



**Small Cities Organized Risk Effort (SCORE)
Board of Directors Meeting Minutes
March 23, 2012**

Member Cities Present

Michael Botorff, City of Biggs
Liz Clontz, City of Dorris
Brenda Bains, City of Dunsmuir
David Stein, City of Etna
Linda Romaine, Town of Fort Jones
Satwant Takhar, City of Live Oak
Roger Carroll, Town of Loomis
Kathy LeBlanc, City of Loyalton
Janie Sprague, City of Montague

Ted Marconi, City of Mount Shasta
Leslie Tigan, City of Portola
Stephanie Beauchaine, City of Rio Dell

John Duckett, City of Shasta Lake
Kelly McKinnis, City of Weed
Steve Baker, City of Yreka
Randolph Darrow, City of Tulelake

Member Cities Absent

Bruce Kranz, City of Colfax
Dave Larsen, City of Isleton

Debra Magginetti, City of Susanville

Consultants & Guests

Susan Adams, Alliant Insurance Services
Michael Simmons, Alliant Insurance Services
Johnny Yang, Alliant Insurance Services
Leslie Cunningham, York Risk Services
Jodi Fink, York Risk Services
Jack Kastorff, York Risk Services
Cameron Dewey, York Risk Services
Marcus Beverly, York Risk Services

Craig Wheaton, York Risk Services
Ted Piorkowski, Chandler Asset Management
Kevin Wong, Gilbert Associates
Tracey Smith-Reed, Gilbert Associates
Ron Stock, City of Weed
Robert Jankovitz, City of Isleton
Peter Roth, Lexipol

A. CALL TO ORDER

Mr. Roger Carroll called the meeting to order at 10:03 a.m.

B. ROLL CALL

The above mentioned members were present constituting a quorum. Cities absent were the City of Colfax, City of Isleton and City of Susanville.



C. APPROVAL OF AGENDA AS POSTED

A motion was made to approve the Agenda as posted.

MOTION: Kelly McKinnis **SECOND:** Liz Clontz **MOTION CARRIED**

D. PUBLIC COMMENT

There were no public comments.

E. CONSENT CALENDAR

1. Board of Directors Meeting Minutes – January 27, 2012
2. Local Agency Investment Fund (LAIF) Monthly Statement of Investments – December 2011
3. Union Bank Account Statement – January 31, 2012
4. SCORE Checking Account Transaction List to February 2012
5. Investment Statements from Chandler Asset Management: February 2012
 - a. Account 590
 - i. Portfolio Summaries
 - ii. Compliance Report
6. TargetSolutions Utilization Report – December 31, 2011
7. ACI Specialty Utilization Report – December 31, 2011
8. York Claims Bill Review
9. SCORE Service Calendar

A motion was made to approve the consent calendar as presented.

MOTION: Ted Marconi **SECOND:** Steve Baker **MOTION CARRIED**

F. COMMITTEE REPORTS

There was no discussion on Committee Reports Item.

G. PRESENTATIONS

G1. Lexipol Fire Policy Manual (Lunchtime Presentation)

Mr. Peter North, from Lexipol was present to provide the Board of Directors with a presentation regarding Lexipol's New Fire Policy Manual for consideration.

There was discussion regarding pricing and the need of Lexipol's Fire Policy Manual upon which the Board asked that Sample Fire Policy Manuals be provided to members for distribution



to members' staff in order to better determine the necessity of the Lexipol Fire Manual. Staff will be requesting from members the number of personnel that would utilize this Manual in order to better determine accurate pricing.

H. ADMINISTRATION ITEMS

H1. President's Report

Mr. Carroll stated that he received a Thank you card sent to SCORE from Mr. Earl Wilson for recognition presented to Mr. Wilson at the last Board of Directors meeting.

H2. Alliant Update

Ms. Susan Adams advised the Board that Kimberly Carter is no longer with Alliant and future requests should be directed to Johnny Yang or herself.

H3. California Joint Powers Risk Management Authority (CJPRMA) Update

Mr. Carroll advised that at CJPRMA's recent meeting Mr. David Patzer gave a presentation regarding a training program that may be beneficial to SCORE members which is included in SCORE's premiums paid to CJPRMA. This risk management program is primarily geared towards Public Works. Ms. Adams advised that staff will be evaluating these services in conjunction with SCORE's other risk management programs in order to see if these services fill a void in risk management services needed by our members.

