



**President**  
Mr. Roger Carroll  
Town of Loomis

**Secretary**  
Ms. Pamela Russell  
City of Etna

**Vice President**  
Mr. Kelly McKinnis  
City of Weed

**Treasurer**  
Ms. Linda Romaine  
Town of Fort Jones

**SMALL CITIES ORGANIZED RISK EFFORT  
BOARD OF DIRECTORS  
MEETING**

**Date:** Friday, January 25<sup>th</sup>, 2013  
**Time:** 10:00 AM

**Location:** GAIA Shasta Hotel  
4125 Riverside Place  
Anderson, CA 96007  
(530) 365-7077

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

- PAGE A. CALL TO ORDER**
- B. ROLL CALL**
- C. APPROVAL OF AGENDA AS POSTED** A 1
- D. PUBLIC COMMENTS**  
*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. 01 E. CONSENT CALENDAR** A 1  
*All matters listed under the consent calendar are considered routine with no separate discussion necessary. Any member of the public or Board of Directors may request any item to be considered separately.*
- pg. 02 1. Board of Directors & Long Range Planning Meeting Minutes – October 25 & 26, 2012**
- pg. 17 2. Local Agency Investment Fund (LAIF) Monthly Statement of Investments – December 2012**
- pg. 18 3. Union Bank Account Statement – October - December 2012**
- pg. 60 4. SCORE Account Transaction List – October – December 2012**
- pg. 62 5. Investment Statements from Chandler Asset Management – Oct. – Dec. 2012**
  - a. Account 590
    - i. Portfolio Summaries
    - ii. Compliance Report
- pg. 71 6. ACI Specialty Utilization Report – December 31, 2012**
- pg. 79 7. York Claims Bill Review – October - December, 2012**
- pg. 86 8. SBK Monthly Statement – October – December, 2012**
- pg. 92 9. Target Solutions Quarterly Utilization Report – December 31, 2012**
- pg. 93 10. 2013 SCORE Service Calendar**

*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.*



pg. 99	<b>F. COMMITTEE REPORTS</b>	I 4
pg. 100	1. ERMA Board of Directors Minutes – November 19, 2012	
pg. 109	2. LAWCX Board of Directors Minutes – November 11, 2012	
	<b>G. ADMINISTRATIVE REPORTS</b>	
	<b>1. President’s Report</b>	I 4
	<i>Roger Carroll will address the Board on items pertaining to SCORE - VERBAL</i>	
	<b>2. Alliant Update</b>	I 4
	<i>Susan Adams will update the Board on Alliant matters pertinent to SCORE - VERBAL</i>	
	<b>3. CJPRMA Update</b>	I 4
	<i>Roger Carroll will provide the Board with an update action taken at the December 20, 2012 CJPRMA Board Meeting.</i>	
	<b>4. LAWCX Update</b>	I 4
	<i>Susan Adams will provide the Board with an update on action taken at the Nov. 13, 2012 Board of Directors Meeting</i>	
	<b>H. FINANCIAL</b>	
pg. 117	<b>1. Quarterly Financials for Period Ending December 31, 2011</b>	A 2
	a. <i>Gilbert Associates, Inc. will present the Draft Quarterly Financial Statements for period ending December 31<sup>st</sup>, 2012 and answer any questions that Members may have. The Board will review the quarterly financials and take action to Accept and File or give direction.</i>	
	<b>I. JPA BUSINESS</b>	
pg. 118	<b>1. SCORE Long Range Planning - Review of Items Discussed and Action Taken</b>	I 1
	<i>Staff will provide the Board of Directors with a review of the items presented and discussed at the Long Range Planning Meeting and action taken</i>	
pg. 119	a. Discounting for Investment Income	
pg. 120	b. Confidence Level Funding	
pg. 121	c. W.C. Program Self Insured Retention	
pg. 123	d. Employment Practices Liability Insurance	
pg. 124	e. Pool Vendor Partnership Satisfaction	
pg. 125	f. Emerging Issues	

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pg. 126	<b>2. SCORE Long Range Planning Action Plan</b>	I	2
	<i>Staff will provide the Board of Directors with a review of the Action Plan created from the items presented and discussed at the Long Range Planning Meeting.</i>		
	a. Program Funding - <b>VERBAL</b>	I	4
	b. WC Program Self Insured Retention - <b>VERBAL</b>	I	4
pg. 129	c. Risk Management – Sewer Backups	I	1
	<i>Staff will update the Board on the status of the items shown on the action plan.</i>		
pg. 131	d. Risk Management – 20 Practical Steps to Claims Avoidance	I	4
	<i>Staff and Jack Kastorff will provide the Board with an update on the status of the creation of a White Paper on current loss trends and “20 Practical Steps to Claims Avoidance.”</i>		
pg. 132	e. Risk Management – Member Insolvencies	I	4
	<i>Staff will provide the Board with an update on the creation of a White Paper on Financial Risk to the JPA from Member Insolvencies</i>		
pg. 133	f. Risk Management – SCOREcards	I	4
	<i>Jack Kastorff will address the Board regarding use of SCOREcards as respects analyzing risk exposures of the members.</i>		
	<b>3. Retrospective Rating Plan Calculations</b>	I	
pg. 134	a. <b>Worker’s Compensation Program</b> - Susan Adams and Kevin Wong will present the Worker’s Compensation program retrospective calculations to the Board for their review.		2
pg. 135	b. <b>Liability Program</b> – Susan Adams and Kevin Wong will present the Liability program retrospective calculations to the Board for their review.		2
	<b>4. SCORE Master Plan Document Amendments</b>		
	<i>The Board of Directors will review, discuss and take action on the proposed amendments to the Master Plan documents as respects the calculation of the retrospective rating plans.</i>		
pg. 136	a. Liability Master Plan Document	A	1
pg. 155	b. Workers’ Compensation Master Plan Document	A	1
pg. 174	<b>5. SCORE Property Appraisal Status Update</b>	I	1
	<i>Staff will update the Board on the progress made by AssetWorks, Inc. on the Property Appraisal Services Contract.- <b>VERBAL</b></i>		

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pg. 176	<b>6. Financial Audit Services Request for Proposals Draft</b> <i>Staff will update the Board on the timeframe when the RFP will be issued to audit vendors as well as provide a Draft of the document for Board review.</i>	I	1
pg. 192	<b>7. PEP/IP Property and Cyber Liability Claim Reporting Best Practices</b> <i>Alliant Insurance Services staff will provide the Board with an outline of the reporting procedure guidelines that should be followed immediately after the discovery of a Property or Cyber Liability loss or incident.</i>	I	1
	<b>J. RESOURCES</b>	I	
	1. SCORE Program Manual (CD Version)		2
	2. SCORE Resource Contact Guide		1
pg. 205	<b>K. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.95</b> <b>**REQUESTING AUTHORITY</b>		
	<b>1. Liability</b>		
	a. Ralston vs. City of Weed		
	b. Schwartz vs. City of Susanville		
	c. Drury vs. City of Susanville		
	d. Elliott vs. Crescent City		
	e. Arth vs. City of Dunsmuir		
	f. Woodsman Lodge vs. City of Mt. Shasta		
	g. Hubbard vs. City of Yreka		
	<b>2. Workers' Compensation</b>		
	a. Peter Suter vs. City of Susanville**		
	b. Tom Hernandez vs. City of Susanville**		
	c. Ronald Lewis vs. City of Susanville**		
	d. Edwin Goulart vs. City of Mt. Shasta**		
	e. Robert Stone vs. City of Portola**		
	<b>L. REPORT FROM CLOSED SESSION</b>	I	4
	<b>M. INFORMATION ITEMS</b>	I	
	1. Public Agency Risk Management Association Conference, February 3-6, 2013 in Rancho Mirage, CA		4
	2. SCORE Resource Contact Guide		1
	<b>N. CLOSING COMMENTS</b>		

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## ADJOURNMENT

### UPCOMING MEETING

*Board of Directors Meeting – March 22, 2013 – GAIA Hotel, Anderson, 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](http://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.*

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## 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 pulled.

**RECOMMENDATION:** The Program Administrator recommends adoption of the Consent Calendar as posted after being reviewed by the Board.

