

AGENDA

MEETING: Board of Directors Meeting
Schools Program Alliance
Teleconference Meeting

DATE/TIME: March 11, 2024 at 10:00 AM PDT

LOCATION VIA Toll Free (888) 475 4499 or (669) 900-6833 US Toll
TELECONFERENCE: Meeting number (access code): 940 1071 6713

<https://alliantinsurance.zoom.us/j/94010716713?pwd=elEvbnlVUINDdIV5bHFRR2RyOE1XZz09>

A Action
I Information

1 Attached
2 Hand Out
3 Separate Cover
4 Verbal

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

PAGE A. CALL TO ORDER, ROLL CALL, QUORUM A 4

B. APPROVAL OF AGENDA AS POSTED A 4

C. PUBLIC COMMENTS I 4
The public is invited at this point to address the Board of Directors on issues of interest to them.

D. CONSENT CALENDAR A 1
The Board of Directors may take action on the items below as a group except a Board Member may request an item be withdrawn from the Consent Calendar for discussion and action.

- Pg. 4 1. Minutes of SPA Board Teleconference Meeting February 12, 2024
Pg. 8 2. Vacancy Policy & Procedure

E. MEMBER PROGRAM AND IDEA SHARING I 4
This is an opportunity for a 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 facing. Please mail a copy of any materials to each member City in advance of the meeting.

F. GENERAL ADMINISTRATION AND FINANCIAL REPORTS

Pg. 13	1. Financials as of December 31, 2023	A	1
	<i>Phil Brown will present SPA's financial statements as of December 31, 2023.</i>		
Pg. 18	2. Strategic Planning Update	I	1
	<i>The Board will receive an update regarding the Strategic Plan.</i>		
Pg. 21	3. Claims Task Force Update	I	1
	<i>The Board will receive an update from the Claims Task Force.</i>		
Pg. 23	4. SPA Meeting - Strategic Planning Location	I	1
	<i>The Board will consider and will select the location for the Strategic Planning Meeting.</i>		

G. LIABILITY PROGRAM

Pg. 25	1. Excess Liability Program Renewal	I	4
	<i>Jim Wilkey may provide the Board with an update regarding the Liability Renewal.</i>		
Pg. 26	2. SPA Liability Policy & Procedure – Aggregate Erosion Policy	A	1
	<i>The Board will be presented with a draft policy and may consider approval.</i>		

H. PROPERTY PROGRAM

Pg. 28	1. 2024 Property (and APD) Renewal – Update	I	1
	<i>The Board will receive an update for the FY 24/25 renewal.</i>		
Pg. 29	2. Property Program Coverage Limitations at July 1, 2024 – Remote and High Risk Locations	i	1
	<i>Members will receive a list of high risk locations and will consider measures to limit the exposure.</i>		

I. INFORMATION ITEMS AND DISCUSSION	I	4
<i>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.</i>		

J. ADJOURNMENT	A	4
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Upcoming Teleconference Meeting Dates:

April 8, 2024 and May 13, 2024

Item No: 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.

ATTACHMENTS:

1. Minutes of SPA Board Teleconference Meeting February 12, 2024
2. Vacancy Policy & Procedure

SCHOOLS PROGRAM ALLIANCE

February 12, 2024 Teleconference Board Meeting Minutes

Members Present:

Butte Schools Self-Funded Programs (BSSP)
North Bay Schools Insurance Authority (NBSIA)
North Bay Schools Insurance Authority (NBSIA)
Redwood Empire Schools Insurance Group (RESIG)
Redwood Empire Schools Insurance Group (RESIG)
Schools Insurance Authority (SIA)
Schools Insurance Authority (SIA)
Schools Insurance Authority (SIA)
Schools Insurance Authority (SIA)
Schools Insurance Group (SIG)
Schools Insurance Group (SIG)

Nicole Strauch
Kim Santin
Brandon Schlenker
Cindy Wilkerson
Sandy Manzoni
Brooks Rice
Debrah Sherrington
Phil Brown
Amy Russell
Kelli Hanson
Nancy Mosier

Consultants & Guests

Dan Howell, Alliant Insurance Services
Dan Madej, Alliant Insurance Services
Marcus Beverly, Alliant Insurance Services
Michelle Minnick, Alliant Insurance Services
Jenna Wirkner, Alliant Insurance Services

James Wilkey, New Front Insurance
Eileen Massa, New Front Insurance
Ryan Telford, AmWins
Chris Tambo, AmWins

Members Absent:

Central California Schools Authority (CCSA)

Alan Caeton

A. CALL TO ORDER, ROLL CALL, QUORUM

Ms. Cindy Wilkerson called the meeting to order at 10:02 a.m. The above-mentioned members were present constituting a quorum.

B. APPROVAL OF THE AGENDA AS POSTED

A motion was made to approve the Agenda as posted.

MOTION: Kelli Hanson

SECOND: Kim Santin

**MOTION CARRIED
UNANIMOUSLY**

C. PUBLIC COMMENT

There were no public comments.

D. CONSENT CALENDAR

1. Minutes of SPA Board Teleconference Meeting January 8, 2024

2. Greg Rolan Retainer Executed Agreement – signed by Managing Member

It was noted that Cindy Wilkerson was present at the last meeting and the minutes should be amended to reflect her attendance.

