



Small Cities Organized Risk Effort (SCORE)
Board of Directors Meeting Minutes
June 28, 2013

Member Cities Present:

Mark Sorensen, City of Biggs
Laurie Van Groningen, City of Colfax
Brenda Bains, City of Dunsmuir
Pamela Russell, City of Etna
Linda Romaine, Town of Fort Jones
Robert Jankovitz, City of Isleton
Satwant Takhar, City of Live Oak
Roger Carroll, Town of Loomis
Kathy LeBlanc, City of Loyalton
Ted Marconi, City of Mt. Shasta

Leslie Tigan, City of Portola
Ian Kaiser, City of Portola
Susan Scarlett, City of Portola
Stephanie Beauchaine, City of Rio Dell
John Duckett, City of Shasta Lake
Randolph Darrow, City of Tulelake
Ron Stock, City of Weed
Steve Baker, City of Yreka

Member Cities Absent:

Carol McKay, City of Dorris
Janie Sprague, City of Montague
Jared Hancock, City of Susanville

Consultants & Guests

Susan Adams, Alliant Insurance Services
Michael Simmons, Alliant Insurance Services
Laurence Voiculescu, Alliant Insurance Services
Angela Salisbury, York Risk Services
Debra Yokota, York Risk Services

Tom Baber, York Risk Services
Kevin Wong, Gilbert Associates, Inc.
Tracey Smith-Reed, Gilbert Associates, Inc.
Jack Kastorff, SBK Risk Services

A. CALL TO ORDER

Mr. Roger Carroll called the meeting to order at 10:08 a.m.

B. ROLL CALL

The above mentioned members were present constituting a quorum. Cities absent from this meeting were the City of Dorris, City of Montague and City of Susanville.



C. APPROVAL OF AGENDA AS POSTED

A motion was made to approve the Agenda as posted.

MOTION: Ted Marconi

SECOND: Steve Baker

MOTION CARRIED

D. PUBLIC COMMENT

There were no public comments.

E. CONSENT CALENDAR

1. "Draft" Board of Directors Meeting Minutes – March 23, 2013
2. Local Agency Investment Fund (LAIF) Monthly Statement of Investments –March 31, 2013
3. Union Bank Account Statement – May 2013
4. SCORE Checking Account Transaction List – March – May 2013
5. Investment Statements from Chandler Asset Management – May 2013
 - a. Account 590
 - i. Portfolio Summaries
 - ii. Compliance Report
6. ACI Specialty Quarterly Utilization Report – January 1, 2013 – March 31, 2013
7. ACI Specialty Benefit Contract Renewal for 2013-2015
8. SBK Monthly Statements – March – May 2013
9. TargetSolutions Utilization Report – May 31, 2013

A motion was made to approve the Consent Calendar as presented.

MOTION: Ron Stock

SECOND: Steve Baker

MOTION CARRIED

F. COMMITTEE REPORTS

- F1. ERMA Board of Directors Minutes – April 22, 2013**
- F2. LAWCX Board of Directors Minutes – April 30, 2013**
- F3. CJPRMA Board of Directors Annual Membership Meeting Minutes – May 14-16, 2013**

The Committee Reports are provided to the Board for information purposes.

G. ADMINISTRATIVE REPORTS

G1. President's Report

Mr. Roger Carroll addressed the Board with two items of interest, as follows:



1. Mrs. Leslie Tigan will be retiring from her role of City Manager and SCORE Board representative for the City of Portola. Mr. Roger Carroll and Susan Adams thanked Leslie for her service to SCORE throughout the years, and awarded Mrs. Tigan with an award on behalf of SCORE. Leslie addressed the Board and stated that it was an honor to serve on the SCORE Board and attend SCORE's meetings.
2. Mr. Roger Carroll stated that the contract with SBK Risk Services will be expiring on June 30, 2013 and will not be renewed, as discussed at the March 22, 2013 Board of Directors Meeting. Mr. Carroll thanked Mr. Jack Kastorff for his services throughout the years and invited him to address the Board with any comments.