**FISCAL IMPACT:** None

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

#### ATTACHMENT:

1. Board of Directors & Long Range Planning Meeting Minutes – October 25 & 26, 2012
2. Local Agency Investment Fund (LAIF) Monthly Statement of Investments –December 2012
3. Union Bank Account Statement – October - December 2012
4. SCORE Account Transaction List – October – December 2012
5. Investment Statements from Chandler Asset Management – October - December 2012
  - a. Account 590
    - i. Portfolio Summaries
    - ii. Compliance Report
6. ACI Specialty Utilization Report – December 31, 2012
7. York Claims Bill Review – October - December, 2012
8. SBK Monthly Statements – October – December, 2012
9. Target Solutions Quarterly Utilization Report – December 31, 2012
10. 2013 SCORE Service Calendar



## **Small Cities Organized Risk Effort (SCORE) LRP & Board of Directors Meeting Minutes October 25 & 26, 2012**

### **Member Cities Present**

Mark Sorensen, City of Biggs  
Laurie Van Groningen, City of Colfax  
Pamela Russell, City of Etna  
Liz Clontz, City of Dorris  
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

Janie Sprague, City of Montague  
Ted Marconi, City of Mount Shasta  
Leslie Tigan, City of Portola  
Susan Scarlett, City of Portola  
John Duckett, City of Shasta Lake  
Jared Hancock, City of Susanville  
Randolph Darrow, City of Tulelake  
Ron Stock, City of Weed  
Steve Baker, City of Yreka  
Kathy LeBlanc, City of Loyalton

### **Member Cities Absent**

Stephanie Beauchaine, City of Rio Dell

### **Consultants & Guests**

Susan Adams, Alliant Insurance Services  
Michael Simmons, Alliant Insurance Services  
Marylin Kelley, Alliant Insurance Services  
Laurence Voiculescu, Alliant Insurance Services  
Johnny Yang, Alliant Insurance Services  
Marcus Beverly, York Risk Services  
Debra Yokota, York Risk Services

Craig Wheaton, York Risk Services  
Cameron Dewey, York Risk Services  
Jack Kastorff, SBK Risk Services  
Mike Harrington, Bickmore  
Kevin Wong, Gilbert Associates, Inc.  
Tracey Smith-Reed, Gilbert Associates, Inc.

#### **A. CALL TO ORDER**

Mr. Roger Carroll called the meeting to order at 10:22 a.m.

#### **B. ROLL CALL**

The above mentioned members were present constituting a quorum. The only city absent was the City of Rio Dell.



### **C. APPROVAL OF AGENDA AS POSTED**

A motion was made to approve the Agenda as posted.

**MOTION:** Ted Marconi

**SECOND:** Liz Clontz

**MOTION CARRIED**

### **D. PUBLIC COMMENT**

There were no public comments.

### **E. CONSENT CALENDAR**

1. Board of Directors Teleconference Meeting Minutes – August 24, 2012
2. Local Agency Investment Fund (LAIF) Monthly Statement of Investments –September 2012
3. Union Bank Account Statement – August 2012 and September 2012
4. SCORE Account Transaction List – July 1 through September 30, 2012
5. Investment Statements from Chandler Asset Management – August & September 2012
  - a. Account 590
    - i. Portfolio Summaries
    - ii. Compliance Report
6. ACI Specialty Utilization Report – September 30, 2012
7. York Claims Bill Review – July, August & September 2012
8. SBK Monthly Statement – August & September, 2012
9. Target Solutions Quarterly Utilization Report – September 30, 2012

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

**MOTION:** Leslie Tigan

**SECOND:** Kathy LeBlanc

**MOTION CARRIED**

### **F. PRESIDENT'S REPORT**

Mr. Roger Carroll advised the Board that there are several new members attending the meeting. Mark Sorensen is the new City Manager and Board alternate for the City of Biggs, Laurie Van Groningen is the new alternate member from the City of Colfax and Jared Hancock is the new City Administrator for the City of Susanville. A brief introduction was also made for Laurence Voiculescu, Alliant Insurance Services who attended as the new JPA Administrative Assistant, replacing Johnny Yang.



## **G. FINANCIAL**

### **G1. SCORE's Quarterly Financial Reports**

Ms. Tracey Smith–Reed of Gilbert Associates advised that there were a few changes to the June 30, 2012 financials that were attached as part of the agenda and as such new documents were inserted to reflect those changes. She then proceeded to highlight the changes as follows:

1. On the statement of net assets from June 30, 2012 there was a significant decrease in the amount of cash available in the Scott Valley Bank checking account due to the substantial dividend disbursement that took place in the period prior.
2. There were no significant changes on the claims accounts
3. The change in the Chandler Investment account was very minor and all dividends were reinvested as per SCORE's investment policy. There was an insignificant change in the market value of the investments due to the low investment return rates.
4. Claims Recovery – SCORE has recovered a significant amount of funds from claims in the last year with a \$20,000 balance left in the claims receivable account, down from \$190,000 the year prior.
5. There was an instance where a claim was paid by the Third Party Administrator (York Risk Services Group) which did not belong to SCORE and which will be refunded by the TPA. The amount of the claim was approximately \$7,900 and was discovered during the annual claim statement analysis.
6. Dividend Payable to members increased by approximately \$550,000 and will continue to increase as years close out and Crescent City and Williams will become eligible to withdraw dividends.
7. Net Income is currently running about \$5,000 a week and is lower than the year prior due to dividends.
8. Total Operating Revenue decreased by \$1.5M reflecting the loss of Crescent City and Williams from the JPA.
9. Training expenses have gone up due to the introduction of the Safety Training program.
10. Claims Services and Audit Services remained in line with prior years.

### **G2. Annual Audited Financial Report for Year Ending June 30, 2012**

Ms. Catherine Yuen from Maze and Associates presented the Annual Audit Report to the Board with a special thank you to Gilbert and Associates who was able to provide all the financial data required to complete the audit in time for the meeting. Ms. Yuen noted that on page 25 of the financial audit, SCORE has amended its Master Plan Documents for both Liability and Workers' Compensation and it no longer shows the reserve for shock losses as it is now \$2.5M for Liability and \$1.25M for Worker's Compensation.

Moving on to the Memorandum of Internal Control and Required Communications there were 2 items that were found to be of relevance. On page 24 of the financial statements, SCORE listed



the minimum requirement for securities as AAA and all federal securities were rated as AA+. This has been addressed in the investment policy and the requirement is only valid at the time when the investments are purchased and therefore this is a non issue. The other issue that Ms. Yuen noted is that they had uncovered an invoice that had not been specifically approved by the program administrator and was paid. Mr. Michael Simmons and Ms. Susan Adams of Alliant Insurance Services clarified that this was a check that was issued to PARMA for annual membership dues the treasurer sent off as it is automatically paid every year. Ms. Yuen stated that these should be clarified in SCORE’s Master Plan Documents but they do not present a material weakness to the organization.

Mr. Michael Simmons noted that a final copy of the audit will be sent to the entire Board electronically to reflect the necessary corrections to the investment policy in order to bring it in compliance.

A motion was made by Mr. Roger Carroll to approve the audit as it is and have final copies delivered electronically.

**MOTION:** Liz Clontz

**SECOND:** Kathy LeBlanc

**MOTION CARRIED**

## **H. LONG RANGE PLANNING SESSION**

### **1. AHOY MATES – ALL HANDS ON DECK!**

Ms. Susan Adams gave a brief overview and introduced Marylin Kelley of Alliant Insurance Services as the Long Range Planning meeting facilitator. Ms. Adams then provided information on the meeting binder structure and the Long Range Planning agenda.

### **2. REPORTS**

#### **A. THE EBB AND FLOW OF SCORE SINCE ITS INCEPTION - Historical Overview of SCORE**

Ms. Marylin Kelley invited Jacqueline Parker of Alliant Insurance Services to present an interactive timeline of SCORE and its history from inception in 1986. Each Board member was given the opportunity to show his/her knowledge of SCORE’s history by participating.

#### **B. HOW BOUYANT IS THE SS SCORE? - Target Equity Ratios**

Mr. Michael Simmons and Susan Adams reviewed SCORE’s historical and current target Equity Ratios and discussed how their evaluations assist the JPA in managing its financial needs. Mr. Simmons also gave some background on how other states regulate self insurance pools and what the benefit of having favorable target equity ratios translates into for SCORE. Mike Harrington from Bickmore explained how the actuarial



data drives the ratios and how the data is to be interpreted. The conclusion was that target equity ratios and actual equity ratios calculated for SCORE are very favorable and give the assurance that the organization is being managed well and is in good financial standing.

### **C. DANGEROUS RIP TIDES**

Ms. Adams and Jack Kastorff presented the claims analysis for Liability and Workers' Compensation. Frequency and severity were both analyzed and a determination was made that for the Liability program the Police, Public Works and Sewer claims were driving a majority of the claims. For the Workers' Compensation, the loss leaders were Police, Fire, Building Maintenance and Public Works in both frequency and severity.

### **D. HOW TO AVOID THE CRASHING WAVES**

Mr. Jack Kastorff, SBK Risk Services, held a presentation on the energy release theory of accident causation which states that all accidents result from uncontrolled energy release. Mr. Kastorff briefly outlined the 10 strategies that prevent the uncontrolled release of energy.

