



**Small Cities Organized Risk Effort (SCORE)**  
**Board of Directors Meeting Minutes**  
**March 27, 2015**

**Member Cities Present:**

John Busch, City of Biggs  
Laurie Van Groningen, City of Colfax  
Randy Johnsen, City of Dunsmuir  
Pamela Russell, City of Etna  
Linda Romaine, Town of Fort Jones  
Robert Jankovitz, City of Isleton  
Jim Goodwin, City of Live Oak  
Bobbi Phagura, City of Live Oak  
Roger Carroll, Town of Loomis

Janie Sprague, City of Montague  
Donald Kincade, City of Montague  
Muriel Howarth Terrell, City of Mt. Shasta  
Robert Meacher, City of Portola  
Karen Dunham, City of Rio Dell  
John Duckett, City of Shasta Lake  
Jenny Coelho, City of Tulelake  
Ron Stock, City of Weed  
Rhetta Hogan, City of Yreka

**Member Cities Absent:**

Ernie Teague, City of Loyalton

Jared Hancock, City of Susanville

**Consultants & Guests**

Michael Simmons, Alliant Insurance Services  
Michelle Minnick, Alliant Insurance Services  
Marcus Beverly, Alliant Insurance Services  
Dorienne Zumwalt, York Risk Services  
Cameron Dewey, York Risk Services  
Jodi Fink, York Risk Services

Mike Harrington, Bickmore  
David Patzer, DKF Solutions  
John Balestrini, DKF Solutions  
Jayson Schmitt, Chandler Asset Management  
Kevin Wong, Gilbert Associates, Inc.  
Tracey Smith-Reed, Gilbert Associates, Inc.

**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 from this meeting were the City of Loyalton and the City of Susanville.

**C. APPROVAL OF AGENDA AS POSTED**

*A motion was made to approve the Agenda as posted.*



**MOTION:** John Duckett

**SECOND:** John Busch

**MOTION CARRIED  
UNANIMOUSLY**

#### **D. PUBLIC COMMENT**

Janie Sprague noted that she will be leaving her position with the city effective 4/2/2015 and thanked the Board of Directors for her time with SCORE.

#### **E. CONSENT CALENDAR**

1. Board of Directors Meeting *Draft* Minutes – January 23, 2015
2. US Bank Custodial Account Statement – January – February 2015
3. SCORE Checking Account Transaction List – January – February 2015
4. Investment Statements from Chandler Asset Management – January – February 2015
  - a. Portfolio Summaries
  - b. Compliance Report
5. Target Solutions Annual Utilization Report – January – February 2015
6. Gilbert & Associates Service Agreement Amendment FY 2013-2015

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

**MOTION:** Linda Romaine

**SECOND:** John Duckett

**MOTION CARRIED  
UNANIMOUSLY**

#### **F. ADMINISTRATIVE REPORTS**

##### **F1. Alliant Update**

Marcus Beverly requested that any members who have not submitted their Form 700 should do so as the deadline is approaching. He also noted that Tulelake is in the process of applying for ERMA and requested that if any other members are interested in joining the deadline is next week. Michelle Minnick mentioned that in the past cities have paid for manuals out of their city budget and would go through the process of requesting reimbursement from Alliant for the purchase of manuals. In an effort to streamline the process Alliant has spoken with Lexipol and requested that they bill SCORE directly for any manuals that are provided to eliminate the need for a city to pay and be reimbursed. Michelle Minnick indicated that when member cities contact Lexipol they should mention that this is for a SCORE member and the bill should come directly to Alliant. Marcus Beverly also noted that Lexipol will place all members on the same policy year (June to June) as there were members who signed up a different time of the year.

##### **F2. President's Report**

Roger Carroll indicated that he attended the PARMA conference and the unwritten theme was the importance of having decent well-written job descriptions as a key to defending claims in the long run.



### **F3. CJPRMA Update**

Roger Carroll noted that SCORE self-insures up to \$25,000. In turn CJPRMA self-insures up to \$5 million and then they purchase Excess insurance which provides up to \$40 million in coverage. He went on to indicate that the company that provides the Excess insurance has withdrawn from the State of California (and will no longer write business in the state) and so CJPRMA will be going back out to bid and members rates will probably go up but not by much. There were no other issues to report as respects SCORE.

