SMALL CITIES ORGANIZED RISK EFFORT
BOARD OF DIRECTORS
MEETING

A **Action**
I **Information**

1 **Attached**
2 **Hand Out**
3 **Separate Cover**
4 **Verbal**
5 **Previously Mailed**

Date: **Friday, March 28, 2014**
Time: **10:00 AM**

Location: **Shasta Lake Native American Cultural Resource Center**
4755 Shasta Dam Blvd
Shasta Lake, CA

PAGE **A.** **CALL TO ORDER**

B. **ROLL CALL**

C. **APPROVAL OF AGENDA AS POSTED** A 1

D. **PUBLIC COMMENTS**
This time is reserved for members of the public to address the Board of Directors on matters of SCORE that are of interest to them.

Pg.1 **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 an item to be considered separately. If not, the Board will take action to accept and file the items below.

Pg.2 1. Board of Directors Meeting *Draft* Minutes – January 24, 2013
Pg.17 2. US Bank Custodial Account Statement – January & February 2014
Pg.19 3. SCORE Checking Account Transaction List – October – January & February 2014
Pg.20 4. Investment Statements from Chandler Asset Management – January & February 2014
   a. Account 590
      i. Portfolio Summaries
      ii. Compliance Report
Pg.28 5. Bickmore Actuarial Services 2014-15 Engagement Letter
Pg.30 6. October 2014 Long Range Planning Date and Venue Ratification

The Small Cities Organized Risk Effort or SCORE, is an association of municipalities joined to protect member resources by stabilizing risk costs in a reliable, economical and beneficial manner while providing members with broad coverage and quality services in risk management and claims management.

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Pg.31 Pg.32 Pg.39 Pg.45	F.	**COMMITTEE REPORTS** 1. ERMA Board of Directors Minutes – February, 21, 2014 2. LAWCX Executive Committee Meeting – February 25, 2014 3. CJPRMA Board of Directors Meeting Minutes – December 19 , 2013	I	4
	G.	**ADMINISTRATIVE REPORTS**		
		1. President's Report *Roger Carroll will address the Board on items pertaining to SCORE.*	I	4
		2. Alliant Update *Michael Simmons will update the Board on Alliant matters pertinent to SCORE.*	I	4
		3. ERMA Update *Roger Carroll will update the Board on ERMA matters pertinent to SCORE.*	I	4
		4. LAWCX Update *Ron Stock will update the Board on LAWCX matters pertinent to SCORE.*	I	4
	H.	**FINANCIAL**		
Pg.55		**1. Notification of Shared Risk Pool Assessment** *The Board will be provided with a recommendation to implement a Pool Assessment strategy that will allow the JPA to meet its benchmark reserves.*	I	1
Pg.57		**2. Chandler Asset Management – Investment Manager's Report** *Ted Piorkowski will be providing the Board of Directors with a presentation of SCORE's investment portfolio as well as an overview of the current investment climate.*	I	1
Pg.84		**3. Approval of Internal Controls and Guidelines for Investments** *Annually, The Board reviews, approves or requests changes to SCORE's current Internal Controls and Guidelines for Investments.*	A	1
Pg.92		**4. Review and Approval of the SCORE Conflict of Interest Code** *The Board will be asked to review, discuss and approve or recommend changes to the Conflict of Interest Code.*	A	1

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5. **New Dividend Plans** A
The Board of Directors will have the opportunity to discuss the adoption of the newly proposed Dividend Plan as well as review and adopt the amended Master Plan Documents.

Pg.96 a. **Liability Dividend Calculation Methodology and MPD Changes** 1
Pg.117 *b.* **Workers' Compensation Dividend Calculation Methodology and MPD Changes** 1

I. JPA BUSINESS

Pg.139 1. **SCORE Bylaws Amendments** A 1
The Board of Directors will review and consider adopting the proposed changes to the JPA Bylaws to address the new Dividend Plan and other clean-up issues.

Pg.166 2. **Loss Control Grant Fund Program Update** I 1
The Board of Directors will receive an update on the utilization of funds from the Loss Control Grant Fund established in January 2014.

Pg.171 3. **DKF Solutions Training Services Update** I 1
The Board of Directors will receive a progress update on ongoing services being provided by David Patzer and DKF Solutions.

TIME CERTAIN: 1:00 PM

Pg.172 4. **2014-15 Actuarial Studies** A

Pg.173 a. ***Draft*** **Liability Actuarial Study as of June 30, 2014** 1
Mike Harrington from Bickmore will present the Liability actuarial study to the Board for review and acceptance.

Pg.185 b. ***Draft*** **Workers' Compensation Actuarial Study as of June 30, 2014** 1
Mike Harrington from Bickmore will present the Liability actuarial study to the Board for review and acceptance.

5. **FY 2014-15 Funding Rates** A
The Board will use the information provided by the Program Administrators and Actuary to establish the funding rates used in the 2014-15 Budget deposit calculations.

Pg.196 a. **2014-15 Liability Program Funding Rates** 1
Pg.198 *b.* **2014-15 Workers' Compensation Program Funding Rates** 1

Pg.200 6. **2014-15 SCORE Preliminary Budget** I 1
Members will be asked to review the 2013/2014 Preliminary Budget and provide staff with direction as necessary.

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Pg.213	**7. 2014 Proposed Dividend Distributions** *The Ad Hoc Committee has reviewed the dividend distribution calculation and has referred the item to the Board of Directors for further discussion. The Board may take action to authorize a release of dividends back to Members.*	A	
Pg.214	**a. Liability Program Dividends**		1
Pg. 215	**b. Workers' Compensation Program Dividends**		1
Pg.217	**8. Discussion about 2014-15 Long Range Planning Topics** *Staff will request feedback from Board members as respects the 2014-15 Long Range Planning Discussion Topics.*	I	1

J. *TOWN HALL OPEN DISCUSSION ON MEMBER ISSUES* I 4

K. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.95
**REQUESTING AUTHORITY

1. **Liability**
   a. Caitlin vs. City of Isleton
   b. Bellamy vs. City of Isleton
   c. Buckelew vs. City of Portola
   d. Bernhardt vs. City of Susanville
   e. Shivy vs. City of Weed
   f. Abbott vs. City of Yreka
   g. Hubbard vs. City of Yreka**
   h. Hoyt vs. City of Yreka
   i. Strawberry Inn vs. City of Mt. Shasta
   j. Larsen vs. City of Isleton
   k. Abaco vs. Town of Loomis
   l. Sierra County vs. City of Loyalton – Attorney will be present.

2. **Workers' Compensation**
   a. SCWA-545694 City of Susanville**
   b. SCWA-83291 vs. City of Susanville**
   c. SCWA-158878 vs. City of Susanville**
   d. SCWA-521939 City of Colfax**
   e. SCWA-527730 City of Etna**

L. REPORT FROM CLOSED SESSION I 4

The Small Cities Organized Risk Effort or SCORE, is an association of municipalities joined to protect member resources by stabilizing risk costs in a reliable, economical and beneficial manner while providing members with broad coverage and quality services in risk management and claims management.

M. INFORMATION ITEMS I

1. CAJPA Conference – September 2014 in South Lake Tahoe, CA 1
2. SCORE Resource Contact Guide 1

N. CLOSING COMMENTS

ADJOURNMENT

UPCOMING MEETING

Board of Directors Meeting – June 27, 2014 in Shasta Lake, CA

IMPORTANT NOTICES AND DISCLAIMERS:

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 Laurence Voiculescu at Alliant Insurance at (916) 643-2702.

The Agenda packet will be posted on the SCORE website at www.scorejpa.org. 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.

Access to some buildings and offices may require routine provisions of identification to building security. However, SCORE does not require any member of the public to register his or her name, or to provide other information, as a condition to attendance at any public meeting and will not inquire of building security concerning information so provided. See Government Code section 54953.3.

Small Cities Organized Risk Effort
Board of Directors Meeting
March 28, 2014

Agenda Item E.

CONSENT CALENDAR

ACTION ITEM

ISSUE: 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 removed.

RECOMMENDATION: The Program Administrator recommends adoption of the Consent Calendar after review by the Board of Directors. *Items requested to be removed for Consent will be placed back on the agenda in an order determined by the President.*

FISCAL IMPACT: None

BACKGROUND: Items of importance, that may not require discussion, are included on the Consent Calendar for adoption.

ATTACHMENT:

1. Board of Directors Meeting *Draft* Minutes – January 24, 2013
2. US Bank Custodial Account Statement – January & February 2014
3. SCORE Checking Account Transaction List – October – January & February 2014
4. Investment Statements from Chandler Asset Management – January & February 2014
    a. Account 590
        i. Portfolio Summaries
        ii. Compliance Report
5. Bickmore Actuarial Services 2014-15 Engagement Letter
6. October 2014 Long Range Planning Date and Venue Ratification

Small Cities Organized Risk Effort (SCORE)
Board of Directors Meeting Minutes
January 24, 2014

Member Cities Present:

John Busch, City of Biggs
Laurie Van Groningen, City of Colfax
Brenda Bains, City of Dunsmuir
Pamela Russell, City of Etna
Linda Romaine, Town of Fort Jones
Robert Jankovitz, City of Isleton
Satwant Takhar, City of Live Oak
Roger Carroll, Town of Loomis
Crickett Strock, Town of Loomis
Kathy LeBlanc, City of Loyalton
Janie Sprague, City of Montague
Don Kincade, City of Montague
Muriel Howarth Terrell, City of Mt. Shasta
Susan Scarlett, City of Portola
John Duckett, City of Shasta Lake
Laura Redwine, City of Shasta Lake
Gwenna MacDonald, City of Susanville
Randolph Darrow, City of Tulelake
Ron Stock, City of Weed
Steve Baker, City of Yreka
Rhetta Hogan, City of Yreka

Member Cities Absent:

Carol McKay, City of Dorris
Stephanie Beauchaine, City of Rio Dell

Consultants & Guests

Michael Simmons, Alliant Insurance Services
Laurence Voiculescu, Alliant Insurance Services
Marcus Beverly, Alliant Insurance Services
Debra Yokota, York Risk Services
Cameron Dewey, York Risk Services
Kelly Zielinski, Target Solutions
Peter Cheney, Norm Peterson & Associates
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 Dorris and the City of Rio Dell.

C. APPROVAL OF AGENDA AS POSTED

A motion was made to approve the Agenda as posted.

MOTION: Ron Stock **SECOND:** Steve Baker **MOTION CARRIED UNANIMOUSLY**

D. PUBLIC COMMENT

There were no public comments.

E. CONSENT CALENDAR

1. Board of Directors Meeting *Draft* Minutes – October 25, 2013
2. Local Agency Investment Fund (LAIF) Monthly Statement of Investments –December 31, 2013
3. US Bank Custodial Account Statement – October – December 2013
4. SCORE Checking Account Transaction List – October – December 2013
5. Investment Statements from Chandler Asset Management – November – December 2013
   a. Account 590
      i. Portfolio Summaries
      ii. Compliance Report
6. ACI Specialty Quarterly Utilization Report – October – December, 2013
7. Target Solutions Utilization Report – October – December 2013
8. DKF Solutions 2013-14 Service Agreement
9. Liability Claims Audit Service Agreement 2014-16
10. Workers' Compensation Claims Audit Service Agreement 2014-16
11. SCORE FYE 6-30-13 Financial Audit Report – FINAL
12. SCORE 2014 Service Calendar

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

MOTION: Ron Stock **SECOND:** John Busch **MOTION CARRIED UNANIMOUSLY**

F. COMMITTEE REPORTS

F1. ERMA Board of Directors Minutes – November 4, 2013
F2. LAWCX Board of Directors Minutes – November 19, 2013
F3. CJPRMA Executive Committee Meeting Minutes – November 5, 2013

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G. ADMINISTRATIVE REPORTS

G1. President's Report

Mr. Roger Carroll had no issues to report for this section.

G2. Alliant Update

Mr. Michael Simmons addressed the Board and stated that Marcus Beverly has recently joined Alliant Insurance Services and he will be replacing Susan Adams as SCORE's Program Administrator on the Alliant team.

Mr. Marcus Beverly addressed the Board and added that he is looking forward to working with everyone on the SCORE Board of Directors as well as everyone at Alliant.

G3. CJPRMA Update

As part of the CJPRMA update, Mr. Carroll advised that CJPRMA held discussions regarding its authority to take over claims handling for those claims that were expected to penetrate their layer early on. The Board later decided they were not in support of this proposition and decided against approving such a policy.

G4. ERMA Update

Mr. Roger Carroll had no updates to report for this section.

G5. LAWCX Update

Mr. Simmons had no updates to report for this section.

H. FINANCIAL

H1. Quarterly Financials for Period Ending December 31, 2013

Ms. Tracey Smith-Reed, Gilbert Associates presented the Quarterly Financials for QE Dec 31, 2013. She noted that investment income is continuing to decrease as expected due to prevailing low interest rates and the Statement of Net Position is showing some fluctuations driven by invoices payable from the Excess Insurance on the Workers' Compensation Program. Liability claims reserves have also increased a significant amount.

Compared to the prior year, there were increases listed for Safety Services and Audit Services due to the fact that last year was a partial year for Safety Services, whereas this year the entire budgeted amount was expensed. The same goes for Audit Services, which is showing higher than last year due to timing of the billing invoices.

A motion was made to accept and file the Quarterly Financials as presented.

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

H.1a. Banking Layer Individual Member Financial Data

Ms. Tracey Smith Reed indicated that the new Member Statements are part of the handouts that were given to members prior to the meeting. The new balance sheets have been developed to aid in the implementation of the New Dividend Plan that the Board is evaluating. Ms. Smith-Reed also requested that the Board make suggestions of what other information they would like to have listed on the member statements.

She stated that the claims expense is reflecting incurred amounts so as to include the full expected cost of claims.

Mr. Simmons stated that these statements show each Member's Banking layer fund balance and will reflect any future dividend releases that will flow into the Banking Layer from the Shared Risk Layer.

Ms. Reed continued by saying that these statements will be provided on a quarterly basis and can be refined as time goes on.

Mr. Steve Baker asked whether the numbers reflected indicate the full cost of claims or whether the amounts can be offset from claims that have closed. Ms. Reed indicated that the amounts are not presented on a purely cash basis, they are claims and reserves so developments in one can have an impact on the other.

Mr. Carroll inquired on whether he can find exactly how much was incurred in the Banking Layer at any given time, this information will be available.

Mr. Beverly requested that the column be renamed to say "Amounts Incurred" instead of "Payments" since Payments implies money that has been paid.

Gilbert Associates agreed and will correct for the next meeting.

No motion was made as this was an information item.

H2. SCORE New Dividend Plan

H.2.a New Dividend Calculation Methodology

Mr. Simmons addressed the Board and gave a brief introduction of the current retrospective rating plan. He stated that the current plan was implemented in 1986 and has gradually evolved into the plan that is currently used for calculating dividend returns. As such, the plan has now been in place for nearly 28 years. This is uncommon when comparing SCORE to other similar pools as other pools have changed their dividend methodology several times during the same 20+ year period. He also mentioned that most other pools typically spend about a year revamping their dividend calculation methodology.

In contrast, Alliant and Gilbert Associates have spent approximately 3 months developing the currently proposed New Dividend Plan and after several meetings, the Program Administrators feel that the concepts have been fully vetted and are ready for adoption.

Mr. Simmons noted that the Board does not have to make a decision today if they feel like more time needs to be spent on the plan. He then briefly summarized the handout that outlined the 2010 Williams Long Range Planning meeting where a goal had been set to release approximately $5,000,000 out of the organization back to Members. As shown in the handout, the organization has released approximately $5 Million during this time frame effectively achieving that goal.

No questions were present from the Board of Directors.

A motion was made below, after Item H.2.c. addressing the proposed Master Plan Document changes.

H.2.b. i and ii. Amended Liability and Workers' Compensation Master Plan Documents

Mr. Simmons stated that attached in the agenda packet, members can find red-line strike out versions of the amended Liability and Workers' Compensation Master Plan Documents as well as "accepted changes" versions so that Members can easily preview the amended documents in their completed form.

Mr. Simmons outlined that with the old plan, prior to 1986, most pools in the United States did not risk share among members. Later on, when pools started to share risk, they used a formula that accounted for individual member claims experience as well as a similar retrospective rating methodology that allowed for constant recalculation of individual member impacts on the pool.

The New Dividend Plan uses a similar concept but instead of 28 years worth of data, it uses a 10 year rolling time frame to determine claims experience, deposits and dividend returns. As such, the new system uses the 10 year averages of claims, dividends and deposits to benchmark a member's impact on the pool and allocate dividends in the Shared Risk Layer. Once a release is authorized from the Shared Risk Layer, it will directly flow into the Banking Layer, which is now being tracked individually for each member. Once in the Banking Layer, the funds will be available for release, contingent on such a release decision authorized by the Board of Directors.

Next, the Board of Directors went through the Red-Line Strike Out version of the Master Plan Documents for both the Liability and Workers' Compensation Programs.

Mr. Michael Simmons stated that this is not a voting item and that the changes are simply being presented to the Board for their review at this time. He mentioned that likely other changes will need to be made and that another set of documents, including these changes will be brought back to the next Board meeting for review and approval.

A motion was made below after Item H.2.c. concerning the Master Plan Document changes.

H.2.c Proposed Dividend Calculation

Mr. Kevin Wong, Gilbert Associates related that the handout shows a breakdown of the total equity for both the Liability and Workers' Compensation Programs as well as a calculation of the potential dividend releases for this year, using the New Dividend Plan methodology.

Mr. Wong stated that as opposed to the old plan, which was carrying data from SCORE's 28 years of activity, the new Dividend Plan uses the audited financial statements as a starting point for each year's calculations and only a rolling 10 year data set.

For the Liability Program, the total program equity is $4.852 Million, reported by the auditor as of 6/30/2013. In addition, before any dividends are released, SCORE's Governing Documents also require several benchmarks to be met in order to ensure the pool's ability to meet its future claim obligations.

For the Shared Risk Layer, these are the figures listed at the bottom right of the attached calculation sheet. Only funds in excess of these benchmarks are eligible for release. The total available for distribution in excess of the benchmarks has been calculated at $1,426,293 for the Liability Program.

Mr. Simmons noted that now the Board of Directors will have to make a decision on how much of that balance is to be released into the Banking Layer. Program Administration advised the Board to not release more than $1 Million from the Shared Risk Layer at this time.

Mr. Wong then continued to state that once a distribution amount is decided and approved, the 10 year averages for claims, deposits and dividends are used to determine the allocation of dividends among members.

Mr. Baker asked whether the amounts reflected are net amounts, or in other words, the assessments shown could have been offset by releases from the Workers' Compensation program.

Mr. Wong answered that this was correct and that the amounts may reflect releases from the WC program. He did state that there were assessments that were levied in the prior years and as such those amounts are reflecting the amounts paid to cover the assessment charges. That said, the 10 year averages are only meant to be used as a basis for allocation, or in other words, a fair way to determine how the dividend release amount will be allocated to Members.

Mr. Baker, City of Yreka noted that under the New Dividend Plan there is potential credit being given for assessments paid to cover any deficits that actually originated in the years prior to those 10 years used in the calculation.

Mr. Simmons confirmed that this is correct but claims expenses only reflect amounts paid during the 10 year calculation window. As such, some noise is still present in the New Dividend Plan calculation and there is no way to remove it but the system should self adjust as time goes on and calculations are performed each year.

Mr. Wong then introduced the "waterfall" concept where the dividends released from the Shared Risk Layer will automatically flow into the Banking Layer where the Board will make a decision on the amount that will actually be disbursed to each member as available. The Banking Layer now tracks each City's individual balance using the fund accounting model, effectively creating an individual "bank" account for each Member.

Mr. Wong then went on to describe the process of determining amounts eligible for distribution out of the Banking layer, after several safety benchmarks have been met. Only funds in excess of the pre established benchmarks will be released.

Mr. Simmons also underlined the importance of leaving enough money in the "bank" to allow members that typically don't have a large claim volume and have low minimum balance requirements to essentially borrow from those members that have a surplus balance in their Banking Layer. He stated that it would not be prudent to distribute the entire excess equity from the Banking Layer as that would leave some members in a position of not being able to meet their Banking Layer claim obligations in the short term.

Under the New Dividend Plan, each City will be required to maintain a Minimum Banking Layer balance of its average 5 years losses or $12,500, whichever is greater. For those members that are not currently meeting this requirement, the balance will be allowed to accumulate over time and is not due immediately. In addition, if a Member is in a deficit Banking Layer Total Balance, the Member must pay back at least 50% of the deficit as part of their next July 1st. invoice. If a Member is in a Shared Risk Layer Net deficit, at least 50% of any negative is due as an assessment on their next July 1 invoice.

Mr. Ron Stock expressed that he is not in favor of separating the Shared Risk Layer and the Banking Layer distributions. He stated that doing so is effectively creating a double equity holdback for those members who otherwise would be eligible for a dividend release.

Mr. Simmons reiterated that while this is true, the organization needs to maintain a conservative funding position to allow for unexpected shock losses that could rapidly deplete the current equity levels. He suggested instead that the Board allows itself the authority to hold 2 separate votes, one for releasing funds from the Shared Risk Layer into the Banking Layer and one from the Banking Layer out of the organization. This way, members will be able to enjoy receiving smaller dividend year after year, while giving them the opportunity to retain enough equity in the organization to cover unexpected losses.

Mr. Stock expressed that he disagrees with this system because it makes the process more complex, and does not make it clear what each City is actually eligible to receive.

Mr. Simmons restated that $500,000 or less is a reasonable amount for release out of the organization at this time due to the fact that the Workers' Compensation program currently shows a negative loss trend. Due to this fact, equity released should be more conservative than in the past.

For the Workers' Compensation Program, the process is very similar, except for the Mini Cities Pool where the Minimum Banking Layer balance is $25,000, instead of $12,500 for the other Members.

After subtracting all the safety net holdbacks, Mr. Wong stated that due to the lack of distributable surplus equity, there will be no flow out of the Shared Risk Layer into the Banking Layer this year.

It was also made clear that for the purpose of Member deficit balances in the Banking or Shared Risk Layers, the Liability and Workers' Compensation Programs will be linked and deficit positions in one Program will need to be paid before the Member is eligible to receive a Dividend.

For the Workers' Compensation Banking Layer, there was $367,965 calculated as undesignated net assets that would essentially be available for distribution. Due to the minimum equity reserve deficit in the Shared Risk Layer, the maximum recommend distribution that can be recommended at this time is $100,000.

Mr. Roger Carroll expressed that since there are several questions that were asked and this is a comprehensive revision to SCORE's dividend calculation process, an Ad Hoc Committee will need to be appointed to further vet the details of the plan and come back with recommendations to the Board at the next meeting.

Mr. Roger Carroll appointed Ron Stock, Steve Baker, Muriel Howarth Terrell and Gwenna MacDonald nominated Jared Hancock. Mr. Carroll agreed and also stated that he intends to attend although he will not be a member of the Committee.

Next, the Board of Directors went through the Red-Line Strike Out versions of the Master Plan Documents that were attached to the agenda packet.

Mr. Simmons asked the Board to approve the current changes that were made to the documents as a first round of changes, shown on the "accepted changes" version of the documents presented in the agenda packet.

At the next meeting, the program administrators will bring any other changes in a red-line strikeout format for further Board review and approval. This was done to simplify the review process for

Members as working with the red-line strikeout version is very difficult on documents spanning over 18 pages.

Ms. Susan Scarlett added that the ad hoc committee should pursue a conservative strategy in making any decisions for releasing equity back to Members.

Ms. Janie Sprague added that Members should be allowed to retain a higher amount than the minimum required so that they are less sensitive to assessments.

Mr. Simmons stated that Members should be aware that they are required to show any dividend releases as assets on their financial statements, just as SCORE will need to show these releases as a Liability on its financial statements.

A motion was made to accept the changes to the Liability and Workers' Compensation Master Plan Documents as shown in the agenda packet with any further changes being shown on another red-line strikeout version of the document that will be brought to the next Board Meeting.

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

JPA BUSINESS

I.1. Notice of SCORE Bylaws Amendments

Mr. Simmons reviewed the proposed changes to the JPA Bylaws to address the new Dividend Plan and other clean-up issues that were addressed at the same time.

He stated that several sections of the Bylaws document were edited to better mimic terminology used throughout SCORE's JPA Agreement and Master Plan Documents. A red line strike-out and an "accepted changes" draft version have both been included to highlight the changes being proposed.

He added that this is presented now to allow for the required 30 day notice to amend the document as mandated in the SCORE Bylaws.

This was an information item.

I.2. Loss Control Grant Fund Program

Mr. Simmons addressed the Board by stating that the ad Hoc Committee on Loss Control which was previously established has finalized vetting the proposed Loss Control Grant Fund Program and the attached Policy and Procedure represents the proposed final framework document for the program.

The funding levels have been established at $50,000 from equity for each of the Liability and Workers' Compensation Programs. The grant's intent is to provide members with funds to be used for loss control services, training and other risk control needs as well as to provide funding for items or services that will offer a long term benefit to each Member.

Funds will be available to members by submitting a request on City Letterhead detailing the scope of the Loss Control services being provided. Members of each Program will be allocated an amount directly related to their percentage contribution into that Program, subject to a minimum of $1,000 per Program for each participating Member. The funds will be available for use on a combined basis. Projects can also span over multiple years although the disbursement of monies will be limited to the member's annual allocation in any given year.

At the present time, this program is not a matching fund program. If the funds are not used, the funds are reallocated back to equity.

A motion was made to approve the Loss Control Grant Fund Program and the presented framework document as presented and allow the Program Administrators to approve or deny requests. If the Program Administrator would like to defer the decision to the SCORE President, they may do so. Also, the President may defer the decision to the Board of Directors.

MOTION: Linda Romaine **SECOND:** John Duckett **MOTION CARRIED UNANIMOUSLY**

I.3. City of Crescent City Dividend Release Request

Mr. Voiculescu addressed the Board and informed Members that the City of Crescent City has requested a dividend release from SCORE. Crescent City budgeted about $65,000 in their FY 13/14 year. SCORE declares Dividends in June but they do not get paid until July (or credited to Members' next years' premiums.

The Program Administrators recommend the Board to adhere to the SCORE Master Plan Documents and Bylaws as respects this request and issue distributions, within the constraints of the new dividend plan methodology. Doing so, would allow the Board to declare and pay the $65,000 to Crescent City. While the City of Crescent City has other funds, SCORE will continue to hold the funds for additional years until the Board determines it is appropriate to release the entire balance back to the City.

A motion was made to approve releasing $65,000 in dividends to Crescent City.

MOTION: Steve Baker **SECOND:** Kathy LeBlanc **MOTION CARRIES with 1 Opposed vote**

1 OPPOSED: Satwant Takhar

I.4. Member at Large Nomination and Appointment

Mr. Carroll announced that Ted Marconi previously served as the Member at Large on the Executive Committee but he has retired and a replacement will need to be appointed by the Board.

Mr. John Duckett volunteered to serve as Member at Large, replacing Mr. Marconi. Mr. Steve Baker nominated Mr. Duckett and the Board held a vote to appoint Mr. Duckett.

A motion was made to appoint Mr. John Duckett as SCORE's Executive Committee Member at Large.

MOTION: ALL IN FAVOR **OPPOSED:** None **MOTION CARRIED UNANIMOUSLY**

I.5. SCORE Pool Partner Board Representative Appointments

Mr. Voiculescu addressed the Board and noted the Administrators have made a minor change to the Resource Contact Guide located as the last page of the agenda packet, where a list is now included for all SCORE Pool Partners.

In addition, Mr. Voiculescu stated that the Board will need to appoint an alternate to ERMA since Stephanie Beauchaine has now left the City of Rio Dell and can no longer serve as the alternate.

Mr. John Duckett, City of Shasta Lake was nominated and appointed by the Board to serve as the ERMA alternate.

A motion was made to appoint Mr. John Duckett as SCORE's ERMA Board Alternate Representative.

MOTION: Ron Stock **SECOND:** John Busch **MOTION CARRIED UNANIMOUSLY**

I.6. Target Solutions On-Line Platform Orientation and Overview

Ms. Kelly Zielinski was present at the meeting and gave a presentation on the Target Solutions on-line platform.

This was an information item.

I.7. Norm Peterson and Associates – Return to Work Programs Presentation

Mr. Peter Cheney presented the return to work services offered by Norm Peterson and Associates in the Workers' Compensation field.

This was an information item.

I.8. DKF Solutions Training Services

Mr. Voiculescu addressed the Board and stated that David Patzer from DKF Solutions has provided a timeline of services for SCORE that are in progress. Mr. Patzer was not present at the meeting but wanted to remind members that they will need to register for the on-line training portal in order to access the wealth of information offered by SCORE through DKF, CJPRMA and CSRMA.

In addition, DKF Solutions will be conducting individual member risk assessments starting in early March 2014 and that all SOCRE members are encouraged to participate. Results will be used to evaluate the need for loss control services in the future.

No action was taken. This was an information item.

I.9. City of Dorris Notice of Intent to Withdraw

Mr. Simmons stated that the City of Dorris is currently evaluating joining GSRMA and has presented SCORE with a written Notice of Intent to Withdraw from the organization. They will need to receive Board approval in order to remain in SCORE at July 1, 2014 in the event that the notice is rescinded prior to that date.

Mr. Simmons also stated that SCORE representatives from Alliant Insurance visited the City of Dorris and attended their City Council meeting in November 2013 to provide some background of their membership in SCORE and also to address the council and express why SCORE is the best choice for their City.

Mr. Carroll McKay from Dorris was not present at the meeting to comment.

No action was taken. This was an information item.

I.10. SCORE Fire Fighter Physical Fitness Policy

Mr. Voiculescu addressed the Board and stated that Program Administration has received an inquiry from the City of Montague regarding SCORE's Fire Fighter Physical Fitness Standards policy that has been in place since 1999. She inquired on whether this policy is still in place and also if there is a way to reduce the frequency requirement of the examination as the current format has a high cost of compliance to the City.

Mr. Voiculescu stated that the Administrator reached out to a few other similar sized pools and determined that the current best practice is in fact to require annual physicals for all fire fighting personnel. That said, there is no CalOSHA requirement that mandates annual physical and medical evaluations so this matter is now being presented to the Board for consideration. The administrators have also reached out to LAWCX, our excess Workers' Compensation Pool partner and inquired on whether there any loss control or training credits that SCORE could apply towards the cost of developing a new or updated Fire Fighter Physical Fitness Policy to better match the needs of the JPA.

SCORE does currently have several training day credits that it could apply towards the re-development of the Policy.

Mr. Simmons was in favor of utilizing some of the LAWCX training credits to secure this service if the Board would like to have the Policy examined and updated as needed.

Mr. Don Kincade, City of Montague stated that the City should try to arrange for an agreement with a local physician that will reduce the cost of such evaluation. Other surrounding City representatives also stated that they have doctors that offer a lower rate as compared to the approximately $500 per physical that some Cities are currently paying.

A motion was made to authorize using the LAWCX training credits and proceed with the development of a revised plan that will reviewed by each City and their Fire Department before being adopted for mandatory compliance.

MOTION: Steve Baker **SECOND:** John Busch **MOTION CARRIED UNANIMOUSLY**

I.11. Discussion on 2014-15 Long Range Planning Session Venue

Mr. Simmons addressed the Board and asked for feedback from the Board on where SCORE should hold the next October LRP and Board meetings.

Several locations were proposed by Board Members, ranging from Napa to Lake Tahoe.

Mr. Simmons indicated that if the Board wants to hold the meetings in Napa again, it would be beneficial to hold the meetings in January as the room rates are much cheaper.

Mr. Carroll suggested Lake Tahoe as the next venue.

After some discussion, direction was given to staff to investigate hotels and meeting spaces in Lake Tahoe for the October 2014 meetings.

No action was taken. This was an information item.

J. CLOSED SESSION PURSUANT TO GOVERNMENT CODE 54956.95

At 2:06 P.M, pursuant to Government code section 54956.95, the Board held a closed session to discuss the following claims for payment of tort liability loss or public liability loss.

SCORE
Small Cities Organized Risk Effort
A Joint Powers Authority

1. **Liability**

   a. Caitlin/Silva vs. City of Isleton
   b. Bellamy vs. City of Isleton
   c. Buckelew vs. City of Portola
   d. Bernhardt vs. City of Susanville
   e. Shivy vs. City of Weed
   f. Abbott vs. City of Yreka**
   MOTION: Pamela Russell SECOND: John Duckett
   Motion Carried Unanimously
   g. Hubbard vs. City of Yreka

2. **Workers' Compensation**

   a. SCWA-555814 vs. City of Yreka**
   MOTION: John Duckett SECOND: Pamela Russell
   Motion Carried Unanimously

   b. SCWA-554520 vs. City of Yreka**
   MOTION: Linda Romaine SECOND: Susan Scarlett
   Motion Carried Unanimously

   c. SCWA-553785 vs. City of Mt. Shasta**
   MOTION: Steve Baker SECOND: Susan Scarlett
   Motion Carried Unanimously

K. REPORT FROM CLOSED SESSION

The Board returned from closed session at 2:41 PM. Mr. Carroll reported that the above closed session items were discussed and appropriate direction was given to Staff and the Claims Administrator.

L. INFORMATION ITEMS

L.1 2014 PARMA Conference – February 9 – 12, 2014 in San Jose, CA.

L.2. SCORE Resource Contact Guide

This was provided as an information item only.

M. TOWN HALL OPEN DISCUSSION ON MEMBER ISSUES

There were no discussion items.

N. CLOSING COMMENTS

There were no closing comments.

AJOURNMENT

The meeting was adjourned at 2:43 PM

NEXT MEETING DATE: March 28, 2014 in Shasta Lake, CA

Respectfully Submitted,

____
Pamela Russell, Secretary

____
Date

ACCOUNT NUMBER: 001050986308
SMALL CITIES ORGANIZED RISK EFFORT

This statement is for the period from
January 1, 2014 to January 31, 2014

000001905 1 SP 106481449179144 P

SMALL CITIES ORGANIZED RISK EFFORT
1792 TRIBUTE RD, SUITE 450
SACRAMENTO, CA 95815-4320

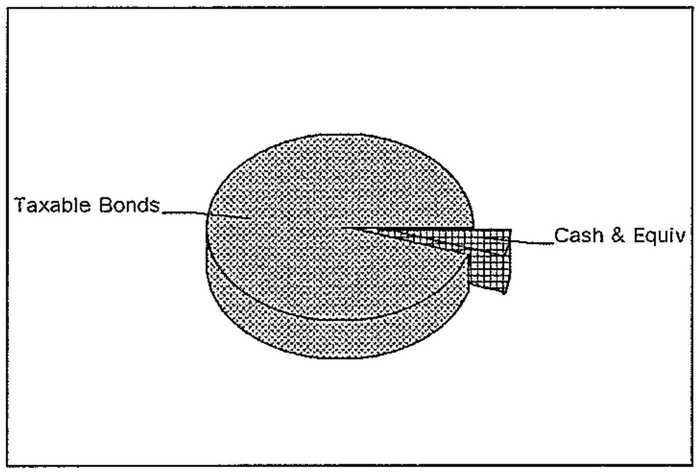
QUESTIONS?

If you have any questions regarding your account or this statement, please call your Relationship Manager:

Christopher Stewart
CN-OH-W5IT
6225 Lusk Boulevard
San Diego, CA
92121
Phone 513-632-4194
E-mail christopher.stewart3@usbank.com

ASSET SUMMARY AS OF 01/31/14

	Market Value	% of Total	Est Annual Income
Taxable Bonds	$10,412,969.55	97.4	$169,881.26
Cash & Equivalents	$272,870.88	2.6	$461.30
Total Market Value	**$10,685,840.43**	**100.0**	**$170,342.56**



ASSET DETAIL

Shares/ Par	Security Description	CUSIP	Market Value/ Price	Cost Basis	Yield At Market	Est Annual Inc
Taxable Bonds						
100,000.000	Xto Energy Inc 4.900 02/01/2014	98385XAD8	$100,000.00 100.000	$60,144.70	4.90	$4,900.00
150,000.000	F H L M C M T N 2.500 04/23/2014	3137EACB3	150,816.00 100.544	155,568.75	2.49	3,750.00
180,000.000	General Electric Cap Corp Medium Term Note 5.900 05/13/2014	36962G4C5	182,775.60 101.542	127,270.80	5.81	10,620.00
190,000.000	Wal Mart Stores Inc 3.200 05/15/2014	931142CQ4	191,586.50 100.835	155,436.00	3.17	6,080.00
240,000.000	Microsoft Corp 2.950 06/01/2014	594918AB0	242,078.40 100.866	204,324.00	2.92	7,080.00
260,000.000	Federal Farm Credit Bks 1.900 06/02/2014	31331JQA4	261,562.60 100.601	259,368.20	1.89	4,940.00

usbank

ACCOUNT NUMBER: 001050986308
SMALL CITIES ORGANIZED RISK EFFORT

This statement is for the period from
February 1, 2014 to February 28, 2014

000002506 2 SP 106481484395806 P

SMALL CITIES ORGANIZED RISK EFFORT
1792 TRIBUTE RD, SUITE 450
SACRAMENTO, CA 95815-4320

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Christopher Stewart
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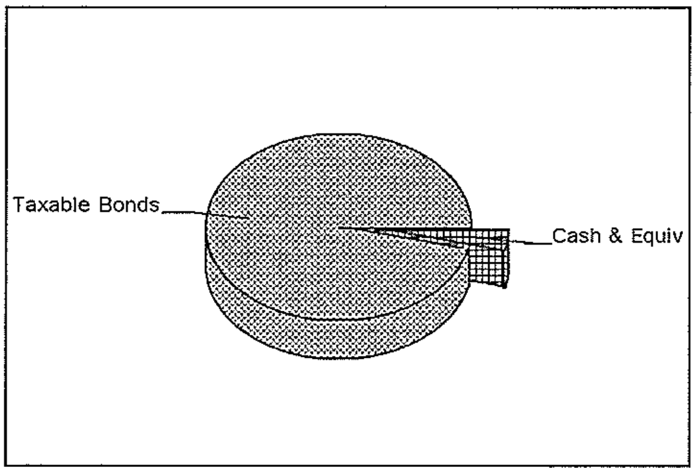
6225 Lusk Boulevard
San Diego, CA
92121
Phone 513-632-4194
E-mail christopher.stewart3@usbank.com

ASSET SUMMARY AS OF 02/28/14

	Market Value	% of Total	Est Annual Income
Taxable Bonds	$10,467,902.40	97.8	$170,575.01
Cash & Equivalents	$234,065.71	2.2	$480.73
Total Market Value	**$10,701,968.11**	**100.0**	**$171,055.74**



ASSET DETAIL

Shares/ Par	Security Description	CUSIP	Market Value/ Price	Cost Basis	Yield At Market	Est Annual Inc
Taxable Bonds						
150,000.000	F H L M C M T N 2.500 04/23/2014	3137EACB3	$150,504.00 100.336	$155,568.75	2.49	$3,750.00
180,000.000	General Electric Cap Corp Medium Term Note 5.900 05/13/2014	36962G4C5	181,904.40 101.058	127,270.80	5.84	10,620.00
190,000.000	Wal Mart Stores Inc 3.200 05/15/2014	931142CQ4	191,102.00 100.580	155,436.00	3.18	6,080.00
240,000.000	Microsoft Corp 2.950 06/01/2014	594918AB0	241,543.20 100.643	204,324.00	2.93	7,080.00
260,000.000	Federal Farm Credit Bks 1.900 06/02/2014	31331JQA4	261,157.00 100.445	259,368.20	1.89	4,940.00
100,000.000	Federal Home Loan Bks 5.250 06/18/2014	3133X7FK5	101,501.00 101.501	111,171.90	5.17	5,250.00

Small Cities Organized Risk Effort
Check Register
January 1, 2014 - March 18, 2014

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
0100 - CASH IN BANK								626,980.67
0100-010 Scott Valley Bank								626,980.67
Transfer	01/02/2014			Funds Transfer	0106-020 Trust - WC - SVB		26,451.75	600,528.92
Transfer	01/02/2014			Funds Transfer	0106-010 Trust - Liab _SVB		30,774.70	569,754.22
Transfer	01/07/2014			Funds Transfer	0106-020 Trust - WC - SVB		50,750.00	519,004.22
Check	01/09/2014	2467	Crowe Horwath LLP	Inv # 745-1857581	0506 - Audit		18,000.00	501,004.22
Check	01/09/2014	2468	Department of Industrial Relations	Inv # OSIP 59408	Workers' Compensation		20,633.82	480,370.40
Check	01/09/2014	2469	Loomis	Reimburse CAJPA Crickett Strock	0610 - Conference		826.71	479,543.69
Check	01/09/2014	2470	Dunsmuir	Mileage	0605 - B of D Activities		514.93	479,028.76
Check	01/09/2014	2471	Dunsmuir	Lexipol Reimbursement	0676 - Safety Training		2,000.00	477,028.76
Check	01/09/2014	2472	York Insurance Services Group, Inc-CA	Liab Claims Mgmt - Dec '13 & Jan '14	-SPLIT-		16,250.00	460,778.76
Check	01/09/2014	2473	York Insurance Services Group, Inc-CA	W/C Claims Mgmt - Dec '13 & Jan '14	-SPLIT-		16,263.70	444,515.06
Check	01/09/2014	2474	Gilbert Associates, Inc.	29330 ENG - Oct - Dec 2013	0505 - Accounting		12,000.00	432,515.06
Deposit	01/13/2014			Deposit	-SPLIT-	19,826.52		452,341.58
Deposit	01/14/2014			Deposit	12000 · Undeposited Funds	4,683.00		457,024.58
Transfer	01/17/2014			Funds Transfer	0106-010 Trust - Liab _SVB		13,292.63	443,731.95
Deposit	01/27/2014			Deposit	-SPLIT-	100,112.50		543,844.45
Deposit	01/27/2014			Deposit	-SPLIT-	53,404.25		597,248.70
Check	01/29/2014	2476	Yreka	Lexipol Reimbursement	0676 - Safety Training		2,000.00	595,248.70
Check	01/29/2014	2477	Crescent City	Dividend	Dividends Payable		65,000.00	530,248.70
Check	01/29/2014	2478	Dunsmuir	Reimbursement for Claim Check Deposited in Error by SCORE	Workers' Compensation Claims		705.18	529,543.52
Check	01/29/2014	2479	Weed	Reimbursement for Lexipol	0676 - Safety Training		2,000.00	527,543.52
Deposit	01/31/2014			Deposit	-SPLIT-	177,309.00		704,852.52
Deposit	01/31/2014			Interest	SVB	32.33		704,884.85
Transfer	02/07/2014			Funds Transfer	0106-020 Trust - WC - SVB		22,738.58	682,146.27
Transfer	02/07/2014			Funds Transfer	0106-020 Trust - WC - SVB		30,479.89	651,666.38
Transfer	02/14/2014			Funds Transfer	0106-020 Trust - WC - SVB		5,973.59	645,692.79
Transfer	02/14/2014			Funds Transfer	0106-020 Trust - WC - SVB		24,500.00	621,192.79
Deposit	02/18/2014			Deposit	-SPLIT-	76,848.20		698,040.99
Transfer	02/19/2014			Funds Transfer	0106-020 Trust - WC - SVB		31,739.36	666,301.63
Transfer	02/24/2014			Funds Transfer	0106-010 Trust - Liab _SVB		23,300.97	643,000.66
Transfer	02/24/2014			Funds Transfer	0106-020 Trust - WC - SVB		31,577.66	611,423.00
Deposit	02/25/2014			Deposit	-SPLIT-	6,016.09		617,439.09
Transfer	02/26/2014			Funds Transfer	0106-020 Trust - WC - SVB		6,000.00	611,439.09
Transfer	02/26/2014			Funds Transfer	0106-010 Trust - Liab _SVB		7,455.00	603,984.09
Transfer	02/26/2014			Funds Transfer	0106-020 Trust - WC - SVB		20,035.00	583,949.09
Check	02/28/2014	2480	CAJPA		0612 Accreditation Fee		4,850.00	579,099.09
Check	02/28/2014	2481	Gilbert Associates, Inc.	January 2014	0505 - Accounting		4,000.00	575,099.09
Deposit	02/28/2014			Interest	SVB	35.91		575,135.00
Deposit	03/06/2014			Deposit	12000 · Undeposited Funds	2,526.50		577,661.50
Transfer	03/06/2014			Funds Transfer for 2/16/14 - 2/28/14	0106-010 Trust - Liab _SVB		16,422.93	561,238.57
Transfer	03/06/2014			Funds Transfer for 2/16/14 - 2/28/14	0106-020 Trust - WC - SVB		28,835.94	532,402.63
Total 0100-010 Scott Valley Bank						440,794.30	535,372.34	532,402.63
Total 0100 - CASH IN BANK						440,794.30	535,372.34	532,402.63
TOTAL						**440,794.30**	**535,372.34**	**532,402.63**

CHANDLER ASSET MANAGEMENT

Monthly Account Statement

Small Cities Organized Risk Effort

January 1, 2014 through January 31, 2014

Chandler Team

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

Custodian

US Bank
Linda Brimm
+(314)-418-3441

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 Summary

As of 1/31/2014

PORTFOLIO CHARACTERISTICS

Average Duration	2.31
Average Coupon	1.61 %
Average Purchase YTM	1.31 %
Average Market YTM	0.71 %
Average S&P/Moody Rating	AA+/Aaa
Average Final Maturity	2.46 yrs
Average Life	2.34 yrs

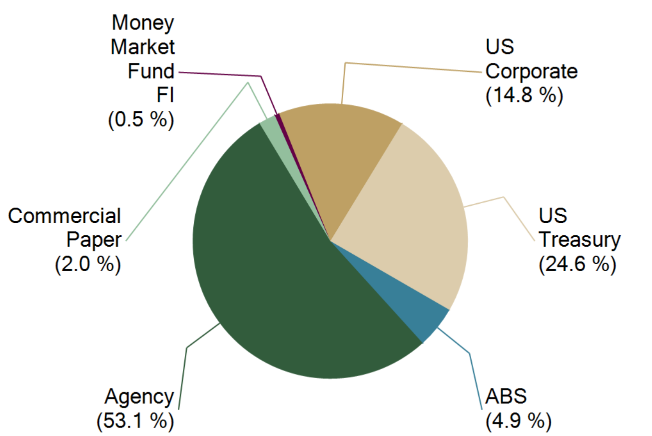
ACCOUNT SUMMARY

	Beg. Values as of 12/31/13	End Values as of 1/31/14
Market Value	10,651,906	10,685,694
Accrued Interest	32,856	40,366
Total Market Value	**10,684,762**	**10,726,060**
Income Earned	11,633	11,653
Cont/WD		-1,175
Par	10,572,313	10,577,879
Book Value	10,603,039	10,606,006
Cost Value	10,690,590	10,696,531

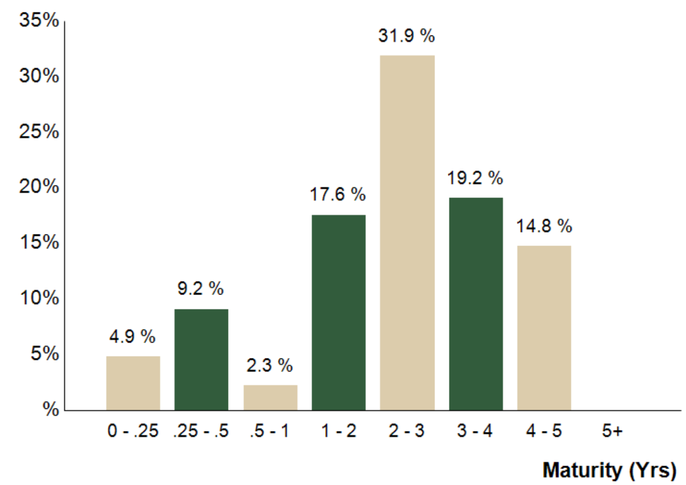
TOP ISSUERS

Issuer	% Portfolio
Government of United States	24.6 %
Federal National Mortgage Assoc	18.3 %
Federal Home Loan Mortgage Corp	14.2 %
Federal Home Loan Bank	11.8 %
Federal Farm Credit Bank	8.8 %
Procter & Gamble Company	2.5 %
Microsoft	2.3 %
Bank of Tokyo-Mit UFJ	2.0 %
	84.5 %

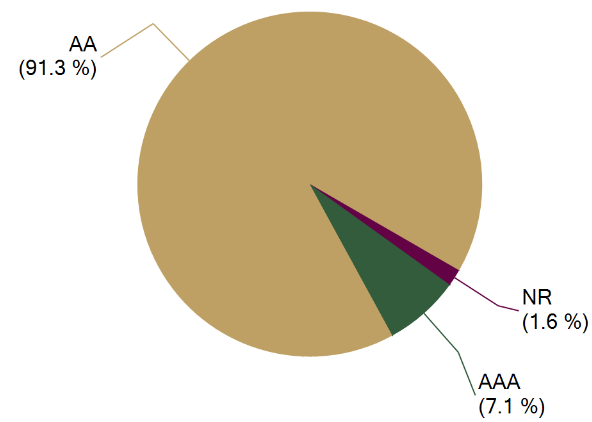
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 1/31/2014	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized 3 Yrs	Annualized 5 Yrs	Annualized 10 Yrs	Annualized 3/31/2006	Since 3/31/2006
Small Cities Organized Risk Effort	0.40 %	0.15 %	0.40 %	0.49 %	1.55 %	2.34 %	N/A	3.94 %	35.34 %
1-5 yr Govt	0.43 %	0.08 %	0.43 %	0.38 %	1.37 %	1.87 %	N/A	3.65 %	32.43 %
1-5 Year Govt/A Rated or better Corporate	0.47 %	0.17 %	0.47 %	0.65 %	1.74 %	2.58 %	N/A	3.79 %	33.86 %

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

Reconciliation Summary

As of 1/31/2014

BOOK VALUE RECONCILIATION

Beginning Book Value		**$10,603,038.87**
Acquisition		
+ Security Purchases	$0.00	
+ Money Market Fund Purchases	$41,742.02	
+ Money Market Contributions	$0.00	
+ Security Contributions	$0.00	
+ Security Transfers	$0.00	
Total Acquisitions		$41,742.02
Dispositions		
- Security Sales	$0.00	
- Money Market Fund Sales	$0.00	
- MMF Withdrawals	$1,175.17	
- Security Withdrawals	$0.00	
- Security Transfers	$0.00	
- Other Dispositions	$0.00	
- Maturites	$35,000.00	
- Calls	$0.00	
- Principal Paydowns	$0.00	
Total Dispositions		$36,175.17
Amortization/Accretion		
+/- Net Accretion	($2,599.34)	
		($2,599.34)
Gain/Loss on Dispositions		
+/- Realized Gain/Loss	$0.00	
		$0.00
Ending Book Value		**$10,606,006.38**

CASH TRANSACTION SUMMARY

BEGINNING BALANCE		**$17,312.63**
Acquisition		
Contributions	$0.00	
Security Sale Proceeds	$0.00	
Accrued Interest Received	$0.00	
Interest Received	$6,741.92	
Dividend Received	$0.10	
Principal on Maturities	$35,000.00	
Interest on Maturities	$0.00	
Calls/Redemption (Principal)	$0.00	
Interest from Calls/Redemption	$0.00	
Principal Paydown	$0.00	
Total Acquisitions	$41,742.02	
Disposition		
Withdrawals	$1,175.17	
Security Purchase	$0.00	
Accrued Interest Paid	$0.00	
Total Dispositions	$1,175.17	
Ending Book Value		**$57,879.48**

CHANDLER ASSET MANAGEMENT

Monthly Account Statement

Small Cities Organized Risk Effort

February 1, 2014 through February 28, 2014

Chandler Team
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Custodian
US Bank
Linda Brimm
+(314)-418-3441

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Small Cities Organized Risk Effort
Account #590

Portfolio Summary

As of 2/28/2014

PORTFOLIO CHARACTERISTICS

Average Duration	2.37
Average Coupon	1.61 %
Average Purchase YTM	1.33 %
Average Market YTM	0.71 %
Average S&P/Moody Rating	AA+/Aaa
Average Final Maturity	2.55 yrs
Average Life	2.42 yrs

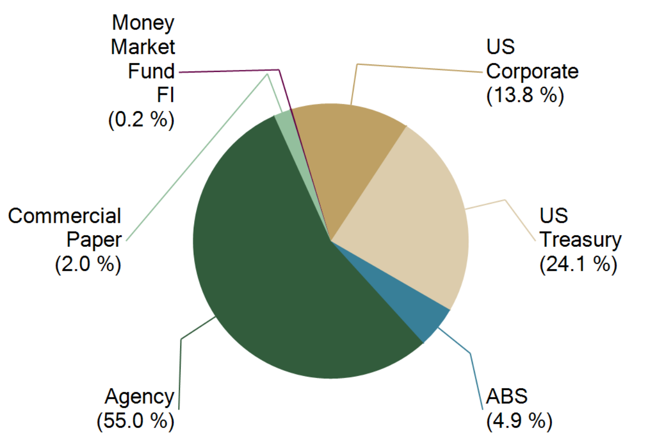
ACCOUNT SUMMARY

	Beg. Values as of 1/31/14	End Values as of 2/28/14
Market Value	10,685,694	10,701,944
Accrued Interest	40,366	39,522
Total Market Value	**10,726,060**	**10,741,466**
Income Earned	11,653	11,699
Cont/WD		-1,175
Par	10,577,879	10,589,205
Book Value	10,606,006	10,620,495
Cost Value	10,696,531	10,704,232

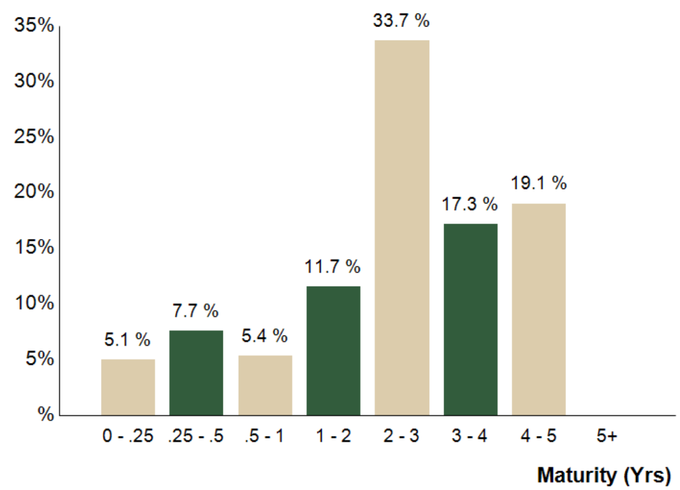
TOP ISSUERS

Issuer	% Portfolio
Government of United States	24.1 %
Federal National Mortgage Assoc	18.3 %
Federal Home Loan Mortgage Corp	14.1 %
Federal Home Loan Bank	13.7 %
Federal Farm Credit Bank	8.8 %
Procter & Gamble Company	2.5 %
Microsoft	2.3 %
Bank of Tokyo-Mit UFJ	2.0 %
	85.8 %

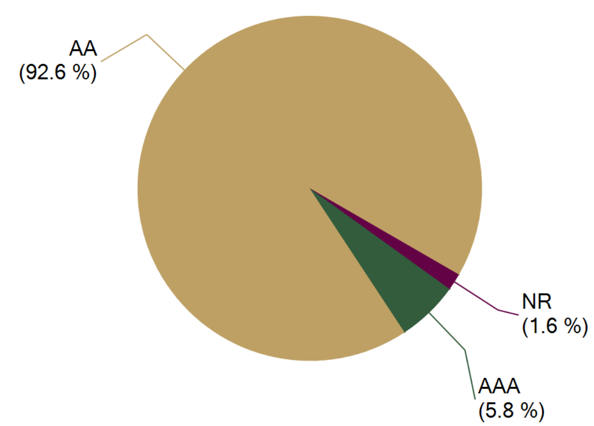
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 2/28/2014	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized 3 Yrs	5 Yrs	10 Yrs	3/31/2006	Since 3/31/2006
Small Cities Organized Risk Effort	0.15 %	0.16 %	0.55 %	0.45 %	1.63 %	2.32 %	N/A	3.92 %	35.54 %
1-5 yr Govt	0.14 %	0.10 %	0.57 %	0.30 %	1.49 %	1.92 %	N/A	3.63 %	32.62 %
1-5 Year Govt/A Rated or better Corporate	0.18 %	0.20 %	0.66 %	0.57 %	1.84 %	2.67 %	N/A	3.78 %	34.10 %

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U.S. Treasury Issues	No limitations, AAA rated	Complies
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Banker's Acceptances	A1, P1 or F-1 rated; 30% maximum; 5% per issuer; $1MM per issue; <180 days	Complies
Commercial Paper	A-1, P1 or F-1 rated; 25% maximum; 5% per issuer; $1MM per issue; <270 days	Complies
Medium Term Notes	"AA-" or better rated; 30% maximum; $1M per issuer	Complies
Asset-Backed Securities	AAA/Aaa rated; 20% maximum with Mort. Pass-Throughs; 5% per issuer; $1MM per issue	Complies
Mortgage Pass-Through Securities	AAA/Aaa rated; 20% maximum with Asset Backs; 5% per issuer; $1MM per issue	Complies
Money Market Funds	AAA/Aaa rated; 15% maximum; $1MM per issue	Complies
Repurchase Agreements	Not used by investment adviser	Complies
LAIF	Not used by investment adviser	Complies
Maximum maturity	5 years	Complies

Reconciliation Summary

As of 2/28/2014

BOOK VALUE RECONCILIATION		
Beginning Book Value		**$10,606,006.38**
Acquisition		
+ Security Purchases	$669,664.78	
+ Money Market Fund Purchases	$330,907.78	
+ Money Market Contributions	$0.00	
+ Security Contributions	$0.00	
+ Security Transfers	$0.00	
Total Acquisitions		$1,000,572.56
Dispositions		
- Security Sales	$302,627.90	
- Money Market Fund Sales	$368,406.63	
- MMF Withdrawals	$1,175.17	
- Security Withdrawals	$0.00	
- Security Transfers	$0.00	
- Other Dispositions	$0.00	
- Maturites	$314,849.50	
- Calls	$0.00	
- Principal Paydowns	$0.00	
Total Dispositions		$987,059.20
Amortization/Accretion		
+/- Net Accretion	($2,145.42)	
		($2,145.42)
Gain/Loss on Dispositions		
+/- Realized Gain/Loss	$3,120.64	
		$3,120.64
Ending Book Value		**$10,620,494.96**

CASH TRANSACTION SUMMARY		
BEGINNING BALANCE		**$57,879.48**
Acquisition		
Contributions	$0.00	
Security Sale Proceeds	$302,627.90	
Accrued Interest Received	$542.54	
Interest Received	$15,907.55	
Dividend Received	$0.23	
Principal on Maturities	$314,849.50	
Interest on Maturities	$150.50	
Calls/Redemption (Principal)	$0.00	
Interest from Calls/Redemption	$0.00	
Principal Paydown	$0.00	
Total Acquisitions	$634,078.22	
Disposition		
Withdrawals	$1,175.17	
Security Purchase	$669,664.78	
Accrued Interest Paid	$1,912.29	
Total Dispositions	$672,752.24	
Ending Book Value		**$19,205.46**

Bickmore

Wednesday, February 5, 2014

Mr. Marcus Beverly
Pool Administrator
Small Cities Organized Risk Effort
c/o Alliant Insurance Services, Inc.
1792 Tribute Road, Suite 450
Sacramento, CA 95815

RE: Actuarial Services Engagement Letter – 2014 Analysis

Dear Mr. Beverly:

Thank you for the opportunity to provide actuarial services to the Small Cities Organized Risk Effort (SCORE). The following is a brief outline of our understanding of the scope of work to be performed and our fees.

