

**SCHOOLS EXCESS LIABILITY FUND
BOARD OF DIRECTORS MEETING
Friday, June 23, 2006 - 8:30 A.M.**

**SELF Office - 1531 "T" Street, Suite 300
Sacramento, CA 95814**

MINUTES

BOARD MEMBERS PRESENT

H. Brent Howatt, Chair	Area I
Michael Gregoryk, Vice Chair	SCC
Mark Stone, Secretary	Area III
Nancy Anderson	Area VI
Wes Combes	Area II
Diane Crosier, Alternate (for Tanguay)	Area VI
John Fogarty, Alternate (for Lueck)	Area VI
Peter Hardash	SCC
Lynn April Hartline	Area VI
Eric Johnston	Area VI
Sandra Lepley	Area V
Charlene Minnick	CSU
Denise Smith	Area VI
Travis Steagall	Area V
Teresa Scott	NCC
Martha Wescoat-Andes	NCC

ALTERNATES PRESENT

Clifton Anderson	Area I
Herb Bartelt	Area VI
Jan Keller	Area II
Larry Risinger	Area IV
Michele Schlack	CSU

BOARD MEMBERS ABSENT

Eva Lueck	Area VI
Paula Tanguay	Area VI

SELF STAFF

Tom Osborne	Executive Director
Pat Moody	Chief Fiscal Officer
Steve Schempp	Workers' Compensation Claims Examiner
Lois Gormley	Director of Communications

SELF CONSULTANTS

Susan Blankenburg

B.J. Ewing (via telephone)

Keith Grand

Bob Herrick

Steve Kahn

Ken Maolini

Gary Martin

Laura Izon Powell

Randy Rendig

Robin Stewart

Bruce Vanner

Marsh Risk Insurance Services

Ewing Consulting Services

Marsh Risk Insurance Services

Marsh Risk Insurance Services

ARM Tech

Risk Management Services

Marsh Risk Insurance Services

Kronick, Moskovitz, Tiedemann & Girard

George Hills Co.

Kronick, Moskovitz, Tiedemann & Girard

Warren, McVeigh & Griffin

OTHERS PRESENT

Doug Ross

Cindy Wilkerson

Representative

Keenan & Associates/SoCal ReLiEF

California Charter Schools Association

Foley & Lardner

I. CALL TO ORDER

Howatt called the meeting to order at 8:35 a.m. and Gormley called the roll.

Howatt asked Alternate Diane Crosier to vote in place of Tanguay and Alternate John Fogarty to vote in place of Eva Lueck.

II. INTRODUCTIONS

Howatt introduced his alternate, Clifton Anderson. Other participants introduced themselves.

III. AGENDA - JUNE 23, 2006

A. AMENDMENTS/ADJUSTMENTS

Osborne proposed moving Item V.A.1, approval of the California Charter Schools Association new members, to Item X.P. He said Item V.M, the revised mission statement, should be moved to Item X.Q. He noted Item X.A. was withdrawn at the request of Joe Myers.

Stone said one of the liability claims, Item VII.A.4, was addressed in the Liability Claims and Coverage Committee. Howatt proposed leaving that item on the Closed Session agenda.

Referring to Item V.D, SELF's investment policy, Osborne said the statement, "The list should be approved by the Board of Directors annually," should be highlighted in bold.

B. APPROVAL

Smith made a motion, seconded by Minnick, to adopt the agenda as amended.

Vote: Unanimous.

IV. MINUTES

A. BOARD OF DIRECTORS SPECIAL TELECONFERENCE MEETING - MAY 15, 2006

B. BOARD OF DIRECTORS MEETING - MARCH 3, 2006

C. BOARD OF DIRECTORS SPECIAL MEETING - MARCH 2, 2006

Smith made a motion, seconded by Anderson, to approve the minutes of May 15, March 3, and March 2 minutes as presented.

Vote: Unanimous.

