \$ Contribution

			BSSFP	NBSIA	RESIG	SIA	SIG	Total
* SPA Admin Cost Allocation		% of Total	3%	11%	14%	56%	16%	100%
SIA Admin Charge	\$ 75,000	18%	\$ 2,281	\$ 7,967	\$ 10,681	\$ 41,726	\$ 12,347	\$ 75,000
Loss Control	\$ 200,000	47%	\$ 6,082	\$ 21,244	\$ 28,482	\$ 111,268	\$ 32,924	\$ 200,000
Appraisal	\$ 150,000	35%	\$ 4,562	\$ 15,933	\$ 21,362	\$ 83,451	\$ 24,693	\$ 150,000
Total	\$ 425,000	100%	\$ 12,924	\$ 45,144	\$ 60,524	\$ 236,445	\$ 69,964	\$ 425,000
- Total Expenses	\$ 32,019	8%	\$ 974	\$ 3,401	\$ 4,560	\$ 17,813	\$ 5,271	\$ 32,019
+ Interest Income (12.4% of total)	\$ 1,449.05	0%	\$ 46	\$ 90	\$ 216	\$ 846	\$ 251	\$ 1,449
Balance in Admin Account	\$ 394,430	93%	\$ 11,997	\$ 41,832	\$ 56,180	\$ 219,477	\$ 64,943	\$ 394,430

Estimated Appraisal Costs Per Member			
	Per Building =	\$ 115	
Member	Buildings > \$950K	Per Bldg.	Paid 21-22
Butte Schools Self-Funded Programs	123	\$ 14,145	\$ 4,562
North Bay Schools Insurance Authority	433	\$ 49,795	\$ 15,933
Redwood Empire Schools' Insurance Group	624	\$ 71,760	\$ 21,362
Schools Insurance Authority	2239	\$ 257,485	\$ 83,451
Schools Insurance Group	617	\$ 70,955	\$ 24,693
Grand Total	4036	\$ 464,140	\$ 150,000

Note on expenses *No expense charged for SIA admin so far
Expect \$30,000 in XMR Fire inspections outstanding
Another \$20,000 authorized for more wildfire inspections
Expecting appraisal billing for Butte @ \$15,000*

Item No: D.5.a.

GENERAL ADMINISTRATION**SPA FY 21/22 BOARD MEETING SCHEDULE****ACTION ITEM**

ISSUE: There are no Board meetings set for the remainder of FY 21/22. 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 (7/1/2022). 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 21/22 meetings.

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.

ATTACHMENT(S): None.

Item No: D.5.b.

GENERAL ADMINISTRATION

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

ACTION ITEM

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

Item No: D.5.c.

GENERAL ADMINISTRATION

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

ACTION ITEM

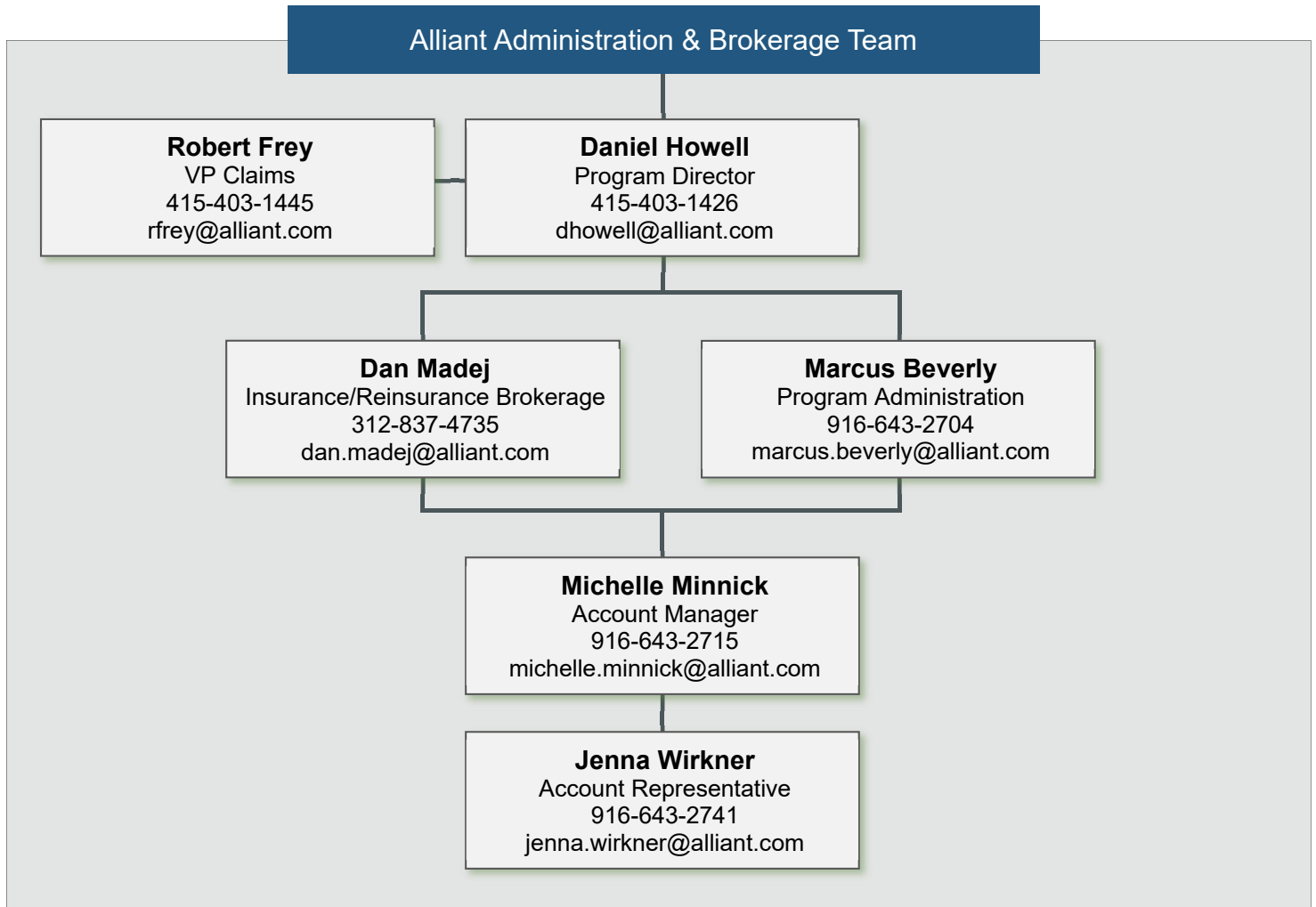
ISSUE: Time is reserved to discuss emerging risks and how SPA may support members in dealing with them or other risks that need more focused attention.

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

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Item No: F.1

NEW PROGRAM AND/OR SERVICES

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

INFORMATION ITEM

Item No: F.2

NEW PROGRAM AND/OR SERVICES

**PROJECTS TO BE INCLUDED IN THE
FY 21/22 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 August 30-31, 2021 Long Range Planning meeting was the first held by the SPA Group. Members provided comments and direction to Program Administration over the course of the two day meeting.

ATTACHMENTS: None.