

**Small Cities Organized Risk Effort (SCORE)
Board of Directors Meeting Minutes
March 25, 2011**

Member Cities Present

Pete Carr, City of Biggs
Bruce Kranz, City of Colfax
Pamela Russell, City of Etna
Linda Romaine, Town of Ft. Jones
Satwant Takhar, City of Live Oak
Roger Carroll, Town of Loomis
Crickett Strock, Town of Loomis

Kathy LeBlanc, City of Loyalton
Ted Marconi, City of Mount Shasta
Jim Murphy, City of Portola
Stephanie Beauchaine, City of Rio Dell
John Duckett, City of Shasta Lake
Steve Baker, City of Yreka

Member Cities Absent

City of Crescent City
City of Dorris
City of Dunsmuir
City of Isleton

City of Montague
City of Susanville
City of Weed
City of Williams

Consultants & Guests

Susan Adams, Alliant Insurance Services
Jackie Parker, Alliant Insurance Services
Bonnie Markuson, York Insurance
Tom Baber, York Insurance

Cameron Dewey, York Insurance
Jack Kastorff, York Insurance
Katherine Yuen, MAZE & Associates
Mary Berney, ACI

Due to adverse weather conditions, we did not have a quorum at 9:00 AM. It was decided to have the ACI EAP Presentation while members were on their way to the meeting.

Mary Berney of ACI described the services ACI can offer the members cities in their Employee Assistance Program and left information for the members to return with to their cities.

A. CALL TO ORDER

Mr. Roger Carroll, President, called the meeting to order at 9:56 a.m.

B. ROLL CALL/ABSENCE REPORT

- The above mentioned members were present but not enough members were present to constitute a quorum (a majority is required). Cities absent were City of Crescent City, City of Dorris, City of Dunsmuir, City of Isleton, City of Montague, City of Susanville, City of Weed.

C. APPROVAL OF THE AGENDA

A motion was made to approve the agenda.

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

D. PUBLIC COMMENTS

There were no public comments.

E. CONSENT CALENDAR

A motion was made to approve the Consent Calendar.

MOTION: Jim Murphy **SECOND:** Pamela Russell **MOTION CARRIED**

F. GENERAL ADMINISTRATION

1. President's Report

Mr. Carroll stated he had nothing to report to the Board at this time.

2. Alliant Update

Ms. Susan Adams advised the Board Joyce Flores, Alliant Assistant Administrator, is no longer with Alliant. Until such time there is a replacement for Ms. Flores, the Board may be receiving emails/update from Ms. Jackie Parker and/or Mr. Johnny Yang. Mr. Yang is currently the Assistant Administrator on the NCCSIF JPA.

Ms. Adams advised there is now a updated version of the Alliant Insurance Requirements and Contracts (IRIC) as of February 2011. Ms. Adams will be sending each of the members a link to the manual and it will also be posted on the SCORE website shortly.

3. SCORE Bylaws Amendment

Ms. Adams verbally reviewed with the Board the proposed updates to the SCORE Bylaws made by the Ad Hoc Committee. The amendments include:

- a) ARTICLE II – BOARD OF DIRECTORS including language in Governing Documents B.6. where other levels of voting authority of the Board are addressed
- b) ARTICLE V – COMMITTEES Creating a Finance Committee; Add Section 3, Other Standing Committees; add Section 4, Ad Hoc Committees
- c) ARTICLE III – WITHDRAWAL This new section details the financial responsibilities of a Member that Withdraws from SCORE.

As there was not a quorum of 2/3 as required for Bylaw changes, no action was taken. The Board will address this item again at the June Board Meeting.

4. SCORE Liability Master Plan Document

Ms. Adams reviewed the Master Plan Document amendment recommended by the Ad Hoc Committee that are included in the agenda. The recommended amendment states that member agencies that withdraw from SCORE's Liability program, funds allocated to them in the Shared Risk Layer, will remain with SCORE until such time as the "Program Year" is closed. A member may request their funds with a written request to the Board and 2/3 Board approval.

