

**Small Cities Organized Risk Effort (SCORE)
Board of Directors Meeting Minutes
June 24, 2011**

Member Cities Present

Pete Carr, City of Biggs
Ken McDonald, City of Crescent City
Liz Contz, City of Dorris
Jim Lindley, City of Dunsmuir
David Stein, City of Etna
Linda Romaine, City of Fort Jones
Satwant Takhar, City of Live Oak
Roger Carroll, City of Loomis
Cricket Strock, City of Loomis
Kathy LeBlanc, City of Loyalton

Janie Sprague, City of Montague
Ted Marconi, City of Mount Shasta
Jim Murphy, City of Portola
Stephanie Beauchaine, City of Rio Dell
John Duckett, City of Shasta Lake
Debra Magginetti, City of Susanville
Kelly McKinnis, City of Weed
Earl Wilson, City of Weed
Charles Bergson, City of Williams
Steve Baker, City of Yreka

Member Cities Absent

City of Colfax City of Isleton

Consultants & Guests

Susan Adams, Alliant Insurance Services
Jackie Parker, Alliant Insurance Services
Johnny Yang, Alliant Insurance Services
Tom Baber, York Insurance
Jack Kastorff, York Insurance

Kevin Wong, Gilbert & Associates
Tracey Smith-Reed, Gilbert & Associates
Ted Piorskowski, Chandler Asset Management
Mayor Randy Darrell, City of Tulelake

A. CALL TO ORDER

Mr. Roger Carroll called the meeting to order at 9:05 a.m.

B. ROLL CALL

The above mentioned members were present constituting a quorum. Cities absent were City of Williams, and City of Isleton. Charles Bergson, City of Williams arrived at 9:40 a.m.

C. APPROVAL OF THE AGENDA

A motion was made to approve the Agenda as posted.

MOTION: Ted Marconi

SECOND: Kelly McKinnis

MOTION CARRIED

D. PUBLIC COMMENT

There were no public comments.

E. CONSENT CALENDAR

- 1. Board of Directors Meeting Minutes – March 25, 2011**
- 2. Local Agency Investment Fund (LAIF) Monthly Statement of Investments – March, April & May 2011**
- 3. Union Bank Account Statement – March, April & May**
- 4. SCORE Checking Account Transaction List 03/18/11 – 06/06/11**
- 5. Investment Statements from Chandler Asset Management: March, April & May 2011**
 - a. Account 590**
 - i. Portfolio Summaries**
 - ii. Holdings Report – Most Recent**
 - iii. Compliance Report**
 - iv. Transaction Reports**

A motion was made to approve the Consent Calendar.

MOTION: Steve Baker

SECOND: Ken McDonald

MOTION CARRIED

F. MEETING REPORTS

- a. Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) – Executive Committee Meeting February 22, 2011**
- b. LAWCX Underwriting Minutes – May 24, 2011**
- c. Employment Risk Management Authority (ERMA) February 18, 2011**
- d. CJPRMA Board of Directors Meeting Minutes – May 11 – 13, 2011**
- e. CJPRMA Board of Directors Meeting Summary – June 16, 2011**

Ms. Susan Adams explained that staff will now be including meeting minutes for SCORE's Excess Carriers for informational purposes. There was discussion on the option of including 4850

G. GENERAL ADMINISTRATION

G1. President's Report

Mr. Carroll announced Mr. Jim Murphy's retirement. Mr. Jack Kastroff also advised the Board that Lexipol's Fire Manual is scheduled to be released this fall.

G2. Alliant Update

Ms. Adams introduced Johnny Yang to the Board advising of his previous JPA experience with CSURMA and NCCSIF. She also advised members of the idea of purchasing iPads for Board meetings to minimize amount of paper being used for the meetings.

G3. CAJPA Accreditation

Mr. Carroll advised that SCORE has been Accredited with Excellence referencing that Mr. James Marta expressed his positive feedback on how far SCORE has gone since prior years now that SCORE has their audited financial statements. Ms. Adams explained to the Board that being accredited with excellence sets SCORE apart from the other JPAs as the CAJPA Accreditation is how JPAs are regulated and compared. The CAJPA Accreditation processed happens once every three years.