### **F4. ERMA Update**

As part of the ERMA update, John Duckett advised that there were no issues to report as respects SCORE. Marcus Beverly noted that our rate has decreased and ERMA has given back some dividends. He also indicated that at this time we have no losses that are reported by ERMA.

### **F5. LAWCX Update**

Ron Stock presented the update from the last LAWCX Executive Committee Meeting where the Committee discussed a contract renewal for administration services and actuarial services. Mr. Stock related that nothing was finalized at that time. The Budget was also discussed and LAWCX is proposing funding at the 80% confidence level with a 3% discount rate for the following year. Mr. Simmons stated that increasing the discount rate will generate a slight increase in premium for SCORE in the following year, due to the nature of Workers' Compensation claims development.

## **G. FINANCIAL**

### **G1. Investment Manger's Report**

Jason Schmitt from Chandler Asset Management presented the Investment Manager's Report and opened with a brief high level overview of the economy and the impact it has had in investment returns. Jason Schmitt noted that the unemployment rate is at 5.5% and he also noted that the Federal Reserve may be raising their rates as the last time they did so was ten years ago. He also mentioned that the NCCSIF portfolio is well diversified. Jason Schmitt also reviewed the investment objectives of SCORE and SCORE's portfolio strategy in accordance to SCORE's Investment Policy and indicated that the portfolio is in compliance with the investment policy.

**A motion was made to accept the Investment Manager's Report as presented.**

**MOTION:** Pamela Russell

**SECOND:** Muriel Howarth Terrell

**MOTION CARRIED  
UNANIMOUSLY**



## **G2. Investment Policy Review and Approval**

Jason Schmitt from Chandler Asset Management indicated that there is only one change to the investment policy that is being recommended. Jason Schmitt noted there is a new security available (Supranational) which has been approved by legislature that went into effect as of January 1, 2015 and will allow for investments in Washington DC based Supranational securities. Mr. Schmitt highlighted there is a purchase limit of three Supranational securities. Mr. Schmitt mentioned these are AAA rated and very safe securities which provide yields that are a little bit above US based securities. Jason Schmitt requested the Board of Directors approval to diversify NCCSIF's investments portfolio which would include the ability to purchase Supranational securities.

**A motion was made to adopt the proposed changes to SCORE's Investment Policy as presented.**

**MOTION:** Roger Carroll

**SECOND:** Randy Johnson

**MOTION CARRIED  
UNANIMOUSLY**

## **G3a. Banking Layer Balances and Adjustments**

Tracey Smith-Reed from Gilbert and Associates presented the Banking Layer Balances as of December 31, 2014. Tracey Smith-Reed noted on the Statement of Revenue that the claims expense for the period July 2013-December 2014 that liability claim payments show a substantial increase which was driven by one high value claim. She also mentioned that the Workers' Compensation claims are a bit lower as the result of recovery changes. Tracy went on to discuss the new reports that are being provided and indicated that the budget to actual numbers will be presented to the Board of Directors quarterly. The next report that will be provided to the Board of Directors is the Combined Statement which will also be provided quarterly.

\*NOTE: At this time Gilbert Associates presented the Dividend & Assessment Analysis and no motion was made on this item.

## **G3b. Dividend & Assessment Analysis**

Kevin Wong from Gilbert and Associates presented the Dividend Assessment Analysis and noted that at this time they are not recommending a dividend distribution for 2014-15 year from either the Liability or the Workers' Compensation programs. Kevin indicated that the numbers for the Workers' Compensation program were below the level of the dividend assessment plan and so no dividends are recommended at this time. He also noted that there are members who have negative balances in the Liability program as of June 30, 2014 and pursuant to the policy the negative amounts would be billed at 50% rate at the end of the current fiscal year or the beginning of the next fiscal year.



**A motion was made to accept the recommendation that no dividends shall be declared in either the Liability Program or the Workers' Compensation program.**

**MOTION:** Linda Romaine

**SECOND:** Don Kincade

**MOTION CARRIED  
UNANIMOUSLY**

#### **G4. Gilbert & Associates Service Agreement Amendment FY 2015/16**

Marcus Beverly mentioned that the contract with Gilbert was originally for three years plus and optional two additional terms. Marcus Beverly noted that the Board of Directors approved one additional term as of last year with a slight increase and indicated that Gilbert has extend the additional year with no change in compensation. It was discussed that Gilbert has completed a significant amount of work to bring SCORE to where it is today.

