SCHOOLS EXCESS LIABILITY FUND

BOARD OF DIRECTORS MEETING

MINUTES

Time: Friday, March 21, 2025, 8:30 A.M.

Location: SELF Office, 1531 I Street, Suite 300, Sacramento, CA, 95814

Log-In Information: https://us02web.zoom.us/j/87986639964?pwd=ykxAi1gz1XJILHwOfUOjyb281IJITb.1

Teleconference Locations: **Self-Insured Schools of California, 2000 K Street, Bakersfield, CA**
33 Plumeria, Lake Forest, CA
1531 York Avenue, San Mateo, CA
CSRM, 1950 S. Sunwest Lane, Suite 100, San Bernardino, CA
North Orange CCD, 1830 W. Romneya Dr., Anaheim, CA

BOARD MEMBERS ATTENDING

Renee Hendrick, Chair	Area VI Representative
David Flores, Vice Chair	Area II Representative
Toan Nguyen, Comptroller	Area VI Representative
Steven Salvati, Secretary	Area VI Representative
Thuy Wong	Area I Representative
Robert Kretzmer	Area III Representative
Susan Rutledge	Area IV Representative
Sharon Vishwa	Area V Representative
Tien Phan	Area V Representative
Javier Gonzales	Area VI Representative
Jeff Grubbs	Area VI Representative
Tony Nahale	Area VI Representative
Fred Williams	Southern California Community Colleges Representative
Peter Fitzsimmons	Northern California Community Colleges Representative
Brett Carroll (voting for Joe Allison)	Northern California Community Colleges Representative

BOARD ALTERNATES ATTENDING

Kiley Heath	Area I Representative
Kelli Hanson	Area III Representative
Mark Evans	Area V Representative
Phil Hillman	Area VI Representative
George Landon	Area VI Representative
Stephan Birgel	Area VI Representative
Dave Ostash	Area VI Representative
Joe Sanchez	Area VI Representative
Elizabeth Atilano-Melvin	Area VI Representative
William Kerwin	Area VI Representative
Trevor Stewart	Northern California Community Colleges Representative

GUESTS

Ian Skelly	Gallagher Re
Mike Harrington	Bickmore Actuarial
Stefan Zepernick	Bickmore Actuarial
Keith Jacobs	Auditor

SELF STAFF

Dave George	Chief Executive Officer
Kathryn Mathes	Chief Fiscal Officer
Lynn Garcia	Chief Litigation Officer
Lois Gormley	Director of Communications and Member Services
Jimmy Rowe	Director of Claims
Susan Casey	Executive Assistant
Jessica Vega	Member Services Specialist

EX OFFICIO

Amanda Voi	California Department of Education

I. CALL TO ORDER

Board Chair Renee Hendrick called the meeting to order at 8:31 a.m. Executive Assistant Susan Casey called the roll and confirmed the presence of a quorum.

II. INTRODUCTIONS

Board members, alternates, guests, and staff took turns introducing themselves.

III. AGENDA –March 21, 2025

A. Amendments/Adjustments

None.

B. Approval

Salvati made a motion, seconded by Nahale, to adopt the agenda as proposed.

Vote: Hendrick – yes
Flores – yes
Nguyen – yes
Salvati – yes
Wong – yes
Kretzmer – yes
Rutledge – yes
Vishwa – yes
Phan – yes
Gonzales – yes
Grubbs – yes
Nahale – yes

Williams – yes
Fitzsimmons – yes

Motion passed.

IV. MINUTES – December 13, 2024 & January 23, 2025

A. Amendments/Adjustments

None.

B. Approval

Flores made a motion, seconded by Salvati, to approve the minutes of the December 13 and January 23 meetings as presented.

Vote: Hendrick – yes
Flores – yes
Nguyen – yes
Salvati – yes
Wong – yes
Kretzmer – yes
Rutledge – yes
Vishwa – yes
Phan – yes
Gonzales – yes
Grubbs – yes
Nahale – yes
Williams – yes
Fitzsimmons – yes

Motion passed.

