



President
Mr. Roger Carroll
Town of Loomis

SMALL CITIES ORGANIZED RISK EFFORT BOARD OF DIRECTORS AGENDA

Vice President
Mr. Kelly McKinnis
City of Weed

Secretary
Ms. Debra Maggini
City of Susanville

Location: GAIA Anderson Hotel
4125 Riverside Place
Anderson, CA 96007

Treasurer
Ms. Linda Romaine
Town of Fort Jones

Date/Time: June 22, 2012, 10:00 a.m.

In accordance with the requirements of the Brown Act, notice of this meeting must be posted in publically accessible places, 72 hours in advance of the meeting, in each of the member agencies involved. Documents and material relating to an open session agenda item that are provided to the SCORE Board of Directors less than 72 hours prior to a regular meeting, will be available for public inspection and copying at 1792 Tribute Road, Suite 450, Sacramento, CA 95815.

Per Government Code 54954.2, persons requesting disability related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact Johnny Yang at Alliant Insurance at (916) 643-2712 24 hours in advance of the meeting.

- A Action**
- I Information**
- 1 Attached**
- 2 Hand Out**
- 3 Separate Cover**
- 4 Verbal**
- 5 Previously Mailed**

PAGE A. CALL TO ORDER

B. ROLL CALL

C. APPROVAL OF AGENDA AS POSTED

A 1

D. PUBLIC COMMENTS

pg. 01 **E. CONSENT CALENDAR**

A 1

All matters listed under the consent calendar are considered routine with no separate discussion necessary. Any member of the public or Board of Directors may request any item to be considered separately.

- pg. 02 1. Draft Board of Directors Meeting Minutes – May 11, 2012
- pg. 08 2. Local Agency Investment Fund (LAIF) Monthly Statements of Investments – March 31 2012
- pg. 09 3. Union Bank Account Statement – May 2012
- pg. 23 4. SCORE Checking Account Transaction List – January 1 – March 31, 2012
- pg. 25 5. Investment Statements from Chandler Asset Management – May 2012
 - a. Account 590
 - i. Portfolio Summaries
 - ii. Compliance Report
- pg. 28 6. Alliant Program Administration Renewal Addendum 2012/2013 - Draft
- pg. 29 7. Gilbert Associates – Annual statement of time and cost for services
- pg. 30 8. TargetSolutions Utilization Report – May 31, 2012
- pg. 31 9. York Claims Bill Review
- pg. 32 10. SCORE Service Calendar



pg. 39	F. COMMITTEE REPORTS	I 1
pg. 40	1. ERMA Board of Directors Minutes – April 23, 2012	
pg. 50	2. LAWCX Executive Committee Minutes – May 3, 2012	
pg. 66	3. CJPRMA Board of Directors Minutes – March 15, 2012	
	G. ADMINISTRATIVE REPORTS	
	1. President’s Report	I 4
	<i>Mr. Roger Carroll will address the Board on items pertaining to SCORE - VERBAL</i>	
	2. Alliant Update	I 4
	<i>Staff will update the Board on Alliant matters pertinent to SCORE - VERBAL</i>	
	3. California Joint Powers Risk Management Authority (CJPRMA) Update	I 4
	<i>Mr. Roger Carroll will update the Board regarding CJPRMA - VERBAL</i>	
	4. ERMA Update	I 4
	<i>Ms. Stephanie Beauchaine will update the Board on ERMA matters pertinent to SCORE - VERBAL</i>	
	5. LAWCX Update	I 4
	<i>Mr. Ted Marconi will update the Board on LAWCX matters pertinent to SCORE - VERBAL</i>	
	H. JPA BUSINESS	
pg. 74	1. Update on City of Isleton	I 1
	<i>SCORE has received payment in full from the City of Isleton.</i>	
pg. 75	2. Coverage Issues: RDA Successor Agencies (And Oversight Boards)	A 1
	<i>The Board of Directors will be asked to discuss the coverage issues regarding RDA Successor Agencies.</i>	
	3. Approval of SCORE’s Memorandums of Coverage	
	<i>The Board annually reviews SCORE’s Memorandums of Coverage and approves or makes changes to the current version.</i>	
pg. 84	a. Liability	A 1
pg. 98	b. Workers’ Compensation	A 1
pg. 101	4. 2012/13 Property Program Renewal	A 1
	<i>The Board will be presented with Property Proposals for the July1, 2012 – June 30, 2013 Renewal.</i>	



pg. 127	5. ERMA Board Representative <i>The Board will appoint a Board Member and Alternate Board Member for the ERMA Board of Directors.</i>	A 1
pg. 128	6. ACI Specialty Benefits Renewal <i>The Board will review and approve the continuation of SCORE's Employment Assistance Program will renew on September 15, 2012.</i>	A 1
pg. 137	7. Resolution 12-01 Establishing 2012-2013 Board of Directors Meeting Dates <i>Annually the Board must adopt the next fiscal year's meeting dates and locations.</i>	A 1
pg. 139	8. Nomination of SCORE's Officers <i>The Board will request nominations from the floor for officers to serve for the term 2012-2014.</i>	A 1
pg. 140	9. Long Range Planning Session Meeting Discussion <i>Staff will provide the Board with a list of locations and prices for selection by the Board.</i>	A 1
pg. 149	10. California Association of Joint Powers Authorities (CAJPA) Annual Fall Conference and Training Seminar – September 18 – 21, 2012 <i>Annually CAJPA holds a 3 day conference for continuing education of Risk Management and Pool Operations in South Lake Tahoe.</i>	I 1
pg. 151	11. SCORE Vendor Contracts <i>The Board will review and approve the new contracts that have been issued for the following services:</i> <ol style="list-style-type: none"> 1. SBK – Risk Control Services 2. York – Liability Claims Administration 3. York – Workers' Compensation Claims Administration 	A 1

I. FINANCIAL

pg. 152	1. Quarterly Financials for Period Ending March 31, 2012 <i>Gilbert Associates will present the financials to the Board who will review the quarterly financials and take action to Accept and File or give direction.</i>	A 1
pg. 157	2. Equity Distribution and Retrospective Rating Adjustments <i>Staff and Gilbert will address the Board on the status of these distributions.</i>	I 1
pg. 158	3. Adoption of the 2012-2013 SCORE Program Budget <i>Annually, the Board must review and adopt a Program Budget for the pool.</i>	A 1



pg. 175 **4. Delegation of Investment Authority to SCORE Treasurer** A 1
Per Government Code 53607, the board will need to approve the delegation of authority to the Treasurer to invest or reinvest SCORE funds.

pg. 176 **J. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.95**
****REQUESTING AUTHORITY**

- 1. Liability**
 - a. Woodsman v. City of Mt. Shasta**
 - b. Kernan v. City of Yreka**
 - c. Schisler v. City of Weed**
 - d. Kennedy v. City of Weed**

K. REPORT FROM CLOSED SESSION

L. INFORMATION ITEMS

pg. 177 1. SCORE Resource Contact Guide

M. CLOSING COMMENTS

ADJOURNMENT

UPCOMING MEETING

Board of Directors Meeting – August 24, 2012 – TBD
Strategic Planning Meeting – November 1, 2012 – TBD
Board of Directors Meeting – November 2, 2012 - TBD

MISSION STATEMENT

To protect the assets of members by reducing, sharing, controlling and stabilizing the cost of risk, while providing a high level of cost effective services.

Agenda Item E.

CONSENT CALENDAR

ACTION ITEM

ISSUE: The items on the Consent Calendar should be reviewed by the Board and, if there is any item requiring clarification or amendment, such item should be pulled from the agenda for separate discussion. The Board should adopt the Consent Calendar excluding those items pulled.

RECOMMENDATION: The Program Administrator recommends adoption of the Consent Calendar as presented.

FISCAL IMPACT: None

BACKGROUND: The Board places the following items on the Consent Calendar for adoption. The Board may accept the Consent Calendar as presented, or pull items for discussion and separate action while accepting the remaining items.

ATTACHMENTS:

1. Board of Directors Meeting Minutes – May 11, 2012
2. Local Agency Investment Fund (LAIF) Monthly Statement of Investments – March 31, 2012
3. Union Bank Account Statement – May 2012
4. SCORE Checking Account Transaction List – January 1 - March 31, 2012
5. Investment Statements from Chandler Asset Management – May 2012
 - a. Account 590
 - i. Portfolio Summaries
 - ii. Compliance Report
6. Alliant Program Administration Renewal Addendum 2012/2013
7. Gilbert Associates – Annual statement of time and cost for services.
8. TargetSolutions Utilization Report – May 31, 2012
9. York Claims Bill Review
10. SCORE Service Calendar



**Small Cities Organized Risk Effort (SCORE)
Board of Directors Meeting Minutes
May 11, 2012**

Member Cities Present

Michael Botorff, City of Biggs
Liz Clontz, City of Dorris
Brenda Bains, City of Dunsmuir
Pamela Russell, City of Etna
Satwant Takhar, City of Live Oak
Roger Carroll, Town of Loomis
Ted Marconi, City of Mt. Shasta

Leslie Tigan, City of Portola
Stephanie Beauchaine, City of Rio Dell
John Duckett, City of Shasta Lake
Debbi Savage, City of Susanville
Randolph Darrow, City of Tulelake
Kelly McKinnis, City of Weed
Steve Baker, City of Yreka

Member Cities Absent

Bruce Kranz, City of Colfax
Linda Romaine, Town of Fort Jones
Marni Rittburg, City of Isleton

Kathy LeBlanc, City of Loyalton
Janie Sprague, City of Montague

Consultants & Guests

Susan Adams, Alliant Insurance Services
Michael Simmons, Alliant Insurance Services
Johnny Yang, Alliant Insurance Services
Marcus Beverly, York Risk Services

Randy Smith, York Risk Services
Dar Carrow, City of Tulelake
Ron Stock, City of Weed

A. CALL TO ORDER

Mr. Roger Carroll called the meeting to order at 10:02 a.m.

B. ROLL CALL

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



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. Draft Board of Directors Meeting Minutes – March 23, 2012
2. Union Bank Account Statement – March 2012
3. LAIF as of March 31, 2012
4. Investment Statements from Chandler Asset Management – April 2012
 - a. Account 590
 - i. Portfolio Summary
 - ii. Compliance Report
5. York Claims Bill Review
6. CompanyNurse Injuries Summary Report as of May 2, 2012
7. SCORE Service Calendar

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

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

F. JPA BUSINESS

F1. SCORE RFP Vendors Selection for Liability, Workers' Compensation Claims Administration and Risk Control Services Vendor Selection

a. Risk Control Services

Ms. Susan Adams explained that Alliant was asked to go out to RFP for SCORE's Risk Control, Liability and Workers' Compensation Claims Administration services providers and has since done Oral Interviews with a selected Ad hoc committee to make recommendations to the Board.

With respects to Risk Control services, the interviewing panel consisting of Linda Romaine, Leslie Tigan and Michael Botorff interviewed 3 firms who were Willis Pooling, Bickmore Risk Services and SBK Consulting Services. Of the firms interviewed the panel recommended SBK Consulting Services to the Board. The primary



reason was due to the Key personnel of Jack Kastorff who will be retiring from York Risk Services Group on June 30, 2012 and joining SBK Consulting Services. The panel felt that Mr. Kastorff's knowledge and experience with SCORE members would best benefit SCORE vs. hiring a consultant new to the SCORE program.

A motion was made to enter in an Agreement with SBK with the following conditions:

- One Year Agreement, with 2 additional one-year extensions subject to Board annual action.
- Total Compensation "Not-to-Exceed" \$75,000. With service rates of \$118 per hour (with estimated service hours of 398) and travel at a rate of \$118 per hour (with estimated travel hours of 153) for a total Risk Control Services fee of \$75,000.
- All Service Hours and tasks performed will be tracked monthly as back up documentation to monthly invoices.
- The Agreement will clearly indicate that Jack Kastorff will be the "Key Personnel" with prior approval necessary by the Board to replace Key Personnel for services.
- Services are to include those listed in the RFP response, and will not include on-site training sessions.
- This contract is subject to SBK management/consultants meeting in advance of July, 2012 to negotiate an Agreement with SCORE representatives that includes the conditions above; and they will agree to make themselves available on a regular basis to meet with SCORE representatives and/or the Safety Committee, as needed, to monitor the services provided.

MOTION: Pamela Russell
AYES: 13

SECOND: Leslie Tigan
NAYS: 1

MOTION CARRIED

b. Liability Claims Administration Services

The interviewing panel consisted of Roger Carroll, Steve Baker and Debbie Savage. Ms. Adams explained that the 3 firms interviewed were York Risk Services, AIMS, and George Hills and Company. Upon discussion between the interviewing panel and the Ad hoc committee, a decision was made to recommend York Risk Services to the Board as they felt Mr. Cameron Dewey's experience, knowledge and familiarity of defense attorneys and judges were beneficial in minimizing loss severity. Ms. Adams continued to explain that AIMS would have to hire an adjustor and George Hills proposed hiring a claims investigator.

Mr. Ted Marconi asked if SCORE obtains any additional members, would the flat annual fee be amended to reflect so? He then stated that if so, it should be included in the agreement. Mr. Simmons suggested including a "swing clause" in all contracts stating that should membership increase or decrease by more than 20% then the fee can be



negotiated by an adjustment of 15%. York agrees to this clause as respects the Liability Claims Administration Services agreement.

A motion was made to renew the contract with York Risk Insurance Services to provide Liability Claims Administration Services effective July 1, 2012 that contains the following conditions:

- A Three Year Agreement, with an additional two-year extension subject to Board annual action.
- Total Compensation “Not-to-Exceed” \$97,500 flat annual fee plus \$1,000 per member annual fee for administrative services for a total annual fee of \$116,000.
 - This flat fee applies to Year 1 – 3
 - Years 4 and 5 are open to negotiation

MOTION: Steve Baker

SECOND: Debbie Savage

MOTION CARRIED

c. Workers’ Compensation Claims Administration Services

Ms. Adams advised that the interviewing committee consisting of Ted Maconi, John Duckett, Stephanie Beauchaine and Ron Stock, met with 4 vendors during the oral interviews consisting of York Risk Services, AIMS, JT2 and CorVel. The Ad hoc committee recommended entering into a Five Year Agreement with JT2 subject to annual board action including a specific cancellation clause if the Board is not satisfied with their services. The primary reason for the recommendation was due to pricing. Additional fees of about \$2,000 would be incurred for online access for all members.

Mr. John Duckett expressed that the City of Shasta Lake is happy with the services provided by York Risk Services noting that should pricing be the main factor in the decision, Shasta Lake does not see a significant cost saving as the amount would be distributed among all members. Mr. Duckett stated the amount of work involved in converting to a new third party administrator does not seem to be worth the cost saving factor.

Mr. Kelly McKinnis asked which of JT2’s offices will be handling SCORE’s claims administration upon which Mr. Mike Summons advised that it would most likely be JT2’s Lathrop office.

The city of Weed, Susanville, Biggs, Portola and Dunsmuir also expressed that they are happy with services currently provided by York Risk Services.

Mr. McKinnis made a motion to accept York Risk Services proposal for Workers’ Compensation Claims Administration Services subject to the conditions of their proposal including a swing clause in the contract.



Ms. Stephanie Beauchaine expressed her concerns mentioning that SCORE’s decision to RFP for these services was to obtain competitive pricing and perform an evaluation of services, noting that should a decision be made based on relationship she feels this would be a poor policy practice on behalf of SCORE.

Mr. Randy Smith expressed the concerns regarding the pricing provided by competitors which York believes does not cover labor costs. Mr. Smith said the proposed 15% of savings in bill review would generate quite a bit of revenue to the competing third party administrator and if York was given the option of looking into providing this service, they would be able to decrease the pricing in Administration Fees on behalf of York Risk Services. Mr. Smith then stated that York’s commitment is to continue providing the quality of services that SCORE has come to expect and to be competitive in pricing but not to the point of comprising service.

MOTION: Kelly McKinnis **SECOND:** Debbie Savage **MOTION WITHDRAWN**

Ms. Beauchaine mentioned that her recommendation does not reflect any dissatisfaction against the services provided by York, but to rather evaluate the proposal less the relationships.

Mr. Ted Marconi noted that what made HT2 stand out was that it is a smaller firm and a dedicated claims adjustor would be hired to handle Northern California.

Mr. McKinnis withdrew his motion to accept York Risk Services proposal for Workers’ Compensation Claims Administration Services as he felt his recommendation was not made based on an appropriate evaluation.

A motion was made to renew their contract with York Risk Insurance Services to provide Workers’ Compensation Claims Administration Services effective July 1, 2012 as outlined in their proposal.

MOTION: John Duckett **SECOND:** Debbie Savage **MOTION CARRIED**
AYES: 11 **NAYS: 3**

- F2. Review and Declaration of Workers’ Compensation Retrospective Distributions**
- F3. Review and Declaration of Liability Retrospective Distributions**

Ms. Adams explained that at the last Board meeting staff presented Calculations based on 12/31/11 loss data and the Board approved the calculations, but did not approve distributions advising staff to bring back additional information regarding SCORE’s current status with regards to equity prior to approval of any distributions. As of June 30th, 2010 SCORE had \$15,851,824 of net assets. As of June 30th, 2011 SCORE’s net assets increased to \$16,392,145.



As of December 31, 2011 SCORE's net assets were \$15,671,738 which includes the retrospective distributions taken in October of 2011. Since 2001/2002 SCORE has returned \$9,983,433 in distributions to members. With respects to Workers' Compensation SCORE's net assets were at \$7,618,044 as of December 31, 201. Ms. Adams explained that the Workers' Compensation Master Plan Document was amended last year. SCORE's Available Dividend Distribution is \$2,800,000 for Workers' Compensation at the 70% Confidence level.

Wither respects to Liability SCORE's net assets were at \$5,954,696 as of December 31, 2011. Ms. Adams reminded members that the Liability Master Plan Document was also amended last year. SCORE's Available Dividend Distribution is \$3,454,696 for Liability at the 70% Confidence level.

A motion was made approve the declaration of Workers' Compensation and Liability Retrospective Distributions at 30%.

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

F4. Notice of Termination of Coverage effective June 30, 2012 sent to the City of Isleton

Ms. Adams advised Mr. Dave Larsen, City Attorney of Isleton was subsequently fired. Staff has sent certified letters to the Mayor and Vice Mayor of the City of Isleton advising them that SCORE had issued a Notice of Termination from SCORE to be effective July 1, 2012 if past due premiums were not received in full by June 1, 2012. Ms. Adams spoke with the new city manager, Mr. Dan Hinrichs on May 3rd and requested that he or the alternate be on the Board conference call and address the Board on May 11th. Mr. Hinrichs was aware of the Notice of Termination and said he would make sure the premium was paid so that coverage was not terminated.

G. CLOSING COMMENTS

There were no closing comments.

AJOURNMENT

The meeting was adjourned at 11:12 a.m.

NEXT MEETING DATE: Friday, June 22, 2012

Respectfully Submitted,

Debra Magginetti, Secretary



Date



ITC, INSTITUTIONAL CUSTODY
 350 CALIFORNIA STREET, 6TH FLOOR
 SAN FRANCISCO CA 94104

MB 02 002116 97872 H 11 A

SMALL CITIES ORGANIZED RISK EFFORT
 ATTN: LINDA ROMAINE
 P. O. BOX 40
 FORT JONES, CA 96032-0040



Account Statement

Statement Period

May 1, 2012 through May 31, 2012

Account Number

6736301210

Account Name

SMALL CITIES ORGANIZED RISK EFFORT

Relationship Manager

CARMEN CONIENDO
 415-705-7207

Investment Manager

CHANDLER LIQUID ASSET MGMT

Online Access

unionbank.com/trustandcustody

Overview of Total Account Value

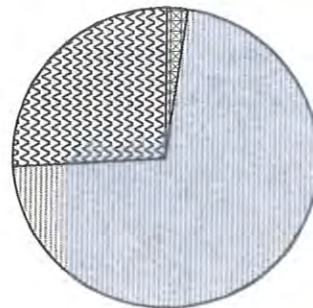
Closing Value on 12/31/2011	\$10,502,017.56
Opening Value on 05/01/2012	\$10,542,650.22
Closing Value on 05/31/2012	\$10,571,572.56
Net Change For Period	\$28,922.34

Contents

- Account Summary
 - Principal Portfolio Summary
 - Unrealized Gain/Loss Summary
 - Cash Transactions Summary
 - Asset Detail
 - Maturity Summary
 - Transaction Detail
 - Realized Gain/Loss Summary

Overview of Account by Investment Category

Your Current Portfolio Mix



	% of Total Account	Market Value	Description
	2.18%	230,810.71	Cash & Cash Equivalents
	71.62%	7,570,823.15	Government Obligations
	26.20%	2,769,938.70	Corporate Obligations
	100.00%	\$10,571,572.56	Total Account Value



Account Number
6736301210

Account Name
SCORE

Account Statement

Statement Period

May 1, 2012 through May 31, 2012

Principal Portfolio Summary

Description	Market Value	Percentage of Portfolio	Current Yield
Cash & Cash Equivalents	230,810.71	2.18%	0.00%
Government Obligations	7,570,823.15	71.62%	2.18%
Corporate Obligations	2,769,938.70	26.20%	2.82%
Total Principal Portfolio	\$10,571,572.56	100.00%	2.30%

Unrealized Gain/Loss Summary

Description	Cost Basis	Market Value	Gain/Loss
Cash & Cash Equivalents	230,810.71	230,810.71	0.00
Government Obligations	7,425,281.33	7,570,823.15	145,541.82
Corporate Obligations	2,751,031.23	2,769,938.70	18,907.47
Total Gain/Loss	\$10,407,123.27	\$10,571,572.56	\$164,449.29

Cash Transactions Summary

	Principal Cash
Receipts	
Dividend	0.12
Interest	36,631.14
Accrued Interest Received	785.33
Sales	463,765.87
Maturities/Redemptions	215,000.00
Total Receipts	\$716,182.46

Cash Transactions Summary (continued)

	Principal Cash
Disbursements	
Accrued Interest Paid	(6.25)
Purchases	(715,116.21)
Payments to/for Beneficiaries	(1,060.00)
Total Disbursements	(\$716,182.46)
Total Net Transactions	\$0.00



Account Number
6736301210

Account Name
SCORE

Account Statement

Statement Period

May 1, 2012 through May 31, 2012

Asset Detail - Principal Portfolio

Cash & Cash Equivalents

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
HighMark Money Market Funds								
HIGHMARK MONEY MARKET 100% U S TREASURY FD FIDUCIARY SH ***CASH MANAGEMENT SWEEP	431114503S	230,810.710	230,810.71	230,810.71	1.0000 05/31/2012	2.18%	0.00%	5.73
Total Cash & Cash Equivalents			\$230,810.71	\$230,810.71		2.18%	0.00%	\$5.73

Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
US Treasury								
UNITED STATES TREAS NTS 4.2500% 9/30/2012	912828HE3	120,000.000	120,253.13	121,635.60	101.3630 05/31/2012	1.15%	4.19%	5,100.00
UNITED STATES TREAS NTS 3.8750% 10/31/2012	912828HG8	100,000.000	102,113.28	101,543.00	101.5430 05/31/2012	0.96%	3.82%	3,875.00
UNITED STATES TREAS NTS 3.3750% 11/30/2012	912828HK9	365,000.000	367,036.33	370,858.25	101.6050 05/31/2012	3.51%	3.32%	12,318.75
UNITED STATES TREAS NTS 2.5000% 3/31/2013	912828HV5	125,000.000	128,154.72	127,392.50	101.9140 05/31/2012	1.21%	2.45%	3,125.00
UNITED STATES TREAS NTS 2.7500% 10/31/2013	912828JQ4	125,000.000	129,633.79	129,395.00	103.5160 05/31/2012	1.22%	2.66%	3,437.50
UNITED STATES TREAS NTS 1.7500% 7/31/2015	912828NP1	225,000.000	223,067.16	234,492.75	104.2190 05/31/2012	2.22%	1.68%	3,937.50
UNITED STATES TREAS NTS 1.3750% 11/30/2015	912828PJ3	250,000.000	249,024.28	257,890.00	103.1560 05/31/2012	2.44%	1.33%	3,437.50



Account Number
6736301210

Account Name
SCORE

Account Statement

Statement Period

May 1, 2012 through May 31, 2012

Asset Detail - Principal Portfolio (continued)

Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
US Treasury								
UNITED STATES TREAS NTS 1.5000% 7/31/2016	912828QX1	370,000.000	374,487.57	384,307.90	103.8670 05/31/2012	3.63%	1.44%	5,550.00
UNITED STATES TREAS NTS 1.0000% 8/31/2016	912828RF9	250,000.000	251,690.29	254,512.50	101.8050 05/31/2012	2.41%	0.98%	2,500.00
UNITED STATES TREAS NTS 1.0000% 9/30/2016	912828RJ1	150,000.000	149,619.64	152,671.50	101.7810 05/31/2012	1.44%	0.98%	1,500.00
UNITED STATES TREAS NTS 0.8750% 11/30/2016	912828RU6	350,000.000	350,766.80	354,347.00	101.2420 05/31/2012	3.35%	0.86%	3,062.50
Federal Govt Agency								
FEDERAL HOME LN BKS 3.8750% 6/14/2013	31339X2M5	200,000.000	200,403.10	207,508.00	103.7540 05/31/2012	1.96%	3.73%	7,750.00
TENNESSEE VALLEY AUTH 4.7500% 8/1/2013	880591DW9	230,000.000	242,426.00	241,891.00	105.1700 05/31/2012	2.29%	4.52%	10,925.00
FEDERAL FARM CR BKS 0.9800% 9/23/2013	31331KET3	115,000.000	114,663.05	115,999.35	100.8690 05/31/2012	1.10%	0.97%	1,127.00
FEDERAL HOME LOAN BANKS 3.6250% 10/18/2013	3133XSAE8	250,000.000	258,142.75	261,422.50	104.5690 05/31/2012	2.47%	3.47%	9,062.50
FEDERAL HOME LOAN MTG CORP NOTES DTD 01/08/2009 2.50% 01/07/2014	3137EABX6	35,000.000	34,625.96	36,239.35	103.5410 05/31/2012	0.34%	2.41%	875.00
FEDL HOME LOAN MTG CORP NOTES DTD 04/24/2009 2.50% 04/23/2014	3137EACB3	150,000.000	155,568.75	156,172.50	104.1150 05/31/2012	1.48%	2.40%	3,750.00
FEDERAL NATL MTG ASSN NOTES DTD 05/15/2009 2.500% 05/15/2014	31398AXJ6	300,000.000	301,178.80	312,531.00	104.1770 05/31/2012	2.96%	2.40%	7,500.00



Account Number
6736301210

Account Name
SCORE

Account Statement

Statement Period

May 1, 2012 through May 31, 2012

Asset Detail - Principal Portfolio (continued)

Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
Federal Govt Agency								
FEDERAL FARM CR BKS CONS 1.9000% 6/2/2014	31331JQA4	260,000.000	259,368.20	267,503.60	102.8860 05/31/2012	2.53%	1.85%	4,940.00
FEDERAL HOME LN BKS 5.2500% 6/18/2014	3133X7FK5	100,000.000	111,171.90	110,027.00	110.0270 05/31/2012	1.04%	4.77%	5,250.00
FEDERAL FARM CREDIT BANK BONDS 3.000% 09/22/2014	31331GL80	245,000.000	250,683.60	259,163.45	105.7810 05/31/2012	2.45%	2.84%	7,350.00
FEDERAL HOME LN MTG CORP 0.9200% 12/12/2014	3134G3CM0	70,000.000	70,063.00	70,121.80	100.1740 05/31/2012	0.66%	0.92%	644.00
FEDERAL HOME LOAN MTG CORP NOTES DTD 01/07/2010 2.875% 02/09/2015	3137EACH0	250,000.000	256,160.83	265,760.00	106.3040 05/31/2012	2.51%	2.70%	7,187.50
FEDERAL FARM CR BKS 0.5000% 5/1/2015	3133EANJ3	150,000.000	149,853.00	149,488.50	99.6590 05/31/2012	1.41%	0.50%	750.00
FEDERAL NATL MTGE ASSN NOTES 0.700% 05/29/2015	3135G0LC5	120,000.000	120,000.00	119,906.40	99.9220 05/31/2012	1.13%	0.70%	840.00
FEDERAL HOME LN BKS 2.8750% 6/12/2015	3133XWNB1	265,000.000	279,807.14	283,436.05	106.9570 05/31/2012	2.68%	2.69%	7,618.75
FEDERAL NATL MTG ASSN 2.3750% 7/28/2015	31398AU34	275,000.000	283,288.50	290,295.50	105.5620 05/31/2012	2.75%	2.25%	6,531.25
FEDERAL FARM CR BKS 2.3500% 12/22/2015	31331J6C2	120,000.000	120,434.40	128,106.00	106.7550 05/31/2012	1.21%	2.20%	2,820.00
FEDERAL NATL MTG ASSN 2.3750% 4/11/2016	3135G0BA0	275,000.000	282,544.63	291,887.75	106.1410 05/31/2012	2.76%	2.24%	6,531.25



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Asset Detail - Principal Portfolio (continued)

Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
Federal Govt Agency								
FEDERAL HOME LN MTG CORP 2.5000% 5/27/2016	3137EACT4	310,000.000	321,083.36	331,049.00	106.7900 05/31/2012	3.15%	2.34%	7,750.00
FEDERAL HOME LOAN BANKS 2.1250% 6/10/2016	313373SZ6	200,000.000	209,390.00	210,434.00	105.2170 05/31/2012	1.99%	2.02%	4,250.00
FEDERAL HOME LOAN MTGE CORP NTS 2.000% 08/25/2016	3137EACW7	300,000.000	312,151.20	314,616.00	104.8720 05/31/2012	2.98%	1.91%	6,000.00
FEDERAL NATL MTGE ASSN NOTE 1.250% 09/28/2016	3135G0CM3	210,000.000	209,497.89	213,240.30	101.5430 05/31/2012	2.02%	1.23%	2,625.00
FEDERAL NATL MTG ASSN NOTES DTD 10/20/2011 1.375% 11/15/2016	3135G0ES8	65,000.000	65,514.15	66,328.60	102.0440 05/31/2012	0.63%	1.35%	893.75
FEDERAL NATL MTG ASSN NOTES DTD 01/09/2012 1.25% 01/30/2017	3135G0GY3	175,000.000	174,983.73	177,761.50	101.5780 05/31/2012	1.68%	1.23%	2,187.50
FEDERAL HOME LOAN MORTGAGE CORP 1.000% 03/08/2017	3137EADC0	200,000.000	196,430.40	200,888.00	100.4440 05/31/2012	1.90%	1.00%	2,000.00
Total Government Obligations			\$7,425,281.33	\$7,570,823.15		71.62%	2.18%	\$165,002.25

Corporate Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
Corporate Bonds								
BANK OF AMERICA FDIC GTD TLG 3.1250% 6/15/2012	06050BAA9	60,000.000	62,176.80	60,047.40	100.0790 05/31/2012	0.57%	3.12%	1,875.00



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Asset Detail - Principal Portfolio (continued)

Corporate Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
Corporate Bonds								
GOLDMAN SACHS GP INC FDIC TL 3.2500% 6/15/2012	38146FAA9	280,000.000	284,814.50	280,232.40	100.0830 05/31/2012	2.65%	3.25%	9,100.00
WELLS FARGO & COMPANY DTD 03/30/2009 2.1250% 06/15/2012	949744AC0	290,000.000	290,859.44	290,153.70	100.0530 05/31/2012	2.74%	2.12%	6,162.50
PNC FUNDING CORP NOTES DTD 12/22/2008 2.300% 06/22/2012	69351CAC7	290,000.000	294,515.30	290,292.90	100.1010 05/31/2012	2.75%	2.30%	6,670.00
JPMORGANCHASE & CO DTD 04/06/2009 2.1250% 12/26/2012	481247AM6	295,000.000	295,914.50	297,932.30	100.9940 05/31/2012	2.81%	2.10%	6,268.75
XTO ENERGY INC 4.9000% 2/1/2014	98385XAD8	100,000.000	109,638.00	107,252.00	107.2520 05/31/2012	1.01%	4.57%	4,900.00
CHEVRON CORPORATION SR NOTES DTD 03/03/2009 3.95% 03/03/2014	166751AH0	190,000.000	200,126.65	201,485.50	106.0450 05/31/2012	1.91%	3.72%	7,505.00
GENL ELEC CAP CORP NOTES 5.900% 05/13/2014	36962G4C5	180,000.000	194,130.60	195,163.20	108.4240 05/31/2012	1.85%	5.44%	10,620.00
WAL MART STORES INC NOTES DTD 05/21/2009 3.200% 05/15/2014	931142CQ4	190,000.000	197,746.80	199,475.30	104.9870 05/31/2012	1.89%	3.05%	6,080.00
MICROSOFT CORP NT DTD 05/18/2009 2.950% 06/01/2014	594918AB0	240,000.000	246,233.20	251,592.00	104.8300 05/31/2012	2.38%	2.81%	7,080.00
BERKSHIRE HATHAWAY INC 3.200% 02/11/2015	084670AV0	100,000.000	103,550.10	106,190.00	106.1900 05/31/2012	1.00%	3.01%	3,200.00
PROCTER & GAMBLE CO DTD 11/18/2010 1.80% 11/15/2015	742718DS5	265,000.000	258,615.14	274,895.10	103.7340 05/31/2012	2.60%	1.74%	4,770.00



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Asset Detail - Principal Portfolio (continued)

Corporate Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
Corporate Bonds								
GOOGLE INC 2.1250% 5/19/2016	38259PAC6	105,000.000	107,568.30	109,778.55	104.5510 05/31/2012	1.04%	2.03%	2,231.25
BERKSHIRE HATHAWAYFIN CORP SR NT 1.600% 05/15/2017	084664BS9	105,000.000	105,141.90	105,448.35	100.4270 05/31/2012	1.00%	1.59%	1,680.00
Total Corporate Obligations			\$2,751,031.23	\$2,769,938.70		26.20%	2.82%	\$78,142.50
Total Principal Portfolio			\$10,407,123.27	\$10,571,572.56		100.00%	2.30%	\$243,150.48
Total Account Values			\$10,407,123.27	\$10,571,572.56		100.00%	2.30%	\$243,150.48

Maturity Summary

	Face Value	Par Value	Cost Basis	Market Value	Percentage of Market Value
2012		1,800,000.000	1,817,683.28	1,812,695.55	17.53%
2013		1,045,000.000	1,073,423.41	1,083,608.35	10.48%
2014		2,060,000.000	2,130,535.46	2,166,726.70	20.95%
2015		2,020,000.000	2,043,800.55	2,110,460.30	20.41%
2016		2,585,000.000	2,634,313.83	2,683,173.10	25.95%
2017		480,000.000	476,556.03	484,097.85	4.68%
2018					
2019					
2020					
2021					
Ten-to-Fourteen Years					
Fifteen-to-Nineteen Years					
Twenty Years and Over					
Total	\$0.00	9,990,000.000	\$10,176,312.56	\$10,340,761.85	100.00%



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Transaction Detail

Date	Activity	Description	CUSIP	Principal Cash	Cost Basis
		Beginning Balance		\$0.00	\$10,384,208.43
05/01/12	Dividend	CASH RECEIPT OF DIVIDEND EARNED ON HIGHMARK 100% US TREASURY MMKT #486 DIVIDEND FROM 4/1/12 TO 4/30/12	431114503S	0.12	
05/01/12	Purchases	PURCHASED 0.12 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 05/01/12	431114503S	(0.12)	0.12
05/04/12	Purchases	PURCHASED 150,000 PAR VALUE OF FFCB NTS 0.500% 5/01/15 TRADE DATE 05/03/12 PURCHASED THROUGH KEY BANK CAPITALMARKETS 150,000 PAR VALUE AT 99.902 %	3133EANJ3	(149,853.00)	149,853.00
05/04/12	Accrued Interest Paid	PAID ACCRUED INTEREST ON PURCHASE OF FFCB NTS 0.500% 5/01/15	3133EANJ3	(6.25)	
05/04/12	Sales	SOLD 149,859.3 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 05/04/12	431114503S	149,859.25	(149,859.25)
05/14/12	Payments to/for Beneficiaries	CASH DISBURSEMENT PAID TO CHANDLER ASSET MANAGEMENT INC. PAYMENT PER REQUEST R/T 286 MGMT FEE FOR PERIOD ENDING APRIL 30, 2012 INVOICE #11093		(1,060.00)	
05/14/12	Sales	SOLD 95,000 PAR VALUE OF BERKSHIRE HATH 3.200% 2/11/15 LT CAPITAL GAIN OF \$6,280.45 TRADE DATE 05/09/12 SOLD THROUGH MORGAN STANLEY 95,000 PAR VALUE AT 106.528 %	084670AV0	101,201.60	(94,921.15)
05/14/12	Accrued Interest Received	RECEIVED ACCRUED INTEREST ON SALE OF BERKSHIRE HATH 3.200% 2/11/15	084670AV0	785.33	

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Transaction Detail (continued)

Date	Activity	Description	CUSIP	Principal Cash	Cost Basis
05/14/12	Interest	CASH RECEIPT OF INTEREST EARNED ON GECC NTS 5.900% 5/13/14 0.0295/\$1 PV ON 180,000 PAR VALUE DUE 5/13/2012	36962G4C5	5,310.00	
05/14/12	Purchases	PURCHASED 107,296.9 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 05/14/12	431114503S	(107,296.93)	107,296.93
05/14/12	Sales	SOLD 1,060 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 05/14/12	431114503S	1,060.00	(1,060.00)
05/15/12	Purchases	PURCHASED 30,000 PAR VALUE OF BERKSHIRE HATHAWAY NT1.600% 5/15/17 TRADE DATE 05/08/12 PURCHASED THROUGH MERRILL LYNCH FIXED INCOME 30,000 PAR VALUE AT 99.923 %	084664BS9	(29,976.90)	29,976.90
05/15/12	Purchases	PURCHASED 75,000 PAR VALUE OF BERKSHIRE HATHAWAY NT1.600% 5/15/17 TRADE DATE 05/09/12 PURCHASED THROUGH MORGAN STANLEY 75,000 PAR VALUE AT 100.22 %	084664BS9	(75,165.00)	75,165.00
05/15/12	Interest	CASH RECEIPT OF INTEREST EARNED ON FNMA NTS 1.375% 11/15/16 0.006875/\$1 PV ON 65,000 PAR VALUE DUE 5/15/2012	3135G0ES8	446.88	
05/15/12	Interest	CASH RECEIPT OF INTEREST EARNED ON FNMA NTS 2.500% 5/15/14 0.0125/\$1 PV ON 300,000 PAR VALUE DUE 5/15/2012	31398AXJ6	3,750.00	
05/15/12	Interest	CASH RECEIPT OF INTEREST EARNED ON PROCTER & GAMBLE BDS 1.800% 11/15/15 0.009/\$1 PV ON 265,000 PAR VALUE DUE 5/15/2012	742718DS5	2,385.00	
05/15/12	Interest	CASH RECEIPT OF INTEREST EARNED ON WAL MART STORES NTS 3.200% 5/15/14 0.016/\$1 PV ON 190,000 PAR VALUE DUE 5/15/2012	931142CQ4	3,040.00	



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Transaction Detail (continued)

Date	Activity	Description	CUSIP	Principal Cash	Cost Basis
05/15/12	Sales	SOLD 95,520.02 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 05/15/12	431114503S	95,520.02	(95,520.02)
05/21/12	Interest	CASH RECEIPT OF INTEREST EARNED ON GOOGLE INC 2.125% 5/19/16 0.010625/\$1 PV ON 105,000 PAR VALUE DUE 5/19/2012	38259PAC6	1,115.63	
05/21/12	Purchases	PURCHASED 1,115.63 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 05/21/12	431114503S	(1,115.63)	1,115.63
05/23/12	Maturites/Redemptions	MATURED 215,000 PAR VALUE OF TENN VY AUTH SER A 6.790% 5/23/12 LT CAPITAL LOSS OF (\$19,715.95) TRADE DATE 05/23/12 215,000 PAR VALUE AT 100 %	880591DT6	215,000.00	(234,715.95)
05/23/12	Interest	CASH RECEIPT OF INTEREST EARNED ON TENN VY AUTH SER A 6.790% 5/23/12 0.03395/\$1 PV ON 215,000 PAR VALUE DUE 5/23/2012	880591DT6	7,299.25	
05/23/12	Purchases	PURCHASED 222,299.3 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 05/23/12	431114503S	(222,299.25)	222,299.25
05/29/12	Purchases	PURCHASED 120,000 PAR VALUE OF FNMA NTS 0.700% 5/29/15 TRADE DATE 05/09/12 PURCHASED THROUGH MORGAN STANLEY 120,000 PAR VALUE AT 100 %	3135G0LC5	(120,000.00)	120,000.00
05/29/12	Interest	CASH RECEIPT OF INTEREST EARNED ON FHLMC MTN 2.500% 5/27/16 0.0125/\$1 PV ON 310,000 PAR VALUE DUE 5/27/2012	3137EACT4	3,875.00	
05/29/12	Sales	SOLD 116,125 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 05/29/12	431114503S	116,125.00	(116,125.00)



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Transaction Detail (continued)

Date	Activity	Description	CUSIP	Principal Cash	Cost Basis
05/31/12	Interest	CASH RECEIPT OF INTEREST EARNED ON US TREAS NTS 3.375% 11/30/12 0.016875/\$1 PV ON 365,000 PAR VALUE DUE 5/31/2012	912828HK9	6,159.38	
05/31/12	Interest	CASH RECEIPT OF INTEREST EARNED ON US TREAS NTS 0.875% 11/30/16 0.004375/\$1 PV ON 350,000 PAR VALUE DUE 5/31/2012	912828RU6	1,531.25	
05/31/12	Interest	CASH RECEIPT OF INTEREST EARNED ON US TREAS NTS 1.375% 11/30/15 0.006875/\$1 PV ON 250,000 PAR VALUE DUE 5/31/2012	912828PJ3	1,718.75	
05/31/12	Purchases	PURCHASED 9,409.38 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 05/31/12	431114503S	(9,409.38)	9,409.38
Net Activity				\$0.00	\$22,914.84
Ending Balance				\$0.00	\$10,407,123.27

Realized Gain/Loss Summary

Sale Date	Asset Name	CUSIP	Share	Cost	Proceeds	Gain / Loss Amount	
						Short	Long
05/14/12	BERKSHIRE HATH 3.200% 2/11/15	084670AV0	95,000.00	94,921.15	101,201.60	0.00	6,280.45

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Realized Gain/Loss Summary (continued)

Sale Date	Asset Name	CUSIP	Share	Cost	Proceeds	Gain / Loss Amount	
						Short	Long
05/23/12	TENN VY AUTH SER A 6.790% 5/23/12	880591DT6	215,000.00	234,715.95	215,000.00	0.00	(19,715.95)
TOTAL				\$329,637.10	\$316,201.60	\$0.00	(\$13,435.50)
SUMMARY							
Short Term Capital Gain / Loss				DISTRIBUTIONS	REALIZED	TOTAL	
Long Term Capital Gain / Loss				\$0.00	\$0.00	\$0.00	
				\$0.00	(\$13,435.50)	(\$13,435.50)	

Disclaimer

The amount your account netted on a sale minus the total amount the account paid at initial purchase is your account's realized gain (if positive) or loss (if negative). Cost basis as reported on your UB statement is either a) the lot-specific purchase price minus purchase commissions and fees or b) information provided by the client or their representative to Union Bank at or after the time we were appointed Custodian or Trustee of the assets. The monthly or quarterly statements of your account may not have correct calculations of gain/loss for a particular tax lot due to incomplete information. The cost basis information in those statements is preliminary and subject to change if you provide additional data during the year or for other reasons. Therefore, please refer to the Tax Statements that we provide after year-end to determine accurate gain/loss calculations and what we report to the IRS. Please consult your tax advisor for more information. Mutual Fund Capital Gain distributions are not included in this summary.