Mr. Kastorff gave a brief speech, which included a brief outline of his background and experience in the arena of Safety and Loss Control. Mr. Kastorff then stated that he had performed over 50 training sessions on the topic of Sexual Harassment and has not had any issues until this year when several members have expressed their dissatisfaction with the material and his delivery methods. Mr. Kastorff then thanked the Board, excused himself and left the room.

G2. Alliant Update

Ms. Susan Adams addressed the Board and pointed out the handout addressing ISO changes in insurance forms and the importance of proper contractual agreements involving public entities. Some of the new standardized ISO forms have been revised to limit insurance coverage to only what was required in the contract language. A training webinar offered by CSAC EIA a few weeks prior to the meeting addressed these changes and will be offered again on July 24, 2013. Ms. Adams encouraged all members to attend in order to promote awareness of the ISO form changes.

Ms. Adams also reminded members of the upcoming CAJPA conference that will take place in September in South Lake Tahoe, CA. She gave a brief overview of what CAJPA is as an organization and how the conference is extremely relevant to JPAs operating within the State of California. Mr. Roger Carroll also encouraged members to attend and take advantage of the numerous training opportunities that are available to those that attend.

Ms. Linda Romaine asked the Board if SCORE is currently not under contract for Risk Management Services. Ms. Susan Adams confirmed that as of July 1, 2013, SCORE is no longer under an exclusive Risk Management agreement, allowing the pool to decide what types of training are relevant and how the budget should be allocated to better address risk exposures specific to SCORE.

Mr. Roger Carroll and Mr. Michael Simmons expressed that training and risk management services are available to members via SCORE's partner pools like CJPRMA and LAWCX as well as through the contracted on-line training provider (TargetSolutions). Any other specialized services that do not fall in the scope of the above can always be contracted from other sources through the Program Administrator, as needs dictate.



Mr. Roger Carroll also stated that as discussed at the March 2013 Board of Directors Meeting, an ad-Hoc committee will be evaluating training needs prior to the October 2013 Training Day and Board meeting and will bring to the Board a training matrix proposal that will better match the pool's exposures. The Board will then review it and take action as needed to secure the services of vendors as dictated by the then proposed training matrix.

Mr. Ron Stock, City of Weed expressed his dissatisfaction with the policy and stated that Mr. Kastorff has been a valuable resource to SCORE over the years, agreeing with Ms. Linda Romaine. He also stated that he was not aware that the contract was not going to be renewing. Instead, he was under the impression that the contract was going to be renewed and meetings were going to be held to discuss Mr. Kastorff job performance.

Mr. Michael Simmons stated that it was clearly decided that the contract was not going to renew and the new risk management and loss control training matrix was going to be the main topic of discussion for the October Training meeting along with the revised Retroactive Rating Calculation Plan.

Mr. Roger Carroll thanked Mr. Stock for his input and referenced the March 2013 Board of Director meeting minutes, informing Mr. Stock that the Board made the decision unanimously in March to not renew the contract due to several complaints from Board members who were dissatisfied with the services and timeliness of Mr. Kastorff's reports. It was then decided to not renew the contract and hold meetings over the summer in order to determine what the needs of the JPA are. In addition, the decision was to consider Mr. Kastorff for future loss control engagements where the Board believed he was qualified and having the option to secure training from other sources without binding SCORE into an exclusive agreement with SBK.

Mr. Carroll went on to state that it is important to hear feedback when the item is being discussed in order to avoid misunderstandings in the future. When the item was up for discussion, no feedback along the lines of what has been stated by Mr. Ron Stock was heard.

Ms. Stephanie Beauchaine addressed the Board stating that Mr. Kastorff visited the City of Rio Dell unannounced and spent an entire day with her and other staff without accomplishing anything. She has never received any written reports detailing the scope of Mr. Kastorff visit to Rio Dell.

Mr. Brenda Bains addressed the Board and confirmed that she was one of the members that had brought the unannounced visitation issues by Jack/SBK to the Board's attention. She also said that she was visited at the City of Dunsmuir by Mr. Kastorff and nothing was accomplished at that time. Mr. Kastorff then visited the City of Dunsmuir again since the last Board Meeting in March.

