



**Small Cities Organized Risk Effort (SCORE)
Board of Directors Meeting Minutes
March 29, 2019**

Member Cities Present:

Mark Sorensen, City of Biggs
Nathan Wilkinson, City of Biggs
Wes Heathcock, City of Colfax
Blake Michaelsen, City of Dunsmuir
Sarah Griggs, City of Etna
Sandra Wadley, Town of Fort Jones
Robert Jankovitz, City of Isleton
Roger Carroll, Town of Loomis
Cricket Strock, Town of Loomis
Sara Kleier, City of Montague

Muriel Howarth Terrell, City of Mt. Shasta
Melissa Klundby, City of Portola
Brooke Kerrigan, City of Rio Dell
John Duckett, City of Shasta Lake
Debi Savage, City of Susanville
Gwenna MacDonald, City of Susanville
Mike Wilson, City of Susanville
Paulette Velador, City of Tulelake
Ron Stock, City of Weed
Steve Baker, City of Yreka

Member Cities Absent:

City of Loyalton

City of Live Oak

Consultants & Guests

Marcus Beverly, Alliant Insurance Services
Michelle Minnick, Alliant Insurance Services
Michael Simmons, Alliant Insurance Services
Conor Boughey, Alliant Insurance Services

Kevin Wong, Gilbert Associates, Inc.
Dorienne Zumwalt, York Risk Services
John Balestrini, DKF Risk Solutions
Mike Harrington, Bickmore Risk Services

A. CALL TO ORDER

Mr. Steve Baker called the meeting to order at 10:00 a.m.

B. ROLL CALL

The above mentioned members were present constituting a quorum.

C. APPROVAL OF AGENDA AS POSTED

A motion was made to approve the Agenda as posted.

MOTION: John Duckett

SECOND: Debi Savage

**MOTION CARRIED
UNANIMOUSLY**



D. PUBLIC COMMENT

There were no public comments

E. CONSENT CALENDAR

1. Board of Directors Meeting Draft Minutes – January 25, 2019
2. Executive Committee Meeting Draft Minutes – March 6, 2019
3. US Bank Custodial Account Statement – January – February 2019
4. Local Agency Investment Fund (LAIF) Quarterly Statement of Investments –December 31, 2018
5. Treasurer’s Report as of December 31, 2018
6. SCORE Checking Account Transaction List – January – February, 2019
7. Investment Statements from Chandler Asset Management – January – February 2019
8. Target Solutions Monthly Utilization Report – January – February 2019
9. FY 19/20 Service Calendar Final – Draft was Approved by Board on January 25, 2019
10. Company Nurse Injury Summary Report – January – February 2019
11. DAP Final – Draft as Modified by the Board on January 25, 2019

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

MOTION: Nathan Wilkinson

SECOND: Wes Heathcock

**MOTION CARRIED
UNANIMOUSLY**

F. ADMINISTRATIVE REPORTS

F1. President’s Report

Mr. Steve Baker mentioned that the Consent Calendar included the Executive Committee Minutes so the Board is aware of what occurred at the meeting and so that the minutes would be approved timely.

F2. Excess Pool Reports

F.2.a. CJPRMA Update

Mr. Roger Carroll provided the Board with notice that rates are going up and that members should expect to see the Self Insured Retention going up as a result of losses. He also mentioned that SCORE is sharing a lot of losses with other cities when our own claims don’t hit that \$500k to \$750K layer so it may be time to consider increasing the attachment level with CJPRMA. It was mentioned the Board should consider increasing the SIR as a long range planning item for the October meeting.

F.2.b. ERMA Update

John Duckett provided the Board of Directors with a brief update of the ERMA meeting. At the last meeting the JPA reviewed their Memorandum of Coverage (MOC) as well as their goals and objectives. He noted that ERMA recently conducted a review of personnel policies and noted an Annual review of polices is encouraged.



F.2.c. LAWCX Update

Steve Baker noted that there was no meeting of the LAWCX Board since the SCORE Board met last. Marcus Beverly did mention that rates are going up and the accountant has been instructed to book the assessment which will be paid over the next 10 years. Overall the program is steady but the trend is showing increases. Steve also mentioned that anyone who is interested in becoming the LAWCX representative for SCORE is encouraged to reach out to the Program Administration – it was mentioned if you are handling Workers’ Compensation Claims at your city you should considering becoming the LAWCX representative for SCORE as a great learning experience.

F.3. Alliant Update

- a) *Alliant Transition Plan introducing Conor Boughey*
- b) *Form 700 – Last Day to File April 2, 2019*
- c) *Renewal Update*

Michael Simmons provided a reminder that he is transitioning into retirement and introduced Conor Boughey who will take over as the peer review for the Program Administration team. Conor Boughey has been with Alliant for 12 years working with several JPA’s and other pools of larger cities across the state. Michelle Minnick provided an update regarding the Form 700’s that are due on Tuesday April 2, 2019. Members were also reminded that once the Appraisal values have been entered into our system records the Pre-renewal packets will be generated and sent out to SCORE members to review with specific focus on Vehicles, Mobile Equipment as well as reviewing the Business Interruption, Rental Interruption and Tax Interruption limits are adequate.