## **3. LONG RANGE PLANNING DISCUSSION ITEMS**

### **A. THE LIGHTHOUSE BEACON TO OUR FUTURE**

1. ***Discounting for investment income*** – Mr. Mike Harrington, SCORE's actuary provided the Board with information regarding the impact of discount rates and confidence level funding rates. Staff outlined the impact of lowering the assumed investment return rate to a number that is closer to the actual return earned by SCORE's investments. The real return rate on investments earned by SCORE is approximately 0.5% which is significantly lower than prior year returns and lower than the current discount rate of 3%. Staff has advised the Board that this trend is likely to continue to decrease in the near future due to the economic climate. Mr. Roger Carroll also pointed out that the Fed stated its intention was to maintain interest rates at a low level until at least 2015. Mr. Harrington, SCORE's actuary made the recommendation that the Board should consider the information presented and possibly take action to lower the discount rate to a minimum of 1%. Focus groups were formed and while the Board was not able to come to a consensus, a compromise was made to gradually increase premiums for all members by 3% annually, over the next three year period, in order to account for the significant decrease in investment revenue.
2. ***Confidence Level Funding*** – A discussion was held on the topic of confidence level funding. The Board considered the current confidence level funding of 70% and weighed the pros and cons of raising it to 75% as recommended by Mr. Harrington. The presentation also included an outline of the methods used to calculate the confidence





level and expected claim amounts in the actuarial study. The idea expressed by the actuary was that the organization funding at a higher confidence level will not cause anything else to change and it can only benefit members. The surplus amount that ends up not being used could always be returned. Also, the Board considered the historical confidence level funding that SCORE had used in the past and pointed out that the pool had built up a large surplus of funds that ended up being returned in the form of dividends. As such, the Board decided to leave the confidence level unchanged as it has been working well as showcased by the favorable target equity data presented to the board.

## **B. HOW MUCH WATER IS THE SS SCORE WILLING TO TAKE ON?**

### ***1. Workers' Compensation Self Insured Retention Analysis***

Ms. Marilyn Kelley facilitated a discussion on the topic of increasing the Self Insured Retention for the Workers' Compensation program to \$250,000, from the current amount of \$150,000. SCORE's Board members used focus groups to arrive at a consensus of raising the Workers' Compensation self insured retention limit to \$250,000. Members found that this was justified by SCORE's claims experience as shown in the loss runs as well as due to the fact that the increase in SIR would dictate a reduction in excess coverage premium of essentially the same amount as it would cost to retain the higher limit. For example, LAWCX premium expense would go down by approximately \$119,000 while the actuarial calculation shows a need to increase funding in the Workers' Compensation by roughly \$120,000. It was therefore justifiable to increase the SIR seeing that SCORE had only 4 claims that exceeded \$150,000 barrier in the past 10 years.

### ***2. Employment Practices Liability Insurance Analysis***

Members of the Board were given information on the possibility to retain the Employment Practices Liability Insurance in house up to a level of \$500,000 instead of continuing to purchase the coverage from ERMA. Alliant Insurance staff explained that currently, SCORE has a \$25,000 deductible as part of the ERMA program with total coverage up to \$500,000, meaning that in the event of a claim SCORE would only be liable for the \$25,000 deductible and ERMA would cover the remainder up to the \$500,000 limit. Looking at the ERMA loss runs, the Board of Directors found that even though the frequency of claims in this program was low, the cost of these claims and the exposure is extremely volatile. As such, SCORE members decided to continue purchasing the coverage from ERMA and to not move forward to retaining the Employment Practices Liability coverage in house.

## **C. OUR FRIENDS UNDER THE SEA - Pool Vendor Partnership Satisfaction**

As part of this discussion, Ms. Marilyn Kelley facilitated a dialogue among SCORE members on where their level of satisfaction stands regarding their partnerships with ERMA, LAWCX and CJPRMA. The group consensus was that everyone was generally satisfied with the excess pool partnerships that SCORE has formed and no changes are needed. The Board also touched on training opportunities are available and Ms. Susan Adams advised members that CJPRMA has the ability to offer sewer training though the expertise of David Patzer, a sanitation district expert who specializes in sewer backup assistance and offers solutions to Cities that experience a large volume of such claims. Staff will further research this matter and will follow up with the Board at the next meeting with a list of options to access the training.

#### **D. WHAT'S LOOMING ON THE HORIZON?**

Ms. Marilyn Kelley gave a presentation on the emerging issues affecting the insurance industry. The material addressed recent catastrophic events throughout the world and described the economic impact that each one had on the insurance and re-insurance markets. Marilyn advised that while the economic outlook has improved in the recent past, the economic recovery has been slow and investment returns are continuing to remain low. Mr. Cameron Dewey, York Risk Services, also advised that while SCORE's claims experience has been favorable in the recent past, claims typically go up during times of economic hardship and proper funding is even more crucial during this type of economic conditions.

#### **J. LONG RANGE PLANNING DISCUSSION ITEMS REVISTED**

Ms. Marilyn Kelley, Alliant Insurance Services opened the second day of the meeting with a quick overview of the items discussed in the day prior. Also, Mr. Roger Carroll made the Board aware that they will revisit the issues discussed in the day prior and will make a decision on whether or not to take action and implement the changes discussed or to leave them as they were without any changes.

##### **1. Long Range Planning Action Items**

###### **A. The Lighthouse Beacon to our Future**

###### **i. Discount Rates**

On the issue of discount rates being lowered, Mr. Carroll stated that following a conversation with Mr. Ted Marconi, he was able to see the benefit of not making any immediate changes in discount rate and follow a more long term approach instead. He pointed out that the audited financials do not consider projected investment income and as such the Board can still look at the real financial state of the pool. Mr. Ted Marconi also expressed his opinion that a more long term approach is a better alternative to immediately lowering the discount rate. Mr. Jared Hancock



stated that keeping the discount rate the same and not giving out large dividends/distributions will provide better stability to the organization and will establish a benchmark that members can follow in terms of both premiums paid and financial reserves. Mr. Michael Simmons added that it is important for the Board to discuss the issue and come up with a solution that will benefit SCORE as a whole. He outlined that in the past few years, SCORE had returned over \$6 Million in the form of dividends and as such the equity that is remaining in the pool is at a lower level than before while in the same time the returns coming in from investments are very unfavorable. Mr. Simmons then went on to state that the return rate earned by the pool will naturally lag that of the economy due to the maturity rates of the instruments specified in the investment policy. As a result, SCORE's investments suffered a decrease in returns later than the rest of the market, and they will also recover late.

Finally, the Board agreed to adopt a gradual increase of 3% per year for the next three years and monitor investment returns closely so that they can make the necessary adjustments if deemed necessary. This way, members can plan accordingly and there are no unknowns in premium increases for the next three years.

A motion was made to adopt the 3% annual premium increase for the next three years.

**MOTION:** Steve Baker

**SECOND:** Satwant Takhar

**MOTION CARRIED**

**1 Opposed: Jared Hancock, City of Susanville**

*ii.* **Confidence Levels**

The Board revisited the confidence level funding item from the prior day and decided to keep the confidence level unchanged at 70%.

**No action was taken by the Board on this matter.**

**B. How Much Water is the SS SCORE Willing to Take On?**

*i.* **Workers' Compensation Self Insured Retention**

After reviewing the points made on the previous day, Ms. Marylin Kelley pointed out that the consensus was to increase the self insured retention to \$250,000. Notice shall be made to LAWCX before 3/31/2013 and staff will make the necessary adjustments to next year's budget. Mr. Carroll also advised that CJPRMA is currently considering the start of a Worker's Compensation program and more details will be available in the near future.



A motion was made to increase the Workers' Compensation self insured retention to \$250,000.

**MOTION:** Ted Marconi                      **SECOND:** Leslie Tigan                      **MOTION CARRIED**

*ii.*        **Employment Practices Liability Coverage**

**The Board agreed to not consider this item as it appears unfeasible at this time.**

**C. Our Friends Under the Sea**

A motion was made to seek out and offer sewer training through the expertise of David Patzer, a sanitation district expert who specializes in sewer backup assistance and offers solutions to Cities that experience a large volume of such claims. Staff will further research this matter and will follow up with the Board at the next meeting with a list of dates when the training is available.

**MOTION:** Ron Stock                      **SECOND:** Pamela Russell                      **MOTION CARRIED**

**D. What's Looming on the Horizon**

1. Following the discussion from the prior day, members developed a request for Staff and Mr. Jack Kastorff, SBK Risk Services to develop a white paper for the SCORE Members on the topic of "20 Practical Steps to Claims Avoidance". Members noted that the document should specifically address SCORE highest loss exposures and should not be generic but catered to SCORE's loss experience factors.

A motion was made to develop a white paper on the topic of "20 Practical Steps to Claims Avoidance".