H4. ERMA Update

Mr. Michael Simmons updated the Board regarding ERMA noting that cities are currently seeing a significant increase in Employment Practices Liability claims. Mr. Simmons also advised that SCORE is a unique member of ERMA as SCORE self funds to \$500,000 while ERMA self insures to \$1,000,000 explaining that ERMA is now evaluating the possibility of self funding to \$2,000,000 for which staff would recommend opting out of ERMA should this occur. SCORE's limit of coverage in ERMA is \$500,000 as our excess liability provider, CJPRMA, provides EPLI coverage excess of \$500,000 for SCORE. Our premiums for ERMA reflect this reduced limit. However, we do share risk with the other members of ERMA up to \$1,000,000, therefore if ERMA decides to retain risk up to \$2,000,000, SCORE would most likely terminate their coverage with ERMA. ERMA is not going to increase their limit of liability for the 2012/13 coverage year.

H5. LAWCX Update

Ms. Adams explained that LAWCX has issued a preliminary budget which has been included in the preliminary budget noting that their excess coverage is purchased through CSAC-EIA who



has not issued their final quote yet. Mr. Carroll added that CJPRMA is looking to start an excess workers' compensation pool and suggested looking into the program when the time comes.

I. FINANCIAL

II. Chandler Asset Manager – Report from Investment Manager

Mr. Ted Piorkowski provided a verbal presentation on SCORE's investments with Chandler Asset Management.

I2. Approval of Investment Policy Amendment

Ms. Susan Adams reminded the Board, that our auditors, Maze and Associates noted that in our investment policy, as respects Medium Notes, the table shows AA and the notes show Medium Notes at AA- rating. Mr. Ted Piorkowski reviewed the Investment Policy and recommended amending the policy to correct the table to show a AA- rating.

A motion was made to adopt the Investment Policy Amendment with the correction of AA-rating in the table.

MOTION: Steve Baker **SECOND:** Linda Romaine **MOTION CARRIED**

I3. Approval of Internal Controls & Guidelines for Investments

Mr. Carroll advised that annually the Board reviews and approves SCORE's Internal Controls and Guidelines for Investments.

A motion was made to approve the Internal Controls & Guidelines for Investments.

MOTION: Steve Baker **SECOND:** John Duckett **MOTION CARRIED**

J. JPA BUSINESS

J1. Conflict of Interest Code

Ms. Adams advised that the FPPC has changed their requirements which now require all governmental forms to be stored at a governmental office location and the Conflict of Interest Code has been amended to reflect so. As SCORE has a contract administrator and they are not a governmental office, all forms will now be sent to the FPPC.

A motion was made to approve the amended Conflict of Interest Code as presented.

MOTION: Kelly McKinnis **SECOND:** Leslie Tigan **MOTION CARRIED**



J2a. Workers' Compensation Claims Audit

Ms. Adams explained that the Workers' Compensation Claims Audits were completed by Mr. Nick Cali advising that the audit was completed with great results and no recommendations. Ms. Adams also advised that the Liability Claims Audit also were completed with great results and no recommendations as well.

J2b. Liability Claims Audit

There was no further discussion regarding the Claims Audits.

J3. Liability/Workers' Compensation Claims Administration and Risk Control Services RFP Update

Ms. Adams advised that staff is currently waiting on responses to the RFP due on April 3rd. Once the responses are received, staff will review them and summarize them and forward to the Ad Hoc committee along with the responses. A teleconference meeting will be held with the Ad hoc committee on April 10th and if needed April 17th to discuss the received proposals. Oral Interviews will be held on April 24th and the 25th if needed. We may be contacting Board members to ask for volunteers to sit on the panel(s) for oral interviews, if needed. A Board of Directors Teleconference will be held on May 11th as well to take action and approve a claims administrator for Workers' Compensation and Liability claims, and a Risk Control vendor. The contracts will be awarded on May 18th which provides the vendors time to acclimate their programs prior to the inception date of the contract of July 1, 2012.

J4. Workers' Compensation Actuarial Review

Ms. Adams advised that the annual actuarial review, based on 12/31/11 loss information, has been completed. The 2012-2013 estimated liability for outstanding loss at the 70% confidence level is \$3,394,000 which is \$457,000 higher than the projected liability as of June 30, 2011. The projected combined funding level rate per \$100 payroll at the 70% confidence level for 2012/2013 is \$3.66 which is 5% higher than the \$3.46 rate that was projected for the 2011/2012 program year.

