



AGENDA

- A Action**
- I Information**
- 1 Attached**
- 2 Hand Out**
- 3 Separate Cover**
- 4 Verbal**

MEETING: Schools Program Alliance
 Board of Directors Meeting
DATE/TIME: March 10, 2025 at 10:00 AM PDT
TELECONFERENCE: Toll Free [\(888\) 475 4499](tel:8884754499) or [\(669\) 900-6833](tel:6699006833) US Toll
 Meeting number (access code): 961 8699 4929
<https://alliantinsurance.zoom.us/j/96186994929?pwd=SsKwfw5MDtuyzwxLcZGVVm4NCIonsL1>

IMPORTANT NOTICES AND DISCLAIMERS:

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.

This Meeting Agenda shall be posted at the address of the teleconference locations shown below with access for the public via phone/speaker phone.

1. Butte Schools Self-Funded Programs, 500 Cohasset Road, Suite 24, Chico, CA 95926
2. North Bay Schools Insurance Authority, 380 Chadbourne Rd, Fairfield, CA 94534
3. Redwood Empire Schools’ Insurance Group, 5760 Skylane Blvd., Suite 100, Windsor, CA 95492
4. Schools Insurance Authority, 9800 Old Placerville Rd, Sacramento, CA 95827
5. Schools Insurance Group, 550 High Street, Ste. 201, Auburn, CA 95603
6. Central California Schools Authority, 7170 N. Financial Dr. #130, Fresno, CA 93720

<i>Pg. 5</i>	A. CALL TO ORDER, ROLL CALL, QUORUM	A 4
	B. APPROVAL OF AGENDA AS POSTED	A 4
	C. PUBLIC COMMENTS <i>The public is invited at this point to address the Board of Directors on issues of interest</i>	I 4
	D. CONSENT CALENDAR <i>The Board of Directors may take action on the items below as a group except a Board Member may request an item be withdrawn from the Consent Calendar for discussion and action.</i>	A 1
<i>Pg. 10</i>	E. MEMBER PROGRAM AND IDEA SHARING	
	F. GENERAL ADMINISTRATION AND FINANCIAL REPORTS	
<i>Pg. 11</i>	1. Standing Committee and Task Group Updates a) Property Claims Task Force b) Liability Claims Task Force c) Cost Allocation Task Force	I 1



d) Property Appraisal Task Force
e) Property Program Loss Control - Ad Hoc Committee

Pg. 12 **2. Strategic Planning Objectives** **I 1**
The Board will receive an update regarding progress in completing Objectives from the August Strategic Planning session.

Pg. 14 **3. Draft Governing Documents for Entity JPA** **A 1**
Dan Howell will provide a memo regarding the revised governing documents for discussion and approval or direction.
a. Joint Exercise of Powers Agreement
b. Bylaws
c. Participation Agreement – Property
d. Participation Agreement - Liability

Pg. 45 **4. Managing Member Financial Update** **A 1**
The Board will receive an update regarding the financials as of December 31, 2024.

G. PROPERTY PROGRAM

Pg. 49 **1. 2025 Property (And APD) Renewal Update** **I 4**
Dan Madej will provide the status of the upcoming Property, APD and ADWRP renewal for FY 25/26.

Pg. 50 **2. Student Accident Program Update** **A 1**
The Board will receive rates and may consider joining.

Pg. 51 **3. Pollution** **A 1**
The Board will review potential limits, retention and may consider obtaining a quote for FY 25/26.

Pg. 60 **4. Course of Construction Coverage** **A 1**
The Board will receive a reminder regarding the Course of Construction sublimit.

H. LIABILITY PROGRAM

Pg. 65 **1. Renewal Update** **A 1**
Jim Wilkey will provide the Board with an update as it relates to the renewal of the Liability Program.

I. INFORMATION ITEMS AND DISCUSSION **I 4**
This is an opportunity for a Board Member to discuss a topic of interest or seek guidance and input from the group about a current issue, risk management topic or exposure the Member is experiencing.

Pg. 66 1. Social Inflation_ How Today’s Rising Claims Cost Affect Tomorrow’s Insurance Premiums - Article



Schools Program Alliance

c/o Alliant Insurance Services

Corporation Insurance License No. 0C36861

2180 Harvard Street, Suite 380, Sacramento, CA 95815

J. ADJOURNMENT

A 4

Upcoming Teleconference Meeting Dates:

March 31, 2025

May 12, 2025

June 9, 2025

Item D.**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.

PUBLICATION: None.

ATTACHMENTS:

1. Minutes of SPA Board Teleconference Meeting February 10, 2025

SCHOOLS PROGRAM ALLIANCE

February 10, 2025 Board Of Directors Teleconference 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)	Andrew Obando
North Bay Schools Insurance Authority (NBSIA)	Karen Antunes
North Bay Schools Insurance Authority (NBSIA)	Jan DeGracia
Redwood Empire Schools Insurance Group (RESIG)	Cindy Wilkerson
Redwood Empire Schools Insurance Group (RESIG)	Sandy Manzoni
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 Authority (SIA)	Josh Arnold
Schools Insurance Authority (SIA)	Olivia Nelson
Schools Insurance Group (SIG)	Kelli Hanson
Schools Insurance Group (SIG)	Gabbi Daniel
Central California Schools Authority (CCSA)	Alan Caeton
Central California Schools Authority (CCSA)	Jeff Pierce

Consultants & Guests

Dan Madej, Alliant Insurance Services	Jim Wilkey, Newfront
Michelle Minnick, Alliant Insurance Services	Eileen Massa, Newfront
Jenna Wirkner, Alliant Insurance Services	Ryan Telford, AmWins
Pam Dominguez, Alliant Insurance Services	Chris Tambo, AmWins
Tony Soto, Alliant Insurance Services	Byrne Conley, Gibbons & Conley

A. CALL TO ORDER, ROLL CALL, QUORUM

Ms. Cindy Wilkerson called the meeting to order at 10:03 a.m. and welcomed the board. The above-mentioned members were present constituting a quorum.

B. APPROVAL OF AGENDA AS POSTED

A motion was made to approve the Agenda as posted.

MOTION: Christy Patterson

SECOND: Brooks Rice

**MOTION CARRIED
UNANIMOUSLY**

C. PUBLIC COMMENT

There were no public comments.

D. CONSENT CALENDAR

1. Minutes of SPA Board Teleconference Meeting January 13, 2025
2. Byrne Conley Engagement Letter
3. Actuary Agreement

It was noted that the name on the agreement was listed incorrectly as Schools Property Alliance and should be updated to reflect the correct name Schools Program Alliance.

A motion was made to approve the Consent Calendar with the change to the actuary agreement as noted.

MOTION: Andrew Obando

SECOND: Brooks Rice

**MOTION CARRIED
UNANIMOUSLY**

E. MEMBER PROGRAM AND IDEA SHARING

Kelli Hanson noted that SIG hosted a Mold training session and it was successful and was willing to share information that was presented. Alan Caeton indicated that Kynd has been working with their members with a successful review of their services. Cindy Wilkerson reminded members that they have created an HR Hotline and could be scaled up to the SPA level if there is interest.

Pam Dominguez and Tony Soto provided the Board with information about the Student Accident Insurance. After a review of the coverage and a discussion it was noted that the Program Administration will bring back rates for review at the next meeting.

F. GENERAL ADMINISTRATION AND FINANCIAL REPORTS**F.1.A. STANDING COMMITTEE AND TASK GROUP UPDATES – COST ALLOCATION WORK GROUP**

Dan Madej provided that Chris Nahas is still working on items and we will have another meeting before the March Board meeting and we anticipate bringing this back to the March meeting.

F.1.B. STANDING COMMITTEE AND TASK GROUP UPDATES – PROPERTY CLAIMS TASK FORCE

Josh Arnold provided a review of the recent efforts of the task force and noted they will be meeting next week and noted that they are working through subrogation issues.

F.1.C. STANDING COMMITTEE AND TASK GROUP UPDATES – LIABILITY CLAIMS TASK FORCE

Olivia Nelson provided that she will be sending out dates for a meeting that will occur soon. Members of this task force are: Jeff, Christy, Sandy, Andrew, Karen and Jan.

F.1.D. STANDING COMMITTEE AND TASK GROUP UPDATES – PROPERTY APPRAISAL TASK FORCE

Debrah Sherrington provided the Board with a review the groups recent discussions – it was noted that we will be acquiring pricing. Members of this task force: Michelle, Marcus, Sandy, Debrah.

F.1.E. STANDING COMMITTEE AND TASK GROUP UPDATES – PROPERTY PROGRAM LOSS CONTROL AD HOC COMMITTEE

Sandy Manzoni noted they will be meeting after PARMA so members should be looking for a doodle poll to set up a meeting date.

F.1.F. STANDING COMMITTEE AND TASK GROUP UPDATES – SPA REINSURER’S CLAIMS TPA – AD HOC COMMITTEE

In favor of moving forward with Engle Martin – Dan Howell noted that it would designated at renewal so any claim filed after 7/1/2025 would be handled by Engle Martin.

F.1.G. STANDING COMMITTEE AND TASK GROUP UPDATES – MARKETING WORK GROUP

Members were impressed with the marketing material that were included. Jim Wilkey noted that we used these as part of discussions with the Bermuda underwriters. The AmWins team was impressed and will be sharing as part of the marketing they will do for the upcoming renewal.

F.2. STRATEGIC PLANNING OBJECTIVES

Dan Howell provided a short review of the Strategic Action Plan and noted that we have invited Byrne Conley to attend today to discuss the potential move to become an Entity JPA.

F.3. DRAFT GOVERNING DOCUMENTS FOR ENTITY JPA

- 1. Joint Exercise of Powers Agreement**
- 2. Bylaws**
- 3. Participation Agreement – Property**
- 4. Participation Agreement - Liability**

Dan Howell noted that at the August meeting SPA started to explore the concept of restructuring as an entity JPA. Byrne Conley was additionally present and provided comments about his review of the Draft Governing Documents for Entity JPA. After a discussion regarding the wording of the documents there was direction to change some of the language. It was requested this item be brought back to the next meeting to incorporate the changes noted.

F.4. MANAGING MEMBER FINANCIAL UPDATE

Phil Brown provided a review of the SPA Financial Report for the period ending September 30, 2024 and noted there may be an adjustment needed once the actuary completes their report.

Members were additionally encouraged to spend their Loss Control Grant Funds. We anticipate having the 12/31/24 financial the next meeting.

A motion was made to accept the Managing Member Financial Report.

MOTION: Alan Caeton

SECOND: Christy Patterson

**MOTION CARRIED
UNANIMOUSLY**

F.5. POLLUTION

Dan Howell provided the Board with a review of the Pollution application information that would be needed if the SPA group decided to begin a pollution program for members. After a discussion about coverage under a pollution policy it was noted this would be brought back to the March meeting to help determine how to set up the placement and an expectation of the costs.

G.1. PROPERTY PROGRAM – 2025 PROPERTY (AND APD) RENEWAL UPDATE

Dan Madej provided a review of the data collection and noted that we are closer to the submission date and we are on track for the renewal. Additionally, Ryan Telford provided the Board with comments regarding other renewals and how the market has been affected by the Southern California Wildfires. It was mentioned that a request has been sent out for the ADA counts which will be used in the ADWRP renewal. Lastly, it was mentioned the first loss for the APD placement occurred which may affect renewal rates.

G.2. SPA REINSURER’S CLAIMS TPA AD HOC COMMITTEE RECOMMENDATION

Dan Howell noted that the general consensus was to transition to Engle Martin for claims handling starting at the first of the next fiscal year so any new claims submitted after July 1, 2025 would be handled by the new claims team, while McLarens would continue to handle claims that are currently open. It was additionally noted that the carriers will be notified of the new Engle Martin relationship and no agreement is needed as this would be included in the reinsurance agreements with the carriers.

A motion was made to approve this arrangement with Engle Martin effective July 1, 2025.

MOTION: Brooks Rice

SECOND: Kelli Hanson

**MOTION CARRIED
UNANIMOUSLY**

G.3. CHANGE TO OCCURRENCE DEFINITION – FUTURE DEDUCTIBLE METHODOLOGY FOR MULTI-MEMBER CAT LOSSES

Phil Brown reviewed the proposed recommendation and indicated that this is following the same process approved for the CAT 2419 loss. After a discussion Dan Howell provided they would work to formalize the Property Claims Handling P&P to include Engle Martin as the new claims team effective July 1, 2025, include the addition of Josh Arnold and memorialize the intent to

have one combined member deductible for billing to the excess insurance carriers, and that within the SPA risk pool each member would maintain their own.

G.4. MR OCIP PARTICIPATION

Dan Howell provided the Board with a short review of the MR OCIP program and members discussed the upcoming projects they were aware of. Members requested information about the MR OCIP program be shared so discussions can be had with underlying members.

H.1. LIABILITY PROGRAM – RENEWAL UPDATE

Jim Wilkey provided a review of the renewal status for the Liability Program and the current status of the placement as well as the marketing efforts underway.

I. INFORMATION ITEMS

Dan Madej polled the Cost Allocation Task Force and member generally agreed they would be available for a meeting on February 27th to meet with Chris Nahas.

J. ADJOURNMENT

The meeting was adjourned at 1:04 P.M.

NEXT MEETING DATE: February 10, 2025 via Teleconference

Respectfully Submitted,

Cindy Wilkerson, Secretary

Date



Item E.

MEMBER PROGRAM AND IDEA SHARING

INFORMATION ITEM

Item F.1.**GENERAL ADMINISTRATION AND FINANCIAL REPORTS****STANDING COMMITTEE AND TASK GROUP UPDATES****INFORMATION ITEM**

- a) Property Claims Task Force**
- b) Liability Claims Task Force**
- c) Cost Allocation Task Force**
- d) Property Appraisal Task Force**
- e) Property Program Loss Control - Ad Hoc Committee**

Item F.2.**STRATEGIC PLANNING OBJECTIVES****INFORMATION ITEM**

ISSUE: The Board regularly reviews the Strategic Planning Objectives for the latest updates and provides direction as needed.

A total of ten goals were identified, ranging from establishing a Liability Claims Committee to reviewing innovative programs and services. Five of the goals contain action items that are addressed later in the agenda for this meeting and are highlighted in the attached. Other items due or pending are noted in red in the Deadline column.