V. PUBLIC COMMENTS

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

VI. COMMITTEE REPORTS

A. Executive Committee

1. February 27 & March 6, 2025

Committee Chair Renee Hendrick reported that the committee met on February 27 and had a joint meeting with the Finance Committee on March 6. She said most of that meeting focused on reviewing the actuarial report, considering rates for 2025/26, and discussing the goals set at the strategic planning session.

B. Finance Committee

1. March 6, 2025

Committee Chair Toan Nguyen noted that the Finance Committee discussed rate-setting for 2025/26 and the need for another AB 218 assessment, both of which would be discussed in more detail later in the meeting.

C. Claims Committee

1. January 23 & March 20, 2025

Committee Chair Tony Nahale reported that the Claims Committee reviewed and discussed claims, gave settlement authority on certain claims, and discussed audit reports. He added that the committee was pleased with the good work done by ESM in reviewing excess workers' compensation reimbursement claims.

D. Member Services and Communications Committee

1. March 20, 2025

Committee Chair Thuy Wong reported that the committee heard about the staff's attendance at conference and JPA board meetings, the release of the annual report, and the status of training programs, workshops, and podcasts. She said SELF is working on developing mandated reporter training to comply with AB 1913.

VII. CHIEF EXECUTIVE OFFICER'S REPORT

George noted that two ad hoc committees were formed after the strategic planning session last fall, one to review the MOC and the other looking at the reinsurance structure and coverage. He said both groups are meeting monthly, and the results of their discussions will be presented at the next strategic planning meeting beginning October 1.

George indicated that SELF's captive entity has transitioned into a cell captive to allow other JPAs to join and share the administrative burden, but not to share their risks. He stated that SISC just received final approval from their board to join the captive, and a second JPA has expressed interest.

George advised that Chief Litigation Officer Lynn Garcia and Director of Claims Jimmy Rowe held an excellent full-day training session for defense counsel.

George reported that he attended the CharterSafe board meeting in February and gave a presentation on scenario planning.

George observed that the reinsurance marketing cycle is a bit later this year based on various schedules. The first round of trips will begin the week of March 31 andthe second round of trips will take place the week of April 28.

George noted that SISC and SELF are coordinating a meeting of JPA leaders, CASBO, ACSA , and FCMAT on April 8 to share fiscal implication of laws with the legislature. He said FCMAT's report on the impacts of AB 218 includes many recommendations the pooling community may be able to advance in terms of training and risk prevention. He added that he was pleased with the gradual progress being made.

Hendrick thanked George for his report.

VIII. PRESENTATIONS

A. Reinsurance Marketing

Ian Skelly, Gallagher Re, discussed this year's reinsurance marketing efforts, what SELF can expect in coverage terms and conditions, and claim trends. He advised that starting last year, after a difficult property market in 2023, reinsurers began focusing again on casualty coverage. He noted that SELF's experience last year showed significant claims development over an 18-month period, causing reinsurers to become concerned about this trend. He reported that for this year, Gallagher Re was able to retain the same panel, but with some pricing adjustments. Skelly pointed out that more stability in SELF's loss experience would help reinsurers better estimate their expected losses.

Skelly indicated that overall, the reinsurance market this year is fairly healthy, with a good balance between supply and demand, capital growth, and increased profitability. He cautioned that reinsurers are still concerned about the sustainability of casualty coverage, given U.S. casualty losses, nuclear verdicts, and expensive litigation, and some are cutting back. Skelly noted that reinsurers who recently entered the casualty field have benefited from rate increases.

Skelly reviewed SELF's current reinsurance structure and coverage. He said that as of January 1, 2025, most reinsurance buyers were experiencing hard conditions, due to reserve strengthening and legal trends, as well as increases in losses.

Hendrick asked about the impact of the recent Southern California fires on insurance coverage. Skelly responded that the property market was in good condition before the fires, but recent trends could push some insurers back to focus more on casualty.

Hendrick asked if there was sufficient capacity in the current reinsurance market for SELF. Skelly replied that there has been little spare capacity in past years, but adding new markets could potentially offset some rate increases. He added that recent loss activity will be one of the driving factors.

Skelly clarified that the claim development did not include AB 218 claims.

Hendrick thanked Skelly for his report.