SCORE is seeking professional actuarial advice with regard to its self-insured workers' compensation and liability programs. The objectives of the studies are to provide a projection of loss costs, cash flow and investment income. Each report will include the following items:

- Provide program funding levels for the 2014-15 program year at the expected level, as well as at various confidence levels.
- Provide appropriate rates for claims incurred during the 2014-15 program year at the expected level, as well as at various confidence levels.
- Provide estimates of required funding for the programs' outstanding losses and loss adjustment expenses for all preceding fiscal years as of June 30, 2014. The outstanding losses and loss adjustment expenses are to be stated at the expected level, as well as at various confidence levels.
- Each of the estimates specified above will be provided on both discounted and full value bases.
- Each of the estimates specified above will be provided separately for the banking layer and the pooling layer.
- Estimates of the program's cash flow requirements for a given number of fiscal years, separately identified for each accident year.

- Provide a statement of compliance with GASB #10 and GASB #30.

We will agree to complete the scope of work discussed above for the following fees:

Project Component	Cost
Workers' Compensation Actuarial Study	$4,800
Liability Actuarial Study	4,800
Total	$9,600

We will agree to one personal visit as part of the fees outlined above. Should other services beyond the scope of work outlined above be required, we will bill for our time and out of pocket expenses at the rates specified below.

Consultant	Hourly Rate
Fellow	$250
Associate	200
Actuarial Staff	100
Administrative Staff	50

Our target delivery date for the draft reports is within four weeks after the receipt of complete data.

Please call me at (916) 244-1162 with any questions you may have with regard to our proposal.

Respectfully Submitted,

Bickmore Risk Services

Mike Harrington, FCAS, MAAA
Director, Property and Casualty Actuarial Services, Bickmore
Fellow, Casualty Actuarial Society
Member, American Academy of Actuaries

Agenda Item E.6

OCTOBER 2014 LONG RANGE PLANNING & BOARD OF DIRECTORS MEETING DATE AND VENUE RATIFICATION

CONSENT ITEM

ISSUE: The Board of Directors will be ratifying the date change and venue for the October 2014 Long Range Planning and Board of Directors Meetings which will be held at The Village at Squaw Valley in Lake Tahoe, CA on October 16 and 17, 2014.

RECOMMENDATION: The Administrators recommend ratification of the date (October 16 & 17, 2014) and location by the Board of Directors.

FISCAL IMPACT: Unknown

BACKGROUND: After contacting several venues, we've identified an appropriate destination to hold our meetings but it was necessary to move the meeting dates from our usual 4th Thursday and Friday in October to the week prior, October 16 and 17.

The location we were able to secure for this year is The Village at Squaw Valley. We've selected this site due to reasonable rooming costs (approximately $109/night) and available meeting space. In addition, The Village at Squaw Valley offers several restaurants to choose from for lunch and dinner as well as several things for people to do when not in the meeting room.

Due to reservation contract requirements, we could not wait until after this March Board meeting to make a decision as that would've caused us to potentially lose our room block for the hotel and meeting space. We've contacted the Membership and received indications from most that the date and locations will work and as such, a deposit was paid in the amount of $2,000 to secure our reservation.

ATTACHMENTS: None.

Small Cities Organized Risk Effort
Board of Directors Meeting
March 28, 2014

Agenda Item F.

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 only.

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 Minutes – February 21, 2014
2. LAWCX Board of Directors Meeting – February 25, 2014
3. CJPRMA Executive Committee Meeting Minutes – December 19, 2013

EMPLOYMENT RISK MANAGEMENT AUTHORITY (ERMA)
MINUTES OF THE BOARD OF DIRECTORS
MEETING OF FEBRUARY 21, 2014

A regular meeting of the Board of Directors of ERMA was held on February 21, 2014, at the Hotel Yountville in Yountville, CA.

BOARD MEMBERS PRESENT:	Debbie Stutsman, President, BCJPIA Scott Ellerbrock, Vice President, PERMA Jake O'Malley, MPA Dave Elias, CSJVRMA Roger Carroll, SCORE Judy Hayes, Housing Authority of Contra Costa Co. Florice Lewis, Oakland Housing Authority John Gillison, PARSAC
BOARD MEMBERS ABSENT:	René Mendez, MBASIA Craig Downs, VCJPA
ALTERNATE MEMBERS PRESENT:	Artesia Dupree, Oakland Housing Authority Greg Greeson, CSJVRMA *(arrived at 9:11 a.m. during item 6.A.)* Joe Kriskovich, MPA Daniel Dawson, MBASIA
ALTERNATE MEMBERS ABSENT:	Joseph Villarreal, Housing Authority of Contra Costa Co. Min Lee Cheng, VCJPA Kerry Trost, PERMA Dan Weakley, BCJPIA Joanne Rennie, PARSAC
OTHERS PRESENT:	Brian Kelley, Executive Director Jaesa McCulligan, Board Secretary Ruth Graf-Urasaki, Litigation Manager Nancy Broadhurst, Accounting Manager Greg O'Dea, Legal Counsel Rob Kramer, BCJPIA Adrienne Beatty, BCJPIA Seth Cole, Alliant Insurance Services Marcus Beverly, Alliant Insurance Services/SCORE Conor Boughey, Alliant Insurance Services/MBASIA Michael Christian, Jackson Lewis

1. CALL TO ORDER

The February 21, 2014, Board of Directors' meeting was called to order at 9:07 a.m. by President Debbie Stutsman.

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 Roger Carroll. Motion passed unanimously by Debbie Stutsman, Scott Ellerbrock, Jake O'Malley, Dave Elias, Roger Carroll, Judy Hayes, Florice Lewis, John Gillison, and Daniel Dawson.

4. PUBLIC COMMENTS

None.

5. CONSENT CALENDAR

John Gillison moved to approve/accept the following items: A) Minutes of the November 4, 2013, Board of Directors' Meeting and Summary of Action Items; B) General Warrants from November 1, 2013, through January 31, 2014; C) Claims Payments from November 1, 2013, through January 31, 2014; D) Petty Cash Payments from November 1, 2013, through January 31, 2014; E) Treasurer's Report as of December 31, 2013; F) Internal Financial Statements for the Quarter Ended December 31, 2013; and G) Endorsement #4 to the 2013/14 Memorandum of Coverage. Seconded by Judy Hayes. Motion passed unanimously by Debbie Stutsman, Scott Ellerbrock, Jake O'Malley, Dave Elias, Roger Carroll, Judy Hayes, Florice Lewis, John Gillison, and Daniel Dawson.

6. GOALS AND OBJECTIVES

A. Review and Approval of ERMA Goals and Objectives Established at 2014 Annual Workshop

Mr. Brian Kelley, Executive Director, reviewed the following goals and objectives established at the Annual Workshop the day before:

- Board directed staff to present possible risk financing mechanisms, including cash payment directly to members and/or a Rate Stabilization Fund;
- Provide a dividend calculation at both the 80% and 90% confidence levels;
- Provide a one-page "cheat sheet" of Loss Prevention Services to members;
- Consider the addition of Porter Scott to the ERMA Approved Defense Panel; and

- Request utilization report from in2vate.

Mr. Kelley advised that staff would update the current Goals and Objectives worksheet and present it at the April Board meeting.

Scott Ellerbrock moved to adopt the goals and objectives established at the February 20, 2014, Annual Workshop. Seconded by Jake O'Malley. Motion passed unanimously by Debbie Stutsman, Scott Ellerbrock, Jake O'Malley, Dave Elias, Roger Carroll, Judy Hayes, Florice Lewis, John Gillison, and Daniel Dawson.

7. EXCESS COVERAGE MATTERS

A. Excess Coverage and Marketing Strategy for 2014/15

Mr. Seth Cole, Alliant Insurance Services, Inc. (Alliant), was present to discuss the excess coverage and marketing strategy for the 2014/15 program year. Mr. Cole reminded the Board that for the past three program years, ERMA has purchased excess coverage providing limits of $1 million per claim and $2 million per member aggregate, with a $10 million policy aggregate.

Mr. Cole reviewed the current insurance market with the Board, reporting that rate increases have stabilized but still exist in the 20-25% range for difficult classes and accounts with claims. Mr. Cole noted that ERMA is somewhat shielded from the commercial insurance market as ERMA shares its risk up to $1 million with excess coverage attaching at that point. Also, ERMA has benefitted from favorable loss experience.

Mr. Cole advised that Alliant's recommendation for the 2014/15 program year is to conduct early discussions with RSUI and determine if they anticipate any material changes to the current program and if nothing significant is expected, to renew the program with RSUI. Mr. Cole noted he will be having further discussions with RSUI and will bring more information back to the April Board meeting.

8. FINANCIAL MATTERS

A. Annual Review and Approval of Investment Policy

Ms. Nancy Broadhurst, Accounting Manager, advised that Mr. Carlos Oblites of Public Financial Management (PFM) has reviewed the Investment Policy (Policy) and is recommending two changes, which are outlined in the memorandum from Mr. Oblites included in the agenda packet. Ms. Broadhurst also noted that she and Mr. Craig Downs, ERMA Treasurer, reviewed the proposed amended Policy and are in agreement with Mr. Oblites' suggested changes.

Ms. Broadhurst informed the Board that there were no changes in the California Government Code that require changes in the Policy. However, the two minor recommended changes to the Policy are to 1) change the credit requirement on Municipal Obligations from "AA" to "A;" and 2) include a glossary in the appendix of the Policy.

Judy Hayes moved to approve the Investment Policy as amended. Seconded by Roger Carroll. Motion passed unanimously by Debbie Stutsman, Scott Ellerbrock, Jake O'Malley, Dave Elias, Roger Carroll, Judy Hayes, Florice Lewis, John Gillison, and Daniel Dawson.

B. Review of Target Equity Ratios

Prior to the meeting, the Board received the Target Equity Benchmarking Ratio calculation as of June 30, 2013. Ms. Broadhurst had reviewed the calculation with the Board the previous day at the Annual Workshop.

Jake O'Malley moved to approve the Target Equity Benchmarking Ratio calculation as of June 30, 2013. Seconded by Dave Elias. Motion passed unanimously by Debbie Stutsman, Scott Ellerbrock, Jake O'Malley, Dave Elias, Roger Carroll, Judy Hayes, Florice Lewis, John Gillison, and Daniel Dawson.

9. ADMINISTRATIVE MATTERS

A. Discussion Regarding Minimum Payroll Requirements

The Board reviewed the concept of a minimum payroll requirement for new direct members at the Annual Workshop the previous day. The Board indicated they would like to establish a minimum payroll of $5 million for new direct members to ERMA.

Jake O'Malley moved to approve a minimum payroll requirement for new direct members of $5 million. Seconded by Dave Elias. Motion passed unanimously by Debbie Stutsman, Scott Ellerbrock, Jake O'Malley, Dave Elias, Roger Carroll, Judy Hayes, Florice Lewis, John Gillison, and Daniel Dawson.

B. Proposed Revisions to the Underwriting Guidelines

Mr. Kelley advised that based on the Board's decision to establish a minimum payroll, staff is proposing changes to the Underwriting Guidelines to include the minimum payroll of $5 million for new direct members and to amend the data request to seven years of loss history and payroll, rather than the current request of five years.

John Gillison moved to approve the revisions to the Underwriting Guidelines as presented, with the inclusion of a minimum payroll requirement of $5 million for new direct members. Seconded by Dave Elias. Motion passed unanimously by Debbie Stutsman, Scott Ellerbrock, Jake O'Malley, Dave Elias, Roger Carroll, Judy Hayes, Florice Lewis, John Gillison, and Daniel Dawson.

C. Proposed Revisions to the Potential New Member Application

Mr. Kelley advised that the proposed changes to the Potential New Member Application reflect the changes made to the Underwriting Guidelines.

Jake O'Malley moved to approve the revisions to the Potential New Member Application. Seconded by John Gillison. Motion passed unanimously by Debbie Stutsman, Scott Ellerbrock, Jake O'Malley, Dave Elias, Roger Carroll, Judy Hayes, Florice Lewis, John Gillison, and Daniel Dawson.

D. Consideration of Potential New Member – Moreno Valley (PERMA)

Mr. Kelley informed the Board that the Underwriting Committee meeting met that morning to discuss the application from the City of Moreno Valley, a member of the Public Entity Risk Management Authority (PERMA). Mr. Kelley advised that the Underwriting Committee is not recommending approval at this time.

Mr. Kelley inquired if the Board wanted to discuss the recommendation further; however, there were no questions from the Board.

E. Consideration of Accepting the Late Withdrawal Notice from the City of Citrus Heights (PARSAC)

Mr. Kelley informed the Board that the City of Citrus Heights, a member of the Public Agency Risk Sharing Authority of California (PARSAC), is withdrawing from PARSAC and would therefore impact its membership in ERMA. The City has submitted a notice of intent to withdraw, effective June 30, 2014. Mr. Kelley reminded the Board that the ERMA JPA Agreement states that "any withdrawing *Member* must notify *ERMA* in writing at least six (6) months prior to the end of the fiscal year that it intends to withdraw." Since the notice was not received timely, it was placed on the agenda for the Board's consideration to accept the notice. A copy of the notice and staff's response was included in the agenda packet for the Board's review.

A brief discussion ensued and the Board agreed that while the notice is not considered timely according to the JPA Agreement, the City did provide sufficient notice that it would not impact ERMA if the late withdrawal notice was approved accordingly.

Jake O'Malley moved to accept the late withdrawal notice from the City of Citrus Heights. Seconded by Scott Ellerbrock. Motion passed unanimously by Debbie Stutsman, Scott Ellerbrock, Jake O'Malley, Dave Elias, Roger Carroll, Judy Hayes, Florice Lewis, John Gillison, and Daniel Dawson.

F. Addendum to Bickmore Contract for Use of the Risk Management Information System

Mr. Kelley reminded the Board that George Hills Company (GHC) had notified Bickmore that it would be cancelling their current contract. ERMA had contracted with GHC to utilize their claims management system to track and store ERMA claims expense and indemnity payments, and to generate relevant reports and loss runs. The Board was informed that Bickmore's Litigation Management Department was in the process of implementing a replacement claims management system with enhanced capabilities. At the November Board meeting, the Board moved to have Bickmore undertake the claims management system at a cost of $5,000 per year. The Board received the addendum to the Bickmore contract in the agenda packet for their review.

Judy Hayes moved to approve the addendum as presented. Seconded by Roger Carroll. Motion passed unanimously by Debbie Stutsman, Scott Ellerbrock, Jake O'Malley, Dave Elias, Roger Carroll, Judy Hayes, Florice Lewis, John Gillison, and Daniel Dawson.

10. LITIGATION MATTERS

A. Consideration of Approval of Allen, Glaessner & Werth, LLP to ERMA Approved Defense Panel

At the Annual Workshop the previous day, the Board discussed the ERMA Approved Defense Panel. Ms. Ruth Graf-Urasaki, Litigation Manager, reminded the Board that the law firm of Lombardi, Loper & Conant is currently a member of the ERMA Approved Defense Panel. Mr. Peter Glaessner is the only partner at the firm who has experience with ERMA matters. Ms. Graf-Urasaki informed the Board that Mr. Glaessner recently left Lombardi, Loper & Conant to start a new public entity law firm, Allen, Glaessner, Hazelwood & Werth, LLP. Based on the high quality of service provided by Mr. Glaessner to ERMA, and the public entity specialization of his new firm, staff is recommending that Allen, Glaessner, Hazelwood & Werth, LLP, be added to the panel, and that Lombardi, Loper & Conant be removed.

John Gillison moved to approve Allen, Glaessner & WErth, LLP to the ERMA Approved Defense Panel and to remove Lombardi Loper from the panel. Seconded by Scott Ellerbrock. Motion passed unanimously by Debbie Stutsman, Scott Ellerbrock, Jake O'Malley, Dave Elias, Roger Carroll, Judy Hayes, Florice Lewis, John Gillison, and Daniel Dawson.

11. 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 9:40 a.m. to discuss the following claims for the payment of employment practices liability incurred by the joint powers authority:

- Rocha v. Gustine
- Smith v. Manteca

B. Report from Closed Session

The Board reconvened to open session at 9:50 a.m.

Mr. Greg O'Dea, Legal Counsel, reported that the Board met and discussed the claims listed and no action was taken.

12. CLOSING COMMENTS

A. Board

None.

B. Staff

None.

13. ADJOURNMENT

The February 21, 2014, ERMA Board of Directors' meeting adjourned at 9:51 a.m. by general consent.

Jaesa McCulligan

Jaesa McCulligan, 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
February 25, 2014

A meeting of the Local Agency Workers' Compensation Excess JPA (LAWCX) Executive Committee was held at 1750 Creekside Oaks Drive, Suite 200, in Sacramento, CA.

COMMITTEE MEMBERS PRESENT:	Scott Ellerbrock, President, PERMA Rosa Kindred-Winzer, Vice President, City of Merced Kin Ong, Treasurer, PARSAC/City of Placentia Joanne Rennie, Past President, PARSAC Janet Hamilton, City of Livermore Steve Negro, MCLAIA Celeste Garrett, City of Vacaville
OTHERS PRESENT:	Beth Lyons, Executive Director Anita Holland, Accounting Manager Richard Shanahan, Legal Counsel, Bartkiewicz, Kronick & Shanahan Rob Kramer, BCJPIA Adrienne Beatty, BCJPIA & CHWCA Seth Cole, Alliant Insurance Services, Inc. John Alltop, Bickmore
TELECONFERENCE ATTENDEES:	Tammy Vitali, Claims Manager Stephanie Wells, Recording Secretary Mujtaba Datoo, Aon Global Risk Consulting Tracy Flack, Aon Global Risk Consulting

1. CALL TO ORDER

The meeting was called to order at 10:31 a.m. by President Scott Ellerbrock.

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)

Kin Ong, PARSAC, moved to approve the agenda as posted, which was seconded by Steve Negro, MCLAIA, and the motion passed unanimously.

5. CONSENT CALENDAR

Kin Ong, PARSAC, moved to approve/accept the following items:

A. Summary of Action Items and Minutes from the September 24, 2013, Executive Committee Meeting
B. Internal Financial Statements as of September 30 and December 31, 2013
C. Treasurer's Report dated December 31, 2013
D. Warrant Listing of January 2014

The motion was seconded by Rosa Kindred-Winzer, Merced, and passed unanimously.

6. ADMINISTRATIVE MATTERS

A. Optimal Capacity Study

Tracy Flack, Aon, reviewed the AON Supplemental Financial Ratios & Capacity report with Committee members, identifying and focusing on 6 key ratios, each depicted in the report, including:

- Premiums-to-Surplus
- Reserves-to-Surplus
- Surplus-to-SIR
- Reserve Development-to-Surplus
- Operating Ratios
- Liabilities-to-Liquid Assets

Majtaba Datoo, Aon, summarized the report findings that, based upon industry benchmarks, assumed target ratios, and discounted liabilities, LAWCX has the capacity to increase membership and absorb adverse development. However, he cautioned that the results are dependent on realization of investment income of at least 4.5% as the set discount factor indicated in LAWCX's June 30, 2013, financial statement. The 2013/2014 reduction from a 4.5% to 3.5% discount factor will increase discounted liabilities and decrease surplus as of June 30, 2014.

It was moved by Rosa Kindred-Winzer, Merced, to receive and file the Optimal Capacity Study Results, which was seconded by Janet Hamilton, Livermore, and unanimously approved.

B. Pool Administration and Actuarial Contract Renewal

President Ellerbrock presented the proposed agreement for pool administration and actuarial services, discussing with the Committee Members the changes made throughout the agreement, as identified with strikeout and tracking updates in the redline agreement included in the agenda.

It was noted that the administrative services agreement provisions are listed in the scope of the contract, with supplementary addendums for optional services, thereby allowing LAWCX the option of altering the addendums without affecting the administrative services agreement.

It was moved by Kin Ong, PARSAC, seconded by Steve Negro, MCLAIA, and unanimously passed to direct staff to amend the termination provision of the contract and to present the final contract at the next meeting of the Executive Committee.

C. Development of a Job Function Analyses Library

Beth Lyons discussed the exploration of a job function analyses library as an additional resource for members, visualizing a library of template job analyses that members could customize for their individual needs.

Staff contacted six vendors to investigate available resources and determine vendor interest in the project. Information gleaned from the vendors will be reported to the Committee at a future meeting. The Executive Committee received and filed the report on the Development of a Job Function Analyses Library.

D. Shared Member Retained Limits

Shared member retained limits arose during the last review of the Memorandum of Coverage (MOC). Staff was directed to explore how an occurrence would be handled involving two members with different Member Retained Limits (MRL).

The Committee discussed various approaches presented by staff as well as several discussion points.

It was moved by Steve Negro, MCLAIA, seconded by Kin Ong, PARSAC, and unanimously passed to direct staff to provide additional examples as to how the member retained limit might be shared if more than one member were involved in an occurrence.

RECESS/RECONVENE

President Ellerbrock recessed the Executive Committee Meeting at 12:00 p.m., reconvening into open session at 12:25 p.m.

E. Select a Date and Venue for the November 2014 Board Meeting

Ms. Lyons discussed with the Committee various options for the November 2014 Board of Directors' meeting, noting that the meeting dates for fiscal year 2014/2015 are historically set by resolution at the Board's annual meeting in June. Planning and preparation for off-site meetings require contractual agreements with major venues to secure the property for the anticipated meeting dates up to one year in advance. The Westin Hotel currently has availability and is competitively priced according to staff's research. While the normal pattern for the Board of Directors meeting is the second Tuesday of the month (June and November), staff has requested that the Executive Committee approve finalizing the contractual agreement with the Westin Hotel, securing the facilities for the event on November 4th in lieu of the 11th, which falls on Veteran's Day, a nationally recognized holiday.

It was moved by Celeste Garrett, Vacaville, seconded by Kin Ong, PARSAC, and unanimously approved to direct staff to secure the facilities at the Westin Hotel on November 4, 2014, for the Board of Directors' Meeting, and to reschedule the October 2014 Executive Committee meeting date from the 28th to the 14th to coincide with deadline adjustments subsequent to the change in date for the Board of Directors' Meeting.

F. Executive Committee 2014 Elections

Ms. Lyons discussed with the Committee the fact that six Executive Committee members could change after elections at the June 2014 Board of Directors' Meeting, and the potential negative impact unstaggered term dates could have on the continuity of the pool. A suggested resolution was proposed to amend the Bylaws to allow a temporary adjustment to the term of office for the president (either one or three years) to create a staggered term of office election with three committee member positions expiring in even-numbered years and two in odd-numbered years.

It was moved by Steve Negro, MCLAIA, seconded by Janet Hamilton, Livermore, and unanimously approved to direct staff to develop language amendments to related governing documents adjusting the terms of office for committee members and officers.

7. FINANCIAL MATTERS

A. Annual Discussion and Action Regarding Dividends/Assessments

Beth Lyons summarized the background and status of LAWCX's financial position as it relates to dividends and assessments in accordance with the Bylaws. The December 31, 2013, financial statements indicate that LAWCX has a positive net position of nearly $24 million with liabilities recorded at expected. While LAWCX has a healthy net position, several of the older years are in a deficit position. Based upon the overall positive position, however, the Bylaws specify neither dividends nor assessments are indicated.

LAWCX actuary John Alltop provided a handout for members to view as he summarized the pool's historical approach at funding deficient program years by means of assessments. An alternative to this approach would be to offset deficiencies with excesses between the program years, based upon member apportionments, and assessing former members for program funding deficiencies proportionate to their percentage of the funding requirement.

It was moved by Rosa Kindred-Winzer, Merced, seconded by Celeste Garratt, Vacaville, with no members opposed, to direct staff to further explore options in the disbursement of dividends and program year deficiencies amongst current and former members and to report back to the Committee its findings, and to recommend the Board proceed with the second year assessment installment as approved in June 2013.

B. Preliminary Proposed Budget for Fiscal Year 2014/15

Anita Holland provided a briefing of the Proposed Budget for Fiscal Year 2014/15, including non-negotiable factors contributing to increased rates, i.e. legislative acts that increase workers' compensation benefits thereby resulting in reserve adjustments across program years. Other factors include increased liabilities coinciding with decreasing the discount factor from 4.5% to 3.5%, and projected rate increases in the excess insurance market.

The preliminary budget reflects pooled rates at the 80% confidence level, discounted at **3**.5%. Member deposits were calculated showing both the 3.5% and 3% discount rates for comparison purposes.

It was moved by JoAnne Rennie, PARSAC, seconded by Janet Hamilton, Livermore, with no members opposed, to direct staff to distribute the preliminary proposed budget to members and advising that they budget at the 3.0% discounted rate based upon the 2012/2013 payroll data already submitted, and to include the item on the agenda for Executive Committee consideration at its April 29, 2014, meeting.

8. CLOSING COMMENTS

A. Executive Committee

None

B. Staff

None

10. ADJOURNMENT

The February 25, 2014, Executive Committee meeting adjourned at 1:15 p.m. by general consent.

Stephanie Wells

Stephanie Wells, Recording Secretary

CALIFORNIA JOINT POWERS
RISK MANAGEMENT AUTHORITY
Accredited with Excellence from the California Association of Joint Powers Authorities

BOARD OF DIRECTORS MEETING
December 19, 2013 – 9:00 A.M.

CJPRMA Main Office
3201 Doolan Road, Suite 285
Livermore, CA 94551

(925) 837-0667

Minutes

I. CALL TO ORDER:

Vice President Carmona called the meeting to order at 9:05 a.m.

II. ROLL CALL

PRESENT

1) Lucretia Akil, *Alameda*
2) Chris Constantin, *Chico*
3) Laura Marquez, *Fairfield*
4) Steve Schwarz, *Fremont*
5) Bill Henderson, *Livermore*
6) Janet Hamilton, *Lodi*
7) Paula Islas, *NCCSIF*
8) Dominique Kurihara, *Petaluma*
9) Chris Carmona, *Redding*
10) Elena Piazzisi, *REMIF*
11) Kim Greer, *Richmond*
12) Mary Ann Perini, *San Leandro*
13) Rob Epstein, *San Rafael*
14) Lynn Margolies, *Santa Rosa*
15) Roger Carroll, *SCORE*
16) Greg Borboa, *Stockton*
17) Rebecca Moon, *Sunnyvale*
18) Erika Anderson, *Vallejo*
19) Jeff Tonks, *YCPARMIA*

ABSENT
Roseville, Vacaville

OTHERS PRESENT

20) Mike Simmons, *Alliant*
21) Mujtaba Datoo, *Aon Global Risk Cons.*
22) Craig Bowlus, *Aon*
23) Billy Deeb, *Aon*
28) Donna Gardner, *CJPRMA*
29) Saima Kumar, *CJPRMA*
30) Craig Schweikhard, *CJPRMA*
31) William Dennehy, *Chandler Asset Mgmt*

24) Lisa Dragon, *Aon*
25) Michael Harmon, *Aon*
26) David Clovis, *CJPRMA*
27) Lola Deem, *CJPRMA*
32) Byrne Conley, *Gibbons & Conley*
33) Jas Sidhu, *Livermore*
34) Amy Meyer, *Maze & Associates*

III. PRESENTATIONS

- Risk Console *(Lisa Dragon, Vice President and Managing Director, Global Client Services Aon eSolutions)*

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: Executive Committee (01/16/2014) City of Lodi
Board of Directors (03/20/2014) CJPRMA Main Office

VI. APPROVAL OF MINUTES

- A motion by Director Greer, seconded by Director Borboa, to approve the minutes of the Board of Directors meeting held on October 15 & 16, 2013, passed unanimously.

VII. CONSENT CALENDAR

1. Financial Report of CJPRMA for periods ending June 30, 2013 ***(A)***

2. Additional Covered Party Certificates Approved by the General Manager ***(A)***

- A motion by Director Borboa, seconded by Director Carroll, to approve the consent calendar, passed unanimously.

VIII. ACTION CALENDER *(Action Item Only)*

3. 2013 Financial Audit *(A)*

Financial Analyst, Lola Deem introduced Amy Meyer of *Maze & Associates* to present the 2013 Financial Audit.

The 2013 Financial Audit was conducted by Maze & Associates. Ms. Amy Meyer was present to discuss the results of the audit. She said that, as of June 30, 2013, investments totaled $90 million. This was a decrease of $7.3 million (7.5%) due to a $5.8 million change in the year to year market value of investments. Liabilities totaled $39.8 million. This was a decrease of $6.6 million (14.2%) due to the $7.2 million reduction in loss reserves. A redistribution of funds, in the amount of approximately $4.2 million, had been made to the members. This was a decrease of $684,351 (14.1%) from previous year.

She stated that CJPRMA's net assets are $50.2 million. This was a decrease of $669,827 (1.3%) from the prior year.

Ms. Meyer issued a report containing one schedule of material weakness and three schedules of other matters of internal control. Following is the list of the material weakness item and other matters:

1. Timely Review of Journal Entries
2. Comparison of Receipts Deposit Log to Actual Bank Deposit
3. Investment Report Compliance with the California Government Code
4. Information Technology Best Practices Recommendations

Management's response to the above material weakness:

1. Journal entries will be reviewed by the general manager within 30 days of posting to the general ledger.
2. In the future the general manager will review the deposits and compare them to the recorded checks to ensure all checks are deposited.
3. The staff report accompanying the Investment Report will be revised to indicate the Loss Payment Account has sufficient funds to meet the expenditure requirement for the next six months.
4. Open review of the suggested areas of improvement identified the following necessary security changes that will take place:

    - Work stations will lock after 30 minutes of inactivity
    - Passwords will require unique alpha numeric and special character combos with password length of at least 8 characters
    - Operating system will require password change every 90 days.

No comments or recommendations were made by the Board.

- A motion by Director Borboa, seconded by Director Perini, to approve the 2013 Financial Audit, passed unanimously.

4. 2013 Actuarial Study *(A)*

Mr. Mujtaba Datoo of Aon Global Risk Consulting conducted the 2013 actuarial study. Mr. Datoo gave an explanation of the methodology used to complete the actuarial study and determine the proposed rates for the FY 2014/2015 and the proposed redistribution plan for FY 2013/2014.

He stated that this year, the value of estimated outstanding losses decreased $7.2 million (16%) to $37.7 million. This was the result of a decrease of $5.9 million in IBNR.

He also compared the ratio of net equity to SIR, it should be noted that the organization could sustain approximately 8.6 losses equal to the amount of its full retained limit ($4.5 million) under the current reinsurance program. This represents a strong financial position.

The recommended redistribution for FY 2013/2014 is $4.9 million. After deductions for the negative net equity adjustments, the proposed net amount being returned to the members is $3.5 million. This is a decrease of $627,246 (15.1%) from FY 2012/2013. This decrease was due to adjusting the equity position of PY 2009/2010 and PY 2010/2011.

The required liability funding for PY 2014/2015 is $11.8 million. The proposed funding rate for PY 14/15 is $0.802/$100, based upon projected payroll of $1.5 billion. This is a 2% increase from the previous year of $0.762. It is estimated that the net premium will be $9.6 million an increase of $886,645 from the previous year. This was due to a $720,000 increase in funding for losses. The table below shows the proposed net liability premium.

Payroll	**Liability Premium**	**Less: 12/13 Realized Invest Income**	**Add: ELF**	**PY 14/15 Estimated Net Premium**
$1,484,766,523	$11,786,295	$4,434,930 (est.)	$2,250,000	$9,601,365

- A motion by Director Borboa, seconded by Director Perini, to approve (1) the 2013 actuarial study, (2) the proposed redistribution plan for FY 2013/2014, passed unanimously.
- A motion by Director Epstein, seconded by Director Akil, to approve funding option #3, as stated in the agenda bill, reducing ELF payment to keep the net premium billing at the six year average of $8,889,018, passed unanimously.

5. Proposed Modifications to the CJPRMA Bylaws *(A)*

The general manager advised the Board that the Executive Committee reviewed the proposed modification to CJPRMA Bylaws, Article IX, Settlement of Claims in November and recommends that the Board of Directors approve the proposed modification.
The revised bylaws would state as follows:

In accordance with the Memorandum of Coverage, a Member Entity may choose to not settle a claim where the ultimate net loss total is less than the member's retained limit. If however, a Member Entity refuses to consent to any available settlement or compromise recommended by the Authority's General Manager and approved by the Executive Committee, when that settlement includes contribution by CJPRMA at the excess level, and instead elects to continue to contest the Claim, then the Authority's liability shall not exceed the amount of Ultimate Net Loss the Authority would have *incurred in excess of the Retained Limit had the claim been settled or compromised in accordance with the recommendation.*

Mike Simmons, Alliant stated that the proposed language belongs in the Memorandum of Coverage and not the Bylaws. Directors Borboa and Carroll suggested further review of the proposed language. Board Counsel Byrne Conley made a clarification to the Board of Directors regarding the changes. After several comments and feedback from the Board, the general manager recommended removing the item from the agenda and closed the matter for no further discussions.

No action was taken on this agenda item.

6. Proposed Modifications to the CJPRMA Bylaws, Article X, Pools Coverage *(A)*

The general manager recommends that the Board of Directors approve the proposed modifications to the CJPRMA Bylaws, *Article X, Pooled Coverage Programs*.

The Bylaws require that the Board be notified, at minimum, 30-days prior to the adoption of any modification to the Bylaws. This item was reviewed and approved by the Board of Directors at the October meeting but at that time did not meet the 30-day notice provision. This item now meets the notice provision and is being presented for final approval and adoption by the Board.

The following is the proposed language modification to the current bylaws:

ARTICLE X CJPRMA BYLAWS
POOLED COVERAGE PROGRAMS

"Pursuant to Article XVII of the Joint Powers Agreement, cash contributions not received by the Authority within thirty (30) days following the date of commencement of a program year, or the date of the billings by CJPRMA, shall be in arrears. In the event of such arrearage, the General Manager/Secretary will notify the member entity in writing that coverage will be cancelled within thirty (30) days of notice unless payment of the cash contribution is received in full. Cancellation shall be effective on the specified date in the notice. Cancellation shall not eliminate the obligation of the member entity to pay its cash contribution for the period during which coverage applied, including the member entity's full share of general and administrative expenses for the program year including premium costs not recouped and a prorated share of the contribution for claims and claims adjustment costs, as determined by the Board. Cancellation shall not eliminate any obligation to pay cash any assessment that may be levied under Article XII relating to the program/program year."

- A motion by Director Borboa, seconded by Director Perini, to approve the Proposed Modifications to the CJPRMA Bylaws, Article X, Pools Coverage Program, passed unanimously

7. **Election of Non Officer Position for the Executive Committee *(A)***

The Board of Directors was required to conduct an election for the Executive Committee non officer position vacated by the retirement of Director Henderson of Livermore. The member elected will serve the remainder of the two year term that began on July 1, 2013. The following Board Members withdrew their names from the ballot, Director Tonks of YCPARMIA, Director Akil of Alameda, Director Islas of NCCSIF, Director Perini of San Leandro and Director Garrett of Vacaville. The Board of Directors voted and the newest member elected to the Executive Committee is Director Schwarz of Fremont.

Jeff Tonks, *YCPARMIA*
Roger Carroll, *SCORE*
Steve Schwarz, *Fremont*
Lucretia Akil, *Alameda*
Paula Islas, *NCCSIF*
Mary Ann Perini, *San Leandro*
Greg Borboa, *Stockton*
Kim Greer, *Richmond*
Celeste Garrett, *Vacaville*

IX. INFORMATION CALENDAR

8. **Report from Investment Manager *(I)***

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

The investment program is divided into three parts: the Loss Payment Account, the Long Term Growth Account and the new Long Term Growth/Tactical Account.

As of November 30, 2013 the Loss Payment Account was valued at $11,815,394. This was an increase of $6,015,196 from its valuation of $5,800,198 on August 31, 2013. One Corporate note and two Agency notes were purchased to extend the duration and maturity profile of the portfolio. A large $6 million contribution to the LAIF allocation helped to push the total portfolio value above the $10 million target. The Loss Payment Account has sufficient funds to meet the expenditure requirements of the next six months.

As of November 30, 2013 the Long Term Growth Account was valued at $57,518,312. This was a decrease of $19,228,573 from its valuation of $76,746,885 on August 31, 2013. During the quarter the portfolio implemented phase 1 of a 2 phase plan to tactically reduce the overall duration and interest rate sensitivity of the aggregate CJPRMA portfolio. Approximately $20 million worth of securities were moved in-kind into the Long Term Growth/Tactical Account which dominated the activity in the portfolio during the quarter.

As of November 30, 2013, the Long Term Growth/Tactical Account was valued at $20,654,769. Multiple securities were purchased and sold to shorten the overall duration and term structure of the portfolio to be more consistent with the shorter investment mandate of the new portfolio. The purchased securities included Treasury, Agency, and Commercial Paper ranging in maturity from May 2014 to August 2018. The securities sold out of the portfolio all had maturities in excess of five years. The initial positioning of the portfolio was established via an in-kind transfer from the Long Term Growth Account.

Mr. Dennehy also stated that the economy is good and more balanced for 2014.

No action required for this item.

9. Business Calendar for 2014 *(I)*

The business calendar was provided to the Board as a standing agenda item. The calendar provides key business items and the required dates for completion for the Board.

10. New Board Members/Alternates

Following notifications regarding a change in director/alternate designation was provided to CJPRMA since the last meeting

1) Vallejo **Director –** Claudia Quintana, City Attorney
Alternate – Erika Anderson, Administrative Clerk

11. Status Update on Risk Console *(I)*

The general manager conducted a telephone meeting with a number of key executives from AON eSolutions along with CJPRMA broker Dr. William Deeb on October 17th. The general manager expressed to Aon the Boards dissatisfaction with the system not being fully functional and gave Aon eSoultion until November 15th to have all issues resolved. As a result of this meeting, Account Manager Marissa Moscowitz came to the CJPRMA office and met with staff to resolve all open items relating to Risk Console.

Ms. Moscowitz along with Aon eSolutions and CJPRMA staff worked on resolving the open issue items and as a result, the general manager is pleased to inform the Board that he has signed off on Phase I CJPRMA implementation of the system, which is currently live and fully functional. Staff is using the new system to track all claims, reporting, certificate of coverage, property/boiler machinery and auto physical damage programs. The final module left to resolve is the MMSEA portion, which is currently being worked on by CJPRMA staff.

Phase II of the project member implementation, has the following status update:

- Redding is currently using the claims module of the system.
- Fremont is in the process of providing eSoultions with data in order to finish a data refresh.

- Stockton is currently using the claims module. To date Stockton's claim data load has been completed and eSolutions is in the process of creating the reporting module for the City as well as other members to utilize. The general manager is working with eSoultions to provide Stockton with the option of a data refresh to minimize staff time for data entry.

- Stockton is also in the process of using the contract management module. eSolutions staff has identified the method for importing the city's contract data at a reduced price. This measure is currently residing with the configuration team with anticipated completion prior to year's end. This solution will enable other members to transfer current data into risk console by using a spreadsheet add function, thus reducing the time required to go live with the system.

Lisa Dragon, Vice President of Aon eSolutions, was present at the meeting and provided input to the Board on the implementation process and the proposed improvements to the system moving forward.

No action required on this item.

12. 2012-2013 Annual Report *(I)*

The general manager provided the Board with a presentation on the 2012-2013 annual report. The highlights of the fiscal year 2012-2013 are set forth below.

1. As of June 30, 2013, CJPRMA has total assets of $90 million. This is a decrease of $7.3 million from the prior year and a decrease of $3.3 million since 2008.

2. Since 2008, the amount of member payroll has decreased by $110 million (6.8%) to a total of approximately $1.5 billion. This is the basis upon which member contributions are calculated and allows for the effective sharing of risk.

3. Since 2008, liability rates have decreased by .305/$100 of payroll (28.6%) for a $500,000 retained limit, and by .275/$100 of payroll (34.3%) for a $1 million retained limit. These decreases reflect the organization's strong financial position and its responsiveness to the members' financial difficulties.

4. In 2013, investment income had a deficit of approximately $1 million; claims expenses were $7.1 million. In as much as the investment program took a significant loss in 2013, CJPRMA's very successful historical investment program has generated enough revenue to pay for over 90% of its claims and administrative expenses leaving the vast majority of its core assets untouched.

5. In 1989, CJPRMA began returning excess equity to its members. Since that year, over $110 million has been returned to the members. That represents approximately 44% of their initial contributions.

6. CJPRMA provides a commercially insured property program for its members. Since 2008 the total insured value of that property has increased approximately \$1.3 billion (24.5%), from \$5.3 billion to over \$6.6 billion.

In spite of the current economic crisis, CJPRMA continues to evaluate optional programs to meet member's needs and to maintain organizational stability.

There was no action required on this item.

13. Claims Experience Report *(I)*

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

He stated that the intent of this report is to give a high level overview of all claims, including a description of claims frequency, severity and development history. The report will also help staff in the development of risk management training programs and will be a basis for establishing baseline criteria to be included in risk management audit standards. There was no action required on this item.

14. Risk Management Issues *(I)*

General Manager David Clovis gave an update on recent trainings and also opened the floor for suggestions on future training ideas.
General Manager had a positive report for the four Bob Marshburn training sessions that he co-led with Mr. Marshburn in Redding, Roseville, Rohnert Park and Livermore in the fall of 2013.

General Manager also suggested that CJPRMA host another training with Gordon Graham. Director Henderson of Livermore suggested the benefit of offering Active Shooter Training for our member's Police Departments. Director Margolies of Santa Rosa requested that CJPRMA consider offering training in the area of Crisis Communication.

On another note, Director Greer of Richmond advised all members to check the status of their city on the California Secretary of State website, as many agencies do not show up to date information.

X. CLOSED SESSION

1. **<u>Government Code Section 54956.9 (a)</u>**

   Conference with Legal Counsel - Pending Litigation

   Name of Case: Hampton Place Homeowners' Association vs. City of Fremont, et al
   Court: Superior Court of the State of California – County of Alameda
   Case No.: HG11594653

XI. ACTION ON CLOSED SESSION ITEMS

- A status update was provided on closed session item number one.

XII. ADJOURNMENT

- A motion by Director Borboa, seconded by Director Carroll to adjourn the meeting at 1:19 p.m.

Small Cities Organized Risk Effort
Board of Directors Meeting
March 28, 2014

Agenda Item H.1.

NOTIFICATION OF SHARED RISK POOL ASSESSMENT

INFORMATION ITEM

ISSUE: SCORE has continued to be very successful since formation in 1986 by 1) building and 2) retaining sufficient reserves for future claims liabilities. As of June 30, 2013 the Shared Risk Layer Programs for Liability Program and Workers' Compensation have Net Assets of \$ 3,979,293 and \$1,016,063 respectively. *(The Banking Layer Programs -- funds 'owned' by Members – have an additional total of over \$1,500,000 of additional Net Assets).*

To maintain this strong financial position SCORE has policies in place that shield the Programs from unexpected claims trends and development by requirement higher funding before the release of Dividends to Members. This is discussed in greater detail later in the agenda, but the two main safeguards are 1) insuring that we actuarially fund to a 70% confidence level, and 2) maintaining a "Benchmark' reserve fund of five times our Pool Layer exposure. *(For Liability this '5x' reserve is \$2,250,000 and for WC it is \$1,125,000).*

This 'Benchmark' reserve is important. It is both prudent, as well as a requirement by CAJPA for Accreditation with Excellence - - a standard that we have now achieved for approximately ten years. It, and the requirement to fund at 70% before Dividends can be released, are a decision of the Board.

As you can now see, our WC Shared Risk Layer falls slightly below the Benchmark as of this 6/30/14 date. And although on a combined basis we continue to be strong, the most recent WC actuarial study to be presented at today's Board meeting will show a continued erosion of Net Assets of <\$662,771> as of June 30, 2014. *(This was in part due to higher payments during the period of \$200,000 more than planned; a trend that seems to have continued in recent months).*

These trends are a cause for concern. They will be discussed at various times during the Board meeting since they impact both Dividends and next year's rates. We need to recognize the fact that an **Assessment Plan** needs to be in place and a **WC Shared Risk Layer Assessment** made payable in FY14/15.

RECOMMENDATION: Instruct the Program Administrators and Accounting Consultants to draft an Policy & Procedure for Pool Layer Assessments, and to propose modifications to the Master Plan Document of both programs. This 'plan' should be in place by June 30th to address the developing shortfall in achieving our stated Benchmarks, although funding of the assessment may likely begin the following fiscal year.

FISCAL IMPACT: A shortfall in our stated funding requirements as of June 30, 2014 will be <$771,708>. This erodes our Benchmark of $1,125,000, not actual Net Assets.

BACKGROUND: Obviously no Shared Risk Layer Dividends can 'waterfall' down into the Banking layer until we regain a significantly positive Net Asset position with surplus funds. Achieving our Benchmark in the WC Program is important, but we do still have a positive combined position.

It's likely that a Policy will suggest something like a ***five year recovery plan,*** i.e., $150,000 a year (as we watch the claims develop). This, in combined with an appropriate increase in future Program rates should correct the situation over time without stressing the Membership's budgets. *(This is a trend we need to carefully watch).*

ATTACHMENTS: None.

Agenda Item H.2

CHANDLER ASSET MANAGEMENT – INVESTMENT MANAGER'S REPORT

INFORMATION ITEM

ISSUE: Mr. Ted Piorkowski, Senior Vice President of Chandler Asset Management will be in attendance to provide the Board with a presentation of SCORE's investment portfolio with Chandler Asset Management as well as to provide a glimpse of how the current economic climate will impact future investment returns.

RECOMMENDATION: None. This is an information item.

FISCAL IMPACT: Unknown

BACKGROUND: Chandler Asset Management has been serving as SCORE's investment manager since 2006. Annually, the Ted Piorkowski attends the March Board of Directors meeting and provides a report on how the JPA's investment portfolio is performing.