Two of the most significant goals are transition to an “Entity” JPA and development of a Property Program Rating and Allocation Plan for FY 25/26. Members are also asked to recommend a change in the property adjustment firm, and the Marketing Task Force has produced a draft SPA Introductory Guide and Infographic for review.

RECOMMENDATION: Review and provide feedback or direction as needed.

FISCAL IMPACT: None expected from this item.

BACKGROUND: SPA held its fourth long range planning meeting on August 20-21, 2024, and developed the attached Plan as a result. Key discussion points centered on SPA’s governing structure, claims management, cost allocation, and new programs and services.

ATTACHMENTS: SPA Strategic Planning Objectives as of 2.19.2025

FY 2024/25 SPA STRATEGIC PLANNING OBJECTIVES

GOAL	ACTION / TASK	STAFF	Assigned	DEADLINE	STATUS
LRP-1	Establish a Liability Claims Committee – this committee will be subject to the Brown Act *NOTE: later ammended to a Task Group				
	a. Staff to draft formation resolution for Board consideration & adoption	PA	MB	Oct	Done
	b. Liability Claims Committee to begin meetings and report out to Board	PA	JW	Mar	TBD
	c. Staff to work with Counsel to include establishment of Liability Claims Committee in Entity JPA Documents	PA	DH	Jan	N/A
LRP-2	Address counsel recommendations in JPA governing documents review				
	a. Amend Resolution 21-012 to incorporate terms and conditions of the Agreement by reference	PA	MB	Oct	Done
	b. Add to Annual Service Calendar the nomination and Board designation of the Managing Member for the upcoming fiscal year	PA	MM	Oct	Done
	c. Amend Property Program Memorandum of Coverage to define Coverage Provider	PA	DM	March	Prep by Submission to Market
	d. Establish basic contracting standards for SPA	MM	PB	TBD	
	e. Define "high risk" and "vacant" locations and submit for the Property Program Memorandum of Coverage for Board adoption	PA	DM	March	Prep by Submission to Market
	f. Establish core communications and distribution protocol for relevant documentation such as audits and policies & procedures, etc.	BOD	MB	Mar	
LRP-3	Consider transition to an Entity JPA - Have Counsel and Administrator develop entity joint powers documents for future consideration				
	a. Counsel and Program Administrator prepare draft entity joint powers agreement, bylaws, program participation agreements and supporting documents	PA, GC	DH/MB	Dec	Drafts On 12.9.24 Board Agenda
	b. Initial review and comments from SPA Board	BOD	DH/MB	Dec	Choose Counsel
	c. Revised draft entity JPA governing documents prepared by Counsel and Program Administrator for SPA Board review	PA, GC	DH/MB	Jan	Under Review/On Jan Agenda
	d. SPA Board takes action to move forward or shelve establishment of entity JPA	BOD		Feb	Counsel Drafts Presented on 2.10.25 and 3.10.25 Agenda
	e. SPA Members take action to approve participation in SPA as entity JPA going forward	BOD		Mar-Apr	
LRP-4	Property Loss Control – develop and execute a plan addressing the locations listed on the high risk/remote endorsement				
	a. Have Core Logic present on how their wildfire model works and whether SPA can impact that modeling via some risk control	PA	DM	Oct	Done
	b. Inventory previous loss control work at these locations to determine out what has been done and outstanding recommendations	PA	MB	Oct	Pending
	c. Property Program Loss Control Committee to recommend to SPA Board a loss control services plan for the scheduled locations			Mar	
	d. Execute plan as approved by SPA Board	PA	MB	Start Dec	
LRP-5	Property Claims Handling and Client Service Instructions				
	a. Develop resolution for October SPA meeting appointing SIA as SPA property claim adjuster	PA/MM	MB	Oct	Done
	b. Gather member comments on draft CSI's for SPA adjuster and finalize in October	PA/MM	MB	Oct	Done
	c. Meeting for SPA with Chris Stafford and McLarens about services	AIS	MB	Oct	Done
	d. Introduce other independent adjuster alternative firms	PA	DH	Sept-Feb	New TPA choice 2.10.25 Agenda
LRP-6	Property Program Cost Allocation Task Force – (Kelli Hanson as chair, Phil Brown, Christi Patterson and ?)				
	a. Program Administrator to lead review of Property Program rating and cost allocation current status and options	PA	DM	Sept-Dec	Done
	b. Task Force to review and recommend Property Program Rating and Allocation Plan for FY 2025/26 and beyond	PA		Mar	On 3.10.25 BOD Agenda
	c. SPA Board takes action to establish Property Program Rating and Allocation Plan for FY 2025/26	PA	BOD	Mar	
	d. Program Administrator communicates Plan to SPA Member Boards	PA		April - June	
	e. Plan changes effective at July 1, 2025 if approved	PA	DM	Jul	
LRP-7	Identify potential SPA Coverage Counsel firms for Property and Liability				
	a. Gather names of potential coverage counsel, verify if property or liability focused, confirm whether conflicts with current members and reinsurers	PA	MB/DH	Sep-Dec	Done
	b. Review candidates with SPA Board or designees	PA	MB/DH	Dec	On 12.9.24 Board Agenda
	c. Conduct interviews as needed	PA	BOD	Jan-Feb	Completed - Deb Stermer Coverage
	d. Confirm appointment(s) by SPA Board action	PA	BOD	Mar	Byrne Conely for JPA Counsel
LRP-8	Task force for marketing information, videos etc. SIA, North Bay and RESIG				
	a. This item needs further development by SPA Board	BOD	BOD	Dec	Draft SPA Guide on 2.10.25 Agenda
LRP-9	Developing Program Specific Underwriting Policy & Procedures for Liability & Property				
	a. Establish separate working groups for Liability and Property Programs and inventory existing P&P	PA	NF/AIS	Dec	
	b. Working groups to prepare separate drafts for each program	PA	NF/AIS	Dec	
	c. Review of proposed separate Underwriting P&P and adoption by SPA Board	PA	BOD	Jan	
LRP-10	New Programs & Services				
	a. Look into MR OCIP partnership with PRISM	PA	AIS/KB	Dec	On Jan 13 agenda
	b. Student Accident Program exploration	PA	AIS/PD	Feb	On March 10 Agenda
	c. Pollution program evaluation	PA	AIS/DM	Mar	
	d. Look into a cyber program that is loss prevention and security based with option for cyber insurance paired	PA	MM/AIS/TJ	Mar	
	e. Solution for adds and deletes and pending transactions in property program	PA	MM	Mar	
	f. Long, Long range – how could a SPA sponsored captive benefit the members – possible multi state diversification	PA	MM/DH		

BOD: SPA Board of Directors
 PA: SPA Program Administrator
 MM: Managing Member
 CFO: SPA Accounting and Finance

AIS: Alliant Ins. Svcs.(Property Program)
 NF: Newfront Insurance (Liability Program)
 GC: SPA General Counsel
 PCA: SPA Property Claims Administrator at SIA

Item F.3.**DRAFT GOVERNING DOCUMENTS FOR ENTITY JPA****ACTION ITEM**

ISSUE: Attached please find the draft “entity” JPA governing documents for SPA as revised by legal counsel Byrne Conley. Most of the revisions are to the JPA Agreement and include more detail to the definition of “Member Agency” and specific references to the Labor, Education, and Governments codes. The Agreement also designates SIA as the applicable agency exercising the law, with other agencies available as alternatives.

Given the applicable documents are ready to be reviewed and approved, the question before the Board includes the decision to proceed to have the documents approved by the governing boards of each of the members.

RECOMMENDATION: Review and approve the draft documents as presented, revised, or provide direction, including each member moving forward to approving by their governing boards.

FISCAL IMPACT: Estimated legal expense for review under \$5,000.

BACKGROUND: The attached *draft* Joint Exercise of Powers Agreement, Bylaws, Liability Program Participation Agreement and Property Program Participation Agreement are provided for Board review and feedback. The Agreement is designed to transition SPA from a “partnership” JPA to an “entity” JPA. These drafts have been prepared by the Program Administrator for initial discussion and subsequently reviewed and revised by counsel.

ATTACHMENTS:

- a. Joint Exercise of Powers Agreement
- b. Bylaws
- c. Participation Agreement – Property
- d. Participation Agreement - Liability

DRAFT

SPA

JOINT EXERCISE OF POWERS AGREEMENT

AS OF JULY 1, 2025

JOINT EXERCISE OF POWERS AGREEMENT FOR THE SCHOOLS PROGRAM ALLIANCE (SPA)

THIS AGREEMENT is made and entered by and between the local government entities who are presently parties to that certain "Schools Program Alliance Joint Powers Agreement," or who subsequently become signatories to this instrument (the "Agreement").

Recitals

- A. On June 22, 2020, the Schools Program Alliance was formed by a group of California School Joint Powers Authorities who executed a certain "Schools Program Alliance Joint Powers Agreement" (the "JPA"). Other public entities have subsequently become signatories to the JPA and members of the Schools Program Alliance (SPA) and at the present time there are six members of SPA who are parties to the JPA.
- B. In the interval since SPA was founded, SPA has developed and is presently operating risk management and loss prevention programs related to public liability, auto liability, public officials' errors and omissions, crisis management, and property risks in which SPA's local government entity members may and do participate.
- C. With the increase in membership in SPA and the development and operation of multiple programs, the conduct of SPA's business has become significantly more complex, resulting in the need for a restructuring of certain elements of the SPA organization.
- D. In order to implement the required restructuring, make other needed amendments to the provisions of the JPA and incorporate all changes in a single instrument, the parties desire to restate the JPA in the form of this Agreement.
- E. In order to make the agreement easier to read and understand, all previous endorsements and adjustments have been incorporated into a single instrument.

Commented [DH1]: Should we count BASIC as a member - that would make seven

Commented [BC2R1]: Is BASIC as an entity covered under the pooled self-insurance layer(s)? Is there a reason to give it a separate vote?

Terms and Conditions

In consideration of the foregoing Recitals and the mutual promises of the parties as set forth in the following Terms and Conditions, it is mutually agreed by all of the parties to this Agreement as follows:

SECTION 1: Definitions

The following definitions shall apply to the provisions of this Agreement:

- (a) "Agreement" shall mean this restated Joint Exercise of Powers Agreement.
- (b) "Authority" shall mean the Schools Program Alliance (sometimes also referred to in this Agreement as "SPA") created by and existing under this Agreement.

(c) "Board of Directors" shall mean the principal governing body of the Authority sometimes also referred to in this Agreement as "Board").

(d) "Bylaws" shall mean the adopted Bylaws of the Authority as amended and/or restated in their latest approved form.

(e) "Insurance" shall mean any program of the Authority providing coverage against losses to Member Agencies who are participants in the program whether the coverage is based upon purchased insurance, reinsurance, self-insurance, pooled self-insurance funding or any other similar mechanism, instrument or facility.

(f) "Member Agency" shall mean an entity of local government, dedicated primarily to educational purposes such as a school district, county office of education, charter school, community college district or joint powers authority comprised of such entities, which is a party to this Agreement.

Commented [DH3]: Do we want to limit membership to School JPA's or allow single (likely large) districts to join?
Commented [BC4R3]: I made it educational agencies

(g) "Program ~~Director~~Administrator" shall mean the individual, Member JPA, or firm retained by the Board of Directors to administer the Authority.

~~(g)~~(h) "Managing Member" shall mean the individual, Member JPA, or firm retained by the Board of Directors to provide financial management services for the Authority.

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SECTION 2: Legal Authority For Agreement

(a) This Agreement is entered into pursuant to the provisions of Article 1, Chapter 5, Division 7, Title 1 of the California Government Code (beginning with Section 6500) which authorizes two or more local public entities, such as the Member Agencies who are parties to this Agreement, to exercise any power which is common to each of them.

(b) This Agreement is also based upon applicable provisions of law which empower local public entities, such as the Member Agencies who are parties to this Agreement, to engage in risk pooling, risk management and loss prevention activities. ~~Those provisions of law include Chapter 3, Part 6, Division 3.6, Title 1 of the California Government Code (beginning with Section 989) having to do with insurance and self-insurance coverage for local public entities. The following state laws, among others, authorize the member entities to enter into this agreement: Labor Code section 3700(b) allowing a local public entity to fund its own workers' compensation claims; Government Code sections 989 and 990, and Education Code sections 17565-17567, 35208, 35214, 72506 and 81601-81603, permitting a local public entity to insure itself against property, liability and other losses; Government Code section 990.4 permitting a local public entity to provide insurance and self-insurance in any desired combination; and Government Code section 990.8 permitting two or more local public entities to enter into an agreement to jointly fund such expenditures under the authority of Government Code sections 6500 – 6515.~~

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SECTION 3: Purposes

The purposes of this Agreement are to:

- (a) Provide for the continuation and effective governance of the Authority.
- (b) Continue effective operation of cooperative programs of risk management and loss prevention so as to reduce or eliminate losses and loss exposures, decrease the expenses of claims and claims administration, and improve procedures to manage risks commonly experienced by the parties to this Agreement.
- (c) Continue effective operation of existing Insurance programs in the areas of public liability, environmental impairment, auto liability, public officials' errors and omissions, workers compensation and property losses.
- (d) Implement new Insurance and other programs related to the foregoing purposes and including any Insurance related to property, casualty, accident, health, life and other insurable perils which the Authority deems necessary, advisable, and beneficial to the parties to this Agreement.
- (e) Pool the self-insurance claims of two or more local public entities as referred to in California Government Code [sections 990.8 and 6512.2](#).

SECTION 4: Parties to the Agreement

- (a) Only local public entities of California government which are empowered by law and actually engaged in [activities described in Section 1\(d\)](#) may be considered for membership in the Authority.
- (b) The parties to this Agreement are all local public entities which are, as of the effective date of this Agreement, Member Agencies of the Authority or which are subsequently admitted as Member Agencies in accordance with Section 21 of this Agreement.

Commented [DH5]: Change to a reference of public K-12, community college and charter schools as described in the CA Ed Code or elsewhere

Commented [BC6R5]: I put this in Section 1(d) and cross referenced

SECTION 5: Term of Agreement

Subject to the power to terminate any Member Agency's membership in the Authority, as provided for in this Agreement, this Agreement shall continue indefinitely, and it shall not be terminated so long as two or more Member Agencies agree that the Agreement, and the Authority, be continued.