**MOTION:** Ron Stock                      **SECOND:** Pamela Russell                      **MOTION CARRIED**

2. Mr. Jared Hancock stated that having a mechanism in place to inform each member of what their responsibilities are towards the group and also implementing a policy to address issues with members that are non compliant with SCORE's recommended risk management practices would be beneficial. Mr. Steve Baker stated that issues with other members of the group have been very limited and Staff has always been actively involved in resolving them efficiently. In addition, Mr. Baker recognized that implementing a set of policies in place that dictate a more pro-active approach and can recognize issues before they develop could benefit the group. Ms. Susan Adams made a statement that SBK Risk Services, SCORE Loss Control vendor, has been mandated through his contract to perform individual SCORE member city assessment that would recognize issues and give members the opportunity to correct them as needed.



A motion was made to develop a set of Policies and Procedures on the Risk Management Process that each member will have to follow as part of the individual member assessments. The SCORE cards will also serve as a compliance tool for each member, with negative scores showing a lack of compliance.

**MOTION:** Ted Marconi

**SECOND:** Jared Hancock

**MOTION CARRIED**

3. On the topic of Member insolvencies and how that might affect SCORE, the Board decided to develop white paper to address the implications of the insolvency or bankruptcy of a SCORE Member. The JPA's legal council is to develop this in cooperation with Staff. The issues to be addressed in the document should be as follows:
  - Impact of bankruptcy or insolvency on the ability of SCORE to collect premiums and assessments;
  - Impact of bankruptcy of a SCORE Member on their banking layer equity;
  - Review of SCORE JPA Agreement and Bylaws and recommendations for change, if any needed.
  
4. The last topic that was addressed by the Board from the Long Range Planning discussion was the development of "SCORE Cards" for each member city. Staff was given direction to review and oversee the development of SCORE Cards by Safety Consultant (Jack Kastorff) in order to address safety and risk management practices of Members. It was agreed that this process should include:
  - Conduct safety & risk management reviews with each SCORE Member
    - Write a report and deliver to each Member and Program Administrator
    - Provide SCORECARD for each Member to Member and Program Administrator
  - Work with Members as SCORECARD and reports are completed to enhance Member ability to control risk
  - Work on cooperative basis with Members who have difficulty meeting safety and/or risk management guidelines
  - Develop policy and procedure on Risk Management Audit Process

A motion was made to develop SCOREcards to be used for each member's individual assessment.

**MOTION:** Ron Stock

**SECOND:** Pamela Russell

**MOTION CARRIED**

## **J 2. Update on City of Isleton Premium Payment Status**

The City of Isleton has been in arrears of premium payment to SCORE for the last several years. The Board had previously agreed to annual payment plans plus interest at the rate SCORE's investments earn.



The City of Isleton is now in current status with their payments.

### **J 3. Update on SCORE Property Appraisal Services**

Ms. Adams advised that SCORE's Property Appraisal Services vendor is AssetWorks Inc. and were awarded the contract due to offering the best value. They will soon begin conducting appraisals and each member should begin to receive notification of their visits well in advance as to be able to arrange that the appraisers can be allowed to access all city property listed on the property schedule.

### **J 4. Retrospective Rating Plan Calculation**

#### **A. Retrospective Rating Plan Calculations as of 6/30/12**

Mr. Kevin Wong, Gilbert Associates presented the Liability retrospective rating plan calculations for the Board to review. The total available amount presented was approximately ~\$2.4 Million in the Liability program out of which a percentage is typically redistributed to members in the form of dividends. In January 2013, the Workers' Compensation data will become available and at that point the Board will decide what percentage of the combined available amounts will be distributed. Mr. Steve Baker inquired into how much variability exists in the numbers and if they are fairly consistent from year to year. Mr. Wong explained that fluctuations will always exist and they are mainly driven by claims that occur from one year to another.

Mr. Wong also noted that the spreadsheet used to calculate the values showcased at the meeting has been finalized and now the numbers can be generated quickly and efficiently. As opposed to the way it had been, now all the information is entered into a master sheet and from there it is populated into the multiple spreadsheets.

**No Board action was taken on this item.**

#### **B. Master Plan Documents Update**

Ms. Adams advised the Board that there were some errors found in the master plan documents that will need to be addressed at the next Board meeting. Due to the Brown act requiring a 30 day notice in order to change the governing documents, a formal notice has been given and action will be taken on this matter at the January 2013 Board of Directors Meeting. Staff was advised that the changes are outlined in red line strike out versions attached in the back of the binder provided at the beginning of the meeting.

A motion was made to give 30 day notice of the upcoming Master Plan Document changes that will be implemented at the next Board of Directors Meeting.

**MOTION:** Steve Baker

**SECOND:** Leslie Tigan

**MOTION CARRIED**



### **C. Retrospective Rating Plan Database Update**

Gilbert Associates provided the Board with an update on the retrospective rating plan database project that they have worked on. Mr. Wong informed the Board that his company had been working on completing this project but they have reached the limit of their capabilities and in order to continue moving forward they will need to employ the services of a professional programmer. They were able to obtain some quotes on these services and they will range from \$25,000 to \$50,000. It was Mr. Wong's recommendation that SCORE does not move forward with the project due to its complexity and cost. He made it clear that the spreadsheet mentioned previously is very effective in providing a majority of the functions that the database would make available and as such there is no need to continue outlaying capital for its completion. Additionally, the accountants have advised that all the calculations times have been reduced from roughly fifty hours to only four hours. Mr. Wong also noted that this spreadsheet is the property of SCORE, and can remain in its use even if the accountant is replaced at a later date.

A motion was made to discard the previous database project and to use the Excel spreadsheets as means to perform the Retrospective calculations for both programs in the future.

**MOTION:** Ron Stock

**SECOND:** Pamela Russell

**MOTION CARRIED**

### **J 5. PEPPI Pollution Coverage Best Reporting Practices**

Mr. Michael Simmons presented the required claim reporting practices for the PEPPI program with respects to the included pollution coverage. The policy specifies a time critical reporting period of 7 days maximum during which the insured is required to report the loss to the carrier. If this is not done timely as required, the clean up part of any claim will not be covered. This is done in order to get the carrier involved in the cleanup process and approve the cleanup expense as it is time critical and extremely expensive. The member has the duty to mitigate its losses and to give the insurance company the opportunity to act in such a way as to minimize their capital outlay and future monetary exposure. In addition, Mr. Simmons noted that all Pollution coverage insurance policies act the same way when it comes to the reporting period. Members were instructed to relay the information presented to their appropriate Public Works staff and to make sure that they act quickly in the event of such a claim and report it immediately to the carrier at the contact numbers listed in the attachment.

### **J 6. SCORE Vendor Services Survey Results**

1. Alliant Insurance Services Survey Results
2. Gilbert and Associates, Inc. Accounting Services Provider Survey Results
3. Maze and Associates Financial Audit Survey Results





Staff was not present for the Board discussion with respect to the survey results.

Mr. Carroll presented to the Board the slides that were exported from SurveyMonkey.com and that showed members satisfaction with the current vendors. For Alliant Insurance Services, Mr. Carroll informed them that the responses were all positive, with one person suggesting that in the future agendas are made simpler to understand to those without an undergraduate degree.

A motion was made to form an Ad-Hoc committee that will review the contract renewal for Alliant as the program administrator.

**MOTION:** Pamela Russell                      **SECOND:** Leslie Tigan                      **MOTION CARRIED**

For Gilbert Associates, Inc, responses were positive with one comment regarding invoice payments that have sometimes been delayed. This issue has now been corrected and there have been no recent complaints.

A motion was made to take action and extend the contract for another one year as the contract provides for three possible one year extensions. This issue will again be up for consideration next year.

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

On the matter of Maze and Associates, given that their contract is expiring, the Board has decided to send a request for proposals to see what other vendors would be interested in performing audit services for the organization.

A motion was made to issue a request for proposals and see what vendors would be interested in submitting bids for financial audit services.

**MOTION:** Liz Clontz                      **SECOND:** Jared Hancock                      **MOTION CARRIED**

## **K. PRESENTATIONS**

### **1. Special Events Presentation**

Mr. Johnny Yang and Laurence Voiculescu, Alliant Insurance Services Inc. gave a presentation showcasing the Alliant Special Events Insurance coverage website that now offers the ability to receive a quote and/or purchase the coverage they needed directly through the website.



## **2. SB 863 Presentations**

Mr. Cameron Dewey and Ms. Debra Yokota, York Risk Services gave a brief outline of California Senate Bill 863. This bill is now state law and provides for a mass revision of the workers' compensation legislation. In summary, it relates to doctors of chiropractic, a specified return-to-work program, labor-management agreements, self-insured employers, surgery, re-training and skill enhancement, home health care services, independent medical review, medical provider networks, billing, liens, language interpretation services, and certain reporting requirements.

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

At 11:04 a.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. Liability**

- a. Ralston vs. City of Weed\*\*
- b. Schwartz vs. City of Susanville

## **M. REPORT FROM CLOSED SESSION**

The Board returned from closed session at 11:41 a.m. Mr. Carroll reported that the above closed session items were discussed and appropriate direction was given to Staff.