V. CONSENT CALENDAR

A. APPROVE MEMBERSHIP - EXCESS LIABILITY PROGRAM

2. San Diego County RMJPA

- Albert Einstein Academy Charter School
- Classical Academy High School

B. APPROVE LEGISLATIVE PLATFORM - SCHOOL SERVICES OF CALIFORNIA

C. APPROVE FINANCIAL STATEMENTS - FEBRUARY, MARCH, AND APRIL 2006

D. REAFFIRM INVESTMENT POLICY

E. ACCEPT BOARD MEMBER RESIGNATION - BRENT HOWATT, AREA I

F. APPOINT AREA I BOARD REPRESENTATIVE - CLIFTON ANDERSON

G. ACCEPT BOARD MEMBER RESIGNATION - MARK STONE, AREA III

H. APPOINT AREA III BOARD REPRESENTATIVE - JOHN

FALAPPINO

- I. APPOINT AREA III BOARD ALTERNATE - RICHARD HARE
- J. ACCEPT BOARD MEMBER RESIGNATION - MARTHA WESCOAT-ANDES, NORTHERN COMMUNITY COLLEGES
- K. APPOINT NORTHERN COMMUNITY COLLEGES BOARD REPRESENTATIVE - SCOTT MILLER
- L. APPROVE STRATEGIC ACTION PLAN - 2006/07
- N. APPROVE CONFLICT OF INTEREST CODE - BIENNIAL REVIEW

Hartline made a motion, seconded by Gregoryk, to approve the Consent Calendar.

Vote: Unanimous.

VI. PUBLIC COMMENTS

There were no members of the public who wished to address the committee.

Gregoryk noted that SELF staff members Pat Moody and Lois Gormley are participating in the Avon Walk Against Breast Cancer, and he encouraged Board members to sponsor them with donations. Moody said donations can be made online via the Avon Foundation Website.

Howatt acknowledged the contributions of departing Board member Mark Stone and presented him with a plaque recognizing him for 13 years of service. He thanked Stone and wished him well in the future.

Stone stated that he enjoyed his time with SELF and learned a great deal. He said he served as an alternate for Mike Kielty and replaced him as a Board member the day after Orange County declared bankruptcy. He noted SELF was able to weather that crisis, and he expressed confidence that SELF will be well equipped to meet future challenges.

Hartline presented a plaque to departing Board Chair Brent Howatt and expressed appreciation for his service to SELF. She thanked him for his leadership and urged him to stay in touch.

Howatt expressed regret at not being able to continue participating on the Board. He said he benefited tremendously from his involvement with SELF, and he thanked Board members and staff for their support.

VII. TIME CERTAIN

A. RENEWAL RATES: EXCESS LIABILITY/OPTIONAL EXCESS LIABILITY/ EXCESS WORKERS' COMPENSATION

Excess Liability Program – Renewal

Susan Blankenburg, Marsh Risk Services, drew attention to premium estimates. She said Marsh was asked to obtain quotes for the \$2 million excess of \$1 million layer in addition to the \$4 million excess of \$1 million layer.

Blankenburg reported that both AIG and CV Star declined to provide rates for the \$4 million excess of \$1 million layer because of insufficient loss data ground-up, so there are no firm quotes for that layer. She said Bob Herrick obtained a quote from Zurich for a combination program providing \$2.5 million excess of \$2.5 million coverage, which he will discuss later. She noted ImagineRe offers a 50-cent rate for the \$10 million excess of \$5 million layer. There is also an option for a 24-month policy, and another option to spread limits over a 5-year term that Herrick will discuss.

For the \$5 million excess of \$15 million layer, Blankenburg said rates are about 36 percent lower than last year, and she drew attention to the CV Star quote that amounted to an approximate savings of \$1,000,000. She noted there was a significant increase in ADA in this layer. Blankenburg indicated that rates for the \$5 million excess of \$20 million are slightly reduced, and she noted both AIG and CV Star provided quotes. She said Lexington offers coverage for the \$20 million excess of \$25 million for a rate 22 percent less than last year. She advised that there has been no significant change in the \$5 million excess of \$45 million layer that CSU purchases.