Another change the Ad Hoc committees recommend is changing the confidence level of funding from 85% to 70% and the program will maintain a minimum equity of five (5) times the Self Insurance Retention, which would be \$2.5 million at the current \$500,000 retained limit.

As there was not a quorum of 2/3 as required by the Bylaws, no action was taken. The Board will address this item again at the June Board Meeting.

5. SCORE Workers' Compensation Master Plan Document

Ms. Adams reviewed the draft of the Master Plan Document amendment recommended by the Ad Hoc Committee that was included in the agenda.

The recommended amendment is member agencies that withdraw from SCORE's r Workers Compensation program, funds allocated to them in the Shared Risk Layer, will remain with SCORE until such time as the "Program Year" is closed. A member may request their funds with a written request to the Board and 2/3 Board approval.

Another change the Ad Hoc committees recommend is changing the confidence level of funding from 85% to 70% and the program will maintain a minimum equity of five (5) times the Self Insurance Retention, which would be \$1.25 million based on a recommended SIR of \$250,000 which is a limit SCORE may entertain in the near future.

As there was not a quorum of 2/3 as required by the Bylaws, no action was taken. The Board will address this item again at the June Board Meeting.

6. Dividend Allocation Program for Loss Mitigation

Ms. Adams addressed the members regarding the new Dividend Allocation Program for Loss Mitigation (DAPLM) as proposed by the Ad Hoc committee. The proposed DAPLM would allow members to allocate part of their dividends to be held by SCORE for use that reduces exposures that lead to losses. The use of these funds would be reviewed by an appointed Loss Control Committee.

Ms. Romaine said the committee had suggested the funds from the DAPLM could also be used to attend various meetings. Ms. Adams agreed that the policy is made to be very broad so that if the members want to use the funds to attend safety meetings or various other conferences such as human resources conference or whatever conferences or meetings that would help the member cities with loss prevention.

The amount that would be allocated for the DAPLM would be based on a percentage of the premium each member pays.

A Motion was made to adopt the Policy and Procedure as presented in the agenda.

MOTION: Linda Romaine **SECOND:** Kathy LeBlanc **MOTION CARRIED**

7. SCORE Vendors Discussion

The board discussed the current Administration and Claims management contracts, and possible alternative scenarios, including the possibility of hiring our own administrator. It was decided, by consensus, that the board would follow a formal Request for Proposals process as the current contracts expire to determine that we are getting the best service and cost. It was further decided that the President of the Board would bring back information on hiring a consultant to perform a feasibility study regarding SCORE hiring its own administrator.

8. October Training Day Topics and Board meeting location venues

Mr. Carroll requested suggestions from the members as to where they would like to have the October Training day (October 27, 2011) and the October SCORE Board meeting be held.

Mr. Jim Murphy suggested the City of Portola, as there is a new hotel in Portola called Chalet View Lodge that could accommodate both the Training Day and the Board meeting. Also that Gold Mountain Resort just reopened and they might be willing to offer a very reasonable pricing for the meetings.

Ms. Linda Romaine suggested Mt. Shasta as a possible location and also going back to Napa.

Mr. Carroll directed staff to look into the cost for those locations and bring the information back to the board at the next meeting.

Mr. Carroll then asked for input from the Board on possible Training Day subjects. Mr. John Duckett suggested a full review of the PEPPIP property program, including the vehicle coverage. Ms. Stephanie Beauchaine suggested that a review of all the insurance programs would be a good idea. A review of all the insurance programs would be presented by Alliant Ins.

Mr. Murphy suggested a presentation on Accident Investigation. Mr. Tom Baber said that York Insurance would be happy to do a presentation on that subject.

Other suggestions by the members for topics would be EAP training by ACI, Vendor Options, an update of CJPRMA by Dave Clovis; a review of the updated IRIC manual. Also added to the list is a demonstration of OasysNet.

