



**SCHOOLS EXCESS LIABILITY FUND
EXECUTIVE COMMITTEE MEETING
MINUTES**

Time: Friday, November 16, 2018, 9:30 A.M.

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

Teleconference Location: ABC USD, 16700 Norwalk Blvd., Cerritos, CA

MEMBERS

Dave George, Chair	Area V Representative
Peter Hardash, Vice Chair	Southern California Community Colleges Representative
Renee Hendrick, Comptroller (via telephone)	Area VI Representative
Karla Rhay, Secretary	Area VI Representative
Michael Gregoryk, Past Chair/Member-at-Large	Southern California Community Colleges Representative

ALTERNATES

David Flores, Liability Claims & Coverage Committee Chair (via telephone)	Area II Representative
Nancy Anderson, Member Services & Communications Committee Chair	Area VI Representative
Tony Nahale, Workers' Compensation Claims & Coverage Committee Chair	Area VI Representative
Toan Nguyen, Finance Committee Chair (via teleconference)	Area VI Representative

GUESTS

Michelle Murphy	InnoPro Performance Solutions
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STAFF

John Falappino	Interim Chief Executive Officer
Debra Fisher	Chief Fiscal Officer
Lois Gormley	Director of Communications and Member Services
Jimmy Rowe	Director of Claims
Susan Casey	Executive Assistant

I. CALL TO ORDER

Executive Committee Chair Dave George called the meeting to order at 9:32 a.m. Executive Assistant Susan Casey called the roll and confirmed the presence of a quorum.

II. AGENDA – November 16, 2018

A. Amendments/Adjustments

Interim Chief Executive Officer John Falappino recommending moving Item IX, the closed session, immediately after Item IV, Public Comments. George noted that Item VII.A. should be removed from the agenda.

B. Approval

Hardash made a motion, seconded by Gregoryk, to adopt the agenda as amended.

Vote: George – aye
Hardash – aye
Rhay – aye
Gregoryk – aye
Anderson – aye
Nahale – aye
Nguyen – aye

Motion passed.

III. MINUTES –May 18 & August 22, 2018

A. Amendments/Adjustments

None.

B. Approval

Hardash made a motion, seconded by Nahale, to approve the minutes of the May 18 and August 22 minutes as presented.

Vote: George – aye
Hardash – aye
Rhay – aye
Gregoryk – aye
Anderson – aye
Nahale – aye
Nguyen – aye

Motion passed.

IV. PUBLIC COMMENTS

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

IX. CLOSED SESSION (Out of Order)

Hardash made a motion, seconded by Gregoryk, to adjourn to closed session for the purpose of discussing pending claims and personnel matters.

Vote: George – aye
Hardash – aye
Rhay – aye
Gregoryk – aye
Anderson – aye
Nahale – aye
Nguyen – aye

Motion passed. The committee adjourned to closed session at 9:34 a.m.

- A. Liability Claim:
 - 1. Doe, et. al. v. Riverside USD
- B. Public Employee Performance Evaluation – Closed Session, pursuant to Gov’t Code 54957.
Title: Interim Chief Executive Officer

At the conclusion of the closed session, Hardash made a motion, seconded by Gregoryk, to resume the open meeting.

Vote: George – aye
Hardash – aye
Rhay – aye
Gregoryk – aye
Anderson – aye
Nahale – aye
Nguyen – aye

Motion passed. The committee resumed the open meeting at 10:28 a.m.

George said no reportable action was taken in closed session; instructions were given to staff.

V. STAFF REPORT

A. Interim Chief Executive Officer

Falappino noted that at the strategic planning session, there was discussion about setting earlier deadlines for setting rates, necessitating some changes in the meeting schedule. He recommended holding a Finance Committee meeting on Thursday, January 10, to review the actuarial report. He said he got the impression the Board wanted to set rates by the end of February or early March, but George felt the Board proposed deciding on a range of rates at that time. Falappino welcomed further direction from the committee.

George recalled that the Board discussed a goal of setting an upper limit on rates sometime in February so members could plan their budgets according. Falappino stated that he had planned to schedule a Board meeting on Friday, March 1, to set rates.

Falappino advised that in order to set rates, the Board needs the actuarial report and information from the reinsurance carriers. He said data will be provided to the actuaries in mid-December, and he and George will have face-to-face meetings with reinsurers in New York, Richmond, and possibly Chicago during the third week of January. He noted that Guy Carpenter expects to obtain firm rates by the end of January. Falappino indicated that the Finance Committee will meet on Thursday, February 21. He added that the Executive Committee does not have a scheduled meeting before March 1.

Anderson commented that ASCIP sets firm rates at that same time, but reinsurance rates are not finalized until later. She stated that ASCIP’s rates are based on multiple factors, including the premium, overhead, and the projected cost of claims. She observed that when reinsurers are pressured to set rates earlier, they tend to build in margins, which affects the entire renewal. Anderson suggested that SELF consider setting rates on March 1, but without forcing reinsurers to provide hard rates by the end of January.