Blankenburg showed a slide depicting SELF's current rates and coverage. She described three options for this year's coverage.

Herrick said that after receiving SELF's updated actuarial information with recommended rates and confidence levels, he determined that SELF could obtain coverage from \$2.5 million to \$5 million for each loss, leaving an additional \$1 million for additional aggregate losses, for about \$1,750,000. He discussed the Zurich proposal and noted there is a risk that losses could exceed the limits.

Herrick stated that the Zurich policy provides protection beyond the \$4

million, but the extra coverage might not be needed. He said the alternative would be to purchase \$1.5 million excess of \$2.5 million.

Blankenburg reported that Marsh also explored supplemental limits for the \$10 million excess of \$5 million ImagineRe layer.

Herrick said AIG offers two alternatives for this layer. One option would be to count all ImagineRe claims from 2003 through the end of that policy term, and for this option AIG would provide an \$11.5 million limit for \$5 million excess of \$10 million layer each year for the next few years. Another option provides an additional \$500,000 limit. Herrick noted comparable programs are available from XL and Zurich. He indicated he could probably obtain firm quotes by July 1.

Board members asked questions about the advantages and disadvantages of these options.

Anderson expressed concern about not having rates for members earlier. Osborne said Marsh began working on renewals in March, but the late receipt of the actuarial information made it difficult to obtain quotes sooner. Howatt suggested developing a market plan further in advance next year.

Osborne noted SELF has firm quotes on the finite \$10 million excess of \$5 million layer, OELP and the \$5 million excess of \$15 million layer. He said the question for the Board is whether to keep the current ImagineRe program for the \$10 million excess layer, with 50 cents going to ImagineRe and 81.2 cents held by SELF as a contingency, or consider some other option.

Herrick observed that the \$4 million excess of \$1 million layer is the only immediate decision. He said the \$10 million excess of \$5 million layer can wait until quotes are firm.

Gregoryk noted that SELF asked Marsh to investigate additional coverage options. He said another option would be for SELF to bank the \$5 million premium as a buffer for the next two years. Osborne pointed out the drawback would be a high loss before the total amount had been collected.

Crosier expressed concern about waiting until after July 1, noting losses could occur before coverage is in place.

Blankenburg clarified that what Marsh was proposing was additional limits and options beyond SELF's current coverage. She stated that

Marsh can deliver quotes on time if firm actuarial information is available sooner.

X. ACTION ITEMS (Out of Order)

K. APPROVE RENEWAL

1. Excess Liability Program
2. Optional Excess Liability Program

Gregoryk made a motion, seconded by Minnick, to approve Option 1, staying with the current arrangements.

Vote: Unanimous.

VI. TIME CERTAIN (Continued)

A. RENEWAL RATES (Continued)

Excess Workers' Compensation Program - Renewal

With respect to the workers' compensation program, Blankenburg reported that SELF's current carrier expects a significant rate increase, and the June 22 quote reflects a 71 percent increase. She noted that, after reviewing SELF's updated actuarial information, the carrier believes losses will actually trend higher. She indicated last year's rate was 12.75 cents, compared to the carrier's quote of 17 cents for a \$100 million limit.

Blankenburg said AIG and CNA offer similar premiums for \$100 million coverage. She noted Marsh also sought quotes for a \$2 million SIR and \$50 million coverage limits. U.S. Specialty Underwriters provided a competitive quote for \$50 million, but this carrier requires an escalation clause that caps the indemnification to the levels in force at the time of loss. There is no limitation on the medical recovery.

Blankenburg explained the advantages and disadvantages of each option. She recommended purchasing \$100 million in coverage.

Board members discussed alternatives and market trends. They concluded it would be best to stay with the current carrier.

X. ACTION ITEMS (Out of Order)

K. APPROVE RENEWAL (Continued)

3. Excess Workers' Compensation Program

Gregoryk made a motion, seconded by Combes, to approve Option 1, renewal of coverage through Wexford for \$100 million and \$1 million SIR.