## **N. INFORMATION ITEMS**

- N1. PARMA Conference, February 3<sup>rd</sup>-6<sup>th</sup>, 2013 in Rancho Mirage, CA
- N2. SCORE Resource Contact Guide

This was provided as an information item only.

## **O. CLOSING COMMENTS**

There were no closing comments.

## **AJOURNMENT**

The meeting was adjourned at 12:03 p.m.



**NEXT MEETING DATE: Friday, January 25, 2013**

Respectfully Submitted,

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Pamela Russell, Secretary

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Date

DRAFT



# JOHN CHIANG

## California State Controller

### LOCAL AGENCY INVESTMENT FUND REMITTANCE ADVICE

Agency Name	S.C.O.R.E.
Account Number	40-04-001

As of 01/15/2013, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 12/31/2012.

Earnings Ratio		.00000881899236296
Interest Rate		0.32%
Dollar Day Total	\$	192,636,945.60
Quarter End Principal Balance	\$	2,094,193.62
Quarterly Interest Earned	\$	1,698.86



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

MB 02 001665 04632 H 10 A

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

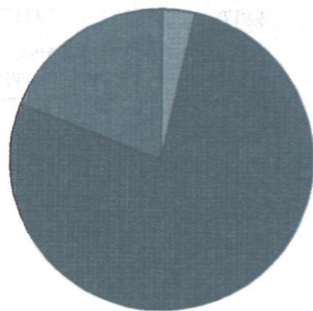


### Overview of Total Account Value

Closing Value on 12/31/2011	\$10,502,017.56
Opening Value on 10/01/2012	\$10,630,561.02
Closing Value on 10/31/2012	\$10,623,392.15
<b>Net Change For Period</b>	<b>(\$7,168.87)</b>

### Overview of Account by Investment Category

Your Current Portfolio Mix



	% of Total Account	Market Value	Description
	3.49%	370,312.65	Cash & Cash Equivalents
	77.30%	8,212,488.80	Government Obligations
	19.21%	2,040,590.70	Corporate Obligations
	<b>100.00%</b>	<b>\$10,623,392.15</b>	<b>Total Account Value</b>

### Account Statement

#### Statement Period

October 1, 2012 through October 31, 2012

#### Account Number

6736301210

#### Account Name

SMALL CITIES ORGANIZED RISK EFFORT

#### Relationship Manager

JEANETTE SIMMONS  
 415-705-7038

#### Investment Manager

CHANDLER LIQUID ASSET MGMT

#### Online Access

unionbank.com/trustandcustody

### Contents

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





Account Number  
6736301210

Account Name  
SCORE

## Account Statement

### Statement Period

October 1, 2012 through October 31, 2012

### Principal Portfolio Summary

Description	Market Value	Percentage of Portfolio	Current Yield
Cash & Cash Equivalents	370,312.65	3.49%	0.18%
Government Obligations	8,212,488.80	77.30%	1.91%
Corporate Obligations	2,040,590.70	19.21%	2.71%
<b>Total Principal Portfolio</b>	<b>\$10,623,392.15</b>	<b>100.00%</b>	<b>2.00%</b>

### Unrealized Gain/Loss Summary

Description	Cost Basis	Market Value	Gain/Loss
Cash & Cash Equivalents	370,057.16	370,312.65	255.49
Government Obligations	8,092,100.73	8,212,488.80	120,388.07
Corporate Obligations	2,018,646.00	2,040,590.70	21,944.70
<b>Total Gain/Loss</b>	<b>\$10,480,803.89</b>	<b>\$10,623,392.15</b>	<b>\$142,588.26</b>

### Cash Transactions Summary

	Principal Cash
<b>Receipts</b>	
Dividend	0.27
Interest	16,628.13
Sales	95,468.75
Maturities/Redemptions	220,000.00
<b>Total Receipts</b>	<b>\$332,097.15</b>
<b>Disbursements</b>	
Purchases	(332,097.15)
<b>Total Disbursements</b>	<b>(\$332,097.15)</b>
<b>Total Net Transactions</b>	<b>\$0.00</b>



Account Number  
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Account Name  
SCORE

## Account Statement

### Statement Period

October 1, 2012 through October 31, 2012

## Asset Detail - Principal Portfolio

### Cash & Cash Equivalents

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
<b>HighMark Money Market Funds</b>								
HIGHMARK MONEY MARKET 100% U S TREASURY FD FIDUCIARY SH ***CASH MANAGEMENT SWEEP	431114503S	155,381.450	155,381.45	155,381.45	1.0000 10/31/2012	1.46%	0.00%	3.73
<b>Disc Comm'l Paper/Bnker Accpt</b>								
TOYOTA MOTOR CREDIT CO DISC COMLPAPER DTD 06/19/2012 12/17/2012	89233GMH6	215,000.000	214,675.71	214,931.20	99.9680 10/31/2012	2.03%	0.30%	653.96
<b>Total Cash &amp; Cash Equivalents</b>			<b>\$370,057.16</b>	<b>\$370,312.65</b>		<b>3.49%</b>	<b>0.18%</b>	<b>\$657.69</b>

### Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
<b>US Treasury</b>								
UNITED STATES TREAS NTS 3.3750% 11/30/2012	912828HK9	365,000.000	367,036.33	365,912.50	100.2500 10/31/2012	3.44%	3.37%	12,318.75
UNITED STATES TREAS NTS 2.5000% 3/31/2013	912828HV5	125,000.000	128,154.72	126,201.25	100.9610 10/31/2012	1.19%	2.48%	3,125.00
UNITED STATES TREAS NTS 0.2500% 4/30/2014	912828SR2	125,000.000	124,868.58	124,985.00	99.9880 10/31/2012	1.18%	0.25%	312.50
UNITED STATES TREAS NTS 0.2500% 5/15/2015	912828SU5	250,000.000	248,985.21	249,395.00	99.7580 10/31/2012	2.35%	0.25%	625.00
UNITED STATES TREAS NTS 1.7500% 7/31/2015	912828NP1	225,000.000	223,067.16	233,455.50	103.7580 10/31/2012	2.20%	1.69%	3,937.50







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## Account Statement

### Statement Period

October 1, 2012 through October 31, 2012

## Asset Detail - Principal Portfolio (continued)

### Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
<b>US Treasury</b>								
UNITED STATES TREAS NTS 1.3750% 11/30/2015	912828PJ3	250,000.000	249,024.28	257,402.50	102.9610 10/31/2012	2.42%	1.34%	3,437.50
UNITED STATES TREAS NTS 1.5000% 7/31/2016	912828QX1	370,000.000	374,487.57	383,616.00	103.6800 10/31/2012	3.60%	1.45%	5,550.00
UNITED STATES TREAS NTS 1.0000% 8/31/2016	912828RF9	250,000.000	251,690.29	254,512.50	101.8050 10/31/2012	2.40%	0.98%	2,500.00
UNITED STATES TREAS NTS 1.0000% 9/30/2016	912828RJ1	150,000.000	149,619.64	152,719.50	101.8130 10/31/2012	1.44%	0.98%	1,500.00
UNITED STATES TREAS NTS 0.8750% 11/30/2016	912828RU6	350,000.000	350,766.80	354,403.00	101.2580 10/31/2012	3.34%	0.86%	3,062.50
UNITED STATES TREAS NTS 0.6250% 8/31/2017	912828TM2	150,000.000	149,666.52	149,590.50	99.7270 10/31/2012	1.41%	0.63%	937.50
<b>Federal Govt Agency</b>								
FEDERAL HOME LN BKS 3.8750% 6/14/2013	31339X2M5	200,000.000	200,403.10	204,534.00	102.2670 10/31/2012	1.93%	3.79%	7,750.00
TENNESSEE VALLEY AUTH 4.7500% 8/1/2013	880591DW9	230,000.000	242,426.00	237,599.20	103.3040 10/31/2012	2.24%	4.60%	10,925.00
FEDERAL FARM CR BKS 0.9800% 9/23/2013	31331KET3	115,000.000	114,663.05	115,791.20	100.6880 10/31/2012	1.09%	0.97%	1,127.00
FEDERAL HOME LOAN BANKS 3.6250% 10/18/2013	3133XSAE8	250,000.000	258,142.75	258,152.50	103.2610 10/31/2012	2.43%	3.51%	9,062.50
FEDERAL HOME LOAN MTG CORP NOTES DTD 01/08/2009 2.50% 01/07/2014	3137EABX6	35,000.000	34,625.96	35,944.30	102.6980 10/31/2012	0.34%	2.43%	875.00