**Small Cities Organized Risk Effort
Warrant Listing
January 1 - March 31, 2012**

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
0100 - CASH IN BANK								
0100-010 Scott Valley Bank								
Payment	1/3/2012		Mt. Shasta		0120 ACCOUNTS RECEIVABLE	36,766.00		984,188.26
Payment	1/3/2012		Portola		0120 ACCOUNTS RECEIVABLE	8,154.00		984,188.26
Transfer	1/3/2012			Funds Transfer	0106-010 Trust - Liab_SVB		4,750.61	1,029,108.26
Transfer	1/3/2012			Funds Transfer	0106-020 Trust - WC - SVB		19,420.13	1,024,357.65
Check	1/17/2012	2230	York Insurance Services Group, Inc-CA	Inv # 500109592 WC Risk Control (Nov 2011)	0670 - Risk Management Services		1,947.14	1,004,937.52
Check	1/17/2012	2231	York Insurance Services Group, Inc-CA	Inv # 50000265 WC Admin (Dec 2011)	0710 - Claims Management		7,665.00	1,002,990.38
Check	1/17/2012	2232	York Insurance Services Group, Inc-CA	Inv # 500109575 Liab Claims Mgmt (Nov 2011)	0710 - Claims Management		7,545.39	995,325.38
Check	1/17/2012	2233	York Insurance Services Group, Inc-CA	Inv # 500109593 Liab Risk Control (Nov 2011)	0670 - Risk Management Services		5,392.50	987,779.99
Check	1/17/2012	2234	Granlibakken	Board Retreat 10/27/ - 10/28/11	0605 - B of D Activities		3,227.10	982,387.49
Check	1/17/2012	2235	TargetSafety.Com, Inc.	Inv # TSC8063 11/01/11 - 10/31/12	0676 - Safety Training		24,340.00	979,160.39
Check	1/17/2012	2236	Gibbons & Conley	Feb, Aug - Sep	-SPLIT-		1,589.71	954,820.39
Check	1/17/2012	2237	Yreka	Inv # 0026551 - For Lexipol	0676 - Safety Training		2,000.00	953,230.68
Check	1/17/2012	2238	Gilbert Associates, Inc.	29330 ENG Oct - Dec 2011	-SPLIT-		12,000.00	951,230.68
Check	1/17/2012	2239	Tulelake	Travel to Board Mtg - Megan Annand	0605 - B of D Activities		584.14	939,230.68
Check	1/17/2012	2240	Live Oak	CAJPA Reimbursement - S. Takhar	0605 - B of D Activities		1,000.00	938,646.54
Check	1/17/2012	2241	Loomis	Reimbursements	0605 - B of D Activities		1,000.00	937,646.54
Transfer	1/17/2012			Funds Transfer	0106-010 Trust - Liab_SVB		8,357.34	936,646.54
Transfer	1/17/2012			Funds Transfer	0106-020 Trust - WC - SVB		34,717.23	928,289.20
Payment	1/23/2012		Rio Dell		0120 ACCOUNTS RECEIVABLE	20,586.00		893,571.97
Transfer	1/25/2012			Funds Transfer	0106-010 Trust - Liab_SVB		17,334.71	914,157.97
Check	1/27/2012	2207	Gaia Hotel		0640 - Meeting Expense		855.10	896,823.26
Payment	1/30/2012	45359	Weed		0120 ACCOUNTS RECEIVABLE	34,470.00		895,968.16
Payment	1/30/2012	46033	Shasta Lake		0120 ACCOUNTS RECEIVABLE	40,551.00		930,438.16
Deposit	1/31/2012			Interest	SVB	169.64		970,989.16
Transfer	2/1/2012			Funds Transfer	0106-010 Trust - Liab_SVB		11,086.46	971,158.80
Transfer	2/1/2012			Funds Transfer	0106-020 Trust - WC - SVB		18,036.16	960,072.34
Payment	2/6/2012		Live Oak		0120 ACCOUNTS RECEIVABLE	19,615.00		942,036.18
Payment	2/21/2012	13617	Etna		0120 ACCOUNTS RECEIVABLE	3,234.00		961,651.18
Payment	2/21/2012	45418	Weed		0120 ACCOUNTS RECEIVABLE	29,179.00		964,885.18
Payment	2/21/2012	97937	Yreka		0120 ACCOUNTS RECEIVABLE	53,142.00		994,064.18
Check	2/22/2012	2208	Risk Management Services	Liability Claims Audit	0511 - Claims Audit		2,785.00	1,047,206.18
Check	2/22/2012	2209	York Insurance Services Group, Inc-CA	Liabi Risk Control 12/11 Inv # 500109684	0670 - Risk Management Services		3,165.28	1,044,421.18
Check	2/22/2012	2243	York Insurance Services Group, Inc-CA	Liab Claims Admin 12/11 Inv # 500109668	0830 -Claims Service - Vouchers		8,072.91	1,041,255.90
Check	2/22/2012	2244	York Insurance Services Group, Inc-CA	WC Risk Control 12/11 Inv # 500109683	0670 - Risk Management Services		1,264.64	1,033,182.99
Check	2/22/2012	2245	York Insurance Services Group, Inc-CA	WC Claims Admin 2/12 Inv # 500006054	0710 - Claims Management		7,665.00	1,031,918.35
Check	2/22/2012	2246	Maze & Associates	2011 Audit Inv # 1237	0506 - Audit		4,532.00	1,024,253.35
Check	2/22/2012	2247	Department of Industrial Relations	Inv # 564825 Certificate # 5020	0625 - Insurance		15,151.81	1,019,721.35
Payment	2/27/2012	17969	Dorris		0120 ACCOUNTS RECEIVABLE	3,768.00		1,004,569.54
Payment	2/27/2012	30405	Mt. Shasta		0120 ACCOUNTS RECEIVABLE	36,765.00		1,008,337.54
General Journal	2/27/2012		GAI	Depsoit - Cash Over/Short	Cash Over/Short		2.00	1,045,102.54
Deposit	2/29/2012			Interest	SVB	160.59		1,045,100.54
Payment	3/1/2012	42515	Dunsmuir		0120 ACCOUNTS RECEIVABLE	21,121.00		1,045,261.13
Payment	3/1/2012	45505	Weed		0120 ACCOUNTS RECEIVABLE	29,179.00		1,066,382.13
Transfer	3/1/2012			Funds Transfer	0106-010 Trust - Liab_SVB		5,531.01	1,095,561.13
Payment	3/2/2012	26082	Biggs		0120 ACCOUNTS RECEIVABLE	5,032.00		1,090,030.12
Payment	3/7/2012	48221	Colfax		0120 ACCOUNTS RECEIVABLE	4,960.00		1,095,062.12
Check	3/13/2012	2248	Nicholas L.Cali, Claims Consultant/Auditor	W/C Claims Audit	0511 - Claims Audit		4,000.00	1,100,022.12
Check	3/13/2012	2249	Union Bank of California, N.A.	Inv # 724700 (Jul - Dec)	0601 - Bank Charges		1,750.00	1,096,022.12
Check	3/13/2012	2250	Gilbert Associates, Inc.	29330 ENG Inv # 00150789	0505 - Accounting		3,000.00	1,094,272.12
Check	3/13/2012	2251	PARMA	Dues 1/1/12 - 12/31/12	0615 - Dues and Subscriptions		100.00	1,091,272.12
Transfer	3/19/2012			Funds Transfer	0106-010 Trust - Liab_SVB		10,875.06	1,091,172.12
Payment	3/20/2012	212	Rio Dell		0120 ACCOUNTS RECEIVABLE	10,293.00		1,080,297.06
Payment	3/20/2012	16574	Fort Jones		0120 ACCOUNTS RECEIVABLE	32,773.00		1,090,590.06
Payment	3/20/2012	33308	Portola		0120 ACCOUNTS RECEIVABLE	8,154.00		1,123,363.06
Payment	3/20/2012	83817	Susanville		0120 ACCOUNTS RECEIVABLE	52,941.00		1,131,517.06
Check	3/23/2012	2242	Gaia Hotel		0640 - Meeting Expense		869.30	1,184,588.06

**Small Cities Organized Risk Effort
Warrant Listing
January 1 - March 31, 2012**

<u>Type</u>	<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Memo</u>	<u>Split</u>	<u>Debit</u>	<u>Credit</u>	<u>Balance</u>
Payment	3/27/2012		Loyalton		0120 ACCOUNTS RECEIVABLE	220.00		1,183,808.76
Transfer	3/28/2012			Funds Transfer	0106-010 Trust - Liab_SVB		25,158.71	1,158,650.05
Payment	3/29/2012	83926	Susanville		0120 ACCOUNTS RECEIVABLE	52,941.00		1,211,591.05
Deposit	3/31/2012			Interest	SVB	188.59		1,211,779.64
Total 0100-010 Scott Valley Bank						<u>504,362.82</u>	<u>276,771.44</u>	<u>1,211,779.64</u>
Total 0100 - CASH IN BANK						<u>504,362.82</u>	<u>276,771.44</u>	<u>1,211,779.64</u>
TOTAL						<u>504,362.82</u>	<u>276,771.44</u>	<u>1,211,779.64</u>

Monthly Account Statement

Small Cities Organized Risk Effort

May 1, 2012 through May 31, 2012

Chandler Team

For questions about your account,
please call (800) 317-4747 or
Email operations@chandlerasset.com

Custodian

Union Bank N.A.
Carmen Coniendo
415-705-7207

Information contained herein is confidential. We urge you to compare this statement to the one you receive from your qualified custodian. Prices are provided by IDC, an independent pricing source.



PORTFOLIO CHARACTERISTICS

Average Duration	2.38
Average Coupon	2.38 %
Average Purchase YTM	1.91 %
Average Market YTM	0.58 %
Average S&P/Moody Rating	AA+/Aaa
Average Final Maturity	2.48 yrs
Average Life	2.47 yrs

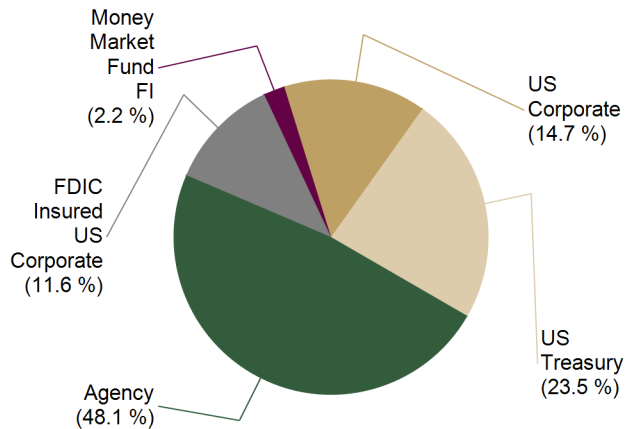
ACCOUNT SUMMARY

	Beg. Values as of 4/30/12	End Values as of 5/31/12
Market Value	10,542,652	10,571,573
Accrued Interest	76,879	60,662
Total Market Value	10,619,532	10,632,235
Income Earned	17,409	16,990
Cont/WD		-1,060
Par	10,178,254	10,220,811
Book Value	10,281,196	10,318,486
Cost Value	10,385,418	10,405,398

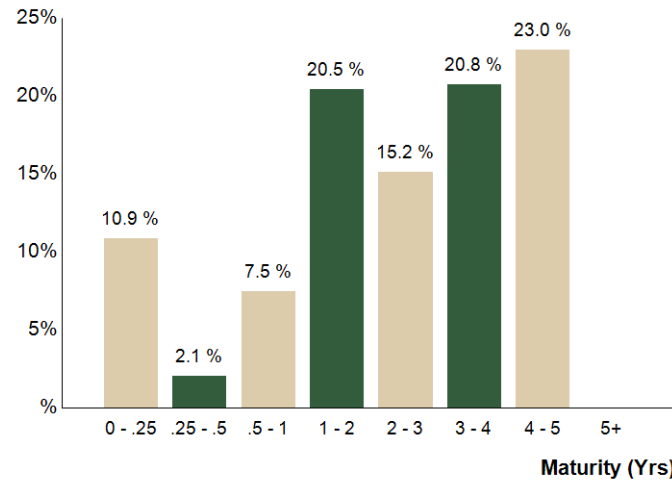
TOP ISSUERS

Issuer	% Portfolio
Government of United States	23.5 %
Federal National Mortgage Assoc	13.9 %
Federal Home Loan Mortgage Corp	13.0 %
Federal Home Loan Bank	10.2 %
Federal Farm Credit Bank	8.7 %
JP Morgan FDIC Insured	2.8 %
PNC Funding FDIC Insured	2.8 %
Wells Fargo Corp FDIC Insured	2.8 %
	77.6 %

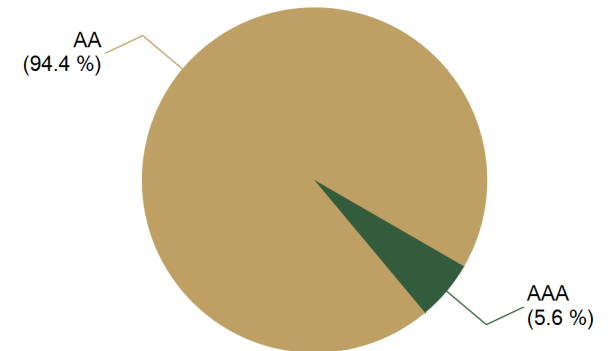
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 5/31/2012	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized			Since 3/31/2006	
					3 Yrs	5 Yrs	10 Yrs		
Small Cities Organized Risk Effort	0.13 %	0.40 %	0.80 %	2.37 %	3.04 %	4.81 %	N/A	4.84 %	33.82 %
1-5 yr Govt	0.17 %	0.45 %	0.52 %	2.27 %	2.71 %	4.50 %	N/A	4.54 %	31.48 %
1-5 Year Govt/A Rated or better Corporate	0.11 %	0.47 %	0.96 %	2.30 %	3.37 %	4.51 %	N/A	4.58 %	31.78 %



Small Cities Organized Risk Effort
Joint Powers Authority
May 31, 2012

COMPLIANCE WITH INVESTMENT POLICY

Assets managed by Chandler Asset Management are in full compliance with State law and with the Authority's investment policy.

Category	Standard	Comment
U.S. Treasury Issues	No limitations	Complies
Government Agencies	No limitations	Complies
Negotiable CDs	A-1/P-1 or F-1, or AA rated; 30% max.; 3 years maximum maturity; \$1MM per issuer	Complies
Banker's Acceptances	A1/P1 or F-1 rated; 30% maximum; \$1MM per issuer; <180 days	Complies
Commercial Paper	A-1/P1 or F-1 rated; 25% maximum; \$1MM per issuer; <270 days	Complies
Medium Term Notes	"AA-" or better rated; 30% maximum; \$1MM per issuer	Complies
Asset-Backed Securities	AAA/Aaa rated; 20% maximum; \$1MM per issuer	Complies
Money Market Funds	AAA/Aaa rated; 15% maximum	Complies
Repurchase Agreements	Not used by investment adviser	Complies
LAIF	Not used by investment adviser	Complies
Maximum maturity	5 years	Complies

ATTACHMENT A - COMPENSATION FOR SERVICES

COMPENSATION FOR SERVICES UNDER SECTION A

Effective July 1, 2012 to June 30, 2013, as annual compensation to the Program Administrator for the services rendered hereunder, the Program Administrator may collect the compensation set forth below.

POOLED LIABILITY PROGRAM

The Program Administrator shall be paid a fee of ~~\$8,008,408~~ per member of the Liability Program. With the 189 current members, the total annual fee will be \$110,120,112. The Program Administration will be adjusted at the per-member rate for any change in membership.

WORKERS' COMPENSATION PROGRAM

The Program Administrator shall be paid a fee of ~~\$5,494,523~~ per member, except those participating in the Mini-Cities Pool. The Program Administrator shall be paid \$1,500 per member. At the current participation of 7 members and 4011 in the Mini-Cities Pool, the total annual fee will be ~~\$51,624,54,958~~.

COMPENSATION FOR SERVICES UNDER SECTION

PROPERTY PROGRAM

The Program Administrator shall be paid commissions and/or fees for brokerage services provided under, and as defined in Section D.2., collected from the insurer for an amount to be disclosed, but in no event in excess of 15% of the premiums.

MOBILE EQUIPMENT PROGRAM

The Program Administrator shall be paid commissions and/or fees for brokerage services provided under, and as defined in Section D.2., collected from the insurer for an amount to be disclosed, but in no event in excess of 12.5% of the premiums.

SCORE FIDELITY POLICY

The Program Administrator shall be paid commissions and/or fees for brokerage services provided under, and as defined in Section D.2., collected from the insurer for an amount to be disclosed, but in no event in excess of 25%.

SCORE POLLUTION POLICY

The Program Administrator shall be paid commissions and/or fees for brokerage services provided under, and as defined in Section D.2., collected from the insurer for an amount to be disclosed but in no event in excess of 20%

Gilbert Associates, Inc.
Summary of SCORE Hours, Cost, and Fees
July 1, 2011 - May 23, 2012

	<u>Hours</u>	<u>Cost</u>
Joseph Steele	353.25	\$ 37,091.25
Kevin Wong	57.00	13,286.76
Tracey Smith-Reed	256.00	23,125.83
Administration & Expenses	0.25	300.55
		<hr/>
Totals	666.50	73,804.39
Less: Write-offs/Discounts		<u>(37,804.39)</u>
Total Billed through May 23, 2012		<u><u>\$ 36,000.00</u></u>

**SCORE Target Solutions Utilization
January 1 - May 31, 2012**

Member Organization	Total Active and Offline Users	Registered Users	Users Completing One or More Course	Courses Completed-Total	Users Completing One or More Custom Activit	Custom Activities Completed-Total
City of Biggs	12	6	0	0	0	0
City of Colfax	17	8	3	3	2	2
City of Dorris	16	5	3	6	0	0
City of Dunsmuir	36	12	4	23	0	0
City of Etna	47	25	0	0	0	0
City of Isleton	2	1	0	0	0	0
City of Live Oak	14	2	0	0	0	0
City of Loyalton	1	1	0	0	0	0
City of Montague	2	1	0	0	0	0
City of Portola	27	7	1	1	0	0
City of Rio Dell	3	1	0	0	0	0
City of Susanville	3	2	0	0	0	0
City of Weed	2	1	0	0	0	0
Fort Jones Volunteer Fire Department	21	14	11	95	0	0
Loomis Fire Protection District	13	13	2	17	0	0
SCORE - Small Cities Organized Risk Effort	4	4	0	0	0	0
Town of Fort Jones	2	1	0	0	0	0
Town of Loomis	3	2	0	0	0	0
Weed City Fire	1	1	0	0	0	0
	226	107	24	145	2	2

York Risk Services Group, Inc.
May-12

Client: SCORE - Small Cities Organized Risk Effort
Flat Rate: \$7,665.00

<u>Member</u>	<u># of Open Claims</u>	<u>Invoice Amount</u>
City of Biggs	0	\$0.00
City of Colfax	3	\$237.06
City of Crescent City	12	\$948.25
City of Dorris	0	\$0.00
City of Dunsmuir	2	\$158.04
City of Etna	1	\$79.02
City of Ione	1	\$79.02
City of Live Oak	0	\$0.00
City of Montague	2	\$158.04
City of Mt. Shasta	18	\$1,422.38
City of Portola	5	\$395.10
City of Rio Dell	0	\$0.00
City of Shasta Lake	4	\$316.08
City of Susanville	17	\$1,343.35
City of Weed	4	\$316.08
City of Williams	5	\$395.10
City of Yreka	23	\$1,817.48
Town of Fort Jones	0	\$0.00
Town of Loomis	0	\$0.00
Total	<u>97</u>	<u>\$7,665.00</u>
Flat Rate	<u>\$7,665.00</u>	
Total Invoice	<u>\$7,665.00</u>	

SCORE

SCORE Service Calendar

AS – Alliant Insurance Service Staff
 PA – Program Administrator
 CA – Claims Auditor
 FA – Financial Auditor
 York – York Insurance Services Group Staff

BD – Board of Directors
 RM – Risk Management
 FC – Finance Committee
 GA – Gilbert Associates
 JY-Johnny Yang, Alliant Insurance
 KC- Kim Carter, Alliant Insurance

JT- Jan Trevino, Alliant Insurance

Date	Activity	Responsible Party	Date Completed	Status/Notes
January 2012				
1/1/12	Obtain Electronic Loss Runs valued as of 12/31/11 from York for both WC & Liability	JY		
1/1/12	Send loss runs to Gilbert Associates for retro calculation	JY		
1/1/12	Send out PEPPIP Renewal information	KC		
1/1/12	Request agenda items from vendors	JY		Due Date Jan 13 th
1/4/12	Alliant Staff Jan Agenda Review	AS		CCALL Mike, Susan, Johnny, Joan
1/10/12	Collect Crime Program 7/1 Renewal Apps from Members and submit to ACIP	KC		
1/11/12	Alliant Staff Jan Agenda 2 nd Review	AS		
1/13/12	Request RSVP for Jan Mtg	JT		
1/15/12	Collect DE/6 Reports as of 12/31/11	KC		
1/15/12	Begin draft of next FY Budget	PA		
1/17/12	Alliant Staff Final Agenda Review	AS		CCALL Mike, Susan, Johnny, Joan
1/20/12	Post/Distribute Jan Agenda	AS		Via SCORE website
1/27/12	January Board Mtg – Gaia Anderson Hotel	BD		
(mtg)	ACI Quarterly Utilization Reports: Oct. 1, 2011 – Dec. 31, 2011	JY		
(mtg)	Quarterly Financials as of 12/31/11 - Draft	GA		
(mtg)	Equity Distribution Plan and Rate Stabilization	AS/PA		
(mtg)	Financial Audit as of 6/30/11	FA (Maze)		
(mtg)	Target Equity Presentation	AS/PA		
1/31/12	Forward all DE/6 to CJPRMA (Saima Kumar)	KC		
1/31/12	Submit loss runs to Actuary for studies in WC & Liability	JY		
1/31/12	File Audited Financial Statements w/ Secretary of State, Sacramento County and Members	GA/AS		

Date	Activity	Responsible Party	Date Completed	Status/Notes
February 2012				
2/1/12	Collect PEPPIP Renewal Apps from Members and Submit to AUS	KC		
2/6/12	Review To Do List from January Board Mtg	AS		
2/8/12	January Board Meeting Draft Minutes	AS		
2/14/12 – 2/17/12	PARMA Conference	PA		
2/15/12	Follow up with Gilbert Associates for retro calculation	JY		
2/15/12	Follow up on Liability & WC Claims Audits	JY		
March 2012				
3/2/12	Request updates for March Agenda	JY		
3/2/12	Submit Pollution Program Renewal Apps to Members (every 3 years) Expires 2012	KC		
	Workers' Compensation Claims Audit (from LAWCX)	SA		Request from Nick Cali – completed.
3/9/12	Request RSVP to members for March Mtg	JT		
3/15/12	Begin Work Draft Budget for next Fiscal Year (Review and incorporate LAWCX, ERMA, CJPRMA, & PEPPIP draft numbers into budget)	PA		
3/15/12	Vendor Contracts, Investment Policy & Internal Controls Guidelines, Conflict of Interest Code, WC/Liab Retros, Election of Officers (even years)	PA		
3/15/12	Collect drafts of WC & Liability Actuarial Studies for March Meeting	AS		
3/15/12	Collect Form 700s for Members	JT		
3/15/12	Review and Submit Crime Program Proposals to members	KC		
3/16/12	Send March Board Agenda to Members	JY		
3/16/12	Finalize # of attendees March Meeting	JT		
3/23/12	March Board Mtg – Gaia Anderson Hotel			
(mtg)	Find venue for October Strategic Planning & mgt	JT		
(mtg)	Present Liability & WC Claims Audits	AS		
(mtg)	Conflict of Interest Code (every even numbered year)	AS		

Date	Activity	Responsible Party	Date Completed	Status/Notes
March 2012				
(mtg)	CAJPA Accreditation on agenda	AS		N/A
(mtg)	Actual to Budget Comparison (CYE 12/31)	GA		March Agenda
3/26/12	Review To Do List from Board Mtg	AS		
3/31/12	Send List of Renewal Certificates to Members	KC		
April 2012				
4/1/12	Collect DE/6 Reports as of 03/31/11	KC		
4/1/12	Payment for Treasurer's Bond	KC		
4/6/12	Finalize and Email March Board draft meeting minutes	JY		
4/15/12	CJPRMA Certificate Renewal List	KC		
4/15/12	SCORE Certificate Renewal List Due	KC		
4/20/12	Submit CJPRMA Certificate Renewal List to CJPRMA	KC		
4/29/12	Update Draft Budget with changes from March Mtg	PA		
Date	Activity	Responsible Party	Date Completed	Status/Notes
May 2012				
5/13/12	Obtain PEPPIP Renewal Proposals	KC		
5/13/12	Obtain Quarterly Financials as of 03/31/12	AS/GA		
5/14/12	Alliant Staff First Agenda Review			CCALL Mike, Susan, Johnny, Joan
5/17/12	Obtain Final Actuarial Reports for WC & Liability for June Meeting	AS		
5/25/12	Finalize WC & Liability MOCs and Dec Pages for June Meeting	KC		
5/25/12	Request agenda items from Vendors	JY		
5/25/12	Send RSVP Requests to members	JT		

Date	Activity	Responsible Party	Date Completed	Status/Notes
June 2012				
6/1/12	Alliant Staff Agenda 2 nd Review	AS		CCALL Mike, Susan, Johnny, Joan
6/1/12	Follow up on October Meeting Contracts	JT		
6/13/12	Alliant Staff Agenda Final Review	AS		CCALL Mike, Susan, Johnny, Joan
6/15/12	Bind orders for PEPiP Program	KC		
6/15/12	Send June Board Agenda to Members	JY		
6/20/12	Certificates of Insurance	KC		
6/22/12	June Board Mtg – Gaia Anderson Hotel			
(mtg)	ACI Quarterly Utilization Reports: Jan. 1, 2012 – March 30, 2012	JY		
(mtg)	SCORE MOCs and Dec Pages – Signed	AS/Roger		
(mtg)	Fiscal year Budget, Vendor Contracts, MOCs, Program Renewals, Financial Audit, Actuarial Studies, Target Equity Policy, Service Calendar, Liability Claims Auditor Contract, Treasurer’s Authority, Retros, any amendments to Gov’t Docs, etc.	AS/PA		
(mtg)	Resolution for mtg dates	BD		
(mtg)	Adoption of the Budget	BD		
(mtg)	Quarterly Financials as of 03/31/12	AS/GA		
(mtg)	CAJPA Conference	BD		
(mtg)	Approval of WC & Liability MOC	BD		
(mtg)	Discuss and determine Oct Training Day topics	BD		
(mtg)	Investment Authority Approval (annually)	BD		
(mtg)	Approval of PEPiP Proposal	BD		
6/25/12	Review To Do List from Board Mtg	AS		
6/28/12	Binder for Crime Program	KC		
6/28/12	Invoice for Broker Fee, Treasurer’s Bond	KC		

Date	Activity	Responsible Party	Date Completed	Status/Notes
July 2012				
7/1/12	Send program invoices (ERMA, LAWCX, CJPRMA) to Gilbert Associates to pay	KC		
7/6/12	Finalize and Email June Board draft mtg minutes	JY		
7/15/12	Follow up w/ Board President regarding items that need signatures such as contracts	JY		
7/15/12	Finalize DE/6 Collection for 06/30/12	KC		
7/15/12	Follow up regarding Member deposit premium payments (coordinate with Gilbert Associates)	KC		
7/15/12	Follow up w/ ACIP members regarding premium payments	KC		
7/15/12	Follow up on payments for ERMA, LAWCX, PEPPI, CJPRMA, etc.	KC		
7/20/12	Copy and Mail all signature items to members	KC		
7/29/12	Complete and Submit LAWCX Compliance Report	AS/PA		
August 2012				
8/1/12	Submit LAWCX renewal apps to members in Workers' Compensation	KC		
8/4/12	Request agenda items from vendors for August Board Mtg	JY		
8/12/12	Send RSVP Requests to members	JT		
8/13/12	LAWCX Actual Payroll Audit by Class Code	KC		
8/13/12	Submit Fiscal Year Financial Information to Auditor	GA		
8/13/12	Begin Public Self/Insurers Report with State	AS/York		
8/18/12	Begin Strategic Planning Agenda	JY		
(mtg)	ACI Quarterly Utilization Reports: April 1, 2012 – June 30, 2012	JY		
(mtg)	Quarterly Financials as of June 30, 2012	GA		
(mtg)	CAJPA Conference	AS		
(mtg)	October Training Day and Board Mtg location	AS		

Date	Activity	Responsible Party	Date Completed	Status/Notes
September 2012				
9/2/12	Review To Do List from August Board Mtg	AS		
9/5/12	Finalize and Email August Board draft mtg minutes	JY		
9/14/12	Begin Agenda for October	JY		
9/14/12	Send RSVP Requests to Members	JT		
9/14/12	File Public Self/Insurers Annual Report with State	KC		
9/14/12	Request Agenda items from vendors for October Board mtg	JY		
9/18/12 – 9/21/12	CAJPA Conference	PA/BD		
October 2012				
10/1/12	Request DE/6 Payroll	KC		
	File Controllers Report with State	GA		
(mtg)	ACI Quarterly Utilization Reports: July 1, 2012 – September 30, 2012	JY		
(mtg)	PARMA Conference (Agenda Item)	AS		
(mtg)	Quarterly Financials as of 9/30/12			
10/28/12	Forward all DE/6 to CJPRMA (Saima Kumar)	KC		
10/29/12	Review To Do List from October Board Mtg	AS		

Date	Activity	Responsible Party	Date Completed	Status/Notes
November 2012				
11/1/12	Follow up with LAWCX regarding WC Claims Audit (Paid for by LAWCX)	AS		
11/2/12	Finalize and Email October Board draft mtg minutes	JY		
11/16/12	Send out Renewal items for Property and Crime	KC		
December 2012				
12/1/12	Send PEPPI Policy and Post on SCORE website	AS		
12/21/12	Request agenda items from Vendors for Jan Board mtg	JY		



COMMITTEE REPORTS

INFORMATION ITEM

ISSUE: Committee Reports are provided to the Board of Directors for their information.

RECOMMENDATION: None. This item is presented as information.

FISCAL IMPACT: None

BACKGROUND: Committee Reports are provided to the Board of Directors for their information on other committees and excess providers meetings.

ATTACHMENTS:

1. ERMA Board of Directors Meeting Minutes – April 23, 2012
2. LAWCX Executive Committee Meeting Minutes – May 3, 2012
3. CJPRMA Board of Directors Meeting Minutes – March 15, 2012

EMPLOYMENT RISK MANAGEMENT AUTHORITY (ERMA)

MINUTES OF THE BOARD OF DIRECTORS MEETING OF APRIL 23, 2012

A regular meeting of the Board of Directors of ERMA was held on April 23, 2012, at Bickmore Risk Services in Sacramento, CA.

BOARD MEMBERS PRESENT: Jake O'Malley, President, MPA
Scott Ellerbrock, Vice President, PERMA
Craig Downs, Treasurer, VCJPA
Debbie Stutsman, BCJPIA
Dave Elias, CSJVRMA
Judy Hayes, Housing Authority of Contra Costa Co.
Florice Lewis, Oakland Housing Authority
John Gillison, PARSAC

BOARD MEMBERS ABSENT: René Mendez, MBASIA

ALTERNATE MEMBERS PRESENT: Joe Kriskovich, MPA
Artesia Dupree, Oakland Housing Authority
Joanne Rennie, PARSAC
Stephanie Beauchaine, SCORE
Min-Lee Cheng, VCJPA

ALTERNATE MEMBERS ABSENT: Dan Weakley, BCJPIA
Greg Greeson, CSJVRMA
Joseph Villarreal, Housing Authority of Contra Costa Co.
Daniel Dawson, MBASIA

OTHERS PRESENT: Karen Thesing, Executive Director
Chrissy Mack, Board Secretary
Ruth Graf-Urasaki, Litigation Manager
Rebecca Lane, Assistant Litigation Manager
Nancy Broadhurst, Accounting Manager
Charlotte Hemker-Smith, Legal Counsel
Katrina Salumbides, Administrative Assistant
Jeanette Workman, CSJVRMA
Susan Adams, SCORE
Brian Kelley, VCJPA
Seth Cole, Alliant Insurance Services
Mike Simmons, Alliant Insurance Services
Rick Bolanos, Liebert Cassidy Whitmore
Derek Burkhalter, Bickmore Risk Services

1. CALL TO ORDER

The April 23, 2012, Board of Directors' meeting was called to order at 10:33 a.m. by President Jake O'Malley.

2. INTRODUCTIONS

A majority of the members were present constituting a quorum.

3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

John Gillison moved to approve the agenda as posted. Seconded by Dave Elias. Motion passed unanimously.

4. PUBLIC COMMENTS

None.

5. CONSENT CALENDAR

John Gillison moved to approve/accept the following items: A) Minutes of February 10, 2012, Board of Directors' Meeting and Summary of Action Items; B) Internal Financial Statements as of March 31, 2012; C) Treasurer's Report Dated March 31, 2012; D) General Warrants from January 18, 2012, through March 31, 2012; E) Claims Payments from January 18, 2012, through March 31, 2012; F) Petty Cash Statement from January 18, 2012, through March 31, 2012; G) Notice of Withdrawal from City of Los Banos (CSJVRMA) Effective July 1, 2012; H) Notice from PARSAC Regarding Rancho Cucamonga Increasing Retained Limit from \$100,000 to \$250,000 Effective July 1, 2012; I) Memorandum of Understanding Between ERMA and Liebert Cassidy Whitmore for Services Effective July 1, 2012, through June 30, 2015; and J) Amendment to Liability Claims Adjusting & Administration Service Contract (Liability Claims Data Risk Management Services) Between George Hills Company and ERMA Effective July 1, 2012. Seconded by Judy Hayes. Motion passed unanimously.