IX. CONSENT ITEMS

A. Accept Investment Report –Second Quarter 2024/2025
B. Accept Financial/Treasurer's Report Ending December 31, 2024
C. Accept Investment Compliance Report – Month Ending October 31, 2024, November 30, 2024, and December 31, 2024
D. Accept Membership Withdrawals from SELF JPA and/or Individual Programs
E. Approve 2025/2026 Meeting Calendar
F. Accept Resignation – Area VI Board Member – Tony Nahale
G. Appoint Area VI Board Member – Elizabeth Atilano-Melvin
H. Appoint Area NCC Board Alternate – Brett Carroll
I. Appoint Area NCC Board Alternate – Trevor Stewart
J. Appoint Area VI Board Alternate – William Kerwin

Flores made a motion, seconded by Salvati, to approve the Consent Items.

Vote: Hendrick – yes
Flores – yes
Nguyen – yes
Salvati – yes
Wong – yes
Kretzmer – yes
Rutledge – yes
Vishwa – yes
Phan – yes

Gonzales – yes
Grubbs – yes
Nahale – yes
Williams – yes
Fitzsimmons – yes

Motion passed.

Executive Assistant Susan Casey noted that Carroll would be voting in place of Joe Allison for the rest of the meeting.

X. ACTION ITEM

A. Accept SELF Excess Workers' Compensation Audit

Salvati made a motion, seconded by Nahale, to accept the audit.

Director of Claims Jimmy Rowe noted that in accordance with its policies and procedures, and in order to maintain CAJPA accreditation, SELF conducts audits of the Excess Workers' Compensation Program every two years. He invited Keith Jacobs, auditor, to summarize the results of the audit.

Jacobs referred to the written report in the meeting packet for more details and comments about the audit. He reported that the auditors looked at 30 files, including 22 open and 8 closed files. Jacobs said SELF's score for overall reporting rose to 92 percent from a starting point of 79.55 percent in 2016. He commented that reimbursements have been steady and remain at 100 percent. Jacobs indicated that the auditors found no issues with reserving, and that score increased from 87 percent to 100 percent. He said the auditors identified no concerns with litigation management, and most files had been adjudicated to some kind of settlement. He noted that claims oversight consistently scored 100 percent.

Jacobs indicated that SELF's overall score is a weighted 99 percent. He reviewed some of the auditors' high-level comments. He said files were up to date, reserves were set appropriately, and reimbursements were prompt. He commented that Rowe working directly as needed with member districts and third-party administrators has paid off, and he commended SELF for the good results.

Jacobs advised that recommendations include requesting that TPA's do alive-and-well checks every other year for life pension files with no active medical care.

Hendrick thanked Jacobs for his report.

Vote: Hendrick – yes
Flores – yes
Nguyen – yes
Salvati – yes
Wong – yes
Kretzmer – yes
Rutledge – yes
Vishwa – yes
Phan – yes
Gonzales – yes
Grubbs – yes
Nahale – yes

Williams – yes
Fitzsimmons – yes
Carroll – yes

Motion passed.

Williams noted that the report says the auditors reviewed 28 claims, and he noted the correct figure should be 30. Rowe said he would follow up to correct the error.

B. Accept Excess Liability Program Actuarial Study 10/31/24

Mike Harrington, Bickmore Actuarial, said Bickmore conducts actuarial studies of the Excess Liability Program as of June 30 and October 31 each year. He noted that the 10/31/24 report incorporates recent loss data and is used to forecast rates, outstanding liabilities, and reserves for the current year. He summarized the results of the 10/31/24 review.

Harrington presented a slide showing estimated liabilities increased by $73 million on a net basis, resulting in large increases in reserves, and 15 to 18 percent rate increases in each of the layers for 2025/26. He compared recent losses and changes in reserves, with most of the increase due to AB 218 claims. He showed a breakdown of losses by year of occurrence and pointed out that most AB 218 claims involve older coverage years.

Harrington displayed a chart showing case reserves, IBNR, and UALE as of 6/30/24, with a net present value discount. He then showed how the figures had changed as of 10/31/24. He stated that IBNR has increased substantially since the last study, and that estimate is based on the data now available.

