

**SCHOOLS EXCESS LIABILITY FUND  
EXECUTIVE COMMITTEE MEETING  
Friday, October 6, 2006 - 10:00 A.M.**

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

**MINUTES**

**COMMITTEE MEMBERS PRESENT**

|   |         |
|---|---------|
| Michael Gregoryk, Chair                   | SCC     |
| Michelle Schlack, Alternate (for Minnick) | CSU     |
| Denise Smith, Comptroller                 | Area VI |
| Paula Tanguay, Secretary                  | Area VI |
| Lynn April Hartline, Member at Large      | Area VI |

**COMMITTEE CHAIRS**

|   |         |
|---|---------|
| Nancy Anderson, Chair, Member Services & Communications | Area VI |
| Wes Combes, Chair, Workers' Compensation Claims         | Area II |
| Eric Johnston, Chair, Liability Claims & Coverage       | Area VI |
| Teresa Scott, Chair, Finance                            | NCC     |

**SELF STAFF**

|               |  |
|---------------|--|
| John Wilson   | Acting Executive Director                |
| Pat Moody     | Chief Fiscal Officer                     |
| Steve Schempp | Director of Workers' Compensation Claims |
| Lois Gormley  | Director of Communications               |

**SELF CONSULTANTS**

|               |  |
|---------------|--|
| Robin Stewart | Kronick, Moskovitz, Tiedemann & Girard |
| Mark Stone    | George Hills Company                   |

**OTHERS PRESENT**

|                  |                            |
|------------------|----------------------------|
| John LaPlante    | LaPlante Spinelli & Donald |
| Doug Ross        | Keenan & Associates        |
| Domenic Spinelli | LaPlante Spinelli & Donald |

**I. CALL TO ORDER**

Gregoryk called the meeting to order at 10:05 a.m. Gormley called the roll and confirmed the presence of a quorum.

**II. AGENDA - OCTOBER 6, 2006**

A. AMENDMENTS/ADJUSTMENTS

Wilson recommended adding Marin Schools v. ESIS, et al. to the Closed Session agenda as Item VII.B.4.

B. APPROVAL

Tanguay made a motion, seconded by Smith, to approve the agenda as amended.

Vote: Unanimous.

III. EXECUTIVE COMMITTEE MINUTES – AUGUST 4, 2006

A. AMENDMENTS/ADJUSTMENTS

None.

B. APPROVAL

Smith made a motion, seconded by Hartline, to approve the August 4 minutes as presented.

Vote: Unanimous.

IV. CONSENT CALENDAR

None.

V. PUBLIC COMMENTS

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

VI. TIME CERTAIN

None.

VII. CLOSED SESSION

At 10:08 a.m., Hartline made a motion, seconded by Schlack, to adjourn to closed session for the purpose of discussing pending claims.

Vote: Unanimous.

- A. EXCESS LIABILITY
  - 1. SELF v. Westchester Fire Insurance Company
  - 2. Wangler v. Chaffey Community College
  - 3. Tapia v. San Rafael City High School District
  - 4. Cross v. Huntington Beach Unified School District
  
- B. EXCESS WORKERS' COMPENSATION
  - 1. Cervantes v. Garden Grove Unified School District
  - 2. Garden Grove Unified School District v. SELF
  - 3. CCCSIG v. SELF
  - 4. Marin Schools v. ESIS, et al.

At the conclusion of the closed session at 11:28 a.m., Scott made a motion, seconded by Hartline, to resume the open session.

Vote: Unanimous.

Gregoryk reported that during closed session, the Executive Committee discussed the listed claims and provided direction to staff.

#### VIII. ACTION ITEMS

None.

#### IX. INFORMATION/DISCUSSION ITEMS

##### A. INVESTMENT REPORT - MONTH ENDING AUGUST 31, 2006

Moody said the investment report was provided in the meeting packet for informational purposes. She reported that, for the first time, SELF invested \$6 million for the workers' compensation program for a term of four and a half years.

Gregoryk recommended inviting Michael Varano to make another presentation to the full Board explaining this strategy.

##### B. SEPTEMBER 11, 2006 MEETING - KEENAN & ASSOCIATES

Gregoryk reported that he and Wilson met with Keenan representatives to discuss issues raised in the white paper and SELF's response. He said the meeting was candid and constructive.

Gregoryk pointed out that SELF serves many Keenan clients. As such, he

urged SELF to adhere to a professional standard of positive and affirming communications.

Gregoryk noted that the latest audit, to be released in November, will better demonstrate SELF's financial stability. Moody stated that the staff has been urging the auditors to provide the report more quickly.

C. NOTICE OF INTENT TO WITHDRAW - GARDEN GROVE UNIFIED SCHOOL DISTRICT

Wilson asked for direction on the handling of the late notices of intent to withdraw. He said SELF has no provisional notice procedures.