6. ADMINISTRATIVE MATTERS

A. Proposed Insurance Brokerage and Consulting Agreement between ERMA and Alliant Insurance Services, Inc.

Ms. Karen Thesing, Executive Director, informed the Board that staff and ERMA's Board Legal Counsel, Charlotte Hemker-Smith, have been negotiating a three-year renewal agreement with Alliant Insurance Services (Alliant) as directed by the Board at the February meeting. Ms. Thesing reviewed the proposed changes between the expiring agreement and the proposed agreement:

- Under the Scope of Services section, the prior amendment to the contract regarding the obligation of Alliant to request loss runs from ERMA each quarter and providing this information to the excess carrier has been incorporated.
- The Compensation section has been amended to a straight 10% commission when ERMA purchases excess insurance. Ms. Thesing noted in years past, the agreement called for a minimum fee of \$15,000 and a maximum fee of \$25,000, depending on whether insurance was purchased, in addition to a fee of \$1.80 per FTE when excess insurance was purchased. Ms. Thesing further noted a 10 percent commission is an insurance industry standard.
- In the Obligations of Client section, the words "when known" have been added to the provision regarding the duty of ERMA to report to the broker any significant changes in exposures, loss data, and/or other material changes. Ms. Thesing noted this was added to help protect ERMA and the members.
- Under Ethics and Conflict of Interest Statement, the term "will" has been changed to "shall."
- In the Dispute Resolution Section, the current contract states unresolved disputes may be submitted to binding arbitration. Ms. Thesing informed the Board that Ms. Hemker-Smith had suggested amending the Agreement to state binding arbitration is required for unresolved disputes. However, Alliant has stated that their errors & omissions coverage will not allow them to commit to binding arbitration. At the meeting, Ms. Hemker-Smith noted as Alliant's E&O coverage will not allow it, she recommends her suggested replacement language be disregarded, and the current paragraph stating unresolved disputes may be submitted to binding arbitration should remain as written in the current agreement.
- Per prior direction from the Board, the contract term will be three years. If the Board were to no longer purchase insurance, ERMA can cancel the Agreement.
- In addition, some minor grammatical/typographical errors are being corrected.

Dave Elias moved to approve the agreement between ERMA and Alliant for a three-year period with the changes as noted. Seconded by Debbie Stutsman. Motion passed unanimously.

B. Proposed Agreement with Farley Consulting Services, LLC for Claims Audit Services

Prior to the meeting, the Board received a proposed agreement between ERMA and Farley Consulting Services (FCS) for claims audit services for the period of July 1, 2012, through June 30, 2017. Ms. Thesing noted Farley Consulting Services has been performing claims audits for ERMA biennially, with the next claims audit due to be conducted in the 2012/13 program year. Staff has negotiated a renewal agreement between ERMA and FCS for a fee of \$5,900 each audit, which is the same fee as expiring.

It was questioned how many claims audits FCS has conducted for ERMA. Staff responded that FCS has been auditing ERMA's claims biennially for at least the last 11 years. It was questioned whether ERMA should send out a Request for Proposal (RFP) for these services, not due to dissatisfaction with service or fee, but rather for due diligence. After a brief discussion, it was suggested ERMA enter into an agreement as proposed with FCS and conduct a RFP process at the end of the agreement term.

Ms. Hemker-Smith noted the proposed agreement does not contain a dispute resolution section and questioned whether FCS would be amenable to requiring binding arbitration. Ms. Thesing stated she would contact Tim Farley of FCS regarding adding this clause. Ms. Hemker-Smith noted some type of dispute resolution language should be included. It was noted the Board could approve the proposed agreement, subject to the inclusion of a dispute resolution section.

Craig Downs moved to approve the proposed agreement with Farley Consulting Services, subject to the inclusion of a dispute resolution provision and the caveat that ERMA conduct a request for proposal process at contract expiration. Seconded by Debbie Stutsman. Motion passed unanimously.

7. FINANCIAL MATTERS

A. 2012 Actuarial Study and Rates for the 2012/13 Program Year

The Board received the 2012 actuarial study prior to the meeting. Mr. Derek Burkhalter, Actuary, Bickmore Risk Services, was present at the meeting to review the study and the proposed rates for the 2012/13 program year. Mr. Burkhalter informed the Board that there has been a decrease of \$3.4 million in the expected incurred losses from last year's study. He noted the claims development in the most recent four years has been significantly less than anticipated. Mr. Burkhalter further noted the estimated outstanding claims liabilities have decreased by \$3.3 million from the prior year. As a result, ERMA's projected surplus has increased by \$7.4 million from the prior year's study, for a total projected surplus at June 30, 2012, of \$16.7 million at the expected confidence level.

Mr. Burkhalter next reviewed the recommended funding rates for 2012/13 as compared to the funding rates for 2011/12 at the various confidence levels. He noted the study reflects a decrease in rates of approximately 15 percent.

President O'Malley acknowledged everyone's involvement with ERMA's positive outcome over the past two years, including staff, defense counsel, and the ERMA members.

Craig Downs moved to receive and file the 2012 Actuarial Study and Rates for the 2012/13 Program Year. Seconded by John Gillison. Motion passed unanimously.

B. Review and Approval of Administrative and Operating Budget for 2012/13

Prior to the meeting, the Board received two proposed budgets for the 2012/13 program year, with one funding at the 80% confidence level and the other funding at the 75% confidence level, and both utilizing a 2% discount rate as opposed to the prior year's discount rate of 3%. President O'Malley noted ERMA currently budgets at the 75% confidence level.

Ms. Nancy Broadhurst, Accounting Manager, informed the Board staff is recommending ERMA take advantage of the decrease in funding rates and budget at the 80% confidence level for 2012/13. She noted at the 80% confidence level, the overall funding decreases 12.03% from the current program year. If the Board decides to continue budgeting at the 75% confidence level, the members would realize an overall decrease of 17.57% over the current program year.

Ms. Broadhurst reviewed the budget in detail with the Board and noted the following:

- The budget utilizes actual payroll as of December 31, 2011, and includes funding for losses to \$1 million in excess of each member's self-insured retention;
- ERMA purchases excess coverage, which is optional for the members, of \$1 million excess of \$1 million; the proposed budget includes a conservative 5% increase over the current year's rates. Ms. Broadhurst noted the rate will be adjusted in June once a firm rate is known.
- Members' total payroll has decreased by approximately 5%
- There is less than a 1% decrease in the Administration portion of the budget; Ms. Broadhurst reviewed the line item changes in this section.

Staff was asked to address the increase in the legal services line item of the budget. Ms. Thesing stated it is anticipated the fee for legal services will increase due to an anticipated change in legal counsel mid-year. Ms. Hemker-Smith explained that she is retiring at the end of December 2012. Ms. Hemker-Smith noted she has served as ERMA's Coverage and Board Counsel since inception of ERMA, and her fee has never changed. It was suggested the line item of the budget remain the same as currently budgeted and another line item be created for "other legal services" to include additional funds, if necessary, in the legal area.

Ms. Broadhurst briefly reviewed the individual member's budget calculations, per ERMA's estimate. She noted these are used for the annual target equity ratio calculations; the risk assessments as well as retrospective adjustments are based on the target equity ratio calculations.

The Board discussed whether to budget at the 75% or 80% confidence level for 2012/13. It was the consensus that since the rates have decreased, ERMA should take advantage of the opportunity to increase the confidence level.

John Gillison moved to approve the budget for the 2012/13 program year at the 80% confidence level. Seconded by Scott Ellerbrock. Motion passed unanimously.

C. Review of Annual Retrospective Adjustment Calculation

Prior to the meeting, the Board received the retrospective adjustment calculation for review. Ms. Broadhurst informed the Board ERMA has been in operation for 13 years and currently ten program years remain open. Ms. Broadhurst informed the Board that as of March 31, 2012, ERMA has a funding surplus in excess of \$16.6 million at the expected confidence level. In addition, the financial statements reflect a current year surplus of \$6.76 million. Ms. Broadhurst noted that last year ERMA had a funding surplus of approximately \$9 million at the expected confidence level, so ERMA's financial position has continued to improve.

Ms. Broadhurst informed the Board that while ERMA is currently funded well above the 90% confidence level, the retrospective adjustment process calls for adjusting program years that are a full five years old. Therefore, the program years currently eligible for adjustment are 2002/03 through 2006/07, and the total equity for those program years at the 80% confidence level is a negative \$92,891. She noted the most recent five program years, which are ineligible for adjustment, hold ERMA's surplus. Therefore, staff is recommending no action be taken this year regarding the retrospective adjustment. Ms. Broadhurst stated if ERMA's equity position produces similar results next year, she anticipates a net positive adjustment of approximately \$2.7 million, as the 2007/08 program year will be included in the retrospective adjustment. At that time, options will be explored with the Board, such as releasing dividends or forming a mid-layer pool.

8. COVERAGE MATTERS

A. Proposed Amendments to Memorandum of Coverage for the 2012/13 Program Year

Prior to the meeting, the Board received the proposed Memorandum of Coverage for the 2012/13 program year with changes shown in underline/strikeout text. It was noted ERMA's Coverage Committee met with staff and Legal Counsel prior to the Board meeting to review the proposed amendments.

Ms. Ruth Graf-Urasaki, Litigation Manager, reviewed the proposed amendments with the Board as follows:

- Amend the definition of claim to specifically exclude disputes related to employment contracts or disputes regarding the enforceability of such contracts. Ms. Graf-Urasaki explained that ERMA has always excluded contractual disputes from its coverage. If a member enters into a contract with a third party and the third party sues under the contract, the lawsuit would not be a covered ERMA claim, and this will remain true. However, this change is in response to a claim wherein a city entered into a contract with an independent contractor. The independent contractor later claimed he was an employee and his contract was not enforceable. The exclusion is intended to clarify that disputes regarding contracts for services of an employee or independent contractor, including a claim by a party to the contract that they are actually an employee, are excluded from coverage.
- Amend the definition of an employee to state the exclusion of independent contractors or subcontractors from the definition of employee does not apply to sexual harassment claims per the California Fair Employment and Housing Act (FEHA). Ms. Graf-Urasaki explained FEHA only applies to employees and applicants claiming discrimination/harassment, but there is one exception. This exception allows independent contractors to sue for sexual harassment only. Therefore, it is being recommended ERMA follow FEHA and cover claims when an independent contractor sues an ERMA member for sexual harassment.
- Amend the “Conditions” section to establish guidelines for untimely claims submitted to ERMA and establish a penalty if an untimely claim is accepted by the Board. Ms. Graf-Urasaki noted the guidelines were first presented at the February 2012 Annual Workshop for the Board’s review. Based on the Board’s discussion, staff is recommending that any claim reported after 30 days, except one which the Litigation Manager has discretion to accept, will be denied as untimely. A member can appeal the denial to the Board, and the Board will consider various factors when making a determination regarding the appeal:
 - 1) Late reporting is strongly disfavored and claims reported more than 90 days late will not be accepted absent extraordinary circumstances as determined by the Board;
 - 2) an appeal based on the member’s lack of familiarity with the definition of a claim or the requirements for reporting a claim will also be strongly disfavored, as it is the member’s responsibility to understand the definition of a claim and follow reporting requirements;
 - 3) an appeal based on the person responsible for reporting claims being absent during the time the claim should have been reported will be required to be verified and the employee absent during the entire time the claim was not reported; and
 - 4) if the Board determines the late reporting of a claim would result in any financial or other prejudice to ERMA, the claim will be denied.

In addition, language has been included stating each appeal will be considered on its own merits, and the Board's decision on an appeal will not establish any precedent for future appeals. For any claims accepted by the Board, the member's retained limit will be increased by at least 25%, with the actual amount of the increase determined at the sole discretion of the Board.

President O'Malley stated the Coverage Committee is recommending approval of the amendments to the Board.

It was noted that once the Board adopts the Memorandum of Coverage for the 2012/13 program year, two letters will be sent to the members with one reinforcing the claim reporting requirements and the other noting the changes to the Memorandum. Ms. Thesing informed the Board staff is also working on a webinar for the members explaining the various facets of ERMA with an emphasis on timely claim reporting.

It was questioned whether the Board should establish a maximum percentage a member's retained limit can increase under the penalty provision. It was noted that retained limits vary greatly across the membership, and the Board should be left with the discretion to determine the appropriate penalty based on the facts at the time.

It was questioned whether the definition of employee, excluding independent contractors, would take into account recreation personnel, which most cities deem as independent contractors; however, the IRS has taken the stance that they are employees. It was noted there has been a finding by the courts that the IRS was incorrect in classifying them as employees.

Debbie Stutsman moved to approve the Memorandum of Coverage for the 2012/13 program year with the amendments as proposed. Seconded by Judy Hayes. Motion passed unanimously.

B. Excess Coverage Marketing Update for the 2012/13 Program Year

Ms. Thesing noted that at the February Annual Workshop, the Board directed Alliant to market excess coverage with limits the same as expiring (\$1 million each member, each claim; \$2 million aggregate per member; and a \$10 million policy aggregate). Prior to the meeting, the Board received a written marketing update from Alliant. Mr. Seth Cole, Alliant, was present at the meeting and informed the Board ERMA's current insurance carrier, RSUI, has expressed interest in renewing ERMA's coverage at favorable terms and pricing. Mr. Cole noted ERMA's program seems to be going against the industry trend; employment practices liability claims are on the rise and commercial insurance rates are rising as a result. Mr. Cole noted if any members are interested in receiving individual quotes for higher limits of coverage, they may contact him.

Ms. Thesing noted the draft budget for 2012/13 reflects a 5% increase for excess insurance as a conservative measure.

9. TRAINING/LOSS PREVENTION MATTERS

A. Review of Training Program for 2012/13

Ms. Thesing stated that at the February Annual Workshop, the Board directed staff to continue with the same training program for 2012/13, with 37 workshops conducted on a regional and individual basis. Ms. Graf-Urasaki reviewed the upcoming program with the Board and noted of the 37 that will be held in 2012/13, 20 will be conducted by BRS under the pool administration contract, 11 trainings, will be separately paid by ERMA and conducted by BRS or other approved vendors, and a total of 6 trainings will be conducted by Jackson Lewis and Liebert Cassidy Whitmore on topical issues. Ms. Graf-Urasaki informed the Board that workshop topics in 2012/13 will include: AB 1825 Prevention of Harassment, Discrimination, and Retaliation; Terminating the Employment Relationship; Discipline Process for Disabled Employees; and Front Line Defense (general supervisory issues). Ms. Graf-Urasaki noted that with the 37 trainings, a few will be held open to meet individual needs that may develop during the program year.

Ms. Graf-Urasaki informed the Board staff is currently working on scheduling the 2012/13 workshops in order to provide a timely schedule to the members. The information will again be placed on the ERMA website, along with the interactive map of workshop locations.

Ms. Thesing noted that included with the agenda was a “frequently asked questions” document for the training program, prepared by staff, which will be sent to the members and placed on the ERMA website.

Ms. Thesing further noted there has been some difficulty experienced with host cities cancelling workshops last minute, which impacts staff and the other members. Ms. Thesing requested the Board encourage their members to hold firm to their commitments for hosting workshops.

The Board adjourned for lunch at 11:48 a.m. and reconvened at 12:20 p.m.

10. CLAIMS MATTERS

A. Closed Session Pursuant to Government Code Section 54956.95(a) to Discuss Claims

Pursuant to Government Code Section 54956.95(a), the Board recessed to closed session at 12:21 p.m. to discuss the following claim for the payment of employment practices liability incurred by the joint powers authority:

- Shiva/Yesford v. McFarland

The Board returned to open session at 12:30 p.m. It was reported that settlement authority was granted to the Litigation Manager.

11. CLOSING COMMENTS

A. Board

None.

B. Staff

None.

12. ADJOURNMENT

The April 23, 2012, ERMA Board of Directors' meeting adjourned at 12:32 p.m. by general consent.



Chrissy Mack, Board Secretary

LOCAL AGENCY WORKERS' COMPENSATION EXCESS
JOINT POWERS AUTHORITY
1750 CREEKSIDE OAKS DRIVE, SUITE 200
SACRAMENTO, CA 95833

MINUTES OF THE EXECUTIVE COMMITTEE MEETING
MAY 3, 2012

A meeting of the Local Agency Workers' Compensation Excess JPA (LAWCX) Executive Committee was held at Bickmore Risk Services in Sacramento, CA.

COMMITTEE MEMBERS PRESENT: Joanne Rennie, President, PARSAC
Scott Ellerbrock, Vice President, PERMA
Stuart Schillinger, Past President/Treasurer, BCJPIA
Jace Schwarm, City of Encinitas
Rosa Kindred-Winzer, City of Merced
Darrell Handy, City of Vallejo

COMMITTEE MEMBERS ABSENT: None

OTHERS PRESENT: Karen Thesing, Manager-Secretary
Tammy Vitali, Claims Manager
Deborah Diller, Accounting Manager
Chrissy Mack, Recording Secretary
Jose Mederos, Administrative Assistant
Richard Shanahan, Legal Counsel, Bartkiewicz,
Kronick & Shanahan
Brian Kelley, FASIS & VCJPA Administrator, BRS
Jeanette Workman, CSJVRMA Administrator, BRS
Rob Kramer, BCJPIA Administrator, BRS
Judi Bals, BRS (arrived during item 7.B. and left after item
9.C.)
Janet Hamilton, City of Lodi
Seth Cole, Alliant Insurance Services, Inc.

1. CALL TO ORDER

The meeting was called to order at 10:00 a.m. by President Joanne Rennie.

2. INTRODUCTIONS

Introductions took place, and it was determined a quorum was present.

3. PUBLIC COMMENTS

None.

4. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

Jace Schwarm moved to approve the agenda as posted. Seconded by Darrell Handy. Motion passed unanimously.

5. PRESIDENT'S/GENERAL MANAGER'S MESSAGE

Ms. Karen Thesing, Manager, informed the Committee that there were two items not included on the agenda that may have been expected. The first item, the risk control contract, was not included as the terms were agreed to at the February 2012 Executive Committee meeting. Therefore, the contract will be presented for Board approval at the June 2012 meeting. The second item, annual review of the General Manager, was removed per discussion with President Rennie. It was determined this item was not needed last year, so it was agreed it should be removed from this year's agenda.

6. CONSENT CALENDAR

Scott Ellerbrock moved to approve/accept the following items: A) Summary of Action Items and Amended Minutes from the February 28, 2012, Executive Committee Meeting; and B) eBrief, March 2012. Seconded by Jace Schwarm. Motion passed unanimously.

7. WORKERS' COMPENSATION MATTERS

A. Update on Claims Audits for 2011/12 Program Year

The Executive Committee was reminded that on July 1, 2011, LAWCX entered into a contract with a new claims auditor, Farley Consulting Services (FCS), for a two-year period; and at the February 2012 meeting, the Committee received an update on the claims audits.

Ms. Tammy Vitali, Claims Manager, was present at the current meeting and provided another update on the audits. Ms. Vitali again reminded the Committee that FCS partnered with Axon Services to conduct the audits, and some members have expressed dissatisfaction with the audits conducted by Axon Services. Ms. Vitali informed the Committee that since the February meeting, four more audits have been conducted by

Axon Services, with three reports received. Ms. Vitali stated that after feedback received from the members regarding concerns with reserve recommendations and inconsistencies in the audits, such as a recommendation for a significant change in reserves but an overall rating over 90% for a third party administrator (TPA), Mr. Farley has indicated Axon Services will no longer conduct any of the LAWCX audits. It was questioned why FCS partnered with Axon Services to conduct the claims audits. Ms. Vitali responded that FCS needed staffing assistance; FCS is located in Southern California and Axon is located in Northern California. Concern was expressed regarding Mr. Farley's ability to conduct all of the audits without assistance. Ms. Vitali responded Mr. Farley will conduct the claims audits through both in-person and on-line methods, and staff is confident it will be a manageable.

B. Reserving Practices and Standards

Ms. Thesing stated that at the February Executive Committee meeting, the Committee reviewed a request from a member for LAWCX to establish claims reserving standards. This request stemmed from concern with the recommendations from the Axon Services claims auditor for a substantial increase in reserves; a majority of the recommendations were made on claims that remain open to monitor future medical care. Ms. Thesing stated that at the February meeting, the Committee determined this matter should be further discussed and brought back before the Committee for a determination whether this matter needed to be reviewed by the Board.

Ms. Thesing stated following the February meeting, LAWCX staff reviewed LAWCX's current performance standards and consulted with Bickmore Risk Services' (BRS) Workers' Compensation Department and a Claims Consultant Services Manager. Based on the information reviewed and discussed, staff is recommending LAWCX continue the current reserving practices, which is to follow Code of Regulations Section 15300.

Ms. Vitali explained that in 2007, LAWCX adopted performance standards to assist members in providing direction to their TPAs. Ms. Vitali noted that within the standards is language from Section 15300 of the Code of Regulations. This language states in part, ". . . Reserves for future medical treatment will be reviewed every six (6) months and adjusted for use over a three (3) year average and the injured employee's life expectancy based on the current version of the U.S. Life Table." Ms. Vitali noted this follows the State's reserve requirements. Ms. Vitali stated that in reviewing this matter with the representatives from BRS, it was agreed the language contained within the performance standards is appropriate and LAWCX should not set alternative reserving standards that deviate from Code of Regulations Section 15300. Ms. Vitali noted that if LAWCX were to dictate different standards than those required by the State, LAWCX could be placing the TPAs' licenses in jeopardy, as California TPAs have an obligation to adhere to these principles. In addition, regarding the claim that created the reserve concern, it was determined that the facts of the claim at the time of the audit were the basis for the recommended reserve adjustment.

It was questioned whether there are differences between the Office of Self Insurance Plans' (OSIP) reserve requirements and the requirements contained in LAWCX's standards. Ms. Vitali responded that OSIP and Code of Regulations Section 15300 are the same; therefore, there is no difference, except LAWCX's standards state reserves will be reviewed on a case-by-case basis. Ms. Vitali noted LAWCX is also in line with CSAC-EIA's reserve requirements.

Ms. Vitali noted that when a new claims examiner is hired by a member's TPA, she provides the examiner with the standards.

Scott Ellerbrock moved to confirm LAWCX's current practice of following Code of Regulations Section 15300 as the basis for reserving workers' compensation claims. Seconded by Jace Schwarm. Motion passed unanimously.

C. Discussion Regarding Proactive Claims Settlement and Reducing Exposures

Prior to the meeting, the Committee received a document regarding proactive claims settlement and reducing exposure. Ms. Vitali noted that in 2007, a training session was presented on this topic, and the document has now been updated to assist members. Ms. Vitali stated training will again be provided at the upcoming Board meeting in June. Ms. Thesing noted this item was being presented based on feedback received from the members regarding a request for more education.

D. Draft Proposed Memorandum of Coverage for 2012/13 Program Year

The draft proposed Memorandum of Coverage (MOC) for the 2012/13 program year was provided to the Committee prior to the meeting. It was noted staff and Legal Counsel have reviewed the document. Ms. Vitali reviewed the proposed changes with the Committee as follows:

- Add a reference to the Agreement and Bylaws in the MOC introduction as well as add clarifying language;
- Add language to clarify LAWCX includes coverage for 4850 benefits and payments must be made by the member or their TPA in two separate entries;
- Add language to the definition of "occurrence" based on language contained in Labor Code Section 5412 to mirror a change made by CSAC-EIA, the entity through which LAWCX obtains excess coverage;
- Add definitions for Agreement, Bylaws, and Labor Code 4850;
- Add language to define "occupational disease;"

- Amend the definition of “workers’ compensation act;”
- Additional minor changes throughout the document to clean up language and clarify sections; and
- Change the dates of coverage to reflect the new program year.

It was noted that members are required to report claims in accordance with LAWCX’s requirements; however, there is no consequence to a member if a claim is not reported. It was questioned whether this is due to the fact that workers’ compensation claims cannot be denied. Mr. Dick Shanahan, Legal Counsel, responded if a member fails to report a claim, there is no specific consequence; however, there are provisions within LAWCX’s governing documents that would allow the Board to terminate a member if there is a problem. Ms. Vitali noted that in the past ten years, the Board has only had to address one instance regarding a member not reporting claims.

Jace Schwarm moved to recommend to the Board approval of the proposed Memorandum of Coverage for the 2012/13 program year. Seconded by Scott Ellerbrock. Motion passed unanimously.

8. FINANCIAL MATTERS

A. Discussion Regarding an Actuarial Study Peer Review

Mr. Shanahan noted that as this agenda item could result in fees paid to BRS, the BRS personnel were representing BRS and not LAWCX under this agenda item.

Ms. Thesing stated that one of the financial goals identified at the November 2011 Strategic Planning Session was to “analyze confidence level to determine actual losses vs. estimated losses (trend analysis) to determine if confidence level is correct.” In discussing this matter at the February Executive Committee meeting, the Committee directed staff to present cost information to have a peer review study conducted, noting BRS conducts the actuarial study.

Ms. Thesing stated following the February meeting, staff contacted BRS’ actuarial department to obtain cost information for a peer review study, and they quoted a fee of \$2,500. Ms. Thesing further stated that LAWCX’s Vice President, Scott Ellerbrock, contacted Mujtaba Dato with Aon Global Risk Consulting for a quote, and Mr. Dato also quoted \$2,500, based on a review of the data as opposed to compiling the data from scratch. Ms. Thesing noted Mr. Ellerbrock also discussed with Mr. Dato having a capacity study conducted, which was also discussed at the February meeting. Mr. Dato quoted a fee of \$3,500 for the capacity study; however, that item was not placed on the agenda at this time.

It was questioned what would be gained by conducting an optimal capacity study. President Rennie responded, as her JPA previously conducted one, and noted the purpose would be to determine what the pool's capacity is and how it would withstand new members and member withdrawals. It was questioned whether the study conducted by President Rennie's JPA was beneficial. President Rennie responded it was beneficial from a standpoint of broadening members' perspective of what the JPA could be; however, it did not make a material difference for the JPA.

Staff was asked to define the objective of the peer review. Ms. Thesing stated there has been an ongoing question regarding whether LAWCX's actuarial study is accurate. A peer review would report whether they believe the rates contained in the actuarial study are adequate for funding. It was noted that while not all members question the validity of the actuarial studies, it is a good practice to have a peer review study conducted periodically. It was agreed a peer review study would be beneficial.

Discussion ensued regarding the value of having a capacity study conducted as well as budgeting for both the peer review and optimal capacity studies. It was noted the capacity of LAWCX has been an ongoing issue and discussion for several years, so it may be of benefit. It was noted that the peer review study could be paid out of the current program year budget, as some of the administrative costs are expected to come in under budget. If LAWCX would like to proceed with an optimal capacity study, the funds could be budgeted in 2012/13. Another option would be to budget for both studies in 2012/13.

It was questioned when the peer review study would be completed and whether additional data would need to be provided. Ms. Thesing responded staff did not receive a scope of services for the project, as the costs were to be evaluated by the Executive Committee with a decision on whether to proceed and what program year budget should be used to fund the study before obtaining information on when the study would be completed. Members were reminded that approximately 15 years ago a peer review study was conducted which resulted in assessments, so members should be prepared for a possible result that may negatively impact members' budgets.

It was noted that conducting the peer review study in 2011/12 would not exceed budgeted funds since the total administrative costs will be under budget, therefore, the Executive Committee can take action on this item, and it would not require Board approval.

Darrell Handy moved that LAWCX contract with Mujtaba Datto with Aon Global Risk Consulting to conduct a peer review study and direct staff to budget for an optimal capacity study in 2012/13. Seconded by Jace Schwarm. Motion passed unanimously.

B. Electronic Payments

Ms. Deborah Diller, Accounting Manager, stated staff is recommending LAWCX formally offer members the option of paying invoices electronically. This would be in addition to the option of mailing a check. Prior to the meeting, the Committee received an electronic payment information sheet. Ms. Diller stated staff believes the option will benefit the members, and one LAWCX member has been submitting electronic payments for several years. If the Executive Committee is interested in pursuing, the electronic payment information sheet will be provided to the Board at the next meeting.

It was questioned whether LAWCX can also submit payments to members through electronic funds transfer, such as the monthly claims reimbursements. Concern was expressed with checks and balances as LAWCX requires two signatures on checks; in addition, members may have a more difficult time tracking payments received. Ms. Vitali expressed concern with sending claims reimbursements through electronic funds transfer, as these payments are sometimes sent directly to the TPAs. Ms. Diller noted it could be problematic to track which members request payments electronically versus which members prefer checks. Based on the concerns expressed, the Committee agreed not to pursue LAWCX paying invoices electronically, but agreed members should be provided with the option to submit payments to LAWCX electronically.

Jace Schwarm moved to authorize providing members with the option to use electronic payments for paying LAWCX invoices. Seconded by Scott Ellerbrock. Motion passed unanimously.

9. ADMINISTRATIVE MATTERS

A. Results of 2012 Member Survey of Vendor Services

Ms. Thesing noted that LAWCX's annual member survey has been conducted, and the results were provided to the Committee prior to the meeting. Ms. Thesing noted a majority of the categories have improved and briefly reviewed the results with the Committee. Ms. Thesing noted that one respondent rated BRS' services below average. It was questioned whether the below average response was anonymous or if the score was addressed with the individual. Staff and President Rennie stated that the response was not anonymous, and President Rennie has reached out to the individual. President Rennie stated she is comfortable that there is not an issue.

It was questioned whether the survey provides useful information, and discussion ensued regarding whether the survey should be changed or the process stopped altogether. It was discussed whether a high rating becomes average if everyone rates the services as high. It was noted the ratings are viewed differently depending upon who is rating the services. No recommended changes were made regarding the survey.

Ms. Thesing noted one of the survey responses recommended the actuary provide a synopsis of the actuarial study at the meeting, so it is easier to understand. Ms. Thesing stated staff will work with LAWCX's actuary regarding this suggestion. Ms. Thesing reviewed the results of the services provided for risk control and noted a majority of the respondents are utilizing some form of the risk control services offered through LAWCX, with many of them utilizing webinars.

Ms. Thesing noted one of the members questioned whether there is a need for Board Legal Counsel to attend each LAWCX meeting and questioned whether the Executive Committee would like to address this matter at a future meeting. The Committee concurred it is important to have Board Legal Counsel in attendance at each meeting, and there is no need to address this matter.

B. Outstanding Matters from November 2011 Strategic Planning Session Action Plan

Ms. Thesing noted that at the February Executive Committee meeting, the Committee developed actions and timelines for the goals developed by the Board at the November 2011 Strategic Planning Session. Ms. Thesing stated two items were requested to be brought back before the Committee under the "Financial" category for further review.

The first item was to "Demystify LAWCX's finances for members", and the Committee had directed staff to prepare a financial quick reference sheet. Prior to the current meeting, the Committee received a draft quick reference sheet which Ms. Diller reviewed with the Committee. Positive feedback was received from the Committee regarding the document, and one suggestion was made to add an example of how premiums are calculated. Staff agreed and noted the document will be updated on an annual basis. Ms. Thesing stated the document will be utilized during LAWCX's upcoming "Nuts & Bolts" webinar that will be presented on June 5th and placed on LAWCX's website. It was questioned whether LAWCX members can place the webinar directly on their own websites. Staff responded they will look into this matter. It was questioned how LAWCX will be advertising the upcoming "Nuts & Bolts" webinar. Ms. Thesing stated an email will be sent to the direct members at least two weeks in advance. The Committee requested a notice be sent a month in advance of the webinar.

The second item to be addressed was "Determine how to settle claims sooner to reduce future costs." The action was to: "1) add guideline in claims performance standards stating examiners will evaluate claims for Stipulated Award and Compromise and Release; and 2) the Executive Committee directed staff to pursue conducting training, via webinar, for TPA claims examiners, managers, and supervisors." Ms. Vitali first addressed action number 1 and stated as this guideline is already contained in the claims performance standards, no change is warranted. Ms. Vitali stated, regarding action number 2, staff met with BRS' Workers' Compensation Department, and they expressed several concerns with conducting training for TPAs.

Ms. Vitali stated that staff is recommending that in lieu of training the TPAs, the members receive training to ensure they are following LAWCX's standards and receive guidance for working with their TPAs. Ms. Vitali stated the training would be conducted via webinar and recorded for easy access by the members on the LAWCX website. Ms. Thesing stated the training could be provided through risk control services utilizing four of LAWCX's risk control hours to prepare and conduct the webinar.

Ms. Vitali noted LAWCX currently sends a compliance survey to the members each year to insure members are following LAWCX's Claims Performance Standards and their TPAs are receiving ongoing training. Members must provide the specific dates on which their TPA's claims examiners have been trained during the past year.

It was questioned whether the TPAs would be invited to attend the LAWCX training. Ms. Vitali responded the training will be geared toward the members; however, members could decide if they want to invite their TPAs. Staff noted this type of training has been provided for other BRS clients in the past.

It was noted this training would be separate from the "Nuts & Bolts" training previously discussed that will be held in June.

Scott Ellerbrock moved to approve offering a claims management webinar for members utilizing a total of four hours from the risk control services contract. Seconded by Jace Schwarm. Motion passed unanimously.

C. Discussion Regarding Expanding Executive Committee Membership

Staff noted that at the February 2012 Executive Committee meeting, the Committee briefly discussed the idea of expanding the Committee. The Executive Committee normally is comprised of seven members, the President, Vice President, Past President, and three Executive Committee members at large; however, during the current program year, the Past President and Treasurer positions are being filled by one individual, thus LAWCX has been operating with a six member Executive Committee. Discussion ensued regarding whether there is a need to expand the Executive Committee. It was noted if LAWCX is interested in encouraging more active participation by the members, expanding the Committee may be beneficial. However, if the Committee becomes too large, it may be difficult to assemble a quorum. A suggestion was made to establish term limits for members serving on the Executive Committee, as many of the same individuals continue to serve over a course of several years. It was noted, however, that historical knowledge of the JPA can be important for the group. After further discussion, it was suggested that instead of expanding the Executive Committee, the Committee strive to stay in touch with members' needs.

The Committee concurred that the Executive Committee should remain at seven members.

D. Proposed Amendments to Bylaws

Prior to the meeting, the Board received draft amendments to the Bylaws. Ms. Thesing stated staff and Legal Counsel are recommending the amendments, and noted there are a few items staff and Legal Counsel are still reviewing, so there may be additional changes presented at a later time. Ms. Thesing reviewed the changes with the Committee as follows:

- Add definitions for the terms Agreement, Board of Directors, Governing Documents, and Manager-Secretary. Mr. Shanahan noted in the definitions section, the Bylaws cite the term “Manager-Secretary” although this position is often referred to as the General Manager. Mr. Shanahan questioned whether there is a desire to change the term “Manager-Secretary” to General Manager or Executive Director. It was questioned whether a statement would then be needed stating the Manager is also the Board Secretary. It was noted the Manager does not serve the role of Board Secretary, so that would not be necessary. It was agreed the term Manager-Secretary should be changed to Executive Director. It was questioned whether the term “Secretary” is defined elsewhere. It was noted the role of “Secretary” is defined in the agreement between BRS and LAWCX, but not within LAWCX’s governing documents.
- Add language stating Board representatives must be designated in writing. Mr. Shanahan noted this is not a substantive change. It was questioned whether an email would be acceptable as “in writing.” Mr. Shanahan responded affirmatively.
- Add language clarifying the weighted voting structure. In response to a question, Mr. Shanahan stated the weighted voting structure is detailed in the Joint Powers Agreement. Clarify the appeal process for penalties assessed for non-attendance at Board meetings. Mr. Shanahan noted language has been added stating “Payment of the bill shall be held in abeyance pending any appeal” and this is a policy decision, however, it reflects LAWCX’s past practice.
- Add additional duties that the Board cannot delegate. Mr. Shanahan noted the first five items are items which the Joint Powers Agreement states are specifically reserved unto the Board; items 6 through 13 are items in the existing Bylaws that are reserved to the Board, with the addition of clarifying language. Two additional items have been added, approval of audited financial statements and approval and amendments to the MOC and Program Document. Mr. Shanahan noted that one of the items reserved to the Board that is currently in the Bylaws, is “approval of contracts for program administration, risk management, claims administration, actuarial, accounting, legal and other services.” Mr. Shanahan noted this term may be too broad, and LAWCX may want to still allow the Executive Committee to approve smaller contracts and services. After some discussion, the Committee agreed to recommend to the Board that the Executive Committee have authority to approve contracts of \$25,000 or less.

- Remove the travel expense reimbursement policy from the Bylaws and state that reimbursement will be paid in accordance with a policy adopted by resolution of the Board. Ms. Thesing stated, accordingly, a resolution will be presented to the Board at the June meeting for adoption. Mr. Shanahan explained entities must have certain elements contained within their expense reimbursement policy, and the provision within the LAWCX Bylaws is not sufficient. Mr. Shanahan recommended a stand-alone policy be adopted.
- Add language regarding how Executive Committee meetings are established and add language regarding agenda distribution in accordance with the Brown Act. Concern was expressed with the addition that agendas must be prepared “at least 72 hours before each regular meeting.” It was noted the members should receive the agenda at least one week prior to the meeting. It was clarified that per the BRS contract, agendas must be distributed no less than 5 days and no more than 10 days prior to the meetings. The 72 hour provision has been added to the Bylaws simply to align the governing document with the Brown Act. Mr. Shanahan noted LAWCX can increase the 72 hour provision in the Bylaws, however, it would make it more restrictive for the governing bodies should items develop that need to be addressed at a meeting. Concern was expressed that the 72 hours will become the standard for issuing agendas. Ms. Thesing reiterated that per the BRS agreement, staff must send agendas at least 5 days prior to a meeting. If it is not sent 5 days prior to the meeting, BRS would be in violation of the agreement, and the matter would be addressed as such.
- Add language setting forth specific duties and responsibilities for the Executive Committee. Mr. Shanahan noted that a provision should also be added regarding how the Executive Committee votes, which is one person, one vote, as it is different than how the Board votes. This provision will be added to the draft Bylaws prior to presenting the draft to the Board.

Staff noted language has been added stating Executive Committee members must be a “regular” member of the Board instead of “regular” or “alternate.” It was noted the Bylaws are currently silent in this area. After a brief discussion, it was agreed the Bylaws should state that either “regular” or “alternate” members of the Board can serve on the Executive Committee. Clarification was requested that it is the individual that is elected to serve on the Executive Committee, not their agency. For example, when a Board member is serving on the Executive Committee, their alternate cannot serve in their absence at an Executive Committee meeting. Mr. Shanahan affirmed it is the individual that is elected to serve on the Executive Committee.

The Committee also reviewed the added duty “To review and approve Authority expenditures and make decisions regarding insurance renewal and purchases provided that (a) the expenditure is included in the approved budget, and (b) there

are unappropriated funds available for the expenditure. All other expenditures must be approved by the Board of Directors.” Mr. Shanahan noted this provision will be changed to reflect the prior discussion that the Executive Committee will have authority for expenditures and contracts of \$25,000 or less. It was questioned why “insurance renewal” was delineated. After a brief discussion, it was agreed this section should be more generic and a corresponding change will be made.

- Add language clarifying the duties of the President. Mr. Shanahan noted the current Bylaws state the President shall serve as the Chief Executive Officer of LAW CX. However, this is not the actual practice; therefore, this section has been amended to set forth the actual duties the President does perform on behalf of LAW CX, such as to preside over meetings.
- Add language stating the Manager-Secretary serves at the pleasure of the Board, which is consistent with the agreement between LAW CX and BRS.
- Add language to clarify the LAW CX pooling structure. Ms. Thesing noted staff will work with Mr. Shanahan to further refine this section.
- Add language stating electronic payments will be considered received based on the date posted by LAW CX’s financial institution.

Staff was asked to address a change of dates to the finance section for budget approval. The change reflects that the annual budget will be approved on or before June 30th as opposed to May 15th. Ms. Thesing responded that LAW CX’s Board used to meet in May to approve the budget; however, they now meet in June.