Harrington reviewed rates at different confidence levels based on the expected level of losses. He noted the potential loss is still more than double the expected value. He showed a chart depicting the rate increases for each layer.

Harrington remarked that AB 218 created liabilities that did not exist previously, so no premiums were collected to cover the claims. He said the availability of a few years' worth of data provides more certainty about future costs. He observed that reporting of old AB 218 claims has continued far longer than the three-year window originally contemplated, and the severity has continued to trend upward. Harrington displayed a graph showing trends in reported AB 218 claims. number of plaintiffs, and average cost per claim over the past five years.

Harrington explained that there are three key factors leading to the IBNR increases: known claims that have not yet penetrated the SELF layer, case reserves on known claims in the SELF layer, and unreported claims. He reviewed changes in IBNR between 6/30/24 and 10/31/24.

Hendrick observed that as Skelly mentioned earlier, claims are costing much more than originally anticipated. Nguyen commented that AB 218 claims are also developing much differently than typical claims.

George remarked that high jury verdicts put pressure on every pending claim, resulting in an inflationary effect throughout the system.

Kretzmer said AB 452 claims are likely to develop like AB 218 claims over the next twenty years; he noted this exposure did not exist until January 1, 2020, so they were not accounted for in 1985. He suggested that SELF should perhaps have higher rate increases now to prepare for future claims. He asked if the proposed rate increase takes AB 452 claim exposure into account. Harrington replied that the actuaries have not specifically modeled AB 452, but a larger factor for sexual abuse and molestation claims has been built into the rates, and an inflationary trend for excess liability claims is also incorporated. He said SELF can expect rate increases this year and the next several years, reflecting claim trends.

Kretzmer expressed interest in finding out when AB 218 claim events took place and when the trauma was first discovered. He said the data would likely support the theory that people can experience trauma from early events much later in life. Kretzmer observed that in order to avoid future assessments, it might be prudent to factor the new AB 452 exposure into the rates.

Hendrick remarked that claimants seem to be coming forward with claims earlier, so perhaps AB 452, which removes the age limit, may not cause a spike. Harrington added that the rate now has a built-in provision for sexual abuse and molestation (SAM) claims. He added that the IBNR estimate for non-SAM claims decreased by $10 million.

Harrington displayed charts showing claims, reserves, and IBNR by claim type and coverage year.

Hendrick thanked Harrington for his report.

Flores made a motion, seconded by Grubbs, to accept the 10/31/24 actuarial report.

Vote: Hendrick – yes
Flores – yes
Nguyen – yes
Salvati – yes
Wong – yes
Kretzmer – yes
Rutledge – yes
Vishwa – yes
Phan – yes
Gonzales – yes
Grubbs – yes
Nahale – yes
Williams – yes
Fitzsimmons – yes
Carroll – yes

Motion passed.

The Board took a brief recess. The meeting was reconvened at 10:10 a.m.

C. Approve 2025/26 Rates

Nguyen made a motion, seconded by Salvati, to approve the 2025/26 rates as proposed.

George reviewed the components SELF considers in setting rates: compliance with the equity policy, which looks to funding the self-insured layer at a minimum 75 percent confidence level; examining current net position and future estimates, including the costs of reinsurance and administrative costs; and evaluating and applying relativity factors to the rates for K-12 and community college members.

George acknowledged that AB 218 liability been a tremendous disruption for the past four years. If those claims were removed, he said, the Excess Liability Program is in good shape. He noted that past years' rate increases have been helpful in maintaining a healthy net position and covering recent claims activity.

George reviewed the proposed rate changes for 2025/26. He remarked that the figures are higher than those presented to the Executive and Finance Committee earlier in March due to a recently reported large claim that would be discussed in closed session later in the meeting. He recommended a rate of $30.40 for K-12 members, about a 20 percent increase, and $16.75 for community college members, a little over a 17 percent increase, and a 20 percent increase in the flat rate for ROP and transportation JPA members.

Hendrick observed that all members are expecting a large increase, and in order to avoid a future assessment, the proposed rates provide a bit of a cushion.

George reviewed SELF's ten-year rate history. He said the proposed rates are in compliance with the equity policy, provide a margin to cover the final costs of reinsurance and administrative costs, and apply the relativity factor to differentiate between exposure for K-12 and community college members.