Gregoryk commented that SELF should continue to follow its established policies.

Wilson noted that in order for pooling to work most effectively, underwriters need some basic data about the group before quoting rates for coverage.

Wilson said the staff will inform the district of SELF's policy.

D. NOTICE OF INTENT TO WITHDRAW - REDLANDS UNIFIED SCHOOL DISTRICT

Wilson indicated that the staff will handle this notice of withdrawal in the same manner.

E. GOLDEN STATE RISK MANAGEMENT AUTHORITY - EXCESS LIABILITY COVERAGE 2006/07

Wilson reported that Golden State refused to pay its premium for the \$4 million excess of \$1 million pool. He said there was a question at the Board meeting about the legality of waiving the rules.

F. LIFE INSURANCE PROGRAM - OPTIONS

Wilson referred to the letter from Ron Shepherd regarding a communication from Keenan suggesting potential litigation over comments Shepherd made at a Finance Committee meeting. He said Shepherd expressed an unwillingness to get involved in these kinds of legal disputes and offered to withdraw from the program.

Wilson advised that the existing policies are in SELF's name, and SELF would simply need to notify the districts to contact SELF directly. He said the program is currently paying 6 percent interest on its loan from the liability program. He noted that if the program is shut down, that debt will have to be written off.

Gregoryk asked the staff to prepare an agenda item to formally sever SELF's relationship with Ron Shepherd.

Gregoryk asked about the possibility of transferring program administration to another firm, and recommended exploring that option.

G. UNDERWRITER'S REVIEW - EXCESS WORKERS' COMPENSATION

Wilson reported that he was contacted by an underwriter who works with JPA members, and offered to review the reserves for the workers' compensation program from an underwriting perspective. In response to a request from Wilson, the underwriter submitted a three-step proposal.

Wilson noted he will be asking Marsh and Bickmore for proposals as well.

Tanguay asked if the underwriter would be looking at the possibility of a finite risk transfer, and Wilson said that option should be considered.

Wilson emphasized that prudent cash flow management is a key issue. He observed that SELF has paid out only \$13 million over the past twenty years, and it would be wise to plan for future years.

X. CHAIRS' REPORTS/COMMITTEE MEMBERS' REPORTS

Anderson said her district wants SELF to revisit a claim from about three years ago, and she asked how to proceed. Gregoryk referred Anderson to the Liability Claims and Coverage Committee.

Scott reported that the Finance Committee will be meeting on October 18 to review the draft audit report.

XI. STAFF REPORTS

A. EXECUTIVE DIRECTOR

Wilson said the ACSA conference conflicts with the regular Board meeting, so the SELF booth will be staffed by Gormley. He suggested any Board members attending the ACSA conference help staff the booth.

Gormley said that in past years, the staff, Ron Shepherd, and John Youngs have represented SELF at the ACSA conference, but the Board decided the booth should be staffed by SELF employees. Wilson noted the Board's policy had been to use exempt employees. He suggested sending a clerical person to help Gormley set up the booth this year, and committee members expressed support for this idea.

Wilson reported that SELF has been receiving requests to attend a number of JPA meetings. He said he schedules as many visits as he can, and also forwards the requests to Board members in those areas. He encouraged Board members and alternates to attend these events.

Gregoryk recommended sending messages to Board members encouraging them to attend regional meetings, and to advise SELF in advance of their meeting schedules.

Wilson said Heather Renschler has been receiving applications for the Chief Executive Officer position. He encouraged participants to let him know if they were aware of potential candidates. He noted the deadline is November 17.

Wilson stated that Renschler will be available in person or by phone for the November 3 meeting.

Hartline proposed starting the November 3 meeting at 9:30 or 10:00 a.m. instead of 8:30 a.m.

Hartline asked the executive director to provide the Board in closed session with his assessment of the staff's performance.

B. CHIEF FINANCIAL OFFICER

No report.

XI. AGENDA ITEMS/NEXT MEETING

November 3, 2006

Board of Director

SELF Office

December 1, 2006  
Board of Directors  
SELF Office

January 5, 2007  
Executive Committee  
SELF Office

February 2, 2007  
Executive Committee  
SELF Office

February 7-9, 2007  
Strategic Planning Session  
Aptos, CA

March 2, 2007  
Board of Directors  
SELF Office

April 6, 2007  
Executive Committee  
SELF Office

May 4, 2007  
Executive Committee  
SELF Office

June 1, 2007  
Executive Committee  
SELF Office

June 22, 2007  
Board of Directors  
SELF Office

IX. ADJOURNMENT

There being no further business, Smith made a motion, seconded by Hartline, that the meeting be adjourned. The motion was carried unanimously and the meeting was adjourned at 12:01 p.m.