



**Small Cities Organized Risk Effort (SCORE)
Board of Directors Meeting Minutes
June 24, 2016**

Member Cities Present:

John Busch, City of Biggs
Laurie Van Groningen, City of Colfax
Wes Heathcock, City of Colfax
Pamela Russell, City of Dunsmuir
Linda Romaine, Town of Fort Jones
Robert Jankovitz, City of Isleton
Jim Goodwin, City of Live Oak
Roger Carroll, Town of Loomis
Cricket Strock, Town of Loomis
Kathy LeBlanc, City of Loyalton

Muriel Howarth Terrell, City of Mt. Shasta
Robert Meacher, City of Portola
Brooke Woodcox, City of Rio Dell
John Duckett, City of Shasta Lake
Laura Redwine, City of Shasta Lake
Jared Hancock, City of Susanville
Gwenna MacDonald, City of Susanville
Jenny Coelho, City of Tulelake
Ron Stock, City of Weed
Steve Baker, City of Yreka

Member Cities Absent:

Marylin Seward, City of Etna

Don Kincade, City of Montague

Consultants & Guests

Michael Simmons, Alliant Insurance Services
Marcus Beverly, Alliant Insurance Services
Michelle Minnick, Alliant Insurance Services
Kathryn Mullis, ACI

Cameron Dewey, York Risk Services
Tracey Smith-Reed, Gilbert Associates, Inc.
Cindy Conklin, 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 Etna and the City of Montague.

C. APPROVAL OF AGENDA AS POSTED

A motion was made to approve the Agenda as posted.

MOTION: Kathy LeBlanc

SECOND: Steve Baker

**MOTION CARRIED
UNANIMOUSLY**



D. PUBLIC COMMENT

There were no public comments.

E. CONSENT CALENDAR

1. Board of Directors Meeting *Draft* Minutes – April 1, 2016
2. US Bank Custodial Account Statement – October 2015, April – May 2016
3. Local Agency Investment Fund (LAIF) Quarterly Statement of Investment – March 31, 2016
4. Treasurer’s Report as of March 31, 2016
5. SCORE Checking Account Transaction List – March 1, 2016 – June 14, 2016
6. Investment Statements from Chandler Asset Management – March – May 2016
7. Target Solutions Utilization Report – March – May 2016
8. ACI Utilization Report – January – March 2016
9. Company Nurse Injury Summary Report – March 2016
10. Traveler’s ID Fraud Revised Quote and Annual Premium approved by BOD 4-1-1

A motion was made to approve the Consent Calendar after removing E.1. for discussion.

MOTION: Linda Romaine

SECOND: John Duckett

**MOTION CARRIED
UNANIMOUSLY**

E.1. Board of Directors Meeting Draft Minutes – April 1, 2016

Roger Carroll requested to pull the Board of Director Minutes off of the Consent Calendar and mentioned there was no need to list out who made the motion and second for claims authority requests. He did note that if there was not action taken that should be documented in the minutes.

A motion was made to remove the persons who made a motion during closed session items on the Board of Directors Minutes from the April 1, 2016 meeting.

MOTION: Steve Baker

SECOND: John Duckett

**MOTION CARRIED
UNANIMOUSLY**

F. ADMINISTRATIVE REPORTS

F1. President’s Report

Mr. Roger Carroll welcomed the new people and noted there are no closed session items on this agenda and indicated that this is because the big claims have closed.

F2. CJPRMA Update

Roger Carroll noted there was a great meeting in Aptos and mentioned there was discussion about starting an Excess Workers’ Compensation pool and we should compare the cost to LAWCX to determine which program offers the better deal.



F3. LAWCX Update

Steve Baker attended the last LAWCX meeting and noted there was discussion about an alternative dispute program.

F4. ERMA Update

John Duckett noted the ERMA meeting was short and mentioned they presented the new budget for FY 16/17 which included five new entities into the program which has increased the premium. Marcus Beverly added that members are encouraged to apply to join the program if they do not already participate. He also mentioned for those who are in the ERMA program it was suggested that members sign up for a training session as it's included in the membership. Shasta Lake indicated they will be hosting a couple training sessions around May of 2017 but there is no official date yet.