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## Account Statement

### Statement Period

October 1, 2012 through October 31, 2012

## Asset Detail - Principal Portfolio (continued)

### Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
<b>Federal Govt Agency</b>								
FEDL HOME LOAN MTG CORP NOTES DTD 04/24/2009 2.50% 04/23/2014	3137EACB3	150,000.000	155,568.75	154,938.00	103.2920 10/31/2012	1.46%	2.42%	3,750.00
FEDERAL NATL MTG ASSN NOTES DTD 05/15/2009 2.500% 05/15/2014	31398AXJ6	300,000.000	301,178.80	310,113.00	103.3710 10/31/2012	2.92%	2.42%	7,500.00
FEDERAL FARM CR BKS CONS 1.9000% 6/2/2014	31331JQA4	260,000.000	259,368.20	266,549.40	102.5190 10/31/2012	2.51%	1.85%	4,940.00
FEDERAL HOME LN BKS 5.2500% 6/18/2014	3133X7FK5	100,000.000	111,171.90	108,096.00	108.0960 10/31/2012	1.02%	4.86%	5,250.00
FEDERAL FARM CREDIT BANK BONDS 3.000% 09/22/2014	31331GL80	85,000.000	86,005.55	89,340.10	105.1060 10/31/2012	0.84%	2.85%	2,550.00
FEDERAL FARM CR BKS 1.6250% 11/19/2014	31331KHW3	160,000.000	164,560.00	164,249.60	102.6560 10/31/2012	1.55%	1.58%	2,600.00
FEDERAL HOME LN MTG CORP 0.9200% 12/12/2014	3134G3CM0	70,000.000	70,063.00	70,041.30	100.0590 10/31/2012	0.66%	0.92%	644.00
FEDERAL HOME LOAN MTG CORP NOTES DTD 01/07/2010 2.875% 02/09/2015	3137EACH0	250,000.000	256,160.83	264,170.00	105.6680 10/31/2012	2.49%	2.72%	7,187.50
FEDERAL FARM CR BKS 0.5000% 5/1/2015	3133EANJ3	150,000.000	149,853.00	150,448.50	100.2990 10/31/2012	1.42%	0.50%	750.00
FEDERAL NATL MTG ASSN 1.0000% 5/29/2015	3135G0LB7	135,000.000	135,659.34	135,552.15	100.4090 10/31/2012	1.28%	1.00%	1,350.00
FEDERAL NATL MTGE ASSN NOTES 0.700% 05/29/2015	3135G0LC5	120,000.000	120,000.00	120,037.20	100.0310 10/31/2012	1.13%	0.70%	840.00





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### Statement Period

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## Asset Detail - Principal Portfolio (continued)

### Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
<b>Federal Govt Agency</b>								
FEDERAL HOME LN BKS 2.8750% 6/12/2015	3133XWNB1	265,000.000	279,807.14	281,981.20	106.4080 10/31/2012	2.65%	2.70%	7,618.75
FEDERAL NATL MTG ASSN 2.3750% 7/28/2015	31398AU34	275,000.000	283,288.50	289,649.25	105.3270 10/31/2012	2.73%	2.25%	6,531.25
FEDERAL FARM CR BKS 2.3500% 12/22/2015	31331J6C2	120,000.000	120,434.40	128,139.60	106.7830 10/31/2012	1.21%	2.20%	2,820.00
FEDERAL NATL MTG ASSN 2.3750% 4/11/2016	3135G0BA0	275,000.000	282,544.63	292,413.00	106.3320 10/31/2012	2.75%	2.23%	6,531.25
FEDERAL HOME LN MTG CORP 2.5000% 5/27/2016	3137EACT4	310,000.000	321,083.36	331,520.20	106.9420 10/31/2012	3.08%	2.34%	7,750.00
FEDERAL HOME LOAN BANKS 2.1250% 6/10/2016	313373SZ6	200,000.000	209,390.00	210,842.00	105.4210 10/31/2012	1.98%	2.02%	4,250.00
FEDERAL HOME LOAN MTGE CORP NTS 2.000% 08/25/2016	3137EACW7	300,000.000	312,151.20	315,480.00	105.1600 10/31/2012	2.97%	1.90%	6,000.00
FEDERAL NATL MTGE ASSN NOTE 1.250% 09/28/2016	3135G0CM3	210,000.000	209,497.89	215,180.70	102.4670 10/31/2012	2.03%	1.22%	2,625.00
FEDERAL NATL MTG ASSN NOTES DTD 10/20/2011 1.375% 11/15/2016	3135G0ES8	65,000.000	65,514.15	66,907.75	102.9350 10/31/2012	0.63%	1.34%	893.75
FEDERAL NATL MTG ASSN NOTES DTD 01/09/2012 1.25% 01/30/2017	3135G0GY3	175,000.000	174,983.73	179,263.00	102.4360 10/31/2012	1.69%	1.22%	2,187.50
FEDERAL HOME LOAN MORTGAGE CORP 1.000% 03/08/2017	3137EADC0	200,000.000	196,430.40	202,020.00	101.0100 10/31/2012	1.90%	0.99%	2,000.00

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## Account Statement

### Statement Period

October 1, 2012 through October 31, 2012

## Asset Detail - Principal Portfolio (continued)

### Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
<b>Federal Govt Agency</b>								
FEDERAL HOME LOAN BANK BONDS 1.000% 06/09/2017	313379FW4	200,000.000	199,758.00	201,760.00	100.8800 10/31/2012	1.90%	0.99%	2,000.00
FEDERAL FARM CR BKS 0.8300% 9/21/2017	3133EAY28	160,000.000	160,000.00	159,582.40	99.7390 10/31/2012	1.50%	0.83%	1,328.00
<b>Total Government Obligations</b>			<b>\$8,092,100.73</b>	<b>\$8,212,488.80</b>		<b>77.30%</b>	<b>1.91%</b>	<b>\$156,942.75</b>

### Corporate Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
<b>Corporate Bonds</b>								
JPMORGAN CHASE & CO DTD 04/06/2009 2.1250% 12/26/2012	481247AM6	295,000.000	295,914.50	295,826.00	100.2800 10/31/2012	2.79%	2.12%	6,268.75
XTO ENERGY INC 4.9000% 2/1/2014	98385XAD8	100,000.000	109,638.00	105,523.00	105.5230 10/31/2012	0.99%	4.64%	4,900.00
CHEVRON CORPORATION SR NOTES DTD 03/03/2009 3.95% 03/03/2014	166751AH0	190,000.000	200,126.65	198,935.70	104.7030 10/31/2012	1.87%	3.77%	7,505.00
GENL ELEC CAP CORP NOTES 5.900% 05/13/2014	36962G4C5	180,000.000	194,130.60	194,247.00	107.9150 10/31/2012	1.83%	5.47%	10,620.00
WAL MART STORES INC NOTES DTD 05/21/2009 3.200% 05/15/2014	931142CQ4	190,000.000	197,746.80	198,050.30	104.2370 10/31/2012	1.86%	3.07%	6,080.00
MICROSOFT CORP NT DTD 05/18/2009 2.950% 06/01/2014	594918AB0	240,000.000	246,233.20	249,446.40	103.9360 10/31/2012	2.35%	2.84%	7,080.00







Account Number  
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Account Name  
SCORE

## Account Statement

### Statement Period

October 1, 2012 through October 31, 2012

## Asset Detail - Principal Portfolio (continued)

### Corporate Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
<b>Corporate Bonds</b>								
BERKSHIREHATHAWAY INC 3.200% 02/11/2015	084670AV0	100,000.000	103,550.10	105,774.00	105.7740 10/31/2012	1.00%	3.03%	3,200.00
PROCTER & GAMBLE CO DTD 11/18/2010 1.80% 11/15/2015	742718DS5	265,000.000	258,615.14	275,093.85	103.8090 10/31/2012	2.59%	1.73%	4,770.00
GOOGLE INC 2.1250% 5/19/2016	38259PAC6	105,000.000	107,568.30	110,390.70	105.1340 10/31/2012	1.04%	2.02%	2,231.25
BERKSHIREHATHAWAYFIN CORP SR NT 1.600% 05/15/2017	084664BS9	105,000.000	105,141.90	107,241.75	102.1350 10/31/2012	1.01%	1.57%	1,680.00
<b>Collateralized Passthroughs</b>								
HONDA AUTO RECV 2012-4 A-3 0.5200% 8/18/2016	43813CAC4	100,000.000	99,990.32	100,007.00	100.0070 10/31/2012	0.94%	0.52%	520.00
TOYOTA AUTO RECEIVABLES 2012 A-3 0.4600% 7/15/2016 ORIGINAL FACE VALUE \$100,000.00	89231NAC7	100,000.000	99,990.49	100,055.00	100.0550 10/31/2012	0.94%	0.46%	460.00
<b>Total Corporate Obligations</b>			<b>\$2,018,646.00</b>	<b>\$2,040,590.70</b>		<b>19.21%</b>	<b>2.71%</b>	<b>\$55,315.00</b>
<b>Total Principal Portfolio</b>			<b>\$10,480,803.89</b>	<b>\$10,623,392.15</b>		<b>100.00%</b>	<b>2.00%</b>	<b>\$212,915.44</b>
<b>Total Account Values</b>			<b>\$10,480,803.89</b>	<b>\$10,623,392.15</b>		<b>100.00%</b>	<b>2.00%</b>	<b>\$212,915.44</b>