G. LIABILITY

1. General Liability Actuarial Review

Ms. Adams advised the annual actuarial review, based on the 12/31/10 loss information has been completed. The draft summary included the in the agenda shows the 2011-2012 estimated liability for outstanding loss at the 70% confidence level is \$1,467,000 which is \$106,000 less than the projected liabilities as of June 30, 2010. The Fiscal impact funding at the 70% level would be -24.73% or \$472,000 less in funding for the 2011/1012 coverage period.

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

Mr. Carroll advised the SCORE members that there is a CJPRMA Training meeting "Contract as a Tool in Managing Risk" presented by Bob Marshburn, founder of Certified Construction Risk Managers. The class is in Redding on May 18, 2011. There is a flyer that will be sent to all the members. Mr. Carroll took this same class several years ago and he said it was a really good class and he would recommend it.

Mr. Carroll also advised that CJPRMA has done their preliminary budgeting and it appears that cost will be going down.

3. Employment Risk Management Authority (ERMA) update

Mr. Murphy advised the SCORE members that he had included a lot of information items from the ERMA 11th Annual Workshop/Retreat that was held February 17th & 18th, 2011 in Napa, CA.

He pointed out the Claims Overview graphs showing ERMA claim management for the year would probably be of particular interest to the Board.. Another interesting part of the report is the review of the performance of the nine law firms on the ERMA approved defense panel. It appears from the report that the Law Firm Myers Nave etal is being considered for removal from the approved list. The issue is that the cost administering legal claims is much higher than the other firms and non-compliance with some of the ERMA rules.

H. WORKERS' COMPENSATION

1. Workers' Compensation Actuarial Review

Ms. Adams advised the annual actuarial review, based on 12/31/10 loss information, has been completed. The draft summary included in the agenda shows the 2011-2012 estimated liability for outstanding loss at the 70% confidence level is \$2,967,000 which is \$144,000 higher than the projected liabilities as of June 20, 2010.

The Fiscal Impact funding at the 70% confidence level would be -10% decrease in reserves or \$124,000 decrease in reserves.

2. Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) update

The LAWCX Executive Board meeting was attended by Ms. Adams. She advised LAWCX just received the excess insurance rates from CSAC and it will be a "flat" or maybe a small decrease because LAWCX buys at the \$5M level which doesn't allow for much reduction. LAWCX did consider implementing late payment fees but decided against that in this environment. They would try to make telephone calls to find out why cities are not making their payments on time and work with them as best they can. LAWCS presented the preliminary budget which Ms. Adams used in the preliminary SCORE budget. The next LAWCX Board meeting is in the beginning of June. Ms Adams will be attending.

I. FINANCIAL

1. Annual Audited Financial Reports: Years Ending June 20, 2009 and June 20, 2010.

Ms. Katherine Yeun with Maze and Associates presented the annual audited financials to the Board. She explained this was a dual year audit and that the Management Letter covers both years.

Ms Yeun pointed out that Ms. Adams did a very good job on the MD&A if the members want a good summary of the activity in the last two years, that would be a very good place to start.

Ms Adams pointed out that the report shows City of Isleton as part of the Workers' Compensation program, which they are not. The correction will be made. There were no questions by the Board.

A motion was made to approve the audit as presented with the minor corrections of Isleton and correcting the sentence that states the losses are discounted to undiscounted as undiscounted are presented in the audit.

MOTION: Steve Baker SECOND: Stephanie Beauchaine MOTION CARRIED

2. 2011/2012 Preliminary Budget

Ms. Adams presented the 2011/2012 Preliminary Budget. She walked through each Item. She pointed out that the Administration Fee for Alliant is a fee per member for the liability and workers' compensation. The administration fee is a slight increase over the 2010 year. Ms Adams reminded the Board Alliant's Administration contract runs from 2008 to 2013, a 5 yr contract. There was a rate increase built into the agreement for each year, but in 2010 Alliant opted not to take a rate increase and rolled their rates back to the 2008 rates. The current proposed budget does include a slight increase to the 2009 contract rates.