- Clarify the terms used for direct parties of LAW CX and those entities that have coverage through LAW CX through a JPA.
- Clarify that applicants to LAW CX from member JPAs will be reviewed for membership using the same criteria as a new Party applying to join LAW CX.
- Mr. Shanahan addressed the next section, Inactive Membership. Mr. Shanahan questioned whether this is a necessary provision and one LAW CX wants to retain. Staff responded that this provision was adopted at a time when there was a question whether LAW CX would remain viable if members withdrew. A member could elect inactive status, but continue to pay administrative expenses, while they evaluated their options and took advantage of a soft insurance market. Ms. Diller noted a few members did elect inactive status in the past, but not since the 1997/98 program year. After some discussion, it was determined LAW CX now has enough stability to eliminate this provision.

- Add language to clarify the section regarding withdrawal from or termination of membership and remove language allowing members to submit a notice of withdrawal within 30 days of any substantial changes made to LAWCX's programs. The Committee discussed the removal of the language allowing a member to withdraw within 30 days of any substantial change. Mr. Shanahan noted that since substantial change is difficult to define, he recommends removing this provision. Some members expressed concern with having to remain in the pool should LAWCX make a substantial change that they believe is detrimental. It was noted the member would be able to withdraw the next fiscal year. Mr. Shanahan further noted it can present accounting and administrative problems if members are allowed to leave with only a 30 days' notice to the pool. After discussion, Ms. Thesing recommended that the stricken language be left in the Bylaws and the Committee separately address the issue at a future meeting. The Committee concurred with the suggestion.
- Add language to clarify former members are entitled to refunds approved by LAWCX through the retrospective adjustment process for the years in which they participated.
- Remove language allowing for automatic termination for failure to maintain certification to self-insure for workers' compensation. Mr. Shanahan stated he has suggested this language be removed to allow for due process prior to terminating a member.
- Remove the section concerning investment of funds, as LAWCX has a separate Investment Policy which is reviewed and approved annually by the Board.
- Clarify the language regarding presenting proposed amendments to the Board and state the final approved Bylaws language may differ from the proposed amendments.
- Amend the Indemnification and Right of Contribution section per a recommendation from Legal Counsel.

The Committee next addressed the definition of Covered Party, which is contained in the MOC. Mr. Shanahan stated Covered Party is currently defined as the entity named in Item 1 of the Declarations Page and those entities added by endorsement as indicated under forms and endorsements of the declarations. Mr. Shanahan informed the Committee a question has arisen regarding whether this would include affiliated agencies. Mr. Shanahan stated that unless a member has taken steps to add the affiliated agency to the declarations page, he does not believe these affiliated agencies would be considered Covered Parties. Mr. Shanahan stated this matter is further complicated with members reporting payroll for affiliated agencies and assuming they are Covered Parties. Therefore, Mr. Shanahan recommended LAWCX expand the definition of Covered Party to include affiliated

agencies under the direction and control of a LAWCX member. If the Committee is in agreement, proposed language will be presented to the Board at the upcoming June meeting.

Mr. Shanahan further explained that this matter was brought to staff and Legal Counsel's attention as a member requested a letter from LAWCX stating their redevelopment agency was a covered entity. Discussion ensued and it was expressed that if members are reporting payroll for affiliated agencies with their entity's payroll, it is assumed they are covered as employees of the LAWCX member.

It was noted the Committee had three different matters to address, and should address all three separately to avoid confusion. The Committee first addressed the proposed amendments to the Bylaws.

Scott Ellerbrock moved to recommend approval of the proposed Bylaws to the Board, with the exception of not striking the language allowing members to submit a notice of withdrawal within 30 days of a substantial change. Seconded by Darrell Handy. Motion passed unanimously.

The Committee next addressed the definition of Covered Party contained in the MOC.

Darrell Handy moved to direct staff and Legal Counsel to present an expanded definition of Covered Party in the Memorandum of Coverage to include commissions, agencies, districts, etc. that are under the direction and control of the primary member to the Board of Directors at the June 2012 meeting. Seconded by Scott Ellerbrock. Motion passed unanimously.

The Committee next addressed the matter regarding coverage for affiliated agencies. It was noted a specific issue has arisen with a member requesting LAWCX to certify their redevelopment agency was receiving coverage through LAWCX. This entity has been notified by the Department of Finance that Department of Finance will disqualify the entity's workers' compensation costs for their redevelopment agency unless the entity can provide proof of workers' compensation coverage. Therefore, the entity has requested a letter from LAWCX stating the redevelopment agency was covered by LAWCX. After some discussion, the Committee directed Ms. Thesing to issue a letter to the members confirming LAWCX's intent is to provide workers' compensation coverage for all employees of LAWCX members. Mr. Shanahan noted ultimately it becomes a responsibility of the member to identify who is an employee.

E. Review of Draft June 12, 2012, Board of Directors' Meeting Agenda

Prior to the meeting, the Committee received the draft June 12, 2012, Board of Directors meeting. Ms. Thesing stated if any Committee members have any comments regarding the draft agenda, they can contact staff.

F. Discussion Regarding Holding a Strategic Planning Session in November 2012

Ms. Thesing stated that LAWCX originally held annual Board strategic planning sessions over a period of one and one-half days. In order to decrease administrative costs, LAWCX began holding strategic planning sessions once every three years, with the last session held over a one-day period in November 2011. A half day was focused on strategic planning and a Board meeting was held during the remaining half. When planning for the November 2011 session, it was suggested LAWCX begin holding annual sessions again. Therefore, this item was brought before the Committee for discussion. Ms. Thesing noted the costs for strategic planning sessions are, on average, \$9,000 for a full-day session, meals, and lodging.

Ms. Thesing recommended LAWCX hold strategic planning sessions only once every three years. She noted a good work plan was developed in November 2011, and staff does not want to burden the Board members with holding a session annually. The Committee agreed and concurred an annual strategic planning session is not necessary at this time. It was noted the Board has expressed the need for education, so this should be LAWCX's focus over the next couple of years.

Rosa Kindred-Winzer moved to calendar strategic planning sessions once every three years as opposed to annually. Seconded by Scott Ellerbrock. Motion passed unanimously.

G. Nominating Ad Hoc Committee for June 2012 Elections

It was noted that at the upcoming Board meeting in June 2012, elections will be held for the offices of President and Vice President as well as the three Executive Committee Members at Large. Therefore, a Nominating Ad Hoc Committee needs to be appointed by the President, per the Bylaws.

It was questioned whether any Board members have expressed interest in serving. Staff responded they have not received any interest thus far. The current Executive Committee Members at Large expressed they are willing to step down if others are interested in serving.

President Rennie appointed Darrell Handy, Member At Large, Vallejo, and Stuart Schillinger, Past President/Treasurer, BCJPIA, to serve with her on the Ad Hoc Nominating Committee.

10. CLOSING COMMENTS

A. Executive Committee

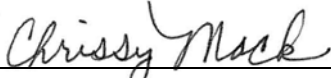
Darrell Handy, Vallejo, stated that Kaiser Permanente in Vallejo has opined that carpal tunnel is non-industrial. Ms. Vitali requested Mr. Handy to provide her with any written opinions they receive in this regard.

B. Staff

None.

11. ADJOURNMENT

The May 3, 2012, Executive Committee meeting adjourned at 1:15 p.m. by general consent.



Chrissy Mack, Board Secretary



BOARD OF DIRECTORS MEETING

May 16 - 18, 2012 – 1:00 P.M.
Lake Natoma Inn – Conference Center
702 Gold Lake Drive
Folsom, CA 95630

(916) 351-1500

Minutes

I. CALL TO ORDER:

President Handy called the meeting to order at 1:03 p.m.

II. ROLL CALL

PRESENT

- | | |
|-------------------------------------|---|
| 1) Lucretia Akil, <i>Alameda</i> | 11) Robyn Kain, <i>Richmond</i> |
| 2) Jessica Henry, <i>Chico</i> | 12) Stacy Haney, <i>Roseville</i> |
| 3) Kim Greer, <i>Fairfield</i> | 13) Anil Comelo, <i>San Rafael</i> |
| 4) Steve Schwarz, <i>Fremont</i> | 14) Mardell Kuntzelman, <i>Santa Rosa</i> |
| 5) Bill Henderson, <i>Livermore</i> | 15) Roger Carroll, <i>SCORE</i> |
| 6) Janet Hamilton, <i>Lodi</i> | 16) Teresia Haase, <i>Stockton</i> |
| 7) Paula Islas, <i>NCCSIF</i> | 17) Tony Giles, <i>Sunnyvale</i> |
| 8) Ron Blanquie, <i>Petaluma</i> | 18) Sandy Hess, <i>Vacaville</i> |
| 9) Chris Carmona, <i>Redding</i> | 19) Darrell Handy, <i>Vallejo</i> |
| 10) Mark Ferguson, <i>REMIF</i> | 20) Jeff Tonks, <i>YCPARMIA</i> |

ABSENT

San Leandro

OTHERS PRESENT

- | | |
|---|--|
| 21) Bruce Kilday, <i>Angelo, Kilday & Kilduff</i> | 32) Craig Schweikhard, <i>CJPRMA</i> |
| 22) Serena Sanders, <i>Angelo, Kilday & Kilduff</i> | 33) Bruce Cline, <i>Folsom</i> |
| 23) Craig Bowlus, <i>Aon</i> | 34) Roy Franco, <i>Franco Signer, LLC</i> |
| 24) Dr. William Deeb, <i>Aon</i> | 35) Byrne Conley, <i>Gibbons & Conley</i> |
| 25) Michael Harmon, <i>Aon</i> | 36) Richard Balanos, <i>Liebert Cassidy Whitmore</i> |
| 26) Robert Lowe, <i>Aon</i> | 37) Janice Magdich, <i>Lodi</i> |
| 27) Bill Dennehy, <i>Chandler Asset Management</i> | 38) Dominique Kurihara, <i>Petaluma</i> |
| 28) Anna Brunkal, <i>CJPRMA</i> | 39) Lynette Frediani, <i>Redding</i> |
| 29) David Clovis, <i>CJPRMA</i> | 40) Lisa Achen, <i>Roseville</i> |
| 30) Lola Deem, <i>CJPRMA</i> | 41) Neal Lutterman, <i>Stockton</i> |
| 31) Saima Kumar, <i>CJPRMA</i> | 42) Rebecca Moon, <i>Sunnyvale</i> |

III. PRESENTATIONS

- None

IV. THIS TIME IS RESERVED FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD OF DIRECTORS ON MATTERS OF BOARD BUSINESS

V. COMMUNICATIONS

- A. Board Members
- B. General Manager/Secretary
- C. Next Scheduled Meetings: Board of Directors (6/21/2012) CJPRMA Office
Executive Committee (07/19/2012) City of Petaluma

VI. APPROVAL OF MINUTES

A motion by Director Giles, seconded by Director Carroll, to approve the minutes of the Board of Directors meeting held on March 15, 2012, passed unanimously.

VII. CONSENT CALENDAR

1. Additional Covered Party Certificates Approved by the General Manager
2. Status Update on General Manager's Goals and Objectives 2011-2012

A motion by Director Henderson, seconded by Director Carmona, to approve the consent calendar, passed unanimously.

VIII. INFORMATION CALENDAR

3. New Board Members/Alternates
4. Business Calendar for 2012

IX. ACTION CALENDAR

5. Reimbursement of General Liability Training Expense Policy

Financial Analyst, Lola Deem, provided the board with proposed changes to the Reimbursement of General Liability Training Expense Policy. She said that the original policy was adopted in January 1995. Since then, there had been changes to the program which required that the policy be revised.

She recommended the following changes to the existing policy:

1. In May 2009, the Board approved acquisition of CSRMA Online. It was determined that CSRMA would be partially funded by the liability training reimbursement program. It was also approved to discontinue the liability training reimbursement program for those members electing to participate in CSRMA. This limitation has been added to the revised policy.

2. The previous policy stated that once the allotted amount that was budgeted for training was expended, no further reimbursement would be made. This line was deleted from the revised policy.
3. Line 7 was added requiring requests be submitted within 30 days following the end of the fiscal year.

A motion by Director Kain, seconded by Director Blanquie, to approve the Reimbursement of General Liability Training Expense Policy, with the recommendation to change the request for reimbursement from 30 days to 60 days following the end of the fiscal year, passed unanimously.

6. Casualty and Property Insurance Renewals for Fiscal Year 2012-2013

Dr. William Deeb and Mr. Robert Lowe of Aon were present to discuss the renewal of the casualty and property insurance programs.

Dr. Deeb explained that with regard to the property program, Aon was able to negotiate a premium for the primary property policy at \$1,699,828 and the excess property premium at \$292,155. He stated that the boiler and machinery program's annual premium would be \$260,922.

The general manager stated that both NCCSIF and SCORE had expressed interest in participating in the property program. Aon provided an estimated premium cost of \$565,647 for NCCSIF and \$193,606 for SCORE.

Dr. Deeb said that the 2012-2013 excess liability program's renewal quote provided from Munich Re was \$1,645,270, a 3% increase over 2011-2012 rate. The quote for Excess Casualty from SCOR Re is \$319,000.

He also stated that the quote received from the Hanover Insurance Company for the APD program was in the amount of \$382,515. This was an exposure based increase and the rate remained at \$.173/\$100.

The general office package annual premium would be \$6,485. The 2011 DIC program renewal was \$10,955. The current crime program is a three year policy with a three year prepaid premium of \$8,941.

Dr. Deeb stated that he was currently working on getting all rates finalized and that he would present a status update at the June Board of Directors meeting.

A motion by Director Hamilton, seconded by Director Giles, to authorize the general manager to bind the Property, Casualty, Auto Physical Damage and Boiler & Machinery programs, passed unanimously.

A motion by Director Henderson, seconded by Director Schwarz to allow NCCSIF and SCORE to participate in the 2012-2013 property program, passed by property program participants without the City of San Leandro (absent)

7. Report from Investment Manager

Mr. William Dennehy of Chandler Asset Management was present to discuss the CJPRMA investment portfolio and investment strategy.

He explained that the assets are held in CJPRMA's bank custody account managed by the Bank of New York.

He went on to explain that the investment program is divided into two parts. The Loss Payment Account is utilized to provide funds for operating expenses and the payment of losses. The Loss Payment Account invests in high grade securities with a maximum maturity of 5 years.

The Long Term Growth Account is utilized to provide long term asset growth in order to offset inflation. The maturity range of its investments is generally from five to a maximum of ten years.

Mr. Dennehy stated that as of April 30, 2012, the Loss Payment Account was valued at \$5,780,228. This was a decrease of \$4,194,771 from its valuation of \$9,974,999 on January 31, 2012. Multiple securities were sold across the Treasury, Agency, and Corporate sectors to accommodate the \$4.2 million withdrawal out of the account.

He also stated that as of April 30, 2012, the Long Term Growth Account was valued at \$85,745,424. This was a decrease of \$4,218,002 from its valuation of \$89,963,426 on January 31, 2012. Three securities were purchased across the Treasury, Agency, and Corporate sectors. The Treasury and Agency notes both had maturities in 2022 and the Corporate note matures in 2017. Four Agency securities were sold during the period, all seasoned bonds close to the 5 year maturity point, to facilitate the aforementioned purchases into the portfolio. The portfolio had net withdrawals of \$5.0 million. However the transactions to facilitate the withdrawal took place in the prior reporting period. The investments in both accounts comply with CJPRMA's investment policy.

8. Proposed Operating Budget for 2012-2013

Financial Analyst, Lola Deem, presented the proposed administrative and direct program year budget for the 2012-2013 program year.

She stated that the approved administrative budget for fiscal year 2011-2012 was \$1,425,000. It was projected that expenditures for this budget would be approximately 2.2% under budget (\$31,314). She provided a budget summary with detailed information for the over/under budget projections of the current administrative budget as follows:

Personnel: 10.2% over budget (\$68,521). This was driven primarily by the requirement to record the OPEB liability of \$69,153.

Operations/Office Expenses: 32.4% under budget (\$122,222). Due primarily to the termination of the Risk 360 contract (\$22,667), reduction in risk management training (\$50,000) and the nonuse of the contingency fund (\$20,000).

Operations/Professional Services: 16.6% over budget (\$17,425). Result of unbudgeted primary member audits (\$35,000).

Capital Outlay: 52% over budget (26,000). Result of 1st e-Solutions payment of \$76,000.

Direct Program: 30.1% under budget (\$237,812). This was due primarily to less Outside-Legal payments (\$150,000) and less Other Claim Expenses (\$72,812). She explained that at the excess level, it is difficult to gauge what the direct program payments will be; this is always an approximation.

She stated that the proposed FY 2012-2013 administrative budget remained unchanged at \$1,425,000. Budget line increases were offset by reductions in other line items. The proposed budget was as follow:

Personnel: 13.6% increase (\$91,640). Due to budgeting of the OPEB liability (\$69,000) and salaries at the top of pay scale (\$34,888).

Operations/Office Expenses: 30.8% decrease (\$116,190). This was due to the elimination of office rent (\$80,000) and reduction in risk management training (\$25,000).

Operations/Professional Services: 21% increase (\$22,000). Due to primary member audits (\$35,000).

Operations/Board Related Expenses: 25.9% decrease (\$42,250). Due to a (\$36,250) negotiated reduction and credit on the CSRMA Risk Control Online fee.

Operations/Montevina Ops: 9.8% decrease (\$5,200). This was due to minimal adjustments.

Capital Outlay: 100% increase (\$50,000). This was due to 2nd e-Solutions payment of \$76,000 and the purchase of two computer servers.

Direct Program Expenses: No budgeted increase (\$790,000).

Funding: At the December 2011 board meeting, the Board approved the preliminary rates for PY 2012-2013, which included an overhead amount of \$1,425,000.

She explained that since FY 2006-2007, the administrative budget has increased only 3.6%. Since FY 2009-2010 it has remained constant at \$1,425,000.

A motion by Director Henderson, seconded by Director Carroll, to approve the administrative and direct program year budget for the 2012-2013 program year, passed unanimously.

9. 2012 Claims Audit

The 2012 claims audit was conducted by Mr. Craig Bowlus, Managing Director of Aon Risk Services. Mr. Bowlus was present to discuss the results and recommendations arising out of his claims audit.

He examined 132 files during the audit which included 110 open and 22 closed files. The audit work included site visits to members, TPAs and the CJPRMA office. Mr. Bowlus also conducted a review of primary level losses for six CJPRMA members. He noted two significant improvements that have been made since the 2011 claims audits.

Those improvements included the following:

- A new risk management information system is nearing full implementation
- Reporting on employment practices claims has dramatically improved

The two recommendations arising out the 2012 claims audit are as follows:

- Once a claim is reported and accepted as an excess file by CJPRMA, automated RMIS or Excel data exchange relative to critical financial developments should be provided by all members on at least a quarterly basis
- Reporting requirements for self-administered members could still use some improvement. This should include captioned reporting on a quarterly basis (at a minimum, on watch list files). Cases with incurred values of less than \$50,000 should be subject to reduced levels of oversight at CJPRMA, and should not be subject to the captioned reporting requirements

A motion by Director Hamilton, seconded by Director Henry, to approve the 2012 claims audit, passed unanimously.

10. Claims Experience Report

Claims Administrator, Craig Schweikhard, presented an overview of the claims experience report to the Board. The report was a review of all claims that have been reported to CJPRMA beginning with program year 1997-1998 to the present.

He stated that the intent of this report was to give a high level overview of all claims, including a description of claims frequency, severity and development history. The report would also help staff in the development of risk management training programs and would be a basis for establishing baseline criteria to be included in risk management audit standards.

11. Status Update on Risk Console

The general manager provided a status update on the Risk Console implementation to the Board. He said staff is meeting weekly with the Aon eSolutions team. To date, staff has reviewed and approved the Claims, Organization, Property, Auto, Certificate of Insurance, Litigation and Certificate of Coverage specifications.

He said that the Cities of Fremont and Santa Rosa have received their data conversion quotes from AON eSolutions. Santa Rosa agreed to the proposal and is in process of scheduling their data conversion. This process will require CJPRMA to execute an amendment to the original agreement on behalf of its members. He also stated that CJPRMA will take responsibility for collecting fees from members for the data conversion.

He said staff had prepared and provided the Policy Specification Module for review. Comments and recommendations had been provided to AON for modifications required

for the module. The modified specification draft would be provided in the next few days. This would be the operational area for CJPRMA to record all of its policies and Memorandums of Coverage as they apply to each member.

12. Risk Management Issues

The general manager discussed the issue surrounding elimination of the Redevelopment Agencies and its effects on members. He also provided an update on the JPA and Mutual AID agreement templates that is being updated with the assistance of Greg Fox. He said that he should have a template ready in the next couple of months for members to utilize. The general manager also provided an update on his presentation at the P.O.S.T Safe Driver Campaign.

X. CLOSED SESSION

1. Government Code Section 54956.8 (I)

Conference with Real Property Negotiator

Property: 3252 Constitution Drive, Livermore, CA 94551

Agency Negotiator: David Clovis, CJPRMA

Negotiating Party: John Hone (Colliers International)

Under Negotiation: Price and Terms of Payment

2. Government Code Section 54956.8

Conference with Real Property Negotiator (I)

Property: 3201 Doolan Road, Livermore, CA 94551

Agency Negotiator: David Clovis, CJPRMA

Negotiating Party: Rick Steffens (Grubb & Ellis)

Under Negotiation: Price and Terms of Payment

3. Government Code Section 54956.8 (I)

Conference with Real Property Negotiator

Property: 5111-5117 Johnson Drive, Pleasanton, CA 94588

Agency Negotiator: David Clovis, CJPRMA

Negotiating Party: Mark Carrigg (Colliers International)

Under Negotiation: Price and Terms of Payment

4. Government Code Section 54956.9 (a) (I)

Conference with Legal Counsel – Pending Litigation

Name of Case: Dagdagan v. City of Vallejo

Court: United States District Court, Eastern District of California, Sacramento Division

Case No.: 2:08-CV-00922-GEB-GGH

5. **Government Code Section 54956.9 (a) (I)**
Conference with Legal Counsel - Pending Litigation

Name of Case: Cotton v. City of Eureka (REMIF)
Court: Northern District of California, Oakland Division

6. **Government Code Section 54956.9 (a) (I)**

Conference with Legal Counsel - Pending Litigation

Name of Case: Eaton v. City of Rocklin
Court: Contra United States Court of Appeal for the Ninth Circuit
Case No.: 07-80144

XI. ACTION ON CLOSED SESSION ITEMS

- A report was provided on the six closed session items, no authority was requested.

XII. ADJOURNMENT

- President Handy adjourned the meeting at 11:20 a.m. on Friday, May 18, 2012



UPDATE ON CITY OF ISLETON

INFORMATION ITEM

ISSUE: SCORE has received the entire outstanding premium due from the City of Isleton. The Board should discuss future payments that will be due from Isleton and take action regarding if payment is not received in full by the due date.

RECOMMENDATION: None

FISCAL IMPACT: \$17,386 received.

BACKGROUND: The City was sent notice of termination of coverage effective 7/1/12 if full payment of the outstanding premium was not received by SCORE by 6/1/12. Staff advised the City of the balance due after the dividend was declared in May 2012, leaving a balance due of \$17,386 due to SCORE.

ATTACHMENTS: None

COVERAGE ISSUES: RDA SUCCESSOR AGENCIES (AND OVERSIGHT BOARDS)

ACTION ITEM

ISSUE: About one third of SCORE Member Cities have operating Redevelopment Agencies. These RDAs were covered as a Named Insured by SCORE and included for coverage with CJPRMA due to the wording that says, “This includes all entities named in the Declarations page, including any and all commissions, agencies, districts, authorities, boards (including the governing board) or similar entities coming under the entity’s direction or control, or for which the entity’s board members sit as the governing body,” so as long as a City’s RDA had no outside Board or staff they would not have to be added as a Named Covered Party. Most everyone is in agreement that these RDA “*Successor Agencies*”, and the *ongoing operations of the RDA* through this process, **should continue to be considered Named Covered Parties** when City Councils continue in a governance roll, and city paid staff continue to act in the administrative role, but even this needs confirmation by any excess layers above your level.

Clarity regarding coverage for these Oversight Boards continues to be the unknown issue. The current legislation suggests that the individuals serving on these OBs have statutory immunity much like non-profits; but it’s possible that they can still be sued. **Arguably this is unlikely if they are not legal entities – who would be served?** Although each of individual representative’s parent agencies can cover the individuals, it still doesn’t cover the cost of defending the suit against the OB. Although we believe that the likelihood of liability is very low, we don’t currently have an understanding regarding the potential severity. Since the liability issues are not anticipated to be sorted out soon. Section 34179(d) states:

"Oversight board members shall have personal immunity from suit for their actions taken within the scope of their responsibilities as oversight board members." There is legal basis for posing the question whether such costs are the responsibility of the Successor Agency - as HSC 34179(c) states that the "...successor agency shall pay for all of the costs of meetings of the oversight board and may include such costs in its administrative budget".

If there is an exposure here, it could be expensive; and although the legislation suggests that the OB’s direct the Successor Agencies, in reality, the “developers” are going to take legal action against the Successor Agency because that’s who they are directly related. Also important to note is that, likely, all of these suits will be Fiduciary or Breach of Contract in nature.



The exposure, requiring the need for coverage including both the Successor Agency and their Oversight Boards, would be retroactive to February 1, 2012. The issue of how to properly cover potential liability for the Oversight Boards seems to be the biggest dilemma; although the members of the OB are only partly made up by City Appointees, all of their actions and directions **directly impact the operations** of the Successor Agency. The statute is poorly drafted and does not make clear what kind of entity the Oversight Board is; it says nothing about Oversight Boards registering as local public agencies with the Secretary of State. It's not clear who would accept service of a complaint on behalf of the "Oversight Board" as a legal entity. The OBs might not even be named since they aren't even really a public agency, but if named, they still need to have a consolidated defense. This could be problematic with five Agencies' legal counsels representing the individual Appointees. Any suit made directly against the OB would also need legal involvement, and this would end up being paid for by the Successor Agency under current legislation. Therefore, if you are going to insure the Successor Agencies, you want to address the **control of defense and litigation against the OB's** as its' related to the risks involving the Successor Agencies.

We could also expect cities to dispute the obligation to pay for the defense of Oversight Boards, which were after all, created to protect the interests of counties, schools and special districts and may well be adverse to the city's interest. Although H&S Code section 34179(c) passes on the cost of meetings, it's a big stretch to say that entails a legal defense. One could argue that if the Legislature meant a legal defense, it would have said so. (These OBs are going to be in existence for about three years).

CJPRMA has a Board meeting scheduled for June 21st, the day before the SCORE Board meeting. They will likely be addressing this issue at that time, but right now it seems that their plans are to only cover the Successor Agencies, and the Cities' appointees to the Oversight Board. This is different than the direction we are recommending SCORE consider below. Unless their direction changes, then the Oversight Boards would only be covered for the first \$500,000 through SCORE's Liability Program.

FISCAL IMPACT: There would be no increase in funding necessary to cover this risk, although a loss could occur that would need to be paid by the pool.

RECOMMENDATION: Due to the relationship that exists between the Successor Agency and its Oversight Board, along with the reality that the liability likely ends up to be the cost of the Successor Agency¹; we are recommending that the Board 1) affirm its desire to have the Successor Agency and the Cities' appointees to the Oversight Board covered by SCORE and 2) authorize the Executive Committee to approve the final endorsement wording (likely something similar to the following) effective retroactive to February 1, 2012 **after CJPRMA's Board** reviews this issue at their upcoming Board meeting **so that we don't create conflicting wording**, and if they 1) select this approach, but tailor the wording to meet their needs but achieve the same result, or 2) use this wording and approach if CJPRMA chooses to handle the issue differently, as they currently are expected to do.

We have a difficult time suggesting the assumption of the miscellaneous types of exposure that can exist that the parent agency of the Appointees should still be responsible for; like Employment

¹ The discussion of how best to handle all of this continues -- it is likely to not be fully resolved at the SCORE Board meeting, but granting some authority to the EC may be a good idea.

Practices Liability and Non-owned Auto Liability. Therefore, we drafted wording the following wording that covers the majority of the exposure related to this risk:

Endorsement. #____: Coverage regarding the dissolution of Members' Redevelopment Agency.

It is agreed that the "COVERED PARTY, COVERED PERSONS OR ENTITIES" section of the Memorandum is amended to include:

- A. *The Successor Agency of a Member's former Redevelopment Agency.*
- B. *The appointed members of the Oversight Board for a Member's Successor Agency, provided that:*
 - 1. *This coverage shall not apply to any claims or liability arising out, or alleged to have arisen out of, the operation, loading, or unloading of an automobile, watercraft, or aircraft.*
 - 2. *This coverage shall not apply to any claims or liability arising out of, or alleged to have arisen out of, harassment (sexual or otherwise), discrimination, violations of state, federal, or local laws governing employment and employment-related practices.*
 - 3. *A governmental entity's appointee(s) to the Oversight Board are considered, for the purposes of this coverage, to be employees, volunteers, or otherwise serving on behalf of the appointing entity; and this coverage shall only apply in excess of,² and not contribute with, any insurance, self-insurance, self-funding, or risk retention maintained by the appointing entity for the benefit of any and all employees, volunteers, and other persons serving on behalf of the appointing entity.*

Nothing in this Endorsement # x shall operate, or be construed to operate, in a manner that would in any way diminish coverage under this MOC for any employee of, or volunteer appointed by, the Member Agency to serve on such Oversight Board, that would otherwise exist under the terms and conditions of this MOC.³

We clearly need to discuss where or not we are excess of other insurance – the key issue to address at this meeting is confirmation that Successor Agencies are covered, and how your City's Appointees to the OB are covered; the actual coverage of the full OBs may not be determinable at this time.

² THIS IS THE IMPORTANT ISSUE TO THOROUGHLY ADDRESS – DO YOU WANT TO COVER, OR BE "EXCESS OF" . .

³ This endorsement was drafted in part by Mike Simmons, and significant content added by Tom Vance. It still may benefit from additional vetting and legal review. 77



BACKGROUND: Original WHITEPAPER Document: COVERAGE ISSUES: RDA Successor Agencies (and their Oversight Boards) – ABBREVIATED VERSION

ISSUE: Effective February 1 2012 the 400 Redevelopment Agencies (RDAs) in the State are no longer directly under the control of their city/county that formed them. Ultimately, all assets will be sold, with funds distributed back to the communities they were formed to support. With the exception of about ten that we have identified, most of these RDAs were directly linked to their partner city/county; i.e., the City Council sat as the Board, city employees performed services, and the city's insurance extended coverage to this risk.

Many pools did not specifically include the Redevelopment Agency (RDA) as an Named Covered Party; they relied on the MOC Cover Party/Named Insured wording that basically says, "This includes all entities named in the Declarations page, including any and all commissions, agencies, districts, authorities, boards (including the governing board) or similar entities coming under the entity's direction or control, or for which the entity's board members sit as the governing body." so as long as a City's RDA had no outside Board or staff they would not have to be added as a Named Covered Party. (All of that said, some pools try to control this exposure by adding them nonetheless, or cities have asked for affirmative confirmation of coverage and been added).

Most are in agreement that these RDA "*Successor Agencies,*" and the *ongoing operations of the RDA* through this process, **could, and likely should, continue** to be considered Named Covered Parties if the structure hasn't changed, with City Councils continuing in a governance role, and city paid staff continuing to act in the administrative role. But it's important to note that not every RDA was formed that same; and even this cover needs confirmation by any excess layers above your self-funded level. (Excess layers will likely want you to document how the Successor Agency is governed, to assure that this agency meets their test for inclusion as a Named Insured).

Clarity regarding coverage for these Oversight Boards continues to be the unknown issue. The current legislation suggests that the individuals serving on these OBs have statutory immunity much like non-profits; but it's possible that they can still be sued. **Arguably this is unlikely if they are not legal entities – who would be served?** Although each of individual representative's parent agencies can cover the individuals, it still doesn't cover the cost of defending the suit against the OB. Although we believe that the likelihood of liability is very low, we don't currently have an understanding regarding the potential severity. Since the liability issues are not anticipated to be sorted out soon. Section 34179(d) states:

"Oversight board members shall have personal immunity from suit for their actions taken within the scope of their responsibilities as oversight board members." There is legal basis for posing the question whether such costs are the responsibility of the Successor Agency - as HSC 34179(c) states that the "...successor agency shall pay for all of the costs of meetings of the oversight board and may include such costs in its administrative budget".

If there is an exposure here, it could be expensive; and although the legislation suggests that the OB's direct the Successor Agencies, in reality, the "developers" are going to take legal action against the Successor Agency because that's who they are directly related. Also important to note is that, likely, all of these suits will be Fiduciary or Breach of Contract in nature.

The exposure, requiring the need for coverage including both the Successor Agency and their Oversight Boards, would be retroactive to February 1, 2012. Since most cities have coverage renewing effective July 1st the **OPTIONS** below include the need to discuss your proposed solution(s) with your excess pool, carrier or most importantly, reinsurer. (We would recommend you document why you wish to proceed in granting coverage in the appropriate manner so that excess agrees to attach directly in excess of your approach).

The issue of how to properly cover potential liability for the Oversight Boards seems to be the biggest dilemma; although the members of the OB are only partly made up by City Appointees, all of their actions and directions **directly impact the operations** of the Successor Agency. The statute is poorly drafted **and** does not make clear what kind of entity the Oversight Board is; it says nothing about Oversight Boards registering as local public agencies with the Secretary of State. It's not clear who would accept service of a complaint on behalf of the "Oversight Board" as a legal entity. The OBs might not even be named since they aren't even really a public agency, but if named, they still need to have a consolidated defense. This could be problematic with five Agencies' legal counsels representing the individual Appointees. Any suit made directly against the OB would also need legal involvement, and this would end up being paid for by the Successor Agency under current legislation. Therefore, if you are going to insure the Successor Agencies, you want to address the **control of defense and litigation against the OB's** as its' related to the risks involving the Successor Agencies.

We could also expect cities to dispute the obligation to pay for the defense of Oversight Boards, which were after all, created to protect the interests of counties, schools and special districts and may well be adverse to the city's interest. Although H&S Code section 34179(c) passes on the cost of meetings, it's a big stretch to say that entails a legal defense. One could argue that if the Legislature meant a legal defense, it would have said so. (These OBs are going to be in existence for about three years).

OPTIONS: There seem to be three unique approaches being discussed:

1 – TRADITIONAL APPROACH: *Municipal Insurance 101* has always told us that the Insured's policy extends to additional operations where City Council sits as the Board (and/or may extend to include their Appointees). As discussed in the first paragraph of **ISSUES**, Pools and carriers differ on how to document this coverage; with some it's considered automatic, and with others the RDA Successor Agency may need to be endorsed on as a Covered Party.

The representatives a city appoints to the Oversight Board are considered acting for and on behalf of the City, so coverage follows those individuals. However the Oversight Board as an entity, and the people appointed by other agencies, are not covered by the City's coverage.

The Oversight Board that directs actions of the Successor Agency would **not be covered** under the terms of the MOC since the OB make-up includes non-appointees of the City Council. Nonetheless, it may be important for the City to inform at least its' Appointees (and others involved) that:

1. Their elected officials that sit on the Oversight Boards are only covered by the City's policy if they are named in a suit and need a defense funded; that 34179(d) grants them personal immunity.
2. The Oversight Board can purchase a separate policy; from something like SLIP (for about \$1,500 for a \$1,000,000 limit) but because they are immune from liability it may pay little more than defense; and we don't necessarily recommend this as a solution since that's about \$4,500 for three years, and right now no one is even sure who's got the money to bind coverage. If purchased now, this coverage may not be available in the future due to market conditions, or for a reasonable price.
3. If the individuals in the Oversight Board are concerned, they may want to discuss some sort of "joint defense" clause that all appointing agencies sign amongst themselves.
4. In a situation where the Successor Agency decides on a course of conduct that the Oversight Board approves, and a third party files suit, and the Oversight Board could ask for a courtesy defense, that is provided on the notion that it does not expand the liability; and on a comparative fault basis the Oversight Board would be entitled to indemnity anyway.
5. Although not anticipated at this time, if there is a contractual agreement between the City or Successor Agency and the Oversight Board, there might be a contractual indemnity obligation that would require the City to pick up the defense, and it could be a "covered indemnity contract."
6. However, if the Oversight Board disapproves of action taken by the Successor Agency, one would not expect the City or the MOC to defend and indemnify over an action the City disputed. In fact funding the defense of such an action would be harmful to the pool member.⁴

2 – FULL COVERAGE: Many believe that most of the liability exposure arising out of Successor Agencies and their Oversight Boards will be from breach of contract, which is excluded under municipal liability MOCs. There is very likely premises liability exposure, but it is no greater than what already existed with the insured RDAs. And since there is an obligation to sell the properties right away, it's likely everyone will be maintaining the properties so they can achieve the highest possible sale price down the road. Based on the members' need for confirmation that they have coverage for claims arising out of their new responsibility, and subject to the exclusions currently provided in coverage, one option is to grant Full Coverage and include the Oversight Board as a Covered Party.

Around one-quarter of the RDAs were insured through CSAC EIA's programs. **After some additional research they may be taking this approach.** The argument in support of Full Coverage is that it makes little sense for each member to secure separate policies and expend the funds to insure each one

⁴ Items 5, 6, and 7 are suggestions from Byrne Conley, General Counsel for several Municipal pools.



of these agencies. Unless the Successor Agencies and their Oversight Boards are new, separate legal entities, then CSAC EIA members with this **new responsibility** have coverage under their MOC.

CSAC EIA may be adding wording similar to the following, retroactive to February 1st (and after receiving confirmation from their excess carrier).⁵

“It is agreed that the “COVERED PARTY, COVERED PERSONS OR ENTITIES” section of the Memorandum is amended to include a former redevelopment agency’s Successor Agency and its Oversight Board, if applicable.”

3 – LIMITED COVERAGE: In large part, due to the relationship that exists between the Successor Agency and its Oversight Board, along with the reality that the liability likely ends up to be the cost of the Successor Agency; Alliant will be recommending this third approach to the **pools that it manages**; ACCEL, MBASIA, NCCSIF & SCORE (subject to review and confirmation with excess pools and carriers that support their programs).

Each Successor Agency has an Oversight Board that supervises it, and will have considerable authority over the former RDA’s financial affairs. The seven-member board is designed so that no local agency has dominant control, but the OBs will be working directly with the Successor Agencies to control the orderly, and profitably, sale of property. Likely, if the OB is ever named in litigation, the Successor Agency will be involved for the same causes of action; difficult to separate from one another. Although we have determined that the likelihood of liability is very low, we don't yet know about the potential severity. We think that the common risks associated are too intertwined to separate, and need common coverage.

That said, we have a difficult time assuming the miscellaneous types of exposure that can exist that the parent agency of the Appointees should still be responsible for; like Employment Practices Liability and Non-owned Auto Liability. Sample wording has been drafted to discuss with these pools:

Endt. # x: Coverage regarding the dissolution of Members’ Redevelopment Agency.