G4. SCORE Membership Update

G4a. City of Crescent City and City of Williams Intent to Withdraw

Ms. Adams addressed that the City of Crescent City and the City of Willows has provided their Notice of Intent to Withdraw from SCORE. Mr. Ken McDonald briefly spoke on behalf of the City of Crescent City regarding their decision to leave commenting on the City's cost saving opportunities with GSRMA, accounting issues, and amount of reserves.

G4b. City of Tulelake

Mr. Carroll advised that the Executive Committee met and discussed the possibility of the admittance of Tulelake into SCORE and the major items to consider which were failure to pay their PERMA premium and the failure to provide audited financial statements. PERMA eventually decided to terminate their membership and so Tulelake approached SCORE for admittance into the program. Tulelake has provided SCORE with a draft budget.

Mayor Darrell is present at today's meeting to speak on behalf of the City of Tulelake and addressed the Board explaining their current financial situation and steady gain. Ms. Adams advised that should the City of Tulelake join SCORE, they would have to reapply for EPL coverage through PERMA. There was discussion on a "cease and desist" regarding their wastewater treatment plant. Mayor Darrell advised that the city is working on upgrading to an evaporation system estimated to be completed on 2014. A few years prior the City of Tulelake was assessed a fine for an overflow but no losses or lawsuits have risen from this exposure.

There was further discussion on previous loss history, which are better than average with respects to SCORE members. The Board expressed concerns regarding the City's budget depending largely on the approval of the COPS Grant. The City of Tulelake was made aware that SCORE's premiums are prepaid annually.

A motion was made to approve the acceptance of the City of Tulelake into the SCORE program.

MOTION: Jim Murphy

SECOND: Linda Romaine

MOTION CARRIED

G4c. City of Loyalton admittance to Mini-Cities

There was discussion on re-evaluating the reason behind the Mini-Cities program and possibility of re-evaluating the costs associated with membership in the Mini-Cities program. Ms. Adams noted that payroll for most members in the Mini-Cities program are under \$1 million with the exception of the City of Dunsmuir.

The City of Loyalton has purchased Worker’s Compensation Insurance from the California State Insurance Fund (SCIF). They would like to join SCORE’s WC Mini-Cities program.

The City has 5 Full Time, and 2 part time, employees and total payroll of \$227,000. Staff has received and reviewed their loss history from 1999 through 2010. Provided was a summary of their history. Largest loss is in the current year, Hernia for \$50,129.

Should the City of Loyalton be accepted into the Mini-Cities program they would have to reapply with LAWCX regarding the excess coverage, which has been calculated into the Budget.

A motion was made to approve the admittance of the City of Loyalton into the Workers’ Compensation Program.

MOTION: Jim Murphy **SECOND:** Stephanie Beauchaine **MOTION CARRIED**

A motion was made to approve the admittance of the City of Loyalton into Mini-Cities Program.

MOTION: Stephanie Beauchaine **SECOND:** Linda Romaine **MOTION CARRIED**

G5. Approval of SCORE Bylaws

Ms. Adams explained the Amendment to SCORE Bylaws as follows:

- ARTICLE III – BOARD OF DIRECTORS – Section 1 – Governing Documents B.6
“Authorize release of funds at the request of a Member Agency that has withdrawn from the “Authority””.

This change repeats language contained below in the new article include; WITHDRAWAL but is included here where other levels of voting authority of the Board are addressed. It states that a member that has withdrawn may request from the Board release of their funds with a 2/3 vote of the Board. This allows the ability of a withdrawn member to request their funds from a program year is not closed.

- ARTICLE V – COMMITTEES
 1. Create a Finance Committee chaired by the Treasurer
 2. Add Section 3 – Other Standing Committees and outline their establishment and responsibilities.