ATTACHMENTS: *Chandler Asset Management SCORE Investment Report.pdf*

CHANDLER ASSET MANAGEMENT

Investment Report

Small Cities Organized Risk Effort

Period Ending
February 28, 2014

6225 Lusk Boulevard | San Diego, CA 92121 | Phone 800.317.4747 | Fax 858.546.3741 | www.chandlerasset.com

Table of Contents

SECTION 1

Economic Update

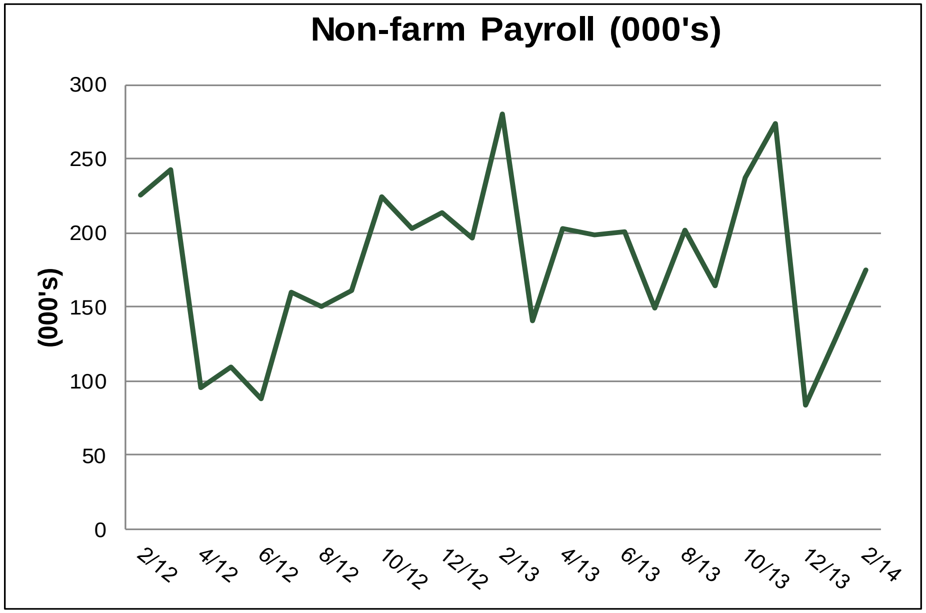
Economic Update

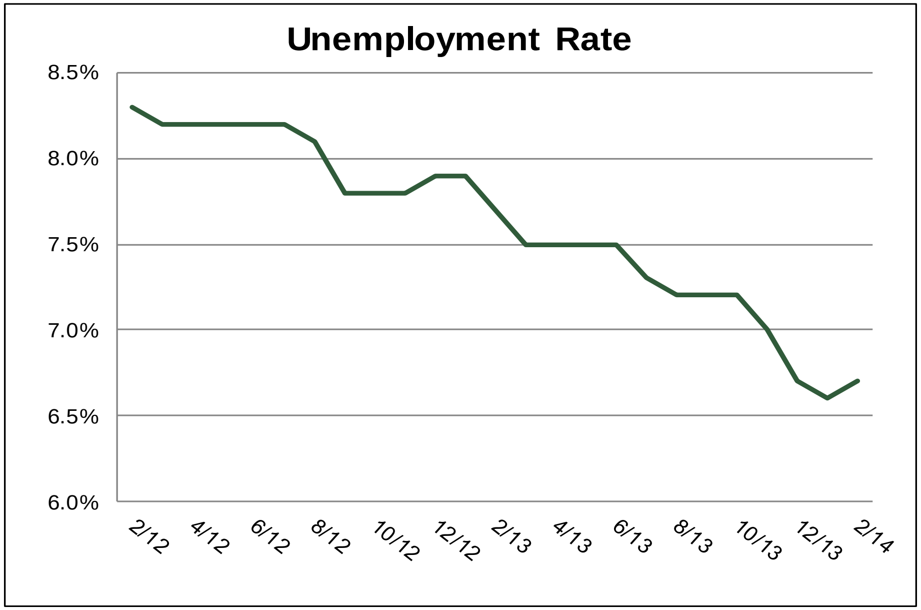
- The February employment report was stronger than expected. Nonfarm payroll jobs grew by 175,000 in February, versus expectations of 150,000. Private payrolls grew by 162,000 and government jobs grew by 13,000. Although payrolls were stronger than expected, the unemployment rate rose to 6.7% in February from 6.6% in January, driven by new entrants to the labor force. Wage growth rose 0.4%. The weather continued to be unusually severe during the month of February, so we believe the underlying trend in employment may be stronger than the past few months of payroll data suggest. Meanwhile manufacturing, housing, and consumer data has been mixed. We believe many of the recent economic reports have been skewed by weather. We expect economic data to improve in the spring and hope to get a better read on underlying economic trends as the weather normalizes.

- We believe the February employment report was more than strong enough to keep the Fed on track with tapering its asset purchases. The next FOMC meeting will be held on March 18-19, at which time we expect the Fed will announce another $10 billion reduction in asset purchases. At its January 28-29 meeting, the FOMC announced that it would trim its asset purchases in February to a pace of $30 billion per month in MBSs and $35 billion per month in longer-term Treasuries. We believe the process of unwinding will likely continue at a steady pace throughout 2014, and that the trajectory of economic growth would have to deteriorate meaningfully for the Fed to change course.

- During the past three months, the yield curve has flattened even as the Fed has been tapering its purchases of long-term Treasury bonds. Market participants have reacted to weaker domestic economic data (unfavorable winter weather may be at least partially to blame), as well as fears about emerging market currencies which has fueled a flight to quality.

Employment

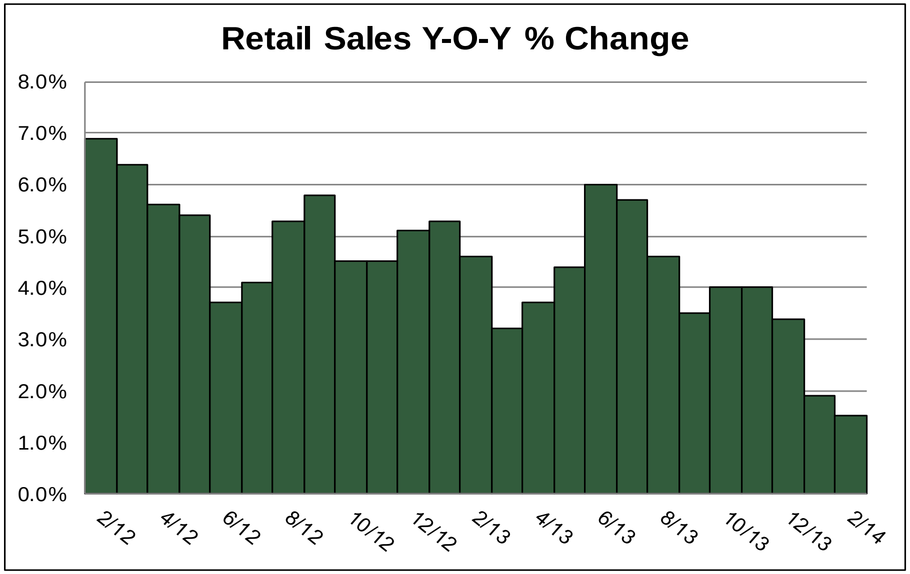




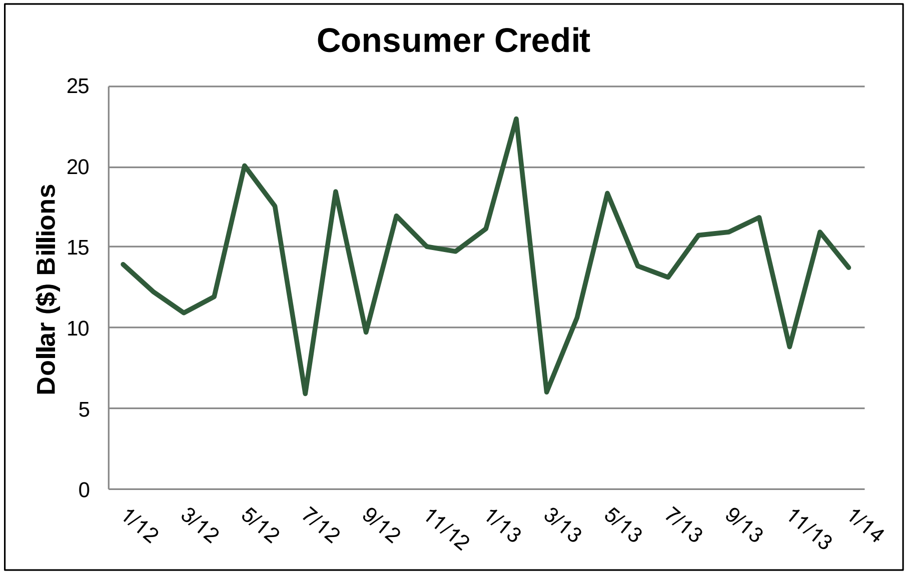
Source: U.S. Department of Labor

The February employment report was stronger than expected as payrolls rose by 175,000 versus the 150,000 consensus estimate. Net revisions for job growth in January and December were +25,000. Private payrolls increased by 162,000 in February and government jobs increased by 13,000. Although payrolls were stronger than expected in February, the unemployment rate rose to 6.7% from 6.6% in January, driven by new entrants to the labor force. The weather continued to be unusually severe during the month of February, so we believe the underlying trend in employment may be stronger than the past few months of payroll data suggest.

Consumer



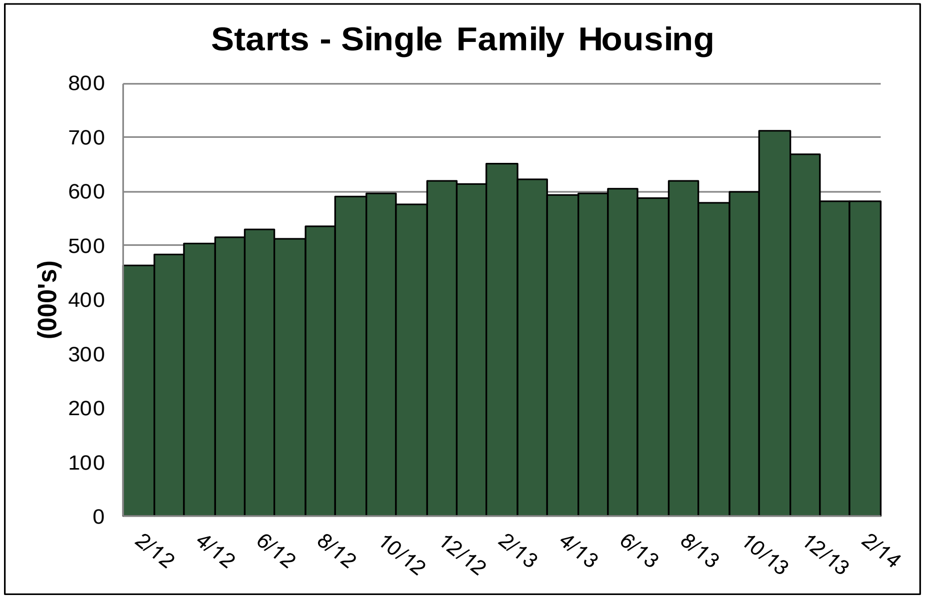
Source: U.S. Department of Commerce



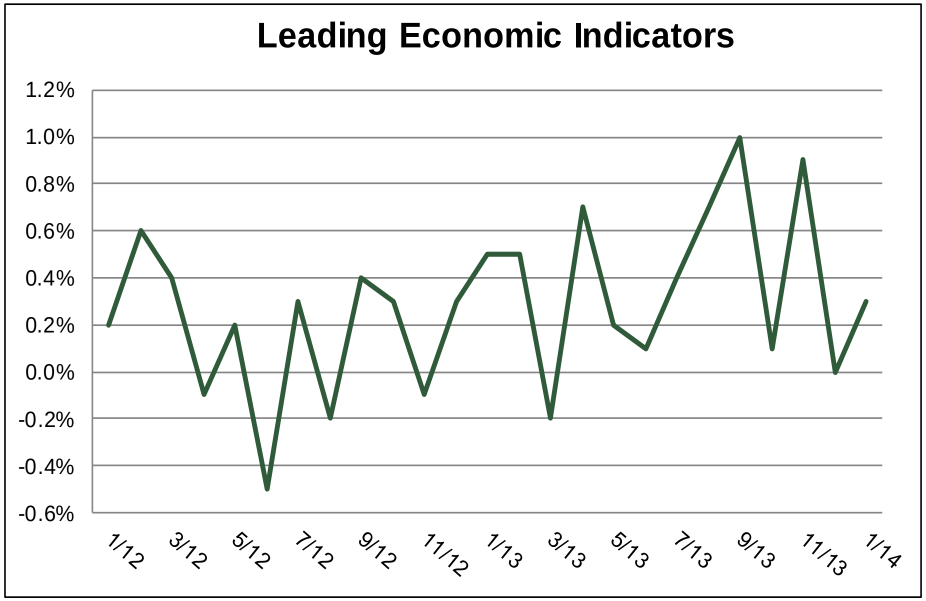
Source: Federal Reserve

In February, Retail Sales rose 1.5% on a year-over-year basis versus a gain of 1.9% in January. On a month-over-month basis, Retail Sales excluding autos and gas rose 0.3% in February which was ahead of the consensus forecast of +0.1%. Adverse weather likely continued to hinder retail sales during the month. Consumer Credit rose by $13.7 billion in January versus a gain of $18.8 billion in December. Revolving credit declined by $0.2 billion in January, and December's gain in revolving credit was revised down to $3.1 billion from $5.0 billion. The non-revolving component (primarily auto and student loans) continues to fuel overall credit expansion and rose by $13.9 billion in January.

Broad Measures



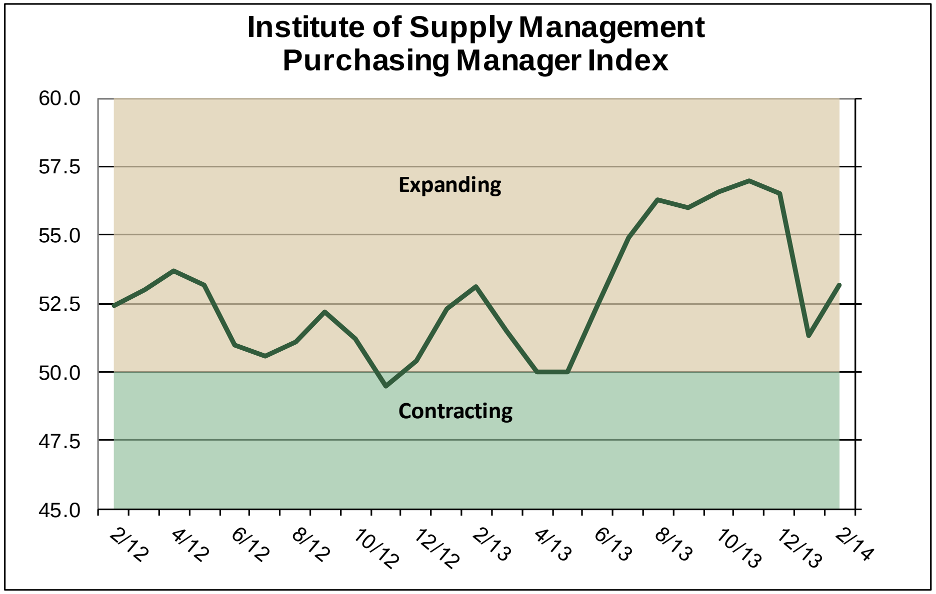
Source: US Department of Commerce



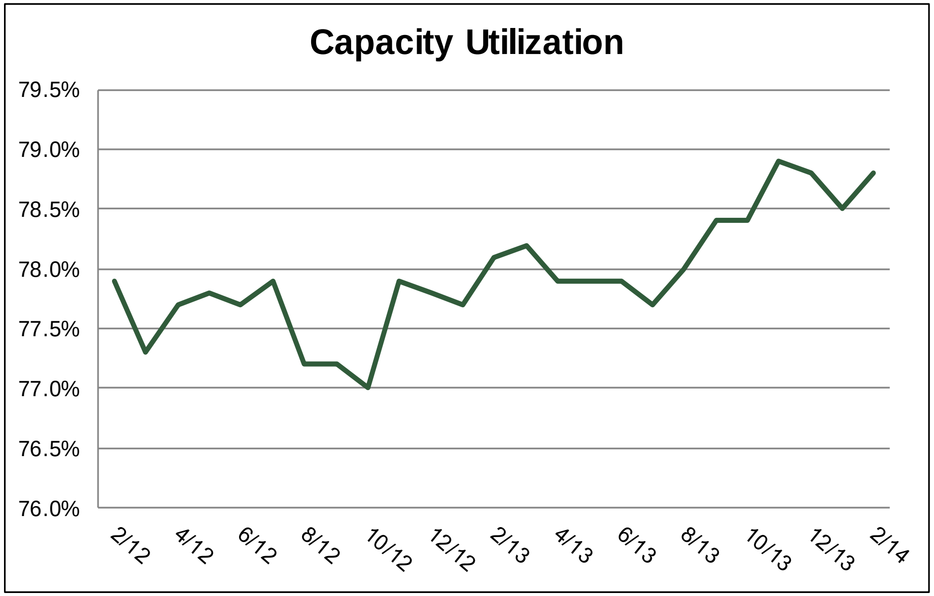
Source: The Conference Board

Single-family housing starts rose 0.3% in February after falling 13.2% in January. Unfavorable weather has likely affected housing trends in the past few months. The index of Leading Economic Indicators (LEI) rose 0.3% in January following a 0.1% gain in December. Overall, the LEI index continues to point to slow economic growth.

Manufacturing



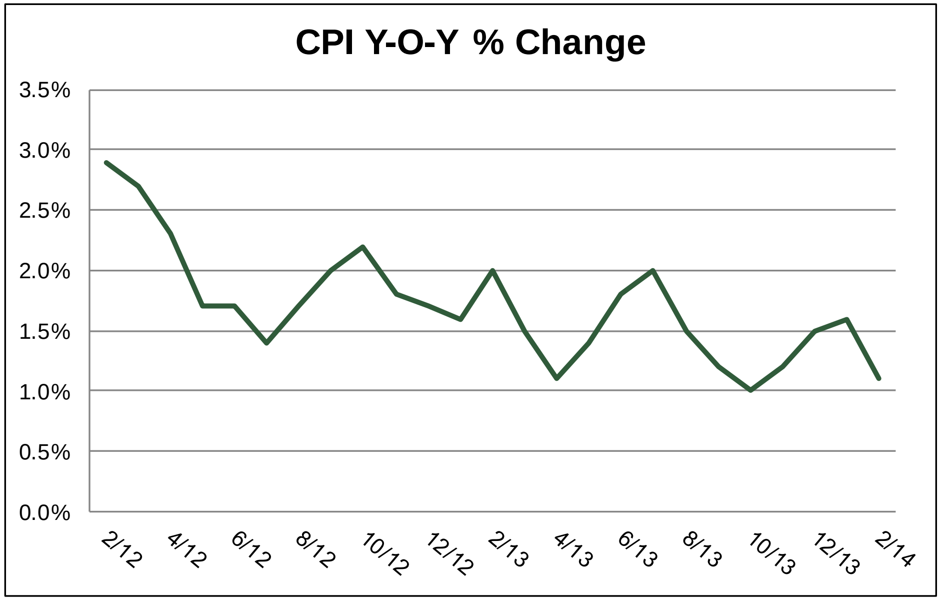
Source: Institute for Supply Management

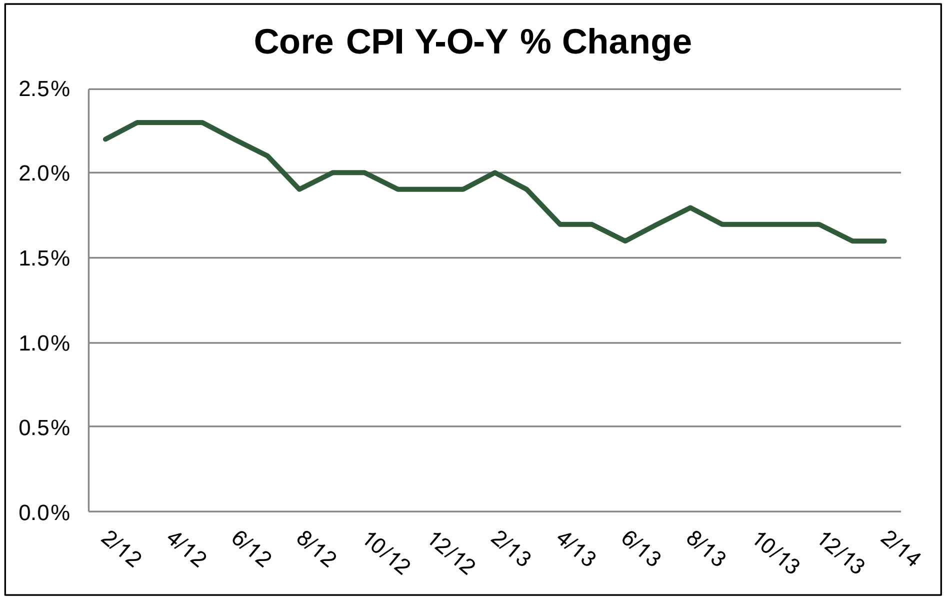


Source: Federal Reserve

During February, the ISM Manufacturing Index increased to 53.2 from 51.3 in January, signaling a pick-up in the manufacturing sector. January's reading was likely impacted by severe winter weather. A reading above 50.0 is viewed as expansionary in the manufacturing sector, while a reading below 50.0 suggests contraction in the manufacturing sector. Capacity Utilization, which is production divided by capacity, rose in February to 78.8% from 78.5% in January. The Capacity Utilization rate remains below the long-run average of 80.2% (1972-2012).

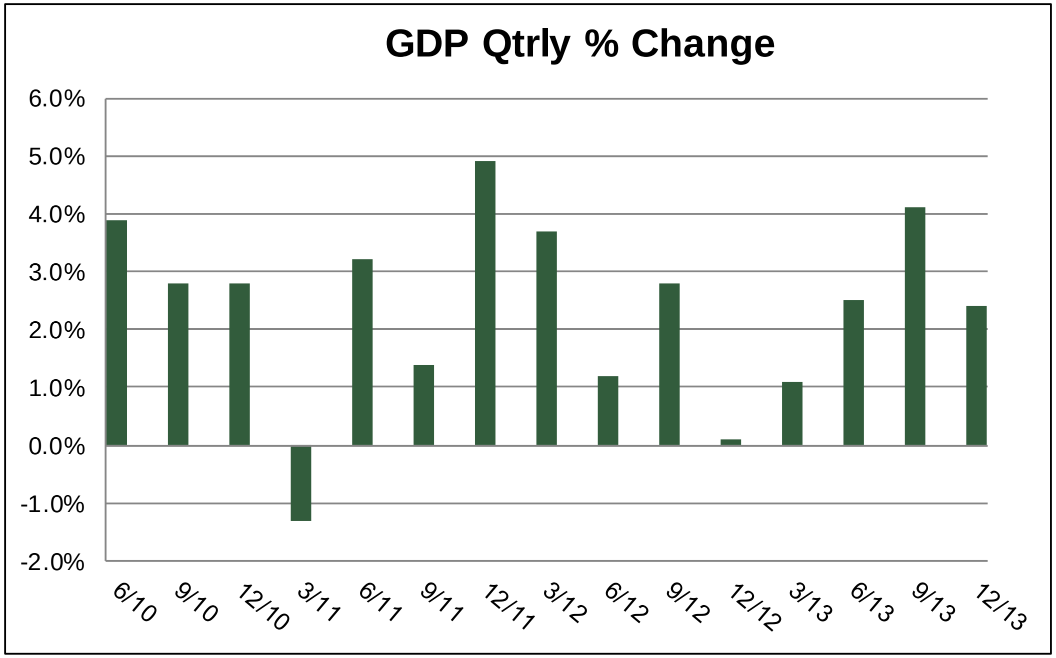
Inflation





Source: US Department of Labor

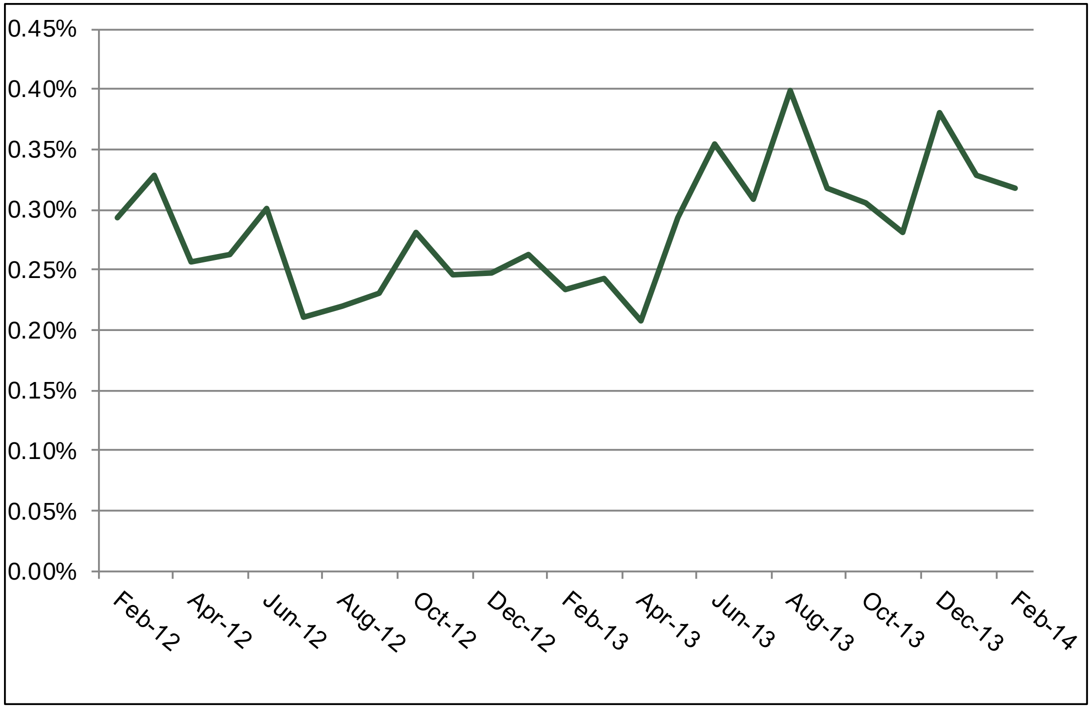
In February, overall CPI inflation fell to 1.1% on a year-over-year basis from 1.6% in January. The year-over-year Core CPI (CPI less food and energy) was unchanged at 1.6% in February. The core inflation rate is still trending below the Fed's long-term goal of 2.0% and remains below the trigger rate for policy action of 2.5%.



Source: U.S. Department of Commerce

The economy grew more slowly than previously estimated during the fourth quarter. Real annualized GDP growth for the fourth quarter of 2013 was 2.4%, down from the advance estimate of 3.2%. This follows third quarter GDP growth of 4.1%. The consensus expected growth would be revised down to 2.5% in the fourth quarter. There were downward revisions to personal consumption, inventory investment, net exports, and government purchases.

Yield on the Two-Year Note
February 2012 through February 2014

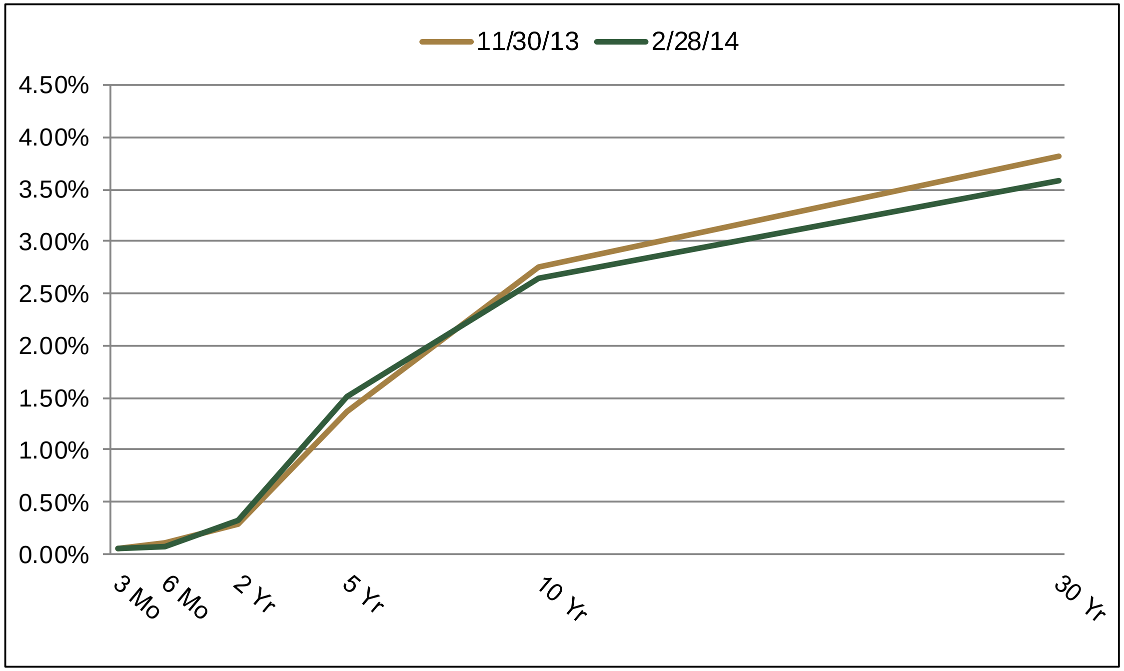


Source: Bloomberg

The yield on the two-year Treasury note decreased in February, driven by weaker domestic economic data coupled with fears about emerging markets and currencies which has been fueling a flight to quality.

Yield Curves

November 30, 2013 and February 28, 2014



Source: Bloomberg

During the past three months, the yield curve has flattened even as the Fed has been tapering its purchases of long-term Treasury bonds. Market participants have reacted to weaker domestic economic data (unfavorable winter weather may be at least partially to blame), as well as fears about emerging market currencies which has fueled a flight to quality.

SECTION 2

ACCOUNT PROFILE

Objectives

Investment Objectives

The investment objectives of the Small Cities Organized Risk Effort are first, to provide safety of principal to ensure the preservation of capital; second, to provide sufficient liquidity to meet all disbursement requirements; and third, to earn a commensurate rate of return consistent with the constraints imposed by the safety and liquidity objectives.

Chandler Asset Management Performance Objectives

The performance objective for the portfolio is to earn a total rate of return over a market cycle that equals or exceeds the market index, the Bank of America Merrill Lynch Index of 1-5 Year Government securities.

Strategy

In order to achieve this objective, the portfolio invests in high-quality money market instruments, US Treasury securities, Agency securities, and high-grade corporate securities with a maximum maturity of five years.

Small Cities Organized Risk Effort

Joint Powers Authority

February 28, 2014

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

Portfolio Characteristics

Small Cities Organized Risk Effort

	02/28/2014		11/30/2013
	Benchmark*	**Portfolio**	**Portfolio**
Average Maturity (yrs)	2.66	2.55	2.56
Modified Duration	2.57	2.37	2.41
Average Purchase Yield	n/a	1.33 %	1.30 %
Average Market Yield	0.64 %	0.71 %	0.62 %
Average Quality**	AAA	AA+/Aaa	AA+/Aaa
Total Market Value		10,741,466	10,727,922

* 1-5 yr Govt

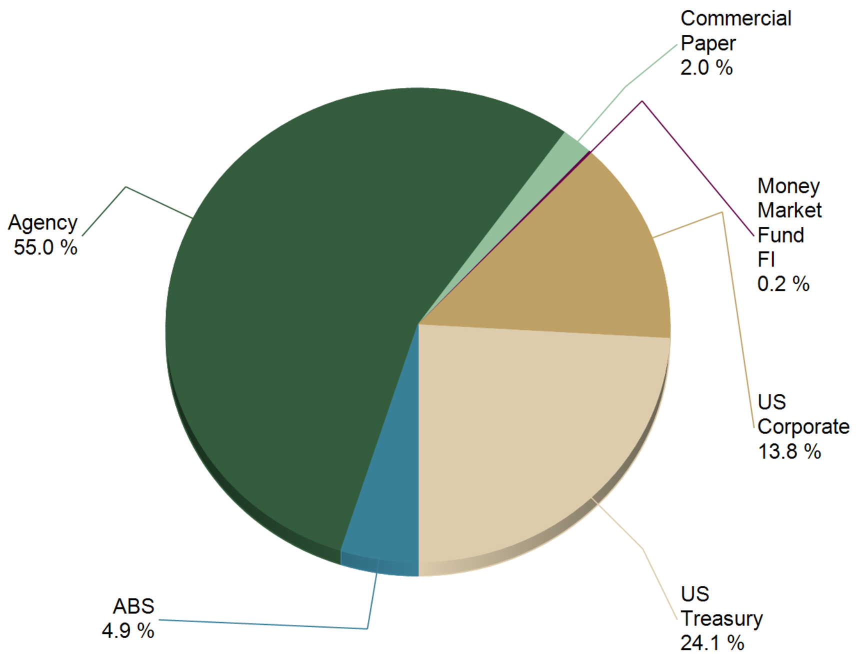
** Benchmark is a blended rating of S&P, Moody's, and Fitch. Portfolio is S&P and Moody's respectively.

During the last three months, our portfolio re-balancing and re-investment activity invested $871,642 in order to maintain the desired portfolio strategy and structure. Recent purchases included a diversified mix of Treasury, Agency and Commercial Paper securities with maturities ranging from June 2014 through January 2019.

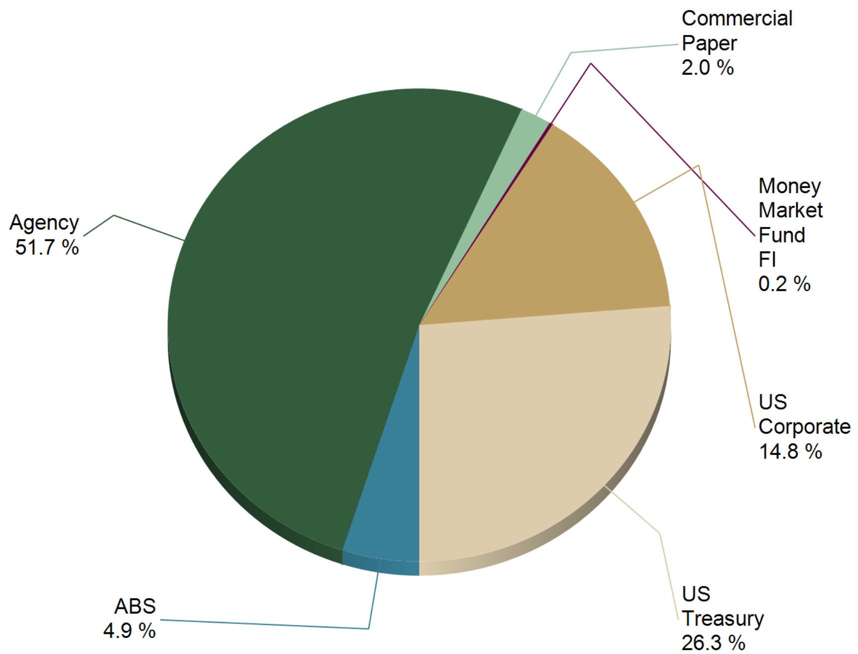
Sector Distribution

Small Cities Organized Risk Effort

February 28, 2014



November 30, 2013

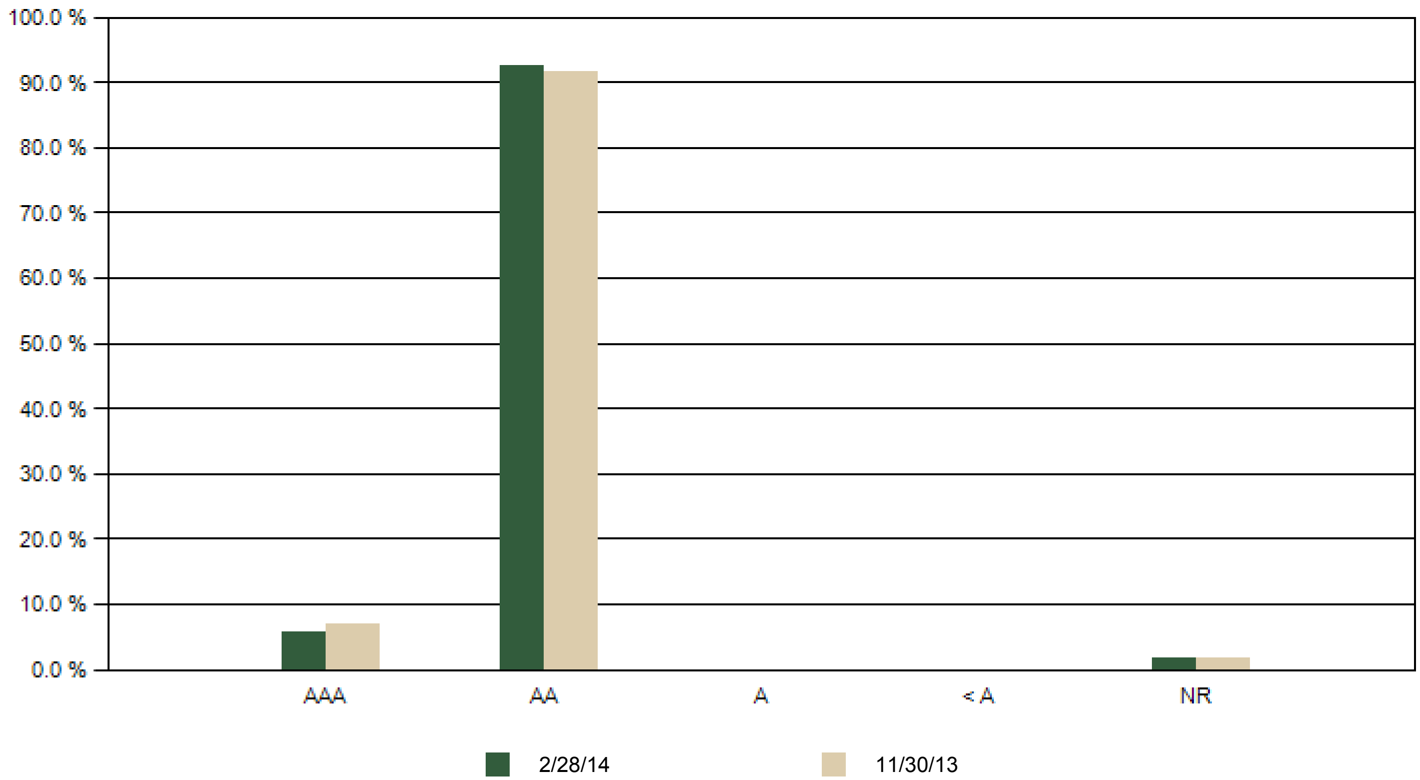


The portfolio sector allocation changed modestly as the holdings in the Agency sector increased by 3.3%, and the holdings in the Treasury and Corporate sectors decreased by 2.2% and 1.0, respectively.

Quality Distribution

Small Cities Organized Risk Effort

February 28, 2014 vs. November 30, 2013



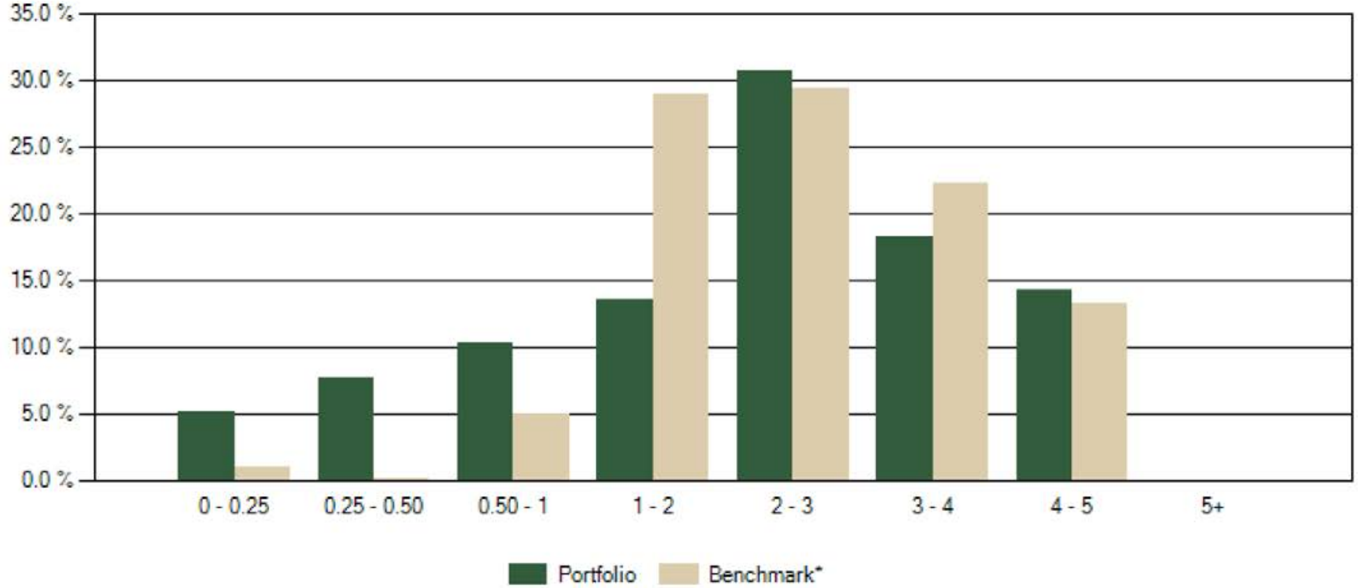
	AAA	AA	A	<A	NR
2/28/14	5.8 %	92.6 %	0.0 %	0.0 %	1.6 %
11/30/13	6.8 %	91.6 %	0.0 %	0.0 %	1.6 %

Source: S&P Ratings

Duration Distribution

Small Cities Organized Risk Effort

Portfolio Compared to the Benchmark as of February 28, 2014



	0 - 0.25	0.25 - 0.50	0.50 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5+
Portfolio	5.1 %	7.7 %	10.3 %	13.6 %	30.7 %	18.3 %	14.3 %	0.0 %
Benchmark*	1.0 %	0.1 %	4.9 %	29.0 %	29.4 %	22.2 %	13.3 %	0.0 %

* 1-5 yr Govt

The duration of the portfolio was close to that of the benchmark's duration during the recent quarter. The market continues to expect the Federal Reserve to taper the amount of its bond purchases throughout 2014, likely increasing interest rate volatility during the year. Offsetting the expected increase in volatility is the unchanged forecast for the federal funds rate (currently 0-0.25%). We anticipate that the portfolio duration will remain close to the Authority's 1-5 Year Government benchmark in the coming quarters.

Investment Performance

			Annualized				
	3 months	12 months	2 years	3 years	5 years	10 years	Since Inception
Small Cities Organized Risk Effort	0.16 %	0.45 %	0.84 %	1.63 %	2.32 %	N/A	3.92 %
1-5 yr Govt	0.10 %	0.30 %	0.66 %	1.49 %	1.92 %	N/A	3.63 %

Total rate of return: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.

SECTION 3

PORTFOLIO HOLDINGS

Issuers

Small Cities Organized Risk Effort
Account #590

Issuer Report
As of 2/28/2014

Issue Name	Investment Type	% Portfolio
Government of United States	US Treasury	24.08 %
Federal National Mortgage Association	Agency	18.33 %
Federal Home Loan Mortgage Corp	Agency	14.15 %
Federal Home Loan Bank	Agency	13.67 %
Federal Farm Credit Bank	Agency	8.82 %
Procter & Gamble Company	US Corporate	2.54 %
Microsoft	US Corporate	2.27 %
Bank of Tokyo-Mit UFJ	Commercial Paper	2.00 %
Berkshire Hathaway	US Corporate	1.96 %
Wal-Mart Stores	US Corporate	1.80 %
General Electric Co	US Corporate	1.72 %
John Deere Security Trust	ABS	1.59 %
JP Morgan Chase & Co	ABS	1.49 %
ChevronTexaco Corp	US Corporate	1.30 %
Apple Inc	US Corporate	1.23 %
Google Inc	US Corporate	1.02 %
Honda Motor Corporation	ABS	0.93 %
Toyota Auto Receivables	ABS	0.93 %
First American Govt Oblig Fund	Money Market Fund FI	0.18 %
Total		**100.00 %**

Holdings Report

As of 2/28/14

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody S&P	Maturity Duration
ABS									
89231NAC7	Toyota Auto Receivable 2012-B A3 0.46% Due 7/15/2016	100,000.00	09/18/2012 0.46 %	99,990.49 99,995.06	100.06 0.38 %	100,056.80 20.44	0.93 % 61.74	Aaa AAA	2.38 0.73
47787RAC4	John Deere Owner Trust 2012-B A3 0.53% Due 7/15/2016	125,000.00	09/27/2013 0.61 %	124,863.28 124,883.45	100.06 0.45 %	125,069.13 29.44	1.16 % 185.68	Aaa NR	2.38 0.69
43813CAC4	Honda Auto Receivables 2012-4 A3 0.52% Due 8/18/2016	100,000.00	10/11/2012 0.52 %	99,990.32 99,994.72	100.15 0.35 %	100,152.80 18.78	0.93 % 158.08	Aaa AAA	2.47 0.88
161571FL3	Chase CHAIT Pool #2012-A5 0.59% Due 8/15/2017	160,000.00	03/05/2013 0.55 %	160,231.25 160,180.18	100.19 0.46 %	160,307.20 41.96	1.49 % 127.02	NR AAA	3.46 1.43
477879AC4	John Deere Owner Trust 2013-B A3 0.87% Due 8/15/2017	45,000.00	08/27/2013 0.88 %	44,993.87 44,994.63	100.43 0.61 %	45,195.21 17.40	0.42 % 200.58	Aaa NR	3.46 1.63
Total ABS		**530,000.00**	**0.57 %**	**530,069.21 530,048.04**	**0.43 %**	**530,781.14 128.02**	**4.94 % 733.10**	**Aaa AAA**	**2.82 1.04**
AGENCY									
3137EACB3	FHLMC Note 2.5% Due 4/23/2014	150,000.00	07/16/2010 1.48 %	155,568.75 150,214.81	100.34 0.30 %	150,504.00 1,333.33	1.41 % 289.19	Aaa AA+	0.15 0.15
31331JQA4	FFCB Note 1.9% Due 6/2/2014	260,000.00	06/08/2010 1.96 %	259,368.20 259,959.45	100.44 0.19 %	261,156.48 1,221.28	2.44 % 1,197.03	Aaa AA+	0.26 0.26
3133X7FK5	FHLB Note 5.25% Due 6/18/2014	100,000.00	01/08/2010 2.57 %	111,171.90 100,752.15	101.50 0.33 %	101,501.30 1,064.58	0.95 % 749.15	Aaa AA+	0.30 0.31
31331GL80	FFCB Note 3% Due 9/22/2014	85,000.00	Various 2.48 %	86,971.87 85,231.55	101.59 0.19 %	86,353.46 1,126.24	0.81 % 1,121.91	Aaa AA+	0.56 0.56
31331KHW3	FFCB Note 1.625% Due 11/19/2014	160,000.00	06/25/2012 0.43 %	164,560.00 161,369.04	101.06 0.16 %	161,703.36 736.67	1.51 % 334.32	Aaa AA+	0.72 0.72
3137EACH0	FHLMC Note 2.875% Due 2/9/2015	225,000.00	Various 2.29 %	230,544.75 226,180.61	102.52 0.21 %	230,665.50 395.31	2.15 % 4,484.89	Aaa AA+	0.95 0.94
3133EANJ3	FFCB Note 0.5% Due 5/1/2015	150,000.00	05/03/2012 0.53 %	149,853.00 149,942.65	100.33 0.22 %	150,497.55 250.00	1.40 % 554.90	Aaa AA+	1.17 1.17
3133XWNB1	FHLB Note 2.875% Due 6/12/2015	265,000.00	06/06/2011 1.44 %	279,807.14 269,726.97	103.35 0.27 %	273,874.85 1,671.89	2.57 % 4,147.88	Aaa AA+	1.28 1.27
31398AU34	FNMA Note 2.375% Due 7/28/2015	100,000.00	08/27/2010 1.73 %	103,014.00 100,864.02	102.94 0.29 %	102,944.90 217.71	0.96 % 2,080.88	Aaa AA+	1.41 1.40
3135G0SB0	FNMA Note 0.375% Due 12/21/2015	120,000.00	11/26/2012 0.45 %	119,720.40 119,834.79	100.11 0.32 %	120,127.44 87.50	1.12 % 292.65	Aaa AA+	1.81 1.81
31331J6C2	FFCB Note 2.35% Due 12/22/2015	120,000.00	03/28/2011 2.27 %	120,434.40 120,166.07	103.60 0.36 %	124,325.52 540.50	1.16 % 4,159.45	Aaa AA+	1.81 1.78
3135G0BA0	FNMA Note 2.375% Due 4/11/2016	275,000.00	06/07/2011 1.78 %	282,544.63 278,292.51	104.13 0.42 %	286,355.03 2,539.93	2.69 % 8,062.52	Aaa AA+	2.12 2.06
3137EACT4	FHLMC Note 2.5% Due 5/27/2016	310,000.00	Various 1.73 %	321,083.36 315,081.06	104.69 0.40 %	324,551.71 2,023.61	3.04 % 9,470.65	Aaa AA+	2.24 2.18

Holdings Report

As of 2/28/14

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody S&P	Maturity Duration
AGENCY									
313373SZ6	FHLB Note 2.125% Due 6/10/2016	200,000.00	09/14/2011 1.10 %	209,390.00 204,515.88	103.66 0.51 %	207,313.80 956.25	1.94 % 2,797.92	Aaa AA+	2.28 2.23
3137EACW7	FHLMC Note 2% Due 8/25/2016	300,000.00	01/19/2012 1.09 %	312,151.20 306,571.35	103.57 0.55 %	310,724.40 100.00	2.89 % 4,153.05	Aaa AA+	2.49 2.44
3135G0CM3	FNMA Note 1.25% Due 9/28/2016	210,000.00	09/29/2011 1.30 %	209,497.89 209,740.83	101.57 0.63 %	213,307.29 1,115.63	2.00 % 3,566.46	Aaa AA+	2.58 2.53
3135G0ES8	FNMA Note 1.375% Due 11/15/2016	65,000.00	12/21/2011 1.21 %	65,514.15 65,284.36	101.99 0.63 %	66,292.46 263.16	0.62 % 1,008.10	Aaa AA+	2.72 2.66
313371PV2	FHLB Note 1.625% Due 12/9/2016	250,000.00	10/17/2013 0.78 %	256,575.00 255,807.53	102.66 0.66 %	256,661.00 925.35	2.40 % 853.47	Aaa AA+	2.78 2.71
3135G0GY3	FNMA Note 1.25% Due 1/30/2017	175,000.00	03/26/2012 1.25 %	174,983.73 174,990.20	101.58 0.70 %	177,765.53 188.37	1.66 % 2,775.33	Aaa AA+	2.92 2.87
3135G0UY7	FNMA Callable Note 1X 2/27/15 1% Due 2/27/2017	200,000.00	04/23/2013 0.48 %	201,900.00 201,023.29	100.49 0.50 %	200,985.20 22.22	1.87 % (38.09)	Aaa AA+	3.00 0.99
3137EADC0	FHLMC Note 1% Due 3/8/2017	200,000.00	03/19/2012 1.37 %	196,430.40 197,829.51	100.83 0.72 %	201,650.80 961.11	1.89 % 3,821.29	Aaa AA+	3.02 2.97
313379FW4	FHLB Note 1% Due 6/9/2017	200,000.00	06/20/2012 1.02 %	199,758.00 199,840.45	100.16 0.95 %	200,315.20 455.56	1.87 % 474.75	Aaa AA+	3.28 3.21
3133EAY28	FFCB Note 0.83% Due 9/21/2017	160,000.00	09/18/2012 0.83 %	160,000.00 160,000.00	99.34 1.02 %	158,936.64 590.22	1.49 % (1,063.36)	Aaa AA+	3.56 3.49
3135G0RT2	FNMA Note 0.875% Due 12/20/2017	150,000.00	02/11/2013 0.94 %	149,523.00 149,625.83	98.83 1.19 %	148,248.45 258.85	1.38 % (1,377.38)	Aaa AA+	3.81 3.73
3137EADP1	FHLMC Note 0.875% Due 3/7/2018	300,000.00	Various 1.03 %	297,930.75 298,222.25	98.47 1.27 %	295,413.91 1,268.75	2.76 % (2,808.34)	Aaa AA+	4.02 3.92
313378A43	FHLB Note 1.375% Due 3/9/2018	215,000.00	08/06/2013 1.48 %	213,970.15 214,096.81	100.53 1.24 %	216,145.31 1,412.43	2.03 % 2,048.50	Aaa AA+	4.03 3.89
3135G0WJ8	FNMA Note 0.875% Due 5/21/2018	250,000.00	06/17/2013 1.24 %	245,652.50 246,271.50	98.02 1.36 %	245,038.25 607.64	2.29 % (1,233.25)	Aaa AA+	4.23 4.12
313375K48	FHLB Note 2% Due 9/14/2018	200,000.00	02/07/2014 1.50 %	204,446.00 204,395.63	102.05 1.53 %	204,101.20 1,855.56	1.92 % (294.43)	Aaa AA+	4.55 4.30
3135G0YT4	FNMA Note 1.625% Due 11/27/2018	400,000.00	Various 1.60 %	400,556.00 400,526.82	100.21 1.58 %	400,849.20 1,697.22	3.75 % 322.38	Aaa AA+	4.75 4.53
Total Agency		**5,795,000.00**	**1.35 %**	**5,882,921.17** **5,826,357.92**	**0.70 %**	**5,878,309.74** **25,886.87**	**54.97 %** **51,951.82**	**Aaa** **AA+**	**2.57** **2.43**
COMMERCIAL PAPER									
06538CFH9	Bank of Tokyo Mitsubishi NY Discount CP 0.22% Due 6/17/2014	215,000.00	02/12/2014 0.22 %	214,837.08 214,837.08	99.92 0.22 %	214,837.08 21.02	2.00 % 0.00	P-1 A-1	0.30 0.30
Total Commercial Paper		**215,000.00**	**0.22 %**	**214,837.08** **214,837.08**	**0.22 %**	**214,837.08** **21.02**	**2.00 %** **0.00**	**P-1** **A-1**	**0.30** **0.30**