Hendrick observed that there are more minors on community college campuses these days than there were a few years ago because of increasing dual enrollment.

George advised that the next evaluation of the relativity factor takes place every three years, with the next study due in 2026. Williams expressed interest in finding out more about the differences between the two classes of members.

Williams reported that some of his colleagues believe SELF's rates are unfair to community colleges so a current analysis would be helpful in retaining community college members. Grubbs and other Board members agreed that SELF should re-examine the relativity factor next year.

George confirmed that the relativity factor is also applied to assessments.

Hendrick thanked George for his report. She noted that consumers are facing increasing costs for other kinds of insurance as well, so the rate increases are not unexpected. She recommended developing effective messages to members and working to communicate with the legislature about the significant impacts of AB218.

Vote: Hendrick – yes
Flores – yes
Nguyen – yes
Salvati – yes
Wong – yes
Kretzmer – yes
Rutledge – yes
Vishwa – yes
Phan – yes
Gonzales – yes
Grubbs – yes
Nahale – yes

Williams – yes
Fitzsimmons – yes
Carroll – yes

Motion passed.

D. Approve AB 218 Assessment

Flores made a motion, seconded by Salvati, to approve the AB 218 assessment.

George noted that SELF has already applied three assessments to members in coverage years with an existing negative net position. He stated that the annual policy year accounting was just completed, using updated liabilities as of 06/30/2024. He observed that there are no policy years without AB 218 claims.

George indicated that the focus of the proposed fourth round of assessments is on covering losses from 1986/87 through 2007/08. He noted that fifteen of those twenty-two years are currently in a negative position.

George presented a slide showing increases in AB218 claims activity after the close of the three-year reporting window. He observed that changing the age in the statute from 26 to 40 resulted in a three-year window with a fourteen-year tail.

George displayed a graph showing the amounts of previous assessments, amounts paid through claims, general and administrative charges, reserves, and IBNR. Using 1996/97 as an example, he noted, that policy year had previously been assessed but currently has a $52 million negative position, and that upward trend is likely to continue. George drew attention to the actuarial numbers, assessments to date, and the position if the Board approves the fourth assessment as proposed.

George advised that years with positive net positions were not being assessed, but there could be future claims that change the overall positions.

Hendrick cautioned that although the proposed assessment is the largest so far, it may not be the last one. George confirmed that understanding. He pointed out the large amount of IBNR, but said SELF now has a few years of actual data to better estimate future liabilities.

Harrington commented that the fourth assessment and all prior assessments can be viewed as a true-up for deficits in prior years, especially those 2008 and prior.

George said he would be working with Bickmore and FCMAT to update their statewide projections of AB 218 impacts. Nguyen recalled that the previous estimate was $2 billion to $5 billion statewide overall. He noted that school districts are facing both increased rates and additional assessments, and some have claims dating back to the 1970's.

Hendrick indicated that schools are confident they will receive discretionary block grants, but there are many concerns about the 2026-27 budget. She said SELF should announce the assessment now because schools might be in a poorer condition later.

Kretzmer mentioned that his district had recently settled a case, but then received subsequent claims involving the same perpetrator. He expressed concern that this could be a trend and emphasized the need to closely monitor IBNR.

George presented a chart showing the amounts assessed for each policy year and current deficits. He said SELF changed coverage year definitions in 2001/02 from “first touch” to “last touch,” which could explain the spike in the late 1990s. He pointed out that 1996/97 and 1999/2000 are the only two years that have been affected by all four assessments.

George demonstrated how the proposed assessments would affect four sample districts. He observed that enrollment patterns have changed drastically over time, and he displayed charts showing annual assessment amounts per student. He noted that the relativity factor was applied to each assessment. George recommended collecting the assessment in two installments over two years. He said SELF will get invoices out in time to give districts the option of paying with 2024/25 budget funds if they prefer. He proposed sending a preliminary budget indicator in early April, followed by invoices in May or early June.