3. Add Section 4 – Ad Hoc Committees and outline their establishment and responsibilities clarifying that Ad Hoc Committees are not subject to the Brown Act.

• ARTICLE III – WITHDRAWAL

Member Agencies that withdraw from SCORE’s Liability and or Worker’s Compensation plans, agree that any available funds allocated to them in the Shared Risk Layer, will remain with SCORE until such time as the “Program Year(s)” that they participated in are closed. This includes funds allocated to them via the “Retrospective Adjustment” or any other manner of distribution other than the declaration of a dividend by the Board or in accordance with distribution described in the Joint Powers Agreement upon the dissolution of SCORE. Funds available from the Banking Layer to these Members are available for distribution as declared by the Board.

If a “Program Year” is not closed and the “Participating Member” would be eligible for a distribution, a Member that has withdrawn from the “Authority” may annually, in writing, request an early release of their funds for consideration by the Board of Directors. This action will require a 2/3 approval of the Board of Directors as specified in the JPA Bylaws, Article III, Section 1, paragraph B.6.

A motion was to approve the Amendment to SCORE Bylaws.

MOTION: Stephanie Beauchaine **SECOND:** Earl Wilson **MOTION CARRIED**

AYES: 14

NAYS: 1 (Ken McDonald)

G6. Approval of SCORE Liability Master Plan Document

Ms. Adams addressed the Board of the amendments to the Liability Master Plan Document pending approval which is as follows:

The ad hoc committee recommended the Bylaws be changed as follows:

“Member Agencies that withdraw from SCORE’s Liability and or Worker’s Compensation plans, agree that any available funds allocated to them in the Shared Risk Layer, will remain with SCORE until such time as the “Program Year” is closed”.

The proposed Master Plan documents have been amended to include the recommendations of the Ad Hoc committee.

This was due to the fact that SCORE had one member leave the JPA in 2010 and has received notice of intent to withdraw from two other members. As a result, discussion developed at the January Board meeting and an ad hoc committee was created to vet issues that result from members leaving the JPA.

A motion was made to approve SCORE's Liability Master Plan Document Amendments.

MOTION: Steve Baker **SECOND:** Kathy LeBlanc **MOTION CARRIED**

G7. Approval of SCORE Workers' Compensation Master Plan Document

Ms. Adams advised that the changes to the SCORE Workers' Compensation Master Plan Document are the same as the changes made to the SCORE Liability Master Plan Document.

A motion was made to approve SCORE' Workers' Compensation Master Plan Document Amendments.

MOTION: Steve Baker **SECOND:** Earl Wilson **MOTION CARRIED**

G8a. Alliant Program Administration Agreement

Ms. Adams explained that effective July 1, 2008, SCORE entered into a 5-year contract with Alliant for Program Administration. The contract included a 5% fee increase annually; however, due to current economic conditions facing SCORE members Alliant has offered to reduce their fees to the 2009 rates in 2010.

Fees are calculated based on a fee per member per program. The total Pooled Liability Program fee is \$8,008 per member or \$144,144 for 18 members. Total Pooled Workers' Compensation Program fee is \$5,232 for 7 members and \$1,575 for 9 Mini-Cities members for a total of \$50,799.

The SCORE 2011-2012 Preliminary Budget has been revised to reflect the decrease in administration fees.

The Contract now includes the Alliant Program Administration Disaster Recovery Plan which provides SCORE with restoration of information adversely affected by a security breach, for majeure or natural disaster.

A motion was made to approve the Alliant Program Administration Agreement.

MOTION: Kelly McKinnis **SECOND:** John Duckett **MOTION CARRIED**

G9. York Insurance Services Claims Adjusting Contract Annual Extension

Mr. Tom Baber explained that effective July 1, 2008, SCORE entered into a 5-year contract with YORK for Claims Administration and Risk Control Services. This contract expires 6/30/13. The agreement allows for increases in rates and fees each year. York has decided not to exercise this option for any of the services they provide with an estimate of a \$7,000 saving for their services.