SECTION 6: Existence of Authority As Separate Public Entity With Sole Responsibility For Its Obligations

Pursuant to California Government Code Sections 6500 et seq., a public entity of the State of California known as the Schools Program Alliance has been created and does now exist. The Authority exists separately and apart from the Member Agencies. Pursuant to California Government Code Section 6508.1 the debts, liabilities and obligations of the Authority shall be solely its own and they shall not constitute debts, liabilities or obligations of its officers, directors, employees, agents, Board of Directors, Program Director or of any Member Agency.

SECTION 7: Powers of Authority

(a) The Authority shall have all of the powers common to the parties to this Agreement and all additional powers afforded under California law to public entities such as Authority, formed for the purpose of jointly exercising powers common to their members. The Authority is also authorized by this Agreement to do all acts necessary for the exercise of its powers. The Authority's powers include, but are not limited to, the following:

- i. To make and enter into contracts.
- ii. To incur debts, liabilities, and obligations.
- iii. To acquire, hold, or dispose of property, contributions and donations of property, funds, services, and other forms of assistance from persons, firms, corporations, and government entities.
- iv. To sue and be sued in its own name, and to settle any claim against it.
- v. To receive and use contributions and advances from Member Agencies as provided in California Government Code Section 6505 et seq., including contributions or advances of personnel, equipment or property.
- vi. To invest any money in its treasury that is not required for its immediate necessities, pursuant to Government Code Section 6509.5.
- vii. To carry out all provisions of this Agreement.

Pursuant to California Government Code Section 6509 the Authority's powers shall be exercised in the manner and according to Procedures provided in the laws applicable to the Schools Insurance Authority; or if that entity should cease to be a Member Agency, then in the alternative the Butte Schools Self-Funded Programs; or the North Bay Schools Insurance Authority; or the Redwood Empire Schools Insurance Group; or the Schools Insurance Group.

Commented [DH7]: Refer to CA Education Code as per above.
Commented [BC8R7]: GC 6509 requires we name the exemplar member. I put in alternatives in case the exemplar withdraws or is terminated.

SECTION 8: Board of Directors

The Authority shall be governed by a Board of Directors which shall be composed of representatives of those Member Agencies who have exercised their right to participate on the Board of Directors. Each Member Agency shall be entitled at any given time to appoint one member and one or more alternate member(s) of the Board of Directors, each of whom shall be an officer, director, or employee of the appointing Member Agency, or if the Member Agency is itself a joint powers authority, may be an officer, director or employee of a member of the joint powers authority. Appointments shall be made as specified in the Bylaws. At any meeting of the Board of Directors, each duly appointed member, or in the member's absence, one of the alternate members as determined by the Member Agency, shall have one vote on behalf of his or her Member Agency.

Commented [DH9]: Do we want to limit SPA Board membership to Officers and Employees of the Member Agencies - ie not members of the Board of a member agency.
Commented [BC10R9]: I expanded it to Member Agency constituent JPA officers, directors or employees so that they are all public officials or employees, somehow related through membership.

SECTION 9: Powers of the Board of Directors

- (a) The Member Agencies, acting through the Board of Directors, shall retain overall responsibility for governance of the Authority, including the right to exercise all powers of the Authority not ~~delegated to other persons or bodies of the~~ reserved to the Member Agencies of the Authority.
- (b) The Board of Directors shall have the following express powers, duties and responsibilities:
 - i. Election of certain Authority officers , except that vacancies occurring in those offices during their term shall be filled pursuant to Section 11(f) and 12(d)
 - ii. Approval of the annual budget of the Authority.
 - iii. Approval of amendments to this Agreement and the Bylaws.
 - iv. Approval of new Insurance programs of the Authority.
 - iv-v. Determination of contributions and, if necessary, assessments.
 - v-vi. The exercise of powers of the Authority, including promulgation of policies, procedures, and rules, with respect to all matters reserved to the Board of Directors by this Agreement, the Bylaws or otherwise.

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SECTION 10: Meetings of the Board of Directors

- (a) The Bylaws of the Authority shall make provision for calling and holding meetings of the Board of Directors which shall include, in any event, at least one regular meeting annually.
- (b) Meetings of the Board of Directors shall be conducted in accordance with this Section, the Bylaws and applicable provisions of law governing the meetings of legislative bodies and governing boards of local public entities of the State of California including the provisions of the Ralph M. Brown Act (California Government Code Section 54950 et seq.).
- (c) The presence in person (or by telephone in the case of a noticed telephonic meeting) of a majority of the then duly appointed members (including alternate(s) in the case of absence of the member) of the Board of Directors shall constitute a quorum for the conduct of business of the Board except as otherwise provided by this Agreement, the Bylaws or other applicable provisions of law.

SECTION 11: Officers of the Authority

- (a) The officers of the Authority shall be a Chair, Vice-Chair, Secretary and Treasurer-Auditor whose duties shall be as set forth in this Agreement, the Bylaws or as prescribed by applicable provisions of law.

(b) The President and Vice ~~President~~ Chair shall be elected by the Board of Directors and shall serve two-year terms. Neither officer shall serve for more than two complete consecutive terms in his or her respective office, although these term limits may be extended by action of the Board. The terms of each office will ordinarily commence on July 1 of each odd-numbered fiscal year except that if an election has not been conducted by that date, the terms shall commence as soon as the election has been held.

Commented [BC11]: I added this for flexibility since it is a relatively small board.

(c) Unless the Board of Directors determines otherwise, the Secretary shall be an individual who is the designated senior representative of the Program ~~Director~~ Administrator. The Secretary shall serve at the pleasure of the Board. If the designated senior representative of the Program Director is unable to serve for any reason, including his or her removal from office by the Board, the Board shall appoint a replacement who may be another senior representative of the Program Director, a senior staff member of the Authority, a member of the Board or an officer, or employee of a Member Agency.

(d) Unless the Board of Directors determines otherwise, the Treasurer-Auditor shall be appointed by the Board and shall serve at the Board's pleasure. The Treasurer-Auditor shall be an officer or employee of a Member Agency.

(e) The Authority may have such other officers as provided in the Bylaws.

(f) If a vacancy occurs mid-term in the office of the Chair, the Vice Chair shall automatically succeed to the office of Chair to serve out the balance of the term of his/her predecessor. If a vacancy occurs mid-term in the office of Vice Chair, a successor shall be appointed by the Board to serve out the balance of the term.

SECTION 13: Committees

The Authority shall have standing and other committees as may be provided for in the Bylaws or which are created by the Board of Directors or the President. Committees of the Authority shall have powers, duties and responsibilities as provided in the Bylaws or as delegated and directed by the appointing person.

SECTION 14: Program Director and Other Staff

- (a) The Board of Directors shall appoint a Program Director who shall be responsible for the general administration of the business and activities of the Authority as directed by the Board.
- (b) The Board of Directors shall appoint an attorney at law who shall serve as general Legal Counsel to the Authority.
- (c) The Board of Directors shall provide for the appointment of such other staff of the Authority as may be necessary for the administration of the Authority.
- (d) As determined by the Board, staff functions may be performed by employees of the Authority, by officers, directors, and employees of Member Agencies and by agents, advisors and consultants retained under contract by Authority.
- (e) The Program Director and other staff of the Authority shall have such powers, duties and obligations as are established by this Agreement, the Bylaws, the policies, procedures and rules promulgated by the Authority and any contractual arrangements which may exist between the Authority and the respective entity or person.
- (f) Subject to any applicable contractual arrangements which may take precedence, the Program Director and Legal Counsel shall serve at the will and pleasure of the Board of Directors and all other staff shall serve at the will and pleasure of the Board.

SECTION 15: Insurance Coverage

The Authority shall maintain insurance coverage on its activities as determined by the Board of Directors to be necessary and adequate.

SECTION 16: Accounts and Records

- (a) Annual Budget. The Authority shall adopt an annual budget, which shall include a separate budget for each Insurance program under development or adopted and implemented by the Authority. The Board shall cause to be prepared, shall review and approve and shall recommend a proposed annual budget to the Board of Directors for its consideration. In the event a proposed budget is not approved, the Authority shall continue to operate using the budget figures from the previous fiscal year.
- (b) Funds and Accounts. As directed by the Board, the Treasurer-Auditor of the Authority shall establish and maintain such funds and accounts as may be required by law and good accounting practices. Separate accounts shall be established and maintained for each Insurance program under development or adopted and implemented by the Authority. Books and records of the Authority in the hands of the Treasurer-Auditor shall be open to inspection at all reasonable times by authorized representatives of Member Agencies. A quarterly unaudited financial statement will be produced and distributed to all Member Agencies. The Authority shall adhere to the standard of strict accountability for funds set forth in Government Code Section 6505.

- (c) Treasurer-Auditor's Report. The Treasurer-Auditor, within one hundred and twenty (120) days after the close of each fiscal year, shall give a complete written report of all financial activities for such fiscal year to the Board and to each Member Agency .
- (d) Annual Audit. Pursuant to Government Code Section 6505, the Authority shall contract with an independent certified public accountant to make an annual fiscal year audit of all accounts and financial statements of the Authority, conforming in all respects with the requirements of that section. A report of the audit shall be filed as a public record with the County Auditor of each Member Agency within six months of the end of the fiscal year under examination. Costs of the audit shall be considered a general expense of the Authority.

SECTION 17: Responsibilities for Funds and Property

- (a) The Treasurer-Auditor shall have custody of and disburse the Authority's funds. He or she may delegate disbursing authority to such persons as may be authorized by the Board of Directors to perform that function, subject to the requirements of (b) below.
- (b) Pursuant to Government Code Section 6505.5, the Treasurer-Auditor shall:
 - i. Receive and acknowledge receipt for all funds of the Authority and place them in the treasury of the Treasurer-Auditor to the credit of the Authority.
 - ii. Be responsible upon his or her official bond for the safekeeping and disbursement of all Authority funds so held by him or her.
 - iii. Pay any sums due from the Authority, as approved for payment by the Board of Directors or by any body or person to whom the Board has delegated approval authority, making such payments from Authority funds upon warrants drawn by the Treasurer-Auditor. All warrants of the Authority shall be ~~signed by two persons as designated by the Board; provided, however, that the Board may, by resolution, authorize imprest accounts for expenditures of funds in limited amounts for which only one authorized signatory shall be required on the instrument processed under the internal controls and processes of the assigned "Managing Member", subject to additional procedures as may be adopted by the Board Directors.~~
 - iv. Verify and report in writing to the Authority and to Member Agencies, as of the first day of each quarter of the fiscal year, the amount of money then held for the Authority, the amount of receipts since the last report, and the amount paid out since the last report.
- (c) Pursuant to Government Code Section 6505.1, ~~the Program Director~~Managing Member, the Treasurer-Auditor and such other persons as the Board of Directors may designate shall have charge of, handle and have access to the property of the Authority.
- (d) The Authority shall secure and pay for a fidelity bond or bonds, in an amount or amounts and in form specified by the Board of Directors, covering the Treasurer-Auditor and all other officers and staff of the Authority who are authorized to hold or disburse funds of the

Commented [PB12]: Make subject to MM controls, which are also audited,

Commented [PB13]: Tying this to the management of funds of the agency

Authority, and all other officers and staff who are authorized to have charge of, handle, and have access to property of the Authority.

SECTION 18: Responsibilities of the Authority

The Authority shall perform the following functions in discharging its responsibilities under this Agreement:

- (a) Assist each Member Agency's designated risk manager with the risk management function;
- (b) Provide loss prevention and safety services to the Member Agencies;
- (c) Provide claims adjusting and claims management services as required;
- (d) Provide statistical reports to the Member Agencies;
- (e) Recommend standard contract clauses relating to indemnity, hold harmless, insurance and other similar matters affecting Member Agencies; and,
- (f) Provide other services consistent with purposes of the Authority as may be deemed necessary, advisable and beneficial to the Member Agencies.

SECTION 19: Responsibilities of the Member Agencies

- (a) Each Member Agency shall appoint one employee or other representative to be responsible for the Member Agency's risk management functions and to serve as liaison between Member Agency and the Authority as respects risk management.
- (b) Each Member Agency shall maintain for itself and its members an active risk management program as described in any Insurance programs or policies, procedures and rules promulgated by the Authority.
- (c) Each Member Agency shall timely pay all premiums, fees, charges and assessments imposed or levied by the Authority.
- (d) Each Member Agency shall provide the Authority with requested information and assistance in order to fulfill the programs under this Agreement.
- (e) Each Member Agency shall in all ways cooperate with and assist the Authority in all matters relating to this Agreement and comply with the Bylaws and the policies, procedures and rules promulgated by the Authority.
- (f) Each Member Agency shall cooperate fully with the Authority in determining the causes of losses and in the settlement of losses covered under the Authority's Insurance programs.

SECTION 20: Development, Implementation and Funding of Insurance Programs

- (a) Program Coverage. The Authority may develop and implement programs of Insurance, which the Authority deems necessary, advisable and beneficial to Member Agencies. Subject to any Insurance program's applicable underwriting rules and other qualifying conditions, each Member Agency shall be eligible to apply for membership and participation in any program conducted by the Authority.
- (b) Program and Authority Funding. The Member Agencies developing or participating in an insurance program shall fund all costs of that program, including administrative costs, as hereinafter provided. Costs of staffing and supporting the Authority, hereinafter called Authority general expenses, shall be equitably allocated among the various programs and shall be funded by the Member Agencies developing or participating in such programs in accordance with such allocations, as hereinafter provided.
- i. Development Charge. Development costs of an Insurance program ~~shall~~ may be funded by a development charge as fixed by the Board of Directors. The development charge shall be paid by each Member Agency which wishes to join in development of the program, after receipt of information as estimated on the cost and scope of the program, and thereby reserve the option to participate in the program following its adoption by the Board. Development costs are those costs incurred by the Authority in developing a program for review and adoption by the Board, including but not limited to: research, feasibility studies, information and liaison work among Member Agencies, preparation and review of documents, and actuarial and risk management consulting services. The development charge may also include an equitable share of Authority general expense incurred in the development function. Upon the conclusion of program development: any deficiency in development funds shall be billed to all Member Agencies which have paid the development charge, on a pro-rata or other equitable basis, as determined by the Board; and any surplus in such funds shall be transferred into the loss reserve fund for the program, or, if the program is not implemented, into the Authority's general fund.
- ii. Annual Premium. Except as provided in iii. below, all post-development costs of an Insurance program shall be funded by annual premiums charged to the Member Agencies participating in the program each policy year, and by investment income on the fund so accumulated. Premiums shall be determined by the Board of Directors upon the basis of a cost allocation plan and rating formula developed by the Authority with the assistance of an actuary, risk management consultant or other qualified person. The premium for each participating Member Agency shall include that Member Agency's share of expected program losses, program reinsurance costs, and program administrative costs for the year plus that Member Agency's share of Authority general expense allocated to the program. Annual premiums shall be billed by the Authority at the beginning of each policy year and shall be payable within thirty (30) days of the billing date. At the end of each policy year, program costs ~~shall~~ may be audited by the Authority. Any deficiency or surplus in the premium paid by a participating Member Agency, as shown by such audit, ~~shall~~ may be adjusted by a corresponding increase or decrease in the premium charge to that Member Agency for the next succeeding year, or held by the Authority to pay future expenses of the program unless the Member Agency withdraws or is canceled from the program.

iii. Assessment. If the Authority experiences ~~an unusually large number of~~ losses under a program ~~during~~ relating to a policy year of coverage ("program year"), such that pooled funds for ~~that~~ program year may be exhausted or depleted ~~excessively before the next annual premiums are due~~, the Board of Directors may, upon consultation with an actuary ~~and other professionals~~, impose assessments on all participating Member Agencies, which, in total amount, will assure adequate funds to the Authority for the payment of all incurred losses for the program year(s) in a deficit position.