A motion was made to approve the Consent Calendar as amended.

MOTION: Kim Santin

SECOND: Nicole Strauch

**MOTION CARRIED
UNANIMOUSLY**

E. MEMBER PROGRAM AND IDEA SHARING

Dan Howell provided that we are gathering information about wildfire exposure and encouraged members to share any items that will be helpful with the marketing of the program. Additionally, there was a brief discussion about a recent data breach with Kennan.

F. GENERAL ADMINISTRATION AND FINANCIAL REPORTS

F.1. STRATEGIC PLANNING UPDATE

Marcus Beverly provided that we will review this list at each meeting and indicated that some of the tasks are listed on the agenda and will be reviewed later today. It was noted for the Retained Layer analysis that Phil Brown has been included and when ready to release to the market it will be sent to Chris Nahas to complete his analysis.

F.2. CLAIMS TASK FORCE UPDATE

Marcus Beverly provided the Board with an update related to the Claims Task Force and noted that the next call will be set up for February 27, 2024. Members were encouraged to attend.

F.3. SPA MEETING DATES FY 24/25 (INCLUDING STRATEGIC PLANNING LOCATION)

The Board discussed availability for the Strategic Planning Session and offered a few suggestions on potential locations. After a discussion it was agreed that week of August 19th works for the most people and Program Administration was provided with direction to reach out to the locations mentioned during the discussion to determine availability and pricing.

A motion was made to approve the meeting dates presented and select the week of August 19th for the Strategic Planning date with location for that meeting to be determined at a later date.

MOTION: Brooks Rice

SECOND: Kim Santin

**MOTION CARRIED
UNANIMOUSLY**

G. LIABILITY PROGRAM

G.1. EXCESS LIABILITY PROGRAM RENEWAL

Jim Wilkey thanked members for submitting application information which has been submitted and has begun marketing the coverage as continue efforts to explore a 3 year policy. He indicated that they have entered into discussions with multiple underwriters, including the Bermuda market and mentioned there is interest in the SPA program.

H. PROPERTY PROGRAM

H.1. 2024 PROPERTY (AND APD) RENEWAL DISCUSSION

Dan Madej provided the Board that we are in the process of collecting data as some members are still updating the statement of values in Alliant Connect. It was also noted that there will be a trend factor applied and once we have received all the updates we will have the items needed so Chris Nahas can begin his analysis, including the potential increase to the retained layer, and everything will be submitted to the market.

H.2. PROPERTY PROGRAM RENEWAL – ADOPTION OF VALUATION AND TRENDING

Marcus Beverly provided a review of the trend factors used in prior years and noted that we are recommending the use of 3% for Real Property and 3% for Contents. After a brief discussion regarding the timing of SIA's appraisal it was generally agreed to use the recommended trend factors.

A motion was made to approve the use of 3% for Real Property and 3% for Contents for trend factors.

MOTION: Brooks Rice

SECOND: Kim Santin

**MOTION CARRIED
UNANIMOUSLY**

H.3. PROPERTY PROGRAM COVERAGE LIMITATION AT JULY 1, 2024 VACANCY PROPERTY EXPOSURE

Dan Madej provided the Board with an update regarding the modifications to the MOC as it relates to the sublimit for vacant structures with the exception of those who applied for a vacancy permit and reminded members of the criteria to apply for a vacancy permit. After a discussion it was requested to bring this vacancy permit back for further discussion. It was also agreed that a sentence should be added to the end of the Vacant Property definition in the SPA Program Declarations "Property is considered occupied if on a functional school site and intended for future use."

A motion was made to approve the Policy & Procedure and the addition of the sentence "Property is considered occupied if on a functional school site and intended for future use." to the MOC and requested the permit application be brought back for further discussion.

MOTION: Brooks Rice

SECOND: Nicole Strauch

**MOTION CARRIED
UNANIMOUSLY**

H.4. PROPERTY PROGRAM COVERAGE LIMITATION AT JULY 1, 2024 REMOTE AND HIGH RISK LOCATIONS

Dan Howell noted that we need to receive direction from the Board so when we go to the market, we have a position. It was noted that currently there is a Blanket Margin clause for BSSP, and we are considering to instead go through a process of identifying single site locations to determine if they are remote and then schedule them on the policy as locations that are subject to a sublimit of the reported value plus a percentage (here we are using 125%). It was requested that each member receive a list of locations for review and Program Administration will bring back a definition of the language for “remote” or “high risk locations.”

I. INFORMATION ITEMS AND DISCUSSION

J. ADJOURNMENT

The meeting was adjourned at 12:00 P.M.

NEXT MEETING DATE: March 11, 2024 via Teleconference

Respectfully Submitted,

Martin Brady, Secretary

Date



SPA VACANCY PERMIT REQUEST

Effective July 1, 2024, the SPA Program will apply a \$500,000.00 **Vacant Property sublimit** for any properties meeting that definition in the SPA Memorandum of Coverage (MOC). Following is the definition in the MOC:

Real Property, whose construction code calls for occupancy, that is not occupied by the member of the Named Insured and does not contain Business Personal Property in a sufficient amount to conduct normal operations. A property will be considered a vacant property if not occupied for 90 consecutive calendar days.