After some discussion, Board members decided it would be prudent to declare a $296.85 million assessment as proposed. Flores amended his motion to approve a 2025/26 assessment in the amount of $296.85 million, to be collected over two years from 2025/26 and 2026/27. Salvati seconded the amended motion.

Vote: Hendrick – yes
Flores – yes
Nguyen – yes
Salvati – yes
Wong – yes
Kretzmer – yes
Rutledge – yes
Vishwa – yes
Phan – yes
Gonzales – yes
Grubbs – yes
Nahale – yes
Williams – yes
Fitzsimmons – yes
Carroll – yes

Motion passed.

XI. INFORMATION/DISCUSSION ITEM

A. Bill Report

Director of Communications and Member Services Lois Gormley drew attention to the bill report in the meeting packet. She advised that the Executive Committee adopted the recommended positions on March 6.

Gormley said SELF and a coalition of other public entities are opposing AB 340, a bill that would make conversations between union representatives and employees, confidential. She noted that SELF is also opposing AB 1614 which would lengthen the time claimants have to file a tort claim from six months to a year. Gormley commented that there is another bill pertaining to overnight student parking on community college campuses, and SELF will oppose the bill again.

Hendrick noted that she and Rowe had discussed AB 1233, and she asked the staff to monitor its progress. She said current law prohibits school districts and county offices from expunging previous employment records, and this bill would apply to classified employees.

Gormley advised that the Executive Committee also voted to oppose AB 1109, a similar bill that does not appear in the report.

Hendrick thanked Gormley for her report,

B. Coverage Discussion

George provided background on the issue by noting every JPA has its own memorandum of coverage (MOC) and the way they all work for events that have the possibility of occurring over more than one year, is to have the organization designate how that will be treated.

He explained while the terms first touch and last touch are often used in meetings when discussing these claims, within the MOC document, those words do not appear; rather it designates how the event will be treated and gets affixed to one coverage year either by the date the event begins or the date it ends and is treated as a single occurrence.

In SELF's case, he said, the MOC was written as a first occurrence document originally and then moved to last occurrence document by Board vote for the 2001/02 coverage year. The Board passed a resolution stating that if a claim spans both a first touch and last touch year, the earliest date would be used.

George said by itself, there is no impact if a primary JPA is at first touch and SELF is at last touch, or vice-versa, until a member changes its self-insured retention (SIR). Most of SELF's primary pools changed their retentions from $1M to $5M within the mid-2000s time frame. If the primary pool was still on first touch when SELF moved to last touch, there is potential there to create a difference in the date of loss being applied to the claim.

George asked Area VI Alternate Stephan Birgel, ASCIP, if there was anything further he would add before opening discussion to the group.

Birgel said George captured the issue adequately and said ASCIP has a few claims where this issue has arisen. He said ASCIP is not asking the Board to do anything, just presenting the topic for open discussion as they have members who have two pieces of paper for the same claim – one with a $1M retention from ASCIP and separate $5M retention from SELF. He said ASCIP has been unable to find anything where the members were told they are responsible for the $4M gap.

Nguyen asked if the issue is between the two JPAs to figure out or if the member has been told they don't have coverage for that gap.

Grubbs said the ASCIP members are separate members of SELF so it is a member issue.

Atilano-Melvin said when she placed her JPAs coverage with SELF in 2019 the first thing she, her broker and coverage counsel looked at was a comparison of the MOCs to avoid just this type of situation. She said she sees that as the decision of the primary JPA and its Board to make those two align, which is typical for the industry.

Salvati said he felt that this wouldn't have become an issue except for the retroactive nature of AB 218. He said ASCIP may be the first to run into it but it could impact other pools, including his own which is still at first touch.

Kerwin asked what SELF has done in these cases historically where first touch and last touch result in differing dates of loss.

George said SELF has always had its own MOC and has followed that. First touch was up to 2001, with last touch post that. Some claims began before 2000 and finished after 2002 so there is both first and last touch and by Board policy those are treated as first touch. Anything after 2002 is treated as last touch. The SELF MOC does not follow form with underlying, though it has been discussed in the past, nothing was ever developed.

The group discussed how many of the 600 open claims SELF has could fall into this category. Staff indicated that because primary pools do not provide their MOCs historically to SELF there is no way to know until a primary pool brings the issue to SELF's attention.