F5. Alliant Update

Marcus Beverly encouraged members who have shared interest contracts/agreements that he would like to see the mutual hold harmless language in the contracts and if there are any doubts to send the contract to Marcus for review. It was also noted that DKF is continuing to develop the online training for all the members per their contract.

G. FINANCIAL

G1. Quarterly Financials for QE March 31, 2016

Tracey Smith Reed provided a summary of the Quarterly Financial Statement for period ending 3/31/2016 and indicated there is good news overall.

- Total Net Assets are up about \$500k due to an increase in market values and receivables.
- Investments are doing well at this point - Investments and other current assets remained the same
- Total Current Liabilities decreased from \$7.3 million to \$5 million as of March 31, 2016 as claim estimates have gone down – this should continue to go down if we continue to have no closed session items
- Total net position is up \$2 million
- Budget to Actual is showing extremely low for Workers' Compensation (46%) and Liability (18%) and if that trend continues it should be good news all around

There was a question regarding what unearned revenue consists of and it was noted that most of the premiums are billed in January for the entire year as they are paid upfront and then recognized for each quarter as it has already been billed and paid by the member. This is an accrual basis of account as the portion of coverage has not yet occurred but payment has already been received by the pool.



There was another question about Claim Recovery Receivables and it was noted that SCORE pays for all claims and then the Excess Carrier LAWCX reimburses SCORE for the funds that have been paid over the Self Insured Retention (SIR)

A motion was made to accept and file the Quarterly Financial for QE March 31, 2016.

MOTION: Robert Meacher

SECOND: Linda Romaine

**MOTION CARRIED
UNANIMOUSLY**

Marcus Beverly addressed the outstanding questions about claims from the last meeting and noted there was one claim that was reserved at \$200,000 for the Town of Loomis that went away, another was a sewer claim that resolved for about \$5,000 (which was originally reserved at \$100,000), and a Water Park claim that dropped \$90,000. He also indicated that going forward we will have more detailed budget codes specifically for the Administrative budget.

G2. Delegation of Investment Authority to SCORE Treasurer

There was no discussion on this item.

A motion was made to approve the Delegation of Investment Authority to the SCORE Treasurer.

MOTION: Steve Baker

SECOND: Kathy LeBlanc

**MOTION CARRIED
UNANIMOUSLY**

G3a. Premium Payment Plan Request for FY 2016/17 - Tulelake

Marcus Beverly mentioned that the City of Tulelake has requested for both Liability and Workers' Compensation Programs and reminded the Board that there is a 3% Admin fee which was previously approved by the Board to reflect the change in the administrative burden and also to encourage people to get off the payment plan. He mentioned that the payment plan has been included in the agenda for the Board's review and consideration.

A motion was made to approve the Premium Payment Plan Request for FY 2016/17 - Tulelake as presented in the agenda.

MOTION: Ron Stock

**SECOND: Muriel Howarth-
Terrell**

**MOTION CARRIED
UNANIMOUSLY**

G3b. Premium Payment Plan Request for FY 2016/17 – Isleton

Marcus Beverly also indicated the City of Isleton has asked for a similar payment plan on just the Liability Program. They have requested a payment plan and indicated they will pay half of premium up front and the payment plan would be on the unpaid balance. He mentioned that the payment plan has been included in the agenda for the Board's review and consideration.



A motion was made to approve the Premium Payment Plan Request for FY 2016/17 - Isleton as presented in the agenda.

MOTION: John Duckett

SECOND: Steve Baker

**MOTION CARRIED
UNANIMOUSLY**

H. JPA BUSINESS

H1. 2016/17 Property Program Renewal

H1a. SCORE Property Renewal Proposal

Marcus Beverly indicated there is good news as we were able to negotiate a 10% decrease with a \$5,000 deductible even with a slight increase in Total Insured Values. He noted that in terms of the actual program there have been some changes the largest being an increase in Terrorism coverage – which is broader coverage than TRIA and a significant increase in Cost of Construction due to code upgrades. There was also the addition of an exclusion in pollution related to Lead Contaminated Water.