Commented [PB14]: Improve clarity... what are "unusually large number", and would that matter? Don't want to have qualifiers that don't have a context.

Commented [BC15]: You could limit assessments to net deficits in the entire program, but that encourages members to leave if there is a net deficit, contrary to Section 24 which makes them responsible for losses incurred during membership.

SECTION 21: New Members

An eligible local public entity that is not a Member Agency may become a party to this Agreement only upon approval of the Board of Directors and by paying an appropriate entry fee or charge as established by the Board. The Board may condition its approval upon the proposed new member's ability to satisfy the underwriting criteria and other qualifying conditions which may then be in effect for any Insurance program in which the proposed new member wishes to participate.

SECTION 22: Withdrawal

- (a) A Member Agency may withdraw as a party to this Agreement upon thirty (30) days' advance written notice to the Authority if it has never become a participant in any Insurance program, or if it has withdrawn from all insurance programs in which it was a participant, pursuant to (b) below.
- (b) After becoming a participant in an Insurance program, a Member Agency may withdraw from that program only at the end of a policy year for the program, and, unless the Insurance program's policies, procedures and rules otherwise provide, only if the Member Agency has given the Authority at least six (6) months' advance written notice of such action executed by the chief executive officer of the Member Agency.

SECTION 23: Termination

- (a) Notwithstanding the provisions of Section 22, the Board of Directors may:
 - i. Terminate any Member Agency from this Agreement and membership in the Authority, on a vote of two-thirds of the Board members present and voting. Such action shall have the effect of terminating the Member Agency's participation in all Insurance programs of the Authority as of the date that membership is terminated.
 - ii. Terminate any Member Agency's participation in an Insurance program of the Authority, without terminating the Member Agency's membership in the Authority or participation in other programs, on a vote of two-thirds of the Board members present and voting.
- (b) The Board of Directors shall give sixty (60) days' advance written notice of the effective date of any termination under the provisions of (a) above. Upon the effective date, the Member Agency shall be treated the same as if it had voluntarily withdrawn from this Agreement or from the program, as the case may be. A termination procedure will be set forth in the Bylaws of the Authority.

(c) A Member Agency which does not enter one or more of the ~~Insurance P~~ programs of the Authority within ~~1836~~ months after the Member Agency becomes a party to this Agreement shall be considered to have withdrawn as a party to this Agreement at the expiration of the ~~3618~~-month period, and its membership in the Authority shall be automatically canceled as of that time without action of the Board of Directors.

(d) A Member Agency which withdraws from all Insurance programs of the Authority in which it was a participant and does not enter any program for a period of six (6) months thereafter shall be considered to have withdrawn as a party to this Agreement at the end of that period, and its membership in the Authority shall be automatically canceled as of that time, without action of the Board of Directors.

Commented [DH16]: That's a long time. Let's discuss

Commented [MB17R16]: Agree 18 months?

Commented [BC18R16]: Agreed

Commented [PB19R16]: Agreen, changed to 18

SECTION 24: Effect of Withdrawal or Termination

The withdrawal or termination of any Member Agency from this Agreement shall not terminate the responsibility of the Member Agency to continue to contribute its share of assessments or other financial obligations incurred by reason of its prior participation, nor shall a Member Agency's withdrawal or termination require the Authority to repay or return to the Member Agency all or any part of any contributions, payments or advances made by the Member Agency expect as provided in Section 24.1 below.

SECTION 24.1: Disposition of Property and Funds

(a) Upon the dissolution of the Authority or other final termination of the Agreement, any properties of the Authority shall be liquidated, and the funds received, together with other funds on hand, shall be used first to discharge all obligations of the Authority. These obligations shall include all claims for which the Authority may have financial responsibility including claims which have been incurred but not reported and shall be determined by independent accountants and actuaries selected by the Board of Directors. Any surplus funds remaining after payment of or providing for the Authority's obligations shall be applied in accordance with Subsection (b) below.

(b) Surplus money on hand in a self-insurance pool operated by the Authority shall be returned to present and former Member Agencies who participated in the pool in proportion to contributions made and claims or losses paid as specified in California Government Code Section 6512.2. Any other surplus money remaining on hand shall be returned in proportion to contributions made as specified in California Government Code Section 6512.

SECTION 25: Provision for Bylaws

The Authority shall develop, adopt, amend and promulgate Bylaws and other executive directives to govern the operations of the Authority. Each Member Agency will be provided with copies of all such materials.

SECTION 26: Amendment of Agreement

This Agreement may be amended at any time by a two-thirds vote of the entire Board of Directors, provided, however, that:

- (a) Any meeting at which an amendment is to be acted upon shall require ~~thirty~~ (30) days' prior notice of the proposal, with the specifics of the proposed amendment to be set forth in the notice; and
- (b) No amendment which increases the liability or financial obligation of a Member Agency shall be approved without:
 - i. That Member Agency's consent; or
 - ii. That Member Agency being given the specific option to withdraw from the Authority.

~~ii.(c) Except as provided in Section 26(b) above, each Member agency agrees to be bound by and to comply with all of the terms and conditions of this Agreement as it now exists or may hereinafter be amended as provided in Section 26(a).~~

SECTION 27: Agreement Complete

The foregoing constitutes the full and complete agreement of the parties. There are no oral understandings or agreements not set forth in this instrument.

SECTION 28: Effective Date of Restated Agreement

The effective date of this Agreement as restated shall be ~~the date that the Board of Directors of the Authority duly and regularly adopts a resolution approving the form of this Agreement in the manner provided by Section 26 of this Agreement~~ July 1, 2025.

SECTION 29: Superseding Effect

This Agreement supersedes JPA (referred to in Recital A above) and shall govern the rights and obligations of the parties as to all matters covered by this Agreement after its effective date.

SECTION 30: Contract with Each Signatory

Each party to this Agreement, whether by having been a signatory to JPA (referred to in Recital A above) or by having become a signatory to this Agreement, shall be deemed and is, a contracting party with each and all of the other parties to this Agreement without regard to the time that a party became a party to the Agreement. The deletion of one or more parties from this Agreement shall not affect the validity, term or continuing effectiveness of this Agreement.

Commented [DH20]: Do we need to make this longer so SPA members can go to their boards?

Commented [MB21R20]: It's a bit confusing - the SPA Board can't amend the agreement, only the JPA members, unless they are all agreeing to give the SPA BOD that power? Agree if so need more time to notice.

Commented [BC22R20]: This is pretty standard. The Board can amend without having each Member Agency governing board having to vote, but the 30 day notice requirement protects Member Agency from surprises. This is a minimum notice requirement, the Board can always put the matter over for a longer period.

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Commented [BC23]: I added because the current agreement requires member entity approvals.

Commented [BC24]: I assume you want it to be the same date as in the Bylaws. You could also make it upon approval of all Member Agency governing bodies which is what the current Agreement apparently requires.

* * * * *

Certificate of Secretary

The undersigned Secretary of Member Agency certifies that the foregoing Joint Exercise of Powers Agreement was adopted by Resolution No. TBD(BD) of the Board of Directors of Member Agency at a meeting of the Board duly and regularly called and conducted on TBD, 2025.

Secretary

**BYLAWS
of the
SCHOOLS PROGRAM ALLIANCE**

PREAMBLE

These Bylaws are adopted effective July 1, 2025, pursuant to the "Joint Exercise of Powers Agreement for the Schools Program Alliance (SPA)" (the "Agreement").

ARTICLE I - THE AUTHORITY

SECTION 1.1. Name of Authority. The name of the Authority created by the Agreement shall be the Schools Program Alliance (the "Authority").

SECTION 2.1. Office of Authority. The principal office of the Authority shall be at the address listed in Attachment A to these Bylaws, or at such other location as the Board of Directors may designate by resolution.

SECTION 3.1. Fiscal Year. The fiscal year for the Authority shall commence July 1 of each calendar year and end June 30 of the following calendar year.

ARTICLE II - BOARD OF DIRECTORS

SECTION 2.1. Membership. The Authority shall be governed by a Board of Directors. Each of the parties to the Agreement as set forth in Sections 4 and 21 of the Agreement (the "Member Agencies") shall be entitled to participate and be represented by a representative on the Board of Directors. If a Member Agency elects to exercise its right to representation on the Board of Directors, it shall promptly notify the Authority in writing of the names of the Board member and alternates who have been selected to represent the Member Agency, and subsequently of any successors to them. The Member Agency shall also comply with any other procedures which may be established by resolution of the Board of Directors to identify Member Agencies who have chosen to participate and be represented on the Board of Directors and to authenticate Member Agencies' representatives. All designated Board members and alternates shall comply with the provisions of California law which require certain public officials to file Statements of Economic Interests. Any Member Agency which is not then exercising its right to participate on the Board of Directors may change its status at any time by written notice to the Authority of that decision, by designation of its representative Board member and alternates and by compliance with any other procedures established by the Board of Directors.

SECTION 2.2. Powers. The powers of the Board shall be as set forth in Section 9 of the Agreement.

SECTION 2.3. Meetings.

(a) Regular Meetings. Regular meetings of the Board shall be held at least once a year at a time and place to be set by the Board. Except as otherwise provided in Section 26 of the Agreement, the agenda for each regular meeting of the Board shall be posted at the principal office of the Authority and delivered to each Member Agency in accordance with the Ralph M. Brown Act (California Government Code Section 54950 et seq.).

(b) Special Meetings. Special meetings of the Board may be called in accordance with the provisions of California Government Code Section 54956.

(c) Public Meeting. All meetings of the Board shall be open to the public, except as provided by law.

(d) Quorum. The presence of a majority of the members of the Board shall constitute a quorum for the transaction of business. Except as otherwise provided in the Agreement, the Bylaws or by law, no action may be taken by the Board except by affirmative vote of not less than a majority of those members of the Board present. A smaller number may adjourn a meeting.

(e) Order of Business. At the regular meetings of the Board, the following shall be the order of business:

- i. Roll Call.
- ii. Approval of Minutes of the previous meeting.
- iii. Agenda Items.
- iv. Adjournment

(f) Manner of Voting. With respect to matters of business affecting only a particular insurance program, voting on such matters shall be restricted to those Board members whose Member Agencies are participants in that particular program, and the votes of other Board members shall not be counted.

(g) Action by the Board. All resolutions of the Board shall be in writing, signed by the President and attested to by the Secretary. All other actions of the Board shall be by motion recorded in written minutes.

(h) Rule of Order. All rules of order not otherwise provided for shall be determined, to the extent practicable, in accordance with "Robert's Rules of Order;" provided, however, that no action of the Board shall be invalidated, or its legality otherwise affected, by the failure or omission to observe or follow "Robert's Rules of Order."

ARTICLE III - OFFICERS

SECTION 3.1. Principal Officers.

The principal officers of the Authority are the Chair, Vice-Chair, Secretary and Treasurer-Auditor, as provide in Section 11 of the Agreement.

SECTION 3.2. Other Officers.

The Board of Directors may create such other offices and appoint such other officers as it deems necessary and advisable. Officers so appointed shall serve at the pleasure of the Board and shall exercise such powers, perform such duties and assume such responsibilities as set forth in a resolution duly adopted by the Board for that purpose.

ARTICLE IV - COMMITTEES

SECTION 4.1. Establishment of Committees.

Pursuant to Section 12 of the Agreement, the Authority shall have the standing committees specified in this Article and such other committees as may be appointed from time-to-time by the Board of Directors or the Chair.

SECTION 4.2: Property Program Committee.

Commented [PB1]: Do we want this this formal?

(a) The Authority may create a-"Property Program Committee". This Committee may shall be a standing committee of the Authority. Upon establishment, All members of the committee shall be: (1) affiliated with Member Agencies who are participants in the Authority's Property Program; (2) knowledgeable about the operation of the program; and (3) selected by the Board Chair. Committee members other than the Committee Chair shall serve two, two-year terms with the terms of two or three members beginning in even-numbered calendar years and the other members' terms beginning in odd-numbered calendar years. The term of the Chair shall be indefinite and at the pleasure of the Board Chair.

(b) The purpose of the Property Program Committee shall be to advise the Board of Directors of all operational aspects of the Property Program and to execute and implement the directions of the Board with regard to matters within the committee's powers, duties and responsibilities, which shall be as follows:

(c) Underwriting

i. Solicit information necessary to evaluate membership applications. Determine adequacy of information provided by prospective members.

ii. Advise and report to the Board on matters relating to prospective new members to the program.

(d) Coverage Issues

i. Review coverage issues as they arise and make a recommendation to the Board.

(e) Claims Administration

i. Advise and report to the Board of Directors as to the status of the Program.

ii. Solicit proposals, select, and recommend to the Board qualified candidates to serve as the program's Claims Administrator.

iii. Administer the contract for claims services and review invoices.

iv. Provide supervision and direction to the Authority's claims administrator.

v. Review procedures for claim processing and recommend changes if appropriate.

vi. Review claims frequency and severity reported by participants.

vii. Oversee the preparation of a quarterly claims report to all participants.

viii. Identify needs of participants and recommend training.

ix. Review disputed claims and settle claims within authority granted by the Board pursuant to the **Property Claims Management Policy & Procedure**.