Vote: Unanimous.

Gary Martin drew attention to Marsh's renewal strategy timeline. He recommended that the Board focus on ways of improving the process to provide more time for investigating options and making the best choices for SELF. He expressed his appreciation to the SELF staff for their efforts.

VII. TIME CERTAIN (Continued)

B. SALARY STUDY AND BENEFITS SURVEY

B. J. Ewing, Ewing Consulting Services, joined the meeting by phone.

Osborne noted the Board initiated a review of staff compensation and authorized a contract with Ewing Consulting Services to conduct a study to determine if SELF's salaries and benefits were comparable to those offered by other entities. He drew attention to the chart of salary ranges for each position. He noted Mr. Ewing was available to answer questions.

Stone expressed concern about the accuracy of the study. He observed that the information does not include information for a claims examiner position, the job descriptions for the positions studied vary considerably from each other, and SELF's benefits are not accurately described.

Ewing acknowledged that salary surveys are never completely accurate, and the analysis is based on certain assumptions. He explained how SELF's job descriptions were analyzed and compared with others in the market. He noted SELF differs from other employers in a number of respects, including its small size, diverse operations, and number of participants. Ewing added that only jobs matching 80 percent of the duties for SELF positions were included in the survey.

Osborne drew attention to his recommended changes in salary ranges on Page H-1.

Steagall made a motion, seconded by Smith, to accept the results of the salary study and benefits survey.

Hartline said she shared Stone's concerns about the validity of comparisons in some areas. She asked if the figures were verified with each employer. Ewing responded that he spoke with executive directors and HR people to confirm their reported salary figures. He stated that he sent benefits questionnaires and followed up by phone if there were questions. Ewing expressed his opinion that the figures were as accurate as possible.

Hartline noted the issue before the Board is whether the comparison of staff positions was valid. She observed that there are major disparities between the salaries SELF pays for the accountant and systems analyst positions compared to other agencies. Ewing explained that the survey was not limited just to Sacramento, but included agencies statewide.

Hartline suggested that she and other Board members with HR expertise spend more time talking with Mr. Ewing about the results. She proposed making salary adjustments retroactive to July 1, 2006, so employees are not penalized by the delay.

Gregoryk agreed with Hartline. In particular, he questioned the validity of the salary analysis for the claims manager and the executive assistant positions and said he would like more information before making a decision.

Steagall pointed out that the Board authorized the salary survey and selected Ewing's firm, and the problem now seems to be the Board's dissatisfaction with the results.

Hardash asked if SELF plans to change job descriptions as a result of the survey. He noted it might be an opportune time to bring the descriptions more in line with the salary ranges.

Stone clarified that his concerns were based on his experience and knowledge of agency salaries. He said he questioned the appropriateness of the comparisons, not the results.

Howatt noted there had been a proposal to table this matter pending further review by an *Ad Hoc* Committee.

Johnston asked if Ewing reviewed SELF's job titles and position descriptions before making the comparisons. Ewing responded that SELF employees filled out questionnaires about their positions, and that information was followed by personal interviews to discuss their duties. Based on that feedback, he said, he wrote new job descriptions, which were provided to the employees for their review and comment. Ewing reported that these revised descriptions were used for the market comparisons.

Steagall said he was comfortable making a decision based on the information presented.

Keller supported Hartline's suggestion about taking more time to consider the results. She expressed reservations about using statewide salary information, noting SELF's employment market is the local Sacramento area. Osborne pointed out that some of the survey respondents were located in this region.

Hartline observed that most reports are reviewed by committees before they come to the Board, and she recommended reviewing the study more thoroughly.

Schlack suggested conducting biannual salary reviews to keep up with future market conditions. Steagall recommended that SELF define the parameters of the study, including the region to be considered.

Smith volunteered to help review the salary study. She stated that her organization has gone through two classification studies during her tenure.

Howatt noted the pending motion calls for accepting the study.

Smith noted that accepting the study does not mean SELF has to implement the recommendations.