George noted that Guy Carpenter had advised SELF that reinsurance quotes are likely to be higher if they are provided by the end of January. He expressed support for the approach described by Anderson.

Falappino remarked that the face-to-face meetings in January should be helpful, and SELF will have enough information by the end of February to set rates.

After some discussion, committee members decided to meet jointly with the Finance Committee on February 21 to set rates.

George questioned the need for an April meeting. Committee members recommended keeping that meeting on calendar and making a decision about canceling it later.

Falappino invited Hardash to provide an update on the CEO search.

Hardash said the work plan schedule and calendar were posted on DropBox, and the staff sent the search firm's proposed brochure via email to committee members. He asked committee members to provide comments and suggestions as soon as possible so the brochure can be disseminated.

Hardash noted that two board members have expressed interest in the position, so both will recuse themselves from participating in any discussions about the position.

Anderson recommended a longer January 29 Board meeting to allow enough time for discussing rates and interviewing CEO candidates. After some discussion, committee members agreed to start at 8:00 a.m. and plan to adjourn at about 2:00 p.m.

Hardash noted that the last time SELF hired a CEO, there were informal social gatherings in separate rooms to allow Board members to get to know the top two or three candidates, and he proposed doing that again, possibly in February. He suggested inviting the consultants to a future Board meeting to discuss the timeline and process.

VI. PRESENTATION

A. Strategic Planning Summary and Next Steps

Michelle Murphy, InnoPro Performance Solutions, said she and her staff were reviewing the notes, flipcharts, and transcripts of the October strategic planning meeting to provide an executive debriefing report. She indicated that she would have a PowerPoint presentation ready at the December meeting. Murphy advised that she was also working on benchmarking a new structure for the strategic plan to include the action items and suggestions made in October.

Murphy reported that she had compiled comments from Board members about possible qualitative and quantitative measures to be incorporated in a new CEO performance evaluation process. She said she had also consulted other JPAs and conducted research on CEO appraisal processes and good governance principles. She stated that she would present a new evaluation form and some suggested modifications to the job description. Murphy noted that a successful CEO evaluation process should be directly tied to goals set by the Board and agreed to by the CEO.

Murphy indicated that she has been working with the consultants to identify appropriate qualifications and job descriptions for SELF's new CEO.

Murphy welcomed feedback and comments from Board members and invited them to contact her via email.

George thanked Murphy for the update.

VII. INFORMATION/DISCUSSION ITEMS

B. Reinsurance Market Update

Falappino noted that he had discussed this topic as part of his earlier report.

C. Updated Staff Structure

Falappino informed the committee that he made a slight change in SELF's organizational structure. He indicated that the systems analyst now reports directly to the CEO.

VIII. ACTION ITEM

A. Approve Revised JPA Agreement

Hardash made a motion, seconded by Anderson, to approve the revised JPA agreement.

Anderson cautioned that if there were any other changes SELF wants to make to the JPA agreement, they should be done now, because any revision requires approval of all members. She said getting all members to approve the document is a major challenge that has not been undertaken for many years.

Director of Communications and Member Services Lois Gormley advised that the intent was to limit this revision only to the provision required by CAJPA and the Government Code to facilitate approval by the membership. She said if multiple changes are proposed, members are likely to be more reluctant to approve the document. She added that there is other language in the JPA agreement that is obsolete, but the thought was to keep it simple and easy to approve.

George asked if this revision was urgent to gain CAJPA accreditation. Falappino replied that SELF's second extension of the accreditation deadline ends in April, so SELF needs to get a majority of responses back within four months. He recommended keeping the revision as simple as possible.

Hardash commented that ASCIP recently approved its JPA agreement with a creative provision allowing the board to identify a different lead designated mirroring district each year if necessary. He pointed out that if a designated mirroring entity leaves, this kind of flexibility would allow changes to be made without having to go back to the full membership for approval.

Committee members proposed adding similar verbiage to SELF's agreement. Falappino asked Hardash to send him sample language and contact information for ASCIP's legal counsel who drafted the provision.

Hardash and Anderson amended the motion to approve the revised JPA agreement with that additional information.

Vote: George – aye
Hardash – aye
Rhay – absent during voting
Gregoryk – absent during voting
Anderson – aye

Nahale – aye
Nguyen – aye

Motion passed.

X. FUTURE MEETINGS

The committee reviewed the schedule of upcoming meetings.

XI. ADJOURNMENT

There being no further business, Hardash made a motion, seconded by Anderson, that the meeting be adjourned.

Vote: George – aye
Hardash – aye
Rhay – absent during voting
Gregoryk – absent during voting
Anderson – aye
Nahale – aye
Nguyen – aye

Motion passed. The meeting was adjourned at 11:00 a.m.