G. FINANCIAL

G.1. Transition to “Bickmore Actuarial”

Mike Harrington provided the board with an update regarding the company structure change to “Bickmore Actuarial” which was done to create transparency between the actuary and the adjusters.

G.2.a. Liability Actuarial Review

Mike Harrington provided a review of the Liability Actuarial Study and noted that SCORE currently funds at the 70% Confidence Level (CL), 1.5 Discount Level rate. He noted the strength of the program and mentioned it is almost as if the pool is funded at the 90% CL (rather than the current 70% CL). He noted that the assets on hand would make it easy to move from a 70% CL to 75% CL. Mike mentioned that the combined rates have decreased 3.5% (from \$3.12 last year to \$3.01 this year) at the 70% CL, and noted that the 75% CL rate is \$3.33. It was noted that SCORE has been at the \$500k SIR for several years with no increase – it was noted that if SCORE moves to a higher SIR then members need to be prepared for large losses if you choose to retain the risk with a \$1M SIR.

A motion was made to accept the draft Actuarial Report and request final numbers from the actuary.

MOTION: Roger Carroll

SECOND: Blake Michaelsen

**MOTION CARRIED
UNANIMOUSLY**



G.2.b. Workers' Compensation – Actuarial Review

Marcus Beverly noted that the SCORE funds at the 75% Confidence Level (CL), 1.5 Discount Level rate and reminded members this was a change approved by the Board in 2016 as the rates had gone down. Mike Harrington noted that the Workers' Compensation program is also currently well-funded (almost at the 90% CL). Mike mentioned that the combined rates have decreased .9% from \$5.85 last year to \$5.80 this year. It was noted that while the rates have decreased slightly the payroll for all members increased.

A motion was made to accept the draft Actuarial Report and request final numbers from the actuary.

MOTION: Ron Stock

SECOND: Wes Heathcock

**MOTION CARRIED
UNANIMOUSLY**

G.3. Quarterly Financial Report – Period Ended December 31, 2018

Kevin Wong presented a summary of the Quarterly Financial Report for the Period Ended December 31, 2018.

- Total Assets increased from \$14.2 Million to \$15.1 Million
- Total Net position has increased by approximately \$200,000
- Revenues and expenses in comparison to the budget are on track at about the 50% mark which is to be expected given we are halfway through the fiscal year.

A motion was made to accept and file the Quarterly Financial Report for the Period Ended December 31, 2018.

MOTION: John Duckett

SECOND: Roger Carroll

**MOTION CARRIED
UNANIMOUSLY**

At this point the BOD requested to review Item H.3.a

H.3. SERVICE PROVIDER CONTRACT RENEWALS

H.3.a. Crowe Horwath Proposed Financial Audit for YE June 30, 2019

Marcus Beverly presented the Board with the Proposed Financial Audit for YE June 30, 2019 from Crowe Horwath and noted there would be a slight increase to their fee. It was mentioned that there are not that many qualified auditors for pools so SCORE could consider going to an RFP next year. Program Administration was asked to discuss at the Long Range Planning meeting if SCORE should go to an RFP for next year.

A motion was made to approve the Crowe Horwath Proposed Financial Audit for YE June 30, 2019 engagement letter.

MOTION: Debi Savage

SECOND: David Dunn

**MOTION CARRIED
UNANIMOUSLY**



H.3.b. Gilbert & Associates Proposed Service Agreement FY 19/22

Marcus Beverly noted the SCORE - Gilbert & Associates agreement expires at the end of the fiscal year and they have proposed a new three year agreement. The Proposal was included in the packet. After a discussion it was mentioned that members are happy with the services they provide.

A motion was made to approve the Gilbert Agreement for FY 19/22.

MOTION: Roger Carroll

SECOND: Nathan Wilkinson

**MOTION CARRIED
UNANIMOUSLY**

H.4.a. FY 19/20 Funding Rates – Liability

Mike Simmons mentioned that industry wide every pool is seeing an increase of approximately 20% in rates due to the greater frequency of severity claims. He went on to encourage members to consider moving to a higher attachment level with CJPRMA given the strong financial position SCORE is in to avoid sharing any losses and protect from massive increases at a later time. Marcus Beverly indicated payroll has increased 5% from last year and this is the second year that Program Administration is recommending increasing the CL from 70% to 75%. Members generally agreed to move to 75% CL.

A motion was made to accept the 75% Confidence Level Liability Program Funding Rates as presented in the agenda – Banking Layer Rate \$1.29 and Shared Layer Rate \$2.03.

**MOTION: Muriel Howarth
Terrell**

SECOND: John Duckett

**MOTION CARRIED
UNANIMOUSLY**

After the motion it was mentioned that Marcus will provide a summary of the changes at the next meeting and will send out 75% CL exhibit to all SCORE members – a further discussion about funding rates was requested for the October Long Range Planning Meeting.