It is agreed that the “COVERED PARTY, COVERED PERSONS OR ENTITIES” section of the Memorandum is amended to include:

A. The Successor Agency of a Member’s former Redevelopment Agency.

B. The appointed members of the Oversight Board for a Member’s Successor Agency, provided that:

1 This coverage shall not apply to any claims or liability arising out, or alleged to have arisen out of, the operation, loading, or unloading of an automobile, watercraft, or aircraft.

⁵ The purpose of this discussion is to provide insight into how others are evaluating this issue, and not to provide final conclusion or wording since most pools are just now addressing this issue prior to their July renewals.

2 This coverage shall not apply to any claims or liability arising out of, or alleged to have arisen out of, harassment (sexual or otherwise), discrimination, violations of state, federal, or local laws governing employment and employment-related practices.

3 A governmental entity's appointee(s) to the Oversight Board are considered, for the purposes of this coverage, to be employees, volunteers, or otherwise serving on behalf of the appointing entity; and this coverage shall only apply in excess of,⁶ and not contribute with, any insurance, self-insurance, self-funding, or risk retention maintained by the appointing entity for the benefit of any and all employees, volunteers, and other persons serving on behalf of the appointing entity.

Nothing in this Endorsement # x shall operate, or be construed to operate, in a manner that would in any way diminish coverage under this MOC for any employee of, or volunteer appointed by, the Member Agency to serve on such Oversight Board, that would otherwise exist under the terms and conditions of this MOC.⁷

BACKGROUND: On December 29, 2011, the California Supreme Court delivered its decision in the *California Redevelopment Association v. Matosantos* case. The effect was the dissolution of all Redevelopment Agencies (RDA), as of February 1, 2012. Essentially, the RDA's are to be wound down similar to a company going out of business. There are approximately 400 former RDAs. As of that date, the entity that formed the RDA became the successor agency, for purposes of winding down the operations of the RDA, unless the entity took action to opt out. The only entities to opt out were the cities of Bishop, Los Angeles, Los Banos, Merced, Pismo Beach, Riverbank, and Santa Paula.

The one common conclusion from people dealing with this issue is that the legislation that led to this change is not clear on several points, particularly if the successor agencies and oversight boards are separate legal entities or if they have just become a new responsibility of the entity that originally formed them. Clean up legislation has been introduced but we understand from our lobbyist that it is unlikely to pass through the legislature this year due to budget implications. Some of the clean up language would have provided more clarity around the liability issues. In fact, one of the provisions was to clarify that the successor agencies and its oversight board are a separate legal entity from its founding entity (the city or county). If approval is granted to issue the universal endorsement, it is important that it be done retroactively to February 1, 2012 when the transitions officially took place. Using any other date will only create additional confusion and ambiguity.⁸

⁶ THIS IS THE IMPORTANT ISSUE TO THOROUGHLY ADDRESS – DO YOU WANT TO COVER, OR BE “EXCESS OF” . .

⁷ This endorsement was drafted in part by Mike Simmons. It still needs additional vetting and legal review.

⁸ The prior paragraphs in this section were also part of the CSAC EIA staff report.

Commonly Asked Questions Regarding the Winding Down of RDAs⁹

Are successor agencies a separate entity? It depends on who you ask. Some attorneys believe that the successor agency is the entity that originally formed the RDA. For example, if a city established the RDA, it has become the successor for purposes of winding down the operations. Their conclusion is there is no separate entity formed by the transition. On the contrary, some attorneys believe that because the legislation speaks to

collective bargaining agreements and other compensation matters, the successor agencies and the oversight boards are separate legal entities. In a communication from the FPPC, their conclusion was that they are separate entities. In our conversations, the conclusions on this topic are about split 50/50.

Who governs the winding down of the operations? The successor agency and an oversight board are responsible for satisfying enforceable obligations of each former RDA, and to administer the dissolution and wind down of each dissolved RDA. The actions of the successor agency will be monitored, and in some cases, approved by the oversight board.

Who serves on the oversight board? The oversight board is made up of 7 members appointed by/representing the following:

- County Board of Supervisors (2 Members)
- Mayor (1 Member)
- County Superintendent of Education (1 Member)
- Chancellor of California Community Colleges (1 Member)
- Largest special district taxing entity (1 Member)
- Former RDA employee appointed by Mayor/Board of Supervisors (1 Member)

Any appointments not made by May 15, 2012 will be referred to the Governor to make the appointments. Meetings of the oversight board are subject to the Brown Act. All actions of the oversight board do not go into effect until 3 business days after the action is taken. During that time, the State Department of Finance may request a review of a given oversight board action. If a review is requested, the Department of Finance has 10 days to approve the oversight board action or return it to the oversight board for reconsideration.

What does the oversight board do? The oversight board is generally intended to supervise the activities of the successor agency. By 2016, all the oversight boards within a county jurisdiction will converge into 1 county-wide oversight board.

Who is responsible for actions of Oversight Board? A question has been raised as to which entity is responsible for actions of the oversight board, not specifically related to their oversight duties. For example, if an oversight board member made a defaming statement during an official meeting and a lawsuit was filed, who would it be filed against? In most cases, the attorneys we have talked to indicated the responsibility would rest with the entity that appointed the individual to the oversight board. However, there are situations where a good argument could be made that oversight board is liable.

Who takes control of the assets, properties, contracts, etc. of the former RDA? All assets, properties, contracts, leases, records, buildings, and equipment of former RDAs are transferred to the control of the successor agency, except for affordable housing assets.

⁹ This is part of a document from a recent CSAC EIA agenda packet provided by Gina Dean.



Agenda Item H.3.a.

APPROVAL OF SCORE'S LIABILITY MEMORANDUM OF COVERAGE

ACTION ITEM

ISSUE: SCORE's Liability coverage is provided by a Memorandum of Coverage (MOC). The Board annually adopts the Liability MOC pending any changes.

RECOMMENDATION: The Program Administrator recommends that the Board of Directors continue the current Memorandum of Coverage as written.

FISCAL IMPACT: None

BACKGROUND: SCORE's liability coverage is provided by a Memorandum of Coverage (MOC). SCORE's MOC incorporates the CJPRMA Memorandum of Coverage form but with exclusion for Employment Practices Liability and inclusion of the CSAC-EIA Group Purchase Pollution Liability policy.

A new Declarations page will be issued for the new program year to each of the members separately.

Attachments: SCORE's 2012-2013 Liability Memorandum of Coverage.

SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY
UNDERLYING MEMORANDUM OF COVERAGE
FORM NO. LIAB-13

1. INSURING AGREEMENT

In consideration of the payment of the required deposit and subject to all the terms of this Memorandum of Coverage, Small Cities Organized Risk Effort (SCORE) agrees to pay on behalf of the Member City Loss resulting from any occurrence covered by the terms of the California Joint Powers Risk Management Authority Memorandum of Coverage or the CSAC-EIA Group Purchase Pollution Liability Policy, as that Policy applies to SCORE, effective concurrently with the period stated on the declarations, except as amended by the following provisions:

2. LIMITS OF LIABILITY

The Limits of Liability stated under Item 3a of the Declarations applies to each occurrence covered by the terms and conditions incorporated from the California Joint Powers Risk Management Authority Memorandum of Coverage.

The Limits of Liability stated under Item 3b of the Declarations applies to each occurrence covered by the terms and conditions incorporated from the CSAC-EIA Group Purchase Pollution Liability Policy.

3. COVERAGE PERIOD

The Coverage Period of this Memorandum is as stated under Item 2 of the Declarations.

4. AMENDMENTS

A. Exclusion #4 and Endorsement #1 of the California Joint Powers Risk Management Authority Memorandum of Coverage do not apply to this Memorandum of Coverage and the following exclusion is effective:

This Memorandum of Coverage does not apply to claims by a potential, present or former employee arising out of employment-related practices, policies, acts or omissions, including any violation of civil rights, termination, coercion, demotion, evaluation, reassignment, discipline, defamation, sexual harassment, harassment, humiliation or discrimination directed at that person. This exclusion extends to claims of the spouse, child, unborn child or fetus, parent, brother or sister of that person as a consequence of injury to the person at whom any of the employment-related practices, policies, acts or omissions described above are directed. This exclusion applies to claims of negligent supervision and/or claims of failure to prevent such employment-related practices, policies, acts or omissions.

B. This Memorandum of Coverage does not apply to claims arising out of skateboard parks.

C. Exclusion #14 of the California Joint Powers Risk Management Authority Memorandum of Coverage includes the following:

This exclusion shall not apply to inverse condemnation liability arising from accidentally caused physical injury to or destruction of tangible property, including all resulting loss of use of such property, for which the *covered party* may be legally responsible.

D. This Memorandum of Coverage does not apply to claims arising out of paintball courses owned, operated or maintained by the member city or claims arising out of paintball parks existing on property owned or leased to the member city.

5. GLOSSARY

The conditions of this Memorandum of Coverage shall be applied as if the glossary of words listed below had been included with the word or words each time they appear in this Memorandum of Coverage.

LOSS-means the ultimate net loss as defined in the Memorandum of Coverage issued by CJPRMA for this period concurrent with the period stated in the declarations and amended by the Memorandum.

MEMBER CITY OR MEMBER ENTITY- a signatory to the Joint Powers Agreement forming the Small Cities Organized Risk Effort Joint Powers Authority. This meaning shall apply to the term Member City or Member Entity notwithstanding any other definition to the contrary in, or any document incorporated into, this Memorandum.

6. OTHER INSURANCE

The coverage afforded by the Memorandum of Coverage shall be excess over any other valid and collectible insurance or coverage available to the Member City and applicable to any part of the ultimate net loss, whether such other insurance or coverage is stated to be primary, excess, contingent or otherwise, unless such other insurance or coverage specifically applies as excess insurance or coverage over the limits provided in this Memorandum of Coverage.

7. NOTICE OF OCCURRENCE

Upon the happening of any occurrence likely to involve SCORE under this Memorandum of Coverage, the Member City shall give notice, either written or oral, as soon as practicable to the Claims Administrator of SCORE. Such notice shall contain particulars sufficient to identify the Member City and fullest information obtainable at the time. If legal proceedings are begun, the Member City shall forward to the SCORE Claims Administrator each paper therein, or a copy thereof, received by the Member City or the Member City's representative, together with copies of reports or investigations with respect to such claim proceedings.

8. DEFENSE

SCORE shall assume charge of the investigation, settlement or defense of any claims made, or suits brought, or proceedings instituted against the Member City, which in the opinion of SCORE may create liability on the part of SCORE under the terms of this Memorandum of Coverage.

9. PAYMENT OF LOSS

Upon final determination of loss, SCORE will promptly pay on behalf of the Member City the amount of loss falling within the terms of this Memorandum of Coverage.

10. SUBROGATION

In the event of any payment under this Memorandum of Coverage, SCORE will be subrogated to all the Member City's rights of recovery against any person or organization and SCORE shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights.

The amount recovered as subrogation shall be apportioned in the inverse order of payment of the loss to the extent of the actual payment. The expenses of all such recovery proceedings shall be apportioned in the ratio of the respective recoveries.

11. CANCELLATION

This Memorandum of Coverage may be canceled in accordance with the terms of the JPA Agreement and Bylaws of SCORE.

To be valid, this agreement must be signed by either the President or Vice-President of SCORE. The Agreement will be issued by the Program Administrator.

Mr. Roger Carroll, President

Date

SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY
AMENDMENT TO MEMORANDUM OF COVERAGE
FORM NO. LIAB-13

ENDORSEMENT NO. 1

It is understood and agreed that the coverage provided under Form No LIAB-13 to the member of Small Cities Organized Risk Effort is amended, effective as shown below, as follows:

Notwithstanding anything to the contrary, Amendment 4.B of the Memorandum of Coverage, excluding coverage for skateboard parks, does not apply to the skateboard park in Loyalton, California.

Mr. Roger Carroll, President

Date

SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY
AMENDMENT TO MEMORANDUM OF COVERAGE
FORM NO. LIAB-13

ENDORSEMENT NO. 2

It is understood and agreed that the coverage provided under Form No LIAB-13 to the member of Small Cities Organized Risk Effort is amended, effective as shown below, as follows:

Notwithstanding anything to the contrary, Amendment 4.B of the Memorandum of Coverage, excluding coverage for skateboard parks, does not apply to the skateboard park in the Miner Street Park located in Yreka, California

Mr. Roger Carroll, President

Date

SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY
AMENDMENT TO MEMORANDUM OF COVERAGE
FORM NO. LIAB-13

ENDORSEMENT NO. 3

It is understood and agreed that the coverage provided under Form No LIAB-13 to the member of Small Cities Organized Risk Effort is amended, effective as shown below, as follows:

Notwithstanding anything to the contrary, Amendment 4.B of the Memorandum of Coverage, excluding coverage for skateboard parks, does not apply to the skateboard park located at 441 South Gulling Street in Portola, California.

Mr. Roger Carroll, President

Date

SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY
AMENDMENT TO MEMORANDUM OF COVERAGE
FORM NO. LIAB-13

ENDORSEMENT NO. 4

It is understood and agreed that the coverage provided under Form No LIAB-13 to the member of Small Cities Organized Risk Effort is amended, effective as shown below, as follows:

Notwithstanding anything to the contrary, Amendment 4.B of the Memorandum of Coverage, excluding coverage for skateboard parks, does not apply to the skateboard park located at Howard Park in Ione, California.

Mr. Roger Carroll, President

Date

SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY
AMENDMENT TO MEMORANDUM OF COVERAGE
FORM NO. LIAB-13

ENDORSEMENT NO. 5

It is understood and agreed that the coverage provided under Form No LIAB-13 to the member of Small Cities Organized Risk Effort is amended, effective as shown below, as follows:

Notwithstanding anything to the contrary, Amendment 4.B of the Memorandum of Coverage, excluding coverage for skateboard parks, does not apply to the skateboard park at 1200 North Street in Susanville, California.

Mr. Roger Carroll, President

Date

SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY
AMENDMENT TO MEMORANDUM OF COVERAGE
FORM NO. LIAB-13

ENDORSEMENT NO. 6

It is understood and agreed that the coverage provided under Form No LIAB-13 to the member of Small Cities Organized Risk Effort is amended, effective as shown below, as follows:

Notwithstanding anything to the contrary, Amendment 4.B of the Memorandum of Coverage, excluding coverage for skateboard parks, does not apply to the skateboard park at 1525 Median in Shasta Lake, California.

Mr. Roger Carroll, President

Date

SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY
AMENDMENT TO MEMORANDUM OF COVERAGE
FORM NO. LIAB-13

ENDORSEMENT NO. 7

It is understood and agreed that the coverage provided under Form No LIAB-13 to the member of Small Cities Organized Risk Effort is amended, effective as shown below, as follows:

Notwithstanding anything to the contrary, Amendment 4.B of the Memorandum of Coverage, excluding coverage for skateboard parks, does not apply to the skateboard park at 9th and B Streets in Biggs, California.

Mr. Roger Carroll, President

Date

SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY
AMENDMENT TO MEMORANDUM OF COVERAGE
FORM NO. LIAB-13

ENDORSEMENT NO. 8

It is understood and agreed that the coverage provided under Form No LIAB-13 to the members of Small Cities Organized Risk Effort is amended, effective as shown below, as follows:

ARBITRATION OF COVERAGE DISPUTES

(a) Coverage Determinations

The Administrator, in conjunction with the claims adjuster, shall make the initial determination whether to deny coverage on all or part of a claim, or to reserve the *Authority's* right to deny coverage on all or part of a claim, if a loss subsequently exceeds the *retained limit*.

A decision by the Administrator to deny coverage can be appealed to the Board of Directors. Notice of such appeal shall be submitted in writing to the administrator within thirty (30) calendar days of the date of the Administrator's written notice of decision.

The appeal shall be considered by the Board of Directors at the next regular or special meeting following receipt of the written appeal; if the appeal is received too late for inclusion in the agenda packet, it can be postponed to the next following Board meeting. The Administrator, in conjunction with the claims adjuster, and the *covered party* will have the right to submit written materials and present oral argument to the Board, subject to reasonable time constraints. Any dispute concerning a decision by the Board to deny coverage for all or part of a claim shall not be subject to any court action, but may instead be submitted to binding arbitration in accordance with the procedures set forth below. Notice of a request for binding arbitration by the *covered party* must be submitted to the administrator within thirty (30) calendars days from the date of the noticed decision by the Board of Directors.

(a) Arbitration Procedures for Resolving Disputes

1) Selection of Arbitrators

If an appeal of a Board decision is submitted to arbitration, each side shall, within ten (10) calendar days, select one (1) arbitrator and submit his or her name in writing to the other side. Within ten (10) calendar days after their selection, these two arbitrators shall select a third independent arbitrator. If the two sides cannot agree on the selection of the third arbitrator within ten (10) calendar days, either side may petition the Sacramento County Superior Court for the appointment of the third arbitrator pursuant to the provisions of section 1281.6 of the California

Code of Civil Procedure. The third arbitrator shall be an attorney and preside as the Chairperson of the arbitration panel. No arbitrator shall be employed or affiliated with the *Authority* or the *covered party* or *parties*.

The arbitration hearing shall commence within forty-five (45) calendar days from the date of the selection of the Chairperson, unless both sides agree to an extension or chairperson grants an extension.

Each side shall pay the cost of its selected arbitrator and one-half of the cost of the third selected arbitrator. In addition, each side shall be responsible for its own cost and expense of arbitration.

Except for notification of appointment and as provided in the California Code of Civil Procedure, there shall be no communication between either side and the arbitrator(s) relating to the subject of the arbitration other than at oral hearings.

2) **Discovery**

The procedures set forth in Code of Civil Procedure section 1283.05 relating to depositions and discovery shall apply to any arbitration pursuant to this paragraph (b).

3) **Testimony Under Oath**

The testimony of witnesses shall be given under oath.

4) **Length of Hearing**

The panel will endeavor to confine the length of the hearing to two (2) days. A decision of the panel shall be reported in writing. The written decision of the panel shall be given to both sides within thirty (30) calendar days of the close of the hearing.

5) **Certified Shorthand Reporter**

Either side wishing a certified shorthand reporter record shall make arrangements directly with a certified shorthand reporter and notify the other side of such arrangements in advance of the hearing. The requesting side shall pay the cost of recording the hearing if no transcript is ordered. If a transcript is ordered, the cost of the transcript and of recording the hearing shall be prorated equally among the parties ordering copies.

(b) **Funding of Defense and Payment of Claims Pending Resolution of Dispute**

If the duty to defend is at issue, during the course of the arbitration proceedings provided herein, the *covered party* will be responsible for all fees and expenses for investigation, defense or litigation of a claim or lawsuit. In the event the arbitration panel determines that coverage applies for such *defense costs*, the *Authority* will reimburse the *covered party* as directed by the panel.

(c) **Effects of Arbitration Decisions**

All decisions on appeals, whether by the Board of Directors (after the time to request arbitration has expired) or by the arbitration panel, shall be final and binding upon the parties and shall not be subject to any further appeal or court action, except as provided in Code of Civil Procedures sections 1286.2 and 1286.4 (relating to fraud or corruption, etc.).

(d) **General Law**

Except as provided otherwise above, arbitration shall be conducted as provided in Title 9 of the Code of Civil Procedure (commencing with section 1280).

Mr. Roger Carroll, President

Date



APPROVAL OF SCORE'S WORKERS' COMPENSATION MEMORANDUM OF COVERAGE

ACTION ITEM

ISSUE: The SCORE Workers' Compensation Memorandum of Coverage is reviewed on an annual basis and updated, if needed. SCORE's Excess Workers' Compensation provider, has amended their coverage documents effective July 1, 2012 as respects coverage for Occupational Disease to mirror the Labor Code **LC 5500.5. Employers liable for occupational disease or cumulative injury** (States in part:) "...as determined pursuant to Section 5412, or the last date on which the employee was employed in an occupation exposing him or her to the hazards of the... occupational disease or cumulative injury, whichever comes first."

Staff has included this change in the proposed 2012 Memorandum of Coverage attached. SCORE's Workers' Compensation coverage is provided by a Memorandum of Coverage (MOC). The Board annually adopts the Workers' Compensation MOC pending any changes.

RECOMMENDATION: The Program Administrator recommends that the Board of Directors adopt the Workers' Compensation Memorandum of Coverage as written.

FISCAL IMPACT: None

BACKGROUND: SCORE's MOC 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.

A Declarations page will be issued for the new program year, for each participating member separately.

ATTACHMENTS: SCORE's 2012-2013 Workers' Compensation Memorandum of Coverage.

SMALL CITIES ORGANIZED RISK EFFORT
WORKERS' COMPENSATION
UNDERLYING MEMORANDUM OF COVERAGE
FORM NO. WCOM-12

1. INSURING AGREEMENT

In consideration of the payment of the required deposit and subject to all the terms of this Memorandum of Coverage, SCORE agrees to pay on behalf of the Member City loss resulting from any accident or disease covered by the terms of the Local Agency Workers' Compensation Excess Joint Powers Authority Memorandum of Coverage effective for the Coverage Period shown under Item 2 of the Declarations to this Memorandum, except as amended by the following provisions:

2. LIMITS OF LIABILITY

The Limits of Liability applicable to this Memorandum of Coverage are as stated under Items 3a and 3b of the Declarations. This Memorandum of Coverage does not include a self-insured retention.

3. EXCLUSIONS

This Memorandum of Coverage shall not apply to benefits due to any Member City employee or volunteer under Labor Code Section 4850.

4. GLOSSARY

The conditions of this Memorandum of Coverage shall be applied as if the glossary of words listed below had been included with the word or words each time they appear in this Memorandum of Coverage.

LOSS-means the ultimate net loss as defined in the Memorandum of Coverage issued by LAWCX for this period concurrent with the period stated in the declarations and amended by the Memorandum.

MEMBER CITY OR MEMBER ENTITY- a signatory to the Joint Powers Agreement forming the Small Cities Organized Risk Effort Joint Powers Authority. This meaning shall apply to the term Member City or Member Entity notwithstanding any other definition to the contrary in, or any document incorporated into, this Memorandum.

5. OTHER INSURANCE

The coverage afforded by this Memorandum of Coverage shall be excess over any other valid and collectible insurance or coverage available to the Member City and applicable to any part of the ultimate net loss, whether such other insurance or coverage is stated to be primary, excess, contingent or otherwise, unless such other insurance or coverage specifically

applies as excess insurance or coverage over the limits provided in this Memorandum of Coverage.

6. NOTICE OF LOSS

Upon the happening of any occurrence likely to involve SCORE under this Memorandum of Coverage, the Member City shall give notice as soon as practicable to the Claims Administrator of SCORE. Such notice shall contain particulars sufficient to identify the Member City and provide fullest information obtainable at the time. The Member City shall forward to SCORE Claims Administrator all written notices, demands or legal papers received by the Member City or the Member City's representative, together with copies of reports or investigations, with respect to such loss.

7. DEFENSE

SCORE shall assume charge of the investigation, settlement or defense of any claims made, or suits brought, or proceedings instituted against the Member City, which in the opinion of SCORE may create liability on the part of SCORE under the terms of this Memorandum of Coverage.

8. PAYMENT OF LOSS

Upon final determination of loss, SCORE will promptly pay on behalf of the Member City the amount of loss falling within the terms of this Memorandum of Coverage.

9. CANCELLATION

This Memorandum of Coverage may be canceled in accordance with the terms of the JPA Agreement and Bylaws of SCORE.

To be valid, this agreement must be signed by either the President or Vice-President of SCORE. The Agreement will be issued by the Program Administrator.

Mr. Roger Carroll, President

Date



Agenda Item H.4.

2012/13 PROPERTY PROGRAM RENEWAL

ACTION ITEM

ISSUE: The property market has been hardening in 2012 due to the significant worldwide catastrophic activity in 2011 including: the Tōhoku Earthquake in Japan; spring Tornadoes in the U.S. including those in early 2012; Thailand flooding; the New Zealand Earthquake; and Hurricane Irene. These events and the associated drain on insurer capital have resulted in market responses ranging from moderate to strong rate increases. Understanding the difficult economic environment our Public Entity clients are operating in, we have aggressively marketed the program to provide members with the best terms and rates possible. We believe that PEPiP terms, conditions and pricing for the 2012 renewal season remain the best available for the large majority of Public Entity members.

We marketed this program to various Property insurers who after review of the submission, coverage’s, losses and premiums determined they could not compete with the current program.

We also submitted the property specifications to CJPRMA, our excess liability provider to quote in their property program which is reinsured by Munich Re Insurance. They provided us with an indication which included a \$25,000 deductible.

	PEPIP	CJPRMA
Limits	\$1,000,000,000	\$300,000,000
Deductible	\$ 5,000	\$ 25,000
Premium	\$ 239,952	\$ 193,606
4 yrs. Avg. Losses \$0-25K	N/A	\$ 38,815
Total	\$ 239,952	\$ 232,421
		Quote does not include coverage for auto physical damage.

The SCORE Property Program through PEPiP renews July 1, 2012. Total Insured Real Property Values increased 9.6% due to various changes throughout the policy year. Total premium increased 22 % over last year. The main factors of the premium increase are due to the increased in values and rate increase.

The real property premium **rate** increased by 12.5% to \$.091 for All Risk and Boiler coverages. The property deductible remains at \$5,000 per occurrence and the Boiler deductible remains at \$5,000.

Coverage Changes for the 2012-2013 year are as follows:

<u>Item</u>	<u>11-12 Coverage or Sublimit Per Occurrence</u>	<u>12-13 Coverage or Sublimit Per Occurrence</u>
Increased Cost of Construction	...The Maximum amount of additional insurance by this policy which results from the above referenced 12 month period is not-to-exceed 20% of the amount of the physical damage loss or \$25,000,000 whichever is greater from which this additional loss results.	...The Maximum amount of additional insurance by this policy which results from the above referenced <u>6</u> month period is not-to-exceed 20% of the amount of the physical damage loss or \$25,000,000 whichever is greater from which this additional loss results.
Flood	Definition of Flood does not include ensuing loss or damage not otherwise excluded	Definition of Flood does not include ensuing loss or damage <u>by fire, explosion, or sprinkler leakage</u>
Earthquake	Definition of Earthquake does not include ensuing loss or damage not otherwise excluded	Definition of Earthquake does not include ensuing loss or damage <u>by fire, explosion, or sprinkler leakage</u>
Subrogation	Under certain circumstance, a waiver of subrogation can be made after the loss	Waiver of subrogation must be made before loss occurs
Jurisdictional Boiler Inspections	CNA provides jurisdictional inspections on objects for members that purchase B&M coverage in PEPiP	CNA or HSB will jurisdictional inspections on objects for members that purchase B&M coverage in PEPiP

Lexington (Best Rated A XV) will continue to provide the primary layer of property insurance coverage with a \$25,000,000 Limit. Excess limits will be placed with London, Bermudian, European and U.S Domestic markets (Best Rated minimum of A- VII) up to a limit of \$1,000,000,000.

FISCAL IMPACT: The projected total premium of 239,952 is based on total insured values of \$210,837,400.

RECOMMENDATION: Because Alliant is also the Underwriting Service and Broker for the PEPiP program staff cannot make a specific recommendation on this item.

BACKGROUND: SCORE provides optional property insurance for their members through the Alliant Property Program PEPiP. This is a joint purchase insurance program currently providing members up to \$1,000,000,000 in all risk limits. Premiums are based on each member's exposures which are provided via a schedule of insured locations.

ATTACHMENT(S):

1. 2012-2013 SCORE Rating Allocation Spreadsheet
2. 2012-2013 PEPiP Executive Summary
3. 2012-2013 Property Proposal
4. 2012-2013 Named Insured List
5. PEPiP/CJPRMA Coverage Comparison

**SMALL CITIES ORGANIZED RISK EFFORT
PROPERTY PROGRAM
July 1, 2012 to June 30, 2013**

Member Entity	Property Deductible	Boiler & Machinery Deductible	Real Property Values	Personal Property Values	Income/Rents	Contractor's Equipment	Total Values	Property Premium	Excess Premium and Fees	Automobile Physical Damage Deductible	Automobile Physical Damage Values	Physical Damage Premium	Total Deposit	Last Year's Premium	Difference
Biggs	\$5,000	\$5,000	\$2,729,658	\$1,036,166	\$0	\$91,665	\$3,857,489	\$2,706	\$837	\$5,000	\$397,393	\$2,149	\$5,693	\$3,846	48%
Colfax	\$5,000	\$5,000	\$9,789,952	\$2,222,431	\$0	\$162,027	\$12,174,410	\$8,540	\$2,541	\$5,000	\$441,097	\$2,386	\$13,467	\$11,065	22%
Dorris	\$5,000	\$5,000	\$3,206,679	\$525,813	\$8,000	\$96,646	\$3,837,138	\$2,692	\$794	\$5,000	\$80,307	\$434	\$3,920	\$3,269	20%
Dunsmuir	\$5,000	\$5,000	\$7,385,736	\$901,465	\$18,000	\$0	\$8,305,201	\$5,826	\$1,696				\$7,522	\$5,976	26%
Etna	\$5,000	\$5,000	\$4,317,596	\$334,081	\$8,000	\$0	\$4,659,677	\$3,269	\$999	\$5,000	\$381,388	\$2,063	\$6,331	\$6,003	5%
Fort Jones	\$5,000	\$5,000	\$2,314,676	\$1,423,838	\$7,000	\$0	\$3,745,514	\$2,627	\$830	\$5,000	\$517,683	\$2,800	\$6,257	\$5,533	13%
Live Oak	\$5,000	\$5,000	\$33,577,202	\$3,578,843	\$131,000	\$0	\$37,287,045	\$26,157	\$7,649	\$5,000	\$284,780	\$1,540	\$35,346	\$13,435	163%
Loomis	\$5,000	\$5,000	\$1,393,594	\$149,310	\$0	\$0	\$1,542,904	\$1,082	\$359	\$5,000	\$347,363	\$1,879	\$3,320	\$2,968	12%
Loyalton	\$5,000	\$5,000	\$3,925,606	\$1,035,092	\$11,000	\$229,393	\$5,201,091	\$3,649	\$1,279	\$5,000	\$1,730,268	\$9,358	\$14,285	\$10,888	31%
Montague	\$5,000	\$5,000	\$4,859,439	\$1,153,310	\$0	\$194,260	\$6,207,009	\$4,354	\$1,393	\$5,000	\$1,000,000	\$5,408	\$11,155	\$7,609	47%
Mt. Shasta	\$5,000	\$5,000	\$5,111,614	\$1,602,664	\$35,000	\$0	\$6,749,278	\$4,735	\$1,378				\$6,113	\$5,005	22%
Portola	\$5,000	\$5,000	\$3,253,680	\$1,306,389	\$0	\$0	\$4,560,069	\$3,199	\$946	\$5,000	\$121,929	\$659	\$4,805	\$3,562	35%
Rio Dell	\$5,000	\$5,000	\$5,338,565	\$4,354,405	\$6,000	\$125,294	\$9,824,264	\$6,892	\$2,033	\$5,000	\$217,697	\$1,177	\$10,102	\$7,938	27%
Shasta Lake	\$5,000	\$5,000	\$39,794,089	\$8,430,065	\$0	\$492,798	\$48,716,952	\$34,175	\$10,202	\$10,000	\$2,038,576	\$11,025	\$55,402	\$40,570	37%
Susanville	\$5,000	\$5,000	\$15,051,480	\$5,621,586	\$144,000	\$58,800	\$20,875,866	\$14,644	\$4,302	\$5,000	\$318,414	\$1,722	\$20,669	\$17,526	18%
Tulelake	\$5,000	\$5,000	\$3,940,000	\$755,000	\$0	\$0	\$4,695,000	\$3,294	\$1,005	\$5,000	\$371,988	\$2,012	\$6,311		
Weed	\$5,000	\$5,000	\$5,890,419	\$1,011,929	\$50,826	\$26,033	\$6,979,207	\$4,896	\$1,425				\$6,321	\$5,298	19%
Yreka	\$5,000	\$5,000	\$9,922,283	\$8,719,054	\$257,300	\$2,720,649	\$21,619,286	\$15,166	\$4,490	\$10,000	\$606,543	\$3,280	\$22,936	\$18,208	26%
Total:			\$161,802,268	\$44,161,441	\$676,126	\$4,197,565	\$210,837,400	\$147,901			\$8,855,426	\$47,893	\$239,952	\$168,699	42.24%



**ALLIANT INSURANCE SERVICES, INC.
PUBLIC ENTITY PROPERTY INSURANCE PROGRAM (PEPIP)**

PROPERTY PROPOSAL

TYPE OF INSURANCE: Insurance Reinsurance

NAMED INSURED: Small Cities Organized Risk Effort

DECLARATION: 4-Cities 4

POLICY PERIOD: July 1, 2012 to July 1, 2013

COMPANIES: See Attached List of Companies

**TOTAL INSURED
VALUES:** \$ 219,692,826 as of May 22, 2012

**ALL RISK
COVERAGES &
LIMITS:**

- \$ 1,000,000,000 Per Occurrence: All Perils, Coverages (subject to policy exclusions) and Insureds/Members combined, subject to the following per occurrence and/or aggregate sub-limits as noted.
- Not Covered Flood Limit - Per Occurrence and in the Annual Aggregate (for those Members(s)/Entity(ies) that purchase this optional dedicated coverage)
- Not Covered Per Occurrence and in the Annual Aggregate for all locations in Flood Zones A , V, and all other 100 year exposures. This Sublimit does not increase the specific flood limit of liability for those Members(s)/Entity(ies) that purchase this optional dedicated coverage.
- Not Covered Earthquake Shock - Per Occurrence and in the Annual Aggregate (for those Members(s)/Entity(ies) that purchase this optional dedicated coverage)
- \$ 100,000,000 Combined Business Interruption, Rental Income and Tax Interruption and Tuition Income (and related fees) - except \$500,000 per Member/Entity subject to maximum of \$2,500,000 Per Occurrence limit if specific values for such coverage have not been reported as part of the Member(s)/Entity(ies) schedule of values held on file with Alliant Insurance Services, Inc. Coverage for power generating plants is excluded, unless otherwise specified.
- \$ 50,000,000 Extra Expense
- \$ 25,000,000 Miscellaneous Unnamed Locations for existing Members Excluding Earthquake coverage for Alaska and California Members. If Flood coverage is purchased for all scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V.

180 Days Extended Period of Indemnity

See Policy Provisions	\$25,000,000	Automatic Acquisition up to \$100,000,000 or a member's Policy Limit of Liability if less than \$100,000,000 for 90 days excluding licensed vehicles for which a sublimit of \$10,000,000 applies per policy Automatic Acquisition and Reporting Condition. Additionally a sublimit of \$2,500,000 applies for Tier 1 Wind Counties, Parishes and Independent Cities for 60 days for the states of Virginia, North Carolina, South Carolina, Georgia, Alabama, Mississippi, Louisiana, Texas and/or situated anywhere within the states of Florida and Hawaii. The peril of EQ is excluded for the states of Alaska and California. If Flood coverage is purchased for all scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V.
\$	1,000,000	Unscheduled Landscaping, tees, sand traps, greens and athletic fields and further subject to \$25,000 / 25 gallon maximum per item
\$	5,000,000	Scheduled Landscaping, tees, sand traps, greens and athletic fields and further subject to \$25,000 / 25 gallon maximum per item. Higher limits available for members with scheduled values greater than \$5,000,000 for an additional premium with underwriting approval
\$	50,000,000	Errors & Omissions - This extension does not increase any more specific limit stated elsewhere in this policy or Declarations.
\$	25,000,000	Course of Construction and Additions (including new) for projects with completed values not exceeding the sublimit shown. Projects valued between \$25,000,001 and \$50,000,000 can be added for an additional premium with underwriting approval
\$	2,500,000	Money & Securities for named perils only as referenced within the policy
\$	2,500,000	Unscheduled Fine Arts
\$	250,000	Accidental Contamination per occurrence and annual aggregate per member with \$500,000 annual aggregate for all insureds / members per declaration
\$	500,000	Unscheduled Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets, Sidewalks, Culverts, Street Lights and Traffic Signals unless a specific value has been declared (excluding coverage for the peril of Earthquake Shock, and excluding Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters)
\$	25,000,000	Increased Cost of Construction due to the enforcement of building codes/ ordinance or law (includes All Risk and Boiler & Machinery)
\$	25,000,000	Transit

2012-2013 Public Entity Property Insurance Program (PEPIP) Property Proposal
 Small Cities Organized Risk Effort

\$	2,500,000	Unscheduled Animals; not to exceed \$50,000 per Animal, per Occurrence
\$	2,500,000	Unscheduled Watercraft up to 27 feet
	Included	Per Occurrence for Off Premises Vehicle Physical Damage
\$	25,000,000	Off Premises Services Interruption including Extra Expense resulting from a covered peril at non-owned/operated locations
\$	5,000,000	Per Occurrence and Annual Aggregate for Earthquake shock on Licensed Vehicles, Unlicensed Vehicles, Contractor's Equipment and Fine Arts for all insured/members in this declaration combined that do not purchase Earthquake coverage
\$	5,000,000	Per Occurrence and Annual Aggregate for Flood on Licensed Vehicles, Unlicensed Vehicles, Contractor's Equipment and Fine Arts for all insured/members in this declaration combined that do not purchase Flood coverage
\$	3,000,000	Contingent Business Interruption, Contingent Extra Expense, Contingent Rental Values and Contingent Tuition Income separately
\$	500,000	Jewelry, Furs, Precious Metals and Precious Stones Separately
\$	1,000,000	Claims Preparation Expenses
\$	50,000,000	Expediting Expenses
\$	1,000,000	Personal Property Outside of the USA
\$	100,000,000	Per Member/Entity Per Occurrence subject to \$200,000,000 Annual Aggregate of Declarations 1-14, 17, 18, 19, 20, 21, 26, 27, 28, 30, 32, 33 and 34 combined as respects Property Damage, Business Interruption, Rental Income and Extra Expense Combined for Terrorism (Primary Layer)
\$	250,000,000	Per Member/Entity for Terrorism (Excess Layer) subject to;
\$	550,000,000	Per Occurrence, All Members combined in Declarations 1-9, 11, 12, 13, 14, 19, 20, 21, 26, 27, 28, 30, 32, 33 and 34 for Terrorism (Excess Layer) subject to;
\$	850,000,000	Annual Aggregate shared by all Members/Entities combined in Declarations 1-9, 11, 12, 13, 14, 19, 20, 21, 26, 27, 28, 30, 32, 33 and 34, as respects Property Damage, Business Interruption, Rental Income and Extra Expense combined for Terrorism (Excess Layer)
	Not Covered	Per Occurrence Per Declaration Upgrade to Green Coverage subject to the lesser of, the cost of upgrade, an additional 25% of the applicable limit of liability shown in the schedule of values or this sub limit.
	Included	Information Security & Privacy Insurance with Electronic Media Liability Coverage. See Cyber Coverage Summary for details of coverage terms, limits and deductibles

Included See attached Public Entity Pollution Liability 2012 Insurance Summary for applicable limits and deductibles

- VALUATION:**
- Repair or Replacement Cost
 - Actual Loss Sustained for Time Element Coverages
 - Contractor’s Equipment / either Replacement Cost or Actual Cash Value (ACV) as declared by each member. If not declared, valuation will default to Actual Cash Value (ACV)

**EXCLUSIONS
 (Including but not limited to):**

- Seepage & Contamination
- Cost of Clean-up for Pollution
- Mold

“ALL RISK”

DEDUCTIBLE: \$ 5,000 Per Occurrence, which to apply in the event a more specific deductible is not applicable to a loss

DEDUCTIBLES FOR SPECIFIC PERILS AND COVERAGES:

Not Covered Per Occurrence for Flood Zones A & V

Not Covered All Flood Zones Per Occurrence excluding Flood Zones A & V

Not Covered Earthquake Shock: If the stated deductible is a flat dollar amount, the deductible will apply on a Per Occurrence basis, unless otherwise stated. If the stated deductible is on a percentage basis, the deductible will apply Per Occurrence on a Per Unit basis, as defined in the policy form, subject to the stated minimum.