Holdings Report

As of 2/28/14

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody S&P	Maturity Duration
MONEY MARKET FUND FI									
31846V203	First American Govt Obligation Fund	19,205.46	Various 0.00 %	19,205.46 19,205.46	1.00 0.00 %	19,205.46 0.00	0.18 % 0.00	Aaa AAA	0.00 0.00
Total Money Market Fund FI		**19,205.46**	**N/A**	**19,205.46 19,205.46**	**0.00 %**	**19,205.46 0.00**	**0.18 % 0.00**	**Aaa AAA**	**0.00 0.00**
US CORPORATE									
36962G4C5	General Electric Capital Corp Note 5.9% Due 5/13/2014	180,000.00	Various 3.87 %	194,130.60 180,673.77	101.06 0.80 %	181,903.87 3,186.00	1.72 % 1,230.10	A1 AA+	0.20 0.21
931142CQ4	Wal-Mart Stores Note 3.2% Due 5/15/2014	190,000.00	Various 2.08 %	197,746.80 190,416.82	100.58 0.48 %	191,101.43 1,790.22	1.80 % 684.61	Aa2 AA	0.21 0.21
594918AB0	Microsoft Note 2.95% Due 6/1/2014	240,000.00	Various 2.25 %	246,233.20 240,402.10	100.64 0.46 %	241,542.96 1,770.00	2.27 % 1,140.86	Aaa AAA	0.25 0.26
084670AV0	Berkshire Hathaway Note 3.2% Due 2/11/2015	100,000.00	Various 2.77 %	101,780.12 100,386.19	102.69 0.37 %	102,692.79 177.77	0.96 % 2,306.60	Aa2 AA	0.95 0.94
742718DS5	Procter & Gamble Co Note 1.8% Due 11/15/2015	265,000.00	04/13/2011 2.36 %	258,615.14 262,617.14	102.30 0.45 %	271,097.92 1,404.50	2.54 % 8,480.78	Aa3 AA-	1.71 1.68
38259PAC6	Google Inc Note 2.125% Due 5/19/2016	105,000.00	10/13/2011 1.57 %	107,568.30 106,241.98	103.48 0.55 %	108,654.42 632.19	1.02 % 2,412.44	Aa2 AA	2.22 2.17
084664BS9	Berkshire Hathaway Note 1.6% Due 5/15/2017	105,000.00	Various 1.57 %	105,141.90 105,091.00	101.86 1.01 %	106,956.05 494.66	1.00 % 1,865.05	Aa2 AA	3.21 3.12
166764AA8	Chevron Corp. Callable Note Cont 11/5/17 1.104% Due 12/5/2017	140,000.00	Various 1.05 %	140,346.00 140,266.53	99.74 1.18 %	139,631.80 369.22	1.30 % (634.73)	Aa1 AA	3.77 3.67
037833AJ9	Apple Inc Note 1% Due 5/3/2018	135,000.00	Various 1.09 %	134,384.60 134,483.95	97.63 1.59 %	131,795.91 442.50	1.23 % (2,688.04)	Aa1 AA+	4.18 4.06
Total US Corporate		**1,460,000.00**	**2.16 %**	**1,485,946.66 1,460,579.48**	**0.71 %**	**1,475,377.15 10,267.06**	**13.83 % 14,797.67**	**Aa2 AA+**	**1.60 1.56**
US TREASURY									
912828NP1	US Treasury Note 1.75% Due 7/31/2015	75,000.00	04/05/2011 1.96 %	74,355.72 74,788.78	102.20 0.20 %	76,652.33 105.15	0.71 % 1,863.55	Aaa AA+	1.42 1.41
912828PJ3	US Treasury Note 1.375% Due 11/30/2015	125,000.00	05/31/2011 1.46 %	124,512.14 124,810.26	101.92 0.28 %	127,397.50 429.69	1.19 % 2,587.24	Aaa AA+	1.75 1.73
912828QX1	US Treasury Note 1.5% Due 7/31/2016	370,000.00	Various 1.25 %	374,487.57 372,172.82	102.46 0.48 %	379,105.33 444.61	3.53 % 6,932.51	Aaa AA+	2.42 2.38
912828RF9	US Treasury Note 1% Due 8/31/2016	250,000.00	09/14/2011 0.86 %	251,690.29 250,852.61	101.23 0.51 %	253,066.50 6.79	2.36 % 2,213.89	Aaa AA+	2.51 2.47
912828RJ1	US Treasury Note 1% Due 9/30/2016	150,000.00	10/13/2011 1.05 %	149,619.64 149,801.95	101.17 0.54 %	151,757.85 626.37	1.42 % 1,955.90	Aaa AA+	2.59 2.54

Holdings Report

As of 2/28/14

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody S&P	Maturity Duration
US TREASURY									
912828RU6	US Treasury Note 0.875% Due 11/30/2016	350,000.00	01/19/2012 0.83 %	350,766.80 350,433.92	100.74 0.60 %	352,597.70 765.63	3.29 % 2,163.78	Aaa AA+	2.76 2.71
912828TM2	US Treasury Note 0.625% Due 8/31/2017	400,000.00	Various 0.69 %	398,827.51 399,137.33	98.91 0.94 %	395,656.40 6.80	3.68 % (3,480.93)	Aaa AA+	3.51 3.45
912828UA6	US Treasury Note 0.625% Due 11/30/2017	300,000.00	12/27/2012 0.70 %	298,864.29 299,134.64	98.44 1.05 %	295,312.50 468.75	2.75 % (3,822.14)	Aaa AA+	3.76 3.69
912828VQ0	US Treasury Note 1.375% Due 7/31/2018	50,000.00	07/30/2013 1.37 %	50,021.65 50,019.12	100.26 1.31 %	50,128.90 55.08	0.47 % 109.78	Aaa AA+	4.42 4.27
912828RE2	US Treasury Note 1.5% Due 8/31/2018	250,000.00	09/13/2013 1.69 %	247,725.45 247,934.06	100.66 1.35 %	251,660.25 10.19	2.34 % 3,726.19	Aaa AA+	4.51 4.34
912828B33	US Treasury Note 1.5% Due 1/31/2019	250,000.00	02/27/2014 1.47 %	250,381.70 250,381.49	100.04 1.49 %	250,097.75 300.41	2.33 % (283.74)	Aaa AA+	4.93 4.72
Total US Treasury		**2,570,000.00**	**1.09 %**	**2,571,252.76** **2,569,466.98**	**0.82 %**	**2,583,433.01** **3,219.47**	**24.08 %** **13,966.03**	**Aaa** **AA+**	**3.23** **3.15**
TOTAL PORTFOLIO		**10,589,205.46**	**1.33 %**	**10,704,232.34** **10,620,494.96**	**0.71 %**	**10,701,943.58** **39,522.44**	**100.00 %** **81,448.62**	**Aaa** **AA+**	**2.55** **2.37**
TOTAL MARKET VALUE PLUS ACCRUED						**10,741,466.02**			

Agenda Item H.3

APPROVAL OF INTERNAL CONTROLS AND GUIDELINES FOR INVESTMENTS

ACTION ITEM

ISSUE: The Board of Directors should review, discuss and approve the Investment Policy Amendments recommended by the investment manager and reviewed by Kevin Wong at Gilbert Associates. Several recommendations have been made, including:

1) recommended changes to align SCORE's Policy with the CA Gov't Code and industry best practices,

2) a possible change to the minimum credit quality requirement for medium–term corporate notes from AA- to A or higher, allowing for a greater investment universe that is still safe and liquid, and

3) Increasing the Maximum Maturity rate from 3 years to 5 years.

RECOMMENDATION: The Program Administrators have reviewed the recommended changes and recommend their adoption. (Mr. Ted Piorkowski from Chandler Asset Management will be in attendance to answer any questions regarding these recommended amendments to the policy).

FISCAL IMPACT: Unknown

BACKGROUND: Every year, staff requests an investment policy review from the Investment Manager as well as the JPA Financial Accounting Services provider in order to determine if any changes should be made to the Investment Policy. This year, Mr. Piorkowski suggested that the investment policy be amended to allow for a larger instrument variety in SCORE's investment portfolio.

ATTACHMENTS: 2014-15 Annotated Investment Policy with proposed changes

SMALL CITIES ORGANIZED RISK EFFORT
JOINT POWERS AUTHORITY (SCORE)

Reviewed March 2014

INVESTMENT POLICY

ADOPTED 3-2~~3~~8-1~~2~~4

I. POLICY STATEMENT

The Policy of the Small Cities Organized Risk Effort Joint Powers Authority (the "Authority") shall be to invest all funds under the Authority's control in a manner that complies with all laws of the State of California; all applicable Government Code Sections including but not limited to Government Code Section 53601, and the policies of the Authority.

II. SCOPE OF POLICY

This policy sets forth guidance for all funds and investment activities under the direction and control of the Authority.

III. AUTHORITY

The Board of Directors hereby delegates its authority to invest funds of the Authority for a one-year period to the Treasurer who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires. Subject to review, the Board of Directors may renew the delegation of authority each year. The authorized officer may delegate the day-to-day placement of investments to an investment advisor, via written agreement with the Authority. The investment advisor shall make all investment decisions and transactions in strict accordance with state law and this investment policy. The authorized officer shall establish a system of written internal controls to regulate the Authority's investment activities, including the activities of any subordinate officials acting on behalf of the Authority.

The delegated investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

IV. OBJECTIVES

A. Safety: The primary objective of this policy is to protect, preserve, and maintain cash and investments of the Authority. Preservation of capital is the primary objective of the Authority. Every investment transaction shall strive to avoid capital losses arising from securities default and/or broker/dealer default.

B. Liquidity: An adequate percentage of the portfolio will be maintained in liquid short-term securities which can be converted to cash as necessary to meet disbursement requirements. The liquidity requirements will be determined from time to time from projected cash flow reports. Investments will be made in securities with active secondary or resale markets. Securities with low market risk will be emphasized.

C. Yield: Within the constraints of safety and liquidity, the highest and best yield will be sought. The maximization of return will not transcend the objective of capital preservation.

D. Market-Average Rate of Return: The Authority's portfolio shall be structured to achieve a market-average rate of return through various economic cycles. The benchmark for "market-average rate" shall be the rate of return of a market-based index which has the same type of sector and maturity requirements as the Authority's portfolio. This benchmark shall be determined by the Board.

E. Diversification: The portfolio will be diversified to avoid incurring unreasonable and avoidable risk regarding specific security types or individual financial institutions.

F. Prudence: Those persons authorized to make investment decisions on behalf of the Authority will be considered trustees and subject to the prudent investor standard that states, "when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency." (California Government Code 53600.3)

G. Public Trust: All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust. In a diversified portfolio, it must be recognized that occasional measured losses are inevitable and must be considered within the context of the overall investment return.

V. REPORTING

The Authority's Treasurer shall submit a quarterly investment report to the Board of Directors that is in compliance with the Government Code.

The reports shall include the following information for each individual investment:

- Type of investment instrument (i.e., Treasury Bill, medium-term note)
- Issuer name (i.e., General Electric Credit Corp.)
- Yield to maturity at cost
- Purchase date (trade and settlement date)
- Maturity date
- Purchase price
- Par value
- Coupon rate
- Credit rating of each security
- Amortized cost
- Current market value for securities with maturity greater than 12 months
- Overall portfolio yield based on cost
- List of investment transactions

VI. INVESTMENT INSTRUMENTS AND MATURITIES

A. **Included Investments:**

Type	Minimum Credit Rating	Maximum Maturity**	Maximum Portfolio Percentage *	Maximum Individual Holding*
1. U.S. Treasury	~~AAA~~	5 years	100%	100%
2. Government Agency	~~AAA~~	5 years	100%	100%
3. ~~California~~ State and Municipal~~s~~ Obligations ***	A~~AA~~	5 years	20%	~~20%~~5%
4. Negotiable Certificates of Deposit	A-1 ~~or P-1 or F-1~~ or AA	5~~3~~ years	30%	~~$1,000,000~~5%
5. Bankers Acceptances	A-1~~, P-1 or F-1~~	180 days	30%	~~$1,000,000~~5%
6. Commercial Paper	A-1~~, P-1 or F-1~~	270 days	25%	~~$1,000,000~~5%
7. Local Agency Investment Fund (LAIF)	N/A	N/A	~~100%~~N/A	~~100%~~$50mm
8. Repurchase Agreements	~~A-1,P-1 or F-~~	1 year	25%	~~$1,000,000~~
9. Medium Term Notes	~~A~~A-	5 year	30%	~~$1,000,000~~5%
10. Money Market Fund~~Accounts~~	AAA	N/A	15%	~~$1,000,000~~ 5%
11. Mortgage & Asset Backed Securities	AAA	5 years	20%	~~$1,000,000~~5%

* Excluding U.S. Government, agency securities, and LAIF no more than 5% of the portfolio may be invested in any one institution. The maximum percentages/amounts are determined at time of purchase. Amount refers to par value.
**Maximum term unless expressly authorized by the Board of Directors and within the prescribed time frame for the approval (Government Code 53601)
***No investments are allowed in financial instruments of SCORE cities.

B. **~~Excluded~~ Prohibited Investments:** The following investments or investment practices are not permitted under this Statement of Investment Policy:

1. Purchase or sale of securities on margin
2. Reverse Repurchase Agreements
3. Financial Futures and financial options

Any security type or structure not ~~specifically approved~~specifically approved by this policy is hereby specifically prohibited.

C. The following sections define in detail the parameters of each approved investment type.

1. U.S. Treasury and other government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest.

There are no limits on the dollar amount or percentage that the Authority may invest in U.S. Treasuries.

2. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored

Comment [TP1]: Table reflects IP language and recommended changes in IP to align with Calif. Govt. Code (CGC), along with best practices (such as 5% per issuer)

Comment [TP2]: Note worthy change from "AA- to "A-" for MTNs; consistent with CGC

Comment [TP3]: Ratings are consistent with the IP language

Comment [PB4]: Language consistency

enterprises.

There are no limits on the dollar amount or percentage that the Authority may invest in U.S. Agency obligations.

3. Obligations issued by the State of California, ~~or~~ any local agency within the state, or authority of any of the other 49 states which are rated "AA~~A~~" by ~~Moody's Investors Service, Inc. (Moody's), Standard & Poor's Corporation (Standard & Poor's) or Fitch Financial Services (Fitch)~~at least one Nationally Recognized Statistical Rating Organization (NRSRO). Purchases of ~~California~~ Municipal~~s~~ securities may not exceed 5 years in maturity or 20% of the Authority's portfolio.

Comment [PB5]: Language consistent with state code and best practices

4. Negotiable certificates of deposit or deposit notes with a remaining term to maturity of ~~three~~ five years or less, issued by a nationally or state-charted bank or a state or federal savings and loan association or by a state-licensed branch of a foreign bank provided that the senior debt obligations of the issuing institution are rated "A~~A~~" or better by ~~Moody's or Standard & Poor's or Fitch~~at least one NRSRO. ~~Maximum maturity is restricted to three years from date of purchase.~~

Purchases o~~r~~f negotiable certificates of deposit may not exceed ~~three years in maturity or~~ 30 ~~percent~~% of the Authority's investment portfolio. No more than 5% ~~percent~~ may be invested in any one issuer.

Comment [PB6]: Language consistent with state code and best practices, changes maturity to 5 years from 3 years

5. Banker's Acceptances issued by domestic or foreign banks, which are eligible for purchase by the Federal Reserve System, the short-term paper of which is rated in the highest category by ~~Moody's (P-1), Standard & Poor's (A-1) or Fitch Financial Services (F-1).~~at least one NRSRO.

Comment [PB7]: Language consistent with state code and best practices

Purchases of Banker's Acceptances may not exceed 180 days maturity or 30 ~~percent~~% of the Authority's investment portfolio. No more than 5% ~~percent~~ of the Authority's investment portfolio may be invested in the Banker's Acceptances of any one commercial bank.

6. Commercial Paper rated in the highest short-term rating category, as provided by ~~Moody's Investors Services, Inc. (P-1), Standard & Poor's (A-1), or Fitch Financial Services (F-1)~~at least one NRSRO. The issuing corporation must be organized and operating within the United States, having total assets in excess of $500 million, and having an "A" or higher rating for its long-term debt, if any, as provided by ~~Moody's, Standard & Poor's, or Fitch.~~at least one NRSRO.

Comment [PB8]: Language consistent with state code and best practices

Purchases of eligible commercial paper may not exceed 270 days maturity and may not exceed 25 ~~percent~~% of the Authority's investment portfolio. No more than 5 ~~percent~~% may be invested in any one issuer. Purchases shall not exceed 10% of the outstanding paper of the issuing corporation.

7. Repurchase Agreements are subject to the following collateral restrictions: Only U.S. Treasury securities or Federal Agency securities, as described in VI. C. 1 and 2 will be acceptable collateral. All securities underlying repurchase agreements must be delivered to the Authority's custodian bank versus payment or be handled under a tri-party repurchase agreement. The Authority or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to repurchase agreement. The market value of securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities, and the value shall be reviewed on a regular basis and adjusted no less than weekly. Market value of underlying collateral must be reviewed regularly or each time there is a substitution of collateral.

The Authority may enter into repurchase agreements only with primary dealers in U.S. Government securities who are eligible to transact business with, and who report to, the Federal Reserve Bank of New York. The Authority will have specific written agreements with each firm with which it enters into repurchase agreements. Reverse repurchase agreements are not allowed.

Purchases or repurchase agreements may not exceed one year in maturity and no more than 5 ~~percent~~% may be invested in any one issuer.

8. Medium-term corporate notes defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued only by corporations operating within the United States or by depository institutions licensed by the U.S. or any state and operating within the U.S. shall be permitted. Medium-term corporate notes shall be rated in a rating category of "~~A~~A-" or its equivalent or better by at least one ~~nationally recognized rating service~~NRSROs.

Purchases or medium term corporate notes may not exceed five years in maturity or 30% ~~percent~~ of the Authority's investment portfolio. No more than 5% ~~percent~~ may be invested in any one issuer.

9. Local Agency Investment Fund *(L.A.I.F.)* - There are no limits on the dollar amount or percentage that the Authority may invest in LAIF, subject to $50 million deposit limit imposed by LAIF.

Credit criteria listed in this section refers to the credit of the issuing organization at the time the security is purchased.

10. Money market Mutual ~~funds,~~ provided that:

Such funds are registered with the Securities and Exchange Commission and receive the highest ranking by not less than two ~~nationally recognized statistical rating organizations~~NRSROs ~~(Moody's, Standard and Poors, Fitch)~~; and have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by California Government code Section 53601 (a through j) and with assets under management in excess of $500 million; and have no more than ~~15~~20 ~~percent~~% of the investment portfolio may be held in Money Market Mutual Funds., and no more than 10% per Fund.~~.~~

11. Mortgage Pass-Through Securities and Asset-Backed Securities, provided that:
Such securities shall have a maximum stated final maturity of five years; and shall be rate AAA ~~by S&P or Aaa by Moody's~~at least one NRSRO; and purchase of securities authorized by this subdivision may not exceed 20 ~~percent~~% of the portfolio.

Comment [TP9]: Suggestion: Lower the minimum rating to 'A' or higher. This will provide greater diversification opportunity for the portfolio and will bring the IPS in line with CGC.

Comment [TP10]: Language consistent with CGC

Comment [TP11]: Formatting changes

VII. INTERNAL CONTROLS

The system of internal control shall be established and maintained in written form, in a separate document.. The controls are designed to prevent losses of public funds arising from fraud, error, misrepresentations of third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the Authority. The most important controls are: control of collusion; separation of duties; separation of transaction authority from accounting and bookkeeping; custodial safekeeping; delegation of authority; limitations regarding securities losses and remedial action; written confirmation of telephone transactions; minimizing the number of authorized investment officials; documentation of transactions and strategies; and annual review of controls by the Treasurer.

VIII. TRANSFER OF FUNDS

The Treasurer shall have authority to transfer to and from the investment accounts in the ordinary course of operations and shall notify the President prior to any transfer of funds in excess of $1,000,000.

IX. BANKS AND SECURITIES DEALERS

In selecting financial institutions for the deposit or investment of Authority funds, the Treasurer shall consider the credit worthiness of institutions. To be eligible to receive local agency deposits, the financial institution must have received a minimum overall satisfactory rating for meeting the credit needs of California Communities in its most recent evaluation. The Treasurer shall continue to monitor their credit characteristics and financial history throughout the period in which Authority funds are deposited or invested. A commercial rating or bank watch may be used to accomplish this objective.

X. INVESTMENT RISKS

Mitigating Credit Risk in the Portfolio

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Authority shall mitigate credit risk by adopting the following strategies:

1. The diversification requirements included in Section VI are designed to mitigate credit risk in the portfolio;

2. No more than 5% of the total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and instrumentalities;

3. The Authority may elect to sell a security prior to its maturity and record a capital gain or loss in order to improve the quality, liquidity or yield of the portfolio in response to market conditions or the Authority's risk preferences; and

4. If securities owned by the Authority are downgraded by either Moody's or S&P to a level below the quality required by this Investment Policy, it shall be the Authority's policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio.

    a. If a security is downgraded two grades below the level required by the Authority, the security shall be sold immediately

b. If a security is downgraded one grade below the level required by this policy, the Authority's Treasurer will use discretion in determining whether to sell or hold the security based on its current maturity, the loss in value, the economic outlook for the issuer, and other relevant factors.

c. If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored and reported monthly to the Authority's Board.

Mitigating Market Risk in the Portfolio

Market risk is the risk that the portfolio will decline in value (or will not optimize its value) due to changes in the general level of interest rates. The Authority recognizes that, over time, longer-term portfolios achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. The Authority shall mitigate market risk by providing adequate liquidity for short-term cash needs, and by making some longer-term investments only with funds that are not needed for current cashflow purposes. The authority further recognizes that certain types of securities, including variable rate securities, securities with principal pay downs prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments. The Authority, therefore, adopts the following strategies to control and mitigate its exposure to market risk:

1. The maximum stated final maturity of individual securities in the portfolio shall be five years, except as otherwise stated in this policy:

2. The Authority shall maintain a minimum of three months of budgeted operating expenditures in short term investments; and

3. The duration of the portfolio typically will be equal to the duration of an index of US Treasury and Federal Agency Securities with maturities which meet the Authority's needs for cash flow and level of risk tolerance (the Benchmark Index) plus or minus 10%.

XI. SAFEKEEPING AND CUSTODY

Securities purchased from broker/dealers will be held in a third-party custodian/safekeeping account except the collateral for time deposits in banks and savings and loans institutions. Collateral for time deposits of thrifts is held by the Federal Home Loan Bank or an approved Agent of Depository. Collateral for time deposits in banks shall be handled as required by the California Government Code.

XII. REVIEW OF INVESTMENT POLICY

The Board of Directors will review the objectives and the performance of the portfolio and changes to the Investment Policy.

XIII. ETHICS AND CONFLICT OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions.

Agenda Item H.4

REVIEW AND APPROVAL OF THE SCORE CONFLICT OF INTEREST CODE

ACTION ITEM

ISSUE: The Board of Directors should review and re-adopt SCORE's Conflict of Interest Code without changes.

RECOMMENDATION: The Program Administrator recommends the Conflict of Interest Code as presented.

FISCAL IMPACT: None.

BACKGROUND: The Conflict of Interest Code was last amended in March 2012 to comply with the updated Fair Political Practices Commission (FPPC) filing requirements. Prior to 2012, Alliant Insurance Services, as the JPA administrator, kept the original Form 700s and filed copies with the FPPC. The FPPC has changed that requirement and now the original Form 700s are filed with the FPPC.

The Political Reform Act, Government Code Sections 81000, et. Seq. requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The Conflict of Interest Code for the public agency must be reviewed by the governing Board every even numbered year. Any changes, or a statement that it has been reviewed and no changes required, must be filed with FPPC prior to October 1st.

ATTACHMENTS: SCORE Conflict of Interest Code

CONFLICT OF INTEREST CODE

ADOPTED 3/28/2014

The Political Reform Act (Government Code Section 81000, et. seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code of Regs. Sec. 18730) which contains the terms of the standard conflict of interest code, which can be incorporated by reference in an agency's code. After public notice and hearing it may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 Cal. Code of Regs. Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendices designating officials and employees and establishing disclosure categories, shall constitute the conflict of interest code of the **Small Cities Organized Risk Effort Joint Powers Authority (SCORE).**

Individuals holding designated positions shall file their statements of economic interests with **SCORE**, which will make the statements available for public inspection and reproduction. (Gov. Code Sec. 81008.) Upon receipt of the statements, **SCORE** shall make and retain copies and forward the originals to the **Fair Political Practices Commission**. All original statements will be retained by the **Fair Political Practices Commission**.

SMALL CITIES ORGANIZED RISK EFFORT JPA

APPENDIX A-DESIGNATED POSITIONS

<u>Designated Positions</u>	<u>Disclosure Category</u>
Members and Alternates of the Board of Directors	1, 2, 3, and 4
Administrator	1, 2, 3, and 4
Accountant	1, 2, 3, and 4
Consultants	*

Note: The positions of Administrator and Accountant are filled by outside consultants, but act in a staff capacity.

The following positions are not covered by the conflict-of-interest code because they must file under Government Code Section 87200 and, therefore, are listed for informational purposes only:

Treasurer

An individual holding one of the above listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by Section 87200.

SMALL CITIES ORGANIZED RISK EFFORT

APPENDIX B-DISCLOSURE CATEGORIES

DISCLOSURE CATEGORIES:

Disclosure Category 1

Investments and business positions in business entities, and sources of income (including receipt of gifts, loans, and travel payments) from entities of the type to contract with the Authority to supply materials, commodities, supplies, books, machinery, vehicles or equipment utilized by the Authority.

Disclosure Category 2

Investments and business positions in business entities, and sources of income (including receipt of gifts, loans, and travel payments) from entities that are contractors engaged in the performance of work or services of the type utilized by the Authority, including but not limited to, insurance companies, carriers, holding companies, underwriters, agents or accounting firms.

Disclosure Category 3

Investments and business positions in business entities, and sources of income (including receipt of gifts, loans, and travel payments) from entities that have filed claims, or have claims pending against the Authority.

Disclosure Category 4

Investments and business positions in business entities, and sources of income (including receipt of gifts, loans, and travel payments) from entities that are banks or savings and loans institutions.

LIABILITY CALCULATION METHODOLOGY AND MPD CHANGES

ACTION ITEM

ISSUE: The Board will review the proposed changes to SCORE's Master Plan Documents to address the new **Dividend and Assessment Plan (DAP),** as well as new terminology and other clean-up issues that were necessary. This is an ongoing item, following the first round of changes approved at the January 24, 2014 Board Meeting. A change since the January 2014 Board meeting was the removal of the ten-year average Dividend/Assessment component for the calculation as of FYE June 30, 2013. Because that component reflects adjustments resulting from loss experience that precedes the ten-year window now being used to determine the allocation, the committee recommended phasing this component in each year, beginning with FYE June 30, 2014. Important points to observe in the revised documentation are outlined below:

1) The new Dividend and Assessment Plan (DAP) is going to move away from the old concept of using historical data dating back to 1986 and instead will use a 10 YR "rolling" time window for calculating surplus equity.

2) The Minimum Equity threshold that needs to be maintained on account in the Shared Risk Layer is $2,375,000 for the Liability Program (5 x S.I.R. less the banking layer).

3) The Minimum Banking Layer balance for each Member has been established at $12,500 or the average 5 Year cost of claims, whichever is greater.

4) Dividends are not released unless there are sufficient funds in the program to cover liabilities at the actuary's 70th percentile confidence level established each year, plus the Minimum Equity Threshold – the 'Benchmark' selected by the Board as the cushion of reserve funding.

5) Net Assets in the Program are determined based on the prior year's June 30 Audited Financial Statements.

6) The Five Year anniversary condition for release of funds no longer applies.

7) Withdrawn Members will continue to maintain 50% of their available return funds on account for additional 5 years from the date they are released.

8) If a Member is in a deficit Banking Layer Total Balance, the Member must pay back at least 50% of the deficit as part of their next July 1st. invoice.

9) If a Member is in a Shared Risk Layer Net deficit, at least 50% of any negative is due as an assessment on their next July 1st invoice.

10) For the purpose of Member deficit balances in the Banking or Shared Risk Layers, the Liability and Workers' Compensation Programs will be linked and deficit positions in one Program will need to be paid before the Member is eligible to receive a Dividend.

11) Returned funds will "waterfall" from the Shared Risk Layer Undesignated Net Position (UNP) into the Banking Layer that is now being tracked individually for each member, in an amount(if any) selected by the Board of Directors.

RECOMMENDATION: The Ad-hoc committee recommends approval of this document.

FISCAL IMPACT: N/A

BACKGROUND: At the January 24, 2014 Board of Directors Meeting, the Master Plan Documents (MPDs) were amended to adopt the first round of specific changes to address the DAP methodology for releasing surplus equity funds back to Members. MPD changes were needed due to the restructuring of the dividend calculation process, at which time it became apparent that documents need to be re-drafted to address the new methodology and specific requirements/parameters for determining the amount of funds that are deemed eligible for return. **An Ad Hoc Committee was appointed to work with the Program Administrators and Accounting Consultant on this project. The committee met telephonically twice to review this plan and make recommendations**.

The documents were also amended to align the terminology used with SCORE's other Governing Documents. The accepted changes version of the document attached below shows the final draft version while the red-line strike-out version shows in detail where changes were made and what those changes are. Given the complex nature of the content and the large size of the MPDs, and we advise that you analyze the red-line strikeout version to determine what the specifics changes were in relation to the documents approved at the January 24, 2014 meeting. An accepted changes version has also been included to serve as a *Draft* Liability Master Plan Document. Please note that some sections have been moved and/or consolidated to improve readability.

ATTACHMENTS: SCORE Liability Master Plan Document – Red-line Strikeout Version - *Draft*

Liability DAP *Example Distribution* Calculations

SMALL CITIES ORGANIZED RISK EFFORT
MASTER PLAN DOCUMENT
FOR THE
LIABILITY PROGRAM
(ALSO KNOWN AS THE PROGRAM BYLAWS)

EFFECTIVE JUNE 16, 2006
AS AMENDED JUNE 25, 2010
AS AMENDED JUNE 24, 2011
AS AMENDED JANUARY 25, 2013
AS AMENDED JANUARY 24, 2014
DRAFT - AS AMENDED MM/DD/YYYY

ARTICLE I – GENERAL

1. PURPOSE

A. One of the primary purposes in forming the Small Cities Organized Risk Effort Joint Powers Authority, hereinafter SCORE, was to create a method for providing coverage for legal damages incurred by the member agencies and SCORE because of General Liability, Automobile Liability, Public Officials Errors and Omissions and other public liabilities. The Joint Exercise of Powers Agreement and the Bylaws have been created and duly approved to provide the "Member Entities" with this coverage. This Liability Master Plan Document sets forth the manner in which these services shall be delivered to the membership. The Program shall use the concepts and techniques of pooled sharing of operating costs and losses above the banking layer. The Liability Program may purchase excess coverage or participate in other risk sharing pools above those limits provided by the Liability Program pools as authorized by the Board of Directors of SCORE. SCORE may also purchase reinsurance above a set retention per occurrence and/or in the aggregate as authorized by the Board of Directors of SCORE.

B. The Board of Directors has the right to alter the terms and conditions of the pooled underlying coverage in response to the needs and abilities of the Liability Program, the "Member Entities", and the availability of coverage from outside sources.

2. FINANCING THE PROGRAM

A. DEPOSIT PREMIUMS

The Administrator, in conjunction with an actuary, shall prepare rates and "deposit premiums" to adequately fund the actuarially determined losses in the shared risk and banking layers of the Liability Program, including attorney fees and other claims related costs, the cost of excess coverage, and the projected administrative costs of the Liability Program. These rates and "deposit premiums" shall be approved by the Board as part of SCORE's annual budget.

B. ACTUARIALLY SOUND PROGRAM YEARS

1) To assure each "Program Year" is "actuarially sound" as a separate unit, the Liability Program shall charge each "Participating Member" a "deposit premium" based on an actuarial projection of losses for the year and the exposure of loss presented by each "Participating Member".

2) To maintain actuarial soundness, the Liability Program shall have actuarial studies done annually and take appropriate action if the Program becomes actuarially deficient. For such actions, please see Article III – Premiums, Rates and Pool Assessments.

C. DIVIDEND AND ASSESSMENTS ~~RETURNS~~ PLAN (DAP)

It is understood that the funds of the JPA are those of the JPA and no member may demand payment of the funds allocated to them via "Dividend Returns" or any other manner of distribution other than the declaration of a dividend by the Board or in accordance with distribution described in the Joint Powers Agreement upon the dissolution of SCORE.

Effective July 1, 2011, it is understood that funds of a "Participating Member" that withdraws from SCORE's Liability Plan will remain with SCORE until such time as the "Program Year" is closed. If a "Program Year" is not closed and the "Participating Member" would otherwise be eligible for a distribution, they may annually send a written request for release of their funds to the Board of Directors. This action will require a 2/3 approval of the Board of Directors as specified in the JPA Bylaws, Article III, Section 1, paragraph B.6., and the amount released shall be at the discretion of the Board.

Member Entities that have withdrawn from SCORE's Liability Programs, agree that fifty (50%) percent of their available return funds will be held by SCORE in trust, for five (5) additional years before being released through the ~~New Dividend Plan.~~DAP.

1. SHARED RISK LAYER DIVIDEND METHODOLOGY

~~Shared Risk Layer "dividends" may be declared and paid into the Banking Layer provided that a reserve surplus exists in excess of the following:~~

~~a. the total claims liabilities at the 70th percentile confidence level, including the actuarially determined IBNR, plus;~~

~~b. the Minimum Equity threshold of 5 times the anticipated retained limit, less the banking layer retention of $25,000 per occurrence. For a $500,000 retained limit the threshold is $2,375,000.~~

a. The June 30 Shared Risk Layer net position is derived by taking the audited June 30 ending net position of the program, less the sum of the individual member Banking Layer balances.

b. The amount available for Shared Risk Layer distribution is calculated by subtracting the following from the Shared Risk Layer net position:

i. "Minimum Equity" reserve of 5 times the current "Program Year" Shared Risk Layer SIR, less the banking layer retention of $25,000 per occurrence.
ii. Actuarially-calculated difference between the 70% Confidence Level and "expected" level of claims liabilities recorded in the financial statements for the Shared Risk Layer.
iii. Safety grant fund or any other pre-designated funds or reserves.

The result is deemed the ***Undesignated Net Position (UNP)*** and is the amount available for Shared Risk Layer distribution.

c. The Board of Directors shall select an amount, if any, of the UNP to be distributed from the Shared Risk Layer into the Banking Layer.

d. The allocation of the Shared Risk Layer distribution is based on the average of the most recent 10 years of the sum of each member's historical premiums, less claims capped at $100,000, plus or minus the average annual dividends or assessments declared for a ten-year period that begins with the 2014-15 program year.

e. Members with a negative average shall not be allocated a share of the Shared Risk Layer distribution.

f. The Shared Risk Layer distribution allocation shall be added to the respective member's Banking Layer net position as of June 30 to arrive at a Banking Balance Total.

2. BANKING LAYER DIVIDEND~~S~~ METHODOLOGY

~~Banking Layer "dividends" may be declared and paid in an amount or percentage of available funds as decided by action of the Board of Directors in June of every year under the following constraints:~~

~~a. There are sufficient funds in the Program to cover the total claims liabilities for all members at the 70th percentile confidence level, including the actuarially determined IBNR, plus;~~

~~b. Releasing an amount that will retain no less than each Member's **average** 5 year cost of claims but still maintaining a minimum balance of $12,500 for each member~~

a. The amount available for Banking Layer distribution is calculated by subtracting the following from the Banking Balance Total:

i. "Minimum Equity" reserve of 5 times the Banking Layer SIR.

ii. Actuarially-calculated difference between the 70% Confidence Level and "expected" level of claims liabilities recorded in the financial statements for the Banking Layer.

The result is deemed the ***Net Position Subject to Distribution (NPSD)*** and is the amount available for Banking Layer distribution.

b. The Board of Directors shall select an amount, if any, of the NPSD to be the ***Maximum Potential Distribution*** from the Banking Layer.

c. The allocation to the members of the Maximum Potential Distribution from the Banking Layer shall be based on the Member's proportionate share of the Banking Balance Total.

d. Members with a negative Banking Balance Total shall not be allocated a share of the Maximum Potential Distribution from the Banking Layer.

e. A Minimum Balance Requirement shall be calculated for each member. The Minimum Balance Requirement shall be the greater of:

i. A member's average of the last 5 years of claims in the Banking Layer; or
ii. $12,500

f. The ***Permitted Distribution*** for each member is calculated by subtracting the Minimum Balance Requirement from their Banking Balance Total.

3. NET DISTRIBUTIONS BETWEEN PROGRAMS

a. After the calculation of the Permitted Distribution for each member has been completed for both the Liability and Workers' Compensation programs, the Permitted Distribution amounts shall be added to the negative balance, if any, of each member's Shared Risk Layer net position, as calculated above. This results in a ***Net Distribution*** amount for each program.

b. The Net Distribution amount for each program shall be summed together for each member. If the member's sum is a positive number, this is deemed to be the Member Net Distribution for Approval.

c. For members whose Net Distribution as calculated above results in a negative number, an assessment of 50% of the negative amount will be billed by the close of the current fiscal year.

~~3.~~4. MEMBER ASSESSMENTS

Member Assessments will be levied and due as follows:

A. If a Member has a negative Banking Balance Total (illustrated in column 9 of the DAP WC Calculation Spreadsheet), the Member must pay back at least 50% of the balance as part of their next July 1st invoice.

B. If a Member has a negative Combined 10 year Average balance (illustrated in column 4 of the DAP WC Calculation Spreadsheet) as determined by the calculation outlined on Page 3, *Section C. 1.d* of this document, at least 50% of this balance is due as an assessment on their next July 1st invoice.

C. ~~For the purpose of Member deficit balances in the Banking or Shared Risk Layers, T~~The Liability and Workers' Compensation Programs will be linked and any deficit position~~s~~ in one Program, or any amounts due from prior year assessments, will need to be paid before the Member is eligible to receive any Dividend.

~~A.~~D. The same rules apply for all prior members subject to the conditions of the ~~New Dividend Plan.~~DAP.

~~4.~~5. POOL ASSESSMENTS

Pool Assessments shall be made as described in Article III., Section 2. when the Liability Program, as a whole, is found to be actuarially under-funded. The Liability Program is under-funded when an actuarial study has determined that the available funds are less than an amount of expected outstanding claims liabilities, calculating expected interest earnings at a rate no higher than the prevailing rates at the time of the assessment.

~~5.~~6. TIMING

a. While a "Dividend Return" shall be calculated for potential distribution or Member Assessment. The Board of Directors has full discretion in returning any amount deemed as "available" for release but may not release funds in excess of the constraints outlined in Sections C. 1) and 2) above.

b. Banking Layer – a "Dividend Return" shall be calculated at the end of the "Program Year" for potential distributions or Member Assessment. The Board of Directors has full discretion in returning any amount deemed as "available" for release but may not release funds in excess of the constraints outlined in Sections C.1).and 2). above.

c. The Board of Directors may waive the collection of any member having a negative net balance or a net surcharge, provided the waiver will not leave the Liability Program funded below the 70 percent confidence level. This waiver may apply to the shared risk or the banking layer separately or both and shall be done for a period of no more than one Program Year at a time.

~~6.~~7. DISTRIBUTION

Upon completion of the calculation described above, if there is a net negative balance in the individual accounts, the "Participant" shall not receive a refund for that "Program Year". Participants with a negative balance may apply monies from its other program that have a positive balance as payment against the negative balance. "Participants" with positive balances may receive a refund, as determined by the Board of Directors and within the constraints outlined above, however, the total refunds for any one "Program Year" shall not exceed the actuarially determined surplus for that year or the constraints imposed in Sections C.1) and 2). above.

~~7.~~8. CLOSING OF PROGRAM YEARS

1) The Board of Directors may close a "Program Year" as described ~~in Article I Section 2.A.~~above.

2) The Board of Directors retains the right to assess any and all "Member Entities" including Member Entities that have withdrawn from the Plan after participating in a closed "Program Year", if such "Program Year" should incur additional expenses after closure.

3. AMENDMENTS TO THIS PLAN

The provisions of this document may be amended by a two-thirds vote of the Directors, provided prior written notice has been given to the "Participating Members". An Item on an Agenda for a Board of Directors meeting constitutes prior written notice of such proposed amendments.

ARTICLE II - COVERAGE

1. GENERAL DESCRIPTION

A. COVERAGE PROVIDED

1) The Board of Directors shall approve this document which shall provide the means for the members of SCORE to pool their resources to pay for General Liability, Automobile Liability, Public Officials Errors and Omissions claims and other public liability claims as deemed appropriate and for which coverage is extended to the "Participants" of this

Liability Program. An account shall be established from which losses and expenses of the Liability Program shall be paid.

2) SCORE shall provide another document, separate and apart from this document, which shall be entitled the Liability Memorandum of Coverage (LMOC). This Memorandum of Coverage shall provide for the indemnification of the covered parties for liability because of General Liability, Automobile Liability, Public Officials Errors and Omissions and other public liabilities as the Board of Directors deems appropriate, subject to any exclusions of coverage stated in the LMOC. The LMOC may provide coverage by incorporation of other documents with or without amendments. Those express provisions in the LMOC shall supersede any provision of a document that has been incorporated into the LMOC that is inconsistent with those express provisions.

3) The LMOC shall be adopted by the majority of the directors at a SCORE Board of Directors meeting. The Board of Directors may amend the LMOC at any time in the same manner and restrictions as imposed upon the adoption of the LMOC.

B. LIMITS OF COVERAGE

1) This Liability Program shall provide a self-funded banking and shared risk layer, where economically practical, with total "limits of coverage" of at least $500,000 per occurrence.

2) The Banking Layer shall consist of that amount of all claims arising out of one occurrence or wrongful act up to $25,000.

3) The Shared Risk Layer shall consist of that amount of all claims arising out of one occurrence that exceeds the amount within the Banking Layer to the extent the claims are retained by SCORE.

4) The Liability Program may obtain for its “Participating Members” and SCORE limits in excess of the self-funded coverage through the purchase of excess insurance, reinsurance, or participation in a joint powers agreement or other self-insurance plans.

C. POLICY TERM, RENEWAL, AND CANCELLATION

1) The period of the coverage shall be the same period of time covered by the "Program Year". The coverage shall commence at 12:01 a.m. local time, on July 1st at the location of the SCORE office. The coverage shall expire at 12:01 a.m. local time on the July 1st following commencement of coverage. Renewal periods shall follow the same dates. Cancellation by withdrawal of a "Participating Member” shall only be permitted at the end of a "Program Year". Cancellation by expulsion of the "Member Entity" shall be as determined by the Board of Directors.

2. AUTHORITY TO ALTER COVERAGE AND CONTRACT FOR EXCESS COVERAGE

A. The Board of Directors may, from time to time, alter the coverage provided in the Memorandum of Coverage based on the needs of the "Participating Members", costs, the funds available, insurance available and other factors.

B. Only the Board of Directors may purchase excess insurance, reinsurance, and participate in other pooling arrangements as authorized by the Government Code Section 6500 et seq. or other self-insurance plan.

3. DISTRIBUTION

A copy of this document and the Memorandum of Coverage shall be provided to each "Participating Member". All endorsements or other changes to the Liability Program shall be distributed, as occurring, to the "Participating Members". All documents shall be deemed provided if the designated representative for the "Participating Member" receives a copy of such document in person or if the document has been duly mailed in the U.S. Postal system or any other delivery system with tracking and verification of delivery to the address of the representative on file with SCORE.

ARTICLE III – PREMIUMS, RATES, AND POOL ASSESSMENTS

1. DEPOSIT PREMIUM CALCULATIONS

A. The annual "deposit premium" for each "Participating Member" shall be calculated utilizing:

1) a deposit for the "Banking Layer" using an actuarially determined loss rate at a 70 percent confidence level,

2) a deposit for the "Shared Risk Layer" using an actuarially determined loss rate at a 70 percent confidence level,

3) a charge for excess coverage and

4) A charge for the "Administrative Expenses" of the Liability Program as adopted by the Board of Directors.

~~4)~~5) Any discounting of the deposit premium shall use an interest rate no higher than the prevailing rate at the time of the premium calculation.

~~5)~~6) The above-mentioned deposits may be determined at a confidence level greater or less than 70 percent only by a two-thirds vote of the Directors.

B. The deposit for the "Banking Layer" shall be determined by multiplying the "Participating Member's" projected payroll for the "Program Year" by the rate determined by the actuary.

C. The deposit for the "Shared Risk Layer" shall be determined by multiplying the "Participating Member's" projected payroll for the "Program Year" by an experience modification factor times the rate determined by the actuary.

1) The Experience Modification Factor for the member shall be determined by:

   i. Dividing the member's losses for the five (5) years immediately preceding the one for which the deposit is being calculated not to exceed $50,000 any one occurrence by the payroll for the same period. This calculates the member's Loss Rate.

   ii. Then dividing the member's loss rate by the loss rate for SCORE as a whole during the same period using the total losses and payroll for all the members, calculating a Relative Loss Rate for the member.

   iii. This Relative Loss Rate will be multiplied by a Credibility Factor to which one minus the Relative Loss Rate will be added. This sum will be the Experience Modification Factor.

   iv. A Credibility Factor will be calculated by dividing the member's payroll by the member's payroll plus a constant (i.e. member's payroll/ (member's payroll + constant)). The constant will be one times the largest member's payroll.

D. The cost of excess coverage shall be charged to each "Participating Member" in the same proportion as the projected payroll is to the total payroll.

E. The "Administrative Expenses" charged to each "Participating Member" is calculated by:

1) Multiplying fifty (50) percent of the "Administrative Expenses" by a factor derived by dividing the "Participating Member's" projected payroll for the "Program Year" by the total projected payroll of all "Participating Members"'; plus

2) A share of the remaining "Administrative Expenses" that is equal among all the members.

F. Notwithstanding the super-majority vote under 1.A. of this Article, the Board of Directors may impose a minimum and/or a maximum deposit. Should that be the case, the portion of the deposit premium that is for the banking layer shall be adjusted accordingly.

2. POOL ASSESSMENTS

If the Liability Program as a whole is not "actuarially sound", that is where the funds for losses are less than the expected losses as determined by the actuary, all "Participating Members" of the Program shall be assessed a portion of the deficiency of funding according to the following calculation:

1) Each "Participating Member" of the Program with a deficit balance shall be assessed to the extent that the "Participating Member" has a deficit balance using the calculation of account balances as described in Article I, Section 4. Member Assessments. However, such calculation shall use funding at an actuarially expected loss level.

2) If the funds collected from assessing members under A.1., above, are insufficient to fund the Program above a deficit balance, the oldest "Program Year" with a deficit will be assessed in the same fashion as, per A.1. above.

3) A.2 above will be repeated until such time as sufficient funds have been raised to eliminate the deficit of the Program as a whole.

4) "Participating Members" that have withdrawn from the Liability Program are still responsible for assessments as detailed in Article V. – Participation, Section 2.b. of this document.

3. EXCESS INSURANCE OR REINSURANCE DIVIDENDS AND ASSESMENTS

All dividends or assessments made to SCORE by its excess insurance partners shall be accounted for as follows:

a. Dividends or assessments will be applied to the Shared Risk Layer which will then re-allocate funding based on annual contributions for the corresponding program year, and;

b. The results of the re-allocation will then transfer into the Banking Layer balances for each member, with any credits eligible for release; or

c. The Board of Directors, at their discretion may direct Staff to apply the entire amount of dividend receivables as a credit to the following year's Excess Premiums.

ARTICLE IV - ADMINISTRATION

1. ORGANIZATION AND RESPONSIBILITIES

A. RELATION TO SCORE STRUCTURE

1) This document shall be considered to be an integral part of the Bylaws of SCORE. From time to time, resolutions of SCORE Board of Directors may be adopted which may take precedence over this document for a limited period of time; however, it is intended that any change thus enacted by resolution that is intended to be permanent shall be incorporated into an amendment to this document.

2) SCORE Administrator shall administer the Liability Program and report to the Board of Directors.

B. BOARD OF DIRECTORS' RESPONSIBILITIES

The Board of Directors shall:

1) Adopt this document and make changes to it as seen appropriate,

2) Adopt a Memorandum of Coverage and Declarations Page where appropriate,

3) Review applications to participate in the Liability Program from other agencies and determine their acceptability to the Program,

4) Approve budgets, rates, assessments, dividends and surcharges, and closures of "Program Years".

5) Approve all contracts for services for one (1) year or more. However, the Board of Directors need not approve contracts for legal representation provided to a covered party under the Memorandum of Coverage.

6) Meet at least annually to review the developments and performance of this program. This duty is fulfilled by discussion of developments and performance of this program as a part of a general or special Board of Directors meeting.

C. ADMINISTRATORS DUTIES AND RESPONSIBILITIES

The Program Administrator shall:

1) Use his or her best efforts to administer the Liability Program such as to achieve the objectives and goals of the Program and SCORE.

2) Administer the Liability Program in a manner that will provide claim and cost accountability for each "Program Year", separate and apart from all other "Program Years", and from other programs of SCORE.

3) Act as an arbitrator where disputes arise between a~~n~~ "Participant" and the Claims Adjustor;

4) Provide the members with ongoing review of coverages provided by this Liability Program including any excess coverage; and

5) Maintain and distribute to the members the documents of this Program;

6) Assist in the selection of a Claims Adjusting company, including evaluation of service in both the claims handling and reporting services;

7) Oversee performance of the Claims Adjustor with special emphasis on the handling of "open claims";

8) Present claims audits to the Board of Directors, with recommendations of changes in claims procedures where appropriate.

9) Prepare a budget for each "Program Year" for approval by the Board of Directors before the "Program Year";

10) Ensure that "Dividend Returns" and/or "Assessments" for prior "Program Years", and rates and "deposit premiums" for each new "Program Year" are calculated in the manner described herein;

11) Present the findings of the actuarial studies to the Board of Directors and recommend actions where "Program Years" are, or are likely to be, in the near future actuarially unsound;

12) Ensure that all "Participating Members" are invoiced for "deposit premiums" and other amounts due; and

13) Ensure that timely quarterly and annual financial statements describing the financial condition of the Liability Program are presented to the Board of Directors.

2. ELIGIBILITY AND APPLICATION

A. WHO MAY PARTICIPATE IN THE LIABILITY PROGRAM

1) All "Entities" which are members of SCORE may participate in the Liability Program after review and a vote by two-thirds of the Board of Directors.

2) New agencies applying for membership in this Liability Program shall submit an application for participation. A history of liability claims for at least five (5) years must be presented for review.

B. DATE OF MEMBERSHIP

It is desirable that new agencies enter the Liability Program at the commencement of a new "Program Year". If the new applicant enters at any other time, the "deposit premium" may be prorated for the remainder of the "Program Year", and covered losses of the new applicant which occur on or after the date of membership will be paid; however, the new applicant shall be required to share losses for the pool for the entire year, just as if it had begun its membership in the pool at the beginning of the "Program Year".

ARTICLE V - PARTICIPATION

1. ELIGIBILITY AND APPLICATION

A. ELIGIBILITY

1) To participate in the Liability Program, the "Entity" must be a member of SCORE. Participation in the Liability Program is **mandatory**.

2) The "Entity" must initially commit to at least three (3) full "Program Years" of participation in the Liability Program.

3) The "Entity" must apply for participation by providing a completed and signed resolution obligating the "Entity" to participate for the required three (3) years and accepting the rules and regulations set forth in this document. The "Entity" requesting to participate in the Liability Program shall submit five (5) years of Liability loss experience, complete an Exposure Analysis Questionnaire, and provide copies of the last four (4) quarterly DE-6 reports.

4) The "Entity" should provide the resolution form, the experience information, and the DE-6 reports at least sixty (60) days prior to the inception of the "Program Year" in which they will commence participation, or the date the "Entity" desires coverage to begin.