A motion was made to approve the York Insurance Services Claims Adjusting Contract Annual Extension.

MOTION: Ken McDonald **SECOND:** Earl Wilson **MOTION CARRIED**

G10. Gilbert and Associates Accounting Update on Services

Ms. Adams explained that SCORE fees are currently within the \$55,000 budgeted for accounting services for the 2010/2011 fiscal year. There was a \$15,000 additional cost for preparing for the audit. Ms. Adams advised that currently Gilbert and Associates has billed SCORE \$53,000 for the policy year. The 3 year contract currently in place calls for a \$4,000 monthly fee but Gilbert and Associates has not consistently charged SCORE this amount but under the \$4,000 threshold.

G11. ACI Specialty Benefits Renewal

Ms. Adams advised that rates are the same as expiring at \$2.25 per month. There are currently 14 cities participating in the program with a current headcount of 332 = \$8,964 annually. Susan asked the members participating in this program to confirm the amount of employees. The Budget includes the ACI Renewal at these numbers but since there will be an addition of Tulelake and the numbers will be revised at that point. ACI Specialty advised that Utilization rates have increased to 22.3% from 3% in the past.

A motion was made to approve the renewal of the ACI Specialty Benefits subject to confirmation of employee numbers.

MOTION: Steve Baker **SECOND:** Kelly McKinnis **MOTION CARRIED**

G12. Resolution 11-01 Establishing 2011-2012 Board of Directors Meeting Dates

There was discussion on conflicting meeting dates regarding Sacramento Valley Division of League of California Cities as a few meetings are scheduled on the same dates. Sacramento Valley Division of League of California Cities has contacted Ms. Adams for meeting dates to avoid future conflicts.

A motion was made to approve Resolution 11-01 Establishing 2011-2012 Board of Directors Meeting Dates.

MOTION: Kelly McKinnis **SECOND:** Kathy LeBlanc **MOTION CARRIED**

G13. Strategic Planning Session

Ms. Adams advised that Staff recommends the Granlibakken Lodge in Tahoe City. The Granlibakken will honor the government rate for rooms and SCORE will pick up any difference in cost for room reservations the night prior to the training day. Ms. Jackqueline Parker also

advised the Granlibakken offered a quote at a 5% discount for the event. Staff estimated a fiscal impact of \$10,000 but estimate the total cost to be lower.

Ms. Adams discussed the Topics on the agenda per the Board request which are:

1. Overview of all of SCORE's insurance programs.
 - a. Mr. David Clovis, General Manager of CJPRMA will provide overview of CJPRMA's programs.
 - b. Staff will review the Workers' Compensation, Liability, Property and Automobile Physical Damage programs.
 - c. Staff will review the Special Events Program and Vendors/Contractors Program.
2. Certificate of Insurance / Insurance Requirements in Contracts.
3. Presentation on Accident Investigation – Mr. Tom Baber – York

There was discussion on the possible start time of 10:00 a.m. for the Bi-Annual Training Day.

G14. California Association of Joint Powers Authority (CJPRMA) 29th Annual Fall Conference and Training Seminar – September 6 – 9, 2011

Ms. Adams advised the Board that the CAJPA Conference is at Harrahs', Harvey's, and the Embassy Suites in South Lake Tahoe reminding the Board that each member may expend up to \$1,000 in any one fiscal year to have one or more of their employees attend conference or seminars sponsored by PARMA, CAJPA, and/or PRIMA. Roger Carroll extended his thoughts on CAJPA's relevance to JPA management, highly recommending members to attend this Conference.

Ms. Parker noted that should members should contact either Ms. Adams or herself if they are having trouble finding rooms once the Conference joins near as Alliant may be able to assist in room reservations.

There was discussion on whether or not the available \$1,000 per member would be applicable to the Bi-Annual Training Day. As this is considered a training day the \$1,000 funds would be applicable for the Bi-Annual Training Day.