Steagall modified the motion to receive the study, with additional review by an *Ad Hoc* Committee. Smith approved the modification.

Howatt appointed Smith and John Didion to serve as a committee to review the Ewing study, report to the Executive Committee, and bring a recommendation to the Board.

Vote: Unanimous.

C. EXCESS WORKERS' COMPENSATION CLAIMS AUDIT

Bruce Vanner, Warren, McVeigh & Griffin, reviewed the results of his workers' compensation claims audit. He said SELF's claims staff is performing competently and appropriately in terms of analyzing claims, setting reserves, and managing files. He noted SELF's volume of claims has increased dramatically since his audit two years ago, with about 900 open claims now compared to approximately 450 then. Vanner attributed much of this increase to SELF's aggressive stand on late reporting, and he projected that the volume of claims will stabilize and decrease in the future. He noted that in addition to more claims, SELF also has more disputed claims, requiring more staff time and effort to address the increasingly complicated issues raised.

Vanner stated that SELF is currently understaffed to handle this claims volume. He acknowledged that efforts are underway to hire a new claims examiner to assist with this workload. He also suggested working more closely with members to encourage better reporting and reserve-setting practices.

Vanner recommended upgrading SELF's computer system to facilitate electronic document management and reporting. He noted that if SELF had better information from members, it would be possible to track member and TPA performance.

Vanner commended SELF for applying an experience modification to rates, promoting voluntary arbitration, and clarifying the assessment program.

Howatt asked how many files a typical reinsurance claims examiner can handle. Vanner said primary claims examiners can handle 150 to 175 files, and excess examiners can handle about 450 with proper information and computer support.

Howatt thanked Vanner for his report.

X. ACTION ITEMS (Out of Order)

L. ACCEPT EXCESS WORKERS' COMPENSATION CLAIMS AUDIT

Combes made a motion, seconded by Gregoryk, to accept the excess workers' compensation claims audit.

Vote: Unanimous.

VII. TIME CERTAIN (Continued)

D. EXCESS LIABILITY CLAIMS AUDIT

Ken Maolini, Risk Management Services, said the excess liability claims audit focused on six areas: investigation, reserving, litigation management, liability and damage evaluation, and resolution. He reported that the audit confirmed that SELF's claims are being handled in a competent, professional manner by George Hills.

Maolini noted that he made one recommendation concerning the handling of CSU claims, and that was to copy George Hills on all correspondence with defense counsel.

Maolini said he was also asked to look at SELF's loss data system, and he identified one flaw in accounting for claim payments. He noted George Hills went back and reconciled all claims since 1986, and new processes have been implemented to solve the problem. In the future, George Hills will send letters requesting check issuance, and SELF will send copies of issued checks to George Hills.

Maolini recommended tightening up accounting for recoveries by having George Hills obtain and enter loss history and payment data from members and, in cases where there are questions, George Hills will physically review invoices and payments to reconcile those items. Maolini provided a draft form to use for this purpose.

Howatt thanked Maolini for his report.

X. ACTION ITEMS (Out of Order)

M. ACCEPT EXCESS LIABILITY CLAIMS AUDIT

Hartline made a motion, seconded by Stone, to accept the excess liability claims audit.

Vote: Unanimous.

VII. TIME CERTAIN (Continued)

E. WORKERS' COMPENSATION CLAIMS AUDIT SERVICES
CONTRACT

Osborne noted that after the last Strategic Planning Session, the Board formed an *Ad Hoc* Committee to consider expanding SELF's underwriting review of claims at the primary level. He drew attention to ARM Tech's proposal, which was reviewed and discussed by the Workers' Compensation Claims and Coverage Committee.

Osborne said ARM Tech's fees will be between \$17,000 and \$33,000, depending on the number of files reviewed and the extent of the best practices review. He recommended approving the contract for the higher amount and engaging ARM Tech to conduct a thorough best practices review of an estimated 200 files.

He noted Steve Kahn, ARM Tech, was present to answer questions.