**A motion was made to approve the agreement amendment for an additional one year.**

**MOTION:** Muriel Howarth Terrell

**SECOND:** Pamela Russell

**MOTION CARRIED  
UNANIMOUSLY**

#### **LUNCHTIME SPEAKER- DKF Solutions Risk Management Progress Update**

John Balestrini from DKF Solutions was present and gave a brief overview of SCORE's ergonomic site visits which have been completed and the scorecards for each member city.

**No motion was made as this was an information item.**

### **H. JPA BUSINESS**

#### **H1a. Suggested Risk Management Services for FY 2015/16**

David Patzer from DKF Solutions spoke to the Board of Directors about Cal OSHA compliance. David noted that the most frequent injuries in the pool are strain and overexertion soft tissues injuries. He highlighted that non-compliance with Cal OSHA requirements is a future indicator for future losses and member cities can be sued in civil litigation in an effort to establish negligence. He went on to speak about the steps that Cal OSHA has taken to increase the budget for an additional 100 Cal OSHA enforcement personnel and noted that the regulatory fines and penalties are an income stream for the state. David Patzer indicated that DKF can develop a customized policy for each city which would be set up in a way that is similar to all members to make tracking and training simple for each member to ensure compliance with Cal OSHA.

David then presented information regarding the prevention of soft tissue injuries and noted the common injuries for this pool are back injuries, cumulative trauma, and slip & falls. He also mentioned the ergonomic site visits that are being completed by John Balestrini should be repeated in two years (due to turnover and new hires). It was also recommended that in the next fiscal year



(2015-2016) we start identifying how public works employees are doing certain tasks in an effort to combat potential Workers' Compensation claims. To help address these issues David Patzer then presented the SCORE Recommended Risk Control Activities for FY 2015/16 which included the following services at a proposed cost of \$95,500:

- SSMP audits for 2 additional members with most frequent SSOs/backups
- Webinar to present results of the sewer budget/staffing analysis
- Employer based health promotion program: develop 2 program options with implementation and support resources
- Cal OSHA compliance and Scorecard update for each member
- My Safety Officer for all members which would include risk control hotline, monthly e-newsletter, access to DKF website, training video library, online training modules, monthly webinars
- Development of 3 Cal OSHA policies for all members

As there is some overlap of services being provided by Target Solutions and what David Patzer has presented Alliant was asked to determine if we need to continue our contract with Target Solutions (budgeted at \$25,000 for the next fiscal year) or if it should be kept just for Fire Departments.

#### **H1b. Loss Control Grant Fund Program**

Marcus Beverly addressed the Board of Directors who indicated that the Grant fund program was started last year and has been successful from a Program Administrator perspective as there are only one or two members who did not request use of the grant funds. He went on to indicate that Alliant has included this in the budget for the next fiscal year 2015/16 (budgeted at \$50,000 out of the Workers' Compensation and Liability programs for a total of \$100,000). Marcus Beverly also mentioned that there has been an increase in requests for training and members were encouraged to use the available grant funds to help finance the training sessions that are needed.

**A motion was made to approve the Loss Control Grant Fund Program for the fiscal year 2015/16.**

**MOTION:** Don Kincade      **SECOND:** Muriel Howarth Terrell      **MOTION CARRIED UNANIMOUSLY**

**\*NOTE: At this time the Board of Directors asked to review Item H.5. SCORE Training Day/BOD Venue Options prior to a review of Item H2. Actuarial Studies.**

#### **H5. SCORE Training Day/BOD Venue Options**

Michelle Minnick presented four potential venue options to the Board of Directors for the October Training Day: 1) Mt Shasta Resort; 2) Aston Lake Land Village; 3) Lake Tahoe Resort; 4) Gaia Hotel & Spa. The members were asked to provide feedback about the locations presented and asked if there was a preferred location for the October 2015 Training Day. Roger Carroll noted that the



Gaia Hotel is the most centrally located meeting place for all SCORE members and indicated that in October there could be a potential for snowy road conditions. Michael Simmons mentioned that NCCSIF has held Long Range Planning Sessions at the Gaia Hotel in the past which have been successful.