Mike Simmons mentioned that this program also includes third party coverage (coverage due to a fire on someone else's property which leads to a loss of revenue as a result and provided an example from the City of Stockton who had an old hotel fire which took the fire department took 4 days to put it out. The Deli across the street had no revenue coming in as a result of the fire. He went on to state that this coverage is extremely broad. He also noted members need to report the value of vehicles in order to receive coverage and mentioned the lowest deductible in the APIP program is \$5,000 while the lowest deductible was \$1,000 in the Alliant Motor Vehicle Program (AMVP). He also mentioned some of the differences between the two programs and provided an example of a ten-year old police car if a member had requested replacement cost in APIP then they would receive a new police car as opposed the AMVP the replacement cost is only good for the first three years of the vehicles life.

There was a question about coverage for un-listed animals (such as police dogs and goats) and Marcus Beverly noted that this policy covers colleges with research animals but not animal control

It was mentioned that members should provide the ACE claims reporting information to the Public Works department so they are aware there are only 7 days to report a claim as coverage is limited if you do not notify them of a claim. It was also noted that members should communicate to employees the procedures for reporting a property claim. It was also stated that the Cyber Liability is through Beasley – and members were encouraged to notify them of a claim immediately as the coverage doubles if you notify immediately (from \$500,000 to \$ 1 million).

A motion was made to approve the SCORE Property Renewal Proposal and reject the TRIA Coverage as presented in the agenda.

MOTION: Ron Stock

SECOND: Steve Baker

**MOTION CARRIED
UNANIMOUSLY**



H1b. APIP Claims Reporting Acknowledgements

Marcus Beverly indicated that all members will be asked to sign and return the claims reporting acknowledgments for the FY 2016/17.

A motion was made to approve the APIP Claims Reporting Acknowledgements for the FY 2016/17.

MOTION: Linda Romaine

SECOND: Wes Heathcock

**MOTION CARRIED
UNANIMOUSLY**

H1c. Cyber Liability Option – APIP

Mike Simmons noted there is an optional coverage available in APIP and mentioned with the Cyber Liability coverage included in APIP you have \$50,000 deductible and a \$500,000 limit and mentioned that this would be something to consider discussing at the Long Range Planning Meeting in October. It was agreed this should be a topic for the October meeting.

H2. Alliant Crime (ACIP) Presentation

Mike Simmons presented the Board with information about the Alliant Crime Insurance Program (ACIP). Examples of crime claims were presented to the Board to help explain the importance of having Crime coverage. The first example provided was a City claim which involved a lower level finance person who had been wiring money to a casino and the determined it was an employee with a sports betting problem. This City had only purchased a \$1 million dollar limit but that did not cover the amount the employee had stolen (approximately \$4.8 million). Another example was provided and involved the Comptroller of a city who was spending the City's money and it was not until she took a vacation that the money was determined to be missing. The Auditor ended up paying \$40 million for not catching the missing money and the Comptroller will spend the rest of their life in jail as a result.

Mike Simmons noted that the ACIP Program has a minimum of a \$1 million dollar limit and includes employee theft and faithful performance. He mentioned that if your city doesn't purchase coverage in ACIP they may not have faithful performance coverage. He mentioned that the \$1 million dollar limit is only \$950 but recommended members buy a higher limit of coverage as \$1 million does not go as far as it used to. Members were also encouraged to send the Program Administrators a copy of their current policy for review to ensure that all SCORE members have adequate coverage and for those who do not have a current crime coverage to consider getting a quote at a higher limit.

There was a question about the definition of crime and whether that indicated a person had to be arrested and it was noted that ACIP covers fidelity—or someone who didn't understand what to do and unknowingly committed a mistake. Members were encouraged to reach out to the Program Administrators if they were interested in obtaining a quote.

****NOTE: Members requested a review of item H4a at this time and to review the ACI Contract renewal after lunch.***



H3. ACI Contract Renewal for FY 2016/17

A motion was made to approve the ACI contract for the FY 2016/17.

MOTION: Robert Meacher

SECOND: Kathy LeBlanc

**MOTION CARRIED
UNANIMOUSLY**

H4a. Memoranda of Coverage – Liability

Marcus Beverly noted there are no changes to the Memoranda of Coverage (MOC) this year. He mentioned that because SCORE's MOC follows the form of CJPRMA and they have not made any changes to the policy there will be no changes to the SCORE MOC for FY 16/17.

A motion was made to approve the Liability MOC for FY 16/17.