Vacant Property does not include a structure that is intended for future use on an occupied, active site.

For properties that are able to mitigate the higher risk associated with a Vacant Property, via security and risk management measures, SPA will issue a Vacancy Permit confirming the sublimit has been removed. The Vacancy Permit will be an endorsement to the SPA MOC and designate the amount of coverage for the structure. **Coverage will only apply if the identified security and risk management measures are maintained up to and through the time of loss.**

Criteria to qualify for a Vacancy Permit:

Please answer yes or no to the following questions:

- a. Is regular and routine maintenance is being performed?

Answer: Yes No

- b. Are documented site inspections conducted no less than once a month?

Answer: Yes No

- c. Minimum protective safeguards, such as sprinkler systems and burglar alarms are maintained in full service? – describe _____

Answer: Yes No

- d. Perimeter doors and windows are locked and secured?

Answer: Yes No

- e. Security guards patrol the property, not necessarily always on site but periodically during a 24-hour period, each day?

Answer: Yes No

- f. All hazardous or combustible material has been removed?

Answer: Yes No

- g. Confirmation your organization's understanding and acceptance that the measures above will be kept in place until the property no longer falls under the Vacant Property definition in the MOC or the limit is \$500,000?

Answer: Yes No

Notice and Timing:

A completed Request should be submitted 30 days prior to the property needing a Vacancy Permit. SPA will respond within 10 business days of receiving a completed Request. If a Vacancy Permit is issued, SPA will release it within 5 business days of the approval notification.

Send requests and notices of any changes to: michelle.minnick@alliant.com and jenna.wirkner@alliant.com

Additional Information needed to submit this request:

Address of Property(ies) for which a Vacancy Permit is being requested:

The undersigned authorized officer/manager of the applicant declares that the statements set forth herein are true. The undersigned authorized officer/manager agrees that if the information supplied on this application changes after completion, they (undersigned) will notify SPA as soon as practicable of such changes, and SPA may withdraw or modify any outstanding quotations and/or authorizations or agreements to provide coverage.

Signing of this application does not bind the applicant or SPA to complete the coverage, but it is agreed that this application shall be the basis of the contract should a vacancy permit be issued.

All written statements and materials furnished to SPA in conjunction with this application are hereby incorporated by reference into this application and made a part hereof.

Person and role of submitter of this request:

Signature:

Date:

SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

\$1,000,000	Claim Preparation Expenses
Included	Expediting Expense
No coverage provided	Terrorism
\$1,000,000	Personal Property of Students and Teachers, except \$10,000 any one item
\$10,000,000	Accounts Receivable
\$10,000,000	Valuable Papers and Records
\$500,000	Leasehold Interest
\$2,500,000	Asbestos Cleanup and Removal
\$2,500,000	Mold & Fungus
\$100,000	Reimbursement or Master Key Costs
\$2,500,000	Upgrade to Green
No coverage provided	Money and Securities
No coverage Provided	Communicable Disease
180 Days	Extended Period of Indemnity
\$2,500,000	Interruption by Civil or Military Authority, not to exceed 30 days (10 mile radius)
\$2,500,000	Ingress or Egress, not to exceed 30 days (10 mile radius)

\$500,000 Vacant Property, unless member holds a Vacancy Permit from SPA

BOILER AND MACHINERY SUB-LIMITS OF LIABILITY:

\$125,000,000	Boiler Explosion and Machinery Breakdown (USD 100,000,000 in respect of Butte Schools Self-Funded Programs)
Included	Jurisdictional and Inspections
Included	Business Income Coverage Extension (BI)
Included	Extra Expense Coverage Extension (BI)

SCHOOLS PROGRAM ALLIANCE
PROPERTY PROGRAM DECLARATIONS

\$25,000,000	Off premises services interruption including extra expense resulting from a covered peril at non-owned/operated location(s)
\$1,000,000	Claim Preparation Expenses
Included	Expediting Expense
\$1,000,000	Personal Property of Students and Teachers, except \$10,000 any one item
\$10,000,000	Accounts Receivable
\$10,000,000	Valuable Papers and Records
\$500,000	Leasehold Interest
\$2,500,000	Asbestos Cleanup and Removal
\$2,500,000	Mold & Fungus
\$100,000	Reimbursement or Master Key Costs
\$2,500,000	Upgrade to Green
No Coverage provided	Money and Securities
No Coverage provided	Communicable Disease
180 Days	Extended Period of Indemnity
\$2,500,000	Interruption by Civil or Military Authority, not to exceed 30 days (10 mile radius)
\$500,000	Vacant Property, unless member holds a Vacancy Permit from SPA
\$2,500,000	Ingress or Egress, not to exceed 30 days (10 mile radius) BOILER AND MACHINERY SUB-LIMITS OF LIABILITY
\$125,000,000	Boiler Explosion and Machinery Breakdown except USD 100,000,000 in respect of Butte Schools Self-Funded Programs
Included	Jurisdictional and Inspections
Included	Business Income Coverage Extension (BI)
Included	Extra Expense Coverage Extension (BI)

SCHOOLS PROGRAM ALLIANCE PROPERTY PROGRAM DECLARATIONS

5. PERIOD OF RESTORATION

The period during which business interruption and or rental interruption applies will begin on the date direct physical loss occurs and interrupts normal business operations and ends on the date that the damaged property should have been repaired, rebuilt or replaced with due diligence and dispatch, but not limited by the expiration of this MOC.