**A motion was made to approve the Gaia Hotel & Spa as the location for the October 2015 wo-day Training Session.**

**MOTION:** John Duckett

**SECOND:** Don Kincade

**MOTION CARRIED  
UNANIMOUSLY**

**H2. Actuarial Studies**

**H2a. Actuarial Review of the Self-Insured Liability Program**

Mike Harrington presented the 2015/16 Liability Actuarial study. Mr. Harrington noted that the Liability Program has seen favorable development but the losses were more than we anticipated. Mike Harrington indicated that the banking and pooling layer rates have decreased by 1.7% and he also mentioned the banking and pooling reserves have decreased by \$217,000. Mike Harrington noted that the selected 2015/16 loss rate is \$3.053, a decrease of 2% from last year's loss rate of \$3.02.

**A motion was made to accept actuarial studies for the Liability Program as presented.**

**MOTION:** John Duckett

**SECOND:** Rhetta Hogan

**MOTION CARRIED  
UNANIMOUSLY**

**H2b. Actuarial Review of the Self-Insured Workers' Compensation Program**

Mike Harrington also presented the 2015/16 Workers' Compensation Actuarial study. He noted that there has been very favorable development in the Workers' Compensation program as the older years have developed as expected. However, he went on to indicated there has been adverse development in 2014/15 and is moderating the decrease in rates.

The Banking Layer expected incurred costs have decreased from \$478,000 to \$384,000 while the Shared Risk Layer has also decreased by 4% to \$3,430,000.

The projected loss rates for the banking layer are \$1.45 which is a decrease of 1% (from the last year's rate of \$1.47). The projected loss rates for the Shared Layer are \$3.08 which is a decrease of 2% (from last year's rate of \$3.15). Combined, rates will be decreasing 2% from the prior year.

Mr. Harrington also mentioned the general Workers' Compensation trends are seeing an increase in both frequency and severity, driving both the average cost of claims up and the number of claims up which is what we saw in the 2014/15 year.



**A motion was made to approve actuarial studies for the Workers' Compensation Program as presented.**

**MOTION:** Pamela Russell

**SECOND:** Linda Romaine

**MOTION CARRIED  
UNANIMOUSLY**

**H3. FY 2015/16 Funding Rates**

**H3a. FY 2015/16 Funding Rates Liability**

Marcus Beverly presented the Funding Rates and noted that approximately three years ago SCORE wanted to begin capping rates at no more than 3% per year and indicated that this went well for the first year as the Liability cap only applied in the current year. He went on to mention that there is no fiscal impact on the rates as the rate this year is below the 3% cap and will not apply this year.

Roger Carroll indicated we should look at capping and what the potential ramifications would be if we stopped capping and suggested that this be a topic for the October meeting.

***\*NOTE: The Board of Directors voted on Item H.3.a. and Item H.3.b. in the same motion.***

**A motion was made to approve FY 2015/16 Funding Rates for the Liability and the Workers' Compensation Program as presented in the same motion.**

**MOTION:** Pamela Russell

**SECOND:** Linda Romaine

**MOTION CARRIED  
UNANIMOUSLY**

**H3b. FY 2015/16 Funding Rates Workers' Compensation**

There was no discussion on this item as the information was presented by the Actuary in Item H.2.b.

***\*NOTE: The Board of Directors voted on Item H.3.a. and Item H.3.b. in the same motion.***

**A motion was made to approve FY 2015/16 Funding Rates for the Liability and the Workers' Compensation Program as presented in the same motion.**

**MOTION:** Pamela Russell

**SECOND:** Linda Romaine

**MOTION CARRIED  
UNANIMOUSLY**

**H4. 2015/16 SCORE Preliminary Budget**

Mr. Beverly presented the Preliminary 2015/16 Draft Budget and noted that we have not received the property premiums and requested that any member who has not submitted their current statement of values should do so. He went on to mention that the Property Premium will be increasing by approximately 6-8% which is strictly driven by losses. Marcus Beverly also indicated that Tulelake is expected to join the WC program effective July 1, 2015 and we will have an official resolution or





vote to enroll in the WC program at the next meeting. He also mentioned they will also join ERMA for EPL coverage as well. Marcus Beverly also indicated the Administration Budget is flat but will be brought back to the Board of Directors with the Loss Control Grant Funds changed that was voted on earlier in this meeting. Members were also encourage to look at the payroll numbers, losses and each program to ensure that everything is correct-if changes are needed the members were asked to bring it to the Alliant Staff's attention so that we may correct the information.