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Account Name  
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## Account Statement

### Statement Period

October 1, 2012 through October 31, 2012

## Maturity Summary

	Face Value	Par Value	Cost Basis	Market Value	Percentage of Market Value
2012		875,000.000	877,626.54	876,669.70	8.37%
2013		920,000.000	943,789.62	942,278.15	9.00%
2014		2,185,000.000	2,255,285.99	2,270,459.10	21.69%
2015		2,505,000.000	2,528,435.42	2,591,105.75	24.75%
2016	100,000.00	2,685,000.000	2,734,304.32	2,788,040.35	26.64%
2017		990,000.000	985,980.55	999,457.65	9.55%
2018					
2019					
2020					
2021					
Ten-to-Fourteen Years					
Fifteen-to-Nineteen Years					
Twenty Years and Over					
<b>Total</b>	<b>\$100,000.00</b>	<b>10,160,000.000</b>	<b>\$10,325,422.44</b>	<b>\$10,468,010.70</b>	<b>100.00%</b>

## Transaction Detail

Date	Activity	Description	CUSIP	Principal Cash	Cost Basis
		<b>Beginning Balance</b>		<b>\$0.00</b>	<b>\$10,466,541.90</b>
10/01/12	Dividend	CASH RECEIPT OF DIVIDEND EARNED ON HIGHMARK 100% US TREASURY MMKT #486 DIVIDEND FROM 9/1/12 TO 9/30/12	431114503S	0.27	
10/01/12	Purchases	PURCHASED 0.27 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 10/01/12	431114503S	(0.27)	0.27
10/01/12	Maturities/Redemptions	MATURED 120,000 PAR VALUE OF US TRS NTS 4.250% 9/30/12 LT CAPITAL LOSS OF (\$253.13) TRADE DATE 09/30/12 120,000 PAR VALUE AT 100 %	912828HE3	120,000.00	(120,253.13)





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Statement Period

October 1, 2012 through October 31, 2012

### Transaction Detail (continued)

Date	Activity Description	CUSIP	Principal Cash	Cost Basis
10/01/12	Interest CASH RECEIPT OF INTEREST EARNED ON US TREAS NTS 1.000% 9/30/16 0.005/\$1 PV ON 150,000 PAR VALUE DUE 9/30/2012	912828RJ1	750.00	
10/01/12	Interest CASH RECEIPT OF INTEREST EARNED ON US TREAS NTS 2.500% 3/31/13 0.0125/\$1 PV ON 125,000 PAR VALUE DUE 9/30/2012	912828HV5	1,562.50	
10/01/12	Interest CASH RECEIPT OF INTEREST EARNED ON US TRS NTS 4.250% 9/30/12 0.02125/\$1 PV ON 120,000 PAR VALUE DUE 9/30/2012	912828HE3	2,550.00	
10/01/12	Purchases PURCHASED 124,862.5 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 10/01/12	431114503S	(124,862.50)	124,862.50
10/11/12	Interest CASH RECEIPT OF INTEREST EARNED ON FNMA NTS 2.375% 4/11/16 0.011875/\$1 PV ON 275,000 PAR VALUE DUE 10/11/201	3135G0BA0	3,265.63	
10/11/12	Purchases PURCHASED 3,265.63 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 10/11/12	431114503S	(3,265.63)	3,265.63
10/18/12	Interest CASH RECEIPT OF INTEREST EARNED ON FHLB BDS 3.625% 10/18/13 0.018125/\$1 PV ON 250,000 PAR VALUE DUE 10/18/201	3133XSAE8	4,531.25	
10/18/12	Sales SOLD 95,468.75 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 10/18/12	431114503S	95,468.75	(95,468.75)
10/18/12	Purchases PURCHASED 100,000 PAR VALUE OF HAROT 2012-4 A3 0.520% 10/18/15 TRADE DATE 10/11/12 PURCHASED THROUGH JP MORGAN CHASE 100,000 PAR VALUE AT 99.99032 %	43813CAC4	(99,990.32)	99,990.32

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### Account Statement

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October 1, 2012 through October 31, 2012

### Transaction Detail (continued)

Date	Activity	Description	CUSIP	Principal Cash	Cost Basis
10/19/12	Purchases	PURCHASED 9.68 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 10/19/12	431114503S	(9.68)	9.68
10/23/12	Interest	CASH RECEIPT OF INTEREST EARNED ON FHLMC NTS 2.500% 4/23/14 0.0125/\$1 PV ON 150,000 PAR VALUE DUE 10/23/2012	3137EACB3	1,875.00	
10/23/12	Purchases	PURCHASED 1,875 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 10/23/12	431114503S	(1,875.00)	1,875.00
10/31/12	Maturites/Redemptions	MATURED 100,000 PAR VALUE OF US TREAS NTS 3.875% 10/31/12 LT CAPITAL LOSS OF (\$2,113.28) TRADE DATE 10/31/12 100,000 PAR VALUE AT 100 %	912828HG8	100,000.00	(102,113.28)
10/31/12	Interest	CASH RECEIPT OF INTEREST EARNED ON US TREAS NTS 0.250% 4/30/14 0.00125/\$1 PV ON 125,000 PAR VALUE DUE 10/31/2012	912828SR2	156.25	
10/31/12	Interest	CASH RECEIPT OF INTEREST EARNED ON US TREAS NTS 3.875% 10/31/12 0.019375/\$1 PV ON 100,000 PAR VALUE DUE 10/31/201	912828HG8	1,937.50	
10/31/12	Purchases	PURCHASED 102,093.8 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 10/31/12	431114503S	(102,093.75)	102,093.75
<b>Net Activity</b>				<b>\$0.00</b>	<b>\$14,261.99</b>
<b>Ending Balance</b>				<b>\$0.00</b>	<b>\$10,480,803.89</b>

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 ■ **Account Name**  
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## Account Statement

### ■ Statement Period

October 1, 2012 through October 31, 2012

## Realized Gain/Loss Summary

Sale Date	Asset Name	CUSIP	Shares	Cost	Proceeds	Gain / Loss Amount	
						Short	Long
10/01/12	US TRS NTS 4.250% 9/30/12	912828HE3	120,000.000	120,253.13	120,000.00	0.00	(253.13)
10/31/12	US TREAS NTS 3.875% 10/31/12	912828HG8	100,000.000	102,113.28	100,000.00	0.00	(2,113.28)
<b>TOTAL</b>				<b>\$222,366.41</b>	<b>\$220,000.00</b>	<b>\$0.00</b>	<b>(\$2,366.41)</b>
<b>SUMMARY</b>				<b>DISTRIBUTIONS</b>	<b>REALIZED</b>	<b>TOTAL</b>	
Short Term Capital Gain / Loss				\$0.00	\$0.00	\$0.00	
Long Term Capital Gain / Loss				\$0.00	(\$2,366.41)	(\$2,366.41)	

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## Disclaimer

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



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

MB 02 001405 24518 H 8 A

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

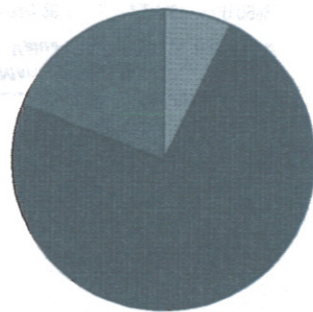


### Overview of Total Account Value

Closing Value on 12/31/2011	\$10,502,017.56
Opening Value on 11/01/2012	\$10,623,392.15
Closing Value on 11/30/2012	\$10,661,423.11
<b>Net Change For Period</b>	<b>\$38,030.96</b>

### Overview of Account by Investment Category

Your Current Portfolio Mix



	% of Total Account	Market Value	Description
	7.21%	768,990.26	Cash & Cash Equivalents
	73.68%	7,855,079.70	Government Obligations
	19.11%	2,037,353.15	Corporate Obligations
	<b>100.00%</b>	<b>\$10,661,423.11</b>	<b>Total Account Value</b>

### Account Statement

#### Statement Period

November 1, 2012 through November 30, 2012

#### Account Number

6736301210

#### Account Name

SMALL CITIES ORGANIZED RISK EFFORT

#### Relationship Manager

JEANETTE SIMMONS  
 415-705-7210

#### Investment Manager

CHANDLER LIQUID ASSET MGMT

#### Online Access

unionbank.com/trustandcustody

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





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### Principal Portfolio Summary

Description	Market Value	Percentage of Portfolio	Current Yield
Cash & Cash Equivalents	768,990.26	7.21%	0.09%
Government Obligations	7,855,079.70	73.68%	1.84%
Corporate Obligations	2,037,353.15	19.11%	2.72%
<b>Total Principal Portfolio</b>	<b>\$10,661,423.11</b>	<b>100.00%</b>	<b>1.88%</b>