\$ 1,000 Per Occurrence for Specially Trained Animals

\$ 500,000 Per Occurrence for Unscheduled Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets, Sidewalks, Culverts, Street Lights and Traffic Signals unless a specific value has been declared (excluding coverage for the peril of Earthquake Shock, and excluding Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters)

\$ 10,000 Minimum subject to \$100,000 Maximum per Vehicle or Item for Licensed Vehicles, Unlicensed Vehicles and Contractor's Equipment Per Occurrence and Annual Aggregate and shared by all members of this Declaration for the peril of Earthquake for members who do not purchase dedicated Earthquake limits

\$ 50,000 Per Occurrence and Annual Aggregate and shared by all members of this Declaration for Fine Arts for the peril of Earthquake for members who do not purchase dedicated Earthquake limits

\$ 10,000 Minimum subject to \$100,000 Maximum per Vehicle or Item for Licensed Vehicles, Unlicensed Vehicles and Contractor's Equipment Per Occurrence and Annual Aggregate and shared by all members of this Declaration for the peril of Flood for members who do not purchase dedicated Flood limits

\$ 50,000 Per Occurrence and Annual Aggregate and shared by all members of this Declaration for Fine Arts for the peril of Flood for members who do not purchase dedicated Flood limits

24 Hour Waiting Period for Service Interruption for All Perils and Coverages

2.5% of Annual Tax Value per Location for Tax Interruption

\$ 5,000 for all members, except \$10,000 for City of Shasta Lake and City of Yreka Vehicle Physical Damage

ACV Vehicle Valuation Basis

\$ 5,000 Per Occurrence for Contractor's Equipment

\$ 5,000 Per Occurrence for Primary Terrorism

\$ 500,000 Per Occurrence for Excess Terrorism (Applies only if the Primary Terrorism Limit is exhausted)

Included Information Security & Privacy Insurance with Electronic Media Liability Coverage. See Cyber Coverage Summary for details of coverage terms, limits and deductibles. (Cyber Liability)

TERMS & CONDITIONS:

25% Minimum Earned Premium and cancellations subject to 10% penalty

Except Cyber Liability Premium is 100% Earned at Inception

Except Pollution Liability Premium is 100% Earned at Inception

NOTICE OF CANCELLATION:

90 Days except 10 Days for non-payment of premium

EXPIRING/RENEWAL OPTION 1	
	Annual Cost*
Total Property Premium:	\$ 223,345
Excess Boiler:	\$ 2,484
ABS Fee:	\$ 6,853
SLT&F's (Estimate)	\$ 7,270
Broker Fee:	\$ 0
TOTAL COST: (Including Taxes and Fees)	\$ 239,952
*Premiums are based on valid selectable options and the TIV's above. Changes in TIV's will require a premium adjustment.	

IMPORTANT NOTICE: THE NONADMITTED & REINSURANCE REFORM ACT (NRRA) WENT INTO EFFECT ON JULY 21, 2011. ACCORDINGLY, SURPLUS LINES TAX RATES AND REGULATIONS ARE SUBJECT TO CHANGE WHICH COULD RESULT IN AN INCREASE OR DECREASE OF THE TOTAL SURPLUS LINES TAXES AND/OR FEES OWED ON THIS PLACEMENT. IF A CHANGE IS REQUIRED, WE WILL PROMPTLY NOTIFY YOU. ANY ADDITIONAL TAXES AND/OR FEES OWED MUST BE PROMPTLY REMITTED TO ALLIANT INSURANCE SERVICES, INC.

QUOTE VALID

UNTIL: July 1, 2012

BROKER: **ALLIANT INSURANCE SERVICES, INC.**

License No. 0C36861

Susan Adams
Associate Broker

Joan Crossley
Account Manager - Lead

NOTES:

- *Major pending and approved changes to the PEPPI Program are described in the Executive Summary.*
- *Excess Carriers in the layers over \$250,000,000 may require the use of their own policy forms in lieu of the PEPPI policy form.*
- *Change in Total Insurable Values will result in adjustment in premium*
- *Some coverage, sublimits, terms and conditions could change until negotiations with the insurance carriers have been finalized*
- *Coverage outlined in this Proposal is subject to the terms and conditions set forth in the policy. Please refer to Policy for specific terms, conditions and exclusions*

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at www.alliantinsurance.com. For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

**Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations.*

Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at www.ambest.com.

For additional information regarding insurer financial strength ratings visit Standard and Poor's website at www.standardandpoors.com.

To learn more about companies doing business in your state, visit the Department of Insurance website of that state.



PUBLIC ENTITY PROPERTY INSURANCE PROGRAM (PEPIP)

July 1, 2012 – July 1, 2013 Small Cities Organized Risk Effort EXECUTIVE SUMMARY

We are pleased to provide you with the 2012–2013 Public Entity Property Insurance Program (PEPIP) attached renewal material.

The property market has been firming in 2012 due to the significant worldwide catastrophic activity in 2011 including: the Tōhoku Earthquake in Japan; spring Tornadoes in the U.S. including those in early 2012; Thailand flooding; the New Zealand Earthquake; and Hurricane Irene. These events and the associated drain on insurer capital have resulted in market responses ranging from moderate to strong rate increases. Understanding the difficult economic environment our Public Entity clients are operating in, we have aggressively marketed the program to provide members with the best terms and rates possible. We believe that PEPIP terms, conditions and pricing for the 2012 renewal season remain the best available for the large majority of Public Entity members.

Lexington (Best Rated A XV) will continue to provide the primary layer of property insurance coverage with a \$25,000,000 Limit. Excess limits will be placed with London, Bermudian, European and U.S Domestic markets (Best Rated minimum of A- VII) up to a limit of \$1,000,000,000. Members should note several key highlights for this year’s renewal:

- Maintain current sublimits with some minor form changes (see Page 2 for details)
- Optional coverage for “Upgrade to Green” building coverage maintained
- Boiler & Machinery for participating members of the PEPIP Boiler Program maintained. Jurisdictional inspections will be performed either by the incumbent CNA or Hartford Steam Boiler (HSB)
- Cyber (Privacy Liability) Coverage for both 1st and 3rd parties from the Beazley Syndicate at Lloyd’s (for those members eligible)

Alliant Business Services (ABS) will continue to play a significant role not only in providing various types of loss control services, but also in providing appraisal services. For the 2012-2013 policy year property valuations will continue to be a key focus. As a reminder, it is our intent to have all buildings with a scheduled value of \$5,000,000 or more appraised every five years to seven years. This service is included in your total annual cost. You may also choose to have lower valued buildings appraised. The cost to have all or specific buildings appraised between \$25,000 and \$5,000,000 will be quoted at the time the request is made.

Year-over-Year Rate and Premium Comparison

<u>Small Cities Organized Risk Effort</u>	<u>11-12</u> (at 02/01/2012)	<u>12-13</u>	<u>Variance</u>
Total Insurable Values:	\$ 200,743,844	\$ 219,692,826	9.43%
Account Rate (per hundred dollars):	0.0977470	0.1092216	11.73%
Earthquake TIV:	\$ 0	\$ 0	N/A
Earthquake Limit:	Not Covered	Not Covered	N/A
*Total Annual Cost:	\$ 196,221	\$ 239,952	22.28%

* Total Annual Cost includes Premiums, Surplus Lines Taxes & Fees, Appraisal and Loss Prevention Inspection Fees

Major Coverage Changes effective 7/01/12

<u>Item</u>	<u>11-12 Coverage or Sublimit Per Occurrence</u>	<u>12-13 Coverage or Sublimit Per Occurrence</u>	<u>Status</u>
Increased Cost of Construction	...The Maximum amount of additional insurance by this policy which results from the above referenced 12 month period is not-to-exceed 20% of the amount of the physical damage loss or \$25,000,000 whichever is greater from which this additional loss results.	...The Maximum amount of additional insurance by this policy which results from the above referenced <u>6</u> month period is not-to-exceed 20% of the amount of the physical damage loss or \$25,000,000 whichever is greater from which this additional loss results.	Final
Flood	Definition of Flood does not include ensuing loss or damage not otherwise excluded	Definition of Flood does not include ensuing loss or damage <u>by fire, explosion, or sprinkler leakage</u>	Final
Earthquake	Definition of Earthquake does not include ensuing loss or damage not otherwise excluded	Definition of Earthquake does not include ensuing loss or damage <u>by fire, explosion, or sprinkler leakage</u>	Final
Subrogation	Under certain circumstance, a waiver of subrogation can be made after the loss	Waiver of subrogation must be made before loss occurs	Final
Jurisdictional Boiler Inspections	CNA provides jurisdictional inspections on objects for members that purchase B&M coverage in PEPIP	CNA or HSB will jurisdictional inspections on objects for members that purchase B&M coverage in PEPIP	Final decision on CNA or HSB pending

Thank you for your continued support of PEPIP. We look forward to working with you this next year. Please let us know if you have any questions about your Renewal Proposal.

Alliant Insurance Services
 May 2012



PUBLIC ENTITY PROPERTY INSURANCE PROGRAM (PEPIP)

2012-2013

NAMED INSURED – MEMBER SCHEDULE

AS OF 05/22/2012

MEMBER: Small Cities Organized Risk Effort
1792 Tribute Rd, Ste. 450
Sacramento, CA 95815

NAMED INSURED:

Small Cities Organized Risk Effort	City of Rio Dell
City of Portola	City of Shasta Lake
City of Montague	City of Susanville
City of Biggs	City of Tulelake
City of Colfax	City of Weed
City of Dorris	City of Yreka
City of Dunsmuir	Town of Fort Jones
City of Etna	Town of Loomis
City of Live Oak	
City of Loyalton	
City of Mt. Shasta	

First Named Insured Member shall be deemed the sole agent of each and every named insured for the purpose of:

- (1) Giving notice of cancellation,
- (2) Giving instructions for changes in the Policy and accepting changes in this Policy
- (3) The payment of assessments / premiums or receipt of return assessments / premiums.

California Joint Powers Risk Management Authority
Comparison of Existing Property Coverage to Public Entity Property Insurance Program (PEPIP)

Limits or Sub-Limits

Item No:	Coverage Item	PEPIP Limit or Sub-limit	Current CJPRMA Limit or Sub limit	Current CJPRMA Description / Comments
1.	Policy Limit - Per Occurrence: All Perils, Coverages (subject to policy exclusions) and Insureds/Members combined, subject to the following per occurrence and/or aggregate sub-limits as noted.	\$1,000,000,000	\$300,000,000	\$10,000,000 Primary All Risk
2.	Excess Property	Included above	Included above	\$290,000,000 XS \$10,000,000
3.	Earthquake	As Needed	Excluded	
4.	Flood	As Needed	Excluded	
5.	Extra Expense	\$50,000,000	Included	
6.	Combined Business Interruption, Rental Income and Tax Interruption and Tuition Income (and related fees) Per Member; except \$500,000 / \$2,500,000 maximum Per Occurrence limit if values are not reported by members. BI Coverage for Power Generating Plants excluded unless otherwise specified.	\$100,000,000	Included	Rental Value covered separately
7.	Miscellaneous Unnamed Locations for existing Members Excluding Earthquake coverage for Alaska and California Members. If Flood coverage is purchased for all scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V.	\$25,000,000	Included	Reinsurer's limit of liability is \$2,500,000 for Miscellaneous Unnamed Locations.
8.	BI Extended Period of Indemnity	120 days	Unknown	

California Joint Powers Risk Management Authority
Comparison of Existing Property Coverage to Public Entity Property Insurance Program (PEPIP)

Item No:	Coverage Item	PEPIP Limit or Sub-limit	Current CJPRMA Limit or Sub limit	Current CJPRMA Description / Comments
9.	Automatic Acquisition	\$25,000,000 Up to \$100,000,000 for 90 days excluding licensed vehicles for which a sublimit of \$10,000,000 applies per policy Automatic Acquisition Clause.	Included	Real and personal property acquired. Newly acquired locations greater than \$2,500,000 shall be reported to the reinsurer within 90 days of acquisition. New members or locations added in excess of \$1,000,000 subject to additional premium to reinsurer.
10	Unscheduled Landscaping, tees, sand traps, greens and athletic fields	\$1,000,000 Subject to \$25,000 / 25 gallon maximum per item	Landscaping included, except tees, sand traps, greens and athletic fields excluded	Reinsurer's limit of liability is \$2,500,000 for Miscellaneous Unnamed Locations.
11.	Scheduled Landscaping, tees, sand traps, greens and athletic fields	\$5,000,000 Subject to \$25,000 / 25 gallon maximum per item.	Landscaping included, except tees, sand traps, greens and athletic fields excluded	
12.	Errors & Omissions	\$40,000,000	Included	
13.	Course of Construction and Additions (including new) for projects with completed values not exceeding the sublimit shown.	\$25,000,000	Included	Included in Real and Personal Property Coverage. Reinsurer's limitation on newly acquired property and or miscellaneous unnamed locations may be applicable to COC.
14.	Money & Securities for named perils only	\$2,500,000	Excluded	
15.	Unscheduled Fine Arts	\$2,500,000	Included	Reinsurer's limit of liability is \$2,500,000 for Miscellaneous Unnamed Locations.

California Joint Powers Risk Management Authority
Comparison of Existing Property Coverage to Public Entity Property Insurance Program (PEPIP)

Item No:	Coverage Item	PEPIP Limit or Sub-limit	Current CJPRMA Limit or Sub limit	Current CJPRMA Description / Comments
16.	Accidental Contamination per occurrence and annual aggregate per member with \$500,000 annual aggregate for all insureds / members	\$250,000	\$1,000,000 occ. / \$5,000,000 agg.	Pollutant / Contaminant Clean Up Extension
17.	Unscheduled Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets, Sidewalks, Culverts, Street Lights and Traffic Signals unless a specific value has been declared (excluding coverage for the peril of Earthquake Shock, and excluding Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters)	\$500,000	Excluded unless replacement cost values declared.	Bridges, Dams and Tunnels excluded on reinsurance agreement. MOC indicates "unless the replacement cost values have been declared to the reinsurer and the reinsurer have accepted the risk."
18.	Increased Cost of Construction due to the enforcement of building codes/ ordinance or law (includes All Risk and Boiler & Machinery)	\$25,000,000	Included	
19.	Transit	\$25,000,000	Included	
20.	Unscheduled Animals	\$1,000,000 \$50,000 per Animal, per Occurrence	Excluded	
21.	Unscheduled Watercraft up to 27 feet	\$2,500,000	Excluded, except when garaged, stored or in use on premises of CJPRMA or others	No limitation on length of watercraft. Reinsurer's limit of liability is \$2,500,000 for Miscellaneous Unnamed Locations.
22.	Off Premises Services Interruption including Extra Expense resulting from a covered peril at non-owned/operated locations	\$25,000,000	Included	Extra Expense excluded

California Joint Powers Risk Management Authority
Comparison of Existing Property Coverage to Public Entity Property Insurance Program (PEPIP)

Item No:	Coverage Item	PEPIP Limit or Sub-limit	Current CJPRMA Limit or Sub limit	Current CJPRMA Description / Comments
23.	Per Occurrence and Annual Aggregate for Earthquake shock on Licensed Vehicles, Unlicensed Vehicles, Contractor's Equipment and Fine Arts for all insured/members in this declaration combined that do not purchase Earthquake coverage	\$5,000,000	Unknown	
24.	Per Occurrence and Annual Aggregate for Flood on Licensed Vehicles, Unlicensed Vehicles, Contractor's Equipment and Fine Arts for all insured/members in this declaration combined that do not purchase Flood coverage	\$5,000,000	Unknown	
25.	Contingent Business Interruption, Contingent Rental Values, and Contingent Extra Expense separately	\$3,000,000	Included	
26.	Claims Preparation Expenses	\$1,000,000	Included	No specific limit included, nor excluded
27.	Expediting Expenses	\$50,000,000	Included	
28.	Jewelry, Furs, Precious Metals and Precious Stones Separately	\$500,000	Excluded	
29.	Personal Property Outside of the USA	\$1,000,000	Unknown	"This Memorandum of Coverage covers within the 50 comprising the United States of America, the District of Columbia, and Canada."

California Joint Powers Risk Management Authority
Comparison of Existing Property Coverage to Public Entity Property Insurance Program (PEPIP)

Item No:	Coverage Item	PEPIP Limit or Sub-limit	Current CJPRMA Limit or Sub limit	Current CJPRMA Description / Comments
30.	Terrorism (Primary Layer)	\$100,000,000 Per Member/Entity per occurrence subject to \$200,000,000 Annual Aggregate for Declarations 1-10, 12, 13, 17, 18, 19, 20 and 24 combined	\$10,000,000	Certified and Non Certified Terrorism with a single site location greater than \$50,000,000 is excluded. NBCR Terrorist Activity Excluded on reinsurance agreement.
31.	Terrorism (Excess Layer)	\$250,000,000 Per Member/Entity \$550,000,000 Per Occurrence, All Members combined \$850,000,000 Annual Aggregate shared by all Members/Entities combined	Unknown.	Certified Acts of Terrorism under the "terrorism law" covered on the excess property policy.
30.	Contractors Equipment	Per schedule on file	Included	
31.	Accounts Receivable	Included	Included	
32.	Debris Removal	Included	Included	Limited to 25% of the amount of direct physical loss or damage to covered property which necessitated the debris removal.
33.	Leasehold Interest	Included	Included	
34.	Ingress / Egress	Actual loss sustained not to exceed 30 days within a radius subject to a 24 hour waiting period	Loss sustained not to exceed 8 weeks	

California Joint Powers Risk Management Authority
Comparison of Existing Property Coverage to Public Entity Property Insurance Program (PEPIP)

Item No:	Coverage Item	PEPIP Limit or Sub-limit	Current CJPRMA Limit or Sub limit	Current CJPRMA Description / Comments
35.	Interruption by Civil Authority	Actual loss sustained not to exceed 30 days within a radius subject to a 24 hour waiting period	Loss sustained not to exceed 8 weeks	
36.	Fire Brigade Charges and Extinguishing Expenses	Included	Included	
37.	Transmission and distribution lines.	Covered within 1,000 feet of insured premises.	Covered within 500 feet of a CJRMA premises.	Includes electrical, steam, gas, water and other transmission lines and connected substations.
38.	Per Occurrence and Annual Aggregate for Earthquake shock on Licensed Vehicles, Unlicensed Vehicles, Contractor's Equipment and Fine Arts for all insured/members in this declaration combined that do not purchase Earthquake coverage	\$5,000,000	Excluded	Earthquake excluded
39.	Per Occurrence and Annual Aggregate for Flood on Licensed Vehicles, Unlicensed Vehicles, Contractor's Equipment and Fine Arts for all insured/members in this declaration combined that do not purchase Flood coverage	\$5,000,000	Excluded	Flood excluded
40.	Cyber Liability - Annual Policy and Program Aggregate Limit of Liability (subject to policy exclusions) for all Insureds/Members combined (Aggregate for all coverages combined, including Claims Expenses), subject to the following sub-limits as noted	\$20,000,000	No Coverage	

California Joint Powers Risk Management Authority
Comparison of Existing Property Coverage to Public Entity Property Insurance Program (PEPIP)

Item No:	Coverage Item	PEPIP Limit or Sub-limit	Current CJPRMA Limit or Sub limit	Current CJPRMA Description / Comments
	Cyber Liability - Annual Aggregate Limit of Liability for each Insured/Member for Information Security & Privacy Liability (Aggregate for all coverages combined, including Claim Expenses) but sublimited to	\$2,000,000	No Coverage	
	Cyber Liability - Annual Policy Aggregate Limit of Liability for each Insured/Member Privacy Notification Costs coverage. Limit is \$1,000,000 if Beazley vendor services are used.	\$500,000	No Coverage	
	First Party Cyber Liability - Policy Aggregate Sublimit of Liability for each Insured/Member for Cyber Extortion Loss	\$2,000,000	No Coverage	
	First Party Cyber Liability - Policy Aggregate Sublimit of Liability for each Insured/Member for Data Protection Loss and Business Interruption Loss	2,000,000	No Coverage	
40.	Boiler Explosion and Machinery Breakdown	\$100,000,000	\$21,250,000	
	Property Damage	Included	Included	
	Off Premises Property Damage	Included	\$100,000	
	Business Income	Included	\$1,000,000	Does not include "Ordinary Payroll"
	Inspection Services	Included	Unknown	
	Extra Expense	Included	\$1,000,000	Includes \$250,000 sublimit for water turbines/generators

California Joint Powers Risk Management Authority
Comparison of Existing Property Coverage to Public Entity Property Insurance Program (PEPIP)

Item No:	Coverage Item	PEPIP Limit or Sub-limit	Current CJPRMA Limit or Sub limit	Current CJPRMA Description / Comments
	Contingent Business Income	Included	\$100,000	
	Expediting Expense	Included	\$1,000,000	
	Consequential Damage	\$10,000,000	Unknown	Perishable Goods \$1,000,000
	Per Occurrence for Utility Interruption for Utilities owned by others	\$10,000,000	\$1,000,000	Service Interruption
	Per Occurrence for Water Damage	\$10,000,000	Excluded	
	Per Occurrence for Ammonia Contamination	\$10,000,000	\$1,000,000	
	Per Occurrence for Electronic Data Processing Media	\$2,000,000	\$100,000	Data Restoration
	Per Occurrence ordinance or law	\$25,000,000	\$1,000,000	
	Demolition	Included in ordinance or law sublimit	\$1,000,000	
	Per Occurrence for Hazardous Substance	\$1,000,000	\$1,000,000	
	Per Occurrence for Machine of Apparatus used for Research, Diagnosis, Medication, Surgical, Therapeutic, Dental or Pathological Purposes	Included	Unknown	
	Automatic Acquisition for Boiler & Machinery values at newly acquired locations. Values greater than \$25,000,000 or Power Generating Facilities must be reported within 90 days and must have prior underwriting approval prior to binding	\$25,000,000	Included	\$21,250,000 Policy Limit
41.	Automobile Physical Damage	Per schedule / values on file	\$5,000,000	Primary / excess policies provide full limits for values declared.

California Joint Powers Risk Management Authority
Comparison of Existing Property Coverage to Public Entity Property Insurance Program (PEPIP)

Item No:	Coverage Item	PEPIP Limit or Sub-limit	Current CJPRMA Limit or Sub limit	Current CJPRMA Description / Comments
	Per Occurrence and Annual Aggregate for Earthquake shock on Licensed Vehicles , Unlicensed Vehicles, Contractor's Equipment and Fine Arts for all insured/members in this declaration combined that do not purchase Earthquake coverage	\$5,000,000	\$5,000,000	Any one occurrence.
	Per Occurrence and Annual Aggregate for Flood on Licensed Vehicles , Unlicensed Vehicles, Contractor's Equipment and Fine Arts for all insured/members in this declaration combined that do not purchase Flood coverage	\$5,000,000	\$5,000,000	Any one occurrence.

Deductibles

Item No:	Proposed PEPIP Coverage Item	PEPIP Deductible	Current CJPRMA Deductible	Current CJPRMA Description / Comments
1.	All Risk – Per Occurrence	\$5,000 - Minimum	\$25,000	
2.	Per Occurrence for Specially Trained Animals	\$1,000	Excluded	
3.	Per Occurrence for Unscheduled Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets, Sidewalks, Culverts, Street Lights and Traffic Signals unless a specific value has been declared (excluding coverage for the peril of Earthquake Shock, and excluding Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters)	\$500,000	Excluded	

California Joint Powers Risk Management Authority
Comparison of Existing Property Coverage to Public Entity Property Insurance Program (PEPIP)

Item No:	Proposed PEPIP Coverage Item	PEPIP Deductible	Current CJPRMA Deductible	Current CJPRMA Description / Comments
4.	Per Vehicle or Item for Licensed Vehicles, Unlicensed Vehicles and Contractors Equipment Per Occurrence and Annual aggregate and shared by all members of this Declaration for the peril of Earthquake for members who do not purchase dedicated Earthquake limits	\$10,000 Minimum subject to \$100,000 Maximum	Excluded	Earthquake excluded
5.	Per Occurrence and Annual Aggregate and shared by all members of this Declaration for Fine Arts for the peril of Earthquake for members who do not purchase dedicated Earthquake limits	\$50,000	Excluded	Earthquake excluded
6.	Per Vehicle or Item for Licensed Vehicles, Unlicensed Vehicles and Contractor's Equipment Per Occurrence and Annual Aggregate and shared by all members of this Declaration for the peril of Flood for members who do not purchase dedicated Flood limits	\$10,000 Minimum subject to \$100,000 Maximum	Excluded	Flood excluded
7.	Per Occurrence and Annual Aggregate and shared by all members of this Declaration for Fine Arts for the peril of Flood for members who do not purchase dedicated Flood limits	\$50,000	Excluded	Flood excluded
8.	Service Interruption for All Perils and Coverages	24 Hour Waiting Period	Unknown	
9.	Per Location for Tax Interruption	2.5% of Annual Tax Value	Unknown	
10.	Per Occurrence for Contractor's Equipment	\$5,000	\$25,000	
11.	Per Occurrence for Primary Terrorism	\$5,000	\$25,000	

California Joint Powers Risk Management Authority
Comparison of Existing Property Coverage to Public Entity Property Insurance Program (PEPIP)

Item No:	Proposed PEPIP Coverage Item	PEPIP Deductible	Current CJPRMA Deductible	Current CJPRMA Description / Comments
12.	Per Occurrence for Excess Terrorism (Applies only if the Primary Terrorism Limit is exhausted)	\$500,000	NA	
13.	Boiler Explosion and Machinery Breakdown, Except as shown for Specific Objects or Perils	\$10,000	\$5,000	Direct Coverages, except transformers \$3.00 Per KVA, \$10,000 Minimum; except ICE/Generator units \$30.00 Per Horsepower, \$10,000 Minimum; except Water Turbine units \$30.00 Per KW, \$50,000 Minimum.
	Objects over 350 hp, 2,500 KW / KVA / Amps or Boilers over 5,000 sq. ft. of heating surface	\$50,000	See Direct Coverages exceptions	
	Objects over 500 hp, 5,000 KW / KVA / Amps or Boilers over 25,000 sq. ft. of heating surface	\$100,000	See Direct Coverages exceptions	
	Objects over 750 hp, 10,000 KW / KVA / Amps or Boilers over 75,000 sq. ft. of heating surface	\$250,000	See Direct Coverages exceptions	
	Objects over 25,000 hp, 25,000 KW / KVA / Amps or Boilers over 250,000 sq. ft. of heating surface	\$500,000	See Direct Coverages exceptions	
	Deep Water Wells	\$10 per foot / \$2,500 Min.	Unknown	
	Business Interruption/Extra Expense Except as noted below	24 Hours	24 Hours	Indirect Coverages, except Extra Expense \$5,000
	Business Interruption – Revenue Bond	30 Days	Unknown	
	Utility Interruption	24 Hour Waiting Period	Unknown	
	Business Interruption – All Objects over 750 hp or 10,000 KW/KVA/Amps or 10,000 Square feet Heating Surface	5 x 100% of Daily Value	Unknown	

**California Joint Powers Risk Management Authority
Comparison of Existing Property Coverage to Public Entity Property Insurance Program (PEPIP)**

Item No:	Proposed PEPIP Coverage Item	PEPIP Deductible	Current CJPRMA Deductible	Current CJPRMA Description / Comments
	Business Interruption – All Objects at Waste Water Treatment Facilities and All Utilities	5 x 100% of Daily Value	Unknown	
14.	Vehicle Physical Damage	\$5,000 Minimum	\$10,000	
	Per Vehicle or Item for Licensed Vehicles , Unlicensed Vehicles and Contractors Equipment Per Occurrence and Annual aggregate and shared by all members of this Declaration for the peril of Earthquake for members who do not purchase dedicated Earthquake limits	\$10,000 Minimum subject to \$100,000 Maximum	\$10,000	
	Per Vehicle or Item for Licensed Vehicles , Unlicensed Vehicles and Contractor's Equipment Per Occurrence and Annual Aggregate and shared by all members of this Declaration for the peril of Flood for members who do not purchase dedicated Flood limits	\$10,000 Minimum subject to \$100,000 Maximum	\$10,000	

Conditions

Item No:	Proposed PEPIP Condition	PEPIP Condition	Current CJPRMA Condition
1.	Territory	Real and Personal Property within the United States. Personal Property while in transit therein is extended to Worldwide coverage	United States of America, the District of Columbia, and Canada
2.	Notice of Cancellation	90 days NOC except for 10 days nonpayment.	90 days NOC except for 10 days nonpayment.
3.	Minimum Earned Premium	25% of Premium	Unknown

California Joint Powers Risk Management Authority
Comparison of Existing Property Coverage to Public Entity Property Insurance Program (PEPIP)

4.	Valuation	Repair or Replacement Cost for Real & Personal Property ACV for Business Interruption Replacement Cost or ACV for Auto / Contractors Equipment	Repair or Replacement Cost for Real & Personal Property ACV for Business Interruption Like Kind and Quality for Autos
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Major Exclusions / Endorsements / Additional Conditions

PEPIP	Current CJPRMA
PEPIP Policy <ul style="list-style-type: none"> • Joint Loss Adjustment - Boiler & Machinery • Joint Loss Adjustment - Excess Property • Mold Exclusion • Asbestos Exclusion • Seepage and/or Pollution and/or Contamination Exclusion • Debris Removal And Cost Of Clean Up Extension • Lender's Loss Payable • Several Liability Notice • Accidental Contamination Extension • Additional Insured's / Loss Payees • Leasehold Interest Endorsement • Electronic Date Recognition Exclusion • Loss Payable Provisions • Microorganism Exclusion (Map) (Absolute) • Biological Or Chemical Materials Exclusion • Terrorism Coverage Extension • Boiler And Machinery Breakdown Extension 	Primary Property Policy <ul style="list-style-type: none"> • War Exclusion • Exclusion Of Loss To And Loss Of Use Of Data, Computer Hardware And Systems • Mold Exclusion • Pollution Exclusion • Pollutant/Contaminant Clean Up Extension • Asbestos Exclusion • Exclusion Of Certain Computer-Related Losses • Locations valued at \$250,000,000 excluded • Joint Loss Agreement • Brand or Trademark • Consequential Loss • Leasehold Interest B&M Policy <ul style="list-style-type: none"> • Terrorism Risk Insurance Act • Named Insured – Policy Level • Omnibus3 Location Description • Special Wording – Coverage Level • California Changes Excess Property

California Joint Powers Risk Management Authority
Comparison of Existing Property Coverage to Public Entity Property Insurance Program (PEPIP)

	<ul style="list-style-type: none">• Cap on Certified Terrorism Losses• Electric Arcing, Mechanical Breakdown & Steam Boiler Exclusion <p>Automobile Physical Damage (Inland Marine)</p> <ul style="list-style-type: none">• Policy does not cover vehicles valued at less than \$25,000• Certified Acts of Terrorism excluded (Insured rejected coverage)• Includes coverage for Business Personal Property located at 2333 San Ramon Valley Road, Suite 250. \$5,000 limit; \$250 deductible.
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ERMA BOARD OF DIRECTORS REPRESENTATIVE

ACTION ITEM

ISSUE: The Board needs to appoint a Board Member and Alternate to represent SCORE on the ERMA Board of Directors.

RECOMMENDATION: None

FISCAL IMPACT: None.

BACKGROUND: Debra Magginetti was SCORE's appointed Board member to represent SCORE at the ERMA Board meetings. Stephanie Beauchaine was appointed the alternate. Debra Magginetti retired from the City of Susanville at the end of 2011 and Stephanie Beauchaine has been attending the meetings representing SCORE. The Town of Loomis has been approved effective July 1, 2012 for the ERMA program. Mr. Roger Carroll has offered to be either the Board Member or Alternate.

The ERMA Board meets four times a year. The meetings are held at the Bickmore Risk Services office in Sacramento with the exception of the February two day retreat which has been held off site, usually in the Napa Valley region.

ATTACHMENTS: None.



ACI SPECIALTY BENEFITS RENEWAL

ACTION ITEM

ISSUE: Review and approval of SCORE's Employee Assistance Program (EAP) at the existing rates.

RECOMMENDATION: Staff Administrator recommends renewing the contract with ACI Specialty Benefits on September 15, 2012 for one year.

FISCAL IMPACT: Rate per employee is \$2.25 per month. There are currently 14 cities participating in this program with a current headcount of 391 = \$8,798 annually.

BACKGROUND: SCORE contracted with ACI for an Employee Assistance Program in 2008. This is an optional program and the cost is allocated to those cities that participate in the program by number of employees.

ATTACHMENTS:

1. SCORE 2012-2013 EAP Renewal Letter
2. Exhibit A – Benefit Summary
3. SCORE 1st Quarter 2012 Utilization Summary
4. ACI Training Topics Brochure

Employee Assistance Program Utilization Report

Utilization Summary and Analysis



SCORE

January 1, 2012 - March 31, 2012

Utilization Rate:

3.8%



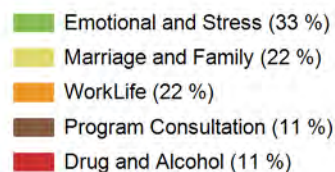
Previous Utilization Rate: 1.7%

Overall Utilization

There were 9 new contacts. 2 were referred by a Family Member, 4 were referred by Human Resources, 1 was referred by Poster or Brochure, 2 had Used Before.

The presenting problems were: Alcohol, Emotional, Family / Child, Program Consultation, Work Stress and WorkLife.

9 new contacts were self-initiated.



Employee Assistance Program Utilization Report

Work/Life Utilization

In this time period there were 2 case(s) that were opened: 50.0 % of the cases were Financial, 50.0 % of the cases were Legal.

Financial and Legal tied for the most utilized with 1 case.

An impressive 70% of employees this quarter said ACI's work/life services saved them 10 hours or more—more than a day's work recouped by utilizing ACI's benefits. ACI continually enhances work/life services and resources to better meet the growing needs of today's workforce, delivers prompt and personalized referrals for all requests, and offers around the clock assistance for last-minute needs and urgent matters.

Training

ACI Specialty Benefits offers state-of-the-art trainings with over 40 exciting topics to choose from. ACI's trainings are designed to enhance professional development for employees of all levels, and are specifically tailored to meet the diverse needs of any organization.

Newsletters

ACI provided the following HealthYEmails this quarter: New Year, New You; Managing Your Online Reputation; Getting Your Financial House in Order.

Formal Referrals

The Supervisory Referral process is a powerful yet easy-to-use tool for managers to address employee behavior concerns. Examples of workplace issues that can be resolved through this process include: difficulty working with others, anger management, substance abuse, loss of productivity, absenteeism, and more.

The Supervisory Referral process reduces the amount of time managers spend dealing with workplace issues and maximizes the potential for issues to be resolved.

To begin a Supervisory Referral, or for more information or consultation, contact the ACI Clinical Department at 800-932-0034.

Number of Formal Referrals: 0
Number of Informal Referrals: 0

1/1/2012 - 3/31/2012

Employee Assistance Program Utilization Report

Utilization Hours

Management Training and Employee Wellness Seminars:	0
Employee Assistance Counseling:	11
Consultation: Work/Life & Concierge	4
Consultation: Employee Consultation	1
Consultation: Supervisor, Management and Outside Consultants	98
Total Program Hours this Period:	114

Utilization Comments

As part of ACI's commitment to quality assurance and program efficacy, ACI provides 100% follow-up on all cases. This past quarter, follow-up surveys from employees who utilized ACI's EAP services revealed that 80% felt the EAP improved the quality of their lives, 80% felt that they were more productive at work post EAP sessions, and 100% would recommend ACI's EAP services to coworkers. These positive outcomes not only produce a stronger and more productive workforce, but turn into bottom-line savings through stress reduction, improved job performance, and higher employee retention rates.

Connect with ACI and join the discussion on Twitter @ACISpecBenefits, ACI's new Facebook page, or on ACI's blog at acieap.wordpress.com.

SCORE Utilization Rate for the Period 1/1/2012 to 3/31/2012 was 3.8 %

This was an increase over the previous period Utilization which was 1.7 %

1/1/2012 - 3/31/2012

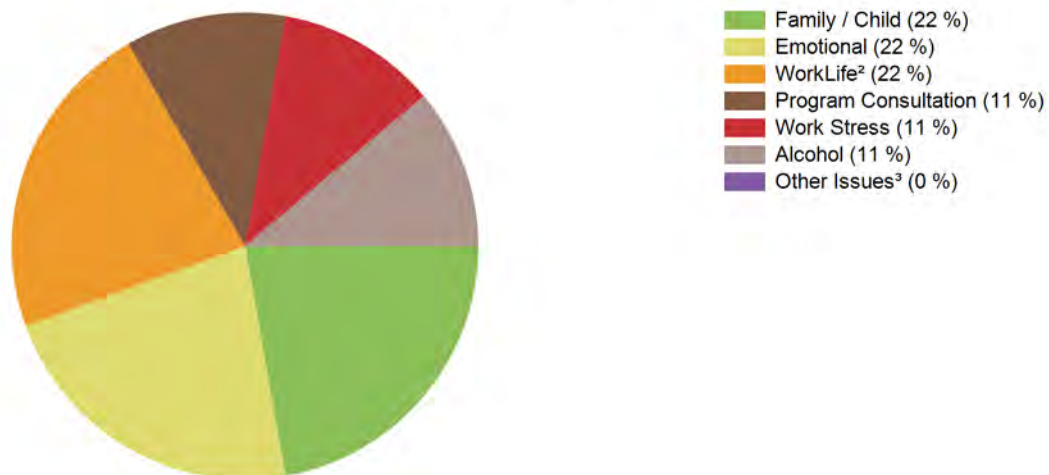
Employee Assistance Program Utilization Report

Primary issue for assessment

Primary Issue	New	Previous Quarter	Year To Date
Alcohol	1	1	1
Alcohol / Family Member	0	0	0
Drugs	0	0	0
Emotional	2	2	2
Family / Child	2	0	2
Gambling	0	0	0
Job Performance	0	0	0
Marital / Relationship	0	0	0
Other	0	0	0
Program Consultation	1	0	1
Work Stress	1	0	1
WorkLife ²	2	1	2

Personal illness and family issues are cited as the primary reason for unplanned absences. In a 2008 study performed by The Clute Institute it was determined that absenteeism translates into losses of over \$16 billion in salary expenses. Approximately 67% of unscheduled absences are due to family issues or other personal issues. ACI's Child and Eldercare benefits can assist with the everyday needs involved with caring for children or elderly family members. ACI's Work/life services offer resources, support and save time. In a study conducted by The Journal of Marital and Family Therapy, over half of couples and family members who attended counseling reported improvement in functioning at work; 73.7% indicated improvement in children's behavior; and 58.7% showed improvement in children's school performance.