B. APPROVAL OF APPLICATION

1) The Coverage Committee shall, from a review of the Resolution and other underwriting criteria, determine the acceptability of the exposures presented by the requesting "Entity".

2) The Administrator shall advise, in writing, the requesting "Entity" of the decision of the Coverage Committee to accept or reject the request within ten (10) working days after the decision.

2. PARTICIPANTS' DUTIES

A. PROVIDE UNDERWRITING CRITERIA

1) Each participant shall provide copies of the DE-6 report quarterly within fifteen (15) days after filing with the State.

2) Each participant shall, upon request, complete an exposure questionnaire.

3) Each participant shall cooperate with SCORE in the claim management, loss control, underwriting, and actuarial activities of SCORE.

B. PAYMENT OF PREMIUMS AND OTHER CHARGES

1) Each year, on or around July 1st, SCORE shall invoice "Participating Members" for a Liability "Deposit Premium" for the next "Program Year". The annual invoice shall be due and payable on July 1st, and shall be delinquent if not paid on or before the last working day in July.

2) A "Participating Member" may be invoiced an additional amount because of assessments to bring a "Program Year" into a state of actuarial soundness or a surcharge arising out of a "Pool Assessment" This invoicing is due and payable upon receipt and delinquent if not paid on or before thirty (30) calendar days after receipt. The date of receipt shall be determined as the date the billing was presented in person to a representative of the "Entity", or three (3) days after posting the billing in the U.S. Mail.

3) "Entities" which have formerly participated in the Liability Program, but have since withdrawn as a participant, shall be required to pay all applicable billings for the "Program Years" in which they participated. Delinquent billings shall be treated in the same manner as set forth above as if the "Entity" were still a "Participant".

4) Failure to pay billings, penalties, or the accrued interest shall be considered grounds for removal of the "Participant" from the Liability Program and may result in the expulsion of the "Participant" from SCORE.

5) Failure to pay billings, penalties, or accrued interest thereon shall constitute a breach of the agreement between the former "Participating Member" and SCORE. The former "Participating Member" shall be liable for the billings, penalties, accrued interest, and all costs incurred by SCORE in the enforcement of all provisions set forth in this document.

3. TERMINATION OF PARTICIPATION

A. A "Participating Member" in one "Program Year" shall participate in the next "Program Year" unless:

1) A request to terminate participation is received from the "Participating Member" at least six (6) months prior to the inception of the next "Program Year",

2) A termination notice from the President advising the Board of Directors that action to expel the "Participating Member" has been sent to the "Participating Member", or

3) The "Participant" is no longer a "Member Entity".

B. Termination of participation in future "Program Years" does not relieve the terminated "Entity" of any benefits or obligations of those "Program Years" in which the "Entity" participated. These obligations include payment of assessments or any other amounts due and payable.

C. The Board of Directors may terminate future participation by an "Entity" for the following reasons:

1) Declination to cover the "Entity" by the organization providing excess coverage;

2) Nonpayment of past billings, assessments, surcharges, or other charges;

3) Habitual late payment of billings, assessments, surcharges, and/or other charges, or habitual late response in submitting data required by the Liability Program;

4) Failure to provide underwriting information;

5) Development of an extraordinarily poor loss history;

6) A substantial change in exposures that are not acceptable in this program; and/or

7) Financial impairment that is likely to jeopardize this Program's ability to collect amounts due in the future.

ARTICLE VI – CLAIMS ADMINISTRATION

1. SELECTION OF ADJUSTOR

A. The Board of Directors shall review proposals for claims adjusting services and may enter into contract based on the qualifications and experience of the proposer. The adjusting company shall have the capacity, and shall report claims activities in such a manner that the segregated accounting requirement of the Liability Program can be easily administered.

2. CLAIMS ADJUSTING SERVICE

The claims adjusting company shall:

A. Accept notices or reports of claims on behalf of the "Participating Members" and SCORE;

B. Maintain a complete and separate file for each claim reported, including actions taken, amounts reserved, and amounts paid by date;

C. Report claims as needed to the excess coverage provider, document amounts due from the excess coverage and follow through with collection of such amounts,

D. Make available for inspection and review by SCORE or its agents any and all claims files, provided reasonable notice of inspection and reasonable time and place is set for review;

E. Report claims activity monthly to the Administrator and each "Participant"

3. CLAIMS PROCEDURES MANUAL

A. A Liability Claims Procedures Manual, including reporting procedures, forms, and other vital information shall be adopted by the Board of Directors and provided to all "Participants".

B. The Board of Directors may adopt amendments to the Liability Claims Procedures Manual. Any amendments shall not be effective for fifteen (15) days after distribution of the amendments to the "Member Entities".

C. All "Participating Members" shall be held accountable for understanding and abiding by the procedures stated in this Manual, as well as any changes thereto.

4. DUTY TO REPORT CLAIM

A. Timely reporting of claims is essential to efficient claims management. Thus, any claim shall be reported to the Claims Adjustor immediately, as set forth in the Claims Procedures Manual.

B. The Liability Claims Procedures Manual shall include forms and detailed procedures for claims reporting. It is the responsibility of each "Participating Member" to ensure that the persons handling claims at the "Participant's" place of business knows the claims procedures set forth in the Manual.

5. CLAIMS AUDIT

A. At least once every two (2) years, the adequacy of claims adjusting shall be examined by an independent auditor who specializes in claims auditing.

B. The Board of Directors shall direct the Administrator to obtain the services of a claims auditor chosen by the Board and present the finding of the audit to the Board of Director.

C. The claims audit report shall address the issues of adequacy of claims procedures, the implementation of the litigation management procedures and the accuracy of claims data.

6. SETTLEMENT AUTHORITY

A. Each "Participating Member" shall have settlement authority for its claims within the banking layer.

B. The Executive Committee shall have authority to settle claims within the banking layer, even without the "Participating Member's" approval, but only after notice of such intent is given to the "Participating Member" experiencing the claim.

C. The Claims Adjuster shall have authority up to $5,000 in excess of that which has already been paid or authorized to settle claims.

D. The Board of Directors retains unto itself the authority to approve settlement of all other claims.

E. If a settlement of a claim requires approval by the Board, except for the fact that the Board will not have a regularly scheduled Board meeting sufficiently early enough to take action on a settlement offer, the Executive Committee may authorize settlement, but only after the President determines that the settlement opportunity will not exist until the next regularly scheduled Board meeting and the settlement is not sufficiently controversial to justify the time and expense required to call a special Board Meeting. Such action by the Executive Committee will be reported at the next Board meeting.

7. DISPUTES REGARDING MANAGEMENT OF A CLAIM

A. Any matter in dispute between a "Participating Member" and the Claims Adjustor shall be called to the attention of the Program Administrator who shall bring it to the Board of Directors or, if the matter must be resolved prior to the next regularly scheduled Board meeting, the Administrator shall bring it to the attention of the Executive Committee.

B. The decision of the Board of Directors or Executive Committee shall be final and not appeasable to a higher authority.

ARTICLE VII - DEFINITIONS

1. **"Actuarially sound"** means that the "Program Year" has sufficient funds to pay the expected cost of claims as determined by a certified actuary and the "Administrative Expenses" for the "Program Year".

2. **"Administrative Expenses"** means those expenses incurred by the Liability Program that are not incurred due to any specific claim and do~~es~~ not constitute a reserve for future expected changes in the size of existing claims or discovery of previously unknown claims. "Administrative Expenses" shall include expenses of the Authority that are allocated to the Liability Program.

3. **"Banking Layer"** shall be that amount of all claims arising out of one occurrence where 100 percent of the claims will be charged against the "Participant's" account.

4. **"Claim"** means, if not otherwise defined within the context, to be all demands for compensation by third party claimants against a covered party arising out of one occurrence.

5. **"Entity"** means a governmental body, including any commissions, agencies, districts, authorities, boards, or other similar government body under the direct control of the governmental body which is eligible to participate in a Joint Powers Authority. A "Member Entity" is one who has been accepted into SCORE.

6. **"Limits of Coverage"** means the maximum amount of financial protection afforded any "Member Entity" or "entities".

7. **IBNR** means Incurred But Not Reported Losses -reserves for losses that have occurred but have not yet been reported and amounts for loss development on already reported claims

~~7.~~8. **"Participant" or "Participating Member"** is a "Member Entity" that participates in the Liability Program.

~~8.~~9. **"Program Year"** means the period of coverage from July 1st of any one year to July 1st of the next year as provided by the Memorandum of Coverage.

~~9.~~10. **"Shared Risk Layer"** means the amount of all claims from one occurrence exceeding the "Banking Layer" but not more than the total amount retained by SCORE.

~~10.~~11. **"Programs"** means Liability or Workers' Compensation Programs.

~~11.~~12. **"Minimum Equity"** means the minimum equity threshold of 5 times the anticipated retained limit, less the banking layer retention of $25,000 per occurrence. For a retained limit of $500,000 the threshold is $2,375,000.

SCORE LIAB PROGRAM
2013-14 Dividend Calculation Spreadsheet

SHARED LAYER

	STARTING POINT			DATA INPUTS						
				(1)	(2)	(3)	(4)	(5)	(6)	
			AUDITED				[(1)+(2)-(3)]/10	(4)/+Total	(5)*Total	
	6/30/2013	6/30/2013	6/30/2013							
	BANKING	SHARED RISK	PLAN		Last 10 years		Combined			"Waterfall"
CITY	BALANCE	BALANCE	TOTAL	Premiums	Assess/(Div)	Claims	10 Yr Avg	Alloc %	Distrib.	To Banking
BIGGS	24,786			108,808	-	-	10,881	2.41%	24,132	----------->
COLFAX	12,246			146,723	-	-	14,672	3.25%	32,541	----------->
CRESCENT CITY	51,497			587,542	-	234,665	35,288	7.83%	78,264	----------->
DORRIS	10,696			42,242	-	-	4,224	0.94%	9,369	----------->
DUNSMUIR	3,165			160,764	-	254,980	(9,422)	0.00%	-	
ETNA	(9,543)			89,543	-	-	8,954	1.99%	19,860	----------->
FORT JONES	19,413			39,073	-	-	3,907	0.87%	8,666	----------->
IONE	93,053			201,556	-	-	20,156	4.47%	44,703	----------->
ISLETON	(24,829)			143,220	-	152,388	(917)	0.00%	-	
LIVE OAK	64,114			290,786	-	70,883	21,990	4.88%	48,772	----------->
LOOMIS	40,555			209,090	-	-	20,909	4.64%	46,374	----------->
LOYALTON	17,141			56,699	-	-	5,670	1.26%	12,575	----------->
MONTAGUE	15,342			71,598	-	-	7,160	1.59%	15,880	----------->
MOUNT SHASTA	(18,332)			545,748	-	369,547	17,620	3.91%	39,079	----------->
PORTOLA	87,955			163,878	-	10,000	15,388	3.41%	34,128	----------->
RIO DELL	51,685			166,970	-	-	16,697	3.70%	37,032	----------->
SHASTA LAKE	204,150			950,032	-	45,338	90,469	20.06%	200,650	----------->
SUSANVILLE	120,723			892,234	-	168,729	72,351	16.05%	160,464	----------->
Tule Lake	7,355			27,633	-	-	2,763	0.61%	6,129	----------->
WEED	43,658			495,003	-	359,538	13,547	3.00%	30,044	----------->
WILLIAMS	45,445			279,266	-	57,204	22,206	4.93%	49,251	----------->
YREKA	13,188			810,784	-	350,483	46,030	10.21%	102,089	----------->
	873,463	3,979,293	4,852,756				440,544		1,000,000	
	926,167						450,882		-	

BANKING LAYER

	(7)	(8)	(9)	(10)	(11)	(12)	(13)
		Col. (6)	(7)+(8)	(9)/+Total	(10)*Total		(9)-(12)=<(11)
	JUNE 30		BANKING				
	BANKING	SHARED RISK	BALANCE	Banking	Max Dist	Min Bal	Permitted
CITY	BALANCE	DISTRIB	TOTAL	Alloc %	Avail	Reqmt*	Distrib
BIGGS	24,786	24,132	48,918	2.58%	25,770	12,500	25,770
COLFAX	12,246	32,541	44,787	2.36%	23,593	12,500	23,593
CRESCENT CITY	51,497	78,264	129,761	6.84%	68,357	15,903	68,357
DORRIS	10,696	9,369	20,065	1.06%	10,570	12,500	7,565
DUNSMUIR	3,165	-	3,165	0.17%	1,667	20,051	-
ETNA	(9,543)	19,860	10,317	0.54%	5,435	12,500	-
FORT JONES	19,413	8,666	28,079	1.48%	14,792	12,500	14,792
IONE	93,053	44,703	137,756	7.26%	72,568	12,500	72,568
ISLETON	(24,829)	-	(24,829)	0.00%	-	12,500	-
LIVE OAK	64,114	48,772	112,886	5.95%	59,467	12,500	59,467
LOOMIS	40,555	46,374	86,929	4.58%	45,793	12,500	45,793
LOYALTON	17,141	12,575	29,716	1.57%	15,654	12,500	15,654
MONTAGUE	15,342	15,880	31,222	1.64%	16,447	12,500	16,447
MOUNT SHASTA	(18,332)	39,079	20,747	1.09%	10,929	40,893	-
PORTOLA	87,955	34,128	122,083	6.43%	64,312	12,500	64,312
RIO DELL	51,685	37,032	88,717	4.67%	46,735	12,500	46,735
SHASTA LAKE	204,150	200,650	404,800	21.32%	213,244	17,041	213,244
SUSANVILLE	120,723	160,464	281,187	14.81%	148,126	21,390	148,126
Tule Lake	7,355	6,129	13,484	0.71%	7,103	12,500	984
WEED	43,658	30,044	73,702	3.88%	38,826	36,997	36,705
WILLIAMS	45,445	49,251	94,696	4.99%	49,885	12,500	49,885
YREKA	13,188	102,089	115,277	6.07%	60,727	41,806	60,727
	873,463	1,000,000	1,873,463		1,000,000		970,724
		check	-		-		
			1,898,292				

*Avg or last 5 years claims or $12.5k, whichever is higher.

Amount available for shared layer distribution:

Share Risk Layer Net Assets:	$ 3,979,293
Min Equity Reserve ($475,000 x 5):	(2,375,000)
70% Confidence Level Adjustment for Claims LIabilities:	(128,000)
Safety Grant Fund:	(50,000)
Undesignated Net Assets	1,426,293
Example Distribution:	$ 1,000,000

Amount available for banking distribution:

Banking Net Assets + Shared Distribution Available:	1,873,463
Min Banking Reserve (example 10 x $25k):	(250,000)
70% Confidence Level Adjustment for Claims LIabilities:	(52,000)
Net Assets Subject to Distribution:	1,571,463
Example Distribution:	1,000,000

Small Cities Organized Risk Effort
Board of Directors Meeting
March 28, 2014

Agenda Item H.5.b

WORKERS' COMPENSATION DIVIDEND CALCULATION METHODOLOGY AND MPD CHANGES

ACTION ITEM

ISSUE: The Board will review the proposed changes to SCORE's Master Plan Documents to address the new **Dividend and Assessment Plan (DAP),** as well as new terminology and other clean-up issues that were necessary. This is an ongoing item, following the first round of changes approved at the January 24, 2014 Board Meeting. A change since the January 2014 Board meeting was the removal of the ten-year average Dividend/Assessment component for the calculation as of FYE June 30, 2013. Because that component reflects adjustments resulting from loss experience that precedes the ten-year window now being used to determine the allocation, the committee recommended phasing this component in each year, beginning with FYE June 30, 2014. Important points to observe in the revised documentation are outlined below:

1) The new Dividend and Assessment Plan (DAP) is going to move away from the old concept of using historical data dating back to 1986 and instead will use a 10 YR "rolling" time window for calculating surplus equity.

2) The Minimum Equity threshold that needs to be maintained on account in the Shared Risk Layer is $1,125,000 for the Workers' Compensation Program (5 x S.I.R. less the banking layer).

3) The Minimum Banking Layer balance for each Member has been established at $12,500 or the average 5 YR cost of claims, whichever is greater. For the Mini-Cities Pool, this minimum is the % Yr average cost of claims, or $25,000, whichever is greater.

4) Dividends are not released unless there are sufficient funds in the program to cover liabilities at the actuary's 70th percentile confidence level established each year, plus the Minimum Equity Threshold – the 'Benchmark' selected by the Board as the cushion of reserve funding.

5) Net Assets in the Program are determined based on the prior year's Audited Financial Statements.

6) The 5 Year anniversary condition for release of funds no longer applies.

7) Withdrawn Members will continue to maintain 50% of their available return funds on account for additional 5 years from the date they are released.

8) If a Member is in a deficit Banking Layer Total Balance, the Member must pay back at least 50% of the deficit as part of their next July 1st invoice.

9) If a Member is in a Shared Risk Layer Net deficit, at least 50% of any negative is due as an assessment on their next July 1st invoice.

10) For the purpose of Member deficit balances in the Banking or Shared Risk Layers, the Liability and Workers' Compensation Programs will be linked and deficit positions in one Program will need to be paid before the Member is eligible to receive a Dividend.

12) Returned funds will "waterfall" from the Shared Risk Layer Undesignated Net Position (UNP) into the Banking Layer that is now being tracked individually for each member, in an amount(if any) selected by the Board of Directors.

RECOMMENDATION: The Ad-hoc committee recommends approval of this document.

FISCAL IMPACT: N/A

BACKGROUND: At the January 24, 2014 Board of Directors Meeting, the Master Plan Documents (MPDs) were amended to adopt the first round of specific changes to address the DAP methodology for releasing surplus equity funds back to Members. MPD changes were needed due to the restructuring of the dividend calculation process, at which time it became apparent that documents need to be re-drafted to address the new methodology and specific requirements/parameters for determining the amount of funds that are deemed eligible for return. **An Ad Hoc Committee was appointed to work with the Program Administrators and Accounting Consultant on this project. The committee met telephonically twice to review this plan and make recommendations**.

The accepted changes version of the document attached below shows the final draft version while the red-line strike-out version shows in detail where changes were made and what those changes are. Given the complex nature of the content and the large size of the MPDs, and we advise that you analyze the red-line strikeout version to determine what the specifics changes were in relation to the documents approved at the January 24, 2014 meeting. An accepted changes version has also been included to serve as a *Draft* Workers' Compensation Master Plan Document. Please note that some sections have been moved and/or consolidated to improve readability.

ATTACHMENTS: SCORE Workers' Compensation Master Plan Document – Red-line Strikeout Version – *Draft*

Workers' Compensation DAP *Example Distribution* Calculations

SMALL CITIES ORGANIZED RISK EFFORT
MASTER PLAN DOCUMENT
FOR THE
WORKERS' COMPENSATION PROGRAM

(ALSO KNOWN AS THE PROGRAM BYLAWS)

EFFECTIVE JUNE 27, 2003
AS AMENDED JUNE 25, 2010
AS AMENDED JUNE 24, 2011
AS AMENDED JANUARY 25, 2013
AS AMENDED JANUARY 2014
DRAFT – AS AMENDED MM/DD/YYYY

ARTICLE I - GENERAL

1. PURPOSE

A. One of the primary purposes in forming the Small Cities Organized Risk Effort Joint Powers Authority, hereinafter SCORE, was to create a method for providing coverage for legal liabilities unexpectedly incurred by the member agencies. In response to the members' liabilities arising out of the California Workers' Compensation Act and other liabilities for bodily injury to employees, SCORE established the Workers' Compensation Program. This Workers' Compensation Master Plan Document sets forth the manner in which these services shall be delivered to the membership. The Program shall use the concepts and techniques of pooled sharing of operating costs and losses above the banking layer. The Workers' Compensation Program may purchase excess coverage or participate in other risk sharing pools above those limits provided by the Workers' Compensation Program shared risk layer as authorized by the Board of Directors of SCORE. SCORE may also purchase reinsurance above a set retention per occurrence and/or in the aggregate as authorized by the Board of Directors of SCORE.

B. The Board of Directors has the right to alter the terms and conditions of the underlying coverage in response to the needs and abilities of the Workers' Compensation Program, the "Member Entities", and the availability of coverage from outside sources.

2. FINANCING THE PROGRAM

A. DEPOSIT PREMIUMS

The Administrator, in conjunction with an actuary, shall prepare rates and "deposit premiums" adequate to fund the actuarially determined losses in the shared risk and banking layers of the Workers' Compensation Program, including attorney fees and other claims related costs, the cost of excess coverage, and the projected administrative costs of the Workers' Compensation Program. These rates and "deposit premiums" shall be approved by the Board of Directors as part of SCORE's annual budget.

B. ACTUARIALLY SOUND PROGRAM YEARS

To assure each "Program Year" is "actuarially sound", the Workers' Compensation Program shall charge each participating member a "deposit premium" based on an actuarial projection of losses for the year and the exposure of loss presented by each participating member.

To maintain actuarial soundness, the Workers' Compensation Program shall have actuarial studies done annually and take appropriate action if the Program becomes actuarially deficient. For such actions, please see Article III - Premiums, Rates and Pool Assessments.

C. DIVIDENDS AND ~~RETURNS~~ASSESSMENT PLAN (DAP)

It is understood that the funds of the JPA are those of the JPA and no member may demand payment of the funds allocated to them via "Dividend Returns" or any other manner of distribution other than the declaration of a dividend by the Board or in accordance with distribution described in the Joint Powers Agreement upon the dissolution of SCORE.

Effective July 1, 2011, it is understood that ALL funds of a "Participating Member" that withdraws from SCORE's Workers' Compensation Program will remain with SCORE until such time as the "Program Year" is closed. If a "Program Year" is not closed and the "Participating Member" would otherwise be eligible for a distribution, they may annually send a written request for release of their funds to the Board of Directors. This action will require a 2/3 approval of the Board of Directors as specified in the JPA Bylaws, Article III, Section 1, paragraph B.6., and the amount released shall be at the discretion of the Board.

Member Entities that have withdrawn from SCORE's Worker's Compensation Programs, agree that fifty (50%) percent of their available return funds will be held by SCORE in trust~~,~~ for five(5) additional years before being released through the ~~New Dividend Plan.~~DAP.

1) SHARED RISK LAYER DIVIDEND ~~S~~METHODOLOGY

~~Shared Risk Layer "dividends" may be declared and paid into the Banking Layer provided that a reserve surplus exists in excess of the following:~~

~~a. the total claims liabilities at the 70th percentile confidence level, including the actuarially determined IBNR, PLUS;~~

~~b. the Minimum Equity threshold of $1,125,000 (5 times the anticipated retained limit of $250,000, less the banking layer retention of $25,000 per occurrence).~~

a. The June 30 Shared Risk Layer net position is derived by taking the audited June 30 ending net position of the program, less the sum of the individual member Banking Layer balances.

b. The amount available for Shared Risk Layer distribution is calculated by subtracting the following from the Shared Risk Layer net position:

   i. "Minimum Equity" reserve of 5 times the current "Program Year" Shared Risk Layer SIR, less the banking layer retention of $25,000 per occurrence.
   ii. Actuarially-calculated difference between the 70% Confidence Level and "expected" level of claims liabilities recorded in the financial statements for the Shared Risk Layer.
   iii. Safety grant fund or any other pre-designated funds or reserves.

The result is deemed the ***Undesignated Net Position (UNP)*** and is the amount available for Shared Risk Layer distribution.

c. The Board of Directors shall select an amount, if any, of the UNP to be distributed from the Shared Risk Layer into the Banking Layer.

d. The allocation of the Shared Risk Layer distribution is based on the average of the most recent 10 years of the sum of each member's historical premiums, less claims capped at $100,000 per occurrence, plus or minus the average annual dividends or assessments declared for a ten-year period that begins with the 2014-15 program year.

e. Members with a negative average shall not be allocated a share of the Shared Risk Layer distribution.

f. The Shared Risk Layer distribution allocation shall be added to the respective member's Banking Layer net position as of June 30 to arrive at a Banking Balance Total.

2) BANKING LAYER DIVIDEND~~S~~ METHODOLOGY

~~Banking Layer "dividends may be declared and paid in an amount or percentage of available decided by action of the Board of Directors in June of every year under the following constraints:~~

~~a. There are sufficient funds in the Program to cover the total claims liabilities for all members at the 70th percentile confidence level, including the actuarially determined IBNR, plus;~~

~~b. Releasing an amount that will retain no less than each Member's average 5 year cost of claims and still maintaining a minimum balance of $12,500 for each member, *(with Mini-Cities having a combined total balance of $25,000).*~~

a. The amount available for Banking Layer distribution is calculated by subtracting the following from the Banking Balance Total:

i. "Minimum Equity" reserve of 5 times the Banking Layer SIR.
ii. Actuarially-calculated difference between the 70% Confidence Level and "expected" level of claims liabilities recorded in the financial statements for the Banking Layer.

The result is deemed the ***Net Position Subject to Distribution (NPSD)*** and is the amount available for Banking Layer distribution.

b. The Board of Directors shall select an amount, if any, of the NPSD to be the ***Maximum Potential Distribution*** from the Banking Layer.

c. The allocation to the members of the Maximum Potential Distribution from the Banking Layer shall be based on the Member's proportionate share of the Banking Balance Total.

d. Members with a negative Banking Balance Total shall not be allocated a share of the Maximum Potential Distribution from the Banking Layer.

e. A Minimum Balance Requirement shall be calculated for each member. The Minimum Balance Requirement shall be the greater of:

i. A member's average of the last 5 years of claims in the Banking Layer; or
ii. $12,500, with Mini-Cities having a combined total balance of $25,000

f. The ***Permitted Distribution*** for each member is calculated by subtracting the Minimum Balance Requirement from their Banking Balance Total.

3) NET DISTRIBUTIONS BETWEEN PROGRAMS

a. After the calculation of the Permitted Distribution for each member has been completed for both the Liability and Workers' Compensation programs, the Permitted Distribution amounts shall be added to the negative balance, if any, of each member's Shared Risk Layer net position, as calculated above. This results in a ***Net Distribution*** amount for each program.

b. The Net Distribution amount for each program shall be summed together for each member. If the member's sum is a positive number, this is deemed to be the Member Net Distribution for Approval.

c. For members whose Net Distribution as calculated above results in a negative number, an assessment of 50% of the negative amount will be billed by the close of the current fiscal year.

~~3)~~4) MEMBER ASSESSMENTS

Member Assessments will also be levied and due as follows:

a. If a Member has a negative Banking Balance Total (illustrated in column 9 of the DAP WC Calculation Spreadsheet), the Member must pay back at least 50% of the balance as part of their next July 1st invoice.

b. If a Member has a negative Combined 10 year Average balance (illustrated in column 4 of the DAP WC Calculation Spreadsheet) as determined by the calculation outlined on Page 3, *Section C. 1.d* of this document, at least 50% of this balance is due as an assessment on their next July 1st invoice.

c. ~~For the purpose of Member deficit balances in the Banking or Shared Risk Layers~~, T~~t~~he Liability and Workers' Compensation Programs will be linked and any deficit position~~s~~ in one Program, or any amounts due from prior year assessments, will need to be paid before the Member is eligible to receive any Dividend.

~~a.~~d. The same rules apply for all prior members subject to the conditions of the ~~New Dividend Plan.~~DAP.

~~4)~~5) TIMING

a. While a "Dividend Return" shall be calculated for potential distribution or assessment/surcharge~~. –~~, the Board of Directors has full discretion in returning any amount deemed as "available" for release but may not release funds in excess of the constraints outlined in Sections C. 1) and 2) above.

b. Banking Layer – a "Dividend Return" shall be calculated at the end of the "Program Year" for potential distribution or Member Assessment. The Board of Directors has full discretion in returning any amount deemed as "available" for release but may not release funds in excess of the constraints outlined in Sections C. 1), and 2) above.

c. The Board of Directors may waive the collection of any member having a negative net balance or a net surcharge, provided the waiver will not leave the Workers' Compensation Program funded below the 70 percent confidence level. This waiver may apply to the shared risk or the banking layer separately or both and shall be done for a period of no more than one Program Year at a time.

~~5)~~6) DISTRIBUTION

Upon completion of the calculation described above, if there is a net negative balance in the individual accounts, the "Participant" shall not receive a refund for that "Program Year". Participants with a negative balance may apply monies from its other program that have a positive balance as payment against the negative balance. "Participants" with positive balances may receive a refund, as determined by the Board of Directors and within the constraints outlined above, however, the total refunds for any one "Program Year" shall not exceed the actuarially determined surplus for that year or the constraints imposed in Sections C. 1) and 2) above.

3. CLOSING OF PROGRAM YEARS

A. The Board of Directors may close a "Program Year" as described above.

B. The Board of Directors retains the right to assess any and all "Member Entities" including Member Entities that have withdrawn after participating in a closed "Program Year", if such "Program Year" should incur additional expenses after closure.

4. AMENDMENTS TO THIS PLAN

The provisions of this document may be amended by a two-thirds vote of the Directors, provided prior written notice has been given to the "Participating Members". An Item on an Agenda for a Board of Directors meeting constitutes prior written notice of such proposed amendments.

ARTICLE II - COVERAGE

1. GENERAL DESCRIPTION

A. COVERAGE PROVIDED

1) The Board of Directors shall approve this document which shall provide the means for the members of SCORE to pool their resources to pay for workers' compensation and employer's liability claims and for which coverage is extended to the "Participants" of this Workers' Compensation Program. An account shall be established from which losses and expenses of the Workers' Compensation Program shall be paid.

2) SCORE shall provide another document, separate and apart from this document, which shall be entitled the Workers' Compensation Memorandum of Coverage (WCMOC). This Memorandum of Coverage shall provide for the indemnification of the covered parties for liability because of bodily injury to employees, as the Board of Directors

deems appropriate, subject to any exclusions of coverage stated in the WCMOC. The WCMOC may provide coverage by incorporation of other documents with or without amendments. Those express provisions in the WCMOC shall supersede any provision of a document that has been incorporated, whether such document is the Labor Code or otherwise, into the WCMOC that is inconsistent with those express provisions.

3) The WCMOC shall be adopted by the majority of the directors at a SCORE Board of Directors meeting. The Board of Directors may amend the WCMOC at any time in the same manner and restrictions as imposed upon the adoption of the WCMOC.

B. LIMITS OF COVERAGE

1) This Workers' Compensation Program shall provide a self-funded banking and shared risk layer, where economically practical, with total "limits of coverage" of at least $250,000 per occurrence.

2) The Banking Layer shall consist of that amount of all claims arising out of one occurrence up to $25,000.

3) The Shared Risk Layer shall consist of that amount of all claims arising out of one occurrence that exceeds the amount within the Banking Layer to the extent the claims are retained by SCORE.

4) The Workers' Compensation Program may obtain for its participating members and SCORE limits in excess of the self-funded coverage through the purchase of excess insurance, reinsurance, or participation in a joint powers agreement or other self-insurance plans.

C. POLICY TERM, RENEWAL, AND CANCELLATION

1) The period of the coverage shall be the same period of time covered by the "Program Year". The coverage shall commence at 12:01 a.m. local time, on July 1st at the location of the SCORE office. The coverage shall expire at 12:01 a.m. local time on the July 1st following commencement of coverage. Renewal periods shall follow the same dates. Cancellation by withdrawal of a "Participating Member" shall only be permitted at the end of a "Program Year". Cancellation by expulsion of the "Member Entity" shall be as determined by the Board of Directors.

2. AUTHORITY TO ALTER COVERAGE AND CONTRACT FOR EXCESS COVERAGE

A. The Board of Directors may, from time to time, alter the coverage provided in the Memorandum of Coverage based on the needs of the "Participating Members", costs, the funds available, insurance available and other factors.

B. Only the Board of Directors may purchase excess insurance, purchase reinsurance, participate in other pooling arrangements as authorized by the Government Code Section 6500 et seq. or other self-insurance plan.

3. DISTRIBUTION

A copy of this document and the Memorandum of Coverage shall be provided to each "Participating Member". All endorsements or other changes to the Workers' Compensation Program shall be distributed, as occurring, to the "Participating Members". All documents shall be deemed provided if the designated representative for the "Participating Member" receives a copy of such document in person or if the document has been duly mailed in the U.S. Postal system or any other delivery system with tracking and verification of delivery to the address of the representative on file with SCORE.

ARTICLE III – PREMIUMS, RATES AND POOL ASSESSMENTS

1. MINI-CITIES POOL

A 'Mini-Cites" pool shall constitute those "Participating Members" who have elected, in writing, to participate in it and for which the Board of Directors has agreed by a vote of two-thirds of the Directors. For purposes of this Article, such "Mini-Cities" pool shall be treated as if it were a single "Participating Member".

A. "Deposit Premiums" for the "Mini-Cities" pool, as calculated in Section 2 below, shall be distributed to its members in the proportion the member's payroll is to the total payroll of all the members of the "Mini-Cities" pool.

B. Dividends or Member Assessments for the "Mini-Cities" pool, as calculated under Section 3 below, shall be distributed to its members in the proportion the member's deposit premium for the appropriate "Program Year" was to the deposit premium for the "Mini-Cities" pool as a whole.

C. The Board of Directors will establish rules for admission to the Mini-Cities Pool.

2. DEPOSIT PREMIUM CALCULATIONS

A. The annual "deposit premium" for each "Participating Member" shall be calculated utilizing:

1) a deposit for the "Banking Layer" using an actuarially determined loss rate at a 70 percent confidence level,

2) a deposit for the "Shared Risk Layer" using an actuarially determined loss rate at a 70 percent confidence level,

3) a charge for excess coverage and

4) a charge for the "Administrative Expenses" of the Workers' Compensation Program as adopted by the Board of Directors.

5) Any discounting of the deposit premium shall use an interest rate no higher than the prevailing rate at the time of the premium calculation.

~~4)~~

~~5)~~6) The above-mentioned deposits may be determined at a confidence level greater or less than 70 percent only by a two-thirds vote of the Directors.

B. The deposit for the "Banking Layer" shall be determined by multiplying the "Participating Member's" projected payroll for the "Program Year" by the rate determined by the actuary.

C. The deposit for the "Shared Risk Layer" shall be determined by multiplying the "Participating Member's" projected payroll for the "Program Year" by experience modification factor times the rate determined by the actuary.

1) The Experience Modification Factor for the member shall be determined by:

i. Dividing the member's losses for the four (4) years immediately preceding the one for which the deposit is being calculated not to exceed $50,000 any one occurrence by the payroll for the same period. This calculates the member's Loss Rate.

ii. Then dividing the member's loss rate by the loss rate for SCORE as a whole during the same period using the total losses and payroll for all the members, calculating a Relative Loss Rate for the member.

iii. This Relative Loss Rate will be multiplied by a Credibility Factor to which one minus the Relative Loss Rate will be added. This sum will be the Experience Modification Factor.

iv. A Credibility Factor will be calculated by dividing the member's payroll by the members' payroll plus a constant, i.e. member's payroll (member's payroll + constant). The constant will be one times the largest member's payroll.

D. The cost of excess coverage shall be charged to each "Participating Member" in the same proportion as the projected payroll is to the total payroll.

E. The "Administrative Expenses" charged to each "Participating Member" is calculated by:

1) multiplying 50 percent of the "Administrative Expenses" by a factor derived by dividing the "Participating Member's" projected payroll for the Program Year by the total projected payroll of all "Participating Members'"; plus

2) A share of the remaining "Administrative Expenses" that is equal among all the members.

F. Notwithstanding the super-majority vote under 2.A of this Article, the Board of Directors may impose a minimum and/or a maximum deposit. Should that be the case, the portion of the deposit premium that is for the banking layer shall be adjusted accordingly.

3. **POOL ASSESSMENTS**

If the Workers' Compensation Program as a whole is not "actuarially sound", that is where the funds for losses are less than the expected losses as determined by the actuary, all "Participating Members" of the Program shall be assessed a portion of the deficiency of funding according to the following calculation:

A. Each "Participating Member" of the Program with a deficit balance shall be assessed to the extent that the participating Member has a deficit balance using the calculation of account balances as described in Article I, Section C.4., Member Assessments. However, such calculation shall use funding at an actuarially expected loss level.

B. If the funds collected from assessing members under A.1. above is insufficient to fund the Program above a deficit balance, the oldest "Program Year" with a deficit will be assessed in the same fashion as A.1 above.

C. A.2 above will be repeated until such time as sufficient funds have been raised to eliminate the deficit of the Program as a whole.

D. "Participating Members" that have withdrawn from the Workers' Compensation Program are still responsible for assessments as detailed in Article V. – Participation, Section 2.B. of this document.

4. EXCESS INSURANCE OR REINSURANCE DIVIDENDS AND ASSESSMENTS

All dividends or assessments made to SCORE by its excess insurance partners shall be accounted for as follows:

A. Dividends or assessments will be applied to the Shared Risk Layer which will then re-allocate funding based on annual contributions for the corresponding program year, and;

B. The results of the re-allocation will then transfer into the Banking Layer balances for each member, with any credits eligible for release; or

C. The Board of Directors, at their discretion may direct Staff to apply the entire amount of dividend receivables as a credit to the following year's Excess Premiums.

ARTICLE IV - ADMINISTRATION

1. ORGANIZATION AND RESPONSIBILITIES

A. RELATION TO SCORE STRUCTURE

1) This document shall be considered to be an integral part of the Bylaws of SCORE. From time to time, resolutions of the SCORE Board of Directors may be adopted which may take precedence over this document for a limited period of time; however, it is intended that any change thus enacted by resolution that is intended to be permanent shall be incorporated into an amendment to this document.

2) SCORE Administrator shall administer the Workers' Compensation Program and report to the Board of Directors.

B. BOARD OF DIRECTORS' RESPONSIBILITIES

The Board of Directors shall:

1) Adopt this document and make changes to it as seen appropriate,

2) Adopt a Memorandum of Coverage and Declarations page where appropriate,

3) Review applications to participate in the Workers' Compensation Program from other agencies and determine their acceptability to the Program,

4) Approve budgets, rates, assessments, dividends and surcharges, and closures of "Program Years".

5) Approve all contracts for services for one (1) year or more. However, the Board of Directors need not approve contracts for legal representation provided to a covered party under the Memorandum of Coverage.

6) Meet at least annually to review the developments and performance of this program. This duty is fulfilled by discussion of developments and performance of this program as a part of a general or special Board of Directors meeting.

C. ADMINISTRATORS DUTIES AND RESPONSIBILITIES

The Program Administrator shall:

1) Use their best efforts to administer the Workers' Compensation Program such as to achieve the objectives and goals of the Program and SCORE.

2) Shall administer the Workers' Compensation Program in a manner that will provide claim and cost accountability for each "Program Year", separate apart from all other "Program Years", and from other programs of SCORE.

3) Act as an arbitrator where disputes arise between an "Participant" and the Claims Adjuster;

4) Provide the members with ongoing review of coverage's provided by this Workers' Compensation Program including any excess coverage; and

5) Maintain and distribute to the members the documents of this Program;

6) Assist in the selection of a Claims Adjusting company, including evaluation of quality and price of service in both the claims handling and reporting services;

7) Oversee performance of the Claims Adjuster with special emphasis on the handling of "open claims";

8) Present claims audits to the Board of Directors, with recommendations of changes in claims procedures where appropriate.

9) Prepare a budget for each "Program Year" for approval by the Board of Directors before the "Program Year";

10) Ensure that "Retrospective Adjustments" for previous "Program Years", and rates and "deposit premiums" for each new "Program Year" are calculated in the manner described in Article II;

11) Present the findings of the actuarial studies to the Board of Directors and recommend actions where "Program Years" are, or are likely to be, in the near future actuarially unsound;

12) Ensure that all "Participating Members" are invoiced for "deposit premiums" and other amounts due; and

13) Ensure that timely quarterly and annual financial statements describing the financial condition of the Workers' Compensation Program is presented to the Board of Directors.

2. ELIGIBILITY AND APPLICATION

A. WHO MAY PARTICIPATE IN THE WORKERS' COMPENSATION PROGRAM

1) All "Entities" which are members of SCORE may participate in the Workers' Compensation Program after review and a vote by two-thirds of the Board.

2) New agencies applying for membership in this Workers' Compensation Program shall submit an application for participation. A history of liability claims for at least five (5) years must be presented for review.

B. DATE OF MEMBERSHIP

It is desirable that new agencies enter the Workers' Compensation Program at the commencement of a new "Program Year". If the new applicant enters at any other time, the "deposit premium" may be prorated for the remainder of the "Program Year", and covered losses of the new applicant which occur on or after the date of membership will be paid; however, the new applicant shall be required to share losses for the pool for the entire year, just as if it had begun its membership in the pool at the beginning of the "Program Year".

ARTICLE V - PARTICIPATION

1. ELIGIBILITY AND APPLICATION

A. ELIGIBILITY

1) To participate in the Workers' Compensation Program, the "Entity" must be a member of SCORE. Participation in the Workers' Compensation Program is voluntary.

2) The "Entity" must initially commit to at least three (3) full "Program Years" of participation in the Workers' Compensation Program.

3) The "Entity" must apply for participation by providing a completed and signed resolution obligating the "Entity" to participate for the required three (3) years and accepting the rules and regulations set forth in this document. The "Entity" requesting to participate in the Workers' Compensation Program shall submit five (5) years of Workers' Compensation loss experience, complete an Exposure Analysis Questionnaire and/or payroll by classification codes, and provide copies of the last four (4) quarterly DE-6 reports.

4) The "Entity" should provide the resolution form, the experience information, and the DE-9 reports at least sixty (60) days prior to the inception of the "Program Year" in which they will commence participation, or the date the "Entity" desires coverage to begin.

B. APPROVAL OF APPLICATION

1) The Coverage Committee shall, from a review of the Resolution and other underwriting criteria, determine the acceptability of the exposures presented by the requesting "Entity".

2) The Administrator shall advise, in writing, the requesting "Entity" of the decision of the Board of Directors to accept or reject the request within ten (10) working days after the decision.

2. PARTICIPANTS' DUTIES

A. PROVIDE UNDERWRITING CRITERIA

1) Each participant shall provide copies of the DE-9 report quarterly within fifteen (15) days after filing with the State.

2) Each participant shall, upon request, complete an exposure questionnaire.

3) Each participant shall cooperate with SCORE in the claim management, loss control, underwriting, and actuarial activities of SCORE.

B. PAYMENT OF PREMIUMS AND OTHER CHARGES

1) Each year, on or around July 1st, SCORE shall invoice "Participating Members" for a Workers’ Compensation "Deposit Premium" for the next "Program Year". The deposit invoice shall be due and payable on the first day of each quarter, and shall be delinquent if not paid on or before the 30th day after the due date.

2) A "Participating Member" may be invoiced an additional amount because of assessments to bring a "Program Year" into a state of actuarial soundness or a surcharge arising out of a “*Pool* Assessment”. This invoicing is due and payable upon receipt and delinquent if not paid on or before thirty (30) calendar days after receipt. The date of receipt shall be determined as the date the billing was presented in person to a representative of the "Entity", or three (3) days after posting the billing in the U.S. Mail.

3) "Entities" which have formerly participated in the Workers’ Compensation Program, but have since withdrawn as a participant, shall be required to pay all applicable billings for the "Program Years" in which they participated. Delinquent billings shall be treated in the same manner as set forth above as if the "Entity" were still a “Participant”.

4) Failure to pay billings, penalties, or the accrued interest shall be considered grounds for removal of the "Participant" from the Workers Compensation Program and may result in the expulsion of the "Participant" from SCORE.

5) Failure to pay billings, penalties, or accrued interest thereon shall constitute a breach of the agreement between the former "Member Entity" and SCORE. The former "Member Entity" shall be liable for the billings, penalties, accrued interest, and all costs incurred by SCORE in the enforcement of all provisions set forth in this document.

3. TERMINATION OF PARTICIPATION

A. A "Participating Member" in one "Program Year" shall participate in the next "Program Year" unless:

1) a request to terminate participation is received from the "Participating Member" at least six (6) months prior to the inception of the next “Program Year”,

2) a termination notice from the President advising of the Board of Directors that action to expel the “Participating Member” has been sent to the "Participating Member", or

3) The “Participant” is no longer a “Member Entity”.

B. Termination of participation in future "Program Years" does not relieve the terminated "Entity" of any benefits or obligations of those "Program Years" in which the "Entity" participated. These obligations include payment of assessments or any other amounts due and payable.

C. The Board of Directors may terminate future participation by an "Entity" for the following reasons:

1) Declination to cover the "Entity" by the organization providing excess coverage;

2) Nonpayment of past billings, assessments, surcharges, or other charges;

3) Habitual late payment of billings, assessments, surcharges, and/or other charges, or habitual late response in submitting data required by the Liability Program;

4) Failure to provide underwriting information;

5) Development of an extraordinarily poor loss history;

6) A substantial change in exposures that are not acceptable in this program; and/or

7) Financial impairment that is likely to jeopardize this Program's ability to collect amounts ue in the future.

ARTICLE VI – CLAIMS ADMINISTRATION

1. SELECTION OF ADJUSTOR

A. The Board of Directors shall review proposals for claims adjusting services and may enter into contract with the based on the qualifications and experience of the proposer. The adjusting company shall have the capacity, and shall report claims activities in such a manner that the segregated accounting requirement of the Workers' Compensation Program can be easily administered.

2. CLAIMS ADJUSTING SERVICE

The claims adjusting company shall:

A. Accept notices or reports of claims on behalf of the "Participating Members" and SCORE;

B. Maintain a complete and separate file for each claim reported, including actions taken, amounts reserved, and amounts paid by date;

C. Report claims as needed to the excess coverage provider, document amounts due from the excess coverage and follow through with collection of such amounts,

D. Make available for inspection and review by SCORE or its agents any and all claims files, provided reasonable notice of inspection and reasonable time and place is set for review;

E. Report claims activity monthly to the Administrator and each "Participant".

3. CLAIMS PROCEDURES MANUAL

A. A Workers' Compensation Claims Procedures Manual, including reporting procedures, forms, and other vital information shall be adopted by the Board of Directors and provided to all "Participants".

B. The Board of Directors may adopt amendments to the Workers' Compensation Claims Procedures Manual. Any amendments shall not be effective for fifteen (15) days after distribution of the amendments to the "Member Entities".

C. All "Participating Members" shall be held accountable for understanding and abiding by the procedures stated in this Manual, as well as any changes thereto.

4. DUTY TO REPORT CLAIM

A. Timely reporting of claims is essential to efficient claims management. Thus, any claim shall be reported to the Claims Adjustor immediately, as set forth in the Claims Procedures Manual.

B. The Workers' Compensation Claims Procedures Manual shall include forms and detailed procedures for claims reporting. It is the responsibility of each "Participating Member" to ensure that the persons handling claims at the "Participant's" place of business knows the claims procedures set forth in the Manual.

5. CLAIMS AUDIT

A. At least once every two (2) years, the adequacy of claims adjusting shall be examined by an independent auditor who specializes in claims auditing.

B. The Board of Directors shall direct the Administrator to obtain the services of a claims auditor chosen by the Board and present the finding of the audit to the Board of Director.

C. The claims audit report shall address the issues of adequacy of claims procedures, the implementation of the litigation management procedures and the accuracy of claims data.

6. SETTLEMENT AUTHORITY

A. Each "Participating Member" shall have settlement authority for its claims within the banking layer.

B. The Executive Committee shall have authority to settle claims within the banking layer, even without the "Participating Member's" approval, but only after notice of such intent is given to the "Participating Member" experiencing the claim.

C. The Board of Directors retains unto itself the authority to approve settlement of all other claims.

D. If a settlement of a claim requires approval by the Board, except for the fact that the Board will not have a regularly scheduled Board meeting sufficiently early enough to take action on a settlement offer, the Executive Committee may authorize settlement but only after the President determines that the settlement opportunity will not exist until the next regularly scheduled Board meeting and the settlement is not sufficiently controversial to justify the time and expense required to call a special Board Meeting. Such action by the Executive Committee will be reported at the next Board meeting.

E. For the purposes of this section, settlement shall include stipulations to a permanent disability rating as well as compromises and releases.

7. DISPUTES REGARDING MANAGEMENT OF A CLAIM

A. Any matter in dispute between a "Participating Member" and the Claims Adjustor shall be called to the attention of the Program Administrator who shall bring it to the Board of Directors or, if the matter must be resolved prior to the next regularly scheduled Board meeting, the Administrator shall bring it to the attention of the Executive Committee.

B. The decision of the Board of Directors or Executive Committee shall be final and not appealable to a higher authority.

ARTICLE VII - DEFINITIONS

The following terms have special meaning when used in this document, as defined below:

1) **"Actuarially sound"** means that the "Program Year" has sufficient funds to pay the expected cost of claims as determined by a certified actuary and the Administrative Expenses for the "Program Year".

2) **"Administrative Expenses"** means those expenses incurred by the Workers' Compensation Program that are not incurred due to any specific claim and does not constitute a reserve for future expected changes in the size of existing claims or discovery of previously unknown claims. Administrative Expenses shall include expenses of the Authority that are allocated to the Workers' Compensation Program.

3) **"Banking Layer"** shall be that amount of all claims arising out of one occurrence where 100 percent of the claims will be charged against the "Participant's" account.

4) **"Claim"** means, if not otherwise defined within the context, to be all demands for compensation by employees for bodily injury caused while in the course of his or her employment.

5) **"Entity"** means a governmental body, including any commissions, agencies, districts, authorities, boards, or other similar government body under the direct control of the governmental body which is eligible to participate in a Joint Powers Authority. A "Member Entity" is one who has been accepted into SCORE.

6) **"Limits of Coverage"** means the maximum amount of financial protection afforded any "member entity" or "entities".

7) **"IBNR"** means Incurred But Not Reported Losses - reserves for losses that have occurred but have not yet been reported and amounts for loss development on already reported claims.

8) **"Participant"** or "**Participating Member"** is a "Member Entity" that participates in the Workers' Compensation Program.

9) **"Program Year"** means the period of coverage from July 1st of any one year to July 1st of the next year as provided by the Memorandum of Coverage.

10) **"Shared Risk Layer"** means the amount of all claims from one occurrence exceeding the "Banking Layer" but not more than the total amount retained by SCORE.

11) **"Programs"** means Liability or Workers' Compensation Programs.

12) **"Minimum Equity"** means the minimum equity threshold of 5 times the anticipated retained limit, less the banking layer retention of $25,000 per occurrence. For a $250,000 retained limit the threshold is $1,125,000.

SCORE WC PROGRAM
2013-14 Dividend Calculation Spreadsheet

SHARED LAYER

	STARTING POINT			DATA INPUTS						
				(1)	(2)	(3)	(4) [(1)+(2)-(3)]/10	(5) (4)/Total	(6) (5)*Total	
CITY	6/30/2013 BANKING BALANCE	6/30/2013 SHARED RISK BALANCE	6/30/2013 PLAN TOTAL	Premiums	Last 10 years Assess/(Div)	Claims	Combined 10 Yr Avg	Alloc %	Distrib.	"Waterfall" To Banking
CRESCENT CITY	(2,390)			805,481	-	511,473	29,401	8.84%	-	
DUNSMUIR	26,963			155,141	-	110,355	4,479	1.35%	-	
IONE	17,464			236,880	-	100,000	13,688	4.11%	-	
LIVE OAK	68,957			207,285	-	-	20,729	6.23%	-	
MOUNT SHASTA	(24,871)			564,406	-	537,815	2,659	0.80%	-	
SHASTA LAKE	203,111			741,731	-	117,883	62,385	18.75%	-	
SUSANVILLE	204,860			1,381,499	-	867,750	51,375	15.44%	-	
WEED	(9,305)			476,633	-	453,378	2,326	0.70%	-	
WILLIAMS	53,759			437,156	-	200,442	23,671	7.11%	-	
YREKA	129,419			1,148,880	-	506,532	64,235	19.30%	-	
MINICITIES	(3,002)			976,158	-	397,902	57,826	17.38%	-	
	664,965	1,016,063	1,681,028	7,131,250	-	3,803,530	332,772	Total	-	
							332,772			

BANKING LAYER

	(7)	(8) Col. (6)	(9) (7)+(8)	(10) (9)/+Total	(11) (10)*Total	(12)	(13) (9)-(12)=<(11)
CITY	JUNE 30 BANKING BALANCE	SHARED RISK DISTRIB	BANKING BALANCE TOTAL	Banking Alloc %	Max Dist Avail	Min Bal Reqmt*	Permitted Distrib
CRESCENT CITY	(2,390)	-	(2,390)	0.00%	-	96,558	-
DUNSMUIR	26,963	-	26,963	3.83%	3,827	12,500	3,827
IONE	17,464	-	17,464	2.48%	2,479	13,799	2,479
LIVE OAK	68,957	-	68,957	9.79%	9,788	12,500	9,788
MOUNT SHASTA	(24,871)	-	(24,871)	0.00%	-	39,634	-
SHASTA LAKE	203,111	-	203,111	28.83%	28,829	12,500	28,829
SUSANVILLE	204,860	-	204,860	29.08%	29,077	26,609	29,077
WEED	(9,305)	-	(9,305)	0.00%	-	22,395	-
WILLIAMS	53,759	-	53,759	7.63%	7,630	19,751	7,630
YREKA	129,419	-	129,419	18.37%	18,369	46,260	18,369
MINICITIES	(3,002)	-	(3,002)	0.00%	-	69,007	-
	664,965	-	664,965		100,000		99,999

CHECK -
Total w/out negative balances 704,533

Amount available for shared layer distribution:

Shared Risk Layer Net Assets:	1,016,063
Min Equity Reserve ($225,000 x 5):	(1,125,000)
70% Conf Level Adjustment for Claims Liabilities:	(308,000)
Safety Grant Fund:	(50,000)
Undesignated Net Assets	(466,937)
Distribution:	-

MINICITIES	Alloc %	Distrib
BIGGS	10.24%	-
COLFAX	14.32%	-
DORRIS	3.88%	-
ETNA	7.49%	-
FORT JONES	3.68%	-
LOOMIS	19.72%	-
LOYALTON	1.13%	-
MONTAGUE	4.62%	-
PORTOLA	16.23%	-
RIO DELL	18.69%	-
		-

Amount available for banking distribution:

Banking Net Assets + Shared Distribution Available:	664,965
Min Banking Reserve (example 10 x $25k):	(250,000)
70% Confidence Level Adjustment for Claims Liabilities:	(47,000)
Undesignated Net Assets	367,965
Distribution:	100,000

*Avg of last 5 years claims or $12.5k, whichever is higher.