6. VACANCY PERMIT

A SPA approved and provided permit, allowing for the removal of the Vacant Property sublimit listed in this MOC for a property falling under the Vacant Property definition.

7. VACANT PROPERTY

Real Property, whose construction code calls for occupancy, that is not occupied by the member of the Named Insured and does not contain Business Personal Property in a sufficient amount to conduct normal operations. A property will be considered a vacant property if not occupied for 90 consecutive calendar days.

Vacant Property does not include a structure that is intended for future use on an occupied, active site.

Item No: F.1.

FINANCIALS AS OF DECEMBER 31, 2023**ACTION ITEM****ISSUE:** Managing Member Financial Report**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.

Financial Statements – Management financials for the period ended December 31, 2023, and the Check Register are provided. The financials have been prepared before the finalization of actuarial liabilities and completion of the 6/30/23 year-end audit. Beginning balances are expected to be materially correct but are still estimates. The financials include:

- Total assets of \$25.6 million; total liabilities of \$19.2 million
- Net position has increased by \$1.8 million, yielding a net position of \$6.45 million
- Claims Liabilities outstanding of \$1.5 million include draft/estimated IBNR of \$371,000
- Combined Contribution Revenues recognized were \$16.6 million (\$11.5M Property, \$5.1M liability)
- Combined expenses of \$14.9 million are mostly insurance premiums recognized (\$9.8M property, \$5.1M liability)

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

- Claims liabilities are accrued per loss runs as reported by the individual members as of June 30, 2023. Draft actuarial data has been compiled and accrued; final actuarial analysis is pending.

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- At June 30, claim reserves recorded for the SIG CAT 2323 Snowstorm claim were \$905,000. However, costs as high as \$5 million have been identified by SIG since this date.
 - Claims development/reserves for July through December of 2023 is not included in the financials as compilation of combined member loss runs as of December 31, 2023 is in process.

ATTACHMENTS: Unaudited management financials and check register follows

**SCHOOLS PROGRAM ALLIANCE
CHECK REGISTER**

FY Ended 6/30/24

DISBURSEMENT TRANSACTIONS FISCAL YEAR 2023-24

Check Number	Vendor ID	Vendor Check Name	Check Date	Amount	Inv. #	Date	Description
1st Quarter 23-24							
<i>No disbursements 1st quarter</i>							
 2nd Quarter 23-24							
103505	Redwood Empire Schools Insurance Group		9/11/2023	10,900.00	AR23-00015	8/21/2023	Refund for appraisals
103517	Alliant Insurance Services, Inc.		9/25/2023	6,153.17	SPA-LRP2023	9/20/2023	SPA planning meeting
book xfer	SIA	SIA- Admin	12/21/2023	18,750.00	SPA 24ADMIN-1	12/21/2023	SIA - Reimburse Q1 SIA admin & expenses
book xfer	SIA	SIA- Admin	12/21/2023	18,750.00	SPA 24ADMIN-2	12/21/2023	SIA - Reimburse Q2 SIA admin & expenses
				<u>54,553.17</u>			

3rd Quarter 23-24

4th Quarter 23-24

* SIA check number/activity; advanced by SIA, due from SPA to SIA to reimburse

SCHOOLS PROGRAM ALLIANCE
PROPERTY & LIABILITY INSURANCE PROGRAMS
STATEMENT OF NET POSITION
Unaudited - For Management Purposes Only
AS OF DECEMBER 31, 2023

PRELIMINARY DRAFT - DRAFT CLAIMS DATA PENDING 6/30/23 ACTUARIAL REPORT

	BSSF	NBSIA	RESIG	SIA	SIG	Property Pool	Combined Property	Liability	Total
ASSETS									
Cash	21,917	89,557	154,664	818,066	148,099	9,336,561	10,568,863		10,568,863
Accounts Receivable						124,154	124,154		124,154
Other Receivables						56,207	56,207		56,207
Prepaid Insurance						9,779,115	9,779,115	5,083,488	14,862,602
TOTAL ASSETS	21,917	89,557	154,664	818,066	148,099	19,296,036	20,528,338	5,083,488	25,611,826
LIABILITIES									
Accounts Payable						99,854	99,854		99,854
SIA Admin payable							0		0
Loss Control payable		4,875	4,500				9,375		9,375
Appraisal payable							0		0
Deferred Contributions	8,178	26,057	38,576	119,178	36,729	11,278,895	11,507,615	5,083,488	16,591,102
Advances Payable						978,959	978,959		978,959
Claims Liabilities						1,486,941	1,486,941		1,486,941
TOTAL LIABILITIES	8,178	30,932	43,076	119,178	36,729	13,844,650	14,082,744	5,083,488	19,166,232
NET POSITION	13,739	58,624	111,587	698,888	111,371	5,451,386	6,445,595	0	6,445,595

RECONCILIATION OF MEMBER EQUITY BALANCES

	BSSF	NBSIA	RESIG	SIA	SIG	Property Pool	Property Pool	Liability	Total
NET POSITION									
Retained Layer						5,451,386	5,451,386		5,451,386
Loss Control	12,975	53,786	105,200	413,982	103,329		689,273		689,273
Appraisals	763	4,838	6,388	284,906	8,041		304,936		304,936
NET POSITION	13,739	58,624	111,587	698,888	111,371	5,451,386	6,445,595	0	6,445,595