New Issues this Quarter



¹ Concierge cases are detailed later in the report.

² WorkLife cases are detailed later in the report.

³ 'Other Issues' includes issues < 1%.

1/1/2012 - 3/31/2012

Employee Assistance Program Utilization Report**Primary Issue Breakout for WorkLife**

Referral Made	New	Previous Quarter	Year To Date
Financial	1	0	1
Legal	1	1	1

New Issues this Quarter

Legal (50 %)
Financial (50 %)

1/1/2012 - 3/31/2012

Employee Assistance Program Utilization Report

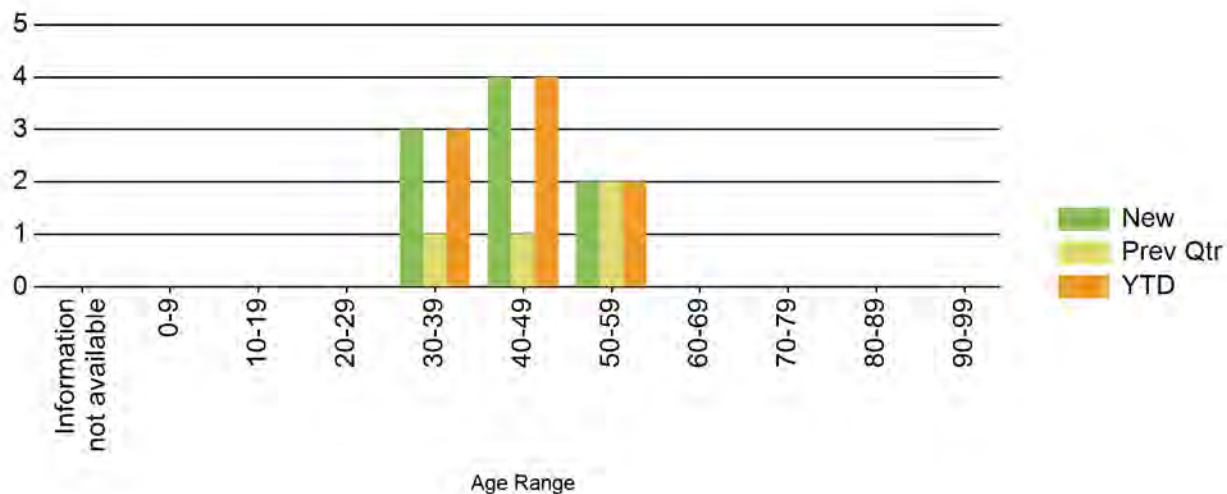
Demographic data

Gender	New	Previous Quarter	Year To Date
Female	5	2	5
Male	4	2	4



Female (56 %)
 Male (44 %)

Age Range	New	Previous Quarter	Year To Date
Information not available	0	0	0
0-9	0	0	0
10-19	0	0	0
20-29	0	0	0
30-39	3	1	3
40-49	4	1	4
50-59	2	2	2
60-69	0	0	0
70-79	0	0	0
80-89	0	0	0
90-99	0	0	0



Who is Initiating Contact with ACI	New	Previous Quarter	Year To Date
Self	9	4	9
Family Member	0	0	0
Other	0	0	0

1/1/2012 - 3/31/2012

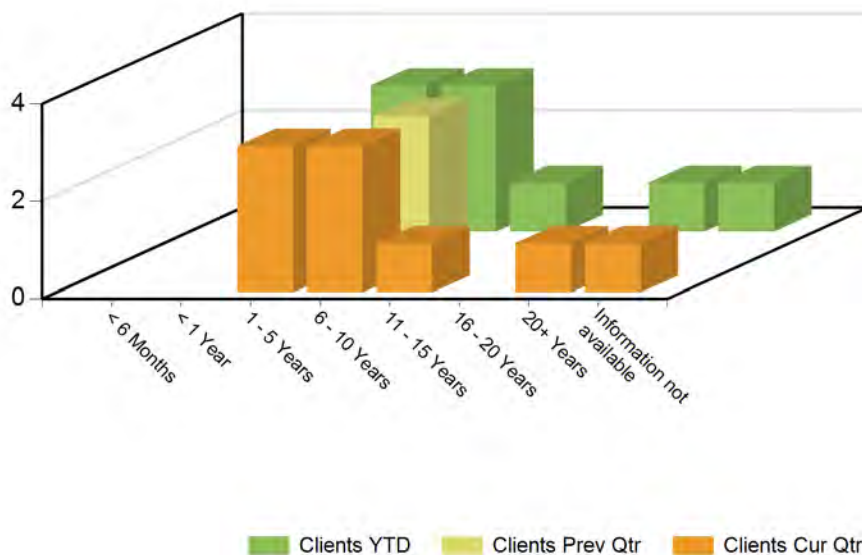
Employee Assistance Program Utilization Report



■ Self (100 %)
■ Family Member (0 %)
■ Other (0 %)

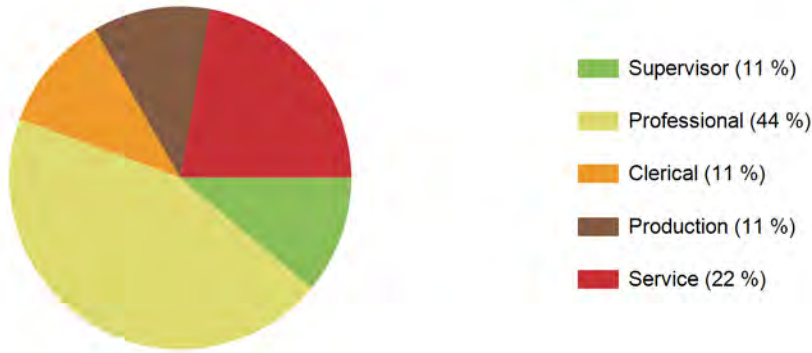
Employment data

Years Employed	New	Previous Quarter	Year To Date
< 6 Months	0	0	0
< 1 Year	0	0	0
1 - 5 Years	3	1	3
6 - 10 Years	3	3	3
11 - 15 Years	1	0	1
16 - 20 Years	0	0	0
20+ Years	1	0	1
Information not available	1	0	1



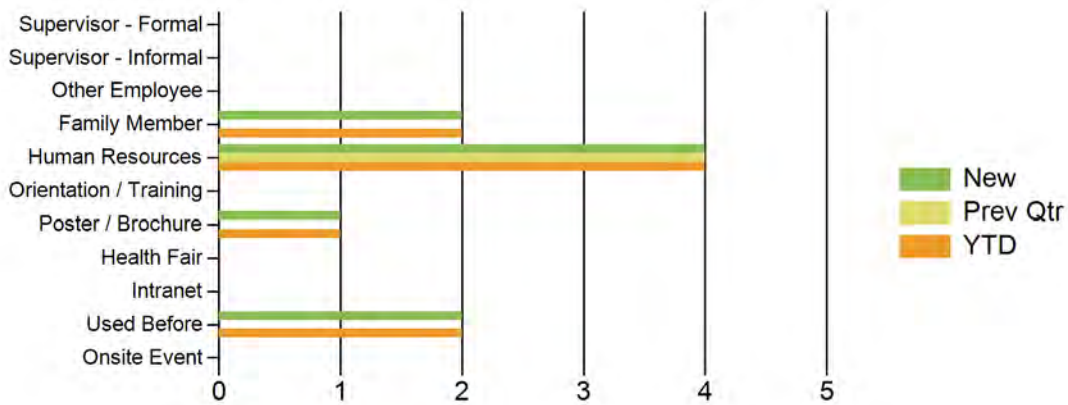
Job Category	New	Previous Quarter	Year To Date
Management	0	0	0
Supervisor	1	0	1
Professional	4	3	4
Technical	0	1	0
Clerical	1	0	1
Production	1	0	1
Service	2	0	2
Sales	0	0	0
Labor	0	0	0
Other	0	0	0

Employee Assistance Program Utilization Report



Referral Source

Referral Source	New	Previous Quarter	Year To Date
Supervisor - Formal	0	0	0
Supervisor - Informal	0	0	0
Other Employee	0	0	0
Family Member	2	0	2
Human Resources	4	4	4
Orientation / Training	0	0	0
Poster / Brochure	1	0	1
Health Fair	0	0	0
Intranet	0	0	0
Used Before	2	0	2
Onsite Event	0	0	0





**RESOLUTION 12-01 ESTABLISHING FISCAL YEAR 2012-2013
BOARD OF DIRECTORS MEETING DATES**

ACTION ITEM

ISSUE: The SCORE Board of Directors will need to review and adopt a resolution setting forth the meeting dates and locations for the 2012-2013 program year for the JPA.

RECOMMENDATION: Program Administrator recommends approval of Resolution 12-01

FISCAL IMPACT: None

BACKGROUND: 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.

SCORE has an attendance policy that will impose penalties for non-representation by a member.

ATTACHMENTS:

1. Resolution 12-01, Establishing Meeting Dates for 2012/2013 Program Year
2. SCORE Attendance Policy

RESOLUTION No. 12-01

**RESOLUTION OF THE BOARD OF DIRECTORS
SMALL CITIES ORGANIZED RISK EFFORT (SCORE)
ESTABLISHING MEETING DATES FOR THE PROGRAM YEAR 2012-2013**

BE IT RESOLVED THAT:

The following meeting dates are hereby established for the 2012 – 2013 program year:

Friday, August 24, 2012 commence at 10:00 a.m.	Anderson, CA
Thursday, November 1, 2012 commence at 11:00 a.m.	TBD
Friday, November 2, 2012 commence at 9:00 a.m.	TBD
Friday, January 25, 2013 commence at 10:00 a.m.	Anderson, CA
Friday, March 22, 2013 commence at 10:00 a.m.	Anderson, CA
Friday, June 28, 2013 commence at 10:00 a.m.	Anderson, CA

This Resolution was adopted by the Board of Directors at a regular meeting of the Board held on June 22, 2012 in Shasta County, California, by the following vote:

AYES: _____

ATTEST:

NOES: _____

ABSTAIN: _____

ABSENT: _____

Roger Carroll, SCORE President



NOMINATION OF SCORE'S OFFICERS

ACTION ITEM

ISSUE: The Board of Directors will nominate and elect Executive officers for the two-year term of office beginning July 1, 2012.

RECOMMENDATION: None

FISCAL IMPACT: None

BACKGROUND: Currently, Mr. Roger Carroll holds the office of the President of SCORE, Mr. Kelly McKinnis holds the office of Vice-President, Ms. Debra Magginetti holds the office of Secretary, Ms. Linda Romaine holds the office of Treasurer and Mr. Ted Marconi holds the office of Executive Committee Member-At-Large. The President, Vice President, Secretary, Treasurer and Member-At Large are elected in each even numbered year and serve for a term of two years, beginning in July of the year elected. This year is an election year for SCORE officers.

Staff sent requests to the Board for nominations, recommendations and or volunteers who are interested in the positions. Mr. Roger Carroll, Town of Loomis has graciously offered to continue in the role of President and Ms. Pam Russell, City of Etna has offered to accept the position of Secretary subject to Board approval as Ms. Debra Magginetti will be retiring in the near future.

Members are welcome to nominate anyone from the Board at this time.

ATTACHMENT: None



Agenda Item H.9.

LONG RANGE PLANNING SESSION MEETING DISCUSSION

ACTION ITEM

ISSUE: The Board will review the venues presented by staff and determine where to hold the 2012 Long Range Planning Session. Staff has evaluated various locations and will present these to the Board for their consideration and approval.

RECOMMENDATION: Staff is recommending the meetings be held November 1st and November 2nd as the cost of all of the venues decreases after October 31, 2012.

FISCAL IMPACT: \$7,500 - \$10,000

BACKGROUND: SCORE has held Long Range Planning sessions every *other* year. The last meeting was held in October 2010 in Williams, CA and a lot was accomplished. The results of that meeting were a change in the funding levels and equity distribution to members. Training was held in North Lake Tahoe in 2011, and although not specifically LRP oriented, many of the same issues were reviewed.

At the March 2012 Board Meeting, it was decided hold a Long Range Planning session on one day followed by the Board meetings on the second day. The Board requested staff look at S. Lake Tahoe, Mt. Shasta, Napa and Bodega Bay for venues.

ATTACHMENTS: Exhibit on venues.



STRATEGIC PLANNING MEETING
November 1-2, 2012

LOCATIONS



MOUNT SHASTA



Mt. Shasta Resort



S. LAKE TAHOE



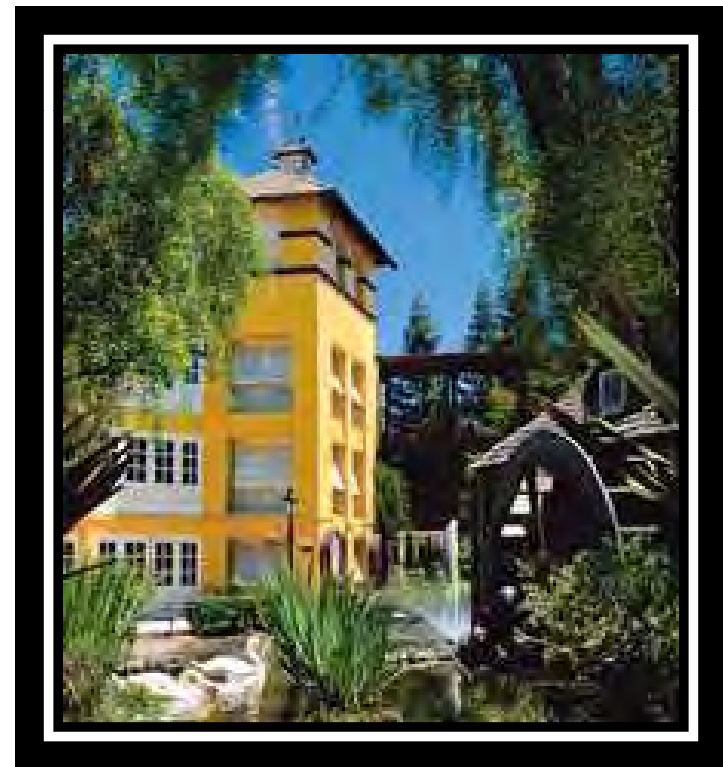
Embassy Suites



NAPA VALLEY



Embassy Suites



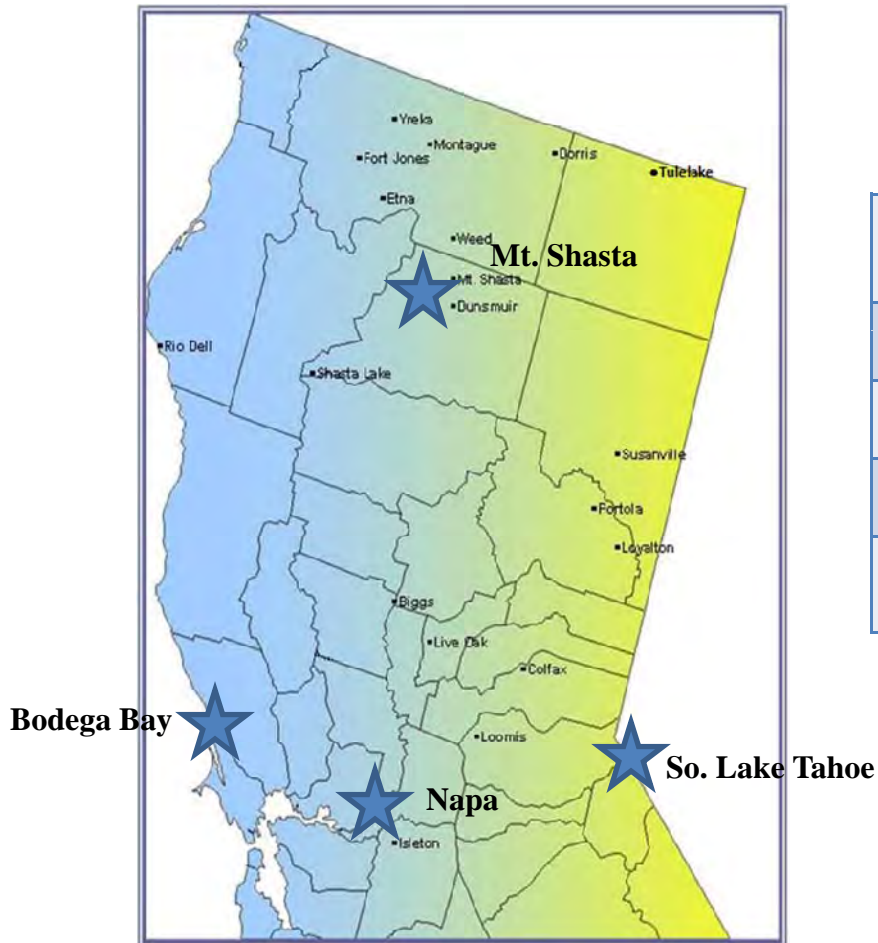
BODEGA BAY



The Inn at the Tides



LOCATIONS



	Mt. Shasta	S. Lake Tahoe	Napa	Bodega Bay
Yreka	37 miles	315 miles	280 miles	311 miles
Susanville	132 miles	145 miles	233 miles	270 miles
Rio Dell	200 miles	350 miles	220 miles	207 miles
<i>Weather</i>	<i>High 60's Low 35</i>	<i>High 60's Low 20's</i>	<i>High 70 Low 40's</i>	<i>High 70 Low 40's</i>

COST COMPARISON

	Embassy Suites SLT	Embassy Suites Napa	Inn at the Tides Bodega Bay
Meeting Room Nov. 1	\$ 100.00	\$ 200.00	\$ 250.00
Meeting Room Nov. 2	\$ 100.00	\$ 200.00	\$ 250.00
Screen per day			
Breakfast	Included	Included	\$ 12.95
Lunch - Buffet per person	\$ 28.00	\$ 28.00	\$ 24.00
Hotel Rooms (excl Taxes)			
Oct. 31	\$99 king \$109 double bed	\$ 179.00	\$ 159.00
Nov. 1	\$99 king \$109 double bed	\$ 179.00	\$ 159.00
Internet Charge per day	12.95	12.95	



Agenda Item H.10.

**CALIFORNIA ASSOCIATION OF JOINT POWERS AUTHORITIES (CAJPA)
CONFERENCE - SEPTEMBER 18-21, 2012**

INFORMATION ITEM

ISSUE: The California Association of Joint Powers Authorities (CAJPA) Annual Fall Conference is September 18-21, 2012 at Harrah's, Harvey's, and the Embassy Suites in South Lake Tahoe. The CAJPA Conference provides a great opportunity for education in various aspects of pooling and self-insurance. The conference brochure is not available at the time of this agenda item but registration is available at www.cajpa.org

RECOMMENDATION: Staff recommends Board members to try to attend.

FISCAL IMPACT: Funds have been budgeted for Board members to attend via the Educational Fund Policy.

BACKGROUND: At the August 2006 Board meeting, the Board adopted Resolution 06-03 Establishing Policies and Procedures for the use of the Education Fund which states, "each member may expend up to \$1,000 in any one fiscal year to have one or more of their employees attend conferences or seminars sponsored by PARMA, CAJPA, and/or PRIMA."

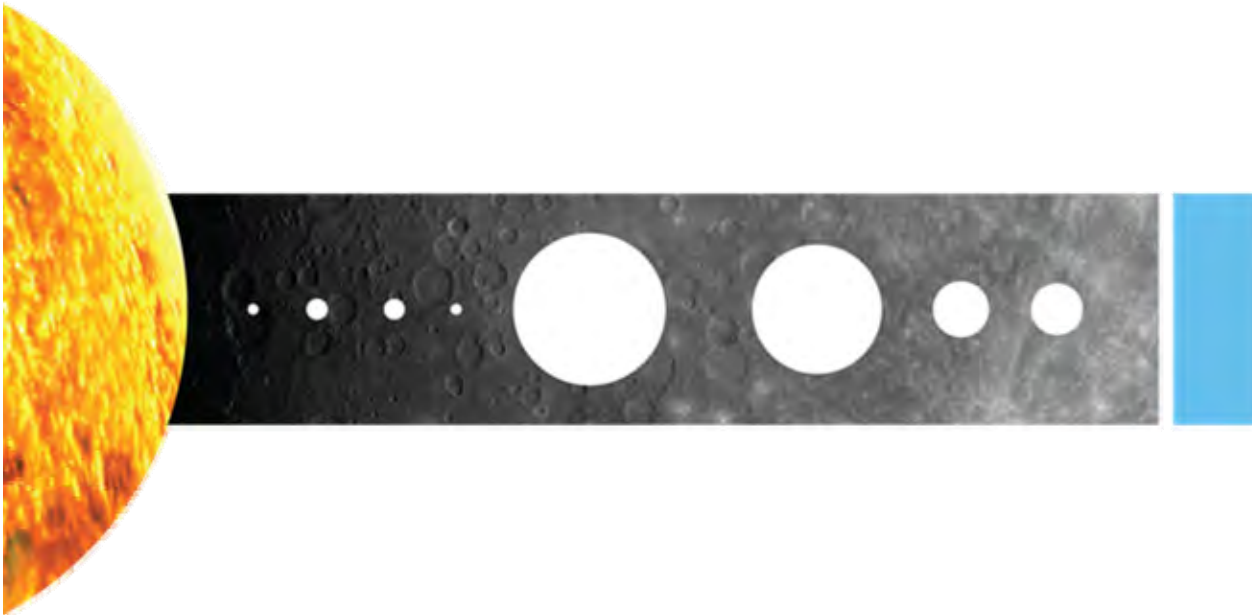
ATTACHMENTS: 2012 CAJPA Conference Flyer



California Association of Joint Powers Authorities

California Association of Joint Powers Authorities

The Future is Now



September 18-21, 2012
South Lake Tahoe

The CAJPA Fall Conference, now in its 31st year, is the largest annual gathering of risk management pooling professionals in the country. With more than 30 educational sessions, a keynote speaker, an exhibit hall, and networking and social opportunities, there is something for everyone who works with or for a risk pool, not just in California, but anywhere.

Join us in South Lake Tahoe for these opportunities:

- Network and build relationships that will help you in your work.
- Hear from nationally recognized speakers.
- Learn from pooling and industry professionals during the breakout sessions.

Platinum Sponsors





SCORE VENDOR CONTRACTS

ACTION ITEM

ISSUE: The Board will review and approve the new contracts that have been issued for Risk Control Services and Workers' Compensation and Liability Claims Administration Services.

RECOMMENDATION: Staff recommends approval of the contracts.

FISCAL IMPACT: None

BACKGROUND: SCORE recently issued RFP's for Risk Control Services, Workers' Compensation and Liability Claims Administration services. At the May 11, 2012 Board meeting, Risk Control Services contract was awarded to SBK and York Risk Services was awarded the Workers' Compensation and Liability Claims Administration contracts.

Staff has reviewed the proposed contracts and worked with the vendors on amending these contracts to fulfill the scope of services proposed during the RFP.

ATTACHMENTS: Contracts will be e-mailed under separate cover and copies will be available at the meeting.



**QUARTERLY FINANCIAL REPORTS FOR PERIOD ENDING
MARCH 31, 2012**

ACTION ITEM

ISSUE: The Board of Directors receives quarterly a report on the financial status of SCORE. Gilbert Associates will present SCORE's Financials for Quarter ending March 31, 2012 to the Board of Directors for their review.

RECOMMENDATION: Receive and file the Quarterly Financials as presented.

FISCAL IMPACT: Unknown.

BACKGROUND: Each quarter the Board of Directors reviews the quarterly financials for accuracy and refers questions for follow-up, or receives and files the report as presented.

ATTACHMENT(S): Quarterly Financial Report as of 03/31/12.

	<u>Mar 31, 12</u>	<u>Mar 31, 11</u>
ASSETS		
Current Assets		
Checking/Savings		
Scott Valley Bank - General	\$ 1,211,779.64	\$ 2,539,795.45
Scott Valley Bank Claims Accounts		
Scott Valley Bank - Liability	12,527.95	27,102.34
Scott Valley Bank - Workers' Comp	164,135.08	11,309.31
LAIF		
LAIF	2,487,581.75	2,476,774.84
Total Checking/Savings	<u>3,876,024.42</u>	<u>5,054,981.94</u>
Other Current Assets		
Chandler - Investment Account		
Chandler - Investments	10,337,143.85	10,016,154.47
Chandler - Unrealized Gain (Loss)	136,705.65	151,118.94
Union Bank	34,323.71	21,623.86
Total Chandler - Investment Account	<u>10,508,173.21</u>	<u>10,188,897.27</u>
Interest Receivable	72,584.75	91,088.17
Member Accounts Receivable	833,235.00	507,439.94
Claim Recovery Receivable	8,892.50	180,054.34
Prepaid Expenses	200,508.75	255,070.63
Total Other Current Assets	<u>11,623,394.21</u>	<u>11,222,550.35</u>
Total Current Assets	<u>15,499,418.63</u>	<u>16,277,532.29</u>
TOTAL ASSETS	<u>\$ 15,499,418.63</u>	<u>\$ 16,277,532.29</u>

	<u>Mar 31, 12</u>	<u>Mar 31, 11</u>
LIABILITIES		
Liabilities		
Current Liabilities		
Current Liabilities		
Claims Payable		
Claims Reserves - W/C	1,586,662.00	1,160,691.00
Claims Reserves - Liability	330,584.00	228,870.00
Total Claims Payable	<u>1,917,246.00</u>	<u>1,389,561.00</u>
Accounts Payable	106,736.32	40,453.81
Unearned Revenue	356,991.55	594,824.25
Dividend Payable to Members	466,684.00	178,665.00
Total Current Liabilities	<u>2,847,657.87</u>	<u>2,203,504.06</u>
Long Term Liabilities		
IBNR		
IBNR Reserves - W/C	1,726,284.00	1,950,132.00
IBNR Reserves - Liability	872,955.00	1,265,594.00
Total IBNR	<u>2,599,239.00</u>	<u>3,215,726.00</u>
Total Long Term Liabilities	<u>2,599,239.00</u>	<u>3,215,726.00</u>
Total Liabilities	<u>5,446,896.87</u>	<u>5,419,230.06</u>
NET ASSETS		
Net Assets - Workers' Compensation		
Board Designated - W/C	1,221,000.00	1,221,000.00
Net Assets - Liability		
Board Designated - Liability	2,093,000.00	2,093,000.00
Unrestricted Net Assets	8,086,818.83	5,930,884.11
Net Revenues Over Expenditures	(1,348,297.07)	1,613,418.12
Total Net Assets	<u>\$ 10,052,521.76</u>	<u>\$ 10,858,302.23</u>

	<u>Jan - Mar '12</u>	<u>Jul '11 - Mar '12</u>	<u>Jul '10 - Mar '11</u>
Ordinary Revenue			
Revenue			
Member Contributions	\$ 623,384.50	\$ 1,870,150.50	\$ 2,911,262.00
Member Assessment	-	580,454.00	654,085.00
Bank/LAIF Interest	2,920.82	10,227.85	15,542.68
Managed Portfolio	66,522.14	206,190.66	246,265.87
Total Operating Revenue	<u>692,827.46</u>	<u>2,667,023.01</u>	<u>3,827,155.55</u>
Operating Expenses			
General and Administrative Expenses			
Bank Service Charges	935.00	2,705.00	3,520.00
B of D Activities	4,667.40	11,222.71	-
Conference	-	-	-
Dues & Subscriptions	100.00	600.00	100.00
Insurance	-	-	-
Meeting Expense	1,724.40	1,724.40	6,096.67
Miscellaneous Expenses	2.01	2.01	-
Office Supplies	-	53.85	386.72
Reference Materials	-	1,950.00	5,950.00
Safety Training	22,283.34	36,288.36	23,845.00
User Funding Assessment	15,151.81	15,151.81	17,522.51
Total Administration	<u>44,863.96</u>	<u>69,698.14</u>	<u>57,420.90</u>
Consulting Services			
Accounting Services	11,000.00	30,000.00	49,890.00
Actuarial Study	-	-	11,500.00
Administration Costs	51,131.50	153,394.50	158,165.25
Audit Services			
Claims Audit	6,785.00	6,785.00	-
Financial Audit	16,532.00	16,532.00	22,900.50
Total Audit Services	<u>23,317.00</u>	<u>23,317.00</u>	<u>22,900.50</u>
Claims Services			
Claims Management -WC	30,540.39	76,530.39	61,320.00
Claims Management - Liability	30,001.85	81,089.48	84,323.50
Risk Management Services	28,903.65	78,216.81	78,476.17
TPA - Annual Fees	-	31,000.00	31,724.50
Total Claims Services	<u>89,445.89</u>	<u>266,836.68</u>	<u>255,844.17</u>
Investment Fees	3,862.00	10,147.00	8,215.00
Legal	-	1,589.70	1,453.50
Total Consulting Services	<u>178,756.39</u>	<u>485,284.88</u>	<u>507,968.42</u>
Total General and Administrative Expenses	<u>223,620.35</u>	<u>554,983.02</u>	<u>565,389.32</u>

	<u>Jan - Mar '12</u>	<u>Jul '11 - Mar '12</u>	<u>Jul '10 - Mar '11</u>
Insurance Expenses			
Insurance Premiums	147,883.25	464,976.13	629,880.12
Total Insurance Expenses	<u>147,883.25</u>	<u>464,976.13</u>	<u>629,880.12</u>
Claims Expenses			
Claims Payments			
Claim Payments - WC	118,634.25	542,327.85	394,946.48
Claim Payments - Liability	105,791.56	205,221.59	479,655.22
Total Claim Payments	<u>224,425.81</u>	<u>747,549.44</u>	<u>874,601.70</u>
Dividends	<u>-</u>	<u>2,235,983.00</u>	<u>-</u>
Total Expenses	<u>595,929.41</u>	<u>4,003,491.59</u>	<u>2,069,871.14</u>
Net Operating Revenue	96,898.05	(1,336,468.58)	1,757,284.41
Other Revenue (Expense)			
Investment Gain/Loss	<u>(37,273.30)</u>	<u>(11,828.49)</u>	<u>(143,866.29)</u>
Net Revenue Over Expenses	<u><u>\$ 59,624.75</u></u>	<u><u>\$ (1,348,297.07)</u></u>	<u><u>\$ 1,613,418.12</u></u>



EQUITY DISTRIBUTION AND RETROSPECTIVE RATING ADJUSTMENTS

INFORMATION ITEM

ISSUE: SCORE approved distribution of dividends at the May 2012 Webinar Board Meeting. Staff and Gilbert Associates did a very thorough analysis of the calculations in conjunction with SCORE's Master Plan documents and found that the Board may want to analyze the target of 5 x SIR as the retention of net assets.

RECOMMENDATION: Staff recommends that this be reviewed and discussed in more detail during the Long Range Planning Session in conjunction with discount rates used in actuarial funding and confidence level funding.

FINANCIAL IMPACT: None. SCORE is financially sound and continues to have substantial net assets.

BACKGROUND: At the October 2011 Long Range Planning Session, the Board approved an amendment to the Master Plan documents that stated that SCORE would annually review and return net assets until such time as the net assets equaled 5 x SIR. During the analysis of the retrospective rating calculations we found that this target equity may need to be amended.

ATTACHMENTS: None



ADOPTION OF 2014/2013 SCORE PROGRAM BUDGET

ACTION ITEM

ISSUE: The Board of Directors must adopt a budget for each fiscal year prior to the commencement of that year. The total 2012/2013 budget is \$151,775 or 6% increase of the expiring budget.

RECOMMENDATION: The Program Administrator recommends the Board adopt the proposed budget.

FISCAL IMPACT: The proposed FY2012/2013 budget is \$2,645,316. The adopted budget for FY2011/2012 was \$2,493,541.

BACKGROUND: The budget uses estimates of payroll, property values and auto values, where appropriate to calculate premium and expenses for SCORE Board members. The budget also recognizes the calculation of experience modification factors as adopted by the program's Master Plan Documents.

The format of the budget discloses both administrative expense and also the loss funding charges for the banking and shared risk layers, as well as the excess insurance for liability and worker's compensation coverage. It includes other group purchase programs, i.e. the Property (PEPIP) program, Employee Assistance Program, Employment Practices Liability coverage, and Pollution liability program.

The budget is the master plan for revenue and expenditures during the fiscal year. Although expenses are budgeted by line item, midterm amends to the budget are not required to adjust payments.

ATTACHMENTS: FY"2012/2013 Budget

"

SMALL CITIES ORGANIZED RISK EFFORT

SUMMARY OF DEPOSITS BY CITY

July 1, 2012 to June 30, 2013

Member Entity	Liability Program Contribution	EPLI Coverage	Workers' Compensation Contribution	Property Premium	EAP	Total Deposit for Fiscal Year	Total Deposit for Prior Year	Percentage Change	Deposit Due July 1, 2012	WC Quarterly Installments
Biggs	\$ 33,769	\$ -	\$ 23,343	\$ 5,693	\$ 243	\$ 63,048	\$ 51,960	21%	\$ 45,540	\$ 5,836
Colfax	\$ 31,895	\$ 2,946	\$ 19,828	\$ 13,467	\$ 27	\$ 68,163	\$ 63,382	8%	\$ 53,292	\$ 4,957
Dorris	\$ 20,000	\$ 668	\$ 7,489	\$ 3,920	\$ 324	\$ 32,400	\$ 32,003	1%	\$ 26,784	\$ 1,872
Dunsmuir	\$ 42,022	\$ -	\$ 54,038	\$ 7,522	\$ 270	\$ 103,853	\$ 82,626	26%	\$ 63,324	\$ 13,510
Etna	\$ 24,909	\$ -	\$ 14,609	\$ 6,331	\$ 1,242	\$ 47,091	\$ 39,453	19%	\$ 36,134	\$ 3,652
Fort Jones	\$ 20,284	\$ -	\$ 8,925	\$ 6,257	\$ -	\$ 35,467	\$ 32,772	8%	\$ 28,773	\$ 2,231
Isleton	\$ 30,877	\$ -	\$ -	\$ -	\$ 135	\$ 31,012	\$ 26,868	15%	\$ 31,012	
Live Oak	\$ 75,426	\$ 6,003	\$ 87,666	\$ 35,346	\$ 1,161	\$ 205,601	\$ 173,195	19%	\$ 139,852	\$ 21,916
Loomis	\$ 48,503	\$ 4,696	\$ 39,508	\$ 3,320	\$ 216	\$ 96,242	\$ 78,261	23%	\$ 66,611	\$ 9,877
Loyalton	\$ 21,414	\$ -	\$ 10,471	\$ 14,285	\$ 135	\$ 46,305	\$ 42,593	9%	\$ 38,452	\$ 2,618
Montague	\$ 25,739	\$ -	\$ 14,465	\$ 11,155	\$ -	\$ 51,360	\$ 43,601	18%	\$ 40,511	\$ 3,616
Mt. Shasta	\$ 116,153	\$ 12,146	\$ 160,652	\$ 6,113	\$ 918	\$ 295,981	\$ 268,003	10%	\$ 175,492	\$ 40,163
Portola	\$ 37,895	\$ 2,677	\$ 30,024	\$ 4,805	\$ 297	\$ 75,698	\$ 77,915	-3%	\$ 53,180	\$ 7,506
Rio Dell	\$ 55,298	\$ 4,599	\$ 51,584	\$ 10,102	\$ -	\$ 121,583	\$ 100,275	21%	\$ 82,895	\$ 12,896
Shasta Lake	\$ 139,253	\$ 7,921	\$ 165,840	\$ 55,402	\$ 1,215	\$ 369,631	\$ 353,804	4%	\$ 245,251	\$ 41,460
Susanville	\$ 117,371	\$ 15,841	\$ 171,994	\$ 20,669	\$ 1,674	\$ 327,549	\$ 407,963	-20%	\$ 198,553	\$ 42,999
Tulelake	\$ 40,580	\$ -	\$ -	\$ 6,311	\$ 486	\$ 47,376	\$ 40,612			
Weed	\$ 102,653	\$ -	\$ 125,764	\$ 6,321	\$ 810	\$ 235,547	\$ 215,195	9%	\$ 141,225	\$ 31,441
Yreka	\$ 123,436	\$ 14,025	\$ 233,747	\$ 22,936	\$ 1,404	\$ 395,548	\$ 363,060	9%	\$ 220,238	\$ 58,437
Total:	\$ 1,107,475	\$ 71,522	\$ 1,219,949	\$ 239,952	\$ 10,557	\$ 2,649,455	\$ 2,493,541	6%	\$ 1,687,117	\$ 304,987

SMALL CITIES ORGANIZED RISK EFFORT

BUDGET

July 1, 2012 to June 30, 2013

CATEGORY	PRIOR YEAR	TOTAL	WORKERS' COMP.	LIABILITY	EPLI	PROPERTY
Chart of Acc't						
REVENUES:						
400 Program Administration	\$204,526	\$214,745	\$54,993	\$159,752		
400 Claims Administration	\$37,388	\$30,000	\$11,000	\$19,000		
400 Other Expenses	\$303,956	\$500,320	\$227,280	\$273,040		
400 Banking Layer Deposit	\$575,333	\$536,487	\$268,630	\$267,857		
400 Shared Risk Layer Deposit	\$764,687	\$710,623	\$338,707	\$371,916		
400 Excess Coverage Deposit (LAWCX and CJPRMA)	\$281,222	\$350,155	\$319,339	\$30,816		
400 Group Purchase Coverage	\$309,553	\$763,266		\$451,792	\$71,522	\$239,952
499 Reimbursement from CJPRMA for Liability Safety Training	\$0	\$0		\$0		
Total Revenues	\$2,476,665	\$3,105,596	\$1,219,949	\$1,574,172	\$71,522	\$239,952
EXPENSES:						
710 Program Administration	\$204,526	\$214,745	\$54,993	\$159,752		
720 Claims Administration (Unallocated Claims Expense)	\$37,388	\$30,000	\$11,000	\$19,000		
Claims Administration (ULAE) monthly fee	\$240,000	\$192,240	\$94,740	\$97,500		
Other Expenses						
505 Accounting Services Provided by Fort Jones	\$2,000	\$1,000	\$500	\$500		
505 Accounting Management	\$48,000	\$48,000	\$24,000	\$24,000		
699 User Funding Assessment	\$17,000	\$17,000	\$17,000	\$0		
506 Financial Audit	\$26,580	\$26,580	\$13,290	\$13,290		
507 Actuarial Review	\$10,000	\$10,000	\$5,000	\$5,000		
675 Safety Services	\$40,000	\$75,000	\$37,500	\$37,500		
675 Target Safety	\$25,000	\$25,000	\$12,500	\$12,500		
610 Conferences	\$19,000	\$19,000	\$9,500	\$9,500		
670 CAJPA Accreditation	\$0	\$0	\$0	\$0		
Property Appraisal	\$0	\$60,000	\$0	\$60,000		
506 Claims Audit	\$0	\$0	\$0	\$0		
625 Employee Dishonesty	\$500	\$500	\$250	\$250		
640 Board Expense	\$15,000	\$15,000	\$7,500	\$7,500		
615 Membership	\$1,000	\$1,000	\$500	\$500		
Website	\$0	\$0	\$0	\$0		
Rating Plan Database	\$0	\$0	\$0	\$0		
690 Contingent Reserve	\$10,000	\$10,000	\$5,000	\$5,000		
Total Administration Expenses	\$695,994	\$745,065	\$293,273	\$451,792		
875 Excess Coverage (LAWCX and CJPRMA)	\$281,222	\$350,155	\$319,339	\$30,816		
875 Group Purchase Coverage	\$309,553	\$763,266		\$451,792	\$71,522	\$239,952
810 Expected Loss Costs for the FY	\$1,340,020	\$1,247,110	\$607,337	\$639,773		
Total Expenses	\$2,626,788	\$3,105,595	\$1,219,949	\$1,574,172	\$71,522	\$239,952
REVENUES IN EXCESS OF EXPENSES:	(\$150,124)	\$0	\$0	\$0	\$0	\$0
Total Administrative Expenses:	\$251,468	\$338,080				