Mr. Carroll questioned why SCORE collects for the Group Purchase (ERMA and LAWCX) with revenues of \$385,000 and the expenses are \$431,000. Staff will look into why it shows we are not collecting enough.

Ms. Adams reviewed the preliminary budget with the members highlighting various entries as follows:

There is an increase in Claims expense shown in the budget but Mr. Baber of York Insurance stated York would not be looking for any increase this year. Mr. Baber said York will be flat on all their contracts this year.

There is an entry for \$50,000 annual accounting fee. Mr. Kevin S. Wong of Gilbert and Assoc, the accountant for SCORE that even though the contract calls for \$4,000 per month, he expects that to come in a lot lower, as the volume after the audit will be a lot lower. Mr. Wong feels it will probably drop from \$50,000 per year to about \$30,000 per year.

Ms. Adams will remove any charges for the SCORE website as Alliant is not making a charge for it or any of the Alliant JPA's

As respects the charge for the Rating Plan Data Base, Ms. Adams advised the Board that she will be meeting with Gilbert & Associates to have them develop a data base for the retrospective rating plans. The charge in the budget is for that development which was agreed to when the agreement with Gilbert was signed.

Mr. Carroll asked contingency reserve be increased from \$5,000 to \$10,000 as there is something Mr. Carroll feels SCORE may have to contract for.

LAWCX will be doing an assessment this year of \$31,790, which is being allocated by member based on payroll. Mr. Ted Marconi asked if we are allocating the charges back to the years that are being assessed for are we just assessing it currently. Ms. Adams advised that SCORE has been assessing it currently but we could put them back into the retrospective rating plan for those years. Mr. Marconi said if we were assign it back to the program year in the retrospective rating plan, it would affect the member's dividend availability. The current members will have to pay it this year but

SCORE should not be giving a dividend on claims that the member has incurred.

The PEP rates have increased by 7.5% times the current values. Current rates are not available yet and will not be until closer to the July 1st renewal date. Values have been trended using Marshall Swift because coverage is on a replacement cost basis. Real Property trending this year was 4.75%.

All changes discussed above will be made to the preliminary budget and brought back to the Board for approval at the June 2011 meeting.

3. Approval of Internal Controls & Guidelines Investments

Mr. Carroll advised the members that annually the Board approves the Internal Controls & Guidelines of Investments. This year there are no changes.

A motion was made to approve the Internal Controls & Guidelines adopted March 2008.

MOTION: Ted Marconi SECOND: Steve Baker MOTION CARRIED

J. LUNCH SPEAKER – Ms. Mary Berney, ACI spoke prior to the Board Meeting

K. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 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. Workers' Compensation

- a. 2010101505 City of Crescent City
- b. 2006051751 City of Susanville
- c. 2007058233 City of Weed
- d. 2007070094 City of Williams
- e. 2011112213 City of Portola

2. Liability

- a.
- b. 2009098216 City of Mt. Shasta
- c. 2008080767 City of Mt. Shasta
- d. 2006047763 City of Dunsmuir
- e. 2010106357 City of Dunsmuir
- f. 2010107181 City of Crescent City
- g. 2010111720 City of Susanville

L. REPORT FROM CLOSED SESSION

The Board returned from closed session at 12:20 p.m. Mr. Carroll reported that the above closed session items were discussed and appropriate direction was given to Staff.

M. CLOSING COMMENTS

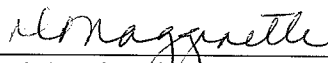
There were no closing comments.

ADJOURNMENT

The meeting was adjourned at 12:25 p.m.

NEXT MEETING: Friday, March 25, 2011 at Gaia Anderson Hotel

Respectfully Submitted,



Debra Maggnetti, Secretary

09/01-2011

Date