SCHOOLS PROGRAM ALLIANCE
PROPERTY & LIABILITY INSURANCE PROGRAMS
STATEMENT OF REVENUES, EXPENSES & CHANGES IN NET POSITION
Unaudited - For Management Purposes Only
FOR SIX MONTHS ENDED DECEMBER 31, 2023

PRELIMINARY DRAFT - DRAFT CLAIMS DATA PENDING 6/30/23 ACTUARIAL REPORT

	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						9,779,116	9,779,116	5,083,488	14,862,604
Total Retained & Reinsurance Contributions	0	0	0	0	0	11,279,116	11,279,116	5,083,488	16,362,604
SPA Admin Contributions*									
Administrative	1,281	4,265	6,271	19,721	5,962	15,000	52,500		52,500
Loss Control	3,417	11,374	16,722	52,589	15,899		100,000		100,000
Appraisal	3,063	9,030	12,541	39,442	11,924		76,000		76,000
Total Admin Contributions	7,761	24,669	35,533	111,752	33,785	15,000	228,500		228,500
TOTAL CONTRIBUTIONS	7,761	24,669	35,533	111,752	33,785	11,294,116	11,507,616	5,083,488	16,591,104
EXPENSES									
Claims Expenses							0		0
Insurance Premiums						9,779,116	9,779,116	5,083,488	14,862,604
Professional Services							0		0
Board Member Activities						6,153	6,153		6,153
SPA Admin Expenses*									
Administrative	1,281	4,265	6,271	19,721	5,962		37,500		37,500
Loss Control							0		0
Appraisals							0		0
TOTAL EXPENSES	1,281	4,265	6,271	19,721	5,962	9,785,269	9,822,769	5,083,488	14,906,257
Operating Income	6,479	20,404	29,263	92,031	27,823	1,508,847	1,684,847	0	1,684,847
Non Operating Income - Interest						106,209	106,209		106,209
INCREASE (DECREASE) IN NET POSITION	6,479	20,404	29,263	92,031	27,823	1,615,055	1,791,055	0	1,791,055
NET POSITION, BEGINNING OF PERIOD - ESTIMATED	7,259	38,220	82,324	606,858	83,548	3,836,332	4,654,540	0	4,654,540
NET POSITION, END OF PERIOD	13,739	58,624	111,587	698,888	111,371	5,451,386	6,445,595	0	6,445,595

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

Item No: F.2.

STRATEGIC PLANNING UPDATE

INFORMATION ITEM

ISSUE: The Action Plan developed at SPA's recent Long Range Planning Meeting is attached for further review and approval by the Board.

A total of eight goals were identified, ranging from identifying and sharing resources to evaluating coverage for school sponsored housing. Six of the goals contain action items that are addressed later in the agenda for this meeting.

RECOMMENDATION: None.

FISCAL IMPACT: None expected from this item. Several of the goals have potential fiscal impacts that will be evaluated when addressed with the members.

BACKGROUND: SPA held its third long range planning meeting on September 11-12, 2023 and developed the attached Plan as a result. Key discussion points centered on the nature and extent of risk sharing among the members, growth of membership and coverage options, and identifying resources for sharing or group purchase.