MOTION: John Duckett

SECOND: Steve Baker

**MOTION CARRIED
UNANIMOUSLY**

H4b. Memoranda of Coverage – Workers' Compensation

Marcus Beverly again noted that the SCORE MOC follows the form of the excess carrier LAWCX MOC and mentioned under the exclusions section that we do not cover the 4850 differential. He went on to indicate that York tracks that information and if someone goes out on 4850 then only the Workers' Compensation Temporary Disability is paid and the difference is not covered.

A motion was made to approve the Workers' Compensation MOC for FY 16/17.

MOTION: Ron Stock

SECOND: Kathy LeBlanc

**MOTION CARRIED
UNANIMOUSLY**

H5a. SCORE Dividends Payable – Crescent City

Marcus Beverly noted that the City of Crescent City left SCORE on 7/1/11 and per the bylaws we have held money in trust from them. He noted that they currently have a balance of \$192,138 of dividends but also noted they were in a deficit of \$9k and still are as of 12/31/15. He recommended transferring \$20,682.15 from available dividends to the Workers' Compensation Banking Layer, distribute the remaining balance of \$12,674 in the Liability Banking Layer, and distribute \$110,000 from deferred dividends, leaving \$76,976.85 to pay for any remaining Banking Layer claims and any applicable assessments from the Shared Layers.

A motion was made to approve the release of dividends to the City of Crescent City as presented in the agenda.



MOTION: Robert Meacher

SECOND: Wes Heathcock

**MOTION CARRIED
UNANIMOUSLY**

H5b. SCORE Dividends Payable – Williams

Marcus Beverly noted this was similar to Crescent City in that the City of Williams has \$127,989 in dividends (approximately \$29,000 in Workers' Compensation) and mentioned that there are five open Workers' Compensation claims and three of those claims are with the same person. It was mentioned that on one of the claims we have not paid anything as it is a denied claim and there will be no money allocated. It was recommended that the Board consider releasing the banking layer funds for both programs and leaving \$47,989 in the banking layer.

A motion was made to approve the release of dividends to the City of Williams as presented in the agenda.

MOTION: John Busch

SECOND: John Duckett

**MOTION CARRIED
UNANIMOUSLY**

H6. Loss Prevention Manual Reimbursement Policy

Marcus Beverly noted that SCORE received notice of an increase in the Lexipol pricing for those that have police force – and mentioned that this is paid out of the P&P 10 but limited the amount to \$2,000 annually. When that policy was put into place all the members were paying under \$2,000 for this service and now the pricing reflects over that amount for some members as the pricing is based upon the number of sworn officers. It was also noted that some members receive the Daily Training Bulletins (DTB) and that is paid for directly by the members. The Program Administrators are recommending budgeting the full amount and repeal of the old resolution and absorb this cost into the Administrative budget. There were questions about why pricing was different for some members and Marcus indicated he would research and follow up with the members. Members were also asked to review the number of sworn officers and provide an update to ensure the numbers presented are accurate.

A motion was made to repeal the old resolution and the policy and to include the cost of Lexipol as part of the Administration budget.

MOTION: Steve Baker

**SECOND: Muriel Howarth-
Terrell**

**MOTION CARRIED
UNANIMOUSLY**

H7. Adoption of the FY 2016/17 SCORE Program Budget

Marcus Beverly presented information related to the FY 2016/17 SCORE Program Budget and noted on the summary of the Administrative Expenses that State funding, fraud assessment, and claims audit have increased as we did an audit in both programs (Workers' Compensation and Liability) this year.



It was mentioned that the premiums were high this year and it was noted that this is due to the application of the Ex Mods. Marcus Beverly mentioned that the numbers that were presented at the last meeting were based on a model in the Bylaws and we have changed this for the FY 16/17 and we have amended the bylaws to reflect our practice.

Marcus Beverly also indicated that we have broken out the Administration Budget so that it can be easily tracked in the Financial Statements for FY 16/17. He also mentioned there is a new budget format to help make things transparent as to how we arrive at these figures for each member. Members were reminded that we use Projected Payroll and using the Experience Modified (ExMod) adjusted payroll to make it easier to illustrate for members.

A motion was made to approve the FY 2016/17 SCORE Program Budget as presented in the agenda.