There was a \$457,000 increase in reserves and approximately a \$65,000 increase in contributions to the Banking and Shared Risk layers for 2012/2013.

The full Actuarial Report will be posted on SCORE's website.

A motion was made to approve the Workers' Compensation Actuarial Review.

MOTION: Kelly McKinnis

SECOND: Pamela Russell

MOTION CARRIED



J5. General Liability Actuarial Review

Ms. Adams explained that the 2012-2013 estimated liability for outstanding loss at 70% confidence level is \$1,181,000 which is \$286,000 less than the projected liabilities as of June 30, 2011. The projected combined funding level rate per \$100 payroll at the 70% confidence level for 2012/2013 is \$3.32 which is 3% lower than the \$3.42 rate that was projected for the 2011/2012 program year. Staff recommends using the 70% confidence rates in the premium projections.

There was a \$286,000 decrease in reserves and approximately \$70,000 less in funding contributions for Banking and Shared Risk layers for the 2012/2013 coverage period.

A motion was made to approve the General Liability Actuarial Review.

MOTION: Satwant Takhar **SECOND:** Kelly McKinnis **MOTION CARRIED**

J6. Approval of the 2012 General Liability Retrospective Adjustment Calculation

Mr. Simmons explained the 2012 Retrospective Adjustment Calculations advising that dividends for the current policy year has already been disbursed to members so in essence, this would be the second distribution of funds for SCORE for the current year. Mike advised that at 50% of the available funds for distribution SCORE would be able to distribute \$1.4 million for General Liability and \$1.25 million for Workers' Compensation. Mr. Simmons suggested approving the distributions at 25% which would allow the distribution of \$1.5 million to members as distributions have already been given for the program year.

Mr. Steve Baker expressed interest in reviewing possible long term scenarios in order to best determine the length of future distributions available at various percentages.

Upon further discussion a motion was made to approve the 2012 General Liability Retrospective Adjustment Calculation.

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

J7. Declaration of the 2012 General Liability Retrospective Distribution

Upon discussion in the previous item a motion was made to table the declaration of Retrospective Distributions until the May 11th Teleconference. Staff will develop scenarios to show how the distributions affect equity and provide those to the members prior to the May 11th meeting.

MOTION: Ted Marconi **SECOND:** Steve Baker **MOTION CARRIED**



J8. Approval of the 2012 Workers' Compensation Retrospective Distributions Calculation

A motion was made to approve the 2012 Workers' Compensation Retrospective Distribution.

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

J9. Declaration of the 2012 Workers' Compensation Retrospective Distribution

Per the motion made for Item J.7 this item has been tabled until the May 11th Teleconference.

J10. Property Appraisals

Ms. Adams advised that SCORE has not has appraisals done for their members' locations since 2006 and that it is important to have appraisals done every 3-5 years to properly insure the locations for property coverage and adequate limits and correct locations.

Upon further discussion a motion as made to direct staff to obtain estimates from various firms to present at the next Board of Directors meeting for further consideration.

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

J11. 2012/13 Preliminary Budget

Ms. Adams advised that the 2012/13 Preliminary banking and shared risk layer premiums as presented, is based of actuarial numbers which were approved earlier at today's meeting. CJPRMA premiums provided in the preliminary budget are estimates. LAWCX premiums are provided as estimates as well. Property premiums are expected to increase 10-15%. Administration costs have increased slightly by around \$40,000 subject to change dependent on the Boards' decision regarding the Lexipol Fire Manual, SCORE Property Appraisals. The Liability/Workers' Compensation Claims Administration and Risk Management Service are estimates based on the current provider and this may changed depeing on the outcome of the RFP. The Final 2012/2013 Budget will be brought to the Board of Directors meeting in June for final approval.

J12. City of Isleton Premium Payment Plan Request

Ms. Adams explained that at the last Board meeting a motion was made to have Mr. Dave Larsen, City of Isleton City Manager, be present at today's meeting to present a payment plan and financial plan for the City of Isleton.



Mr. Robert Jankovitz, City of Isleton Councilman, was present at the meeting and presented to the Board a letter from City Manager, Dave Larsen explaining that the City of Isleton would like to remain a member of SCORE but due to the a mandatory appearance in court he was unable to attend today's meeting. The letter explained that the City of Isleton has conducted an in-depth review of their financials and is currently discussing a bail-out loan with the County of Sacramento. With belief that the loan will be approved by the County, the results would assist in the City's payment of their past due premium. The City of Isleton has increased their sewer bill by 72% which will be effective April 1, 2012. The letter further noted that the City of Isleton's sewer fund is now separate from their general fund resulting in the balancing of the City's general fund and that steps are currently being taken to reducing expenses by reducing a fire department consolidation study.