X. ACTION ITEMS (Out of Order)

N. APPROVE CONTRACT - ARM TECH

Gregoryk made a motion, seconded by Combes, to approve the best practices review as proposed.

Vote: Unanimous.

VII. TIME CERTAIN (Continued)

F. PROPOSED REVISIONS TO EMPLOYEE POLICIES &
PROCEDURES

Howatt introduced Laura Izon Powell, Kronick, Moskovitz, Tiedemann & Girard. Powell offered to answer questions about the proposed revisions to the employee handbook.

Board members thanked Powell for her efforts.

X. ACTION ITEMS (Out of Order)

Hartline made a motion, seconded by Stone, to approve the proposed revisions to the employee handbook.

Vote: Unanimous.

VIII. CLOSED SESSION

At 11:00 a.m., Stone made a motion, seconded by Gregoryk, to enter closed session for the purpose of discussing pending claims, anticipated litigation, and personnel matters.

Vote: Unanimous.

B. LIABILITY CLAIMS

1. Herd v. State Center Community College District
2. Aguirre v. Palm Springs Unified School District
3. Luna v. San Juan Unified School District
4. Wangler v. Chaffey Community College

C. WORKERS' COMPENSATION CLAIMS

1. Renzi v. San Luis Coastal Unified School District
2. Cofield v. California State University
3. Copeland v. El Monte Union High School District
4. Doty v. East Whittier City School District
5. Enriquez v. Victor Valley Union High School District
6. Escobar v. Brea-Olinda Unified School District
7. Honda v. California State University
8. CCCSIG v. SELF
9. Garden Grove School District v. SELF

D. CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION (1 case)

D. PERSONNEL: PUBLIC EMPLOYEE PERFORMANCE EVALUATION/CONFERENCE WITH AGENCY DESIGNATED NEGOTIATORS

At the conclusion of the closed session at 1:40 p.m., a motion was made and seconded to resume the open session.

Vote: Unanimous.

Howatt reported that during the closed session, the Board discussed liability claims and heard appeals on the Herd and Renzi claims. He said settlement authority was granted for the workers' compensation claim. Howatt noted the Board had a conference with legal counsel and discussed personnel matters.

IX. COMMITTEE REPORTS/ACTIONS

Due to time constraints, Howatt proposed skipping the committee reports. He noted most of the items discussed by the committees are reflected in action items.

X. ACTION ITEMS

B. APPROVE ADJUSTMENT TO SALARIES

Howatt noted this item was addressed earlier, and the Board decided to defer making salary adjustments pending further review of the salary and benefits study.

D. APPROVE OPERATING BUDGET - 2006/07

Osborne advised that the most recent version of the operating budget was emailed to Board members a few days earlier. He noted the only change was substituting the word “adopted” for “amended.”

Scott reported that the Finance Committee reviewed the budget at its June 1 meeting. She said the Committee asked Moody to go back and review a number of items, so the budget was not approved at that time.

Moody noted the committee asked about the method of splitting expenses among SELF programs. She said SELF has been allocating 89 percent for excess liability, 10 percent for workers’ comp, and 1 percent for OELP. Moody stated that she and John Falappino will be looking at the basis for the split to determine if the proportional shares are appropriate, and there may be a need to amend the budget to make some adjustments after the first quarter.

Minnick said she allocates administrative expenses based on premium contributions from each program. Howatt noted his program does the same thing. Moody estimated this method would result in a 60/40 split for SELF’s programs.

Stone explained that he raised this issue because he wanted to make sure the allocation formula represented the amount of staff time devotes to each program.

Minnick questioned the impact of members leaving the \$4 million excess of \$1 million layer. Moody said the staff took the change in retention levels into account in the projected budget.

Moody noted SELF can expect to receive more investment income than

anticipated, but there will be a 13 percent increase in costs of staff medical benefits. She added that the \$33,000 for the ARM Tech workers' compensation claims audit contract was not included.

Moody reviewed the most recent reserve projections. Osborne said SELF will be making a strong effort to close old files, so some of those reserve amounts will be eliminated.