(f) Loss Control

i. Develop programs, policies and resources that will enable participants to reduce property losses.

ii. Provide for inspections of participants' facilities to assist in reducing losses and improving safety.

iii. Administer contract for loss control services and recommend approval of payments.

iv. Provide supervision and direction to the Authority's loss control consultant.

v. Prepare and coordinate an annual safety program.

vi. Coordinate safety program with the Liability Program Committee.

(g) Budget

i. Recommend Program budget.

(h) Delegation of Duties

i. Delegate any of these duties and responsibilities as it deems appropriate.

SECTION 4.3. Liability Program Committee.

(a) The Authority may create a "Liability Program Committee". This Committee shall may be a standing committee of the Authority. Upon establishment, All members of the committee shall be: (1) affiliated with Member Agencies who are participants in the Authority's Liability Program; (2) knowledgeable about the operation of the program; and (3) selected by the Board Chair. Committee members other than the Committee Chair shall serve two, two-year terms with the terms of two or three members beginning in even-numbered calendar years and the other two members' terms beginning in odd-numbered calendar years. The term of the Chair shall be indefinite and at the pleasure of the Board Chair.

(b) The purpose of the Liability Program Committee shall be to advise the Board of Directors of all operational aspects of the Liability Program and to execute and implement the directions of the Board with regard to matters within the committee's powers, duties and responsibilities, which shall be as follows:

(c) Underwriting

i. Advise and report to the Board on matters relating to prospective new members to the Program.

ii. Solicit information necessary to evaluate membership applications.

iii. Determine adequacy of information provided by prospective members.

(d) Coverage Issues

i. Review and advise on Memorandum of Coverage matters.

ii. Make recommendations to the Board concerning coverage issues.

(e) Claims Administration

i. Advise and report to the Board as to the nature and extent of claims adjusting and legal defense services necessary to protect the funds of the Authority, and as to the settlement of those claims which involved liability of the Authority.

ii. Recommend policies and procedures for claim processing.

iii. Review all claims reported by Member Agencies.

iv. Approve settlement of claims within a range of authority as determined by the Claims Management Policy & Procedure.

v. Make recommendations on settlement of claims greater than the limit of authority established in the Claims Management Policy & Procedure.

vi. Oversee the preparation of a quarterly claims report to all members.

vii. Administer contract for claims services and recommend approval of payments.

viii. Make recommendation on the selection of a claims administrator.

(f) Loss Control

i. Develop programs, policies and resources that will enable Member Agencies to reduce liability and property damage losses.

ii. Provide for inspections of facilities to assist members in reducing losses and improving safety and to determine compliance with SPA standards.

iii. Administer contract for loss control services and recommend approval of payments.

iv. Provide supervision and direction to the Authority's loss control consultation service provider.

v. Prepare an annual loss control program and budget.

vi. Coordinate safety programming with the Property Program Committee.

vii. Make recommendation on the selection of a Loss Control service provider.

(g) General

- i. Advise on structure and funding of the Pool layer.
- ii. Develop budget recommendation.
- iii. Oversee projects of consultants.
- iv. Report annually on the program and on the performance of contractors.

(h) Delegation of Duties

- i. – Delegate any of these duties and responsibilities as it deems appropriate.

SECTION 4.4. Meetings of Standing Committees. Standing committees shall meet on the call of their respective committee chairs. Minutes of committee meetings shall be recorded and upon approval shall be distributed to the Board of Directors. Meetings of committees shall be conducted in accordance with the Ralph M. Brown Act (California Government Code sections 54950 et seq.) including, as applicable, the provisions of sections 54952.2 and 54952.3.

ARTICLE V - PROGRAM ~~DIRECTOR~~ADMINISTRATOR

SECTION 5.1. Appointment. The Board shall appoint a Program ~~Director~~ Administrator in accordance with Section 14 of the Agreement.

SECTION 5.2. Powers. In accordance with Section 13 of the Agreement, the Program ~~Director~~ Administrator shall administer the organizational and administrative business and activities of the Authority. The Program ~~Director~~ Administrator shall have such powers, duties and responsibilities as set forth in the Agreement, these Bylaws and as may be provided by agreement between the Program ~~Director~~ Administrator and the Authority or as otherwise delegated to the Program ~~Director~~ Administrator by the Board of Directors.

ARTICLE VI - REIMBURSEMENT FOR TRAVEL EXPENSES

SPA ~~shall~~ may reimburse a Board of Directors Member, ~~or~~ Committee Member, or other appointed employee or representative of their Member Agency, as approved by the SPA Board, any reasonable and necessary travel expenses incurred for the member to attend a SPA meeting.

Reasonable and Necessary is defined as those expenses which the member would not have incurred in performing the normal business of its agency.

Article VII - TERMINATION OF A MEMBER AGENCY MEMBERSHIP

A Member Agency may be terminated from membership in the Authority or from participation in a program of the Authority, in accordance with Section ~~22-23~~ of the Agreement. The procedures for terminating a Member Agency are as follows:

SECTION 7.1. Initiation. Proceedings for termination of a Member Agency as a participant in a program of the Authority or as a member of the Authority may be initiated by the Program ~~Director~~Administrator, by any officer, director, or standing committee of the Authority or by any Member Agency. The person initiating termination proceedings shall do so by a written report and recommendation to the Board of Directors, setting forth in detail the grounds upon which the recommendation is made.

SECTION 7.2. Hearing and Determination of the Board of Directors. The Board of Directors shall hold a hearing on the recommendation at its next meeting, which may be a regular or a special meeting; provided, however, that the affected Member Agency shall have received a copy of the recommendation and such notice of the meeting as is given to all Board members. At the hearing the affected Member Agency shall have the right to offer written and oral testimony. At the close of the hearing, the Board of Directors shall decide whether or not to terminate the Member Agency. If the Board votes to terminate the Member Agency, the reasons for such decision shall be given in writing to the Member Agency. Termination shall be ~~effective as specified in the notice, but not less than sixty (60) days after the date of mailing~~ of such written reasons to the Member Agency.

SECTION 7.3. Withdrawal. A Member may withdraw from the Authority or a program by providing notice as required in Section ~~21~~22(b) of the Agreement. A notice of withdrawal may not be rescinded, except upon Member request ~~submitted at least sixty (60) days prior to the effective date of withdrawal,~~ and subsequent approval by the Board, for good cause shown and upon a finding by the Board in its sole discretion that rescission of the notice of withdrawal will not prejudice the Authority or other Members.

ARTICLE VIII - AMENDMENT

These Bylaws may be amended from time to time by resolution of the Board of Directors duly adopted upon a two-thirds vote of the entire Board of Directors at a regular or special meeting of the Board; provided, however, that no such amendment shall be adopted unless at least thirty (30) days written notice thereof has previously been given to all Member Agencies and members of the Board of Directors. Such notice shall identify the section or sections of the Bylaws proposed to be amended.

ARTICLE IX - COVERAGE DOCUMENTS

Each Member Agency participating in a program of the Authority shall be provided with either a memorandum of coverage or an insurance policy, as the case may be, which shall describe in detail the nature of the applicable coverage, including dollar amounts, together with any deductibles, exclusions, limitations, or other provisions of the coverage.

ARTICLE X - RECORDS RETENTION

All records and documents of the Authority shall be retained in accordance with a records retention policy and procedure adopted by the Board of Directors.

ARTICLE XI - LIABILITY AND INDEMNIFICATION

SECTION 11.1 - INDEMNIFICATION OF DIRECTORS, OFFICERS AND EMPLOYEES - The Authority shall defend and indemnify its directors, officers and employees to the same extent as any public agency of the State of California is obliged to defend and indemnify its public employees pursuant to California Government Code Section 825 et seq. or other applicable provisions of law.

SECTION 11.2 - INSURANCE - The Authority may insure itself to the extent deemed necessary by the Board of Directors against loss, liability and claims arising out of or connected to the conduct of the Authority's activities.

SECTION 11.3 - INDEMNIFICATION BY MEMBER AGENCIES - To the extent any Member Agency's negligent or wrongful act or omission is the cause of an injury for which other Member Agencies may be, or are sought to be, held liable pursuant to California Government Code e 895 et seq., the Member Agency which is legally responsible for the injury shall, at its own expenses, defend, indemnify and hold harmless all of such other Member Agencies from any and all legal consequences of the negligent or wrongful conduct or omission. Nothing in this Section shall be deemed to preclude a Member Agency having the duty to defend, indemnify and hold harmless, from resorting to any insurance or other form of coverage for losses available to the Member Agency, including insurance or coverage for losses procured through the Authority.

SCHOOLS PROGRAM ALLIANCE (SPA)

PARTICIPATION AGREEMENT FOR THE LIABILITY PROGRAM

We, _____, signatory to the Schools Program Alliance(SPA) Joint Exercise of Powers Agreement, have agreed by action of our Board of Directors on _____, 20____, to participate in the SPA Liability Program, hereinafter referred to as "Liability Program." As evidenced by the authorized signatures on page 3 of this document, we agree to become a participant in the Liability Program and be referred to as a "Program Participant."

It is understood that this Participation Agreement pertains only to the Liability Program and not to any other program operated by SPA.

We understand that provided the following requirements are met, Liability Program coverage shall begin on _____ :

- 1) We have paid the Liability Program Fee;
- 2) We have executed this Liability Program Participation Agreement; and
- 3) We are a member of the Joint Powers Authority. This means we:
 - a) have been approved for Joint Powers Authority membership by the SPA Board;
 - b) have executed the Joint Exercise of Powers Agreement;
 - c) have executed a "Resolution to Join" in accordance with the Joint Exercise of Powers Agreement; and
 - d) have paid the initial membership fee.

MINIMUM PARTICIPATION PERIOD:

It is understood that the SPA Liability Program requires an initial full program year commitment in order to participate in the program. Withdrawal from the Liability Program cannot occur until a full year of participation has occurred, that is, from the coverage inception date until the end of the first full program year in which the entity has participated, and only then if a ~~two~~six-month prior notice is provided.

Our initial commitment to the Liability Program will expire on July 1, 20___, unless the program anniversary date is modified by the Liability Program Participants. After the initial participation commitment has been met, withdrawal can occur at the end of a program year provided a **six-month** prior notice of intent to withdraw is provided the Authority, as noted above.

RESPONSIBILITIES OF PROGRAM PARTICIPANTS:

It is understood that as a Program Participant, we are obliged to do the following:

- Take such action, including providing the Liability Program staff with such statistical and loss experience data and other information, as is necessary to carry out the SPA Liability Program as required by the SPA Joint Exercise of Powers Agreement, Bylaws and the policies established by the Board of Directors;
- Pay the Liability Program when due any and all Premiums for each Program Year. Withdrawal does not relieve a Program Participant from liability for owed premiums; and
- Fully cooperate with the Liability Program staff and/or representatives in determining the cause of losses and in the investigation, adjudication, and settlement of claims.
- Comply with JPA Agreement Section 19, "Responsibilities of Member Agencies."

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RESPONSIBILITY FOR LIABILITY PROGRAM EXPENSES:

It is understood that Liability Program Participants are responsible for their share of all Liability Program expenses. A Program Participant's share of the program costs shall be reflected, as accurately as possible, within its Program Fee, which is based upon the Liability Program's budgetary needs, and any other expenses deemed necessary by the Board of Directors.

It is also understood that Liability Program Participants are responsible for their share of all Liability Program expenses, including:

projected losses; margin for contingency; claims adjusting and legal fees, loss control services, general administration, excess or reinsurance premium cost, and costs for any other services as identified by the Board of Directors per authority vested by the SPA Joint Exercise of Powers Agreement and/or Bylaws;

A Program Participant's share of the program costs shall be reflected, as accurately as possible, within its Deposit Premium which is based upon the Liability Program's budgetary needs, prior claims experience, actuarial projections for future years' losses and any other expenses

deemed necessary by the Board of Directors. The cost allocation formula may be subject to change by the Board of Directors.

The withdrawal or termination of any Program Participant from the Liability Program shall not terminate the responsibility to continue to contribute to its share of assessment on prior Program Years or other financial obligations incurred by reason of its previous participation.

* * * * *

We acknowledge and agree that this Participation Agreement shall automatically conform to any amendments made to the SPA Joint Exercise of Powers Agreement or Bylaws, which affect the conditions of participation in the Liability Program. Any other amendments to this Participation Agreement shall require a two-thirds vote of the Liability Program Participants.

In recognition of the above, this Participation Agreement is executed on _____, 20 ____.

Program Participant

Signed

Name

Title

ATTEST:

Signed

Name

Title

SCHOOLS PROGRAM ALLIANCE (SPA)

PARTICIPATION AGREEMENT FOR THE PROPERTY PROGRAM

We, _____, signatory to the Schools Program Alliance(SPA) Joint Exercise of Powers Agreement, have agreed by action of our Board of Directors on _____, 20____, to participate in the SPA Property Program, hereinafter referred to as "Property Program." As evidenced by the authorized signatures on page 3 of this document, we agree to become a participant in the Property Program and be referred to as a "Program Participant."

It is understood that this Participation Agreement pertains only to the Property Program and not to any other program operated by SPA.

We understand that provided the following requirements are met, Property Program coverage shall begin on _____ :

- 1) We have paid the Property Program Fee;
- 2) We have executed this Property Program Participation Agreement; and
- 3) We are a member of the Joint Powers Authority. This means we:
 - a) have been approved for Joint Powers Authority membership by the SPA Board;
 - b) have executed the Joint Exercise of Powers Agreement;
 - c) have executed a "Resolution to Join" in accordance with the Joint Exercise of Powers Agreement; and
 - d) have paid the initial membership fee.

MINIMUM PARTICIPATION PERIOD:

It is understood that the SPA Property Program requires an initial full program year commitment in order to participate in the program. Withdrawal from the Property Program cannot occur until a full year of participation has occurred, that is, from the coverage inception date until the end of the first full program year in which the entity has participated, and only then if a ~~two~~six-month prior notice is provided.

Our initial commitment to the Property Program will expire on July 1, 20___, unless the program anniversary date is modified by the Property Program Participants. After the initial participation commitment has been met, withdrawal can occur at the end of a program year provided a **six-month** prior notice of intent to withdraw is provided the Authority, as noted above.