Agenda Item I.1.

SCORE BYLAW AMENDMENTS

ACTION ITEM

ISSUE: The Board of Directors will consider adopting the proposed changes to the JPA Bylaws to address the new Dividend and Assessment Plan (DAP) and other clean-up issues that were addressed at the same time. Several sections of the Bylaws document were edited to better mimic terminology used throughout SCORE's JPA Agreement and Master Plan Documents. A red line strike-out and an "accepted changes" draft version have both been included to highlight the changes being proposed.

FISCAL IMPACT: None.

RECOMMENDATION: Staff recommends the Board review and adopt the proposed changes to the Bylaws, as presented.

BACKGROUND: The SCORE Bylaws document contains several references to the Dividend Calculation process and the return of surplus equity funds to Members. It also addresses the issue of withdrawn members and the need to further retain part of their funds on account to offset the costs of open claims as well as claims that have been incurred but not yet reported. The Bylaws also include specifics on how Pool and Member assessments are to be levied in the event that any of SCORE's Programs are found to be insufficiently funded actuarially. During recent reviews of the document, it was also found that some of the terms were not consistent with SCORE's other Governing Documents and as such corrections in terminology were made to align the document with the remaining governing documents. In some areas, further clarification was added to help in making the content easier to read and understand. In order to comply with the SCORE Bylaws requirement of providing 30 Day notice for amendments, changes were noticed at the last Board of Directors Meeting on January 24, 2014.

ATTACHMENTS:

1. SCORE JPA Bylaws "Accepted Changes" Draft
2. SCORE JPA Bylaws Red-Line Strikeout Version

SMALL CITIES ORGANIZED RISK EFFORT

(SCORE)

BYLAWS

<u>**AMENDED**</u>

JULY 1, 2000
JANUARY 26, 2007
JUNE 24, 2011
JANUARY 24, 2014

BYLAWS

For the regulation of the Small Cities Organized Risk Effort, except as otherwise provided by statute or the "Agreement" creating the Small Cities Organized Risk Effort, a Joint Powers "Authority."

ARTICLE I
DEFINITIONS

The terms in these Bylaws shall be as defined herein and in the "Agreement" creating the Small Cities Organized Risk Effort Joint Powers Insurance Authority, unless otherwise specified herein.

A. "Agreement" shall mean the Joint Powers "Agreement" creating the Small Cities Organized Risk Effort Joint Powers "Authority."
B. The "Authority" shall mean the Small Cities Organized Risk Effort (SCORE).
C. "Assessments" are charges levied upon the members by the Board of Directors that are intended to raise the funding of the "Authority" to a level above the minimum solvency level when the normal budgeting and member contributions are insufficient to maintain such a level of funding. "Mandatory Programs" are programs for which participation by all members is required.
D. "Master Plan Document" shall mean a governing document that defines the procedures of a "Coverage Program."
E. "Memorandum of Coverage" shall be the governing document issued by the "Authority" to Member Entities specifying the type and amount of pooled coverage provided to each member by the "Authority."
F. "Coverage Program" shall mean a formal plan or procedure adopted by the Board of Directors to provide coverage against the possibility of loss or reduce the chance of loss.
G. "Voluntary Program" shall mean a "Coverage Program" for which participation is merely voluntary by the members.
H. "Member Entity" shall mean any of the public entities which are a party to this "Agreement"

ARTICLE II
OFFICES

The principal office for the transaction of business of the "Authority" and receipt of all notices is hereby fixed and located as described in Appendix A attached hereto and incorporated herein by reference. The Board shall have the authority, with a majority vote of those present and voting at a regular or special meeting of the Board, to change the location of the principal executive office from time to time.

ARTICLE III
BOARD OF DIRECTORS

Section 1 – Governing Board

In accordance with Article X of the "Agreement," the Board of Directors shall be the governing body of the "Authority." Each Member's governing board shall appoint, by resolution, a director and an alternate to the Board of Directors of the "Authority." Such appointment shall not take effect until such notice is received by the "Authority" at its executive office as defined in Article II above. Voting members shall be the Directors, or in the case of their absence, their Alternates.

The Board of Directors shall provide policy direction to the Committees, the Officers, and any employees or contracted service providers of the "Authority." The Board shall have the authority to delegate any and all authority except those specifically reserved onto the Board or specifically requiring a vote by the Board of Directors. Some of those authorities reserved onto the Board are:

A. By a three fourths vote of the entire Board of Directors:
    1) Accept a new member to the "Authority"
B. By a two thirds vote of the entire Board of Directors:
    1) Amend these Bylaws pursuant to Article XVII of these Bylaws;
    2) Create or terminate any risk management, self-insurance, or group purchase insurance coverage;
    3) Expel an existing member from the "Authority;" or
    4) Remove an Officer of the "Authority" or Committee Member; and
    5) Authorize an "Assessment."
    6) Authorize release of funds at the request of a Member Entity that has withdrawn from the "Authority".
C. By a simple majority of Directors voting at a regular or special meeting:
    1) Adopt an operating budget for each of the "Authority's" fiscal years; or
    2) Authorize payment of a dividend, or charge an assessment, under a Dividend Return Calculation;
    3) Change the location of the Principal Executive Office.

Section 2 – Meetings

All regular and special meetings of the Board of Directors shall be conducted in accordance with the Ralph M. Brown Act (Government Code Section 54950) as it now exists or may be amended from time to time. The Secretary shall give notice or cause notice to be given of all meetings and prepare minutes or cause minutes to be prepared and distributed to the Board of Directors. An official set of minutes of all Board meetings shall be kept at the principal executive offices of the "Authority" as defined in Article II.

All matters duly noticed and within the purview of the Board of Directors may be decided by a simple majority of those voting at a regular or special meeting, unless the governing documents prescribe otherwise.

The Board shall have at least four regular meetings a year. The time and place of such meetings for the next calendar year shall be established by resolution of the Board adopted at the last regular Board meeting of the then current calendar year.

A special meeting of the Board of Directors may be called by the President, or in the case that the President cannot be contacted, by the Vice-President, with 24 hours notice stating the time and place of such meeting and the matter to be discussed. Such notice may be delivered personally, by way of electronic transmission (other than voice communication) or mail. Notice by mail must be received at least 24 hours prior to the meeting.

All meetings may be postponed or cancelled by the President with at least 24 hours prior notice.

ARTICLE IV
OFFICERS OF THE AUTHORITY

Section 1 - Election

The Board of Directors will elect the officers and committee members from among the Board's Directors and Alternates. Any Board member may nominate themselves or another Board member for any office or as a member-at-large on the Executive Committee. These nominations may be made by either prior written nomination delivered to the executive offices of the "Authority" or from the floor. The President shall announce each nominee for each office or member-at-large. Each Board member present shall cast one vote for the candidate of his/her own choice for each office or member-at-large. If more than one candidate was nominated, a roll call vote shall be taken. A plurality shall succeed to the office or as a member-at-large.

Section 2- Term

The terms of the President, Vice-President, Secretary, Treasurer and a member-at-large of the Executive Committee will be for two (2) years. The term of these offices and member-at-large will begin with the commencement of the Fiscal Year in each of the even numbered calendar years. The officers and member-at-large shall serve their term until the first one of the following events occurs:

1) The term expires
2) Until termination of employment with a member entity; or
3) Until removal from office or as the member-at-large by a vote of two-thirds of the entire Board of Directors.

Should a vacancy occur in any of the office or the position of member-at-large prior to the expiration of the term, the Board of Directors, at their next regular or special meeting shall elect an officer or a member-at-large to fill the vacancy until the remainder of the term expires.

Section 3- Duties

President – The President shall preside over all meetings of the Board of Directors. The President shall execute documents on behalf of the "Authority" as authorized by the Board and serve as the primary liaison between this "Authority" and any other organization. Jointly with the Vice-

President, Secretary, or Treasurer, the President shall have authority to approve payments of warrants. The President shall have such other powers and duties as the Board of Directors may prescribe from time to time.

Vice-President – The Vice-President, in the absence of the President, shall have all the authority and duties of the President. The Vice-President shall, jointly with the President, Secretary, or the Treasurer, have authority to approve the payments of warrants. The Vice-President shall have such other powers and duties as the Board of Directors may prescribe from time to time.

Secretary – The duties of the Secretary shall be to cause minutes to be kept and distributed as specified in the "Agreement," to maintain or cause to be maintained documents pursuant to a record retention policy adopted by the Board of Directors, and to perform such other duties as the Board may specify. Jointly with the President, Vice-President, or Treasurer, the Secretary shall have authority to approve payments of warrants.

Treasurer – The duties of the Treasurer shall be those specified in Sections 6505.5 or 6505.6 of the California Government Code, to maintain or cause to be maintained all accounting and other financial records of the "Authority," to file all financial reports required of the "Authority" and other duties as specified by the Board. Jointly with the President, Vice-President, or Secretary, the Treasurer shall have the authority to approve payments of warrants.

Section 4 – Other Officers

The Board of Directors may create, by resolution, any other office of the "Authority," and delegate such authority, that it deems appropriate, which is not inconsistent with the "Agreement" and other provisions of these Bylaws. The Board may establish a term for such office. If a term of office is not established, the term will continue until such time as the Board, by a majority vote, determines the office is no longer needed or another person is appointed to the office.

ARTICLE V
COMMITTEES

Section 1 – Executive Committee

The Executive Committee shall consist of five members, the President, Vice President, Secretary, Treasurer and one member-at-large. The Executive Committee shall have the responsibility and authority to conduct the business of the "Authority" which is necessary and, in the opinion of the President, there is no reason to call a special meeting, or wait until the next regular Board of Directors meeting. The Committee shall have all other authority as specifically granted it by the Board, including, but not limited to the following:

A. Provide general supervision and direction to the Program Administrator.
B. Act as Program Administrator in the absence of the Program Administrator.
C. Review and recommend a budget to the Board no later than fifteen (15) days prior to the June meeting of the Board.
D. Enter into contracts, within budget limits.
E. Appoint a nominating committee for each election of officers and members of the Executive Board.

Subject only to such limitations as are expressly stated in the "Agreement," these Bylaws or a resolution of the Board of Directors, the Executive Committee shall have and be entitled to exercise all powers which may be reasonably implied from powers expressly granted and which are reasonably necessary to conduct, direct and supervise the business of the "Authority."

Any action taken by the Executive Committee may be appealed to the Board by filing a written request with the Program Administrator within sixty (60) days, based on notice to all Board members of the Executive Committee actions. Upon receipt of such request, the Program Administrator shall place the request for appeal on the agenda of the next regularly scheduled Board meeting. The decision of the Board shall be final.

The President shall be the Chair of the Executive Committee. The President shall call the time and place of the meetings and the matter to be discussed prior to a properly noticed meeting.

Section 2 – Finance Committee

The Finance Committee shall consist of five members including the Treasurer. The Treasurer will act as Chair of the committee. It is desired that one member of the committee shall be a finance or assistant finance officer of a Member Entity. The Committee shall have all other authority as specifically granted it by the Board, including, but not limited to the following:

A. In accordance with the Investment Policy, discuss strategies with the Investment Advisors and direct overall investment strategy.
B. On an annual basis the Finance Committee shall review cash management requirements and give direction to the accountant to make adjustments.
C. Review the independent auditors' proposed audit scope and approach.
D. Review the performance of the independent auditor(s).
E. Recommend the appointment to the Board or Executive Committee of the independent auditor(s) and review audit fees.
F. At the direction of the Board or the Executive Committee, review with counsel any legal matters that could have significant impact on the financial statements.
G. Review and make recommendations to the Board or the Executive Committee to maintain or change the Investment Policy in accordance with California Government Code.
H. Advise the Board and the Executive Committee on other financial matters.

All committee meetings shall be held as open meetings in accordance with the Ralph M. Brown Act. Minutes shall be kept of all committee meetings and distributed to all committee and Board members.

Section 3 – Other Standing Committees

The Board of Directors may establish other standing committees and delegate authority to such committees to accomplish certain tasks. Members of the committees shall remain members of the committees until such time as the Board appoints new members to the committees or the committees are dissolved by the Board.

The Board shall appoint a chair of each committee, other than the Executive Committee and Finance Committee, who shall call the meetings.

All committee meetings shall be held as open meetings in accordance with the Ralph M. Brown Act. Minutes shall be kept of all committee meetings and distributed to all committee and Board members.

Section 4 – Ad Hoc Committees

The Board of Directors may establish from time to time, ad hoc committees and delegate limited authority to such committee to accomplish certain tasks. Members of the committee shall remain members of the committee until such time as the Board appoints new members to the committee, or the committee is dissolved by the Board. The Board shall appoint a chair of each committee.

ARTICLE VI
MEMBERS' RESPONSIBILITIES

Any party to the Joint Powers "Agreement" is a member. Any governmental agency as defined by the Government Code is eligible to become a member.

The Joint Powers "Authority" is a participatory organization with the goal of reducing exposures to losses. To facilitate this goal, each Member agrees to perform the following functions in discharging its responsibilities:

1. Abide by all the rules and obligations imposed upon the member by the "Agreement," these Bylaws, any Administrative Policies and Procedures adopted, any "Master Plan Documents" and Memoranda of Coverage for any and all "Programs" to which the member participates;
2. Appoint a representative and alternate to the Board;
3. Participate in all "Mandatory Programs"
4. Remit fund contributions and other amounts due within 15 days of the date of invoice or, in the case of the deposit premiums adopted in the budget, within 15 days of the commencement of the fiscal year for which the budget applies;
5. Cooperate fully with the "Authority" in reporting on and in determining the cause of claims and in the settlement of such claims;
6. Adopt by resolution and implement the claims procedures established by the "Authority;" and
7. Upon withdrawal from the "Authority," the member shall remain responsible for any losses and any other costs which it has incurred while a Member of the "Authority."

In addition to the above, each member agrees to cooperate fully with parties or persons employed by the "Authority" to provide safety/loss control service, and each of the entities agree to permit such parties or persons access to inspect property and conditions. Each participating Member will endeavor to maintain minimum loss experience through the institution of loss control programs. In the even a participating member fails to comply with safety/loss control recommendations, after having been afforded reasonable opportunity to do so, a two-thirds majority vote of the Member entities may vote to exclude such Member from the "Authority" as of the close of the fiscal year.

Each Member Entity agrees to share the cost of safety/loss control services which shall be allocated to each Member as agreed by the Board.

ARTICLE VII
NEW MEMBERS

Any California governmental agency as defined by the Government Code is eligible to be a member of this "Authority." Such agency shall become a member once they have signed the Joint Powers "Agreement" and the Board of Directors has approved its admission to the "Authority" with a three fourth vote of the entire Board of Directors.

ARTICLE VIII
WITHDRAWAL

Member Entities that have withdrawn from SCORE's Liability and/or Worker's Compensation Programs, agree that fifty (50%) percent of their available return funds will be held by SCORE in trust, for five(5) additional years before being released.

Member Assessments will also be levied and due as specified in the SCORE Master Plan Documents for each Coverage Program.

ARTICLE XI
PROGRAMS

Section 1- Formation of Programs

The Board of Directors may establish with a two thirds vote, a risk management, self-insurance, or group purchase insurance "Program." Such "Program" shall be designated as a Mandatory or a "Voluntary Program." If it is Mandatory, all existing members must participate in the "Program." The Board of Directors shall establish the rules by which a member shall commit to a new "Program."

Section 2 – Administration of Programs

For each self-insured risk pooling "Program" or any "Mandatory Program," the Board of Directors shall adopt a "Master Plan Document" that will describe the "Program's" purpose, procedures, and administration. Once adopted, the "Master Plan Document" may be amended as described in that document. In addition to the "Master Plan Document," the "Authority" shall adopt a "Memorandum of Coverage" defining the scope of coverage and the rights and obligations of the participating members.

The Board of Directors may delegate authority for the establishment of policies and operations of a "Program" to a committee consisting of the Board Representative from each of the participating members or, in the case of an absence by a Board Representative, the Alternate for the participating member. Such delegation may be part of the "Master Plan Document" for the "Program," or where such document does not exist, by resolution of the Board.

Notwithstanding anything to the contrary, the budget, "Assessments," and Dividend Returns for each "Program" shall be approved by the Board of Directors.

Section 3 – Liability Program

The "Authority" shall offer to, and make participation mandatory of, each Member. The purpose and scope of the "Program" shall be defined in a "Master Plan Document" and the coverage provided defined in a "Memorandum of Coverage."

ARTICLE IX
ADMINISTRATION

The general administration of the "Authority" shall be performed by those designated by the Board of Directors. The administration may be performed by an employee of the "Authority," an employee of a member of the "Authority," a consultant, or a corporation or other legal entity.

The Treasurer shall be responsible for maintaining the books in accordance with the General Accepted Accounting Principles (GAAP) and the standards established by the Government Accounting Standards Board (GASB).

The Treasurer shall also be responsible for causing the State Controllers Annual Report of Financial Transactions to be filed along with the audited financial reports. The Treasurer shall be responsible for causing the quarterly financial statements to be prepared and distributed to the members.

The Board of Directors shall adopt a Conflict of Interest Code, an Investment Policy and a Records Retention Policy. The Board shall review the Conflict of Interest Code every even year. The Board shall review the Investment Policy every year.

ARTICLE X
BUDGET

An annual budget shall be presented to the Board of Directors no later than thirty (30) days prior to the beginning of each fiscal year and shall be adopted no later than June 30 of each year.

The budget shall separately show the following:

A. General and administrative costs;
B. The actuarially projected claims and allocated claims adjustment costs, and
C. The cash contributions allocated among the members.

ARTICLE XI
ASSESSMENTS

Upon a two thirds vote of the entire Board, the Board shall have the authority to levy an "Assessment" for any pooled coverage "Program." There must be a finding by the Board that there are insufficient funds available to the "Program" or the "Authority" as a whole to meet its legal obligations. Insufficient funds shall be calculated by applying against the assets of the "Program," any and all liabilities, including claims reserves, reserves for expected losses not yet recognized in the claim reserves, plus a contingency for adverse claims development.

~~An~~A "Pool Assessment" shall be directed only to those members or former members that participated in the pooled "Coverage Program" during the program year in which the covered loss, causing the Pool assessment, was incurred.

Any costs, including attorney fees incurred by the "Authority" in collecting any "Pool Assessment," shall be reimbursed fully by the member against whom such collection action has been taken.

ARTICLE XII
RECEIPT AND DISBURSEMENT OF FUNDS

Revenues of the "Authority" shall be received at its principal executive office. The Treasurer or other designee of the Board shall safeguard and invest funds in accordance with the "Authority's" current Investment Policy.

Jointly with the President, Vice-President, or Secretary, the Treasurer shall have authority to approve payment of warrants. All disbursements, except disbursement from the Claims Trust Accounts, must have approval of signature of two individuals holding the above referenced offices.

Jointly with the President, Vice-President, or Secretary, the Treasurer shall be authorized to make all expenditures for good or services to the extent such funds have been included in the general and administrative costs budgeted and approved by adoption of such budget, or as subsequently approved by the Board.

A register of all checks issued since the last Board meeting shall be provided as part of the Treasurer's report at the subsequent Board meeting and reviewed by the Board.

ARTICLE XIII

FINANCIAL AUDITS

Prior to June 30 of each fiscal year, the Board of Directors shall appoint a Certified Public Accountant familiar with accounting standards practices of governmental agencies, including GAAP and GASB accounting standards, to audit the financial accounts of the "Authority." The minimum requirements of the audit shall be those prescribed by law.

The audit report shall be made available to the members and filed with the State of California within six months of the end of the fiscal year being examined. It shall also be filed with the County in which the executive office is located.

The costs of the audit shall be charged against the administrative funds of the "Authority."

ARTICLE XIV
EXECUTION OF CONTRACTS

The Board of Directors may authorize any officer, employee or agent to enter into any contract or execute any instrument in the name and on behalf of the "Authority," and such authorization may be general or specific to a certain contract or instrument.

ARTICLE XV
NOTICES

Notices to the "Authority," other than notices of claims under a pooled coverage "Program," shall be in writing and delivered to the address of the executive office is stated in Article II above. Notices of claims under a Pooled Coverage "Program" shall be made in accordance with the "Master Plan Document" and/or "Memorandum of Coverage" document for the "Program" under which the claim is being noticed.

Notice from the "Authority" to the members shall be in writing and delivered to the appointed Representative or mailed to the address of record.

ARTICLE XVI
EFFECTIVE DATE

The effective date of these amended Bylaws shall be when adopted by the Board unless specifically identified as another date. The adoption of these amended Bylaws shall supersede any prior Bylaws or amended Bylaws. These Bylaws shall supersede any resolution or any other document, other than the "Agreement" form this "Authority," to the extent that such resolution or document is inconsistent with the Bylaws or the "Agreement."

ARTICLE XVII
AMENDMENTS

These Bylaws may be amended by a two thirds vote of the entire Board provided that any amendment is compatible with the purposes of SCORE, is not in conflict with the "Agreement" forming this "Authority," and has been submitted to the Board at least thirty (30) days in advance.

Any such amendment shall be effective immediately, unless otherwise designated.

APPENDIX A

PRINCIPAL EXECUTIVE OFFICE

The principal address of the Small Cities Organized Risk Effort Joint Powers Authority for the transaction of business and receipt of all notices shall be:

1792 Tribute Road, Ste. 450
Sacramento, CA 95815-4320

SMALL CITIES ORGANIZED RISK EFFORT

(SCORE)

BYLAWS

<u>AMENDED</u>

JULY 1, 2000
JANUARY 26, 2007
JUNE 24, 2011
<u>JANUARY 24, 2014</u>

BYLAWS

For the regulation of the Small Cities Organized Risk Effort, except as otherwise provided by statute or the "Agreement" creating the Small Cities Organized Risk Effort, a Joint Powers "Authority."

ARTICLE I
DEFINITIONS

The terms in these Bylaws shall be as defined herein and in the "Agreement" creating the Small Cities Organized Risk Effort Joint Powers Insurance Authority, unless otherwise specified herein.

A. "Agreement" shall mean the Joint Powers "Agreement" creating the Small Cities Organized Risk Effort Joint Powers "Authority."
B. The "Authority" shall mean the Small Cities Organized Risk Effort (SCORE).
~~C.~~ "~~Cash~~ Assessments" are ~~changes~~ charges levied upon the members by the Board of Directors that are intended to raise the funding of the "Authority" to a level above the minimum solvency level when the normal budgeting and member contributions are insufficient to maintain such a level of funding. ~~"Cash Assessments" are not changes against the members because of retrospective adjustment calculations of a pooled coverage "Program."~~
~~D.~~C. "Mandatory Programs" are programs for which participation by all members is required.
~~E.~~D. "Master Plan Document" shall mean a governing document that defines the procedures of a "C~~c~~overage Program."
~~F.~~E. "Memorandum of Coverage" shall be the governing document issued by the "Authority" to Member ~~Agencies~~ Entities specifying the type and amount of pooled coverage provided to each ~~M~~member ~~Agency~~ by the "Authority."
~~G.~~F. "Coverage Program" shall mean a formal plan or procedure adopted by the Board of Directors to provide coverage against the possibility of loss or reduce the chance of loss.
G. "Voluntary Program" shall mean a "Coverage Program" for which participation is merely voluntary by the members.
H. "Member Entity" shall mean any of the public entities which are a party to this "Agreement"

ARTICLE II
OFFICES

The principal office for the transaction of business of the "Authority" and receipt of all notices is hereby fixed and located as described in Appendix A attached hereto and incorporated herein by reference. The Board shall have the authority, with a majority vote of those present and voting at a regular or special meeting of the Board, to change the location of the principal executive office from time to time.

<u>ARTICLE III</u>
<u>BOARD OF DIRECTORS</u>

Section 1 – Governing Board

In accordance with Article X of the "Agreement," the Board of Directors shall be the governing body of the "Authority." Each M~~m~~ember's governing board shall appoint, by resolution, a director and an alternate to the Board of Directors of the "Authority." Such appointment shall not take effect until such ~~resolution~~ notice is received by the "Authority" at its executive office as defined in Article II above. Voting members shall be the Directors, or in the case of their absence, their Alternates.

The Board of Directors shall provide policy direction to the Committees, the Officers, and any employees or contracted service providers of the "Authority." The Board shall have the authority to delegate any and all authority except those specifically reserved onto the Board or specifically requiring a vote by the Board of Directors. Some of those authorities reserved onto the Board are:

A. By a three fourths vote of the entire Board of Directors:
    1) Accept a new member to the "Authority"
B. By a two thirds vote of the entire Board of Directors:
    1) Amend these Bylaws pursuant to Article XVII of these Bylaws;
    2) Create or terminate any risk management, self-insurance, or group purchase insurance ~~"Program;"~~coverage;
    3) Expel an existing member from the "Authority;" or
    4) Remove an Officer of the "Authority" or Committee Member; and
    5) Authorize a "~~Cash~~ Assessment."
    6) Authorize release of funds at the request of a Member ~~Agency~~ Entity that has withdrawn from the "Authority".
C. By a simple majority of Directors voting at a regular or special meeting:
    1) Adopt an operating budget for each of the "Authority's" fiscal years; or
    2) Authorize payment of a dividend, or charge an ~~surcharge~~assessment, under a ~~retrospective adjustment~~Dividend Return Calculation;
    3) Change the location of the Principal Executive Office.

Section 2 – Meetings

All regular and special meetings of the Board of Directors shall be conducted in accordance with the Ralph M. Brown Act (Government Code Section 54950) as it now exists or may be amended from time to time. The Secretary shall give notice or cause notice to be given of all meetings and prepare minutes or cause minutes to be prepared and distributed to the Board of Directors. An official set of minutes of all Board meetings shall be kept at the principal executive offices of the "Authority" as defined in Article II.

All matters duly noticed and within the purview of the Board of Directors may be decided by a simple majority of those voting at a regular or special meeting, unless the governing documents prescribe otherwise.

The Board shall have at least four regular meetings a year. The time and place of such meetings for the next calendar year shall be established by resolution of the Board adopted at the last regular Board meeting of the then current calendar year.

A special meeting of the Board of Directors may be called by the President, or in the case that the President cannot be contacted, by the Vice-President, with 24 hours notice stating the time and place of such meeting and the matter to be discussed. Such notice may be delivered personally, by way of electronic transmission (other than voice communication) or mail. Notice by mail must be received at least 24 hours prior to the meeting.

All meetings may be postponed or cancelled by the President with at least 24 hours prior notice.

ARTICLE IV
OFFICERS OF THE AUTHORITY

Section 1 - Election

The Board of Directors will elect the officers and committee members from among the Board's Directors and Alternates. Any Board member may nominate themselves or another Board member for any office or as a member-at-large on the Executive Committee. These nominations may be made by either prior written nomination delivered to the executive offices of the "Authority" or from the floor. The President shall announce each nominee for each office or member-at-large. Each Board member present shall cast one vote for the candidate of his/her own choice for each office or member-at-large. If more than one candidate was nominated, a roll call vote shall be taken. A plurality shall succeed to the office or as a member-at-large.

Section 2- Term

The terms of the President, Vice-President, Secretary, Treasurer and a member-at-large of the Executive Committee will be for two (2) years. The term of these offices and member-at-large will begin with the commencement of the Fiscal Year in each of the even numbered calendar years. The officers and member-at-large shall serve their term until the first one of the following events occurs:

1) The term expires
2) Until termination of employment with a member entity; or
3) Until removal from office or as the member-at-large by a vote of two-thirds of the entire Board of Directors.

Should a vacancy occur in any of the office or the position of member-at-large prior to the expiration of the term, the Board of Directors, at their next regular or special meeting shall elect an officer or a member-at-large to fill the vacancy until the remainder of the term expires.

Section 3- Duties

President – The President shall preside over all meetings of the Board of Directors. The President shall execute documents on behalf of the "Authority" as authorized by the Board and serve as the primary liaison between this "Authority" and any other organization. Jointly with the Vice-

President, Secretary, or Treasurer, the President shall have authority to approve payments of warrants. The President shall have such other powers and duties as the Board of Directors may prescribe from time to time.

Vice-President – The Vice-President, in the absence of the President, shall have all the authority and duties of the President. The Vice-President shall, jointly with the President, Secretary, or the Treasurer, have authority to approve the payments of warrants. The Vice-President shall have such other powers and duties as the Board of Directors may prescribe from time to time.

Secretary – The duties of the Secretary shall be to cause minutes to be kept and distributed as specified in the "Agreement," to maintain or cause to be maintained documents pursuant to a record retention policy adopted by the Board of Directors, and to perform such other duties as the Board may specify. Jointly with the President, Vice-President, or Treasurer, the Secretary shall have authority to approve payments of warrants.

Treasurer – The duties of the Treasurer shall be those specified in Sections 6505.5 or 6505.6 of the California Government Code, to maintain or cause to be maintained all accounting and other financial records of the "Authority," to file all financial reports required of the "Authority" and other duties as specified by the Board. Jointly with the President, Vice-President, or Secretary, the Treasurer shall have the authority to approve payments of warrants.

Section 4 – Other Officers

The Board of Directors may create, by resolution, any other office of the "Authority," and delegate such authority, that it deems appropriate, which is not inconsistent with the "Agreement" and other provisions of these Bylaws. The Board may establish a term for such office. If a term of office is not established, the term will continue until such time as the Board, by a majority vote, determines the office is no longer needed or another person is appointed to the office.

ARTICLE V
COMMITTEES

Section 1 – Executive Committee

The Executive Committee shall consist of five members, the President, Vice President, Secretary, Treasurer and one member-at-large. The Executive Committee shall have the responsibility and authority to conduct the business of the "Authority" which is necessary and, in the opinion of the President, there is no reason to call a special meeting, or wait until the next regular Board of Directors meeting. The Committee shall have all other authority as specifically granted it by the Board, including, but not limited to the following:

A. Provide general supervision and direction to the Program Administrator.
B. Act as Program Administrator in the absence of the Program Administrator.
C. Review and recommend a budget to the Board no later than fifteen (15) days prior to the June meeting of the Board.
D. Enter into contracts, within budget limits.
E. Appoint a nominating committee for each election of officers and members of the Executive Board.

Subject only to such limitations as are expressly stated in the "Agreement," these Bylaws or a resolution of the Board of Directors, the Executive Committee shall have and be entitled to exercise all powers which may be reasonably implied from powers expressly granted and which are reasonably necessary to conduct, direct and supervise the business of the "Authority."

Any action taken by the Executive Committee may be appealed to the Board by filing a written request with the Program Administrator within sixty (60) days, based on notice to all Board members of the Executive Committee actions. Upon receipt of such request, the Program Administrator shall place the request for appeal on the agenda of the next regularly scheduled Board meeting. The decision of the Board shall be final.

The President shall be the Chair of the Executive Committee. The President shall call the time and place of the meetings and the matter to be discussed prior to a properly noticed meeting.

Section 2 – Finance Committee

The Finance Committee shall consist of five members including the Treasurer. The Treasurer will act as Chair of the committee. It is desired that one member of the committee shall be a finance or assistant finance officer of a Member ~~Agency~~Entity. The Committee shall have all other authority as specifically granted it by the Board, including, but not limited to the following:

A. In accordance with the Investment Policy, discuss strategies with the Investment Advisors and direct overall investment strategy.
B. On an annual basis the Finance Committee shall review cash management requirements and give direction to the accountant to make adjustments.
C. Review the independent auditors' proposed audit scope and approach.
D. Review the performance of the independent auditor(s).
E. Recommend the appointment to the Board or Executive Committee of the independent auditor(s) and review audit fees.
F. At the direction of the Board or the Executive Committee, review with counsel any legal matters that could have significant impact on the financial statements.
G. Review and make recommendations to the Board or the Executive Committee to maintain or change the Investment Policy in accordance with California Government Code.
H. Advise the Board and the Executive Committee on other financial matters.

All committee meetings shall be held as open meetings in accordance with the Ralph M. Brown Act. Minutes shall be kept of all committee meetings and distributed to all committee and Board members.

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The Board of Directors may establish other standing committees and delegate authority to such committees to accomplish certain tasks. Members of the committees shall remain members of the committees until such time as the Board appoints new members to the committees or the committees are dissolved by the Board.

The Board shall appoint a chair of each committee, other than the Executive Committee and Finance Committee, who shall call the meetings.

All committee meetings shall be held as open meetings in accordance with the Ralph M. Brown Act. Minutes shall be kept of all committee meetings and distributed to all committee and Board members.

Section 4 – Ad Hoc Committees

The Board of Directors may establish from time to time, ad hoc committees and delegate limited authority to such committee to accomplish certain tasks. Members of the committee shall remain members of the committee until such time as the Board appoints new members to the committee, or the committee is dissolved by the Board. The Board shall appoint a chair of each committee.

ARTICLE VI
MEMBERS' RESPONSIBILITIES

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The Joint Powers "Authority" is a participatory organization with the goal of reducing exposures to losses. To facilitate this goal, each Member agrees to perform the following functions in discharging its responsibilities:

1. Abide by all the rules and obligations imposed upon the member by the "Agreement," these Bylaws, any Administrative Policies and Procedures adopted, any "Master Plan Documents" and Memoranda of Coverage for any and all "Programs" to which the member participates;
2. Appoint a representative and alternate to the Board;
3. Participate in all "Mandatory Programs"
4. Remit fund contributions and other amounts due within 15 days of the date of invoice or, in the case of the deposit premiums adopted in the budget, within 15 days of the commencement of the fiscal year for which the budget applies;
5. Cooperate fully with the "Authority" in reporting on and in determining the cause of claims and in the settlement of such claims;
6. Adopt by resolution and implement the claims procedures established by the "Authority;" and
7. Upon withdrawal from the "Authority," the member shall remain responsible for any losses and any other costs which it has incurred while a Member of the "Authority."

In addition to the above, each member agrees to cooperate fully with parties or persons employed by the "Authority" to provide safety/loss control service, and each of the entities agree to permit such parties or persons access to inspect property and conditions. Each participating Member will endeavor to maintain minimum loss experience through the institution of loss control programs. In the even a participating member fails to comply with safety/loss control recommendations, after having been afforded reasonable opportunity to do so, a two-thirds majority vote of the Member entities may vote to exclude such Member from the "Authority" as of the close of the fiscal year.

Each Member ~~e~~Entity agrees to share the cost of safety/loss control services which shall be allocated to each Member as agreed by the Board.

ARTICLE VII
NEW MEMBERS

Any California governmental agency as defined by the Government Code is eligible to be a member of this "Authority." Such agency shall become a member once they have signed the Joint Powers "Agreement" and the Board of Directors ~~ahs~~ has approved its admission to the "Authority" with a three fourth vote of the entire Board of Directors.

ARTICLE VIII
WITHDRAWAL

Member ~~Agencies~~ Entities that have withdrawn from SCORE's Liability and/~~-~~or Worker's Compensation ~~plans~~Programs, agree that ~~any available funds' allocated to them in the Shared Risk Layer, will remain with SCORE until such time as the "Program Year" is closed. This includes funds allocated to them via the "Retrospective Adjustment" or any other manner of distribution other than the declaration of a dividend by the Board or in accordance with distribution described in the Joint Powers Agreement upon the dissolution of SCORE. Funds available from the Banking Layer to these Members are available for distribution.~~ fifty (50%) percent of their available return funds will be held by SCORE in trust, for five(5) additional years before being released.

Member Assesments will also be levied and due as specified in the SCORE Master Plan Documents for each Coverage Program.

~~**If a "Program Year" is not yet closed and the "Participating Member" would otherwise be eligible for a distribution, a Member that has withdrawn from the "Authority" may annually, in writing, request a early release of their funds for consideration by the Board of Directors. This action will require a 2/3 approval of the Board of Directors as specified in the JPA Bylaws, Article III, Section 1, paragraph B.6.**~~

ARTICLE XI
PROGRAMS

Section 1- Formation of Programs

The Board of Directors may establish with a two thirds vote, a risk management, self-insurance, or group purchase insurance "Program." Such "Program" shall be designated as a Mandatory or a "Voluntary Program." If it is Mandatory, all existing members must participate in the "Program." The Board of Directors shall establish the rules by which a member shall commit to a new "Program."

Section 2 – Administration of Programs

For each self-insured risk pooling "Program" or any "Mandatory Program," the Board of Directors shall adopt a "Master Plan Document" that will describe the "Program's" purpose, procedures, and administration. Once adopted, the "Master Plan Document" may be amended as described in that document. In addition to the "Master Plan Document," the "Authority" shall adopt a "Memorandum of Coverage" defining the scope of coverage and the rights and obligations of the participating members.

The Board of Directors may delegate authority for the establishment of policies and operations of a "Program" to a committee consisting of the Board Representative from each of the participating members or, in the case of an absence by a Board Representative, the Alternate for the participating member. Such delegation may be part of the "Master Plan Document" for the "Program," or where such document does not exist, by resolution of the Board.

Notwithstanding anything to the contrary, the budget, "~~Cash~~ Assessments," and ~~retrospective adjustments or d~~Dividend~~s~~ Returns for each "Program" shall be approved by the Board of Directors.

Section 3 – Liability Program

The "Authority" shall offer to, and make participation mandatory of, each Member. The purpose and scope of the "Program" shall be defined in a "Master Plan Document" and the coverage provided defined in a "Memorandum of Coverage."

ARTICLE IX
ADMINISTRATION

The general administration of the "Authority" shall be performed by those designated by the Board of Directors. The administration may be performed by an employee of the "Authority," an employee of a member of the "Authority," a consultant, or a corporation or other legal entity.

The Treasurer shall be responsible for maintaining the books in accordance with the General Accepted Accounting Principles (GAAP) and the standards established by the Government Accounting Standards Board (GASB).

The Treasurer shall also be responsible for causing the State Controllers Annual Report of Financial Transactions to be filed along with the audited financial reports. The Treasurer shall be responsible for causing the quarterly financial statements to be prepared and distributed to the members.

The Board of Directors shall adopt a Conflict of Interest Code, an Investment Policy and a Records Retention Policy. The Board shall review the Conflict of Interest Code every even year. The Board shall review the Investment Policy every year.

ARTICLE X
BUDGET

An annual budget shall be presented to the Board of Directors no later than thirty (30) days prior to the beginning of each fiscal year and shall be adopted no later than June 30 of each year.

The budget shall separately show the following:

A. General and administrative costs;
B. The actuarially projected claims and allocated claims adjustment costs, and
C. The cash contributions allocated among the members.

ARTICLE XI
ASSESSMENTS

Upon a two thirds vote of the entire Board, the Board shall have the authority to levy an "~~Cash~~ Assessment" for any pooled coverage "Program." There must be a finding by the Board that there are insufficient funds available to the "Program" or the "Authority" as a whole to meet its legal obligations. Insufficient funds shall be calculated by applying against the assets of the "Program," any and all liabilities, including claims reserves, reserves for expected losses not yet recognized in the claim reserves, plus a contingency for adverse claims development.

An "~~Cash~~ Pool Assessment" shall be directed only to those members or former members that participated in the pooled ~~c~~"Coverage ~~"~~Program" during the ~~"Program"~~ program year in which the covered loss, causing the Pool assessment, was incurred.

Any costs, including attorney fees incurred by the "Authority" in collecting any "~~Cash~~ Pool Assessment," shall be reimbursed fully by the member against whom such collection action has been taken.

ARTICLE XII
RECEIPT AND DISBURSEMENT OF FUNDS

Revenues of the "Authority" shall be received at its principal executive office. The Treasurer or other designee of the Board shall safeguard and invest funds in accordance with the "Authority's" current Investment Policy.

Jointly with the President, Vice-President, or Secretary, the Treasurer shall have authority to approve payment of warrants. All disbursements, except disbursement from the Claims Trust Accounts, must have approval of signature of two individuals holding the above referenced offices.

Jointly with the President, Vice-President, or Secretary, the Treasurer shall be authorized to make all expenditures for good or services to the extent such funds have been included in the general and administrative costs budgeted and approved by adoption of such budget, or as subsequently approved by the Board.

A register of all checks issued since the last Board meeting shall be provided as part of the Treasurer's report at the subsequent Board meeting and reviewed by the Board.

ARTICLE XIII
FINANCIAL AUDITS

Prior to June 30 of each fiscal year, the Board of Directors shall appoint a Certified Public Accountant familiar with accounting standards practices of governmental agencies, including GAAP and GASB accounting standards, to audit the financial accounts of the "Authority." The minimum requirements of the audit shall be those prescribed by law.

The audit report shall be made available to the members and filed with the State of California within six months of the end of the fiscal year being examined. It shall also be filed with the County in which the executive office is located.

The costs of the audit shall be charged against the administrative funds of the "Authority."

ARTICLE XIV
EXECUTION OF CONTRACTS

The Board of Directors may authorize any officer, employee or agent to enter into any contract or execute any instrument in the name and on behalf of the "Authority," and such authorization may be general or specific to a certain contract or instrument.

ARTICLE XV
NOTICES

Notices to the "Authority," other than notices of claims under a pooled coverage "Program," shall be in writing and delivered to the address of the executive office is stated in Article II above. Notices of claims under a Pooled Coverage "Program" shall be made in accordance with the "Master Plan Document" and/or "Memorandum of Coverage" document for the "Program" under which the claim is being noticed.

Notice from the "Authority" to the members shall be in writing and delivered to the appointed Representative or mailed to the address of record.

ARTICLE XVI
EFFECTIVE DATE

The effective date of these amended Bylaws shall be when adopted by the Board unless specifically identified as another date. The adoption of these amended Bylaws shall supersede any prior Bylaws or amended Bylaws. These Bylaws shall supersede any resolution or any other document, other than the "Agreement" form this "Authority," to the extent that such resolution or document is inconsistent with the Bylaws or the "Agreement."

ARTICLE XVII
AMENDMENTS

These Bylaws may be amended by a two thirds vote of the entire Board provided that any amendment is compatible with the purposes of SCORE, is not in conflict with the "Agreement" forming this "Authority," and has been submitted to the Board at least thirty (30) days in advance.

Any such amendment shall be effective immediately, unless otherwise designated.

APPENDIX A

PRINCIPAL EXECUTIVE OFFICE

The principal address of the Small Cities Organized Risk Effort Joint Powers Authority for the transaction of business and receipt of all notices shall be:

1792 Tribute Road, Ste. 450
Sacramento, CA 95815-4320

SCORE
Small Cities Organized Risk Effort
A Joint Powers Authority

Small Cities Organized Risk Effort
Board of Directors Meeting
March 28, 2014

Agenda Item I.2.

LOSS CONTROL GRANT FUND PROGRAM UPDATE

INFORMATION ITEM

ISSUE: The SCORE Board will hear a verbal update of how the Loss Control Grant Fund Program has been progressing since it was implemented in January 24, 2014. To date, only the City of Weed has filed a request for future reimbursement that would cover safety equipment for Public Works staff, hearing impaired/ADA compliance amplification and telephone equipment, Police Dept. lapel video recorders and safety equipment for confined space operations.

RECOMMENDATION: None. This is an information item.

FISCAL IMPACT: Will vary.

BACKGROUND: At the January 24, 2014 Board of Directors Meeting, SCORE implemented a Loss Control Grant Fund in the amount of $100,000; $50,000 out of each of the 2 Liability and Workers' Compensation programs. The funding has been provided from the Pool's surplus equity, before the distribution of any dividends. Members of each Program were allocated an amount directly related to their percentage contribution into that Program, subject to a minimum of $1,000 per Program for each participating Member. The funds are available for use on a combined basis. Projects can also span over multiple years although the disbursement of monies will be limited to the member's annual allocation in any given year, and the continuation of the Loss Control Grant Program by the Board of Directors. The deadline for submitting reimbursement requests is June 15 of every Fiscal Year.

ATTACHMENTS: Loss Control Grant Fund Policy and Procedure Document
Loss Control Grant Fund Allocation Chart

SCORE
Small Cities Organized Risk Effort
A Joint Powers Authority

ADMINISTRATIVE POLICY AND PROCEDURE

SUBJECT: LOSS CONTROL GRANT FUNDS

Policy Statement:

This policy is effective when adopted by the Board of Directors and expires June 30, 2015, unless renewed on an annual basis by the Board of Directors. It shall be the policy of the Small Cities Organized Risk Effort to establish a "Loss Control Grant Fund" to reimburse members for costs of activities undertaken to:

- Bring member facilities into compliance with Americans with Disabilities Act (ADA) standards,
- Purchase equipment that promotes employee or premises safety,
- Purchase equipment, materials, training and professional services that facilitate OSHA or other regulatory compliance,
- Address other top frequency and/or severity risk management issues as needed.

Within the Loss Control Services (previously Safety Services) annual budget, a line item will contain the total amount of funds available for Loss Control Grants.

1. Funding will be secured from the Liability and Workers' Compensation program's equity. As such, members of the Liability Program will share the annual allocation for that program, and members of the Workers' Compensation Program will share the allocation for that program. The Authority will adopt the amount of funds available for this budgeted line item on an annual basis.
2. Allocation of funds will be based on percentage of contributions annually made by members to each program, with a minimum of $1,000 per program for each member.
3. The funds will be available for use on a combined basis.
4. Projects can span multiple years as long as approved in advance and funds continue to be available.
5. A Member may make up to three (3) requests per year, and each request needs to be comprehensive - - specifically stating how funds will be used to the benefit of the Member to achieve a reduction in losses.
6. Any unused funds will ultimately be rolled back into available equity for the Program where the fund allocation originated from. The deadline for submitting a request for reimbursement shall be **June 15th** of each fiscal year.
7. In addition, the Program Administrator shall monitor the use of grant funds throughout the year and present a usage summary to the Board of Directors on a quarterly basis.

Funding that is converted to this program shall be secured from surplus available equity, prior to declaration and distribution of dividends. *(Unused funds ultimately return to Members' Equity in each of the programs).*

<u>Procedure:</u>

A Member Agency may apply for Loss Control Grant Funds by following these procedures:

1. A Member will write a request to the Program Administrators for the use of grant funds involving an expenditure. The Request will:
    a. Include a justification of the funds, and
    b. How these funds will lead to the reduction of frequency or severity or will mitigate liability risks of the Member Agency.
    c. State the specific amount needed and not just request their full allocation.

2. The Program Administrator will determine if the funding request is within the member's fund allocation for the program year and facilitates the return of money to another good purpose – that of reducing future claims If the requested amount is determined to fall within the member's grant fund allocation, the administrator and Board President (or the Executive Committee if requested or if the President has a conflict) will review each request and, if found to be appropriate and consistent with the purpose of the Grant Program, will approve the request and funds will be disbursed to the member agency. ***If funds requested exceed a member's allocation, continue to #3 below, otherwise move on to #4.***

3. In the event that the requested amount exceeds the member's total or remaining allocated grant funds, the Administrator will contact the Member to advise them that their request exceeds their allocation and ask if they:

    a) Wish to submit a revised request; or
    b) Request that SCORE consider payment over multiple years as outlined in the Policy Item #4 above.

4. Once approved, the Member Agency will become eligible for reimbursement by SCORE upon submitting the supplier or service provider invoice to the Program Administrator.

5. The Program Administrator will submit the reimbursement request and appropriate documentation to SCORE's accountant and/or treasurer.

6. SCORE's accountant and/or Treasurer will reimburse the Member up to the maximum allowable amount and debit the reimbursement expense from the Grant Program Budget within the Loss Control Services Budget.

a) If a request exceeds the grant funds available to a member, <u>only the amount available for reimbursement will be paid.</u>

7. <u>If any request is denied</u>, the member may submit a new or amended request, or appeal the denial to the Board of Directors, which will make the final determination on whether the request should be granted. The Board decision shall be final.

8. After the funds are put to use, the Member should provide a brief verbal report to the Board (as agendized) confirming this and relaying any information that may be helpful to the Board, so that it can monitor the Grant Program and consider the merits of future additions of funds.

The Loss Control Grant Fund Program will begin as a standalone program, with no matching contribution required from the requesting Member. Its composition may change, at the Board's discretion, to include a requirement for the requesting Member to co-finance or share the cost of the good or service being reimbursed.

Adopted on: January 24, 2014
Effective Date: January 24, 2014

SCORE LOSS CONTROL GRANT FUND PROGRAM
ALLOCATION VALUES BY MEMBER

Member Entity	Liability Program Contribution	Liability Program Percentage of Total Contribution	Worker's Compensation Contribution	Workers' Comp Percentage of Total Contribution	Liability Grant Fund Allocation	Work Comp Grant Fund Allocation	TOTAL Grant Fund Allocation
Biggs *	$29,711	2.71%	$26,087	2.08%	$1,353	$1,042	**$2,395**
Colfax *	$33,609	3.06%	$29,313	2.34%	$1,531	$1,170	**$2,701**
Dorris *	$20,000	1.82%	$10,201	0.81%	$1,000	$1,000	**$2,000**
Dunsmuir	$41,302	3.76%	$50,391	4.02%	$1,882	$2,012	**$3,894**
Etna *	$24,587	2.24%	$20,097	1.60%	$1,120	$1,000	**$2,120**
Fort Jones *	$20,277	1.85%	$13,567	1.08%	$1,000	$1,000	**$2,000**
Isleton	$25,130	2.29%	[redacted]	0.00%	$1,145	[redacted]	**$1,145**
Live Oak	$67,422	6.14%	$81,988	6.55%	$3,071	$3,274	**$6,345**
Loomis *	$41,113	3.75%	$43,437	3.47%	$1,873	$1,734	**$3,607**
Loyalton *	$20,000	1.82%	$7,463	0.60%	$1,000	$1,000	**$2,000**
Montague *	$24,781	2.26%	$18,730	1.50%	$1,129	$1,000	**$2,129**
Mt. Shasta	$105,756	9.64%	$158,388	12.65%	$4,818	$6,324	**$11,142**
Portola *	$38,994	3.55%	$42,759	3.41%	$1,776	$1,707	**$3,484**
Rio Dell *	$52,108	4.75%	$62,529	4.99%	$2,374	$2,497	**$4,870**
Shasta Lake	$123,387	11.24%	$153,189	12.23%	$5,621	$6,117	**$11,737**
Susanville	$140,061	12.76%	$204,677	16.34%	$6,381	$8,172	**$14,553**
Tulelake	$30,293	2.76%	[redacted]	0.00%	$1,380	[redacted]	**$1,380**
Weed	$107,369	9.78%	$117,156	9.36%	$4,891	$4,678	**$9,569**
Yreka	$151,663	13.82%	$212,282	16.95%	$6,909	$8,476	**$15,385**
Total:	**$1,097,564**	100.00%	**$1,252,255**	100.00%	$50,254	$52,203	$102,457

* Mini-Cities

Liability Allocation	$50,000
Workers' Compensation Allocation	$50,000

Values adjusted to meet the minimum of $1,000 per member in each program.

Small Cities Organized Risk Effort
Board of Directors Meeting
March 28, 2014

Agenda Item I.3.

DKF SOLUTIONS TRAINING SERVICES UPDATE

INFORMATION ITEM

ISSUE: David Patzer, DKF Solutions will be attending to discuss the results of their Workers' Compensation and PLP Loss Analysis Results, as well as to provide an update on the Individual Member Risk Control Surveys and Updating Member Sanitary Sewer Overflow Response Plans.

RECOMMENDATION: To be provided at the meeting.

BACKGROUND: SCORE has entered into a Training Service Agreement with DKF Solutions and David Patzer for Sanitary Sewer Management and Waste Water Treatment Plant Operations. The contract is scheduled to be executed during the 2013-14 Fiscal Year with Member and Board of Directors deliverables due in June of 2014. David Patzer has provided a Timeline of Services Document that was presented at the January 2014 Board meeting and will attend the March meeting to provide an update on the services he has provided and will continue to provide through June 2014.

FISCAL IMPACT: None.

ATTACHMENT(S): None.