ATTACHMENTS: FY 23/24 SPA Long Range Action Plan

FY 2023/24 SPA LONG RANGE ACTION PLAN							
GOAL	ACTION / TASK			STAFF	Assigned	DEADLINE	STATUS
LRP-1	Implementation of Coverage Limitation for Vacant Structures and Process to Approve Exceptions						
	1.	Develop MOC edits and P&P with new sublimit, definition of vacant building, process to obtain a permit	DM	PA	Dec-23	Completed	
	2.	Develop Visual Aid on how to add and identify in Alliant Connect	MM	PA	Dec-23	Completed	
	3.	Memorandum on initial information to Members reviewed and approved for distribution	DM	BOD	Jan-24	In Progress	
	4.	SPA BOD adopts final draft and approves member communication	DM	BOD	Feb-24		
	5.	Notice to members	MM	PA	Mar-24		
	6.	Coverage change effective at renewal	MM	PA	Jul-24		
LRP-2	Process Improvement to Expedite Property Loss Valuations and Claims Resolution Process - Property Claims SWAT Team						
	1.	Task Group to identify bottlenecks in claims process and potential solutions	MB, BF	PA, SM, BS, PB	Oct-23	In Progress	
	2.	Discussion presentation to SPA Board of potential process changes	MB, BF	SM, BS, PB	Jan-24	In Progress	
	3.	Execute next steps agreed upon to improve process, including MOC, P&P, vendor assignments, etc.	PA	BOD	Apr-24		
	4.	Communicate changes to the Membership	MM	PA	Jun-24		
LRP-3	Adoption of Policy and Procedure to Submit and Approve Course of Construction (Builder's Risk) Coverage						
	1.	Develop P&P with process and definitions	DM	PA	Nov-23	Completed	
	2.	Discussion draft of P&P to BOD for review and discussion with members	DM	BOD	Dec-23	Completed	
	3.	Comments and suggested changes sent to PA for review and incorporation in final draft	MM, DM	BOD	Feb-24	Completed	
	4.	Presentation and approval of revised and proposed final P&P to SPA BOD	DM	BOD	Mar-24	Completed	
	5.	Communicate SPA COC P&P to the Membership	MM	PA	Apr-24		
LRP-4	Property Program MOC Definition of Catastrophic Loss Occurrence for Additional Perils						
	1.	Develop Definition of occurrence that addresses extended occurrence perils more broadly	DM	PA	Nov-23	In Progress	
	2.	Presentation and approval of revised and proposed final MOC changes SPA BOD	DM	BOD	Dec-23		
	3.	Communication of revisions to MOC and effective date	MM	PA	Dec-23		
LRP-5	Business Continuity Planning Single Site Districts - Master Mutual Aid Policy Template						
	1.	Gather sample continuity planning documents and mutual aid agreements, assign task group	JW	BOD/PA	Jan-24	In Progress	
	2.	Evaluate examples develop sample BCP and Mutual Aid templates	JW	Task Group	Mar-24		
	3.	Presentation of proposed sample BCP and Mutual Aid templates to BOD for review/comment/approval	JW	BOD	Apr-24		
	4.	Communication of recommended sample BCP and Mutual Aid templates to members	JW	PA	May-24		
LRP-6	Retained Layer Analysis to Evaluate Retaining More Risk in Property Program						
	1.	Gather updated loss information for preliminary renewal submission and actuarial report	MM/DM	PA	Jan-24	In Progress	
	2.	Appointment of Ad Hoc Committee to develop P&P for BOD review	NF	NF, Ad Hoc	Jan-24	Completed	
	3.	Actuarial report preparation and presentation to SPA Board	DM	PA/Alliant Actuarial	Mar-24		
	4.	Board evaluation and direction on long term retained layer direction	DM	BOD	Mar-24		
	5.	Renewal Marketing and Underwriter Meetings	DM	PA	Feb-24 to Mar-24		
	6.	Preliminary renewal options and NTE's and Board decision on retained layer for PY 24/25	DM	PA/BOD	May-24		
	7	Final renewal options and Board final action on retained layer for PY 24/25	DM	BOD	Jun-24		
LRP-7	Loss Control Budget Ideas						
	1.	Appointment of Task Group to gather Loss Control ideas/initiatives and proposed budget	MM	BOD	Oct-23	In Progress	
	2.	Task Group to identify opportunities and long term strategies	MM, MB	PA, Task Group	Jan-24		
	3.	Report to SPA Board of identified opportunities and Direction given by Board	MM, MB	Task Group, BOD	Feb-24		
	4.	Final report on long term strategy developed along with budget projections	MM, MB	Task Group	Mar-24		
	5.	Presentation to SPA Board of Directors for action and inclusion on FY 24/25 budget	MM, MB	Task Group, BOD	Apr-24		
LRP-8	Review of SPA Joint Powers Agreement						
	1.	Identification of potential general counsel, direction from BOD	MM, DH	PA, MM	Nov-23	Completed	
	2.	Review of SPA governing documents and risk financing and contracting activities	DH	GC	Dec-23	In Progress	
	3.	Report to SPA Board by General Counsel initial direction from SPA Board	DH	GC, BOD	Jan-24		
	4.	Development of amendments and/or replacement governing documents	DH	GC	Feb-24		
	5.	Presentation of proposed changes in governing documents, direction from BOD	DH	GC, BOD	Mar-24		

3/6/2024

FY 2023/24 SPA LONG RANGE ACTION PLAN

GOAL	ACTION / TASK		STAFF	Assigned	DEADLINE	STATUS
	6.	Review of proposed changes with SPA member organizations	DH	PA	Apr-24	
	7.	Final approval of proposed changes by SPA Board	DH	BOD	May-24	
	8.	Final Approval of proposed changes by member boards	BOD	Membership	Jun-24	

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

Item No: F.3.

CLAIMS TASK FORCE UPDATE

INFORMATION ITEM

ISSUE: The Task Force met on March 27, 2024, with representatives from each JPA present as well as Chris Stafford of McClarens and SPA actuary Chris Nahas. The main focus of the meeting was establishing a process and standard for receiving quarterly loss runs from each of the underlying members and McLarens. We discussed a standard format for the loss runs and developed the attached draft set of required fields. Members are asked to refer the template to their report development staff and send a test loss run to SPA staff at their earliest convenience.

Another focus of discussion was the role of McLarens in adjusting those claims solely within the SPA layer. Chris Stafford received confirmation from the group that McLarens is to adjust those claims and we will work to make the SPA loss run more comprehensive by including those claims in the future.

We also provided an updated loss reporting form to include specific SPA staff email addresses on new reports.

RECOMMENDATION: Review and provide feedback regarding the loss run format and refer to your IT staff to prepare.

FISCAL IMPACT: None expected from this item.

BACKGROUND: Members have formed a task force to identify and provide suggestions to resolve bottlenecks in the claims adjustment process, including achieving consensus on replacement cost and timely processing of proofs of loss and payments.