Mr. Stephanie Beauchaine asked Ms. Romaine what sort of services the Town of Fort Jones has received from Mr. Kastorff. Ms. Romaine answered stating that Mr. Kastorff was involved with working with their Fire Dept. as well as playground inspections.



Mr. Carroll confirmed that these services are still available to the pool through its excess partner pools like CJPRMA and LAWXC as well as TargetSolutions. In addition, Mr. Carroll reiterated that it is important to spend time developing a risk management program that will adequately serve the JPA in the future. A plan has been implemented to facilitate the discussions in preparation for the Board of Directors meeting in October 2013. In the meantime, if any services are needed, members can contact the Program Administrator and solutions will be offered on an as needed basis.

Mr. Steve Baker stated that the JPA should move forward quickly to develop the new Risk Management and Loss Control training matrix so that it will be ready for adoption at the October 2013 Training/Board Meeting.

Mr. Randolph Darrow, City of Tulelake agreed that time was of the essence in developing the new raining solution matrix.

G3. CJPRMA Update

As part of the CJPRMA update, Mr. Carroll advised that CJPRMA has issued an announcement for the upcoming webinar by CSAC EIA that will address ISO form changes and the importance of good contract writing.

Mr. Carroll also encouraged members to send their contracts to Alliant and allow them to review and make changes as needed in order to ensure that the contractual insurance requirements are adequate for the scope of the contract.

Ms. Susan Adams reiterated the importance of members taking the time to understand the ISO form changes and to make changes to the way they engage into contracts.

G4. ERMA Update

Mr. Roger Carroll addressed the Board noting that ERMA's premiums have remained relatively flat compared to last year.

There were no further ERMA updates.

G5. LAWXC Update

Mr. Ted Marconi addressed the Board and stated that LAWXC approved SCORE's S.I.R. increase to \$250,000 per claim. In addition, LAWXC adopted a discount rate of 3.5% for their budget calculation which will amount to approximately 4% increase in premium for SCORE. On the other hand, given the recent S.I.R. increase, SCORE will be paying less in premium to LAWXC for the 2013-14 Program Year but will have to increase funding internally.



Mr. Marconi also noted that LAWCX recently hired a new Executive Director. LAWCX also provided several training options in the areas of loss control and Workers' Compensation. These topics will be presented at the October Training Day in more detail.

Ms. Susan Adams, reminded the Board that Mr. Marconi, who has served as the Board representative for SCORE on the LAWCX Board will be retiring effective July 1, 2013. As such, a replacement Board representative will need to be appointed at the next Board meeting in October. In the interim, Mr. John Duckett, City of Shasta Lake has agreed to fill in for Mr. Marconi as the member representative for SCORE.

H. JPA BUSINESS

H1. Alliant Program Administration Agreement Renewal

Mr. Roger Carroll gave a brief overview of the ad-Hoc committee teleconference and the discussion that was held in between Alliant staff and Board Members. The committee has compared what other pools are paying for Program Administration services and noted that SCORE is receiving good value.

In addition, the ad-Hoc committee requested that a clause is inserted into the new contract allowing the board to have first right of refusal in the event that key personnel is replaced. The document presented in the agenda packet includes this clause.

A motion was made to approve the proposed 2013-2018 Alliant Program Administration Agreement.

MOTION: Ted Marconi

SECOND: Leslie Tigan

MOTION CARRIED

H2. Gilbert Associates, Inc. Accounting Services Overview

Mr. Kevin Wong gave a brief overview of the time, cost and services Gilbert Associates, Inc. has provided to SCORE throughout the current year.

Mr. Wong stated that his firm has spent approximately 600 hours serving SCORE through May 31, 2013. In addition to preparing the year end financials and making audit preparations, Gilbert is also collaborating with staff and the Finance Committee to develop a new retro calculation method for the future.

H3. Financial Audit Services

The Board of Directors heard an update on the selection made by the Ad Hoc Finance Committee in response to the RFP for Financial Audit Services that was issued by the JPA.