MOTION: John Duckett
Opposed: Jared Hancock

SECOND: Ron Stock

MOTION CARRIED

H8. Nomination and Election of SCORE Officer Positions

Marcus Beverly reached out to members for nominations but none were received. There was no discussion on this item.

A motion was made to appoint as Roger Carroll President, as Steve Baker Vice President, as Linda Romaine Treasurer, and Brooke Woodcox as Secretary, and John Duckett as Executive Committee at Large.

MOTION: Robert Meacher

SECOND: John Duckett

MOTION CARRIED
UNANIMOUSLY

H9. Excess Partners – Representatives and Alternates

Marcus noted the current representatives and alternates and asked if there were any other member who were interested in being more involved with our Excess Partners. Roger Carroll noted that he is happy being the representative for CJPRMA and noted that John Duckett is listed on here three times as the representative for ERMA and the Alternate for CJPRMA and LAWCX. Linda Romine indicated everyone is doing a great job.

H10. Ad Hoc Committee Report

Marcus Beverly provided the Board with an update regarding the Ad Hoc Committee's discussions about the Mini Cities pool that began last October. He noted that the Bylaws created the Mini Cities pool but they do not establish the criteria for participating members but does indicate that the Board of Directors will create criteria however the Board has not done so at this time. Marcus Beverly once again mentioned that the payroll for the Mini Cities is approximately \$4.9 million and they are the largest member of the SCORE group in terms of funding and administration. It was noted that the Ad



Hoc Committee has met a couple of times and the Board was presented with a draft Board Agenda Item to give the Ad Hoc Committee structure and a way to evaluate the options as there are an infinite number of models to address the Boards concerns. Members were asked to agree to criteria for the Ad Hoc to evaluate the options presented by the Program Administrators to ensure there is stability and equity in the pool. It was mentioned that the consensus of the committee was that change is necessary but it is still unclear as to what change is acceptable.

It was mentioned that it is healthy for a pool to re-evaluate their programs every 3-4 years based upon changes that occur. The original intent of the Ad Hoc Committee was to address concerns that the Mini Cities pool would be paying a fairer share of Administrative Expenses. Members generally agreed that the Board and the Ad Hoc Committee need to determine if it makes sense to get rid of Mini Cities Pool and if so to make sure that the Mini Cities doesn't see a large increase all at once.

There was a question about what are the benefits of participation in the Mini Cities pool other than cost savings and it was noted that there is security in the event of a large claim for a smaller member would not impact them significantly. It was also mentioned that in order to retain a Mini Cities group there needs to be a defined criteria for what a Mini Cities member is.

After a lengthy discussion it was noted that the Ad Hoc should evaluate a different split for Administrative Expenses (not just 50 fixed/50 payroll, maybe 30 fixed/70 payroll 40 fixed/60 payroll 25 fixed/75 payroll) and establish criteria as to why the Mini Cities pool exists. It was noted that any change could be phased in over time as to not impact smaller members significantly in the first year.

H11. Discussion about October Long Range Planning Meeting topics

Marcus Beverly noted that we traditionally have a new member orientation at the Long Range Planning Meeting for any new Board members and we are planning on having that session again this year. Members had expressed interest in an Employment Practices Liability session and members were also asked if there were additional topics of training of interest. It was also mentioned that DKF will be presenting information about their new program which includes the scorecard and annual report. One member asked if there was a way to consolidate the number of emails regarding training that is available and it was suggested a matrix that shows where different training options are available.

I. Town Hall Open Discussion on Member Issues

There were no discussion items.

J. INFORMATION ITEMS

- J1. CAJPA Conference – September 13-16, 2016 in South Lake Tahoe**
- J2. FY 2016/17 Resource Contact Guide**
- J3. Certificate Request Form**
- J4. Glossary of Terms**
- J5. SCORE Travel Reimbursement Form**



Items J1., J2., J3., J4. and J5. were provided as information items only.

K. CLOSING COMMENTS

There were no closing comments.

L. AJOURNMENT

The meeting was adjourned at 1:43 P.M.

NEXT MEETING DATE: August 26, 2016 TELECONFERENCE

Respectfully Submitted,

Brooke Woodcox, Secretary

Date