**SMALL CITIES ORGANIZED RISK EFFORT
ADMINISTRATION ALLOCATION
July 1, 2012 to June 30, 2013**

Total Administrative Expenses	\$745,065	Liability Participants	19
Liability Administrative Expenses	\$451,792	Workers' Comp Participants	9
W.C. Administrative Expenses	\$293,273	Regular Pool	7
		Mini-cities	10

Member Entity	DE6 Payroll Inflated	Percentage of Total	Expense Allocated By Payroll	Expense Allocated Equally	Liability Administration Expense
Biggs	\$463,667	2.41%	\$5,435	\$11,889	\$17,325
Colfax	\$393,855	2.04%	\$4,617	\$11,889	\$16,506
Dorris	\$148,747	0.77%	\$1,744	\$11,889	\$13,633
Dunsmuir	\$531,659	2.76%	\$6,232	\$11,889	\$18,122
Etna	\$290,189	1.51%	\$3,402	\$11,889	\$15,291
Fort Jones	\$177,286	0.92%	\$2,078	\$11,889	\$13,967
Isleton	\$356,683	1.85%	\$4,181	\$11,889	\$16,070
Live Oak	\$1,337,470	6.94%	\$15,679	\$11,889	\$27,568
Loomis	\$784,763	4.07%	\$9,199	\$11,889	\$21,089
Loyalton	\$207,990	1.08%	\$2,438	\$11,889	\$14,327
Montague	\$287,328	1.49%	\$3,368	\$11,889	\$15,257
Mt. Shasta	\$1,623,751	8.43%	\$19,034	\$11,889	\$30,924
Portola	\$596,380	3.09%	\$6,991	\$11,889	\$18,880
Rio Dell	\$1,024,619	5.32%	\$12,011	\$11,889	\$23,900
Shasta Lake	\$3,245,789	16.84%	\$38,049	\$11,889	\$49,938
Susanville	\$2,647,221	13.74%	\$31,032	\$11,889	\$42,921
Tulelake	\$451,182	2.34%	\$5,289	\$11,889	\$17,178
Weed	\$1,576,802	8.18%	\$18,484	\$11,889	\$30,373
Yreka	\$3,124,882	16.22%	\$36,631	\$11,889	\$48,521
Mini Cities					
Total:	\$19,270,265	100.00%	\$225,896	\$225,896	\$451,792

Workers' Compensation DE6 Payroll	Percentage of Total	Expense Allocated By Payroll	Expense Allocated Equally	Workers' Compensation Expense
\$531,659	2.88%	\$4,223	\$18,330	\$22,552
\$1,337,470	7.24%	\$10,623	\$18,330	\$28,952
\$1,623,751	8.79%	\$12,897	\$18,330	\$31,226
\$3,245,789	17.58%	\$25,779	\$18,330	\$44,109
\$2,647,221	14.34%	\$21,025	\$18,330	\$39,355
\$1,576,802	8.54%	\$12,524	\$18,330	\$30,853
\$3,124,882	16.93%	\$24,819	\$18,330	\$43,149
\$4,374,825	23.70%	\$34,747	\$18,330	\$53,077
\$18,462,400	100.00%	\$146,636	\$146,637	\$293,273

Total Administration Expenses
\$17,325
\$16,506
\$13,633
\$40,674
\$15,291
\$13,967
\$16,070
\$56,520
\$21,089
\$14,327
\$15,257
\$62,150
\$18,880
\$23,900
\$94,047
\$82,276
\$61,227
\$91,669
\$53,077
\$727,887

**SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY PROGRAM
July 1, 2012 to June 30, 2013**

2011/2012

Funding Confidence Level:	% Confidence Level	Banking Layer Rate:	1.39	1.4
Minimum Deposit:	\$20,000	Shared Risk Rate	1.93	2.03
Maximum Deposit:	\$250,000	CJPRMA Rate:		
Number of Member Entities:	19	Combined Rate	3.32	3.43
Payroll Inflation Factor	3.00%	CSAC/CPEIA Pollution Coverage	\$15,175	
		Total Administrative Expense:	\$451,792	

Member Entity	Banking Layer Deposit	Shared Risk Layer Deposit	CJPRMA Premium	CSAC/CPEIA Pollution Coverage	Admin Expense	Total Deposit	Total Deposit Last Year	Percentage Change	Minimum Deposit	Payroll Adjusted for Ex. Mod.	DE6 Payroll Inflated	DE6 Payroll Used Last Year	Change in Payroll
Biggs	\$6,732	\$9,347	\$678	\$365	\$17,325	\$33,769	\$52,982	-36%	33,404	484,313	\$463,667	\$464,940	0%
Colfax	\$6,313	\$8,765	\$576	\$310	\$16,506	\$31,895	\$64,369	-50%	31,585	454,166	\$393,855	\$458,278	-14%
Dorris	\$2,160	\$2,999	\$217	\$117	\$13,633	\$20,000	\$32,485	-38%	20,000	155,399	\$148,747	\$174,117	-15%
Dunsmuir	\$9,831	\$13,651	\$777	\$419	\$18,122	\$42,022	\$84,198	-50%	41,604	707,294	\$531,659	\$483,574	10%
Etna	\$3,931	\$5,458	\$424	\$229	\$15,291	\$24,909	\$40,182	-38%	24,680	282,803	\$290,189	\$298,801	-3%
Fort Jones	\$2,586	\$3,591	\$259	\$140	\$13,967	\$20,284	\$33,224	-39%	20,145	186,063	\$177,286	\$163,050	9%
Isleton	\$6,082	\$8,444	\$521	\$281	\$16,070	\$30,877	\$26,617	16%	30,596	437,520	\$356,683	\$391,957	-9%
Live Oak	\$19,596	\$27,209	\$1,955	\$1,053	\$27,568	\$75,426	\$176,725	-57%	74,373	1,409,789	\$1,337,470	\$1,250,914	7%
Loomis	\$11,219	\$15,577	\$1,147	\$618	\$21,089	\$48,503	\$79,947	-39%	47,885	807,104	\$784,763	\$796,405	-1%
Loyalton	\$2,898	\$4,024	\$304	\$164	\$14,327	\$21,414	\$43,150	-50%	21,250	208,509	\$207,990	\$242,118	-14%
Montague	\$4,294	\$5,962	\$420	\$226	\$15,257	\$25,739	\$44,366	-42%	25,513	308,894	\$287,328	\$276,098	4%
Mt. Shasta	\$35,148	\$48,802	\$2,374	\$1,279	\$30,924	\$116,153	\$276,044	-58%	114,874	2,528,618	\$1,623,751	\$1,651,028	-2%
Portola	\$7,764	\$10,781	\$872	\$470	\$18,880	\$37,895	\$79,567	-52%	37,426	558,597	\$596,380	\$753,378	-21%
Rio Dell	\$12,807	\$17,783	\$1,498	\$807	\$23,900	\$55,298	\$102,296	-46%	54,491	921,393	\$1,024,619	\$950,961	8%
Shasta Lake	\$36,324	\$50,435	\$4,746	\$2,556	\$49,938	\$139,253	\$361,890	-62%	136,697	2,613,210	\$3,245,789	\$3,295,618	-2%
Susanville	\$30,297	\$42,068	\$3,870	\$2,085	\$42,921	\$117,371	\$419,658	-72%	115,286	2,179,670	\$2,647,221	\$3,686,521	-28%
Tulelake	\$9,798	\$13,604	\$3,301	\$0	\$17,178	\$40,580	\$39,243		40,580	704,865	\$451,182		
Weed	\$29,742	\$41,296	\$2,305	\$1,242	\$30,373	\$102,653	\$220,474	-53%	101,411	2,139,696	\$1,576,802	\$1,517,694	4%
Yreka	\$30,335	\$42,120	\$4,569	\$2,461	\$48,521	\$123,436	\$377,180	-67%	120,975	2,182,359	\$3,124,882	\$3,013,638	4%
Total:	\$267,857	\$371,916	\$30,816	\$14,820	\$451,792	\$451,792	\$2,554,599	-82%	1,092,773	\$19,270,263	\$19,270,263	\$19,869,093	-3.01%

Note: The Deposit Premium and the Shared Risk Deposit is calculated off of the Adjusted Payroll.

SMALL CITIES ORGANIZED RISK EFFORT
Liability Experience Modification Calculation
July 1, 2012 to June 30, 2013

Member Entity	LOSSES AS OF 12/31/11					
	PROGRAM YEARS					
	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	Total
Biggs	1,932	783	553	24,233	0	27,502
Colfax	2,067	16,733	24,780	6,923	27,426	77,929
Dorris	0	2,409	0	1,721	3,665	7,795
Dunsmuir	9,344	6,290	8,187	17,155	53,200	94,176
Etna	0	512	0	0	0	512
Fort Jones	9,062	0	0	0	0	9,062
Isleton	52,003	50,000	0	0	0	102,003
Live Oak	33,384	53,885	2,893	824	1,001	91,987
Loomis	13,214	9,377	4,062	3,568	20,449	50,669
Loyalton	0	0	1,950	0	0	1,950
Montague	0	17,731	3,693	0	1,669	23,093
Mt. Shasta	109,450	6,862	61,362	65,623	71,748	315,045
Portola	3,493	290	2,359	3,826	2,921	12,888
Rio Dell	0	0	3,272	18,118	1,250	22,639
Shasta Lake	56,886	8,060	9,253	8,562	40,402	123,163
Susanville	73,146	7,240	5,323	43,991	7,914	137,614
Tulelake	0	31,866	15,690	50,000	35,000	132,556
Weed	85,068	15,656	14,009	38,662	42,689	196,083
Yreka	4,079	32,167	22,450	4,873	5,620	69,189
Total:	\$453,127	\$259,862	\$179,835	\$288,079	\$314,953	\$1,495,856

SMALL CITIES ORGANIZED RISK EFFORT
Liability Experience Modification Calculation
July 1, 2012 to June 30, 2013

Member Entity	DE6 PAYROLL					
	PROGRAM YEARS					
	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	Total
Biggs	321,433	411,124	451,835	480,243	431,019	2,095,654
Colfax	568,119	657,319	656,193	580,511	436,657	2,898,799
Dorris	144,597	153,200	148,877	167,018	159,915	773,607
Dunsmuir	420,479	426,844	431,426	464,934	515,786	2,259,469
Etna	263,979	330,302	337,779	312,373	291,684	1,536,117
Fort Jones	128,569	145,893	141,416	166,009	167,341	749,228
Isleton	622,032	596,417	632,996	477,817	328,653	2,657,914
Live Oak	1,342,771	1,222,742	1,219,689	1,227,755	1,313,687	6,326,644
Loomis	725,211	819,019	877,950	863,045	745,098	4,030,321
Loyalton	238,146	267,295	264,734	267,592	205,921	1,243,689
Montague	246,760	245,570	267,335	290,496	271,962	1,322,123
Mt. Shasta	1,690,136	1,781,557	1,945,079	1,786,481	1,633,025	8,836,279
Portola	590,904	688,508	802,305	749,429	614,214	3,445,361
Rio Dell	661,757	748,356	850,004	874,079	1,005,352	4,139,548
Shasta Lake	2,861,185	3,204,190	3,283,054	3,441,569	3,220,301	16,010,298
Susanville	3,855,548	3,712,665	3,810,263	3,500,852	3,574,246	18,453,574
Tulelake	285,118	312,738	390,023	406,311	438,041	1,832,231
Weed	1,255,099	1,329,788	1,514,614	1,496,349	1,531,847	7,127,697
Yreka	2,907,326	3,045,580	3,176,508	3,007,604	3,185,014	15,322,030
Total:	19,129,169	20,099,107	21,202,079	20,560,468	20,069,761	101,060,584

SMALL CITIES ORGANIZED RISK EFFORT
Liability Experience Modification Calculation
July 1, 2012 to June 30, 2013

Member Entity	Experience Modification Factor						
	Loss Rate Per \$100	Relative Loss Rate	2010-2011 Payroll	Credibility Factor	Experience Modification	Payroll times Ex.Mod.	Adjusted Payroll
Biggs	\$1.31	0.89	\$463,667	12.50%	0.99	\$457,095	\$484,313
Colfax	\$2.69	1.82	\$393,855	10.82%	1.09	\$428,643	\$454,166
Dorris	\$1.01	0.68	\$148,747	4.38%	0.99	\$146,666	\$155,399
Dunsmuir	\$4.17	2.82	\$531,659	14.07%	1.26	\$667,546	\$707,294
Etna	\$0.03	0.02	\$290,189	8.21%	0.92	\$266,910	\$282,803
Fort Jones	\$1.21	0.82	\$177,286	5.18%	0.99	\$175,607	\$186,063
Isleton	\$3.84	2.59	\$356,683	9.90%	1.16	\$412,933	\$437,520
Live Oak	\$1.45	0.98	\$1,337,470	29.18%	0.99	\$1,330,562	\$1,409,789
Loomis	\$1.26	0.85	\$784,763	19.47%	0.97	\$761,747	\$807,104
Loyalton	\$0.16	0.11	\$207,990	6.02%	0.95	\$196,791	\$208,509
Montague	\$1.75	1.18	\$287,328	8.13%	1.01	\$291,535	\$308,894
Mt. Shasta	\$3.57	2.41	\$1,623,751	33.35%	1.47	\$2,386,516	\$2,528,618
Portola	\$0.37	0.25	\$596,380	15.52%	0.88	\$527,205	\$558,597
Rio Dell	\$0.55	0.37	\$1,024,619	23.99%	0.85	\$869,613	\$921,393
Shasta Lake	\$0.77	0.52	\$3,245,789	50.00%	0.76	\$2,466,354	\$2,613,210
Susanville	\$0.75	0.50	\$2,647,221	44.92%	0.78	\$2,057,178	\$2,179,670
Tulelake	\$7.23	4.89	\$451,182	12.20%	1.47	\$665,253	\$704,865
Weed	\$2.75	1.86	\$1,576,802	32.70%	1.28	\$2,019,450	\$2,139,696
Yreka	\$0.45	0.31	\$3,124,882	49.05%	0.66	\$2,059,716	\$2,182,359
Total:	\$1.48	1.00	\$19,270,263			\$18,187,321	\$19,270,263

SMALL CITIES ORGANIZED RISK EFFORT

EAP Program

July 1, 2012 to June 30, 2013

City	Number of employees indicated by Board Member	Rate per month per employee	Total Rate per month	Total number of months	2012-2013 Premium
Biggs	9	\$2.25	\$20.25	12	\$243.00
Colfax	1	\$2.25	\$2.25	12	\$27.00
Dorris	12	\$2.25	\$27.00	12	\$324.00
Dunsmuir	10	\$2.25	\$22.50	12	\$270.00
Etna	46	\$2.25	\$103.50	12	\$1,242.00
Ft. Jones	0	\$2.25	\$0.00	12	\$0.00
Isleton	5	\$2.25	\$11.25	12	\$135.00
Live Oak	43	\$2.25	\$96.75	12	\$1,161.00
Loomis	8	\$2.25	\$18.00	12	\$216.00
Loyalton	5	\$2.25	\$11.25	12	\$135.00
Montague	0	\$2.25	\$0.00	12	\$0.00
Mount Shasta	34	\$2.25	\$76.50	12	\$918.00
Portola	11	\$2.25	\$24.75	12	\$297.00
Rio Dell	0	\$2.25	\$0.00	12	\$0.00
Shasta Lake	45	\$2.25	\$101.25	12	\$1,215.00
Susanville	62	\$2.25	\$139.50	12	\$1,674.00
Tulelake	18	\$2.25	\$40.50	12	\$486.00
Weed	30	\$2.25	\$67.50	12	\$810.00
Yreka	52	\$2.25	\$117.00	12	\$1,404.00
TOTAL	391				\$10,557.00

EMPLOYMENT PRACTICE LIABILITY
July 1, 2012 to June 30, 2013

Member Entity	Projected Payroll	Last Year's Payroll	Percentage Increase	Deductible	Assessment	Premiums	Premium Last Year	2012/2013 Premium & Assessments
Biggs								
Colfax	\$ 382,384	\$ 458,278	-16.56%	25,000	-	\$ 2,946	\$ 3,075	\$ 2,946
Dorris	\$ 144,415	\$ 174,117	-17.06%	25,000	-	\$ 668	\$ 876	\$ 668
Dunsmuir								
Etna								
Fort Jones								
Isleton								
Live Oak	\$ 1,298,514	\$ 1,250,914	3.81%	25,000	-	\$ 6,003	\$ 6,295	\$ 6,003
Loomis	\$ 761,906	\$ -	0.00%	25,000	-	\$ 4,696	\$ -	\$ 4,696
Loyalton								
Montague								
Mt. Shasta	\$ 1,576,457	\$ 1,651,028	-4.52%	25,000	-	\$ 12,146	\$ 16,616	\$ 12,146
Portola	\$ 579,010	\$ 753,378	-23.14%	25,000	-	\$ 2,677	\$ 3,791	\$ 2,677
Rio Dell	\$ 994,776	\$ 950,961	4.61%	25,000	-	\$ 4,599	\$ 4,785	\$ 4,599
Shasta Lake	\$ 1,713,615	\$ 3,295,618	-48.00%	25,000	-	\$ 7,921	\$ 16,583	\$ 7,921
Susanville	\$ 2,570,118	\$ 3,686,521	-30.28%	25,000	-	\$ 15,841	\$ 30,917	\$ 15,841
Tulelake								
Weed								
Yreka	\$ 3,033,866	\$ 3,013,638	0.67%	25,000	-	\$ 14,025	\$ 15,164	\$ 14,025
Total:	\$ 13,055,061	\$ 15,234,454	-14.31%		-	\$ 71,522	\$ 98,102	\$ 71,522

SMALL CITIES ORGANIZED RISK EFFORT WORKERS' COMPENSATION PROGRAM July 1, 2012 to June 30, 2013

Funding Confidence Level:	70% LAWCX Premium:	\$319,339
Banking Layer Funding	\$1.61 Administrative Expenses:	\$293,273
Shared Risk Layer Funding	\$2.03	

Experience Rating Losses Capped at \$50,000

MEMBER ENTITY	BANKING LAYER	SHARED RISK	LAWCX PREMIUM (1)	ADMIN. EXPENSE	TOTAL DEPOSIT	LAST YEAR'S DEPOSIT	PERCENTAGE CHANGE	Payroll	Adjusted Payroll
Biggs									
Colfax									
Dorris									
Dunsmuir	9,127	11,508	10,850	\$22,552	\$54,038	\$41,970	29%	\$531,659	\$566,920
Etna									
Fort Jones									
Isleton									
Live Oak	17,020	21,460	20,233	\$28,952	\$87,666	\$84,304	4%	\$1,337,470	\$1,057,153
Loomis									
Loyalton									
Montague									
Mt. Shasta	37,519	47,306	44,601	\$31,226	\$160,652	\$145,442	10%	\$1,623,751	\$2,330,354
Portola									
Rio Dell									
Shasta Lake	35,288	44,494	41,949	\$44,109	\$165,840	\$205,731	-19%	\$3,245,789	\$2,191,800
Susanville	38,450	48,481	45,708	\$39,355	\$171,994	\$293,080	-41%	\$2,647,221	\$2,388,215
Tulelake									
Weed	27,513	34,691	32,707	\$30,853	\$125,764	\$137,143	-8%	\$1,576,802	\$1,708,892
Yreka	55,252	69,665	65,682	\$43,149	\$233,747	\$254,373	-8%	\$3,124,882	\$3,431,785
Mini-Cities	48,461	61,102	57,608	\$53,077	\$220,248	\$235,423	-15%	\$4,374,825	\$3,009,970
Total	\$268,630	\$338,707	\$319,339	\$293,273	\$1,219,949	\$1,397,467	-16%	\$18,462,400	\$16,685,088

SMALL CITIES ORGANIZED RISK EFFORT
Workers' Compensation Experience Modification Calculation
July 1, 2012 to June 30, 2013

Member Entity	LOSSES AS OF 12/31/11					
	PROGRAM YEARS					
	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	Total
Biggs					-	
Colfax						
Dorris						
Dunsmuir	207	-	-	-	63,765	\$63,972
Etna						
Fort Jones						
Isleton						
Live Oak	606	36	16,180	2,872	255	\$19,950
Loomis						
Loyalton	-	-	-	-		
Montague						
Mt. Shasta	37,823	103,285	1,194	108,546	108,855	359,704
Portola						
Rio Dell					9,844	
Shasta Lake	4,126	5,256	58,464	-	-	67,846
Susanville	63,308	50,149	2,612	8,600	96,496	\$221,165
Tulelake						
Weed	101,902	-	36,337	3,548	9,500	\$151,287
Yreka	6,390	71,990	8,025	151,703	58,370	\$296,477
Mini Cities	34,751	4,178	11,605	152,338	30,143	\$233,017
Total:	\$249,115	\$234,894	\$134,417	\$427,608	\$377,228	\$1,413,418

SMALL CITIES ORGANIZED RISK EFFORT
Workers' Compensation Experience Modification Calculation
July 1, 2012 to June 30, 2013

Member Entity	DE6 PAYROLL					
	PROGRAM YEARS					
	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	Total
Biggs						
Colfax						
Dorris						
Dunsmuir	420,479	426,844	431,426	464,934	515,786	2,259,469
Etna						
Fort Jones						
Isleton						
Live Oak	1,342,771	1,222,742	1,219,689	1,227,755	1,313,687	6,326,644
Loomis						
Loyalton						
Montague						
Mt. Shasta	1,690,136	1,781,557	1,945,079	1,786,481	1,633,025	8,836,279
Portola						
Rio Dell						
Shasta Lake	2,861,185	3,204,190	3,283,054	3,441,569	3,220,301	16,010,298
Susanville	3,855,548	3,712,665	3,810,263	3,500,852	3,574,246	18,453,574
Tulelake						
Weed	1,255,099	1,329,788	1,514,614	1,496,349	1,531,847	7,127,697
Yreka	2,907,326	3,045,580	3,176,508	3,007,604	3,185,014	15,322,030
Mini Cities	3,889,475	4,466,586	4,798,427	4,750,796	4,329,163	22,234,446
Total:	18,222,019	19,189,952	20,179,060	19,676,340	19,303,067	96,570,438

SMALL CITIES ORGANIZED RISK EFFORT
Workers' Compensation Experience Modification Calculation
July 1, 2012 to June 30, 2013

Member Entity	Experience Modification Factor						
	Loss Rate Per \$100	Relative Loss Rate	Payroll	Credibility Factor	Experience Modification	Payroll times Ex.Mod.	Adjusted Payroll
Biggs							
Colfax							
Dorris							
Dunsmuir	2.83	1.93	531,659	0.11	1.10	585,492	566,920
Etna							
Fort Jones							
Isleton							
Live Oak	0.32	0.22	1,337,470	0.23	0.82	1,091,784	1,057,153
Loomis							
Loyalton							
Montague							
Mt. Shasta	4.07	2.78	1,623,751	0.27	1.48	2,406,693	2,330,354
Portola							
Rio Dell							
Shasta Lake	0.42	0.29	3,245,789	0.43	0.70	2,263,601	2,191,800
Susanville	1.20	0.82	2,647,221	0.38	0.93	2,466,450	2,388,215
Tulelake							
Weed	2.12	1.45	1,576,802	0.26	1.12	1,764,873	1,708,892
Yreka	1.93	1.32	3,124,882	0.42	1.13	3,544,206	3,431,785
Mini Cities	1.05	0.72	4,374,825	0.50	0.86	3,753,677	3,634,612
Total:	1.46	1.00	\$18,462,399			\$17,876,776	\$17,309,730

SMALL CITIES ORGANIZED RISK EFFORT
Mini-City Pool Allocation of Costs
July 1, 2012 to June 30, 2013

ALLOCATION OF COSTS TO MEMBERS - with Experience Modification

COSTS TO BE ALLOCATED:

BANKING LAYER	48,461
SHARED RISK	61,102
EXCESS WC	57,608
ADMINISTRATION	53,077
TOTAL	220,248

Member	Payroll	Percentage	Banking	Shared Risk	Excess WC	Admin	Total	Last Year's	%Change
Biggs	\$450,163	10.60%	\$ 5,136	\$ 6,476	\$ 6,106	\$ 5,625	\$ 23,343	\$ 24,330	-4%
Colfax	\$382,384	9.00%	\$ 4,363	\$ 5,501	\$ 5,186	\$ 4,778	\$ 19,828	\$ 34,491	-43%
Dorris	\$144,415	3.40%	\$ 1,648	\$ 2,078	\$ 1,959	\$ 1,805	\$ 7,489	\$ 7,969	-6%
Dunsmuir									
Etna	\$281,737	6.63%	\$ 3,214	\$ 4,053	\$ 3,821	\$ 3,521	\$ 14,609	\$ 16,600	-12%
Fort Jones	\$172,122	4.05%	\$ 1,964	\$ 2,476	\$ 2,335	\$ 2,151	\$ 8,925	\$ 8,242	8%
Isleton								\$ -	
Live Oak								\$ -	
Loomis	\$761,906	17.94%	\$ 8,693	\$ 10,961	\$ 10,334	\$ 9,521	\$ 39,508	\$ 45,688	-14%
Loyalton	\$201,932	4.75%	\$ 2,304	\$ 2,905	\$ 2,739	\$ 2,523	\$ 10,471	\$ 10,217	2%
Montague	\$278,959	6.57%	\$ 3,183	\$ 4,013	\$ 3,784	\$ 3,486	\$ 14,465	\$ 14,546	-1%
Mt. Shasta								\$ -	
Portola	\$579,010	13.63%	\$ 6,606	\$ 8,330	\$ 7,853	\$ 7,235	\$ 30,024	\$ 40,916	-27%
Rio Dell	\$994,776	23.42%	\$ 11,350	\$ 14,311	\$ 13,492	\$ 12,431	\$ 51,584	\$ 42,640	21%
Shasta Lake									
Susanville								\$ -	
Tulelake									
Weed								\$ -	
Yreka								\$ -	
Total	4,247,403	100.00%	\$ 48,461	\$ 61,102	\$ 57,608	\$ 53,077	\$ 220,248	\$ 245,640	-10%

**SMALL CITIES ORGANIZED RISK EFFORT
PROPERTY PROGRAM
July 1, 2012 to June 30, 2013**

Member Entity	Property Deductible	Boiler & Machinery Deductible	Real Property Values	Personal Property Values	Income/Rents	Contractor's Equipment	Total Values	Property Premium	Excess Premium and Fees	Automobile Physical Damage Deductible	Automobile Physical Damage Values	Physical Damage Premium	Total Deposit	Last Year's Premium	Difference
Biggs	\$5,000	\$5,000	\$2,729,658	\$1,036,166	\$0	\$91,665	\$3,857,489	\$2,706	\$837	\$5,000	\$397,393	\$2,149	\$5,693	\$3,846	48%
Colfax	\$5,000	\$5,000	\$9,789,952	\$2,222,431	\$0	\$162,027	\$12,174,410	\$8,540	\$2,541	\$5,000	\$441,097	\$2,386	\$13,467	\$11,065	22%
Dorris	\$5,000	\$5,000	\$3,206,679	\$525,813	\$8,000	\$96,646	\$3,837,138	\$2,692	\$794	\$5,000	\$80,307	\$434	\$3,920	\$3,269	20%
Dunsmuir	\$5,000	\$5,000	\$7,385,736	\$901,465	\$18,000	\$0	\$8,305,201	\$5,826	\$1,696				\$7,522	\$5,976	26%
Etna	\$5,000	\$5,000	\$4,317,596	\$334,081	\$8,000	\$0	\$4,659,677	\$3,269	\$999	\$5,000	\$381,388	\$2,063	\$6,331	\$6,003	5%
Fort Jones	\$5,000	\$5,000	\$2,314,676	\$1,423,838	\$7,000	\$0	\$3,745,514	\$2,627	\$830	\$5,000	\$517,683	\$2,800	\$6,257	\$5,533	13%
Live Oak	\$5,000	\$5,000	\$33,577,202	\$3,578,843	\$131,000	\$0	\$37,287,045	\$26,157	\$7,649	\$5,000	\$284,780	\$1,540	\$35,346	\$13,435	163%
Loomis	\$5,000	\$5,000	\$1,393,594	\$149,310	\$0	\$0	\$1,542,904	\$1,082	\$359	\$5,000	\$347,363	\$1,879	\$3,320	\$2,968	12%
Loyalton	\$5,000	\$5,000	\$3,925,606	\$1,035,092	\$11,000	\$229,393	\$5,201,091	\$3,649	\$1,279	\$5,000	\$1,730,268	\$9,358	\$14,285	\$10,888	31%
Montague	\$5,000	\$5,000	\$4,859,439	\$1,153,310	\$0	\$194,260	\$6,207,009	\$4,354	\$1,393	\$5,000	\$1,000,000	\$5,408	\$11,155	\$7,609	47%
Mt. Shasta	\$5,000	\$5,000	\$5,111,614	\$1,602,664	\$35,000	\$0	\$6,749,278	\$4,735	\$1,378				\$6,113	\$5,005	22%
Portola	\$5,000	\$5,000	\$3,253,680	\$1,306,389	\$0	\$0	\$4,560,069	\$3,199	\$946	\$5,000	\$121,929	\$659	\$4,805	\$3,562	35%
Rio Dell	\$5,000	\$5,000	\$5,338,565	\$4,354,405	\$6,000	\$125,294	\$9,824,264	\$6,892	\$2,033	\$5,000	\$217,697	\$1,177	\$10,102	\$7,938	27%
Shasta Lake	\$5,000	\$5,000	\$39,794,089	\$8,430,065	\$0	\$492,798	\$48,716,952	\$34,175	\$10,202	\$10,000	\$2,038,576	\$11,025	\$55,402	\$40,570	37%
Susanville	\$5,000	\$5,000	\$15,051,480	\$5,621,586	\$144,000	\$58,800	\$20,875,866	\$14,644	\$4,302	\$5,000	\$318,414	\$1,722	\$20,669	\$17,526	18%
Tulelake	\$5,000	\$5,000	\$3,940,000	\$755,000	\$0	\$0	\$4,695,000	\$3,294	\$1,005	\$5,000	\$371,988	\$2,012	\$6,311		
Weed	\$5,000	\$5,000	\$5,890,419	\$1,011,929	\$50,826	\$26,033	\$6,979,207	\$4,896	\$1,425				\$6,321	\$5,298	19%
Yreka	\$5,000	\$5,000	\$9,922,283	\$8,719,054	\$257,300	\$2,720,649	\$21,619,286	\$15,166	\$4,490	\$10,000	\$606,543	\$3,280	\$22,936	\$18,208	26%
Total:			\$161,802,268	\$44,161,441	\$676,126	\$4,197,565	\$210,837,400	\$147,901			\$8,855,426	\$47,893	\$239,952	\$168,699	42.24%

CJPRMA Premium Calculation

Member	Payroll		2012/2013 Premium	% of Premium	Less 10/11 Investment Income	Add Excess Loss Fund	Less Deferred Redistribution	2012/2013 Net Liability Premium
	19,270,263	0.75300	\$ 154,235		\$ 85,000	\$ 30,000	\$ 69,288	\$ 29,947
Biggs	\$463,667	0.75300	\$ 3,491	2.26%	\$ 1,924	\$ 679	\$ 1,568	\$ 678
Colfax	\$393,855	0.75300	\$ 2,966	1.92%	\$ 1,634	\$ 577	\$ 1,332	\$ 576
Dorris	\$148,747	0.75300	\$ 1,120	0.73%	\$ 617	\$ 218	\$ 503	\$ 217
Dunsmuir	\$531,659	0.75300	\$ 4,003	2.60%	\$ 2,206	\$ 779	\$ 1,798	\$ 777
Etna	\$290,189	0.75300	\$ 2,185	1.42%	\$ 1,204	\$ 425	\$ 982	\$ 424
Fort Jones	\$177,286	0.75300	\$ 1,335	0.87%	\$ 736	\$ 260	\$ 600	\$ 259
Isleton	\$356,683	0.75300	\$ 2,686	1.74%	\$ 1,480	\$ 522	\$ 1,207	\$ 521
Live Oak	\$1,337,470	0.75300	\$ 10,071	6.53%	\$ 5,550	\$ 1,959	\$ 4,524	\$ 1,955
Loomis	\$784,763	0.75300	\$ 5,909	3.83%	\$ 3,257	\$ 1,149	\$ 2,655	\$ 1,147
Loyalton	\$207,990	0.75300	\$ 1,566	1.02%	\$ 863	\$ 305	\$ 704	\$ 304
Montague	\$287,328	0.75300	\$ 2,164	1.40%	\$ 1,192	\$ 421	\$ 972	\$ 420
Mt. Shasta	\$1,623,751	0.75300	\$ 12,227	7.93%	\$ 6,738	\$ 2,378	\$ 5,493	\$ 2,374
Portola	\$596,380	0.75300	\$ 4,491	2.91%	\$ 2,475	\$ 873	\$ 2,017	\$ 872
Rio Dell	\$1,024,619	0.75300	\$ 7,715	5.00%	\$ 4,252	\$ 1,501	\$ 3,466	\$ 1,498
Shasta Lake	\$3,245,789	0.75300	\$ 24,441	15.85%	\$ 13,469	\$ 4,754	\$ 10,980	\$ 4,746
Susanville	\$2,647,221	0.75300	\$ 19,934	12.92%	\$ 10,986	\$ 3,877	\$ 8,955	\$ 3,870
Tulelake	\$451,182	0.75300	\$ 3,397					\$ 3,397
Weed	\$1,576,802	0.75300	\$ 11,873	7.70%	\$ 6,543	\$ 2,309	\$ 5,334	\$ 2,305
Yreka	\$3,124,882	0.75300	\$ 23,530	15.26%	\$ 12,968	\$ 4,577	\$ 10,571	\$ 4,569
TOTAL	\$19,270,263		\$ 145,105		\$ 78,096	\$ 27,563	\$ 63,660	\$ 30,912



DELEGATION OF INVESTMENT AUTHORITY TO SCORE TREASURER

ACTION ITEM

ISSUE: The Board of Directors will need to renew the delegation of the authority to invest or reinvest funds of SCORE during the period of July 1, 2012 to June 30, 2013 to the Treasurer.

RECOMMENDATION: The Program Administrator recommends the Board delegate authority to invest or reinvest funds to the Treasurer.

FISCAL IMPACT: None

BACKGROUND: 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.

ATTACHMENTS: None



CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.95

ACTION ITEM

ISSUE: Pursuant to Government Code Section 54956.95, the Board will hold a Closed Session to discuss the following claims for payment of a tort liability loss or a public liability loss:

**Request for Authority

1. Liability

- a. Woodsman Lodge v. City of Mt. Shasta**
- b. Kernan v. City of Yreka**
- c. Schisler v. City of Weed**
- d. Kennedy v. City of Weed**

RECOMMENDATION: The Program Administrator cannot make a recommendation at this time, as the subject matter is confidential.

FISCAL IMPACT: Unknown

BACKGROUND: Confidential

ATTACHMENTS: None

SCORE RESOURCE CONTACT GUIDE

June 2012

PROGRAM ADMINISTRATION Alliant Insurance Services, Inc. www.alliantinsurance.com Main: (916) 643-2700 Fax: (916) 643-2750	
SUBJECT	MAIN CONTACT
JPA MANAGEMENT ISSUES – coverage questions, quotations, new members, development of shared risk program coverage agreements, RFPs for actuarial services, actuary liaison, excess insurance/additional coverage marketing (Crime coverage, etc.), program development; program budget/funding, financial analysis, coordination w/financial auditor/JPA accountant	Susan Adams Joan Crossley Johnny Yang
JPA ADMINISTRATIVE ISSUES – meeting agendas; minutes; development/maintenance of governing documents, development/interpretation of policies & procedures, JPA state compliance, Form 700, changes in Board members, website maintenance.	Johnny Yang Susan Adams Joan Crossley Jan Trevino
COVERAGE / RISK MANAGEMENT ISSUES – <ul style="list-style-type: none"> ➤ Certificates of coverage, additions/deletions of coverage's, special events liability coverage, automobile identification cards, auto/mobile equipment physical damage programs ➤ Coverage questions, quotations, new members, development of shared risk program coverage agreements, RFPs for actuarial services, actuary liaison, excess insurance/additional coverage marketing (Crime coverage, etc.), program development ➤ Insurance Requirements in Contracts (IRIC), hold harmless agreements, indemnification clauses, safety program planning, RFPs for JPA services & audits, third party contract review 	Kimberly Carter Susan Adams Joan Crossley
Susan Adams (916) 643-2704 / (916) 203-1541 (cell) Johnny Yang (916) 643-2712 Joan Crossley (916) 643-2708 Mike Simmons (415) 403-1425 / (925) 708-3374 (cell)	sadams@alliantinsurance.com jyang@alliantinsurance.com jcrossley@alliantinsurance.com msimmons@alliantinsurance.com
ACCOUNTING SERVICES Gilbert Associates, Inc. 2880 Gateway Oaks Drive, Suite 100 Sacramento, California 95833 Main: (916) 646-6464 Fax: (916) 929-6836 www.gilbertcpa.com Kevin Wong – kswong@gilbercpa.com	EMPLOYEE ASSISTANCE PROGRAM ACI Specialty Benefits Corporation 5414 Oberlin Drive, Suite 240 San Diego, California 92121 Main: (858) 452-1254 Fax: (858) 452-7819 www.acieap.com Tori Barr - tbarr@acieap.com

SCORE RESOURCE CONTACT GUIDE

June 2012

CLAIMS ADMINISTRATION
York Risk Services Group, Inc.
www.yorkrsg.com
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SUBJECT	MAIN CONTACT
ADMINISTRATIVE ISSUES - annual contracts for services, IT issues, reports, service issues	Marcus Beverly – WC & Liability
SUPERVISORIAL ISSUES – liability claims administration management, oversight of safety & loss control services	Tom Baber - Liability
CLAIMS ISSUES – LIABILITY <i>All Members</i>	Craig Wheaton – Unit Manager Cameron Dewey – Claims Adjuster <u>Field Adjusters:</u> Shawn Millar Olivia Doney Bernard Sarmiento Ken Sloane
CLAIMS ISSUES – WORKERS’ COMPENSATION <i>All Members</i>	Tom McCampbell – VP, WC Kelli Vitale-Carson – AVP, WC Jodi Fink – Claims Examiner Sara Marshall – Future Med and Medical Only Claims Examiner
COMPUTER SERVICES TRUST ACCOUNT SERVICES – loss runs, special reports, check registers, bank reconciliations	Chris Shaffer Herb McDuffee

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