Hendrick asked who makes make the decision to move SIRs.

George said the member advises SELF of their desire to make the change; but the decision is typically driven by their primary pool which does the analysis as Atilano-Melvin indicated earlier.

Hendrick asked if the members would have signed something to go to the $5M SIR.

Birgel replied they would have worked that out with SELF.

Atilano-Melvin asked if the decision to make that move would have been something that ASCIP would have determined as the primary pool.

Birgel stated it was a long time ago, over 20 years, but members are purchasing ASCIP's policy and they are separately purchasing SELF's.

Kerwin clarified the point was that when you are a member and go to your first level JPA, you believe there is a duty by that JPA to seamlessly connect, without ambiguity or uncertainty to the next level of coverage and it shouldn't fall on the member. He said that is one of the inherent functions of the first level JPA, to make sure there are no gaps and so why should the member absorb the liability.

Nguyen agreed that the issue is one for the JPAs; and from a member's perspective it could impact credibility and give ammunition to the competitors.

Kretzmer said he could see his JPA being in a situation that if that should happen to SISC, an assessment would be warranted to cover that $4m gap as opposed to turning to the member to pay it.

Salvati agreed with Kretzmer and said his pool would likely handle it for the member as well pulling from pool equity to meet the gap and then recover the funds in rate as they move forward. Effectively the entire pool would pay for it overtime prospectively, rather than leaving one member on the hook for the extra $4M.

Grubbs said he thought it would be difficult to retroactively change a pool's MOC, particularly when ASCIP has people going in and out of the pool. Former members could raise an issue with them for making changes retroactively and paying the assessment.

Birgel said in his experience he believes if the matter went to arbitration ASCIP and SELF would likely be told to split the difference and that was his proposal to George.

Hendrick admitted she is not an attorney but thinks if ASCIP told its members to approve moving the SIR to $5M, the primary pool would likely be held responsible and not the member.

Birgel indicated that he doesn't think the members approved moving to $5M and said he had not seen anything indicating otherwise. Birgel added that no one had a full understanding of what AB 218 would do.

Hendrick said whatever action the Board ultimately takes must be applied consistently to all members. The members discussed other options such as coverage counsel reviews and the creation of an ad-hoc committee to further explore the issue.

Flores suggested staff determine what information is needed and how to best move the discussion forward, bringing a recommendation for format to the next Board meeting.

Staff confirmed they would do so.

XII. CLOSED SESSION

Salvati made a motion, seconded by Phan, to adjourn to closed session for the purpose of discussing potential litigation.

Vote: Hendrick – yes
Flores – yes
Nguyen – yes
Salvati – yes
Wong – absent during voting
Kretzmer – yes
Rutledge – yes
Vishwa – yes
Phan – yes
Landon – yes
Grubbs – yes
Nahale – yes
Williams – absent during voting
Fitzsimmons – yes
Carroll – yes

Motion passed. The Board adjourned to closed session at 12:17 p.m.

A. Liability Claims (Gov. Code, § 54956.95)
- Discussion of anticipated litigation:
  - Doe vs. Mountain View School District
  - Doe vs. Sylvan Unified School District
  - Doe vs. Sylvan Unified School District

At the conclusion of the closed session, Flores made a motion, seconded by Nahale.

Vote: Hendrick – yes
Flores – yes
Nguyen – yes
Salvati – yes
Wong – absent during voting-
Kretzmer – yes
Rutledge – yes
Vishwa – yes
Phan – yes
Landon – yes

Grubbs – yes
Nahale – yes
Williams – absent during voting
Fitzsimmons – yes
Carroll – yes

Motion passed. The open meeting was resumed at 12:43 p.m.

Hendrick said the Board had discussions with staff but took no actions during the closed session.

XIII. CHAIR'S REPORT

Hendrick thanked Nahale for his service to SELF, and Board members wished him well in his retirement.

XIV. FUTURE MEETINGS

The Board reviewed the schedule of upcoming meetings. Board members asked Casey to email copies of the schedule to them.

XV. ADJOURNMENT

There being no further business, the meeting was adjourned at 12:44 p.m.