Small Cities Organized Risk Effort
Board of Directors Meeting
March 28, 2014

Agenda Item I.4.a

2014-15 LIABILITY ACTUARIAL STUDY

ACTION ITEM

ISSUE: Mike Harrington will be presenting the recently completed Liability *Draft* annual actuarial review, based on 12/31/13 loss data. The attached *Draft* summary reflects the estimated ultimate cost of claims and expenses for the banking and shared risk layers for the 2014-2015 program year. This review also reflects the anticipated outstanding liabilities including ALAE for the banking and shared risk layers for the upcoming program year.

RECOMMENDATION: The Board should accept and file the Liability Actuarial Review study once they've reviewed the information presented.

FISCAL IMPACT: The estimated liability for outstanding losses as of June 30, 2014, at a 70% confidence level, discounted at 1.5%, is $1,940,000 which is a 54.8% increase from the prior year. Further discussion on this topic will occur later in the agenda.

BACKGROUND: SCORE has Actuarial Studies done annually for accreditation and budget purposes. By having these studies done, SCORE is able to project their funding for the upcoming year and see how the rates affect their budgets.

ATTACHMENTS: Liability Actuarial Review *Draft* Summary as of June 30, 2014.

DRAFT

Friday, March 7, 2014

Mr. Marcus Beverly
Pool Administrator
Small Cities Organized Risk Effort
C/o Alliant Insurance Services, Inc.
1792 Tribute Road, Suite 450
Sacramento, CA 95815

Re: Actuarial Review of the Self-Insured Liability Program

Dear Mr. Beverly:

As you requested, we have completed our review of the Small Cities Organized Risk Effort's (SCORE) self-insured liability program. Assuming an SIR of $500,000 per occurrence, we estimate the ultimate cost of claims and expenses for claims incurred during the 2014-15 program year to be $242,000 for the banking layer and $362,000 for the pooling layer for a total of $604,000. For claims incurred during the 2014-15 program year, assuming a 1.0% return on investments per year, we estimate the ultimate cost of claims and expenses to be $243,000 for the banking layer and $367,000 for the pooling layer for a total of $610,000. These amounts include allocated loss adjustment expenses (ALAE), and a discount for anticipated investment income, but exclude unallocated loss adjustment expenses (ULAE). The discount for investment income is calculated based on the likely payout pattern of SCORE's claims, assuming a 1.5% return on investments per year. For budgeting purposes, the expected cost of 2014-15 claims translates to rates of $1.21, $1.81 and $3.02 per $100 payroll for the banking layer, pooling layer and in total respectively. For the 2014-15 claims, assuming a 1.0% return on investments per year, the expected cost translates to rates of $1.21, $1.83 and $3.05 per $100 payroll for the banking layer, pooling layer and in total respectively.

In addition, we estimate the program's liability for outstanding claims including ALAE and discounted for anticipated investment income as of June 30, 2014 to be $289,000 for the banking layer and $1,395,000 for the pooling layer for a total of $1,684,000. As of June 30, 2014, assuming a 1.0% return on investments per year, we estimate the program's liability for outstanding claims to be $290,000 for the banking layer and $1,408,000 for the pooling layer for a total of $1,698,000, again including ALAE and discounted for anticipated investment income.

The $1,395,000 estimate are the minimum liability to be booked by SCORE at June 30, 2014 for the Small Cities Organized Risk Effort's pooling layer liability, in accordance with Governmental Accounting Standards Board (GASB) Statement #10. GASB #10 requires SCORE to accrue a liability on its financial statements for the ultimate cost of claims and expenses associated with all reported and unreported claims, including ALAE and ULAE. GASB #10 does not prohibit the discounting of losses to recognize investment income.

Our conclusions regarding SCORE's liability for unpaid loss and allocated loss adjustment expenses (ALAE) at June 30, 2014 are summarized in the table below.

Small Cities Organized Risk Effort
Self-Insured Liability Program
Estimated Liability for Unpaid Loss and ALAE
at June 30, 2014
1.5% Discount Rate

Banking Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range Low 75% CL	Recommended Range Target 80% CL	Recommended Range High 85% CL	Conservative 90% CL
Loss and ALAE	$293,000					
Investment Income Offset	(4,000)					
Discounted Loss and ALAE	$289,000	$344,000	$369,000	$399,000	$436,000	$485,000

Pooling Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range Low 75% CL	Recommended Range Target 80% CL	Recommended Range High 85% CL	Conservative 90% CL
Loss and ALAE	$1,434,000					
Investment Income Offset	(39,000)					
Discounted Loss and ALAE	$1,395,000	$1,596,000	$1,691,000	$1,802,000	$1,940,000	$2,125,000

Combined

	Expected	Marginally Acceptable 70% CL	Recommended Range Low 75% CL	Recommended Range Target 80% CL	Recommended Range High 85% CL	Conservative 90% CL
Loss and ALAE	$1,727,000					
Investment Income Offset	(43,000)					
Discounted Loss and ALAE	$1,684,000	$1,940,000	$2,060,000	$2,201,000	$2,376,000	$2,610,000

Our conclusions regarding SCORE's liability for unpaid loss and allocated loss adjustment expenses (ALAE) at June 30, 2014 are summarized in the table below.

Small Cities Organized Risk Effort
Self-Insured Liability Program
Estimated Liability for Unpaid Loss and ALAE
at June 30, 2014
1.0% Discount Rate

Banking Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range Low 75% CL	Recommended Range Target 80% CL	Recommended Range High 85% CL	Conservative 90% CL
Loss and ALAE	$293,000					
Investment Income Offset	(3,000)					
Discounted Loss and ALAE	$290,000	$345,000	$370,000	$400,000	$438,000	$487,000

Pooling Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range Low 75% CL	Recommended Range Target 80% CL	Recommended Range High 85% CL	Conservative 90% CL
Loss and ALAE	$1,434,000					
Investment Income Offset	(26,000)					
Discounted Loss and ALAE	$1,408,000	$1,611,000	$1,707,000	$1,819,000	$1,958,000	$2,145,000

Combined

	Expected	Marginally Acceptable 70% CL	Recommended Range Low 75% CL	Recommended Range Target 80% CL	Recommended Range High 85% CL	Conservative 90% CL
Loss and ALAE	$1,727,000					
Investment Income Offset	(29,000)					
Discounted Loss and ALAE	$1,698,000	$1,956,000	$2,077,000	$2,219,000	$2,396,000	$2,632,000

GASB #10 does not address an actual funding requirement for the program, but only speaks to the liability to be recorded on SCORE's financial statements. Because actuarial estimates of claims costs are subject to some uncertainty, we recommend that an amount in addition to the discounted expected loss costs be set aside as a margin for contingencies. Generally, the amount should be sufficient to bring funding to the 75% to 85% confidence level for primary programs. We consider funding to the 70% confidence level to be marginally acceptable and funding to the 90% confidence level to be conservative.

The table below shows our funding recommendations for Small Cities Organized Risk Effort for the 2014-15 fiscal year, assuming the current SIR of $500,000.

Small Cities Organized Risk Effort (SIR = $500,000)
Self-Insured Liability Program
Loss and ALAE Funding Guidelines for 2014-15
Banking Layer
1.5% Discount Rate

	Expected	Marginally Acceptable 70% CL	Recommended Range Low 75% CL	Recommended Range Target 80% CL	Recommended Range High 85% CL	Conservative 90% CL
Loss and ALAE	$246,000					
Investment Income Offset	(4,000)					
Discounted Loss and ALAE	$242,000	$295,000	$322,000	$354,000	$394,000	$447,000
Rate per $100 of 2014-15 Payroll	$1.21	$1.47	$1.61	$1.77	$1.97	$2.23

Pooling Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range Low 75% CL	Recommended Range Target 80% CL	Recommended Range High 85% CL	Conservative 90% CL
Loss and ALAE	$376,000					
Investment Income Offset	(14,000)					
Discounted Loss and ALAE	$362,000	$442,000	$490,000	$547,000	$620,000	$718,000
Rate per $100 of 2014-15 Payroll	$1.81	$2.21	$2.45	$2.73	$3.10	$3.59

Combined Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range Low 75% CL	Recommended Range Target 80% CL	Recommended Range High 85% CL	Conservative 90% CL
Loss and ALAE	$622,000					
Investment Income Offset	(18,000)					
Discounted Loss and ALAE	$604,000	$737,000	$812,000	$901,000	$1,014,000	$1,165,000
Rate per $100 of 2014-15 Payroll	$3.02	$3.68	$4.06	$4.50	$5.07	$5.82

The funding recommendations shown in the table above do not include any recognition of the existing funding margin at June 30, 2014. They are for losses and loss adjustment expenses only, and do not include a provision for loss control, overhead, excess insurance premiums, and other expenses associated with the program.

DRAFT

The report that follows outlines the scope of our study, its background, and our conclusions, recommendations, and assumptions. Judgments regarding the appropriateness of our conclusions and recommendations should be made only after studying the report in its entirety, including the graphs, attachments, exhibits and appendices. Our report has been developed for SCORE's internal use. It is not intended for general circulation.

We appreciate the opportunity to be of service to Small Cities Organized Risk Effort in preparing this report. Please feel free to call Mike Harrington at (916) 244-1162 or Nina Gau at (916) 244-1193 with any questions you may have concerning this report.

Sincerely,

Bickmore

DRAFT

Mike Harrington, FCAS, MAAA
Director, Property and Casualty Actuarial Services, Bickmore
Fellow, Casualty Actuarial Society
Member, American Academy of Actuaries

DRAFT

Nina Gau, FCAS, MAAA
Manager, Property and Casualty Actuarial Services, Bickmore
Fellow, Casualty Actuarial Society
Member, American Academy of Actuaries

At the time of the prior report, we estimated the liability for outstanding claims as of June 30, 2013 to be $797,000 at the discounted, expected level. Our current estimate as of June 30, 2014, is $1,395,000, an increase in our assessment of SCORE's outstanding liabilities, as shown below:

Outstanding Claim Liabilities for Loss and ALAE – Pooling Layer

	Prior Report at June 30, 2013	Current Report at June 30, 2014	Change
(A) Case Reserves:	$318,000	$872,000	$554,000
(B) IBNR Reserves:	503,000	562,000	59,000
(C) Claims Administration Reserves:	0	0	0
(D) Total Reserves:	$821,000	$1,434,000	$613,000
(E) Offset for Investment Income:	(24,000)	(39,000)	(15,000)
(F) Total Outstanding Claim Liabilities:	$797,000	$1,395,000	$598,000

As shown, our estimate of outstanding claims liabilities at the discounted, expected level has increased between June 30, 2013 and June 30, 2014 as reflected in our prior and current reports respectively.

The increase in claim reserves (case and IBNR) is driven primarily by a large increase in case reserves, resulting in a $613,000 increase in total claim reserves. This increase in reserves leads to a larger offset for investment income. The net change due to the above factors is an overall increase of $598,000 in our estimate of outstanding claim liabilities for loss and ALAE.

At the time of the prior report, our funding estimate for the 2013-14 year was $317,000 at the discounted, expected level. That amount included allocated loss adjustment expenses (ALAE), and a discount for anticipated investment income, but excluded unallocated loss adjustment expenses (ULAE). Our current estimate for the 2014-15 year is $362,000 at the discounted, expected level, an increase in the program's expected loss costs, as shown in the table below:

Comparison of Funding for Loss and ALAE – Pooling Layer

	Prior Report 2013-14 Pooling Layer $25K - $500K	Current Report 2014-15 Pooling Layer $25K - $500K	Change
(A) Ultimate Loss and ALAE:	$329,000	$376,000	$47,000
(B) Ultimate Claims Administration (ULAE):	0	0	0
(C) Total Claim Costs:	$329,000	$376,000	$47,000
(D) Offset for Investment Income:	(12,000)	(14,000)	(2,000)
(E) Total Recommended Funding:	$317,000	$362,000	$45,000
(F) Funding per $100 of Payroll:	$1.63	$1.81	$0.18

As you can see, our funding recommendations at the discounted, expected level have increased between 2013-14 and 2014-15, as shown in our prior and current reports respectively.

Our estimates of ultimate loss and ALAE have increased by $47,000, driven primarily by adverse loss development. This increase in loss estimate leads to a larger offset for investment income. The net change due to the above factors is an overall increase of $45,000 in our annual funding estimate for loss and ALAE.

D. DATA PROVIDED FOR THE ANALYSIS

Overall, the data utilized in preparing this report appears to be accurate.

Comments and issues regarding the data are as follows:

- We have assumed that the program's self-insured retention will remain at $500,000 per occurrence for 2013-14 (See Appendix K).
- We received loss data evaluated as of 12/31/2013 (See Appendix L). We also utilized the data from SCORE's most recent actuarial study for our assessment of loss development.
- We have assumed that SCORE's payroll for 2014-15 will be $20,020,000 based upon information provided by SCORE (See Appendix M).

The data provided for the analysis appears to be reasonable for use in this actuarial valuation of liabilities and projection of loss costs.

Small Cities Organized Risk Effort - Banking Layer - Liability

Funding Options for Program Year 2014-2015 (SIR = $25,000)
One-Year Funding Plan

		Dollar Amount	Payroll Rate
(A)	Estimated Ultimate Losses Incurred in Accident Year 2014-2015: (From Appendix G)	$246,000	$1.229
(B)	Estimated Claims Administration Fees Incurred in Accident Year 2014-2015: (From Exhibit 5, Page 1, item (L))	0	0.000
(C)	Total Claims Costs Incurred in Accident Year 2014-2015: ((A) + (B))	$246,000	$1.229
(D)	Loss Discount Factor (Based on a Discount Rate of 1.5%.) (Appendix I, Page 2, (F))	0.985	
(E)	Discounted Total Claims Costs Incurred in Accident Year 2014-2015: ((C) x (D))	$242,000	$1.209

		Marginally Acceptable	Recommended			Conservative
		70%	75%	80%	85%	90%
(F)	Confidence Level Factor: (From Appendix J)	1.220	1.331	1.462	1.627	1.846
(G)	Margin for Adverse Experience: ((E) x [(F) - 1])	53,000	80,000	112,000	152,000	205,000
(H)	Recommended Funding in 2014-2015 for Claims Costs and Other Expenses ((E) + (G))	$295,000	$322,000	$354,000	$394,000	$447,000
(I)	Rate per $100 of payroll: ((H) / $200,197)	$1.474	$1.608	$1.768	$1.968	$2.233

Payroll rates are per hundred dollars of 2014-2015 payroll of $20,019,700.

Small Cities Organized Risk Effort - Pooling Layer - Liability

Funding Options for Program Year 2014-2015 ($25,000 - $500,000 Layer)

		Dollar Amount	Payroll Rate
(A)	Estimated Ultimate Losses Incurred in Accident Year 2014-2015: (From Appendix A)	$376,000	$1.878
(B)	Estimated Claims Administration Fees Incurred in Accident Year 2014-2015:	0	0.000
(C)	Total Claims Costs Incurred in Accident Year 2014-2015: ((A) + (B))	$376,000	$1.878
(D)	Loss Discount Factor (Based on a Discount Rate of 1.5%.)	0.963	
(E)	Discounted Total Claims Costs Incurred in Accident Year 2014-2015: ((C) x (D))	$362,000	$1.808

		Marginally Acceptable	Recommended			Conservative
		70%	75%	80%	85%	90%
(F)	Confidence Level Factor:	1.221	1.354	1.511	1.713	1.983
(G)	Margin for Adverse Experience: ((E) x [(F) - 1])	80,000	128,000	185,000	258,000	356,000
(H)	Recommended Funding in 2014-2015 for Claims Costs and Other Expenses ((E) + (G))	$442,000	$490,000	$547,000	$620,000	$718,000
(I)	Rate per $100 of payroll: ((H) / $200,197)	$2.208	$2.448	$2.732	$3.097	$3.586

Payroll rates are per hundred dollars of 2014-2015 payroll of $20,019,700.

Small Cities Organized Risk Effort - $0 to SIR Layer - Liability

Funding Guidelines for Outstanding Liabilities at
June 30, 2014

(A)	Estimated Ultimate Losses Incurred through 6/30/14: (From Appendix G)	$13,912,000
(B)	Estimated Paid Losses through 6/30/14: (From Appendix G)	12,185,000
(C)	Estimated Liability for Claims Outstanding at 6/30/14: (From Appendix G)	$1,727,000
(D)	Estimated Liability for Outstanding Claims Administration Fees at 6/30/14: (From Appendix F)	0
(E)	Total Outstanding Liability for Claims at 6/30/14: ((C) + (D))	$1,727,000
(F)	Reserve Discount Factor (Based on a Discount Rate of 1.5%.) (Appendix I, Page 1, (H))	0.975
(G)	Discounted Outstanding Liability for Claims at 6/30/14: ((E) x (F))	$1,684,000

		Marginally Acceptable	Recommended			Conservative
	Confidence Level of Adequacy:	70%	75%	80%	85%	90%
(H)	Confidence Level Factor: (From Appendix J)	1.152	1.223	1.307	1.411	1.550
(I)	Margin for Adverse Experience: ((G) x [(H) - 1])	256,000	376,000	517,000	692,000	926,000
(J)	Total Required Available Funding at 6/30/14: ((G) + (I))	$1,940,000	$2,060,000	$2,201,000	$2,376,000	$2,610,000

Small Cities Organized Risk Effort - $0 to SIR Layer - Liability

Funding Options for Program Year 2014-2015 (SIR = $500,000)
One-Year Funding Plan

		Dollar Amount	Payroll Rate
(A)	Estimated Ultimate Losses Incurred in Accident Year 2014-2015: (From Appendix G)	$622,000	$3.107
(B)	Estimated Claims Administration Fees Incurred in Accident Year 2014-2015: (From Exhibit 5, Page 1, item (L))	0	0.000
(C)	Total Claims Costs Incurred in Accident Year 2014-2015: ((A) + (B))	$622,000	$3.107
(D)	Loss Discount Factor (Based on a Discount Rate of 1.5%.) (Appendix I, Page 2, (F))	0.972	
(E)	Discounted Total Claims Costs Incurred in Accident Year 2014-2015: ((C) x (D))	$604,000	$3.017

		Marginally Acceptable	Recommended			Conservative
		70%	75%	80%	85%	90%
(F)	Confidence Level Factor: (From Appendix J)	1.220	1.344	1.492	1.678	1.929
(G)	Margin for Adverse Experience: ((E) x [(F) - 1])	133,000	208,000	297,000	410,000	561,000
(H)	Recommended Funding in 2014-2015 for Claims Costs and Other Expenses ((E) + (G))	$737,000	$812,000	$901,000	$1,014,000	$1,165,000
(I)	Rate per $100 of payroll: ((H) / $200,197)	$3.681	$4.056	$4.501	$5.065	$5.819

Payroll rates are per hundred dollars of 2014-2015 payroll of $20,019,700.

SCORE
Small Cities Organized Risk Effort
A Joint Powers Authority

Small Cities Organized Risk Effort
Board of Directors Meeting
March 28, 2014

Agenda Item I.4.b

2014-15 WORKERS' COMPENSATION ACTUARIAL STUDY

ACTION ITEM

ISSUE: Mike Harrington will be presenting the recently completed Workers' Compensation *Draft* annual actuarial review, based on 12/31/13 loss data. The attached *Draft* summary reflects the estimated ultimate cost of claims and expenses for the banking and shared risk layers for the 2014-2015 program year. This review also reflects the anticipated outstanding liabilities including ALAE for the banking and shared risk layers for the upcoming program year. The Workers' Compensation Program has seen extremely severe adverse development in the current year and this has negatively impacted funding. The projected funding for FY 2014-15 is reflected in the budget proposed later in this agenda.

RECOMMENDATION: The Board should accept and file the Workers' Compensation Actuarial study once they've reviewed the information presented.

FISCAL IMPACT: The actuarially projected combined funding level rate per $100 payroll at the 70% confidence level for 2014-15 is $5.503 which is 25.35% higher than the rate that used for last year's premium deposit calculations. The projected funding for FY 2014-15 is reflected in the budget proposed later in this agenda.

BACKGROUND: SCORE has Actuarial Studies performed annually for accreditation and budget purposes. By having these studies done, SCORE is able to project their funding for the upcoming year and see how the rates affect their budgets.

ATTACHMENTS: Workers' Compensation Actuarial Review *Draft* Summary as of June 30, 2014

Bickmore

DRAFT

Friday, March 21, 2014

Mr. Marcus Beverly
Pool Administrator
Small Cities Organized Risk Effort
C/o Alliant Insurance Services, Inc.
1792 Tribute Road, Suite 450
Sacramento, CA 95815

Re: Actuarial Review of the Self-Insured Workers' Compensation Program

Dear Mr. Beverly:

As you requested, we have completed our review of the Small Cities Organized Risk Effort's self-insured workers' compensation program. Assuming an SIR of $250,000 per occurrence, we estimate the ultimate cost of claims and expenses for claims incurred during the 2014-15 program year to be $286,000 for the banking layer and $612,000 for the pooling layer, for a total of $898,000. For claims incurred during the 2014-15 program year, assuming a 1.0% return on investments per year, we estimate the ultimate cost of claims and expenses to be $288,000 for the banking layer and $633,000 for the pooling layer, for a total of $921,000. This amount includes allocated loss adjustment expenses (ALAE) and a discount for anticipated investment income, but exclude unallocated loss adjustment expenses (ULAE). The discount for investment income is calculated based on the likely payout pattern of SCORE's claims, assuming a 1.5% return on investments per year. For budgeting purposes, the expected cost of 2014-15 claims translates to a rate of $1.47, $3.15 and $4.62 per $100 payroll for the banking layer, pooling layer, and in total respectively. For the 2014-15 claims, assuming a 1.0% return on investments per year, the expected cost translates to rates of $1.48, $3.26 and $4.74 per $100 payroll for the banking layer, pooling layer, and in total respectively.

In addition, we estimate the program's liability for outstanding claims including ALAE and discounted for anticipated investment income as of June 30, 2014 to be $478,000 for the banking layer and $3,430,000 for the pooling layer, for a total of $3,908,000. As of June 30, 2014, assuming a 1.0% return on investments per year, we estimate the program's liability for outstanding claims to be $482,000 for the banking layer and $3,553,000 for the pooling layer, for a total of $4,035,000, again including ALAE and discounted for anticipated investment income.

The $3,430,000 estimates are the minimum liability to be booked by SCORE at June 30, 2014 for the Small Cities Organized Risk Effort's pooling layer liability, in accordance with Governmental Accounting Standards Board (GASB) Statement #10. GASB #10 requires SCORE to accrue a liability on its financial statements for the ultimate cost of claims and expenses associated with all reported and unreported claims, including ALAE and ULAE. GASB #10 does not prohibit the discounting of losses to recognize investment income.

Our conclusions regarding SCORE's liability for unpaid loss and allocated loss adjustment expenses (ALAE) at June 30, 2014 are summarized in the table below.

Small Cities Organized Risk Effort
Self-Insured Workers' Compensation Program
Estimated Liability for Unpaid Loss and ALAE
at June 30, 2014
1.5% Discount Rate

Banking Layer

		Marginally	Recommended Range			
	Expected	Acceptable 70% CL	Low 75% CL	Target 80% CL	High 85% CL	Conservative 90% CL
Loss and ALAE	$490,000					
Investment Income Offset	(12,000)					
Discounted Loss and ALAE	$478,000	$532,000	$554,000	$582,000	$615,000	$660,000

Pooling Layer

		Marginally	Recommended Range			
	Expected	Acceptable 70% CL	Low 75% CL	Target 80% CL	High 85% CL	Conservative 90% CL
Loss and ALAE	$3,825,000					
Investment Income Offset	(395,000)					
Discounted Loss and ALAE	$3,430,000	$3,794,000	$3,952,000	$4,131,000	$4,356,000	$4,655,000

Combined

		Marginally	Recommended Range			
	Expected	Acceptable 70% CL	Low 75% CL	Target 80% CL	High 85% CL	Conservative 90% CL
Loss and ALAE	$4,315,000					
Investment Income Offset	(407,000)					
Discounted Loss and ALAE	$3,908,000	$4,326,000	$4,506,000	$4,713,000	$4,971,000	$5,315,000

The following tables show our funding recommendations for the Small Cities Organized Risk Effort for the 2014-15 fiscal year, assuming the current SIR of $250,000.

Small Cities Organized Risk Effort (SIR = $250,000)
Self-Insured Workers' Compensation Program
Loss and ALAE Funding Guidelines for 2014-15
1.5% Discount Rate
Banking Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range Low 75% CL	Recommended Range Target 80% CL	Recommended Range High 85% CL	Conservative 90% CL
Loss and ALAE	$291,000					
Investment Income Offset	(5,000)					
Discounted Loss and ALAE	$286,000	$344,000	$373,000	$408,000	$450,000	$509,000
Rate per $100 of 2014-15 Payroll	$1.47	$1.77	$1.92	$2.10	$2.31	$2.62

Pooling Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range Low 75% CL	Recommended Range Target 80% CL	Recommended Range High 85% CL	Conservative 90% CL
Loss and ALAE	$680,000					
Investment Income Offset	(68,000)					
Discounted Loss and ALAE	$612,000	$726,000	$779,000	$839,000	$916,000	$1,018,000
Rate per $100 of 2014-15 Payroll	$3.15	$3.73	$4.01	$4.32	$4.71	$5.24

Combined Layer

	Expected	Marginally Acceptable 70% CL	Recommended Range Low 75% CL	Recommended Range Target 80% CL	Recommended Range High 85% CL	Conservative 90% CL
Loss and ALAE	$971,000					
Investment Income Offset	(73,000)					
Discounted Loss and ALAE	$898,000	$1,070,000	$1,152,000	$1,247,000	$1,366,000	$1,527,000
Rate per $100 of 2014-15 Payroll	$4.62	$5.50	$5.92	$6.41	$7.03	$7.85

The funding recommendations shown in the table above do not include any recognition of the existing funding margin at June 30, 2014. They are for losses and loss adjustment expenses only, and do not include a provision for loss control, overhead, excess insurance premiums, and other expenses associated with the program.

DRAFT

The loss projections in this report reflect the estimated impact of benefit legislation contained in AB749, AB227, SB228, SB899, SB863, and recent WCAB court decisions based upon information provided by the WCIRB.

The ultimate impact on loss costs of legislated benefit adjustments are generally difficult to forecast in advance because the changes typically take place over a period of several years following enactment. Furthermore, actuarially derived benefit level evaluations often underestimate actual future cost levels. The shortfalls result from a variety of circumstances, including: increases in utilization levels, unanticipated changes in administrative procedures, and cost shifting among benefit categories. Thus, actual cost increases could differ, perhaps substantially, from the WCIRB's estimates.

The report that follows outlines the scope of our study, its background, and our conclusions, recommendations, and assumptions. Judgments regarding the appropriateness of our conclusions and recommendations should be made only after studying the report in its entirety, including the graphs, attachments, exhibits and appendices. Our report has been developed for SCORE's internal use. It is not intended for general circulation.

We appreciate the opportunity to be of service to the Small Cities Organized Risk Effort in preparing this report. Please feel free to call Mike Harrington at (916) 244-1162 or Nina Gau at (916) 244-1193 with any questions you may have concerning this report.

Sincerely,

Bickmore

DRAFT

Mike Harrington, FCAS, MAAA
Director, Property and Casualty Actuarial Services, Bickmore
Fellow, Casualty Actuarial Society
Member, American Academy of Actuaries

DRAFT

Nina Gau, FCAS, MAAA
Manager, Property and Casualty Actuarial Services, Bickmore
Fellow, Casualty Actuarial Society
Member, American Academy of Actuaries

At the time of the prior report, we estimated the liability for outstanding claims as of June 30, 2013 to be $3,107,000 at the discounted, expected level. Our current estimate as of June 30, 2014, is $3,430,000, an increase in our assessment of SCORE's outstanding liabilities, as shown below:

Outstanding Claim Liabilities for Loss and ALAE – Pooling Layer

	Prior Report at June 30, 2013	Current Report at June 30, 2014	Change
(A) Case Reserves:	$2,064,000	$2,445,000	$381,000
(B) IBNR Reserves:	1,360,000	1,380,000	20,000
(C) Claims Administration Reserves:	0	0	0
(D) Total Reserves:	$3,424,000	$3,825,000	$401,000
(E) Offset for Investment Income:	(317,000)	(395,000)	(78,000)
(F) Total Outstanding Claim Liabilities:	$3,107,000	$3,430,000	$323,000

As shown, our estimate of outstanding claims liabilities at the discounted, expected level has increased between June 30, 2013 and June 30, 2014 as reflected in our prior and current reports respectively.

The increase in claim reserves (case and IBNR) is driven primarily by a large increase in case reserves, resulting in a $401,000 increase in total claim reserves. This increase in reserves leads to a larger offset for investment income. The net change due to the above factors is an overall increase of $323,000 in our estimate of outstanding claim liabilities for loss and ALAE.

At the time of the prior report, our funding estimate for the 2013-14 year was $494,000 at the discounted, expected level. That amount included allocated loss adjustment expenses (ALAE), and a discount for anticipated investment income, but excluded unallocated loss adjustment expenses (ULAE). Our current estimate for the 2014-15 year is $612,000 at the discounted, expected level, an increase in the program's expected loss costs, as shown in the table below:

Comparison of Funding for Loss and ALAE – Pooling Layer

	Prior Report 2013-14 Pooling Layer $25K - $150K	Current Report 2014-15 Pooling Layer $25K - $250K	Change
(A) Ultimate Loss and ALAE:	$547,000	$680,000	$133,000
(B) Ultimate Claims Administration (ULAE):	0	0	0
(C) Total Claim Costs:	$547,000	$680,000	$133,000
(D) Offset for Investment Income:	(53,000)	(68,000)	(15,000)
(E) Total Recommended Funding:	$494,000	$612,000	$118,000
(F) Funding per $100 of Payroll:	$2.63	$3.15	$0.52

As you can see, our funding recommendations at the discounted, expected level have increased between 2013-14 and 2014-15, as shown in our prior and current reports respectively.

Our estimates of ultimate loss and ALAE have increased by $133,000, driven by an increase in loss rate coupled with an increase in payroll. This increase in reserves leads to a larger offset for investment income. The net change due to the above factors is an overall increase of $118,000 in our annual funding estimate for loss and ALAE. However, note that the funding rate has increased approximately 20%.

D. DATA PROVIDED FOR THE ANALYSIS

Overall, the data utilized in preparing this report appears to be accurate.

Comments and issues regarding the data are as follows:

- We have assumed that the program's self-insured retention will remain at $250,000 per occurrence for 2014-15 (See Appendix K).
- We received loss data evaluated as of 12/31/2013 (See Appendix L). We also utilized the data from SCORE's most recent actuarial study for our assessment of loss development.
- We have assumed that SCORE's payroll for 2014-15 will be $19,444,000 based upon information provided by SCORE (See Appendix M).

The data provided for the analysis appears to be reasonable for use in this actuarial valuation of liabilities and projection of loss costs.

Small Cities Organized Risk Effort - Banking Layer - Workers' Compensation

Funding Options for Program Year 2014-2015 (SIR = $25,000)
One-Year Funding Plan

		Dollar Amount	Payroll Rate
(A)	Estimated Ultimate Losses Incurred in Accident Year 2014-2015: (From Appendix G)	$291,000	$1.497
(B)	Estimated Claims Administration Fees Incurred in Accident Year 2014-2015: (From Exhibit 5, Page 1, item (L))	0	0.000
(C)	Total Claims Costs Incurred in Accident Year 2014-2015: ((A) + (B))	$291,000	$1.497
(D)	Loss Discount Factor (Based on a Discount Rate of 1.5%.) (Appendix I, Page 2, (F))	0.984	
(E)	Discounted Total Claims Costs Incurred in Accident Year 2014-2015: ((C) x (D))	$286,000	$1.471

		Marginally Acceptable	Recommended			Conservative
		70%	75%	80%	85%	90%
(F)	Confidence Level Factor: (From Appendix J)	1.203	1.305	1.425	1.575	1.780
(G)	Margin for Adverse Experience: ((E) x [(F) - 1])	58,000	87,000	122,000	164,000	223,000
(H)	Recommended Funding in 2014-2015 for Claims Costs and Other Expenses ((E) + (G))	$344,000	$373,000	$408,000	$450,000	$509,000
(I)	Rate per $100 of Payroll: ((H) / $194,436)	$1.769	$1.918	$2.098	$2.314	$2.618

Payroll rates are per hundred dollars of 2014-2015 payroll of $19,443,600.

Small Cities Organized Risk Effort - Pooling Layer - Workers' Compensation

Funding Options for Program Year 2014-2015 ($25,000 - $250,000)

		Dollar Amount	Payroll Rate
(A)	Estimated Ultimate Losses Incurred in Accident Year 2014-2015: (From Appendix A)	$680,000	$3.497
(B)	Estimated Claims Administration Fees Incurred in Accident Year 2014-2015:	0	0.000
(C)	Total Claims Costs Incurred in Accident Year 2014-2015: ((A) + (B))	$680,000	$3.497
(D)	Loss Discount Factor (Based on a Discount Rate of 1.5%.)	0.900	
(E)	Discounted Total Claims Costs Incurred in Accident Year 2014-2015: ((C) x (D))	$612,000	$3.148

		Marginally Acceptable	Recommended			Conservative
		70%	75%	80%	85%	90%
(F)	Confidence Level Factor:	1.186	1.273	1.371	1.497	1.663
(G)	Margin for Adverse Experience: ((E) x [(F) - 1])	114,000	167,000	227,000	304,000	406,000
(H)	Recommended Funding in 2014-2015 for Claims Costs and Other Expenses ((E) + (G))	$726,000	$779,000	$839,000	$916,000	$1,018,000
(I)	Rate per $100 of Payroll: ((H) / $194,436)	$3.734	$4.006	$4.315	$4.711	$5.236

Payroll rates are per hundred dollars of 2014-2015 payroll of $19,443,600.

Small Cities Organized Risk Effort - $0 to SIR Layer - Workers' Compensation

Funding Options for Program Year 2014-2015 (SIR = $250,000)
One-Year Funding Plan

		Dollar Amount	Payroll Rate
(A)	Estimated Ultimate Losses Incurred in Accident Year 2014-2015: (From Appendix G)	$971,000	$4.994
(B)	Estimated Claims Administration Fees Incurred in Accident Year 2014-2015: (From Exhibit 5, Page 1, item (L))	0	0.000
(C)	Total Claims Costs Incurred in Accident Year 2014-2015: ((A) + (B))	$971,000	$4.994
(D)	Loss Discount Factor (Based on a Discount Rate of 1.5%.) (Appendix I, Page 2, (F))	0.925	
(E)	Discounted Total Claims Costs Incurred in Accident Year 2014-2015: ((C) x (D))	$898,000	$4.618

		Marginally Acceptable	Recommended			Conservative
		70%	75%	80%	85%	90%
(F)	Confidence Level Factor: (From Appendix J)	1.192	1.283	1.389	1.521	1.700
(G)	Margin for Adverse Experience: ((E) x [(F) - 1])	172,000	254,000	349,000	468,000	629,000
(H)	Recommended Funding in 2014-2015 for Claims Costs and Other Expenses ((E) + (G))	$1,070,000	$1,152,000	$1,247,000	$1,366,000	$1,527,000
(I)	Rate per $100 of Payroll: ((H) / $194,436)	$5.503	$5.925	$6.413	$7.025	$7.853

Payroll rates are per hundred dollars of 2014-2015 payroll of $19,443,600.

Small Cities Organized Risk Effort
Board of Directors Meeting
March 28, 2014

Agenda Item I.5.a

2014-15 LIABILITY PROGRAM FUNDING RATES

ACTION ITEM

ISSUE: The SCORE Board previous established a goal of capping the Liability Program loss funding rates at no more than 3% per year for the 2013-14, 2014-15, and 2015-16 program years.

Each year the actuary provides an estimate of the funding needed for the upcoming program year at various confidence levels and discount rates. For 2013-14 the recommended funding for the liability program was within the 3% cap set by the Board. For 2014-15 the recommended rates exceed the 3% funding cap by a total of $40,280.

If the Board approves rates at the 3% cap the shortfall will be supported by the program's net assets (net position). The program's estimated net assets as of June 30, 2014, above the Board's target funding benchmarks and not including any dividends that may be declared, are $1,785,500. Given this, depending on the amount of dividends that may be declared, there are sufficient net assets to support the rate cap once again this year.

RECOMMENDATION: The Program Administrators recommend continuing to cap liability program loss funding at 3% for the 2014-15 program year, **but evaluating the ability to continue this another year at the Long Range Planning meeting scheduled for October**.

FISCAL IMPACT: If the 3% increase cap on actuarial rates is maintained, the resulting funding increase for strictly the Banking and Shared Risk Layers combined is $20,293. Staff prepared the analysis on the next page to provide more details regarding the impact of the cap for 2014-15 and the projected impact for the 2015-16 program year, assuming an actuarial rate increase of 6%. The rate subsidy for 2014-15 is $40,280, and the projected subsidy for next year is $63,599, for a combined total of $103,879.

BACKGROUND: SCORE has Actuarial Studies done annually for accreditation and budget purposes. By having these studies done, SCORE is able to project their funding for the upcoming year and see how the rates affect their budgets. At the October 2012 Long Range Planning meeting, the Board decided to implement a 3% actuarial rate increase cap for the following 3 years. The 2013-14 Fiscal Year was the first year the cap was utilized in deposit premium calculations, making 2014-15 the 2nd out of a total of 3 years established in 2012.

ATTACHMENTS: 2014-15 GL Funding Analysis Exhibit

2014-15 GL Funding Analysis

Liability Program Funding Analysis at 70% Confidence Level and 1.5% Discount Rate					
2013-14	**Actuary "Should"**		**Actual "Did" 3 % Cap**		**Impact**
Funding	Rate	Funding	Rate	Funding	
Banking	$1.45	$281,000	$1.43	$283,203	$2,203
Shared	$2.00	$388,000	$2.00	$393,224	$5,224
Total	$3.45	$669,000	$3.43	$676,427	$7,427
2014-15	**Actuary "Should"**		**Actual "Did" 3 % Cap**		**Impact**
Funding	Rate	Funding	Rate	Funding	
Banking	$1.47	$295,000	$1.47	$291,699	-$3,301
Shared	$2.21	$442,000	$2.06	$405,021	-$36,979
Total	$3.68	$737,000	$3.53	$696,720	-$40,280
2015-16	**Actuary "Should" at 6%**		**Actual "Did" 3 % Cap**		**Impact**
Funding	Rate	Funding	Rate	Funding	
Banking	$1.56	$312,700	$1.52	$300,450	-$12,250
Shared	$2.34	$468,520	$2.12	$417,171	-$51,349
Total	$3.90	$781,220	$3.64	$717,621	-$63,599

Projected Assets at 6/30/14	$6,400,000
Less:	
Liabilities at 70% CL	$1,940,000
Shared Layer Minimum Threshold	$2,375,000
Banking Layer Minimum Threshold	$250,000
Safety Grant Funding	$50,000
Equals:	
Projected Net Assets	**$1,785,000**

Small Cities Organized Risk Effort
Board of Directors Meeting
March 28, 2014

Agenda Item I.5.b

2014-15 WORKERS' COMPENSATION PROGRAM FUNDING RATES

ACTION ITEM

ISSUE: The SCORE Board has set a goal of capping Workers' Compensation (WC) loss funding rates at no more than 3% per year for the 2013-14, 2014-15, and 2015-16 program years. Each year the actuary provides an estimate of the funding needed for the upcoming program year at various confidence levels and discount rates. For 2013-14 the recommended funding for the WC program was $901,000, but the total funding with the cap was set at $802,893, resulting in a shortfall of $98,107.

As previously discussed in Agenda Item H.1., SCORE's Workers' Compensation claims environment continues to deteriorate; somewhat unexpectedly. This is now a trend, and one that could continue. For 2014-15 the recommended rates exceed the 3% funding cap by a total of $243,020. More significantly, capping the rate at 3% would result in funding the shared layer at less than the "expected" rate set by the actuary (capped funding is $513,989 v. expected rate of $612,000). If the Board approves rates at the 3% cap the shortfall would need to be supported by the program's net assets (net position). There are insufficient net assets in the shared layer to support the rate cap this year.

RECOMMENDATION: We recommend a detailed Board discussion involving fully funding the WC program at the 70% confidence level recommended by the actuary and modifying prior action involving the 3% rate cap (that cannot longer be adhered to).

FISCAL IMPACT: At the 70% confidence level total funding increases by $267,107 or 33% over the 2013-14 funding. There would be no additional impact on net assets for the year. Staff has prepared the analysis on the next page to provide more details regarding the impact of the cap for 2014-15 and the projected impact for the 2015-16 program year, assuming an actuarial rate increase of 6%. The rate subsidy for 2014-15, if the 3% cap is kept in place, is $243,020, and the projected subsidy for next year would be $282,411, for a combined total of $525,431. <u>The subsidy for all three years would be $623,538</u>.

BACKGROUND: SCORE has Actuarial Studies done annually for accreditation and budget purposes. By having these studies done, SCORE is able to project their funding for the upcoming year and see how the rates affect their budgets. At the October 2012 Long Range Planning meeting, the Board decided to implement a 3% actuarial rate increase cap for the following 3 years. The 2013-14 Fiscal Year was the first year the cap was utilized in deposit premium calculations, making 2014-15 the 2nd out of a total of 3 years established in 2012.

ATTACHMENTS: 2014-15 Workers' Compensation Funding Analysis Exhibit

2014-15 Workers' Compensation Funding Analysis

Workers' Compensation Funding Analysis at 70% CL, 1.5% Discount and $250,000 SIR					
2013-14	**Actuary "Should"**		**Actual "Did" 3 % Cap**		**Impact on Net Position**
Funding	Rate	Funding	Rate	Funding	
Banking	$1.66	$312,000	$1.66	$303,875	-$8,125
Shared	$3.13	$589,000	$2.73	$499,018	-$89,982
Total	$4.79	$901,000	$4.39	$802,893	-$98,107
2014-15	**Actuary "Should"**		**"Did" 3 % Cap Again**		**Impact on Net Position**
Funding	Rate	Funding	Rate	Funding	
Banking	$1.77	$344,000	$1.71	$312,991	-$31,009
Shared	$3.73	$726,000	$2.81	$513,989	-$212,011
Total	$5.50	$1,070,000	$4.52	$826,980	-$243,020
Projected 2015-16	**Actuary Should at 6%**		**"Did" 3 % Cap Again**		**Impact on Net Position**
Funding	Rate	Funding	Rate	Funding	
Banking	$1.88	$364,640	$1.76	$322,381	-$42,259
Shared	$3.95	$769,560	$2.90	$529,408	-$240,152
Total	$5.83	$1,134,200	$4.66	$851,789	-$282,411
2014-15	**Actuary "Should"**		**Recommended Minimum 70% CL**		**Impact on Net Position**
Funding	Rate	Funding	Rate	Funding	
Banking	$1.77	$344,000	$1.77	$344,000	$0
Shared	$3.73	$726,000	$3.73	$726,000	$0
Total	$5.50	$1,070,000	$5.50	$1,070,000	$0

Projected Assets at 6/30/14	$6,335,000
Less:	
Liabilities at 70% CL	$4,326,000
Shared Layer Minimum Threshold	$1,125,000
Banking Layer Minimum Threshold	$250,000
Safety Grant Funding	$50,000
Equals:	
Projected Undesignated Net Assets	$584,000

SCORE
Small Cities Organized Risk Effort
A Joint Powers Authority

Small Cities Organized Risk Effort
Board of Directors Meeting
March 28, 2014

Agenda Item I.6

2014-15 SCORE PRELIMINARY BUDGET

INFORMATION ITEM

ISSUE: The Program Administrators will present the 2014/2015 Preliminary Budget Calculations which will allow members to obtain an estimated deposit Premium due for the 2014-15 Fiscal Year. The Preliminary Budget for 2014-15 has been revised to now include a more comprehensive chart of accounts as well as annual expenses that were not previously included but were incurred by SCORE.

The **Liability Programs have been limited to a 3.0% Actuarial Rate Increase CAP as per Board action at the October 2012 Long Range Planning meeting. The Workers' Compensation deposit calculations have not been capped and are shown at the actuarially recommend rates.** In addition, claims costs used in the calculation of the Experience Modification Factor (Ex-Mod) have also been limited to an incurred cost of $50,000 per occurrence as outlined in the SCORE Master Plan Documents.

RECOMMENDATION: None.

FISCAL IMPACT: The Liability Banking and Shared Risk Layer contributions have been capped at a 3% maximum increase from expiring, dictating an overall budget increase of 14.5% from the prior year due to large rate increases in the Workers' Compensation funding rates that were not capped for the purposes of the Preliminary Budget calculations.

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. Although the costs are not finalized, it has become the practice in the past for SCORE to review a Preliminary Program Budget at the March Board meeting. This practice was adopted to allow the members to have an indication of costs for their individual budgets. It has also allowed the SCORE members to give direction as to where they would like to expend the funds in the following year.

ATTACHMENTS: 2014-15 SCORE Program Budget

SMALL CITIES ORGANIZED RISK EFFORT
SUMMARY OF DEPOSITS BY CITY
July 1, 2014 to June 30, 2015

Member Entity	Liability Program Contribution	EPLI Coverage	Workers' Compensation Contribution	Property Premium	EAP	Total Deposit without CAP for Fiscal Year	Total Deposit for Prior Year	TOTAL DEPOSIT WITH 3% CAP	Percentage Change	Deposit Due July 1, 2013	WC Quarterly Installments
Biggs	$ 29,840	$ -	$ 31,517	$ 8,655	$ 243	**$ 71,073**	$ 64,697	**$ 70,256**	9%	$ 46,618	$ 7,879
Colfax	$ 36,207	$ 3,549	$ 40,970	$ 14,558	$ 270	**$ 96,621**	$ 80,320	**$ 95,554**	19%	$ 64,826	$ 10,243
Dorris	$ 20,000	$ 688	$ 13,236	$ 5,182	$ 324	**$ 39,440**	$ 36,604	**$ 39,431**	8%	$ 29,503	$ 3,309
Dunsmuir	$ 43,417	$ -	$ 60,562	$ 12,408	$ 270	**$ 118,120**	$ 104,370	**$ 116,657**	12%	$ 71,235	$ 15,141
Etna	$ 28,326	$ -	$ 30,813	$ 7,847	$ 189	**$ 67,936**	$ 53,773	**$ 67,175**	25%	$ 44,065	$ 7,703
Fort Jones	$ 22,879	$ -	$ 20,214	$ 7,161	$ -	**$ 50,804**	$ 41,005	**$ 50,254**	23%	$ 35,093	$ 5,053
Isleton	$ 24,162	$ -	$ -	$ -	$ 135	**$ 24,900**	$ 25,265	**$ 24,297**	-4%	$ 24,297	
Live Oak	$ 61,800	$ 5,398	$ 100,314	$ 31,754	$ 540	**$ 201,830**	$ 187,185	**$ 199,806**	7%	$ 124,570	$ 25,079
Loomis	$ 43,472	$ 3,023	$ 58,158	$ 3,799	$ 216	**$ 109,991**	$ 91,436	**$ 108,668**	19%	$ 65,050	$ 14,540
Loyalton	$ 20,000	$ -	$ 12,605	$ 18,117	$ 135	**$ 50,866**	$ 45,715	**$ 50,857**	11%	$ 41,403	$ 3,151
Montague	$ 26,420	$ -	$ 26,233	$ 14,342	$ -	**$ 67,680**	$ 57,854	**$ 66,995**	16%	$ 47,320	$ 6,558
Mt. Shasta	$ 108,507	$ 6,819	$ 178,065	$ 9,471	$ 918	**$ 307,805**	$ 283,654	**$ 303,780**	7%	$ 170,231	$ 44,516
Portola	$ 43,744	$ 2,783	$ 53,548	$ 6,793	$ 297	**$ 108,520**	$ 91,657	**$ 107,165**	17%	$ 67,004	$ 13,387
Rio Dell	$ 54,207	$ 4,022	$ 77,382	$ 12,108	$ -	**$ 149,446**	$ 130,871	**$ 147,719**	13%	$ 89,682	$ 19,346
Shasta Lake	$ 129,343	$ 13,654	$ 188,755	$ 56,012	$ 1,215	**$ 393,345**	$ 347,009	**$ 388,979**	12%	$ 247,413	$ 47,189
Susanville	$ 163,437	$ 15,136	$ 278,667	$ 24,096	$ 1,674	**$ 488,798**	$ 385,176	**$ 483,011**	25%	$ 274,010	$ 69,667
Tulelake	$ 27,795	$ -		$ 6,934	$ 432	**$ 35,903**	$ 37,659	**$ 35,161**	-7%	35,161	
Weed	$ 96,990	$ -	$ 153,512	$ 9,036	$ 810	**$ 263,869**	$ 234,371	**$ 260,349**	11%	$ 145,214	$ 38,378
Yreka	$ 172,291	$ 12,337	$ 267,735	$ 46,252	$ 1,323	**$ 506,378**	$ 423,792	**$ 499,938**	18%	$ 299,137	$ 66,934
Total:	**$ 1,152,838**	**$ 67,409**	**$ 1,592,289**	**$ 294,524**	**$ 8,991**	**$ 3,153,325**	**$ 2,722,412**	**$ 3,116,050**	**14%**	**$ 1,921,834**	**$ 398,072**

SMALL CITIES ORGANIZED RISK EFFORT
BUDGET
July 1, 2014 to June 30, 2015

	CATEGORY	PRIOR YEAR	TOTAL	WORKERS' COMP.	LIABILITY	EPLI	PROPERTY
Chart of Acc't							
REVENUES:							
400	Program Administration	$214,745	$230,856	$59,123	$171,733		
400	Claims Administration	$192,240	$195,082	$97,582	$97,500		
400	Other Expenses	$1,156,004	$325,250	$163,125	$162,125		
400	Banking Layer Deposit	$536,487	$631,018	$334,378	$296,640		
400	Shared Risk Layer Deposit	$710,623	$1,120,563	$708,682	$411,881		
400	Excess Coverage Deposit (LAWCX and CJPRMA)	$350,155	$282,899	$217,432	$65,467		
400	Group Purchase Coverage	$326,649	$372,733		$10,800	$67,409	$294,524
499	Reimbursement from CJPRMA for Liability Safety Training	$0	$0		$0		
	Total Revenues	$3,486,902	$3,158,400	$1,580,322	$1,216,146	$67,409	$294,524
EXPENSES:							
710	Program Administration	$214,745	$230,856	$59,123	$171,733		
720	Claims Administration (Unallocated Claims Expense)	$192,240	$195,082	$97,582	$97,500		
	Claims Administration (ULAE) Per Member Annual Fee	$30,000	$27,000	$8,000	$19,000		
	Other Expenses						
505	Treasury Services (provided by Fort Jones)	$1,000	$1,000	$500	$500		
505	Accounting Services	$48,000	$48,000	$24,000	$24,000		
	Investment Management Fees	$13,000	$13,000	$6,500	$6,500		
	Custodial Account Bank Fees	$12,000	$1,100	$550	$550		
	Checking Account Bank Fees	$500	$500	$250	$250		
699	CA DIR OSIP Self Insurance Assesment	$20,000	$22,000	$22,000	$0		
506	Financial Audit	$20,300	$20,300	$10,150	$10,150		
507	Actuarial Review and Studies	$10,000	$10,000	$5,000	$5,000		
675	Loss Control Services	$75,000	$75,000	$37,500	$37,500		
	Lexipol Law Enforcement Policy Manual	$25,000	$25,000	$5,000	$15,000		
675	Target Solutions	$25,000	$25,000	$12,500	$12,500		
610	Member Conference Reimbursements	$19,000	$19,000	$9,500	$9,500		
670	CAJPA Accreditation	$0	$4,850	$2,425	$2,425		
	Property Appraisals (every 6 Years)	$0	$0	$0	$0		
506	Claims Audit	$8,000	$0	$0	$0		
625	Employee Dishonesty Insurance/Bonds	$500	$500	$250	$250		
640	Board Meeting Expenses	$15,000	$5,000	$2,500	$2,500		
	Company Nurse	$1,000	$1,000	$500	$500		
615	Association Memberships - CAJPA and PARMA	$1,000	$1,000	$500	$500		
	Website	$0	$0	$0	$0		
	Rating Plan Database	$0	$0	$0	$0		
	LRP and Training Day Meeting Expenses	$0	$20,000	$10,000	$10,000		
	Miscellaneous Expenses	$1,000	$1,000	$500	$500		
690	Contingent Reserve	$10,000	$10,000	$5,000	$5,000		
	Total Administration Expenses	**$742,285**	**$756,188**	**$319,830**	**$431,358**		
875	Excess Coverage (LAWCX and CJPRMA)	$350,155	$282,899	$217,432	$65,467		
875	Group Purchase Coverage	$326,649	$372,733		$10,800	$67,409	$294,524
810	Expected Loss Costs for the FY	$1,247,110	$1,751,580	$1,043,060	$708,521		
	Total Expenses	**$2,666,199**	**$3,163,400**	**$1,580,322**	**$1,216,146**	**$67,409**	**$294,524**
REVENUES IN EXCESS OF EXPENSES:		**$820,703**	**($5,000)**	**$0**	**$0**	**$0**	**$0**
	Total Administrative Expenses:	**$497,540**	**$498,332**				