Ms. Susan Adams stated that Crowe Horwath was the winning vendor, although the decision came down to a 3-2 vote with both vendors being highly qualified to perform the audit.

A motion was made to approve the ad-Hoc committee recommendation to select Crowe Horwath as the financial auditor.

MOTION: Linda Romaine **SECOND:** Kathy Le Blanc **MOTION CARRIED**

H4. Finance Committee Member Appointments

Ms. Susan Adams noted that SCORE previously appointed a standing Finance Committee made out of five (5) Board members but two of the members have since left or retired, leaving vacancies that needed to be filled. The members were replaced with Board Member volunteers on a first come, first serve basis.

The 3 new members that were appointed were Jared Hancock from the City of Susanville, Steve Baker from the City of Yreka and Muriel Howarth-Terrell from the City of Mount Shasta.

It was also mentioned that Mr. Ted Marconi will be retiring and the committee will return to a 5 member format.

A motion was made to confirm the new Finance Committee members and return the Committee to the status of standing Finance Committee.

MOTION: Ted Marconi **SECOND:** John Duckett **MOTION CARRIED**

H5. Resolution 13-01 establishing FY 2013-14 Board of Directors Meeting Dates

Annually the Staff presents a resolution to the Board with proposed dates of Board meetings and locations. Under the Brown Act, Government Code Section 54954(a), a regular meeting of the governing Board of a local agency is one where the date is established by ordinance or resolution.

Ms. Susan Adams stated that the August meeting will likely not take place in person but will be left on the calendar just in case. She also noted that locations were not listed on the schedule as the Board may wish to consider having future meetings in Shasta Lake, CA.

Mr. John Duckett asked for feedback from members on the current meeting room and configuration as well as any suggestions for improvements in the future. He also mentioned that there are several hotels nearby that could host members arriving the night prior.

Feedback was generally positive with suggestions to improve upon the layout of the room and spacing out the seating. A consensus was reached to hold future Board meetings in Shasta Lake, CA.



A motion was made to amend Resolution 13-01 to list Shasta Lake, CA instead of “TBD” for future meetings (not including the October Training Day and Board meeting).

MOTION: Steve Baker SECOND: Stephanie Beauchaine MOTION CARRIED

H6. Training Day Session Meeting Discussion

Ms. Susan Adams addressed the Board and gave a brief update on the probable layout of the upcoming October 2013 Training Day and Board of Directors meeting.

In addition to various guest speakers and vendor presentations, Alliant Insurance Services will offer an optional SCORE Member Orientation for those who wish to attend. The orientation will include a program outline, a presentation of how the budget is calculated as well an introduction to all coverages, services and benefits available to members.

The New Member Orientation will start at 8 AM with the Training Day meeting starting at 10 AM.

It was also stated that the entire event will be master billed this year, in lieu of covering the costs on a reimbursement basis as was done in prior years.

H7.a. Approval of SCORE’s Liability Memorandum of Coverage

Mr. Roger Carroll stated that SCORE’s Memorandum of Coverage for both programs (Liability and Workers’ Compensation) is approved annually by the Board.

There were no changes to either of the two documents from the prior year.

A motion was made to approve the Liability Memorandum of Coverage for the 2013-14 Program Year.

MOTION: Steve Baker SECOND: Pamela Russell MOTION CARRIED

H7.b. Approval of SCORE’s Workers’ Compensation Memorandum of Coverage

Mr. Roger Carroll stated that SCORE’s Memorandum of Coverage for both programs (Liability and Workers’ Compensation) is approved annually by the Board.

There were no changes to either of the two documents from the prior year.

A motion was made to approve the Workers’ Compensation Memorandum of Coverage for the 2013-14 Program Year.

MOTION: Pamela Russell SECOND: Steve Baker MOTION CARRIED



H8.a. 2013-14 Property Program Renewal

Ms. Susan Adams addressed the Board and stated that SCORE received a very favorable Property Renewal proposal for the 2013-14 year. There was a very slight increase of 2.12% which is extremely low compared to the average market increase of 18-20%. There was an increase in total insurable values of 19.84 % for the entire pool.