Scott said the Finance Committee also asked Moody to break out unrealized and realized losses in investments, and she drew attention to the additional details on Page 8.

Moody stated that she was waiting to hear back from Michael Varano about the specific loss figures for 2004/05. She promised to send that information to Board members via email.

Scott suggested asking Gilbert & Associates to assist Moody with accounting for the next six months. Moody noted there were some tasks Gilbert did not have time to finish, and she welcomed their help.

Scott made a motion, seconded by Gregoryk, to approve the 2006/07 operating budget as proposed, and to contract with Gilbert & Associates to provide accounting services for the next six months.

Stone drew attention to the entry for allocated claims costs near the bottom of Page 14. He noted SELF is budgeting \$150,000, but actual costs were almost \$800,000 last year. Howatt pointed out that actual costs for 2004/05 were \$32,000. Moody said she would check those figures and report back.

Schlack observed that "Other Income" on Page 8 went from \$215,000 to \$22,500, and she asked for more details. Moody explained that there was a one-time settlement from Marsh.

Schlack noted that the total expenditures on Page 14 do not total correctly.

Vote: Unanimous.

E. APPROVE AMENDMENTS/MODIFICATIONS TO EXCESS LIABILITY PROGRAM MEMORANDUM OF COVERAGE - 2006/07

Osborne noted the correct effective date is July 1, 2006, as shown in the recommendation.

Stewart reviewed and discussed the proposed modifications to the Excess Liability Program Memorandum of Coverage (MOC). She suggested that she confer with Minnick and Stone to revise the language regarding voluntary payments.

Gregoryk made a motion, seconded by Stone, to approve the revisions to the Excess Liability Program MOC as proposed.

Vote: Unanimous.

F. APPROVE AMENDMENTS/MODIFICATIONS TO EXCESS WORKERS' COMPENSATION PROGRAM MEMORANDUM OF COVERAGE - 2006/07

Stewart explained the proposed amendments to the Excess Workers' Compensation Program MOC.

Combes made a motion, seconded by Gregoryk, to approve the revisions to the Excess Workers' Compensation Program MOC as proposed.

Vote: Unanimous.

G. APPROVE CONTRACT RENEWAL - DONALD E. MOORE, CPCU

Osborne noted a confidentiality clause will be added to the contract. He said SELF is budgeting \$35,000 for Moore's services during the coming year because more field reviews are anticipated.

Gregoryk made a motion, seconded by Combes, to approve renewal of the contract as proposed.

Howatt asked if the contract renewal adds more time. Schempp responded that the contract calls for additional hours and additional funds.

Howatt recommended adding a clause requiring SELF's approval of subcontracting arrangements.

Vote: Unanimous.

H. APPROVE REVISIONS TO CONTRACT - EXECUTIVE DIRECTOR

Howatt noted the Board decided to table this item for further discussion.

I. APPROVE PROPOSED AMENDMENT TO ASSESSMENT POLICY

Osborne noted the current assessment policy language indicates that an assessment cannot be issued until an audit report is completed and the Board approves the methodology and processes. Because there is little difference between the June 30 closure results and the audit report findings, the proposed amendment speeds up that process so the staff can issue invoices following the September Board meeting.

Osborne noted members have complained that they are receiving invoices in late December or early January, halfway through the fiscal year. The proposed amendment will provide more timely invoices.

Osborne said the amendment requires that an annual evaluation of total assets be submitted to the Board no later than the September meeting.

Stone made a motion, seconded by Gregoryk, to approve the amendment as proposed.

Scott recommended characterizing the year-end results as “unaudited,” and other Board members expressed support for this change.

Stone amended his motion to incorporate this language change, and Gregoryk accepted this amendment.

Vote: Unanimous.

J. APPROVE RENEWAL - SELF BUSINESS PACKAGE

Osborne proposed renewing SELF’s current business insurance coverage, which includes property, auto liability, auto physical damage, general liability, umbrella, and employer’s benefits liability. He noted the cost has increased by \$450 to \$15,918 for 2006/07.