ATTACHMENTS: SPA Property Loss Run Format Template

SPA Loss Run Format Template

Date of Loss	Date Closed	Status	Paid Loss	Paid Expenses	Total Paid Losses	Total Reserves	Total Incurred	Subro	CAT	Wildfire
								yes/no if able	Flag if able	Flag if able
Date of Loss	Date Closed	Status	Paid Loss	Paid Expenses	Total Paid Losses	Reserves	Total Incurred	Subrogation	CAT	Wildfire

Item No: F.4.

SPA MEETING STRATEGIC PLANNING LOCATION

ACTION ITEM

ISSUE: Members should consider and select a location for the Strategic Planning Meeting.

RECOMMENDATION: None.

FISCAL IMPACT: TBD.

BACKGROUND: Traditionally the SPA Board meets once a month on the second Monday of each month. In 2021 the SPA Board held its annual meeting in Napa during the month of August and in 2022 the SPA Board held the meeting in South Lake Tahoe.

ATTACHMENTS: Venue details for August 20th and 21st Long Range Planning Meeting

SPA Long Range Planning 2024								
Venue	Meeting Dates	Conference Room Price	Wi-fi, screen, projector included	Room Price (19th and 20th)	Room Minimum	Lunch Price	Breakfast	Extra Charges
Lodge at Tiburon - Mail Sail Ballroom	August 20th and 21st	\$1000 per day	Included at no extra cost	\$259 plus tax and fees + \$15 facility fee	10	\$34-62 per person	\$18-35 per person	25% service charge and 8.25% sales tax
Napa River Inn-Hatt Hall	August 20th and 21st	\$1,500 per day	Included at no extra cost	\$299 plus tax and fees	No minimum	\$22-\$38 per person	\$22-\$38 per person	Gratuuity 22%, 7.25% sales tax, 15.2% occupancy tax
Harvest Inn, St. Helena	August 20th and 21st	\$1250 per day	\$625 per day	\$359 plus tax and fees	No minimum	\$40-\$60	\$39-\$50	22% Banquet fee and 8.25% sales tax and local occupancy tax of 15.195%, no resort fee and self-parking and wi-fi are complimentary
Claremont *Berkley move in week	August 20th and 21st	\$750 per day	\$835 per day	\$429 plus tax fees & \$50 per room per day charge	20	\$45- \$68 per person \$2,800 per day minimum	\$70-\$80 per person	24% service charge and 10.25% sales tax

Item No: G.1.

EXCESS LIABILITY PROGRAM RENEWAL**INFORMATION ITEM****ISSUE:** The Board will receive information regarding the Excess Liability Program.**RECOMMENDATION:** None.**FISCAL IMPACT:** None.**BACKGROUND:** Newfront is currently exploring options to purchase additional supplemental (or sideways) aggregate to shore up existing aggregate limits quoted and will present those as soon as possible.**ATTACHMENTS:** None.

Item No: G.2.

SPA LIABILITY POLICY & PROCEDURE – AGGREGATE EROSION POLICY

ACTION ITEM

ISSUE: The SPA Liability Working group has prepared a draft policy for the Boards review.

RECOMMENDATION: None.

FISCAL IMPACT: None.

BACKGROUND: At the November 13, 2023 Board meeting it was noted an Ad Hoc Committee was formed to discuss the erosion of aggregate limits and the SPA Board will receive an update from the committee.

ATTACHMENTS: P&P 2-Liability - Liability - SPA Liability Program - Aggregate Erosion Policy



Policy & Procedure No. P&P 2-Liability

ADOPTED:

EFFECTIVE: July 1, 2024⁴

SUBJECT: SPA Aggregate Erosion Policy

Should there be any discrepancy between this document^s and the JOINT POWERS AGREEMENT, the JOINT POWERS AGREEMENT will govern.

The Schools Program Alliance (SPA) has developed an Excess Liability Program for its Members. Members of the ~~Schools Program Alliance~~ (SPA) Excess Liability Program acknowledge that, from time to time and for any program year, insurance market conditions may result in the purchase and placement of reinsurance and/or excess insurance policies which contain annual aggregate limits shared by the members of that program year.

If annual aggregate limits for any program year become eroded by payment of claims, the SPA members agree to pursue all available options to purchase reinstatement of limits. The purchase of reinstated or other additional limits for any program year shall be at the sole discretion of the SPA Board of Directors. The SPA members understand that the availability and/or affordability of reinstated or other additional limits may vary from year to year depending upon insurance market conditions and other factors.

Notwithstanding the above, should the erosion of aggregate limits for any program year result in claims which exceed the reinsurance and/or excess insurance funds available for payment of such claims, the SPA members of that program year shall be responsible for the total cost of claims in excess of the annual aggregate limits. Each SPA member shall contribute an amount equal to the SPA member's pro-rata share of the program year's total contributions (premiums) as applied to the amount of claims in excess of the annual aggregate limits.

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Under no circumstances shall the SPA program be responsible for any claims in excess of the aggregate and/or total limits of coverage for the program year; all amounts in excess of the program year's aggregates or total limits of coverage shall be the responsibility, in the manner set forth above, of the SPA members of the program year in which the excess claims occurred.

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REFERENCE:

Item No: H.1.

2024 PROPERTY (AND APD/ADWP) UPDATE**INFORMATION ITEM**

ISSUE: We will review an update on the data collection efforts, review any issues with collection and revisit the timeline, as needed.