H.4.b. FY 19/20 Funding Rates – Workers’ Compensation

It was mentioned that most JPA’s fund at an 80% CL and SCORE has a very strong WC program – Mike Simmons noted that we are not as concerned about frequency, but rather we are worried about severity. At this time the Program Staff is recommending the JPA consider moving from 75% CL to a higher CL. Staff was asked to prepare 75% and 80% CL Budgets for the board to review at the June meeting with a potential teleconference to discuss this item in the coming months in anticipation of the renewal. Marcus Beverly indicated that once we receive the premium estimates from LAWCX those will be sent to members for information purposes.



LUNCHTIME SPEAKER – SCORE PROGRAM COVERAGE REVIEW – ALLIANT PROPERTY INSURANCE PROGRAM (APIP)

Marcus Beverly provided the Board with a review of the coverage provided by the APIP Property Program. Members were encouraged to review their current property schedule and consider if they have set appropriate limits for Business Interruption, Rental Interruption and/or Tax Interruption.

H. JPA BUSINESS

H.1. Loss Control Grant Fund Program

Marcus Beverly noted that this is a program that renews annually and mentioned that members often stack a couple years of funding together to help complete a large project. Marcus noted that the WC program did not have enough to fund half of the Loss Control Grant Funds so the Program Administration is recommending taking \$100k from the Liability Program. Members were encouraged to use the money to help with ADA transition plans, sidewalk repair and/or anything that can help to reduce exposure to losses. He also mentioned that June 15th is the cutoff for submitting a request for FY 18/19 Loss Control Grant Funds.

A motion was made to approve the Loss Control Grant Funds for FY 19/20.

**MOTION: Muriel Howarth- SECOND: Penny Velador
Terrell**

**MOTION CARRIED
UNANIMOUSLY**

H.2. SCORE Workers' Compensation Claims Audit

Marcus Beverly noted that we have our claims audited every year by either the Excess Carrier LAWCX or by the SCORE JPA. Farley has completed the last 3 Workers' Compensation Claims audits. There is no requirement that we do an RFP to select to Workers' Compensation auditor – it was noted that there were not a lot of responses to the prior RFP for Workers' Compensation Claims. Program Administration was provided with direction to request an RFP for a Workers' Compensation Claims Audit and if we receive no responses we can stick with the same auditor.

H.3.c. DKF Agreement—Proposed Three Year Agreement Extension FY 19/22

John Balestrini noted the SCORE - DKF agreement expires at the end of the fiscal year and they have proposed a new three year agreement which was included in the packet. He provided a review of the services that are provided under the DKF contract.

A motion was made to approve the DKF Proposal for FY 19/22.

**MOTION: Roger Carroll SECOND: Muriel Howarth
Terrell**

**MOTION CARRIED
UNANIMOUSLY**



H.5. FY 19/20 SCORE Preliminary Budget

Marcus Beverly presented the Board with the preliminary budget and reviewed the changes to the Administrative Budget – he also noted that this is presented as preliminary summary and is subject to change as information from the carriers is released.

J.6. SCORE Training Day

Marcus Beverly mentioned this meeting will focus more on Long Range Planning but will still include some training. Michelle Minnick shared with the members the potential cost to move the LRP meeting to a different location. After a discussion of hotel room rates it was generally agreed that SCORE keep the October meeting at the Gaia Hotel.

I. CLOSED SESSION PURSUANT TO GOVERNMENT CODE 54956.95

At 12:57 P.M, pursuant to Government code section 54956.95, the Board held a closed session to discuss the following claims for payment of tort liability loss or public liability loss.

1. Workers' Compensation

- a. SCWA-5560000 v. City of Susanville*
- b. SCWA-556062 v. City of Weed*

K. REPORT FROM CLOSED SESSION

The Board returned from closed session at 1:02 P.M. Mr. Baker reported that the above closed session items were discussed and appropriate direction was given to Staff and the Claims Administrator.

M. INFORMATION ITEMS

M1. FY 18/19 Resource Contact Guide

This was provided as an information item only.

M2. Glossary of Terms

This was provided as an information item only.

M3. SCORE Travel Reimbursement Form

This was provided as an information item only.

N. TOWN HALL OPEN DISCUSSION ON MEMBER ISSUES

Members generally discussed a recent claim where a city was asked to set up AHC payments for a vendor who had recently won a contract – in actuality it was a fraudulent request (not from the official vendor) and the city made a payment. Members were encouraged to ensure they have procedures to



ensure a fraudulent request is not processed. It was also mentioned that new legislation was passed which provides Workers' Compensation benefits to a police officer who is out of state and responds to an event if the city has passed a resolution.

O. CLOSING COMMENTS

There were no closing comments.

P. AJOURNMENT

The meeting was adjourned at 1:06 P.M.

NEXT MEETING DATE: June 14, 2019 in Anderson, CA

Respectfully Submitted,



Brooke Kerrigan, Secretary, JOY W DUCKETT

Date

2/11/2020