RESPONSIBILITIES OF PROGRAM PARTICIPANTS:

It is understood that as a Program Participant, we are obliged to do the following:

- Take such action, including providing the Property Program staff with such statistical and loss experience data and other information, as is necessary to carry out the SPA Property Program as required by the SPA Joint Exercise of Powers Agreement, Bylaws and the policies established by the Board of Directors;
 - Pay the Property Program when due any and all Premiums for each Program Year. Withdrawal does not relieve a Program Participant from liability for owed premiums; and
 - Fully cooperate with the Property Program staff and/or representatives in determining the cause of losses and in the investigation, adjudication, and settlement of claims.
- ▲ Comply with JPA Agreement Section 19. "Responsibilities of Member Agencies." ▲

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RESPONSIBILITY FOR PROPERTY PROGRAM EXPENSES:

It is understood that Property Program Participants are responsible for their share of all Property Program expenses. A Program Participant's share of the program costs shall be reflected, as accurately as possible, within its Program Fee, which is based upon the Property Program's budgetary needs, and any other expenses deemed necessary by the Board of Directors.

It is also understood that Property Program Participants are responsible for their share of all Property Program expenses, including:

projected losses; margin for contingency; claims adjusting and legal fees, loss control services, general administration, excess or reinsurance premium cost, and costs for any other services as identified by the Board of Directors per authority vested by the SPA Joint Exercise of Powers Agreement and/or Bylaws;

A Program Participant's share of the program costs shall be reflected, as accurately as possible, within its Deposit Premium which is based upon the Property Program's budgetary needs, prior claims experience, actuarial projections for future years' losses and any other expenses

deemed necessary by the Board of Directors. The cost allocation formula may be subject to change by the Board of Directors.

The withdrawal or termination of any Program Participant from the Property Program shall not terminate the responsibility to continue to contribute to its share of assessment on prior Program Years or other financial obligations incurred by reason of its previous participation.

* * * * *

We acknowledge and agree that this Participation Agreement shall automatically conform to any amendments made to the SPA Joint Exercise of Powers Agreement or Bylaws, which affect the conditions of participation in the Property Program. Any other amendments to this Participation Agreement shall require a two-thirds vote of the Property Program Participants.

In recognition of the above, this Participation Agreement is executed on _____, 20 ____.

Program Participant

Signed

Name

Title

ATTEST:

Signed

Name

Title

Item F.4.**MANAGING MEMBER FINANCIAL UPDATE****ACTION ITEM**

ISSUE: Managing Member Financial Report 2ND Quarter 2024/25

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

FISCAL IMPACT: None expected from this item.

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 (SIA) functions as the Managing Member per the JPA agreement. The Managing Member receives and disburses funds, enters into contracts, and otherwise manages the financial operations of SPA. Quarterly GAAP financial reports are prepared to report on these activities.

Managing Member Financial Update:

Financial reports for the period ending December 31, 2024 are provided for the Board's review. The financials reflect a combined net position of \$5.2M. The financials have been prepared before the finalization of actuarial liabilities and completion of the fiscal year 23/24 audit; the beginning balance is expected to be materially correct, yet is still an estimate. A summary of the financials follows:

- Total Assets of \$26.6M (up \$1M over LY); total liabilities estimated at \$21.4M (up \$0.9M over LY).
- Claims Liabilities outstanding are estimated at \$3.3M (up \$0.5M over LY). This includes recording of estimated actuarial IBNR as noted earlier.
- Property Program Net Position is about \$5.2M which is up about \$44,000 from the same time last year.

Additionally, the following should be considered when reading the financials reports:

- Initial estimated IBNR from the draft actuarial report of \$508,327 has been accrued, however, this may still be revised with completion of the final actuarial study.

Audit – the audit is tentatively scheduled to begin in April.

ATTACHMENTS: SPA Financials as of December 31, 2024

SCHOOLS PROGRAM ALLIANCE
PROPERTY & LIABILITY INSURANCE PROGRAMS
STATEMENT OF NET POSITION
Unaudited - For Management Purposes Only
AS OF DECEMBER 31, 2024

	BSSF	NBSIA	RESIG	SIA	SIG	Property Pool	Combined Property	Liability	Total
ASSETS									
Cash	32,800	123,656	72,941	720,820	197,527	9,653,613	10,801,358	(87,347)	10,714,010
Accounts Receivable						(97,633)	(97,633)	103,097	5,465
Other Receivables						331,288	331,288		331,288
Prepaid Insurance						9,900,512	9,900,512	5,629,857	15,530,370
TOTAL ASSETS	32,800	123,656	72,941	720,820	197,527	19,787,781	20,935,524	5,645,607	26,581,132
LIABILITIES									
Accounts Payable							0	15,750	15,750
SIA Admin payable							0		0
Loss Control payable							0		0
Appraisal payable							0		0
Deferred Contributions	6,758	24,074	33,359	111,009	31,521	11,422,292	11,629,012	5,629,857	17,258,870
Advances Payable						863,788	863,788		863,788
Claims Liabilities						3,266,384	3,266,384		3,266,384
TOTAL LIABILITIES	6,758	24,074	33,359	111,009	31,521	15,552,464	15,759,184	5,645,607	21,404,791
NET POSITION	26,042	99,582	39,582	609,811	166,006	4,235,317	5,176,340	0	5,176,340

RECONCILIATION OF MEMBER EQUITY BALANCES

	BSSF	NBSIA	RESIG	SIA	SIG	Property Pool	Combined Property	Liability	Total
NET POSITION									
Retained Layer						4,255,120	4,255,120		4,255,120
SIA Admin	0	0	0	0	0	(19,803)	(19,803)		(19,803)
Loss Control	19,434	76,619	8,492	520,533	134,550		759,627		759,627
Appraisals	6,608	22,963	31,090	89,279	31,457		181,396		181,396
NET POSITION	26,042	99,582	39,582	609,811	166,006	4,235,317	5,176,340	0	5,176,340

**SCHOOLS PROGRAM ALLIANCE
PROPERTY & LIABILITY INSURANCE PROGRAMS
STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION
Unaudited - For Management Purposes Only
FOR THE SIX MONTHS ENDED DECEMBER 31, 2024**

	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						9,900,512	9,900,512	5,629,857	15,530,370
Total Retained & Reinsurance Contributions	0	0	0	0	0	11,400,512	11,400,512	5,629,857	17,030,370
SPA Admin Contributions*									
Administrative	935	3,520	4,981	16,578	4,707	21,779	52,500		52,500
Loss Control	3,042	11,459	16,216	53,961	15,322		100,000		100,000
Appraisal	2,781	9,095	12,162	40,471	11,491		76,000		76,000
Total Admin Contributions	6,758	24,074	33,359	111,010	31,519	21,779	228,500	0	228,500
TOTAL CONTRIBUTIONS	6,758	24,074	33,359	111,010	31,519	11,422,292	11,629,012	5,629,857	17,258,870
EXPENSES									
Claims Expenses						1,159,137	1,159,137		1,159,137
Insurance Premiums						9,900,512	9,900,512	5,629,857	15,530,370
Professional Services						11,311	11,311		11,311
Board Member Activities						8,136	8,136		8,136
SPA Admin Expenses*									
SIA Administrative	935	3,520	4,981	16,578	4,707	33,445	64,166		64,166
Loss Control			129,645				129,645		129,645
Appraisals				247,135			247,135		247,135
TOTAL EXPENSES	935	3,520	134,626	263,713	4,707	11,112,541	11,520,042	5,629,857	17,149,900
Operating Income	5,823	20,554	(101,268)	(152,703)	26,812	309,751	108,970	0	108,971
Non Operating Income - Interest						421,178	421,178		421,178
INCREASE (DECREASE) IN NET POSITION	5,823	20,554	(101,268)	(152,703)	26,812	730,928	530,147	0	530,147
NET POSITION, BEGINNING OF PERIOD - ESTIMATED	20,218	79,028	140,850	762,514	139,194	3,504,389	4,646,192	0	4,646,192
NET POSITION, END OF PERIOD	26,042	99,582	39,582	609,811	166,006	4,235,317	5,176,340	0	5,176,340

* SPA Admin contributions & expenses allocated per Admin Cost (TIV based) approved by SPA Board

**SCHOOLS PROGRAM ALLIANCE
CHECK REGISTER**

FY Ended 6/30/25

DISBURSEMENT TRANSACTIONS FISCAL YEAR 2024-25

Check Number	Vendor ID	Vendor Check Name	Check Date	Amount	Inv. #	Date	Description
1st Quarter 24-25							
book xfer	SIA	SIA- Admin/RESIG	7/18/2024	2,085,056.66			RESIG for Piner Claim
wire payment	BMS Bermuda Limited	BMS Bermuda Limited	7/26/2024	247,500.00	10075K24	7/25/2024	BMS Bermuda Ins
book xfer	SIA	SIA- Admin/SIA	8/1/2024	3,351,310.59			Caldor Fire, Claim # 21-5244 Pioneer Union
				<u>5,683,867.25</u>			
2nd Quarter 24-25							
xfer	NBSIA	NBSIA	12/18/2024	(600,000.00)			Claim SPA 24-3941, St. Helena for CAT 2419 multi-member event
book xfer	SIA	SIA- Admin	12/20/2024	(1,210,483.00)			SPA claim 24-3936 SIG CAT 2323
book xfer	SIA	SIA- Admin	12/20/2024	(61,155.00)			Snowstorm
book xfer	SIA	SIA- Admin	12/20/2024	(441,644.58)			Q1 SIA Admin Expenses
				<u>(2,313,282.58)</u>			Q2 SIA Admin Expenses

Item G.1.**PROPERTY PROGRAM****2025 PROPERTY (AND APD) RENEWAL UPDATE****INFORMATION ITEM**

ISSUE: We will continue discussing data collection and renewal topics for the 2025 Property, APD, and Deadly Weapons renewal process, including any updates to the proposed timeline, if any.

RECOMMENDATION: No action required.

FISCAL IMPACT: None.

BACKGROUND: We continuously review renewal topics with the SPA Board beginning at the data collection phase (December) through the binding phase (June). These discussions are meant to share updates on data collection, submission construction/release, modeling outputs/insights, market discussions/indications/quotes updates and any other program knowledge during the program placement phase starting in December 2024. This, of course, will include any topics expected to impact the renewal.

We are currently in the data collection/submission construction phase and will provide an update as respects these items.

ATTACHMENTS: None.

Item G.2.**PROPERTY PROGRAM****STUDENT ACCIDENT PROGRAM UPDATE****ACTION ITEM**

ISSUE: Members will receive an overview of student accident insurance coverage and benefits for review and discussion.

RECOMMENDATION: Provide feedback and direction as needed – information only.

FISCAL IMPACT: No fiscal impact expected from this item.

BACKGROUND: Members have requested presentation of a number of coverage and service options as part of the most recent strategic plan, including MROCIP, Student Accident Insurance, and pollution coverage.

ATTACHMENTS:

Item G.3.**POLLUTION****ACTION ITEM**

ISSUE: The SPA Board is asked to consider if they would like to obtain a quote for pollution coverage for FY 25/26. If so, application information will be needed by early March 2025 in order to market the coverage.

RECOMMENDATION: The Board shall consider and provide direction to the Program Administration.

FISCAL IMPACT: Unknown at this time.

BACKGROUND: One of the Strategic Planning items was to explore the potential to add Pollution coverage to the list of policies under the SPA JPA.

We have reached out to the market and in order to obtain a quote for coverage, the following items are needed:

- Completed Application – one for each underlying member (see attached)
- SOV
- Member list for Named Insured and Additional Named Insureds
- GL Loss runs – last 5 years
- Phase I and II reports for any locations that have them
- UST Tank inventory list and tank tightness tests

ATTACHMENTS: Ironshore Environmental Spills Application

Ironshore Environmental Site Pollution Incident Legal Liability Select (SPILLS) Application

THIS IS AN APPLICATION FOR A CLAIMS-MADE POLICY. PLEASE REVIEW THE APPROPRIATE POLICY CAREFULLY.

INSTRUCTIONS:

- Please print or type clearly.
- Please answer all questions and those applicable to the coverages requested. If any questions in those sections do not apply, please answer "NA."
- If additional supporting documentation is needed to answer the questions completely, please reference in the application and attach the additional supporting documentation.
- The application must be signed and dated by a duly authorized executive, officer, owner, or principal of the applicant.

GENERAL APPLICANT INFORMATION:

Named Insured: _____

Mailing Address: _____

Company Web Address: _____

Year Established: _____

1. Are there any additional Named Insureds for the Company to evaluate for coverage? ____YES ____NO. If Yes, list the entities and their relationship to the First Named Insured and include an organizational chart: _____

2. Are there any additional insureds for the Company to evaluate for coverage? ____YES ____NO. If Yes, list the entities and their relationship to the Named Insured: _____

3. Description of all the Named Insured's operations: _____

EXISTING COVERAGE DETAILS:

	Site Pollution Coverage
	Check if none ()
Carrier	
Limits	
Deductible / SIR	
Premium	
Effective dates	
Any retroactive dates	

REQUESTED COVERAGE:

	Site Pollution Coverage
Limits	
Deductible / SIR	
Term	
Any retroactive dates	
Effective dates	

PROPERTY INFORMATION:

1. Property(ies) to be covered:

(If the below space is inadequate to account for all properties to be covered, please attach a statement of values that includes, at a minimum, the street address, city, state, zip code, square footage, the number of units and/or the acreage and year built for each of the properties to be covered and indicate below that an attachment has been provided)

Street address	City	State	Zip Code	Square Footage, Units and/or Property Acreage	Year Built
1.					
2.					
3.					
4.					
5.					