RECOMMENDATION: No action required.

FISCAL IMPACT: None identified for the review of this initial presentation.

BACKGROUND: This item remains on the agenda from January – June each year, touching on the progression of topics related to the renewal and marketing phase of the SPA Property, APD and ADW programs. We begin this item with pre-renewal discussions (and presentation) regarding topics of importance as we lead into the renewal season. We discuss and review, as needed, the data request for the submission each year. As the data is collected and the submission is created, we use this time to review key updates on the submission, in particular, how we are being represented in the market (what our losses show, what our exposures and changes show, etc.). This item is also used to update the board on market “happenings” and feedback from the marketplace on our program throughout the marketing phase. Additionally, as the modeling and/or any actuarial structuring and pricing initiatives are completed, these are presented and discussed with the board (AIR and CoreLogic results). As quotes and terms are received from the markets, these are presented and discussed with the to the board. And finally, the discussion of “not to exceed”, as well as binding intentions and orders are presented to and sought from the board as this item rounds out in May and June.

At the writing of this item for the February board meeting, we have thus far completed the following:

- January board meeting: renewal presentation and discussion; review of the data request email

ATTACHMENT(S): NONE - The 1/8/24 Data Request email, which was shared with all SPA Members, will be shared during this discussion, if needed.

Item No: H.2.

PROPERTY PROGRAM COVERAGE LIMITATION AT JULY 1, 2024 REMOTE AND HIGH RISK LOCATIONS

INFORMATION ITEM

ISSUE: The SPA Board of Directors agreed at its last meeting to pursue a course of action to mitigate loss costs from locations exposed to wildfire. The action taken would be to provide a loss limit of 125% of reported value plus an increased cost of construction not to exceed 100% of the reported value or the applicable sublimit for ICC (\$10 million). The goal is to remove the existing blanket agreed value loss limit that applies to BSSFP, and instead apply it to locations of all SPA members that exceed the high risk threshold in the CORE Logic wildfire risk model.

At this time, next steps include:

- Finalize Schedule of Insured Values – Alliant
- Meet with underwriters to negotiate agreement – Alliant/AmWINS
- Obtain Wildfire Modeling report – Alliant/AmWINS
- Identify proposed schedule of locations to be identified for limited coverage – Alliant
- Review proposed schedule with SPA member JPA's – Member/Alliant
- Communicate proposed coverage limitation to individual districts affected – Member
- Finalize schedule with underwriters for renewal policy – Alliant/AmWINS

Note – while wildfire loss modeling along with remote locations or single site districts with high loss characteristics would be the point of initiating and underwriting review for scheduling a location for this coverage limitation, **the limitation would apply for all causes of loss, not just wildfire.**

If approved by the SPA Board, this change would need approval from the program's excess insurers and reinsurers.

RECOMMENDATION: No action is required on this item at today's meeting.

FISCAL IMPACT: The proposed changes would likely reduce the cost of some property losses in the future and thereby reduce insurance costs.

BACKGROUND: SPA is underwritten as a program consisting mostly of highly protected property risks. Unexpectedly large losses happen at undervalued locations cause significant impact to SPA's ability to secure coverage and the cost of coverage. The cost of such losses is shared among all the members and remain in the loss rating calculus for 5 years.

SPA has seen over \$15 million of reported losses at locations that are exposed to wildfire. These tend to be single site districts as well which exacerbates the cost of the loss. The Program Administrator is recommending a plan along the following lines:

- Modify the existing margin clause for valuation of properties that applies currently only to all BSSFP property. Instead, apply a margin clause for all SPA member locations deemed high risk based on modeling. The margin clause would apply only to scheduled locations and limit Real and Personal Property loss to no more than 125% of reported value.
- Add an ordinance and law/increased cost of construction (ICC) limitation for these scheduled locations that limits the total amount of ICC to 100% of the reported value or the policy ICC sublimit of \$10 million – whichever is lower. This limitation would apply to requirements of the Department of the State Architect (DSA) and any other requirements, such as those in the California Education Code or regulations.

Note – while wildfire loss modeling along with remote locations or single site districts with high loss characteristics would be the point of initiating and underwriting review for scheduling a location for this coverage limitation, **the limitation would apply for all causes of loss, not just wildfire.**

SPA has experienced significant losses due to wildfire at locations significantly undervalued for replacement cost and that incurred substantial increased cost of construction due to increased costs of reconstruction due to code and ordinance and requirements of the Department of the State Architect or California Education Code or regulations. Losses from wildfire that include near or total loss of a location have been shown to incur higher cost than would normally be anticipated. Rather than exclude these locations entirely, the Program Administrator recommends limiting coverage to preserve some level of insurability.

Under the Program Administrator's proposal, a school location that is specifically scheduled by endorsement for this coverage location would be subject to a recovery that may be below full replacement value. The following example shows how the coverage limitation would be applied:

- Reported Total Insured Value for scheduled location = \$4 million
- Maximum recovery at 125% of reported Value = \$5 million
- Maximum additional recovery for increased cost of construction, extra expense, etc. at 100% of reported value = \$4 million
- Total insurance proceeds for loss at scheduled location = \$9 million.

ATTACHMENTS: None.