Ms. Adams advised that at the previous Board meeting Ms. Villones misspoke when stating that the bail-out loan was not approved by the County of Sacramento. Ms. Adams advised the Board that she has been in discussions with Mr. Larsen regarding making payments and that he offered to make \$500 a month payments. She informed him that Isleton previously had been making \$5,000 a month payments and that \$500 would not be acceptable.

The Board discussed that per the motion which took place at the last Board meeting requesting a payment plan and financial plan, neither has yet been provided to the Board, noting the City's prior history of delinquent premium payments.

A motion was made to put the City of Isleton on Notice for Termination effective June 30, 2012 which shall be rescinded should payment of past due balance be paid in full by April 10, 2012.

After further discussion Mr. Michael Simmons suggest that in fairness to participating members a notice of termination should be given to a member in advance to allow the member to attempt to obtain coverage elsewhere.

The motion was amended to put the City of Isleton on Notice for Termination effective June 30, 2012 which shall be rescinded should payment of past due balance be paid in full by June 1, 2012 along with upcoming year's payment plan be provided.

MOTION: Stephanie Beauchaine **SECOND:** Kathy LeBlanc **MOTION CARRIED**

J13. Check Signing Authority

A motion was made to approve the amendment to the Bylaws updating Article XII, Receipt and Disbursement of Funds.

MOTION: Ted Marconi **SECOND:** Steve Baker **MOTION CARRIED**



J14. Long Range Planning Session Meeting Discussion

There was discussion on whether or not SCORE should hold a 2-day meeting for the Long Range Planning Session/Board of Directors meeting or include the Long Range Planning Session within the Board of Directors meeting.

A motion was made to waive the 2-day Long Range Planning Session/Board of Directors meeting for the 2012/13 policy year.

MOTION: Ted Marconi **SECOND:** Leslie Tigan **MOTION DENIED**
AYES: 7 NAYS: 8

Staff was directed to obtain price quotes from 4 locations at Mt. Shasta, Bodega Bay, South Lake Tahoe and Napa. The price quotes will be brought back to the next Board of Directors meeting for approval of location.

J15. Nomination of SCORE's Officers

Mr. Carroll explained that in the past, when it was decided a nominating committee was unnecessary, the Program Administrator had sent out a letter on April 1, asking for nominations for the officers of President, Vice-President, Secretary, Treasurer and Member-At-Large.

A motion was made to approve proceeding with the Nomination of SCORE's Officers by email request from the Program Administrator for Nominations of SCORE's Officers from the Board of Directors.

MOTION: Michael Botorff **SECOND:** Leslie Tigan **MOTION CARRIED**

K. SAFETY AND RISK MANAGEMENT – Mr. Peter Roth provided the Board with a presentation on the Lexipol Fire Policy Manual.

L. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.95

At 1:29 p.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. Larsen v. Town of Loomis
- b. Fabbrini v. City of Dunsmuir
- c. Westfall v. City of Crescent City
- d. Lockett v. City of Mt. Shasta
- e. Cooper v. City of Mt. Shasta
- f. Morales v. City of Susanville



2. Workers' Compensation

- a. Herrin v. City of Mt. Shasta
- b. Lemana v. City of Mt. Shasta
- c. Banner v. City of Mt. Shasta
- d. Murphy v. City of Portola

LAWCX REPORTING

- a. Thomas v. City of Susanville
- b. Edwin v. City of Mt. Shasta
- c. Beverly v. City of Weed
- d. Noya v. City of Crescent City
- e. William v. City of Weed
- f. Robert v. City of Portola
- g. William v. City of Etna
- h. Herrin v. City of Mt. Shasta

M. REPORT FROM CLOSED SESSION

The Board returned from closed session at 1:55 p.m. Mr. Carroll reported that the above closed session items were discussed and appropriate direction was given to Staff.

N. INFORMATION ITEMS

There was no discussion on the Information Items.

O. CLOSING COMMENTS

There were no closing comments.

AJOURNMENT

The meeting was adjourned at 1:57 p.m.

NEXT MEETING DATE: Friday, May 11, 2012 (Teleconference)

Respectfully Submitted,

Debra Magginetti, Secretary

Date