2. Current use of Covered Property(ies):

Industrial
 Warehouse/Light Industrial
 Retail
 Hotel
 Office
 Residential
 Other – Specify _____

3. Prior use of Covered Property(ies):

Industrial
 Warehouse/Light Industrial
 Retail
 Hotel
 Office
 Residential
 Other – Specify _____

4. Have dry cleaning operations ever been conducted at any of the Covered Properties? ____YES ____NO. If yes, provide details including site addresses and the types of dry cleaning solvents historically and currently used: _____

5. Have gas station or auto repair operations ever been conducted at any of the Covered Properties? ____YES ____NO. If yes, provide details, including site addresses and details on the use of any chlorinated solvents: _____

6. Has there ever been or is there currently any remediation, monitoring or sampling to investigate contamination at any of the Covered Properties? ____YES ____NO. If yes, please provide explanation and attach copies of applicable environmental reports. _____

7. Are there any plans for sampling to investigate potential contamination or to commence any remediation projects at any of the Covered Properties? ____YES ____NO. If yes, please provide details. _____

DEVELOPMENT PLANS:

1. Are there any known plans for development, redevelopment, construction or demolition at any of the Covered Properties during the proposed policy period? YES NO. If yes, please describe: _____

2. Are there any known plans for any interior renovations at any of the Covered Properties during the proposed policy period? YES NO. If yes, please describe: _____

INDOOR AIR QUALITY:

1. Have any of the Covered Properties had an indoor air quality incident (including but not limited to the presence of mold matter or legionella or other pollutants) that cost more than or is expected to cost more than \$25,000 to address such incident? YES NO. If yes, what was the total cost of each incident? _____

2. Have any construction defects at a Covered Property been encountered (including but not limited to HVAC system problems, leaks in the building envelope (roof, windows or siding), broken plumbing or other)? YES NO. If yes, please summarize issue and how they were addressed. _____

3. Have any water intrusion or moisture conditions at a Covered Property been encountered (including but not limited to HVAC system problems, leaks in the roof, windows or siding, broken plumbing or sewer backups)? YES NO. If yes, please summarize issue and how they were addressed. _____

4. Are any buildings at the Covered Properties currently vacant, abandoned or unoccupied? YES NO. If yes, how long have they been vacant? _____

5. Do any of the buildings at the Covered Properties currently have broken or missing windows or holes in the roof or building envelope? YES NO. If yes, is there any evidence of water intrusion or moisture conditions. YES NO.
6. Does the applicant have a mold matter operations and maintenance (O&M) plan and/or water intrusion O&M plan? YES NO. If yes, please provide a copy.
7. Does the applicant have employees on-site and dedicated to the management of the Covered Properties proposed for coverage? YES NO. If yes, have the employees undergone specific training with regards to IAQ and/or mold? YES NO.
8. Have any complaints ever been made by a third party relating to indoor air quality, mold or legionella problems at a Covered Property proposed for coverage? YES NO. If yes, please provide details: _____

PER/POLYFLUOROALKYL SUBSTANCES (PFASs)

1. Have any PFASs¹, or any materials or products that may have contained any PFASs, ever been manufactured, used or stored at any Covered Property? YES NO. If yes, please provide details. _____

AQUEOUS FILM FORMING FOAM (AFFF)

1. Do any operations conducted, or any materials stored used or manufactured at any Covered Property have fire suppression requirements other than water? YES NO If yes, please provide details. _____
2. Have any AFFF fire suppressants ever been used or stored at any Covered Property? YES NO. If yes, please provide details. _____
3. Have there been any fires at a Covered Property that used an AFFF based fire suppressant to extinguish the fire? YES NO If yes, please provide details. _____
4. Are there any mutual aid groups or third-party contracts utilized for fire response at any Covered Property? YES NO If yes, please provide details. _____
5. Have there ever been any fire training exercises that used AFFF performed at any Covered Property? YES NO If yes, please provide details. _____

STORAGE TANKS:

1. Are there any underground or aboveground storage tanks (USTs OR ASTs) at any of the Covered Properties? YES NO. If yes, please include details below or provide a schedule that includes age, size, contents, construction material (steel, fiberglass, etc.) construction type (single/double walled), leak detection/monitoring type and copies of recent tank tightness tests.

Covered Property	AST/UST	Installation Date	Size	Construction (material and type)	Contents	Leak Detection	Secondary Containment
1.							
2.							
3.							
4.							
5.							

¹ PFAS means any perfluoroalkyl or polyfluoroalkyl substance, including but not limited to perfluoroalkyl acids (PFAAs), perfluorooctanoic acid (PFOA), perfluorooctane sulfonate (PFOS), perfluoroheptanoic acid (PFHpA), perfluorononanoic acid (PFNA), perfluorohexanesulfonic acid (PFHxS), GenX, “C8”, “ADONA,” perfluoroalkane sulfonyl fluoride (PASf), perfluorobutanesulfonic acid (PFBS), polytetrafluoroethylene (PTFE), perfluoropolyethers (PFPEs), fluoropolymers, perfluorononanoic acid, ammonium perfluorooctanoate, or any associated salts, acids, alcohols, precursor chemicals or related higher homologue chemicals

2. Is the applicant aware of any storage tanks at the site that have been removed or closed in place? YES NO. If yes, please provide any available closure documentation.
3. Are there any plans to remove or upgrade any of the tanks at any Covered Property proposed for coverage during the Policy Period? YES NO. If yes, please provide details: _____

TRANSPORTATION:

1. Do the applicant's operations require the transportation of cargo? YES NO. If yes, what is being transported? _____

2. Does the applicant have any operations that require the transportation of hazardous materials? YES NO. If yes, what is being transported? _____

3. Does the applicant transport the materials themselves or do they use a third-party transporter? 1st Party 3rd Party
4. What types of conveyances are being used to transport cargo: Auto Rail Watercraft Aircraft?
5. How many of each conveyance does the applicant own, lease or operate: Auto Rail Watercraft Aircraft?

WASTE DISPOSAL ACTIVITIES:

1. Does the applicant require disposal of any hazardous material as part of its operations? YES NO. If yes, please describe materials, estimated quantities generated per month and facility(ies) at which the material is primarily disposed. _____

2. Has the applicant been named as potential responsible party (PRP) in connection with waste disposal activities? YES NO. If yes, please provide details: _____

CLAIMS / WARRANTY STATEMENTS:

CLAIMS:

1. In the last five (5) years, has the applicant had any reportable release or spill of any hazardous substance, hazardous waste or petroleum product, or any other pollutants? YES NO. If yes, please explain: _____

2. In the last five (5) years, has the applicant received any notice of violation, fine, penalty, claim, complaint or other enforcement action due to or associated with compliance with environmental laws or relating to the release or threatened release of a hazardous substance, hazardous waste, petroleum product or other pollutant? YES NO. If yes, please explain: _____

3. Is the applicant aware of any past or present contamination on, at, under or migrating from any Covered Property proposed for coverage? YES NO. If yes, please explain. _____

4. Have any claims been made or legal actions (including regulatory actions) been brought against the applicant in the past 5 years which relate in any way to an actual or alleged release of hazardous substances, hazardous wastes or petroleum products, or any other pollutants (including mold matter and legionella) or water intrusion? ____YES ____NO. If yes, please explain: _____
-
-

WARRANTY:

1. Does the applicant know of any fact, situation or circumstance that could result in a claim(s) in any way related to hazardous substances, wastes, petroleum products, contaminants, or any other pollutants (including mold matter and legionella) or water intrusion being made against your company or any other entity that is requesting coverage? ____NO ____YES. If yes, please explain. _____
-
2. Does the applicant know whether any PFASs, or any materials or products that may have contained any PFASs, have ever been manufactured, used or stored at any Covered Property? ____NO ____YES If yes, please explain. _____
-
3. Does the applicant know of any fires or fire training exercises during which AFFF based fire suppressants were used at any Covered Property? ____NO ____YES If yes, please explain. _____
-

ACCEPTING THIS APPLICATION DOES NOT BIND THE UNDERWRITER TO COMPLETE, OR THE APPLICANT TO PURCHASE, THE POLICY. IN THE EVENT THERE IS ANY MATERIAL CHANGE IN THE ANSWERS TO THE QUESTIONS OR REPRESENTATIONS OR WARRANTIES HEREIN PRIOR TO THE ISSUANCE DATE OF THE POLICY, WHICH WOULD RENDER THIS APPLICATION FORM INACCURATE OR INCOMPLETE, THE APPLICANT WILL NOTIFY THE INSURER IN WRITING AND, IF NECESSARY, ANY OUTSTANDING QUOTATION MAY BE MODIFIED OR WITHDRAWN.

NOTICE TO ARKANSAS & NEW MEXICO APPLICANTS: "ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT, OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON."

NOTICE TO COLORADO APPLICANTS: "IT IS UNLAWFUL TO KNOWINGLY PROVIDE FALSE, INCOMPLETE, OR MISLEADING FACTS OR INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING OR ATTEMPTING TO DEFRAUD THE COMPANY. PENALTIES MAY INCLUDE IMPRISONMENT, FINES, DENIAL OF INSURANCE, AND CIVIL DAMAGES. ANY INSURANCE COMPANY OR AGENT OF AN INSURANCE COMPANY WHO KNOWINGLY PROVIDES FALSE, INCOMPLETE, OR MISLEADING FACTS OR INFORMATION TO A POLICYHOLDER OR CLAIMANT FOR THE PURPOSE OF DEFRAUDING OR ATTEMPTING TO DEFRAUD THE POLICYHOLDER OR CLAIMANT WITH REGARD TO A SETTLEMENT OR AWARD PAYABLE FROM INSURANCE PROCEEDS SHALL BE REPORTED TO THE COLORADO DIVISION OF INSURANCE WITHIN THE DEPARTMENT OF REGULATORY AUTHORITIES."

NOTICE TO DISTRICT OF COLUMBIA APPLICANTS: "WARNING: IT IS A CRIME TO PROVIDE FALSE OR MISLEADING INFORMATION TO AN INSURER FOR THE PURPOSE OF DEFRAUDING THE INSURER OR ANY OTHER PERSON. PENALTIES INCLUDE IMPRISONMENT AND/OR FINES. IN ADDITION, AN INSURER MAY DENY INSURANCE BENEFITS IF FALSE INFORMATION MATERIALLY RELATED TO A CLAIM WAS PROVIDED BY THE APPLICANT."

NOTICE TO FLORIDA APPLICANTS: "ANY PERSON WHO KNOWINGLY AND WITH INTENT TO INJURE, DEFRAUD, OR DECEIVE ANY INSURER FILES A STATEMENT OF CLAIM OR AN APPLICATION CONTAINING ANY FALSE, INCOMPLETE OR MISLEADING INFORMATION IS GUILTY OF A FELONY IN THE THIRD DEGREE."

NOTICE TO KENTUCKY APPLICANTS: "ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE CONTAINING ANY MATERIALLY FALSE INFORMATION, OR CONCEALS FOR

THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME."

NOTICE TO LOUISIANA APPLICANTS: "ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO FINES AND CONFINEMENT IN PRISON."

NOTICE TO MAINE APPLICANTS: "IT IS A CRIME TO KNOWINGLY PROVIDE FALSE, INCOMPLETE OR MISLEADING INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING THE COMPANY. PENALTIES MAY INCLUDE IMPRISONMENT, FINES OR A DENIAL OF INSURANCE BENEFITS."

NOTICE TO NEW JERSEY APPLICANTS: ANY PERSON WHO INCLUDES ANY FALSE AND MISLEADING INFORMATION ON AN APPLICATION FOR AN INSURANCE POLICY IS SUBJECT TO CRIMINAL AND CIVIL PENALTIES.

NOTICE TO OHIO APPLICANTS: ANY PERSON WHO, WITH INTENT TO DEFRAUD OR KNOWINGLY THAT HE/SHE IS FACILITATING A FRAUD AGAINST AN INSURER, SUBMITS AN APPLICATION OR FILES A CLAIM CONTAINING A FALSE OR DECEPTIVE STATEMENT IS GUILTY OF INSURANCE FRAUD.

NOTICE TO OKLAHOMA APPLICANTS – WARNING: ANY PERSON WHO KNOWINGLY AND WITH INTENT TO INJURE, DEFRAUD OR DECEIVE ANY INSURER, MAKES ANY CLAIM FOR THE PROCEEDS OF AN INSURANCE POLICY CONTAINING ANY FALSE, INCOMPLETE OR MISLEADING INFORMATION IS GUILTY OF A FELONY (365: 15-10, 36 §3613.1)

NOTICE TO PENNSYLVANIA APPLICANTS: ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR ANOTHER PERSON, FILES A STATEMENT OF CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION, OR CONCEALS FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT, MATERIAL THERETO, COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME, SUBJECT TO CRIMINAL PROSECUTION AND CIVIL PENALTIES.

NOTICE TO TENNESSEE, VIRGINIA AND WASHINGTON APPLICANTS: IT IS A CRIME TO KNOWINGLY PROVIDE FALSE, INCOMPLETE OR MISLEADING INFORMATION TO AN INSURANCE COMPANY FOR THE PURPOSE OF DEFRAUDING THE COMPANY. PENALTIES INCLUDE IMPRISONMENT, FINES AND DENIAL OF INSURANCE BENEFITS.

NOTICE TO VERMONT APPLICANT: ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM CONTAINING MATERIALLY FALSE INFORMATION OR, CONCEALS, FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT ACT, WHICH MAY BE A CRIME AND MAY SUBJECT SUCH PERSON TO CRIMINAL AND CIVIL PENALTIES.

NOTICE TO NEW YORK APPLICANTS: ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR OTHER PERSON FILES AN APPLICATION FOR INSURANCE CONTAINING ANY MATERIALLY FALSE INFORMATION, OR CONCEALS FOR THE PURPOSE OF MISLEADING, INFORMATION CONCERNING ANY FACT MATERIAL THERETO, COMMITS A FRAUDULENT INSURANCE ACT, WHICH IS A CRIME, AND SHALL BE SUBJECT TO A CIVIL PENALTY NOT TO EXCEED FIVE THOUSAND DOLLARS (\$5,000) AND THE STATED VALUE OF THE CLAIM FOR EACH SUCH VIOLATIONS

THE UNDERSIGNED APPLICANT WARRANTS THAT THE STATEMENTS SET FORTH IN THIS APPLICATION AND ITS ATTACHMENTS AND OTHER MATERIALS SUBMITTED TO THE INSURER ARE TRUE AND CORRECT.

THE UNDERSIGNED UNDERSTANDS, AGREES TO, AND ACKNOWLEDGES, THAT THIS POLICY CONTAINS A POLICY AGGREGATE LIMIT OF LIABILITY THAT IS ACCEPTED AND SHARED BY ALL OF THE APPLICANTS AND INSURED'S WHO ARE OR MAY BECOME AN INSURED HEREUNDER. IN VIEW OF THE OPERATION AND NATURE OF THIS SHARED POLICY AGGREGATE LIMIT OF LIABILITY, THE APPLICANT UNDERSTANDS AND AGREES THAT PRIOR TO FILING A CLAIM UNDER THIS POLICY, THE POLICY AGGREGATE LIMIT OF LIABILITY MAY BE EXHAUSTED OR REDUCED BY PRIOR PAYMENTS FOR OTHER CLAIMS UNDER THIS POLICY. AS A RESULT, THERE MAY BE NO AVAILABLE LIMIT TO PAY AN APPLICANT'S OR INSURED'S CLAIM, REGARDLESS OF WHETHER ANY LOSS, BUSINESS INTERRUPTION EXPENSE OR EXTRA EXPENSE HAS BEEN PAID ON SUCH APPLICANT'S OR INSURED'S BEHALF.