H. LIABILITY

H1. California Joint Powers Risk Management Authority (CJPRMA) Update

Mr. Carroll addressed the Board regarding CJPRMA's MOC changes. New reporting requirements regarding EPL have been implemented. All lawsuits pertaining to EPL claims must be reported to CJPRMA. If CJPRMA has not received notification within 30 days of the lawsuit, all expense incurred by the City prior to notification will not be applied to the City's deductible.

Mr. Carroll also advised the Board that CJPRMA now offers one SCORE member the opportunity to obtain one's ARM designation.

H2. Approval of SCORE's Liability Memorandum of Coverage

Ms. Adams advised the only update to SCORE's Liability Memorandum of Coverage were the dates.

A motion was made to approve SCORE's Liability Memorandum of Coverage.

MOTION: John Duckett **SECOND:** Kelly McKinnis **MOTION CARRIED**

H3. Employment Risk Management Authority (ERMA) Update

Mr. Jim Murphy provided the Board with an update from the last ERMA Board Meeting.

Susan advised Ms. Debra Magginietti has agreed to step in as new ERMA Board Representative on behalf of SCORE. Mr. Kelly McKinnis nominated Mr. Michael Botorff as ERMA Board Alternate on behalf of SCORE.

A motion was made to approve Ms. Magginietti as the new ERMA Board Representative and the nomination of ERMA Board Alternate (Michael Bortoff)

AYES: 14
NOES: None

I. WORKERS' COMPENSATION

I1. Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) Update

Mr. Ted Marconi addressed the Board regarding the last LAWCX Meeting Update, advising that LAWCX overall rates are up by 1.8% for safety and 0.5% for non-safety. SCORE's premium has shown a slight reduction of 3% primarily due to the decrease of SCORE's experience modification factor.

LAWCX also approved the claims audit report with an approval rating of 93% for SCORE.

I2. Approval of SCORE's Workers' Compensation Memorandum of Coverage

Ms. Adams explained that SCORE's Workers' Compensation Memorandum of Coverage incorporates the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) Memorandum of Coverage form. LAWCX's MOC in turn incorporates the terms and conditions of the CSAC-EIA Excess Workers' Compensation MOC. SCORE does amend the adopted wording from LAWCX to exclude coverage for Labor Code Section 4850. There were no changes to the Workers' Compensation MOC other than the dates.

A motion was made to approve SCORE's Workers' Compensation Memorandum of Coverage.

MOTION: John Duckett

SECOND: Kelly McKinnis

MOTION CARRIED

J. PROPERTY INSURANCE

J1. Public Entity Property Insurance Program (PEPIP) Renewal July 1, 2011 to June 30, 2012

Ms. Adams advised the renewal premium is \$190,642 which is a decrease of \$28,000. This represents a premium decrease due to Crescent City and Williams leaving the program. The rates this year remained flat.

A motion was made to approve the Public Entity Property Insurance Program (PEPIP) Renewal July 1, 2011 to June 30, 2012.

MOTION: Debra Magginiti

SECOND: Kathy LeBlanc

MOTION CARRIED

K. FINANCIAL

K1. Chandler Asset Management Presentation

Mr. Ted Piorkowski expressed appreciation of being able to service SCORE reminding members that SCORE's investment program has grown from \$8 million, five years ago, now to a little over \$10.4 million. Ted explained that the broad overview of the economy is stuck national in a moderate economic recovery as the recession has official been over since June of 2009.

Some of the major economic indicators are: employment; retail sales increasing; consumer credit is increasing; housing market possibly becoming a negative contributor; manufacturing has been a positive contributor continually expanding but affected by the Japan Earthquake through contingent business interruption; capacity utilization affecting inflation due to energy costs; core inflation has been declining; GDP currently at 1.9% estimated to increase; and interest rates decreasing.

Mr. Piorkowski advised the objectives tasked by SCORE is to provide for the safety of the JPA's money, preservation of the capital, coordination of liquidity needs, and commensurate rate of return. SCORE's investment portfolio today is in full compliance with State code and the JPA's investment policy.