It was also mentioned that the Mini-Cities Pool has become the largest member of the Workers' Compensation program and should be a topic of discussion for the October meeting to address if member cities should move in or out of the Mini-Cities Pool.

## **H6. Claims Issues**

### **H6a. LAWCX Workers' Compensation Audit**

Marcus Beverly noted that LAWCX commissioned an audit which was conducted by Farley Consulting Services, LLC and mentioned that he has not seen an audit score that is higher than what we have with this Workers' Compensation 2015 Audit. It was noted that the reserve adequacy/accuracy can be subjective and mentioned that the audit scores referred to two future medical claims that were under reserved (as they did not include a potential surgery costs). Doriennne Zumwalt did address the two claims and noted that when setting reserves examiners will look at the claim activity for the last three years and the potential of the surgery but setting reserves is very subjective.

**A motion was made to accept and file the LAWCX Workers' Compensation Audit.**

**MOTION:** John Duckett

**SECOND:** Randy Johnsen

**MOTION CARRIED  
UNANIMOUSLY**

### **H6b. York Claims Trending Report**

Doriennne Zumwalt presented the York Claims Trending Report and indicated that we are seeing a positive trend in claims. She went on to note that the top five common injuries are: strain, contusion, laceration, sprain, specific injury NOC. She also indicated that though it is difficult to obtain a fraud conviction—as the Workers' Compensation system favors the injured worker—York was able to convince the District Attorney to take on the case and it is set for next month at which time York will be seeking restitution on the fraud case.

Doriennne Zumwalt went on to mention that the indemnity rates (Permanent Disability, Temporary Disability, and Life Pension) have gone up and the Medical Unit has also amended the Fee Schedule (which governs the cost of medical procedures). She noted that while the rates have gone up the active claims are not trending upwards.



## **H6c. York Services Agreements**

Roger Carroll noted that we are approaching the end of our three year contract with York and the Board of Directors was asked to review the first of two two-year extensions or discuss requesting a proposal from other vendors. He mentioned that there will be no increase in fees and the contract would go into effect for the period July 1, 2015-June 30, 2017.

**A motion was made to approve the two-year extension of the York contract for the period July 1, 2015-June 30, 2017.**

**MOTION:** Randy Johnsen

**SECOND:** Don Kincade

**MOTION CARRIED  
UNANIMOUSLY**

## **I. CLOSED SESSION PURSUANT TO GOVERNMENT CODE 54956.95**

At 1:29 PM, pursuant to Government code section 54956.95, the Board held a closed session to discuss the following claims for payment of tort liability loss or public liability loss.

### **1. Workers' Compensation**

**a. Eric Capon vs. Crescent City\*\***

**MOTION: Don Kincade SECOND: John Duckett**

*Motion Carried Unanimously*

**b. Michael Lester v. City of Yreka\*\***

**MOTION: Pamela Russell SECOND: Randy Johnsen**

*Motion Carried Unanimously*

### **2. Liability**

**a. Chase v. Loomis\*\***

**MOTION: Don Kincade SECOND: Randy Johnsen**

*Motion Carried Unanimously*

**b. Clements v. Weed\*\*\***

**MOTION: Randy Johnsen SECOND: Don Kincade**

*Motion Carried Unanimously*

## **J. REPORT FROM CLOSED SESSION**

The Board returned from closed session at 2:04 PM. Mr. Carroll reported that the above closed session items were discussed and appropriate direction was given to Staff and the Claims Administrator.

## **K. INFORMATION ITEMS**

This was provided as an information item only.



**L. TOWN HALL OPEN DISCUSSION ON MEMBER ISSUES**

**M. CLOSING COMMENTS**

There were no closing comments.

**AJOURNMENT:** The meeting was adjourned at 2:06 PM

**NEXT MEETING DATE: June 26, 2015 in Anderson, CA**

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "P. Russell", written over a horizontal line.

Pamela Russell, Secretary

6/26/15  
Date