SMALL CITIES ORGANIZED RISK EFFORT
ADMINISTRATION ALLOCATION
July 1, 2014 to June 30, 2015

Total Administrative Expenses	$756,188	Liability Participants	19
Liability Administrative Expenses	$431,358	Workers' Comp Participants	8
W.C. Administrative Expenses	$319,830	Regular Pool	7
		Mini-cities	10

Member Entity	DE6 Payroll Inflated	Percentage of Total	Expense Allocated By Payroll	Expense Allocated Equally	Liability Administration Expense	Workers' Compensation DE6 Payroll	Percentage of Total	Expense Allocated By Payroll	Expense Allocated Equally	Workers' Compensation Expense	Total Administration Expenses
Biggs	$394,636	1.96%	$4,231	$11,352	$15,583						$15,583
Colfax	$513,001	2.55%	$5,500	$11,352	$16,852						$16,852
Dorris	$165,735	0.82%	$1,777	$11,352	$13,129						$13,129
Dunsmuir	$550,538	2.74%	$5,903	$11,352	$17,254	$550,538	2.82%	$4,502	$19,989	$24,491	$41,745
Etna	$385,811	1.92%	$4,137	$11,352	$15,488						$15,488
Fort Jones	$253,100	1.26%	$2,714	$11,352	$14,065						$14,065
Isleton	$243,885	1.21%	$2,615	$11,352	$13,966						$13,966
Live Oak	$1,300,474	6.46%	$13,943	$11,352	$25,295	$1,300,474	6.65%	$10,634	$19,989	$30,623	$55,918
Loomis	$728,213	3.62%	$7,808	$11,352	$19,159						$19,159
Loyalton	$157,834	0.78%	$1,692	$11,352	$13,044						$13,044
Montague	$328,474	1.63%	$3,522	$11,352	$14,873						$14,873
Mt. Shasta	$1,642,931	8.17%	$17,615	$11,352	$28,967	$1,642,931	8.40%	$13,434	$19,989	$33,423	$62,390
Portola	$670,488	3.33%	$7,189	$11,352	$18,540						$18,540
Rio Dell	$968,920	4.82%	$10,389	$11,352	$21,740						$21,740
Shasta Lake	$3,289,614	16.35%	$35,271	$11,352	$46,622	$3,289,614	16.82%	$26,899	$19,989	$46,888	$93,510
Susanville	$3,646,602	18.13%	$39,098	$11,352	$50,450	$3,646,602	18.65%	$29,818	$19,989	$49,807	$100,257
Tulelake	$315,029	1.57%	$3,378	$11,352	$14,729						
Weed	$1,588,266	7.90%	$17,029	$11,352	$28,381	$1,588,266	8.12%	$12,987	$19,989	$32,976	$61,357
Yreka	$2,972,369	14.78%	$31,869	$11,352	$43,221	$2,972,369	15.20%	$24,305	$19,989	$44,294	$87,515
Mini Cities						$4,566,212	23.35%	$37,337	$19,989	$57,327	$57,327
Total:	**$20,115,921**	**100.00%**	**$215,679**	**$215,679**	**$431,358**	**$19,557,007**	**100.00%**	**$159,915**	**$159,915**	**$319,830**	**$736,459**

SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY PROGRAM
July 1, 2014 to June 30, 2015

Funding Confidence Level:	'0% Confidence Level
Minimum Deposit:	$20,000
Maximum Deposit:	$250,000
Number of Member Entities:	19
Payroll Inflation Factor	3.00%

		2014/2015
Banking Layer Rate:	1.47	1.44
Shared Risk Rate	2.05	1.96
CJPRMA Rate:		
Combined Rate	3.522188	3.40
CSAC/CPEIA Pollution Coverage	**$10,800**	
Total Administrative Expense:	$431,358	

CSAC EIA Member Total Payroll	**$19,171,195**
CSAC EIA Pollution Rate per $100 of payr	**0.000563345**

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	$5,876	$8,159	$1,239	$222	$15,583	$29,840	$29,711	0%	29,618	398,484	$394,636	$404,123	-2%
Colfax	$7,982	$11,083	$1,611	$289	$16,852	$36,207	$33,609	8%	35,918	541,305	$513,001	$451,759	14%
Dorris	$2,477	$3,439	$520	$93	$13,129	$20,000	$20,000	0%	20,000	167,948	$165,735	$157,432	5%
Dunsmuir	$10,824	$15,029	$1,728	$310	$17,254	$43,417	$41,302	5%	43,107	733,998	$550,538	$512,711	7%
Etna	$5,375	$7,463	$1,211		$15,488	$28,326	$24,587	15%	28,326	364,486	$385,811	$310,093	24%
Fort Jones	$3,631	$5,041	$795	$143	$14,065	$22,879	$20,277	13%	22,737	246,195	$253,100	$208,998	21%
Isleton	$4,268	$5,927	$766		$13,966	$24,162	$25,130	-4%	24,162	289,458	$243,885	$281,196	-13%
Live Oak	$14,977	$20,796	$4,083	$733	$25,295	$61,800	$67,422	-8%	61,068	1,015,636	$1,300,474	$1,284,556	1%
Loomis	$10,007	$13,895	$2,286	$410	$19,159	$43,472	$41,113	6%	43,062	678,632	$728,213	$673,118	8%
Loyalton	$2,332	$3,239	$496	$89	$13,044	$20,000	$20,000	0%	20,000	158,166	$157,834	$116,995	35%
Montague	$4,757	$6,605	$1,031	$185	$14,873	$26,420	$24,781	7%	26,235	322,567	$328,474	$289,312	14%
Mt. Shasta	$32,914	$45,701	$5,158	$926	$28,967	$108,507	$105,756	3%	107,582	2,231,989	$1,642,931	$1,603,103	2%
Portola	$10,394	$14,432	$2,105	$378	$18,540	$43,744	$38,994	12%	43,366	704,833	$670,488	$659,378	2%
Rio Dell	$13,364	$18,556	$3,042	$546	$21,740	$54,207	$52,108	4%	53,661	906,277	$968,920	$967,050	0%
Shasta Lake	$33,857	$47,011	$10,328	$1,853	$46,622	$129,343	$123,387	5%	127,490	2,295,956	$3,289,614	$3,094,845	6%
Susanville	$46,445	$64,488	$11,449	$2,054	$50,450	$163,437	$140,061	17%	161,383	3,149,561	$3,646,602	$3,437,547	6%
Tulelake	$5,470	$7,595	$3,301		$14,729	$27,795	$30,293	-8%	27,795	370,956	$315,029	$330,610	-5%
Weed	$28,351	$39,364	$4,986	$895	$28,381	$96,990	$107,369	-10%	96,096	1,922,529	$1,588,266	$1,545,965	3%
Yreka	$53,337	$74,058	$9,332	$1,674	$43,221	$172,291	$151,663	14%	170,616	3,616,945	$2,972,369	$2,875,980	3%
Total:	**$296,640**	**$411,881**	**$65,467**	**$10,800**	**$431,358**	**$1,152,838**	**$1,097,563**	5%	**1,142,220**	**$20,115,920**	**$20,115,920**	**$19,204,771**	4.74%
2012/2013	$267,857	$371,916	$30,816	$14,820	$451,792	$1,107,475		-57%	1,092,773	$19,270,263	$19,270,263	$19,869,093	-3.01%
Difference	***$28,783***	***$39,965***	***$34,651***	***($4,020)***	***($20,434)***	***$45,363***			***$49,448***	***$845,657***	***$845,657***	***($664,322)***	***$0***

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, 2014 to June 30, 2015

Member Entity	LOSSES AS OF 12/31/13 PROGRAM YEARS 2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	Total
Biggs	553	24,233	0	0	0	24,787
Colfax	24,780	6,923	13,076	1,366	0	46,145
Dorris	0	1,721	3,412	0	0	5,133
Dunsmuir	8,187	13,478	58,244	38,983	6,660	125,553
Etna	0	0	0	1,017	0	1,017
Fort Jones	0	0	0	0	0	0
Isleton	0	1,201	93	101,185	2,558	105,036
Live Oak	2,893	824	1,344	250	8	5,319
Loomis	4,062	3,568	10,006	6,084	8	23,727
Loyalton	1,950	0	0	0	0	1,950
Montague	3,693	0	1,669	2,022	0	7,384
Mt. Shasta	61,362	65,623	71,748	57,353	19,014	275,100
Portola	2,359	2,642	603	1,012	54,362	60,977
Rio Dell	3,272	18,118	880	1,822	15,147	39,238
Shasta Lake	9,253	10,734	39,392	15,352	6,112	80,844
Susanville	5,323	55,147	7,239	72,242	52,000	191,950
Tulelake	0	31,866	15,690	50,000	35,000	132,556
Weed	14,009	38,662	63,339	57,184	50,000	223,194
Yreka	22,450	4,873	5,620	228,421	20,001	281,365
Total:	**$164,145**	**$279,612**	**$292,355**	**$634,294**	**$260,869**	**$1,631,275**

Member Entity	DE6 PAYROLL PROGRAM YEARS 2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	Total
Biggs	451,835	480,243	431,019	445,766	377,297	2,186,160
Colfax	656,193	580,511	436,657	395,698	482,475	2,551,534
Dorris	148,877	167,018	159,915	148,991	156,514	781,315
Dunsmuir	431,426	464,934	515,786	512,461	538,031	2,462,638
Etna	337,779	312,373	291,684	279,923	332,071	1,553,830
Fort Jones	141,416	166,009	167,341	188,617	217,023	880,406
Isleton	632,996	477,817	328,653	327,778	228,795	1,996,039
Live Oak	1,219,689	1,227,755	1,313,687	1,297,193	1,267,402	6,325,726
Loomis	877,950	863,045	745,098	738,259	687,491	3,911,843
Loyalton	264,734	267,592	205,921	162,672	132,357	1,033,276
Montague	267,335	290,496	271,962	286,650	295,950	1,412,393
Mt. Shasta	1,945,079	1,786,481	1,633,025	1,581,096	1,609,249	8,554,930
Portola	802,305	749,429	614,214	681,724	676,909	3,524,581
Rio Dell	850,004	874,079	1,005,352	979,793	951,737	4,660,965
Shasta Lake	3,283,054	3,441,569	3,220,301	3,214,474	3,140,551	16,299,949
Susanville	3,810,263	3,500,852	3,574,246	3,635,582	3,417,528	17,938,471
Tulelake	312,738	390,023	406,311	438,041	1,529,535	3,076,648
Weed	1,514,614	1,496,349	1,531,847	1,547,554	2,860,588	8,950,952
Yreka	3,176,508	3,007,604	3,185,014	2,912,309	322,798	12,604,233
Total:	**21,124,795**	**20,544,179**	**20,038,033**	**19,774,581**	**19,224,301**	**100,705,889**

Member Entity	Loss Rate Per $100	Relative Loss Rate	Experience Modification Factor 2012-2013 Payroll	Credibility Factor	Experience Modification	Payroll times Ex.Mod.	Adjusted Payroll
Biggs	$1.13	0.70	$394,636	9.77%	0.97	$383,073	$398,484
Colfax	$1.81	1.12	$513,001	12.33%	1.01	$520,370	$541,305
Dorris	$0.66	0.41	$165,735	4.35%	0.97	$161,452	$167,948
Dunsmuir	$5.10	3.15	$550,538	13.12%	1.28	$705,611	$733,998
Etna	$0.07	0.04	$385,811	9.57%	0.91	$350,390	$364,486
Fort Jones	$0.00	0.00	$253,100	6.49%	0.94	$236,673	$246,195
Isleton	$5.26	3.25	$243,885	6.27%	1.14	$278,263	$289,458
Live Oak	$0.08	0.05	$1,300,474	26.29%	0.75	$976,356	$1,015,636
Loomis	$0.61	0.37	$728,213	16.65%	0.90	$652,386	$678,632
Loyalton	$0.19	0.12	$157,834	4.15%	0.96	$152,049	$158,166
Montague	$0.52	0.32	$328,474	8.26%	0.94	$310,092	$322,567
Mt. Shasta	$3.22	1.99	$1,642,931	31.06%	1.31	$2,145,667	$2,231,989
Portola	$1.73	1.07	$670,488	15.53%	1.01	$677,574	$704,833
Rio Dell	$0.84	0.52	$968,920	20.99%	0.90	$871,227	$906,277
Shasta Lake	$0.50	0.31	$3,289,614	47.43%	0.67	$2,207,160	$2,295,956
Susanville	$1.07	0.66	$3,646,602	50.00%	0.83	$3,027,752	$3,149,561
Tulelake	$4.31	2.66	$315,029	7.95%	1.13	$356,609	$370,956
Weed	$2.49	1.54	$1,588,266	30.34%	1.16	$1,848,175	$1,922,529
Yreka	$2.23	1.38	$2,972,369	44.91%	1.17	$3,477,060	$3,616,945
Total:	**$1.62**	**1.00**	**$20,115,920**			**$19,337,938**	**$20,115,920**

City	Number of employees indicated by Board Member	Rate per month per employee	Total Rate per month	Total number of months	2014-2015 Premium
Biggs	9	$2.25	$20.25	12	$243.00
Colfax	10	$2.25	$22.50	12	$270.00
Dorris	12	$2.25	$27.00	12	$324.00
Dunsmuir	10	$2.25	$22.50	12	$270.00
Etna	7	$2.25	$15.75	12	$189.00
Ft. Jones	0	$2.25	$0.00	12	$0.00
Isleton	5	$2.25	$11.25	12	$135.00
Live Oak	20	$2.25	$45.00	12	$540.00
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 Shast	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	16	$2.25	$36.00	12	$432.00
Weed	30	$2.25	$67.50	12	$810.00
Yreka	49	$2.25	$110.25	12	$1,323.00
TOTAL	**333**				**$8,991.00**

EMPLOYMENT PRACTICE LIABILITY
July 1, 2014 to June 30, 2015

Member Entity	Projected Payroll	Last Year's Payroll	Percentage Increase in Payroll	Deductible	Assessment	Premiums	Premium Last Year	2014/2015 Premium & Assessments
Biggs								
Colfax	$ 498,059	$ 451,759	10.25%	25,000	-	$ 3,549	$ 2,570	$ 3,549
Dorris	$ 160,908	$ 157,432	2.21%	25,000	-	$ 688	$ 896	$ 688
Dunsmuir								
Etna								
Fort Jones								
Isleton								
Live Oak	$ 1,262,596	$ 1,284,556	-1.71%	25,000	-	$ 5,398	$ 5,481	$ 5,398
Loomis	$ 707,003	$ 673,118	0.00%	25,000	-	$ 3,023	$ 2,872	$ 3,023
Loyalton								
Montague								
Mt. Shasta	$ 1,595,079	$ 1,603,103	-0.50%	25,000	-	$ 6,819	$ 9,121	$ 6,819
Portola	$ 650,959	$ 659,378	-1.28%	25,000	-	$ 2,783	$ 2,814	$ 2,783
Rio Dell	$ 940,699	$ 967,050	-2.72%	25,000	-	$ 4,022	$ 4,126	$ 4,022
Shasta Lake	$ 3,193,800	$ 3,094,845	3.20%	25,000	-	$ 13,654	$ 13,206	$ 13,654
Susanville	$ 3,540,390	$ 3,437,547	2.99%	25,000	-	$ 15,136	$ 14,668	$ 15,136
Tulelake								
Weed								
Yreka	$ 2,885,795	$ 2,875,980	0.34%	25,000	-	$ 12,337	$ 12,272	$ 12,337
Total:	**$ 15,435,288**	**$ 15,204,768**	**1.52%**		**-**	**$ 67,409**	**$ 68,026**	**$ 67,409**

SMALL CITIES ORGANIZED RISK EFFORT
WORKERS' COMPENSATION PROGRAM
July 1, 2014 to June 30, 2015

Funding Confidence Level:	70%	LAWCX Premium:	$217,432
Banking Layer Funding	$1.77	Administrative Expenses:	$319,830
Shared Risk Layer Funding	$3.73		

Experience Rating Losses Capped at $50,000

MEMBER ENTITY	BANKING LAYER	SHARED RISK	LAWCX PREMIUM (1)	ADMIN. EXPENSE	LAWCX Refund	LAWCX 14-15 Assesment	TOTAL DEPOSIT	LAST YEAR'S DEPOSIT	PERCENTAGE CHANGE	Payroll	Adjusted Payroll
Biggs											
Colfax											
Dorris											
Dunsmuir	9,476	20,001	6,137	$24,491	$0	**$458**	$60,562	$50,391	20.18%	$550,538	$535,644
Etna											
Fort Jones											
Isleton											
Live Oak	18,543	39,140	12,009	$30,623	$0	**$0**	$100,314	$81,988	22.35%	$1,300,474	$1,048,204
Loomis											
Loyalton											
Montague											
Mt. Shasta	38,115	80,453	24,684	$33,423	$0	**$1,390**	$178,065	$158,388	12.42%	$1,642,931	$2,154,598
Portola											
Rio Dell											
Shasta Lake	37,113	78,337	24,035	$46,888	$0	**$2,382**	$188,755	$153,189	23.22%	$3,289,614	$2,097,943
Susanville	59,937	126,515	38,816	$49,807	$0	**$3,591**	$278,667	$204,677	36.15%	$3,646,602	$3,388,201
Tulelake											
Weed	31,733	66,983	20,551	$32,976	$0	**$1,269**	$153,512	$117,156	31.03%	$1,588,266	$1,793,857
Yreka	58,685	123,873	38,006	$44,294	$0	**$2,877**	$267,735	$212,282	26.12%	$2,972,369	$3,317,436
Mini-Cities	80,776	173,380	53,195	$57,327	$0	**$0**	$364,678	$274,184	33.00%	$4,566,212	$4,643,270
Total	**$334,378**	**$708,682**	**$217,432**	**$319,830**	$0	**$11,967**	**$1,592,289**	**$1,252,255**	**27.15%**	**$19,557,007**	**$18,979,153**

SMALL CITIES ORGANIZED RISK EFFORT
Workers' Compensation Experience Modification Calculation

Member Entity	LOSSES AS OF 12/31/13 PROGRAM YEARS 2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	Total
Biggs					-	
Colfax						
Dorris						
Dunsmuir	-	-	45,743	-	-	$45,743
Etna						
Fort Jones						
Isleton						
Live Oak	18,295	2,872	255	-	2,450	$23,872
Loomis						
Loyalton	-	-	-	-		
Montague						
Mt. Shasta	1,194	123,517	150,084	68,322	61,137	404,254
Portola						
Rio Dell					9,844	
Shasta Lake	51,348	-	-	2,669	-	54,017
Susanville	2,612	8,600	92,733	50,739	173,565	$328,249
Tulelake						
Weed	36,337	3,591	54,204	53,462	146,865	$294,459
Yreka	5,980	68,353	35,917	181,582	61,842	$353,674
Mini Cities	10,831	148,446	35,188	200,007	108,029	$502,502
Total:	**$126,596**	**$355,379**	**$414,126**	**$556,781**	**$563,732**	**$2,006,770**

Member Entity	DE6 PAYROLL PROGRAM YEARS 2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	Total
Biggs						
Colfax						
Dorris						
Dunsmuir	431,426	464,934	515,786	512,461	538,031	2,462,638
Etna						
Fort Jones						
Isleton						
Live Oak	1,219,689	1,227,755	1,313,687	1,297,193	1,267,402	6,325,726
Loomis						
Loyalton						
Montague						
Mt. Shasta	1,945,079	1,786,481	1,633,025	1,581,096	1,609,249	8,554,930
Portola						
Rio Dell						
Shasta Lake	3,283,054	3,441,569	3,220,301	3,214,474	3,140,551	16,299,949
Susanville	3,810,263	3,500,852	3,574,246	3,635,582	3,417,528	17,938,471
Tulelake						
Weed	1,514,614	1,496,349	1,531,847	1,547,554	2,860,588	8,950,952
Yreka	3,176,508	3,007,604	3,185,014	2,912,309	322,798	12,604,233
Mini Cities	4,798,428	4,750,795	4,329,163	4,308,093	4,309,824	22,496,303
Total:	**20,179,061**	**19,676,339**	**19,303,069**	**19,008,762**	**17,465,972**	**95,633,203**

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	1.86	0.89	550,538	0.11	0.99	543,737	535,644
Etna							
Fort Jones							
Isleton							
Live Oak	0.38	0.18	1,300,474	0.22	0.82	1,064,041	1,048,204
Loomis							
Loyalton							
Montague							
Mt. Shasta	4.73	2.25	1,642,931	0.26	1.33	2,187,152	2,154,598
Portola							
Rio Dell							
Shasta Lake	0.33	0.16	3,289,614	0.42	0.65	2,129,641	2,097,943
Susanville	1.83	0.87	3,646,602	0.44	0.94	3,439,394	3,388,201
Tulelake							
Weed	3.29	1.57	1,588,266	0.26	1.15	1,820,961	1,793,857
Yreka	2.81	1.34	2,972,369	0.39	1.13	3,367,560	3,317,436
Mini Cities	2.23	1.06	4,566,212	0.50	1.03	4,713,427	4,643,270
Total:	**2.10**	**1.00**	**$19,557,006**			**$19,265,913**	**$18,979,153**

SMALL CITIES ORGANIZED RISK EFFORT
Mini-City Pool Allocation of Costs
July 1, 2014 to June 30, 2015

ALLOCATION OF COSTS TO MEMBERS - with Experience Modification

COSTS TO BE ALLOCATED:		
BANKING LAYER	80,776	**LAWCX Assesment Credit**
SHARED RISK	173,380	
EXCESS WC	53,195	
ADMINISTRATION	57,327	
TOTAL	**364,678**	

Member	Payroll	Percentage	Banking	Shared Risk	Excess WC	Admin	LAWCX Refund	Total	Last Year's	%Change
Biggs	$383,142	8.64%	$ 6,981	$ 14,984	$ 4,597	$ 4,954		**$ 31,517**	**$ 26,087**	21%
Colfax	$498,059	11.23%	$ 9,075	$ 19,479	$ 5,976	$ 6,440		**$ 40,970**	**$ 29,313**	40%
Dorris	$160,908	3.63%	$ 2,932	$ 6,293	$ 1,931	$ 2,081		**$ 13,236**	**$ 10,201**	30%
Dunsmuir										
Etna	$374,574	8.45%	$ 6,825	$ 14,649	$ 4,495	$ 4,844		**$ 30,813**	**$ 20,097**	53%
Fort Jones	$245,728	5.54%	$ 4,477	$ 9,610	$ 2,949	$ 3,178		**$ 20,214**	**$ 13,567**	49%
Isleton										
Live Oak										
Loomis	$707,003	15.95%	$ 12,882	$ 27,650	$ 8,483	$ 9,142		**$ 58,158**	**$ 43,437**	34%
Loyalton	$153,237	3.46%	$ 2,792	$ 5,993	$ 1,839	$ 1,982		**$ 12,605**	**$ 7,463**	69%
Montague	$318,907	7.19%	$ 5,811	$ 12,472	$ 3,827	$ 4,124		**$ 26,233**	**$ 18,730**	40%
Mt. Shasta										
Portola	$650,959	14.68%	$ 11,861	$ 25,459	$ 7,811	$ 8,418		**$ 53,548**	**$ 42,759**	25%
Rio Dell	$940,699	21.22%	$ 17,140	$ 36,790	$ 11,288	$ 12,164		**$ 77,382**	**$ 62,529**	24%
Shasta Lake										
Susanville										
Tulelake										
Weed										
Yreka										
Total	**4,433,216**	**100.00%**	**$ 80,776**	**$ 173,380**	**$ 53,195**	**$ 57,327**	**$0.00**	**$ 364,678**	**$ 274,183**	**33%**

SMALL CITIES ORGANIZED RISK EFFORT
PROPERTY PROGRAM
July 1, 2014 to June 30, 2015

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	Excess Property Premium	Excess Boiler & Machinery Premium	Automobile Physical Damage Deductible	Automobile Physical Damage Values	Physical Damage Premium	Total Deposit	Last Year's Premium	Difference
Biggs	$5,000	$5,000	$5,243,635	$1,214,200	$0	$91,665	$6,549,500	$4,698	$1,576	$1,141	$70	$5,000	$397,393	$2,381	**$8,655**	$5,693	**52%**
Colfax	$5,000	$5,000	$9,011,164	$3,314,027	$0	$162,027	$12,487,218	$8,957	$2,952	$2,124	$134	$5,000	$442,040	$2,649	**$14,558**	$13,467	**8%**
Dorris	$5,000	$5,000	$4,279,045	$561,929	$8,000	$96,646	$4,945,620	$3,548	$1,154	$826	$53	$5,000	$80,307	$481	**$5,182**	$3,920	**32%**
Dunsmuir	$5,000	$5,000	$12,007,829	$1,063,674	$18,000	$0	$13,089,503	$9,389	$3,018	$2,150	$141				**$12,408**	$7,522	**65%**
Etna	$5,000	$5,000	$5,340,718	$452,500	$8,000	$0	$5,801,218	$4,161	$1,400	$1,016	$62	$5,000	$381,388	$2,285	**$7,847**	$6,331	**24%**
Fort Jones	$5,000	$5,000	$2,734,300	$1,450,600	$7,000	$0	$4,191,900	$3,007	$1,052	$774	$45	$5,000	$517,683	$3,102	**$7,161**	$6,257	**14%**
Live Oak	$5,000	$5,000	$21,183,002	$10,541,390	$131,000	$0	$31,855,392	$22,850	$7,387	$5,274	$343	$5,000	$253,000	$1,516	**$31,754**	$35,346	**-10%**
Loomis	$5,000	$5,000	$1,521,400	$230,200	$0	$0	$1,751,600	$1,256	$461	$345	$19	$5,000	$347,363	$2,082	**$3,799**	$3,320	**14%**
Loyalton	$5,000	$5,000	$5,052,770	$1,695,014	$11,000	$229,393	$6,988,177	$5,013	$1,918	$1,454	$75	$5,000	$1,866,662	$11,186	**$18,117**	$14,285	**27%**
Montague	$5,000	$5,000	$7,038,105	$1,403,062	$0	$194,260	$8,635,427	$6,194	$2,156	$1,583	$93	$5,000	$1,000,000	$5,992	**$14,342**	$11,155	**29%**
Mt. Shasta	$5,000	$5,000	$7,955,357	$2,001,100	$35,000	$0	$9,991,457	$7,167	$2,304	$1,641	$107				**$9,471**	$6,113	**55%**
Portola	$5,000	$5,000	$5,232,700	$1,141,900	$0	$0	$6,374,600	$4,573	$1,490	$1,067	$69	$5,000	$121,929	$731	**$6,793**	$4,805	**41%**
Rio Dell	$5,000	$5,000	$7,561,185	$3,652,366	$5,000	$126,534	$11,345,085	$8,138	$2,652	$1,900	$122	$5,000	$219,852	$1,317	**$12,108**	$10,102	**20%**
Shasta Lake	$5,000	$5,000	$42,385,027	$5,213,783	$0	$492,798	$48,091,608	$34,496	$11,425	$8,234	$517	$10,000	$2,038,576	$10,091	**$56,012**	$55,402	**1%**
Susanville	$5,000	$5,000	$17,454,990	$5,694,154	$144,000	$58,800	$23,351,944	$16,750	$5,437	$3,888	$251	$5,000	$318,414	$1,908	**$24,096**	$20,669	**17%**
Tulelake	$5,000	$5,000	$4,206,800	$691,996	$0	$0	$4,898,796	$3,514	$1,191	$866	$53	$5,000	$371,988	$2,229	**$6,934**	$6,311	**10%**
Weed	$5,000	$5,000	$8,206,050	$1,249,580	$50,826	$26,033	$9,532,489	$6,838	$2,198	$1,566	$103				**$9,036**	$6,321	**43%**
Yreka	$5,000	$5,000	$30,511,274	$10,693,871	$257,300	$2,720,649	$44,183,094	$31,693	$10,329	$7,398	$475	$10,000	$854,628	$4,230	**$46,252**	$22,936	**102%**
Total:			**$196,925,351**	**$52,265,346**	**$675,126**	**$4,198,805**	**$254,064,628**	**$182,241**		**$43,245**	**$2,732**		**$9,211,223**	**$52,182**	**$294,524**	**$239,952**	**22.74%**

CJPRMA Premium Calculation

Member	Payroll		2013/2014 Premium	% of Premium	Less 12/13 Investment Income	Add Excess Loss Fund	Less Deferred Redistribution	2013/2014 Net Liability Premium
		$ 0.81						
	19,530,020	0.80775	$ 157,754		$ 76,026	$ 29,808	$ 48,381	$ 65,563
Biggs	$383,142	0.80775	$ 3,095	1.96%	$ 1,491	$ 585	$ 949	$ 1,239
Colfax	$498,059	0.80775	$ 4,023	2.55%	$ 1,939	$ 760	$ 1,234	$ 1,611
Dorris	$160,908	0.80775	$ 1,300	0.82%	$ 626	$ 246	$ 399	$ 520
Dunsmuir	$534,503	0.80775	$ 4,317	2.74%	$ 2,081	$ 816	$ 1,324	$ 1,728
Etna	$374,574	0.80775	$ 3,026	1.92%	$ 1,458	$ 572	$ 928	$ 1,211
Fort Jones	$245,728	0.80775	$ 1,985	1.26%	$ 957	$ 375	$ 609	$ 795
Isleton	$236,782	0.80775	$ 1,913	1.21%	$ 922	$ 361	$ 587	$ 766
Live Oak	$1,262,596	0.80775	$ 10,199	6.46%	$ 4,915	$ 1,927	$ 3,128	$ 4,083
Loomis	$707,003	0.80775	$ 5,711	3.62%	$ 2,752	$ 1,079	$ 1,751	$ 2,286
Loyalton	$153,237	0.80775	$ 1,238	0.78%	$ 597	$ 234	$ 380	$ 496
Montague	$318,907	0.80775	$ 2,576	1.63%	$ 1,241	$ 487	$ 790	$ 1,031
Mt. Shasta	$1,595,079	0.80775	$ 12,884	8.17%	$ 6,209	$ 2,435	$ 3,951	$ 5,158
Portola	$650,959	0.80775	$ 5,258	3.33%	$ 2,534	$ 994	$ 1,613	$ 2,105
Rio Dell	$940,699	0.80775	$ 7,599	4.82%	$ 3,662	$ 1,436	$ 2,330	$ 3,042
Shasta Lake	$3,193,800	0.80775	$ 25,798	16.35%	$ 12,433	$ 4,875	$ 7,912	$ 10,328
Susanville	$3,540,390	0.80775	$ 28,598	18.13%	$ 13,782	$ 5,404	$ 8,770	$ 11,449
Tulelake	$305,853	0.80775	$ 2,471	1.57%	$ 1,191	$ 467	$ 758	$ 3,397
Weed	$1,542,006	0.80775	$ 12,456	7.90%	$ 6,003	$ 2,354	$ 3,820	$ 4,986
Yreka	$2,885,795	0.80775	$ 23,310	14.78%	$ 11,234	$ 4,404	$ 7,149	$ 9,332
TOTAL	**$19,530,020**		**$ 157,754**	**100.00%**	**$ 76,026**	**$ 29,808**	**$ 48,381**	**$ 65,563**

Small Cities Organized Risk Effort
Board of Directors Meeting
March 28, 2014

Agenda Item I.7.a & b.

PROPOSED DIVIDEND CALCULATIONS

ACTION ITEM

ISSUE: The Board will review the actual ***calculations*** combining both the Liability and Workers' Compensation Programs based on the new Dividend and Assessment Plan (DAP) presented by Gilbert Associates. The Ad Hoc Committee did not make a unanimous recommendation for implementation of the plan, or for the release of any dividend amount and recommended that the Dividend and Assessment Plan (DAP) is brought back to this meeting for full Board discussion and consideration. The Board may choose to approve the draft calculations and authorize the release of dividends and/or the collection of assessments based on the numbers generated using the new DAP. The data presented is derived from the June 30, 2013 Audited Financial Statements.

RECOMMENDATION: NONE; the Program Administrators suggest the Board review the Liability and Workers' Compensation 'suggested' Dividend declarations include here. They are at $1,000,000 and $100,000 respectively. *(The third page shows the combined figures available dividends – or due from Members as Member Assessments).*

FISCAL IMPACT: Member Banking Layer Dividends reduce Combined Programs Net Position.

BACKGROUND: The Board reviewed new Dividend and Assessment Plan (DAP) calculations in draft format prior to the June Board of Directors meeting when dividends are typically declared back to Members. At that meeting, the Board approved the 'concept' presented and tasked Program Administration to work with Gilbert Associates in further vetting the mechanics of the DAP to ensure the new program is adequate. In addition, the Board requested that a draft set of calculations is created by Gilbert Associates for both the Liability and Workers' Compensation Programs to show individual member dividend return amounts. The numbers presented are based on a *rolling 10-yr calculation model*, with additional accounting for the overall Shared Risk Layer experience and historical member premiums. The plan also takes into account the amount of dividends previously issued or collected from members in the last 10 year period although this component will not be phased in until June 30, 2014. The last element in the 10 Year calculation formula is the incurred cost of claims during this time, although this cost is capped at $100,000 in the Shared Risk Layer. The new DAP mandates a minimum balance be kept on account to offset the cost of future banking layer claims, allowing anything in excess of the calculated minimum to be released back to Members into their newly established Member level balance sheets.

ATTACHMENTS: 1) 2013-14 Liability DAP Calculation , 2) 2013-14 Workers' Compensation DAP Draft Calculation, and 3) 2013-14 Combined Dividend Draft Calculation

SCORE LIAB PROGRAM
2013-14 Dividend Calculation Spreadsheet

SHARED LAYER

	STARTING POINT			DATA INPUTS						
				(1)	(2)	(3)	(4)	(5)	(6)	
			AUDITED				[(1)+(2)-(3)]/10	(4)/+Total	(5)*Total	
	6/30/2013	6/30/2013	6/30/2013							
	BANKING	SHARED RISK	PLAN		Last 10 years		Combined			"Waterfall"
CITY	BALANCE	BALANCE	TOTAL	Premiums	Assess/(Div)	Claims	10 Yr Avg	Alloc %	Distrib.	To Banking
BIGGS	24,786			108,808	-	-	10,881	2.41%	12,066	----------->
COLFAX	12,246			146,723	-	-	14,672	3.25%	16,271	----------->
CRESCENT CITY	51,497			587,542	-	234,665	35,288	7.83%	39,132	----------->
DORRIS	10,696			42,242	-	-	4,224	0.94%	4,684	----------->
DUNSMUIR	3,165			160,764	-	254,980	(9,422)	0.00%	-	
ETNA	(9,543)			89,543	-	-	8,954	1.99%	9,930	----------->
FORT JONES	19,413			39,073	-	-	3,907	0.87%	4,333	----------->
IONE	93,053			201,556	-	-	20,156	4.47%	22,351	----------->
ISLETON	(24,829)			143,220	-	152,388	(917)	0.00%	-	
LIVE OAK	64,114			290,786	-	70,883	21,990	4.88%	24,386	----------->
LOOMIS	40,555			209,090	-	-	20,909	4.64%	23,187	----------->
LOYALTON	17,141			56,699	-	-	5,670	1.26%	6,288	----------->
MONTAGUE	15,342			71,598	-	-	7,160	1.59%	7,940	----------->
MOUNT SHASTA	(18,332)			545,748	-	369,547	17,620	3.91%	19,540	----------->
PORTOLA	87,955			163,878	-	10,000	15,388	3.41%	17,064	----------->
RIO DELL	51,685			166,970	-	-	16,697	3.70%	18,516	----------->
SHASTA LAKE	204,150			950,032	-	45,338	90,469	20.06%	100,325	----------->
SUSANVILLE	120,723			892,234	-	168,729	72,351	16.05%	80,232	----------->
Tule Lake	7,355			27,633	-	-	2,763	0.61%	3,064	----------->
WEED	43,658			495,003	-	359,538	13,547	3.00%	15,022	----------->
WILLIAMS	45,445			279,266	-	57,204	22,206	4.93%	24,625	----------->
YREKA	13,188			810,784	-	350,483	46,030	10.21%	51,044	----------->
	873,463	3,979,293	4,852,756				440,544		500,000	
	926,167						450,882		-	

BANKING LAYER

	(7)	(8)	(9)	(10)	(11)	(12)	(13)
		Col. (6)	(7)+(8)	(9)/+Total	(10)*Total		(9)-(12)=<(11)
	JUNE 30		BANKING				
	BANKING	SHARED RISK	BALANCE	Banking	Max Dist	Min Bal	Permitted
CITY	BALANCE	DISTRIB	TOTAL	Alloc %	Avail	Reqmt*	Distrib
BIGGS	24,786	12,066	36,852	2.64%	26,355	12,500	24,352
COLFAX	12,246	16,271	28,517	2.04%	20,394	12,500	16,017
CRESCENT CITY	51,497	39,132	90,629	6.48%	64,814	15,903	64,814
DORRIS	10,696	4,684	15,380	1.10%	10,999	12,500	2,880
DUNSMUIR	3,165	-	3,165	0.23%	2,263	20,051	-
ETNA	(9,543)	9,930	387	0.03%	277	12,500	-
FORT JONES	19,413	4,333	23,746	1.70%	16,982	12,500	11,246
IONE	93,053	22,351	115,404	8.25%	82,532	12,500	82,532
ISLETON	(24,829)	-	(24,829)	0.00%	-	12,500	-
LIVE OAK	64,114	24,386	88,500	6.33%	63,291	12,500	63,291
LOOMIS	40,555	23,187	63,742	4.56%	45,585	12,500	45,585
LOYALTON	17,141	6,288	23,429	1.68%	16,755	12,500	10,929
MONTAGUE	15,342	7,940	23,282	1.67%	16,650	12,500	10,782
MOUNT SHASTA	(18,332)	19,540	1,208	0.09%	864	40,893	-
PORTOLA	87,955	17,064	105,019	7.51%	75,105	12,500	75,105
RIO DELL	51,685	18,516	70,201	5.02%	50,205	12,500	50,205
SHASTA LAKE	204,150	100,325	304,475	21.77%	217,748	17,041	217,748
SUSANVILLE	120,723	80,232	200,955	14.37%	143,715	21,390	143,715
Tule Lake	7,355	3,064	10,419	0.75%	7,451	12,500	-
WEED	43,658	15,022	58,680	4.20%	41,966	36,997	21,683
WILLIAMS	45,445	24,625	70,070	5.01%	50,111	12,500	50,111
YREKA	13,188	51,044	64,232	4.59%	45,936	41,806	22,426
	873,463	500,000	1,373,463		1,000,000		913,421
		check	-		(2)		
			1,398,292				

*Avg of last 5 years claims or $12.5k, whichever is higher.

Amount available for shared layer distribution:

Share Risk Layer Net Assets:	$ 3,979,293
Min Equity Reserve ($475,000 x 5):	(2,375,000)
70% Confidence Level Adjustment for Claims LIabilities:	(128,000)
Safety Grant Fund:	(50,000)
Undesignated Net Assets	1,426,293
Distribution:	$ 500,000

Amount available for banking distribution:

Banking Net Assets + Shared Distribution Available:	1,373,463
Min Banking Reserve (example 10 x $25k):	(250,000)
70% Confidence Level Adjustment for Claims LIabilities:	(52,000)
Net Assets Subject to Distribution:	1,071,463
Distribution:	1,000,000

SCORE WC PROGRAM
2013-14 Dividend Calculation Spreadsheet

SHARED LAYER

	STARTING POINT			DATA INPUTS						
				(1)	(2)	(3)	(4)	(5)	(6)	
							[(1)+(2)-(3)]/10	(4)/Total	(5)*Total	
	6/30/2013	6/30/2013	6/30/2013							
	BANKING	SHARED RISK	PLAN		Last 10 years		Combined			"Waterfall"
CITY	BALANCE	BALANCE	TOTAL	Premiums	Assess/(Div)	Claims	10 Yr Avg	Alloc %	Distrib.	To Banking
CRESCENT CITY	(2,390)			805,481	-	511,473	29,401	8.84%	-	
DUNSMUIR	26,963			155,141	-	110,355	4,479	1.35%	-	
IONE	17,464			236,880	-	100,000	13,688	4.11%	-	
LIVE OAK	68,957			207,285	-	-	20,729	6.23%	-	
MOUNT SHASTA	(24,871)			564,406	-	537,815	2,659	0.80%	-	
SHASTA LAKE	203,111			741,731	-	117,883	62,385	18.75%	-	
SUSANVILLE	204,860			1,381,499	-	867,750	51,375	15.44%	-	
WEED	(9,305)			476,633	-	453,378	2,326	0.70%	-	
WILLIAMS	53,759			437,156	-	200,442	23,671	7.11%	-	
YREKA	129,419			1,148,880	-	506,532	64,235	19.30%	-	
MINICITIES	(3,002)			976,158	-	397,902	57,826	17.38%	-	
	664,965	1,016,063	1,681,028	7,131,250	-	3,803,530	332,772	Total	-	
							332,772			

BANKING LAYER

	(7)	(8)	(9)	(10)	(11)	(12)	(13)
		Col. (6)	(7)+(8)	(9)/+Total	(10)*Total		(9)-(12)=<(11)
	JUNE 30		BANKING				
	BANKING	SHARED RISK	BALANCE	Banking	Max Dist	Min Bal	Permitted
CITY	BALANCE	DISTRIB	TOTAL	Alloc %	Avail	Reqmt*	Distrib
CRESCENT CITY	(2,390)	-	(2,390)	0.00%	-	96,558	-
DUNSMUIR	26,963	-	26,963	3.83%	3,827	12,500	3,827
IONE	17,464	-	17,464	2.48%	2,479	13,799	2,479
LIVE OAK	68,957	-	68,957	9.79%	9,788	12,500	9,788
MOUNT SHASTA	(24,871)	-	(24,871)	0.00%	-	39,634	-
SHASTA LAKE	203,111	-	203,111	28.83%	28,829	12,500	28,829
SUSANVILLE	204,860	-	204,860	29.08%	29,077	26,609	29,077
WEED	(9,305)	-	(9,305)	0.00%	-	22,395	-
WILLIAMS	53,759	-	53,759	7.63%	7,630	19,751	7,630
YREKA	129,419	-	129,419	18.37%	18,369	46,260	18,369
MINICITIES	(3,002)	-	(3,002)	0.00%	-	69,007	-
	664,965	-	664,965		100,000		99,999

CHECK -
Total w/out negative balances 704,533

Amount available for shared layer distribution:

Shared Risk Layer Net Assets:	1,016,063
Min Equity Reserve ($225,000 x 5):	(1,125,000)
70% Conf Level Adjustment for Claims Liabilities:	(308,000)
Safety Grant Fund:	(50,000)
Undesignated Net Assets	(466,937)
Distribution:	-

MINICITIES	Alloc %	Distrib
BIGGS	10.24%	-
COLFAX	14.32%	-
DORRIS	3.88%	-
ETNA	7.49%	-
FORT JONES	3.68%	-
LOOMIS	19.72%	-
LOYALTON	1.13%	-
MONTAGUE	4.62%	-
PORTOLA	16.23%	-
RIO DELL	18.69%	-
		-

Amount available for banking distribution:

Banking Net Assets + Shared Distribution Available:	664,965
Min Banking Reserve (example 10 x $25k):	(250,000)
70% Confidence Level Adjustment for Claims Liabilities:	(47,000)
Undesignated Net Assets	367,965
Distribution:	100,000

*Avg of last 5 years claims or $12.5k, (Minicities $25k) whichever is higher.

SCORE 2013-2014 Proposed Dividend Distribution

	LIABILITY PROGRAM				W/C PROGRAM					
	(A)	(B)	(C)	(A)+(B)+(C)	(a)	(b)	(c)	(a)+(b)+(c)		50%
CITY	Permitted Distribution	Shared 10yr Neg. Net	Banking Neg. Bal	Net Distr/(Neg)	Permitted Distribution	Shared 10yr Neg. Net	Banking Neg. Bal	Net Distr/(Neg)	Member Net Distribution for Approval	Member Assessments Due
BIGGS*	24,352	-	-	24,352	-	-	(307)	(307)	24,045	-
COLFAX*	16,017	-	-	16,017	-	-	(430)	(430)	15,587 **	-
CRESCENT CITY	64,814	-	-	64,814	-	-	(2,390)	(2,390)	62,424	-
DORRIS*	2,880	-	-	2,880	-	-	(116)	(116)	2,764	-
DUNSMUIR	-	(9,422)	-	(9,422)	3,827	-	-	3,827	- **	(2,798)
ETNA*	-	-	-	-	-	-	(225)	(225)	-	(112)
FORT JONES*	11,246	-	-	11,246	-	-	(111)	(111)	11,135	-
IONE	82,532	-	-	82,532	2,479	-	-	2,479	85,011 **	-
ISLETON	-	(917)	(24,829)	(25,746)					-	(12,873)
LIVE OAK	63,291	-	-	63,291	9,788	-	-	9,788	73,079	-
LOOMIS*	45,585	-	-	45,585	-	-	(592)	(592)	44,993	-
LOYALTON*	10,929	-	-	10,929	-	-	(34)	(34)	10,895	-
MONTAGUE*	10,782	-	-	10,782	-	-	(139)	(139)	10,643	-
MOUNT SHASTA	-	-	-	-	-	-	(24,871)	(24,871)	-	(12,436)
PORTOLA*	75,105	-	-	75,105	-	-	(487)	(487)	74,618 **	-
RIO DELL*	50,205	-	-	50,205	-	-	(561)	(561)	49,644	-
SHASTA LAKE	217,748	-	-	217,748	28,829	-	-	28,829	246,577	-
SUSANVILLE	143,715	-	-	143,715	29,077	-	-	29,077	172,792	-
TULE LAKE	-	-	-	-					-	-
WEED	21,683	-	-	21,683	-	-	(9,305)	(9,305)	12,378	-
WILLIAMS	50,111	-	-	50,111	7,630	-	-	7,630	57,741	-
YREKA	22,426	-	-	22,426	18,369	-	-	18,369	40,795	-
	913,421	(10,339)	(24,829)	878,253	99,999	-	(39,568)	60,431	995,121	(28,218)

*Minicities W/C Allocation

Notes:

Banking activity - 6/30/12 ending RRP Spreadsheet Balances, plus Premiums less Claims Incurred for 2013
Shared layer - Audited program balance at 6/30/13 less total of all Banking Layer balances
This calculation nets each program's Permitted Distribution amount vs. negative 10 year net and banking balances
Finally, Liability and W/C amounts netted together to arrive at total combined Distribution/(Assessment)
Minimum assessment due: 50%

** Distributions, if any, are subject to netting vs. oustanding receivable balances from past assessments

SCORE
Small Cities Organized Risk Effort
A Joint Powers Authority

Small Cities Organized Risk Effort
Board of Directors Meeting
March 28, 2014

Agenda Item I.8

DISCUSSION ABOUT 2014-15 LONG RANGE PLANNING TOPICS

ACTION ITEM

ISSUE: The Program Administrators are requesting Board input on topics for the bi-annual Long Range Planning Meeting which will be held on October 16, 2014 followed by the Board of Directors Meeting on October 17, 2014.

RECOMMENDATION: None

FISCAL IMPACT: Not to exceed $20,000.

BACKGROUND: Every other year, SCORE holds a Long Range Planning Meeting to provide Board members with an opportunity to discuss the coverage programs, risk management and loss control services available to members as well as any topics that Members may want to address. Presentations will also be provided by the Program Administrators and SCORE partners.

Program Administration was directed at the January 2014 Board Meeting to secure a meeting venue in Lake Tahoe, CA for this meeting. Important to note is the fact that the meeting will take place one week prior to our usual date.

After looking at several Lake Tahoe destinations, The Village at Squaw Valley was selected and the meeting dates have been established as October 16 and 17, 2014.

ATTACHMENTS: None

Small Cities Organized Risk Effort
Board of Directors Meeting
March 28, 2014

Agenda Item K.

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. Caitlin vs. City of Isleton
   b. Bellamy vs. City of Isleton
   c. Buckelew vs. City of Portola
   d. Bernhardt vs. City of Susanville
   e. Shivy vs. City of Weed
   f. Abbott vs. City of Yreka
   g. Hubbard vs. City of Yreka**
   h. Hoyt vs. City of Yreka
   i. Strawberry Inn vs. City of Mt. Shasta
   j. Larsen vs. City of Isleton
   k. Abaco vs. Town of Loomis
   l. Sierra County vs. City of Loyalton – Attorney Present.

2. **Workers' Compensation**
   a. SCWA-545694 City of Susanville**
   b. SCWA-83291 vs. City of Susanville**
   c. SCWA-158878 vs. City of Susanville**
   d. SCWA-521939 City of Colfax**
   SCWA-527730 City of Etna**

FISCAL IMPACT: Unknown

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

BACKGROUND: Confidential

ATTACHMENTS: None

From: vgonzales@cajpa.org on behalf of CAJPA
To: Laurence Voiculescu
Subject: Room Blocks Now Available for CAJPA 2014 Annual Conference!
Date: Thursday, February 06, 2014 9:33:48 AM

Having trouble viewing this email? Click here

2014 Room Blocks
Now Available for Reservations!

Room reservations are now open at the Lake Tahoe Resort, Harrah's and Harvey's for the 2014 CAJPA Conference.

Information is available on our website at:
www.cajpa.org

Check the website for more information on links to reserve your room, room types and room rates at all three hotels. More information will be posted on our website as it becomes available for speakers, session information and conference registration!

Look forward to seeing you in Lake Tahoe this Fall!

Building Your Bench: Teamwork, Tools and Tactics
South Lake Tahoe, California
September 16-19, 2014

Forward this email

SCORE RESOURCE CONTACT GUIDE
January 2014

PROGRAM ADMINISTRATION
Alliant Insurance Services, Inc.
www.Alliant.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	**Marcus Beverly** **Michael Simmons** **Laurence Voiculescu** 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.	**Laurence Voiculescu** **Marcus Beverly** Joan Crossley Johnny Yang
COVERAGE / RISK MANAGEMENT ISSUES – ➢ 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	**Laurence Voiculescu** **Marcus Beverly** Joan Crossley Johnny Yang

Mike Simmons	(415) 403-1425 / (925) 708-3374 (cell)	MSimmons@alliant.com
Marcus Beverly	(916) 643-2704	MBeverly@alliant.com
Laurence Voiculescu	(916) 643-2702	LVoiculescu@alliant.com
Johnny Yang	(916) 643-2712	JYang@alliant.com
Joan Crossley	(916) 643-2708	JCrossley@alliant.com

ACCOUNTING SERVICES	EMPLOYEE ASSISTANCE PROGRAM	POOL PARTNERS
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@gilbertcpa.com Tracey Smith-Reed – tsmithreed@gilbertcpa.com	ACI Specialty Benefits Corporation 5414 Oberlin Drive, Suite 240 San Diego, California 92121 Main: (858) 452-1254 Fax: (858) 452-7819 www.acieap.com Karen Reuben - (858) 736-3970 kreuben@acispecialtybenefits.com	**Board Member | Alternate** **CJPRMA:** Roger Carroll | Satwant Takhar **ERMA:** Roger Carroll | VACANT **LAWCX:** Ron Stock | John Duckett

SCORE RESOURCE CONTACT GUIDE
January 2014

CLAIMS ADMINISTRATION
York Risk Services Group, Inc.
www.yorkrsg.com
P.O. Box 619058
Roseville, CA 95661-9058
Main: (800) 922-5020 Fax: (800) 921-7683

SUBJECT	MAIN CONTACT
ADMINISTRATIVE ISSUES - annual contracts for services, IT issues, reports, service issues	**Tom Baber**
SUPERVISORIAL ISSUES – liability claims administration management, oversight of safety & loss control services	**Tom Baber -** Liability
CLAIMS ISSUES – *LIABILITY* ***All Members***	**Angela Salsbury –** Unit Manager **Cameron Dewey** – Unit Manager
CLAIMS ISSUES – *WORKERS' COMPENSATION* ***All Members***	**Debra Yokota – VP**, WC **Trisha Engle –** Claims Manager **Jodi Fink –** Claims Examiner
COMPUTER SERVICES **TRUST ACCOUNT SERVICES –** loss runs, special reports, check registers, bank reconciliations	**Ben Burg** (916) 960-0946

Tom Baber	(916) 746-8834	Tom.Baber@yorkrsg.com
<u>Liability Claims</u>		
Cameron Dewey	(530) 243-3249	Cameron.Dewey@yorkrsg.com
Angela Salsbury	(916) 746-8850	Angela.Salbury@yorkrsg.com
<u>Workers' Compensation Claims</u>		
Jodi Fink	(916) 580-2437	Jodi.Fink@yorkrsg.com
Tricia Ingles	(916) 580-2437	Tricia.Ingles@yorkrsg.com
Debra Yokota	(916) 580-5570	Debra.Yokota@yorkrsg.com