Ms. Susan Adams also encouraged members to look at the appraisal reports to make sure there are no inaccuracies in property information or values.

Mr. Michael Simmons addressed the Board and outlined some of the additional features of the Alliant PEP/IP Property Insurance Program. Members were reminded that this program automatically includes course of construction coverage, unscheduled property coverage, as well as other very useable coverages that are beneficial to have and are included in this policy at no additional cost.

A motion was made to approve the 2013-14 PEP/IP/APIP Property Program renewal.

MOTION: Ted Marconi

SECOND: Leslie Tigan

MOTION CARRIED

H8.b. 2013-14 APIP/PEPIP Claims Reporting Acknowledgements

Mr. Michael Simmons stated that the Claims Reporting Acknowledgement Forms are attached to the agenda packet for Board review. In addition, he outlined the benefits of the Cyber Liability and Pollution Liability coverages that are included in SCORE's PEP/IP/APIP policy.

He reiterated to the Board that it is crucial to report any claims timely, as specified in the attached documentation in order to maximize the benefit of the coverage and avoid any claim denials from the carrier(s).

The claims reporting procedures should be shared with all City staff, and it is particularly important to distribute the forms to all Public Works personnel and supervisors so as to avoid any confusion or reporting delays in the event of an incident.

Ms. Susan Adams announced that the Board can delegate authority to the Board President to sign the acknowledgement form on behalf of the entire JPA.

A motion was made to delegate authority to the Board President to sign the claims acknowledgement form and acknowledge that the Board received the information as respects the claims reporting requirements presented in the agenda packet.

MOTION: Steve Baker

SECOND: Stephanie Beauchaine

MOTION CARRIED



H9. Retrospective Rating Distributions Summary

At the March 22, 2013 Board of Directors meeting the Board of Directors approved a total combined distribution of \$750,000 out of both programs. The first \$500,000 was to be distributed out of the Liability Program and the remainder of \$250,000 was to be distributed out of the Workers' Compensation program.

With this in mind, the Board was provided with an updated summary distribution chart showing the amounts that each City is entitled to receive (if any). The chart also shows negative equity positions for those Cities that are not eligible for any refunds at this time.

Members were also asked to indicate how they would like to apply their distributions on the forms that were provided and return their selections to Mrs. Tracey Smith-Reed for processing.

H.10 Revised Retrospective Rating Plan of Action

The Finance Committee has met with Alliant staff and the Gilbert Associates to establish the foundation for a new and improved retrospective rating plan. The meeting was held via teleconference and there were several questions from the Finance Committee members which prompted staff to delay implementation and continue to further refine the program with the intent to present a final version at the October 2013 Training Day meeting.

It was previously indicated by some members that Cities should have more control of their banking layer equity amounts without being limited by the Board of Directors adopting a distribution amount or percentage.

Mr. Kevin Wong added that some thought has been given on how to introduce safety nets into the new calculation system that will prevent the JPA Programs from being depleted of funds at the time the money is returned to members,

The consensus of the discussion was that staff will continue working with the JPA accountant (Gilbert) and arrive to a solution that will serve the best interests of the pool and its members while reconciling the Audited Financial numbers with the retrospective calculation numbers.

I. FINANCIAL

I.1 Quarterly Financials for Period Ending March 31, 2013

Mrs. Tracey Smith-Reed addressed the Board and presented the March 31, 2013 Quarterly financial statements.

- Net assets decreased as funds were re distributed back to members.
- As respects the current assets, all investment earnings have been reinvested up to this point.



- The claims recovery receivables are currently at \$89,000; however \$60,000 was recently received from the excess carriers.
- Members receivables have also increased

Ms. Reed stated that bank service charges have increased substantially with Union Bank and recommends that the pool looks into other banking institution alternatives that are currently offering lower fees, such as Bank of NY or US Bank.

Mr. Ted Marconi inquired on whether the financials reflect the last 2012-13 FY deposits for the Workers' Compensation program. Ms. Reed indicated that those funds are not reflected in the financials for 3/31/13.