Applicant's signature: _____ Date: _____

Applicant's name (please print): _____
Title: _____

Insurance representative: _____
Name of firm: _____
Address: _____
Telephone number: _____
Fax number: _____
E-mail address: _____

Surplus lines agent (SLA): _____
Address: _____
City: _____
State, ZIP code: _____
Surplus lines license number: _____

Item G.4.

COURSE OF CONSTRUCTION COVERAGE

ACTION ITEM

ISSUE: The SPA reinsurance program includes a generous sublimit of up to \$25 million for course of construction projects. The Program Administrator and underwriters have had a concern that projects that would normally have separate COC coverage are being placed under the SPA operations policy. This exposes the program to higher risk of loss as COC projects are exposed to the elements, targets for vandalism and are not protected by fully functioning loss prevention systems such as alarms, fire sprinklers, smoke detectors, etc. The Board adopted P&P No. 2 - Property to describe that the underwriting intent was for projects over \$5 million to be insured under separate COC coverage. A member has raised a concern that the difference between the Memorandum of Coverage and reinsurance documents showing \$25 million in COC coverage and the underwriting policy and procedure could lead to members expecting coverage for projects not intended to be covered pursuant to the underwriting guidelines.

RECOMMENDATION: The SPA Board of Directors is asked to discuss this item and provide direction to staff on next steps, if any.

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

BACKGROUND: The SPA Property Program was designed to cover operational properties. Separately, properties in the course of construction are usually insured on a builder's risk insurance policy. Remodels or upgrades of existing properties may be insured under either of those two formats, but sometimes an installation floater is purchased for coverage of special equipment such as elevator systems. The SPA Property Program has a significant sublimit for course of construction property coverage. In recent years the rising cost of course of construction insurance has led to an especially hard market for wood frame construction. Since many school properties are constructed from wood frame, there has been pressure on the rates. The SPA Board concluded that the operational property program was not the right vehicle to cover larger course of construction projects due to their increased exposure.

ATTACHMENTS: SPA Property Program P&P No. P&P 2-Property



Policy & Procedure No. P&P 2-Property

ADOPTED: January 11, 2021

AMMENDED: January 8, 2024

AMMENDED EFFECTIVE: January 8, 2024

SUBJECT: Property Program Underwriting Procedures

Should there be any discrepancy between this documents and the JOINT POWERS AGREEMENT or the Property Program Memorandum of Coverage, the JOINT POWERS AGREEMENT and Property Program Memorandum of Coverage will govern.

PURPOSE:

The Schools Program Alliance (SPA) has developed a **Property Program** for its **Members**. SPA has established rating plans and operating practices for its **Property Program**. This Policy and Procedure describes Underwriting Procedures intended to maintain **Member** confidence in the funding and viability of SPA's **Property Program** as well as guidelines for adding locations, members to existing **Members** and prospective new **Members** to the **Property Program**.

POLICY:

It is the policy of the SPA **Board** that the **Property Program** Underwriting Procedures balance and achieve the following underwriting goals:

- Rate Stability over time so that **Members** can plan for SPA **Property Program** costs;
- Loss Accountability so that **Members** are incentivized to prevent and reduce losses;
- Relationship of loss exposure so that rates reflect each **Member's** relative exposure to loss; and
- Growth in membership managed so that addition of new locations or members to existing **Members** and addition of prospective new **Members** supports the overall goals of SPA and mitigates potential negative impacts to SPA **Members**.

PROCEDURE:

The following underwriting procedures shall be followed in establishing the **Property Program** funding and rates.

1. Underwriting guidelines /funding requirements/rating plan

Rates are established by the **Board** based upon multiple factors including, but not limited to, the following:

- The **Program Administrator** shall gather and analyze information on **Member** exposures including but not limited to the schedule of values, loss history, loss control reports, and exposure modeling.
 - The **Program Administrator** shall project funding requirements for retained layers and reinsurance costs. An actuary may be engaged to assist as needed.
 - The **Program Administrator** shall present to the **Board** for each year's renewal a rating plan cost allocation and a review of the methodology for calculating member contributions and reinsurance premiums.
2. New locations, new members of existing Members and prospective new **Members** (This section does **not** apply to new construction projects applicable to Course of Construction/Builders Risk exposures– see Section 3 for handling of those risks)

Existing Members may add additional locations or members to their membership and receive coverage under the SPA Property Program as provided in the automatic acquisition and reporting requirements of the Property Program Memorandum of Coverage. If the additional locations or members exceed the automatic acquisition coverage or trigger reporting requirements of the Memorandum of Coverage, then the Member shall in advance of receiving coverage under the SPA Property Program provide underwriting information and any report or findings of the Member's own underwriting review. The Program Administrator shall then prepare a report for the Board summarizing the new locations or members and the impact on the Property Program considering the policy and procedures of this Policy and Procedure No. 1- Property. The Board may then take action to approve or deny coverage under the Property Program and may direct the Program Administrator to secure approval of the Property Program's insurance and reinsurance underwriters. The Program Administrator will advise the Member and the Board the effective date of coverage if it is approved.

A prospective new Member of SPA eligible under the joint powers agreement shall engage with the **Program Administrator** in an evaluation of potential participation in the **Property Program**. The **Program Administrator** shall conduct an initial underwriting review considering the policy and procedures of this Policy and Procedure P&P No. 1- Property and may confer with insurance and reinsurance underwriters for additional evaluation. The **Program Administrator** shall prepare a report to the **Board** summarizing the prospective new Member's application. **Board** considerations may include but are not limited to additional considerations such as:

- Prospective member's risk profile relative to existing **Members'** risk profiles
- Impact of the prospective new Member on availability of coverage and aggregate limits; and,
- SPA's ability to serve effectively the prospective member.

New Members, new locations and new members of existing Members shall be scheduled to have a property insurance appraisal within 5 years of the most recent appraisal or as soon as practicable after joining if the most recent appraisal has not been within 5 years.

This section does not apply to new construction projects that apply to Course of Construction/Builders Risk exposure – see Section 3 for information related to those risks

3. Construction projects related to Course of Construction/Builders Risk exposure

It is understood that while the SPA Property MOC allows for automatic inclusion of “Course of Construction” (COC) risks up to a stated sublimit of value, the SPA Board has implemented this targeted underwriting policy for these risks. It is recommended that SPA members place COC coverage through the contractor performing the work. If a member prefers not to have the contractor purchase COC coverage, SPA Members may submit construction projects valued at \$5,000,000 or less on a per building basis for automatic inclusion into the SPA Property Program. However, COC risks for construction projects valued over \$5,000,000 must be placed outside of the SPA Property Program. The SPA MOC and reinsurance agreements have limitations based on COC at a site, so a Member with multiple buildings at a site or as part of a package of construction should consult with the Program Administrator to see whether SPA’s Property Program can accommodate such a project.

The rate charged for projects covered in the SPA Property program will be based on the SPA Member’s allocated rate set at inception of the current/in-force MOC.

SPA cannot guarantee that COC coverage will be available in succeeding program years, therefore it is recommended that all COC exposure be placed on a separate policy outside of the SPA Property Program.

4. Placement options for buildings \$5,000,000 or greater (i.e., those excluded from SPA coverage, per section 3 above):

There are two options SPA Members can pursue when obtaining coverage for projects/buildings that do NOT qualify for SPA coverage:

- A. Contractor: Request and obtain coverage from the Contractor conducting the project. In this case, the Contract will advise on steps and data needs. Or
- B. Program Administrator/Alliant: Alliant can obtain an open-market option for COC coverage, subject to prevailing market conditions. Alliant will need 90 days and a completed “New Location Questionnaire” in order to conduct an marketing effort. These requests should be submitted to Michelle Minnick or, if not available, another member of the Alliant SPA team.

5. Periodic review

This Policy and Procedure shall be reviewed by the **Board** and amended as needed.

DEFINITIONS:

“**Board**” means the Board of Directors of the SPA Joint Powers Authority.



Schools Program Alliance

c/o Alliant Insurance Services

Corporation Insurance License No. OC36861

2180 Harvard Street, Suite 460, Sacramento, CA 95815

“Member” means the signatories to the SPA Joint Powers Authority.

“Program Administrator” means the person or organization designated by the Board to administer the SPA Property Program.

“Property Program” means the program established by the Board to provide a combination of self-insured, insured and reinsured coverages and services designated by the Board as elements of the SPA Joint Powers Authority property program offering.

Item H.1.

LIABILITY PROGRAM

RENEWAL UPDATE

INFORMATION ITEM

ISSUE: The Board will receive information regarding the Excess Liability Program.

RECOMMENDATION: None.

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

BACKGROUND: Newfront is currently exploring options to purchase additional supplemental (or sideways) aggregate to shore up existing aggregate limits quoted and will provide a verbal update of marketing efforts to date.

ATTACHMENTS: None.

Social Inflation: How Today's Rising Claim Costs Affect Tomorrow's Insurance Premiums

🕒 3 minute read

Share now:   



Today's insurance premiums aim to reflect tomorrow's predicted costs. Actuaries and underwriters continuously assess risk to forecast future costs. But what happens when claim costs grow at an exponential rate? What happens when jury verdicts frequently shatter even the highest expected outcomes?

Social inflation generally describes the rising costs of insurance claims that result from changing societal perceptions and trends. While the concept of social inflation may seem straight forward, factors contributing to the phenomenon vary widely and are difficult to identify and quantify.

Some of the most notable factors contributing to social inflation include:



Growing wealth gap

Millions of people remain jobless while the U.S. stock market achieves record-breaking highs. Media coverage of this creates juror perception that corporate executives amass wealth while low-income families suffer. This perception of income inequality may increase both the number of lawsuits and the average verdict value.



Increasing health care costs

Health care costs continue to outpace inflation. This may lead to higher compensatory awards and jurors accepting future medical costs suggested by plaintiff counsel.



"Monopoly money" effect

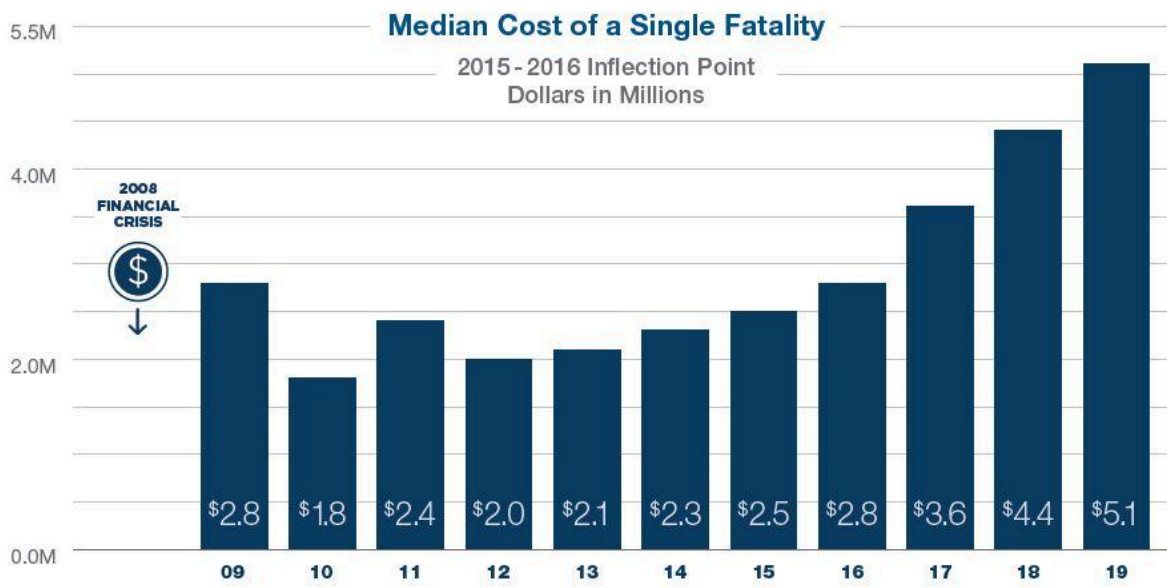
People hear about massive jury verdicts, such as the \$4.69 billion verdict awarded against Johnson & Johnson in Missouri in 2018, as well as billion-dollar fines and penalties assessed against corporations. Legal advertisements show large plaintiff settlements and verdicts. Frequent exposure to excessive sums can normalize the idea of high-payout verdicts.



Investors are pouring billions of dollars into civil litigation investments as an alternative to the stock market. The third-party funding litigation industry is a growing, multi-billion dollar industry changing the economics of the legal profession. This funding provides capital to plaintiff law firms, often makes settlement more difficult, drives cases toward trial and increases the overall cost of litigation defense.

The perceived growing inequality between “ordinary people” and large corporations leads to resentment. Political turmoil and economic struggles also make people angry. American Tort Reform Association estimates the number of legal ads increased by 30% since 2017, with 14 million ads hitting the airwaves, billboards and websites in 2019. Matching up this massive advertising effort with people’s frustrations may create a subconscious desire for wealth redistribution that manifests in the form of massive verdicts often uncorrelated to the injuries suffered. Many experts predict that jury awards will continue to grow as income inequality increases.

History has shown an increase in litigation following recessions. In the wake of the 2008 financial crisis, the stock market bounced back while hourly wages remained stagnant. Some authorities believe the stigma of frivolous lawsuits waned while the longing to punish corporations grew.



Source: Advisen, March 13, 2020

How This Affects Insurance Policy Pricing and Coverage

Insurance carriers and defense counsel work hard to combat social inflation in the courtroom. Unfortunately, increased litigation expenses and colossal verdicts continue to exceed projected costs. Social inflation forces property and casualty insurers nationwide to increase premium rates. Additionally, certain high-risk exposures, such as punitive damages and sexual abuse, may be excluded or sublimited.

The insurance industry must account for social inflation if it is to meet its customers’ needs. Actuaries and underwriters must constantly assess the threat posed by aggressive social inflation in a post-pandemic era. Until potential jurors understand that nuclear verdicts primarily harm policyholders or until legal reform addresses the problem, social inflation is here to stay.

What Can Agents and Policyholders Do

A sound risk management program can help a policyholder mitigate or prevent losses. Great American and our agents can help a policyholder better manage its risks to help combat social inflation and other exposures.

Property & Casualty Insights

[See All Insights \[content-hub/property-casualty-insights\]](#)