SCORE's average maturity was approximately 2.25 years, slightly shorter than the benchmark's maturity due to the possibility of risk. SCORE's Average book yield is 2.46%. The Market yield can only earn 76 basis points. SCORE's average credit quality remains very high at AAA. SCORE's total market value has grown \$10.27 million to \$10.398 million, continuing to purchase treasures, agencies, rated AA or better. The maximum maturity SCORE can purchase is 5 years.

K2. Delegation of Investment Authority to SCORE Treasurer

Mr. Carroll advised the Board that this is an annual “housekeeping” item.

A motion was made to delegate authority to invest or reinvest funds to the Treasurer.

MOTION: Kelly McKinnis **SECOND:** John Duckett **MOTION CARRIED**

K3. Adoption of 2011-2012 SCORE Program Budget

Ms. Adams explained the 2011/2011 budget is approximately \$600,000 less than the expiring budget due primarily to the new funding level at the 70% confidence level. Excess premiums are slightly lower than expiring coupled with the withdrawal of Crescent City and Williams. The administration expenses are approximately \$72,000 less than the current budget.

Ms. Adams advised that the CJPRMA’s premium calculation of \$1,279 includes investment income earned, less distributions. Susan asked the Board for authority to revise the budget to include the City of Tulelake and amend any EAP ACI updates collected and approve the budget subject to those changes.

A motion was made to approve the 2011-2012 SCORE Program Budget subject to changes authorized by the Board.

MOTION: Jim Murphy **SECOND:** Kathy LeBlanc **MOTION CARRIED**

K4. Equity Distribution and Retrospective Rating Adjustments

Ms. Adams explained the Retrospective Rating adjustment calculation and the Equity Distribution calculation developed from the new program are to be effective July 1, 2011. The final database will not be completed until August, but general results are still known. Gilbert has encountered some discrepancies in the retrospective rating calculations that are being addressed by staff. The retrospective calculations will be updated to incorporate loss data as of June 30, 2011. Losses have remained steady for the past few years; therefore, the final adjustments should be similar to the distributions the past few years.

Staff presented estimated numbers to the Board and asked to present the finalized retrospective rating and equity distribution calculations to the Board for approval at the August 26, 2011 Board meeting. If members would prefer to have some of these estimated funds available to credit towards their 2011/2012 premiums or refund checks issued, members are allowed a portion of the estimated amounts on the attached spreadsheet be released while the retrospective rating calculations are being finalized.

There was discussion regarding a proposed option on having a portion of the Equity Distribution be set aside for Safety Risk Management funds available to members.

L. CLOSED SESSION

At 11:25 a.m., pursuant to Government code section 54956.95, the Board held a closed session to discuss the following claims for payment of tort liability loss or public liability loss.

1. Workers' Compensation

- a. 2011115161 City of Portola
- b. 2010101505 City of Crescent City
- c. 2011112213 City of Portola
- d. 2006051751 City of Susanville
- e. 2007070094 City of Williams

2. Liability

- a. Elliot v. Crescent City
- b. Fabbrini v. Dunsmuir
- c. Schwartz v. Susanville
- d. Lockett v. Mt. Shasta
- e. Cooper v. Mt. Shasta

M. REPORT FROM CLOSED SESSION

The Board returned from closed session at 11:56 a.m. Mr. Carroll reported that the above closed session items were discussed and appropriate direction was given to Staff.

N. CLOSING COMMENTS

Mr. Carroll addressed the Board advising to Members that should an email be changed, please contact Staff to update accordingly.

Mr. John Duckett from the City of Shasta Lake advised the Board of the 8th Annual Scott Valley New Bluegrass Festival on July 16 & 17, 2011.

AJOURNMENT

The meeting was adjourned at 11:59 a.m.

NEXT MEETING DATE: Friday, August 26, 2011 via Teleconference

Respectfully Submitted,



Debra Magginetti, Secretary

09/01-2011
Date