Ms. Reed also advised that the pool might issue some assessments later on in the FY as decisions are made on how to remediate the negative positions of some members.

A motion was made to receive and file the March 31, 2013 Quarterly Financials as well as to move the holding accounts to US Bank or Bank of New York at a lower cost.

MOTION: Ted Marconi

SECOND: Kathy LeBlanc

MOTION CARRIED

I.2. 2013-14 Adoption of the 2013-14 SCORE Program Budget

Mr. Roger Carroll stated that annually the Board of Directors reviews and approves the JPA Budget for the following program year.

The Budget has been included in the agenda packet for the Board to review and discuss with staff. The total equity subsidy due to the 3% increase cap in actuarial funding amounts to a combined total of \$78,715.

The FY 2013-2014 budget is \$2,722,412. Compared to last year, the budget has **remained relatively flat**, showing an increase of only 2.75%. **Administration costs have gone down** from \$745,065 in the prior year to \$705,738 for FY 2013-14. In addition, Total Expenses have increased to \$2,761,782 (up from \$2,668,979 in FY 2012-13) mainly due to increased claims funding. There was a decrease in financial audit costs due to the new contract with Crowe Horwath.

In addition, \$8,000 is included to have our biennial Liability and Workers' Compensation claims audit done this year (\$4,000 for each program). The last audits were conducted during the 2011/12 Fiscal Year.

A motion was made to approve and adopt the 2013-14 SCORE Program Budget with a 3% actuarial rate increase cap from the prior year.

MOTION: Linda Romaine

SECOND: Satwant Takhar

MOTION CARRIED



I.3 Delegation of Investment Authority to SCORE Treasurer

Mr. Roger Carroll advised that on an annual basis Government Code 53607 provides for the delegation of authority of the legislative body of local agency to invest funds to the Treasurer.

However, such delegation cannot exist beyond one year. Thus, the Board will need to authorize the elected appointed treasurer to invest the funds for SCORE.

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

MOTION: Leslie Tigan

SECOND: Steve Baker

MOTION CARRIED

I.4 City of Isleton and Tulelake Premium Installment Plan

Ms. Susan Adams indicated that the City of Tulelake has agreed to the installment plan that staff prepared and that is presented as part of the agenda packet. The installments will be adjusted at invoicing to reflect the actual premium deposit due.

If the Board agrees to the installment plan, Staff recommends collecting the equivalent of two (2) installments up front on July 1st, followed by 10 remaining equal installments as outlined in the attached payment plan.

The City of Isleton also agreed to the installment plan prepared by staff at their request, adding that they might be able to pay the entire balance early this year. Isleton already has a credit carry-over from the 2012-13 Program Year that will be applied towards their 2013-14 Premium Deposit.

A motion was made to delegate authority to approve the payment plans as presented.

MOTION: Pamela Russell

SECOND: Stephanie Beauchaine

MOTION CARRIED

J. CLOSED SESSION PURSUANT TO GOVERNMENT CODE 54956.95

At 11:55 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. Liability

- a. Hubbard vs. City of Yreka
- b. Arth vs. City of Dunsmuir
- c. Estate of Michael Parker vs. City of Susanville
- d. Drury vs. City of Susanville



2. Workers' Compensation

- a. Jay Banner vs. City of Mount Shasta**
- b. James Cummings vs. City of Weed**
- c. Steven Woldanski vs. City of Williams**

K. REPORT FROM CLOSED SESSION

The Board returned from closed session at 12:16 p.m. Mr. Carroll reported that the above closed session items were discussed and appropriate direction was given to Staff and the Claims Administrator.

L. INFORMATION ITEMS

L.1 2013 CAJPA Fall Conference – Sept 10-13, 2013 in South Lake Tahoe, CA.

L.2 SCORE Resource Contact Guide

This was provided as an information item only.

M. CLOSING COMMENTS

There were no closing comments.

AJOURNMENT

The meeting was adjourned at 12:29 p.m.

NEXT MEETING DATE: October 24 & 25, 2013 in Napa, CA

Respectfully Submitted,

Pamela Russell, Secretary

Date