Lepley made a motion, seconded by Gregoryk, to approve the renewal as proposed.

Vote: Unanimous.

P. APPROVE NEW MEMBERS - CALIFORNIA CHARTER SCHOOLS ASSOCIATION (Out of Order)

Osborne identified specific schools to be deleted from the list. He recommended approving the following schools for membership:

California Charter Schools Association JPA:

- Alder Grove Charter Schools
- Aspire Public Schools
 - Antonio Maria Lugo Academy
 - CSU - Stanislaus
 - St. Martha Elementary
- Bayshore Preparatory
- Bright Star High School
- Charter High School of Arts, Multimedia & Performing (CHAMPS)
- Cypress Grove Charter High School for Arts & Sciences
- Discovery Charter School
- Granada Hills Charter School
- Green Dot Public Schools
- Kipp San Francisco Bay Academy
- Language Academy of Sacramento
- Monterey Bay Charter School
- New Heights Charter School
- Port of Los Angeles High School
- Redding School of the Arts
- School for Integrated Academics & Technologies, Inc.
- School of Arts & Global Education
- Selma Learning Academy
- Twin Rivers Charter School
- Valley Arts & Science Academy

Stone made a motion, seconded by Lepley, to approve the amended list of California Charter School Association JPA members.

Vote: Unanimous.

Q. MISSION STATEMENT AMENDMENT

Osborne recommended approving the following mission statement: "SELF is a member-owned statewide partnership of public educational agencies providing quality pooled programs for excess coverage that benefit our students."

Anderson made a motion, seconded by Steagall, to approve the revised mission statement as proposed.

Vote: Unanimous.

O. ELECTION OF OFFICERS - VACANCIES ON EXECUTIVE COMMITTEE

Howatt noted there will be two vacancies on the Executive Committee with his and Stone's resignations. He said the positions of Board chair and secretary will also be vacant.

Hartline suggested appointing an election committee to propose a slate to fill these vacancies. Other Board members expressed support for this approach.

Combes and Lepley volunteered to work with Howatt on the committee. Howatt invited Board members and alternates to call committee members with their suggestions.

Howatt noted that Board officers are not allowed to serve as committee chairs.

XI. INFORMATION/DISCUSSION ITEMS

A. INVESTMENT REPORT - MONTHS ENDING FEBRUARY 28, 2006; MARCH 31, 2006; APRIL 30, 2006; AND MAY 31, 2006

Osborne said the latest investment reports were provided in the meeting packet.

B. MEMBER RETENTION LEVEL CHANGES - 2006/07

Osborne noted discussion at the special Board meeting on June 12 focused on this issue. He advised there was significant movement from the \$1 million to \$5 million SIR, some changes in the OELP layers, and no changes in workers' comp.

C. PROPOSED CHANGES TO BYLAW XVI - NOTICE OF CHANGE TO RETENTION

Osborne said this item was included on the agenda as a placeholder in light of changes in retention. He noted the Board might want to change the deadline for members to notify SELF regarding changes in retention. He suggested bringing this back as an action item on the September agenda.

Howatt recalled that the June 1 date was selected because it allowed members to make an informed choice once rates were known.

XII. CHAIR'S REPORT

Howatt thanked everyone for attending. He said he enjoyed his time with SELF and valued the personal relationships he developed with Board members, alternates, staff, and others.

XIII. AGENDA ITEMS/NEXT MEETING

September 8, 2006 - 8:30 a.m.
Board of Directors
SELF Office

December 1, 2006 - 8:30 a.m.
Board of Directors
SELF Office

March 2, 2007 - 8:30 a.m.
Board of Directors
SELF Office

June 22, 2007 - 8:30 a.m.
Board of Directors
SELF Office

VIII. ADJOURNMENT

There being no further business, Stone made a motion, seconded by Steagall, that the meeting be adjourned. The motion was carried unanimously and the meeting was adjourned at 2:19 p.m.