### Unrealized Gain/Loss Summary

Description	Cost Basis	Market Value	Gain/Loss
Cash & Cash Equivalents	768,681.02	768,990.26	309.24
Government Obligations	7,724,784.80	7,855,079.70	130,294.90
Corporate Obligations	2,018,646.00	2,037,353.15	18,707.15
<b>Total Gain/Loss</b>	<b>\$10,512,111.82</b>	<b>\$10,661,423.11</b>	<b>\$149,311.29</b>

### Cash Transactions Summary

	Principal Cash
<b>Receipts</b>	
Dividend	0.18
Interest	33,360.33
Sales	120,000.00
Maturities/Redemptions	365,000.00
Other Receipts	2,240.00
<b>Total Receipts</b>	<b>\$520,600.51</b>

### Cash Transactions Summary (continued)

	Principal Cash
<b>Disbursements</b>	
Accrued Interest Paid	(16.25)
Purchases	(518,344.26)
Fees	(2,240.00)
<b>Total Disbursements</b>	<b>(\$520,600.51)</b>
<b>Total Net Transactions</b>	<b>\$0.00</b>

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## Account Statement

### Statement Period

November 1, 2012 through November 30, 2012

## Asset Detail - Principal Portfolio

### Cash & Cash Equivalents

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
<b>HighMark Money Market Funds</b>								
HIGHMARK MONEY MARKET 100% U S TREASURY FD FIDUCIARY SH ***CASH MANAGEMENT SWEEP	431114503S	554,005.310	554,005.31	554,005.31	1.0000 11/30/2012	5.19%	0.00%	13.89
<b>Disc Comm'l Paper/Bnker Accpt</b>								
TOYOTA MOTOR CREDIT CO DISC COML PAPER DTD 06/19/2012 12/17/2012	89233GMH6	215,000.000	214,675.71	214,984.95	99.9930 11/30/2012	2.02%	0.30%	653.96
<b>Total Cash &amp; Cash Equivalents</b>			<b>\$768,681.02</b>	<b>\$768,990.26</b>		<b>7.21%</b>	<b>0.09%</b>	<b>\$667.85</b>

### Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
<b>US Treasury</b>								
UNITED STATES TREAS NTS 2.5000% 3/31/2013	912828HV5	125,000.000	128,154.72	125,961.25	100.7690 11/30/2012	1.18%	2.48%	3,125.00
UNITED STATES TREAS NTS 0.2500% 4/30/2014	912828SR2	125,000.000	124,868.58	125,033.75	100.0270 11/30/2012	1.17%	0.25%	312.50
UNITED STATES TREAS NTS 0.2500% 5/15/2015	912828SU5	250,000.000	248,985.21	249,765.00	99.9060 11/30/2012	2.34%	0.25%	625.00
UNITED STATES TREAS NTS 1.7500% 7/31/2015	912828NP1	225,000.000	223,067.16	233,561.25	103.8050 11/30/2012	2.19%	1.69%	3,937.50
UNITED STATES TREAS NTS 1.3750% 11/30/2015	912828PJ3	250,000.000	249,024.28	257,657.50	103.0630 11/30/2012	2.42%	1.33%	3,437.50





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## Account Statement

### Statement Period

November 1, 2012 through November 30, 2012

## Asset Detail - Principal Portfolio (continued)

### Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
<b>US Treasury</b>								
UNITED STATES TREAS NTS 1.5000% 7/31/2016	912828QX1	370,000.000	374,487.57	384,570.60	103.9380 11/30/2012	3.61%	1.44%	5,550.00
UNITED STATES TREAS NTS 1.0000% 8/31/2016	912828RF9	250,000.000	251,690.29	255,292.50	102.1170 11/30/2012	2.39%	0.98%	2,500.00
UNITED STATES TREAS NTS 1.0000% 9/30/2016	912828RJ1	150,000.000	149,619.64	153,199.50	102.1330 11/30/2012	1.44%	0.98%	1,500.00
UNITED STATES TREAS NTS 0.8750% 11/30/2016	912828RU6	350,000.000	350,766.80	355,824.00	101.6640 11/30/2012	3.34%	0.86%	3,062.50
UNITED STATES TREAS NTS 0.6250% 8/31/2017	912828TM2	150,000.000	149,666.52	150,363.00	100.2420 11/30/2012	1.41%	0.62%	937.50
<b>Federal Govt Agency</b>								
FEDERAL HOME LN BKS 3.8750% 6/14/2013	31339X2M5	200,000.000	200,403.10	203,908.00	101.9540 11/30/2012	1.91%	3.80%	7,750.00
TENNESSEE VALLEY AUTH 4.7500% 8/1/2013	880591DW9	230,000.000	242,426.00	236,879.30	102.9910 11/30/2012	2.22%	4.61%	10,925.00
FEDERAL FARM CR BKS 0.9800% 9/23/2013	31331KET3	115,000.000	114,663.05	115,711.85	100.6190 11/30/2012	1.09%	0.97%	1,127.00
FEDERAL HOME LOAN BANKS 3.6250% 10/18/2013	3133XSAE8	250,000.000	258,142.75	257,415.00	102.9660 11/30/2012	2.41%	3.52%	9,062.50
FEDERAL HOME LOAN MTG CORP NOTES DTD 01/08/2009 2.50% 01/07/2014	3137EABX6	35,000.000	34,625.96	35,883.40	102.5240 11/30/2012	0.34%	2.44%	875.00
FEDL HOME LOAN MTG CORP NOTES DTD 04/24/2009 2.50% 04/23/2014	3137EACB3	150,000.000	155,568.75	154,720.50	103.1470 11/30/2012	1.45%	2.42%	3,750.00

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### Statement Period

November 1, 2012 through November 30, 2012

## Asset Detail - Principal Portfolio (continued)

### Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
<b>Federal Govt Agency</b>								
FEDERAL NATL MTG ASSN NOTES DTD 05/15/2009 2.500% 05/15/2014	31398AXJ6	300,000.000	301,178.80	309,696.00	103.2320 11/30/2012	2.90%	2.42%	7,500.00
FEDERAL FARM CR BKS CONS 1.9000% 6/2/2014	31331JQA4	260,000.000	259,368.20	266,325.80	102.4330 11/30/2012	2.50%	1.85%	4,940.00
FEDERAL HOME LN BKS 5.2500% 6/18/2014	3133X7FK5	100,000.000	111,171.90	107,697.00	107.6970 11/30/2012	1.01%	4.87%	5,250.00
FEDERAL FARM CREDIT BANK BONDS 3.000% 09/22/2014	31331GL80	85,000.000	86,005.55	89,193.90	104.9340 11/30/2012	0.84%	2.86%	2,550.00
FEDERAL FARM CR BKS 1.6250% 11/19/2014	31331KHW3	160,000.000	164,560.00	164,182.40	102.6140 11/30/2012	1.54%	1.58%	2,600.00
FEDERAL HOME LN MTG CORP 0.9200% 12/12/2014	3134G3CM0	70,000.000	70,063.00	70,009.10	100.0130 11/30/2012	0.66%	0.92%	644.00
FEDERAL HOME LOAN MTG CORP NOTES DTD 01/07/2010 2.875% 02/09/2015	3137EACH0	250,000.000	256,160.83	263,832.50	105.5330 11/30/2012	2.47%	2.72%	7,187.50
FEDERAL FARM CR BKS 0.5000% 5/1/2015	3133EANJ3	150,000.000	149,853.00	150,564.00	100.3760 11/30/2012	1.41%	0.50%	750.00
FEDERAL NATL MTG ASSN 1.0000% 5/29/2015	3135G0LB7	135,000.000	135,659.34	135,472.50	100.3500 11/30/2012	1.27%	1.00%	1,350.00
FEDERAL HOME LN BKS 2.8750% 6/12/2015	3133XWNB1	265,000.000	279,807.14	281,655.25	106.2850 11/30/2012	2.64%	2.70%	7,618.75
FEDERAL NATL MTG ASSN 2.3750% 7/28/2015	31398AU34	275,000.000	283,288.50	289,522.75	105.2810 11/30/2012	2.72%	2.26%	6,531.25







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### Statement Period

November 1, 2012 through November 30, 2012

## Asset Detail - Principal Portfolio (continued)

### Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
<b>Federal Govt Agency</b>								
FEDL NATL MTG ASSN NOTES DTD 11/16/2012 0.375% 12/21/2015	3135G0SB0	120,000.000	119,720.40	119,876.40	99.8970 11/30/2012	1.12%	0.38%	450.00
FEDERAL FARM CR BKS 2.3500% 12/22/2015	31331J6C2	120,000.000	120,434.40	128,217.60	106.8480 11/30/2012	1.20%	2.20%	2,820.00
FEDERAL NATL MTG ASSN 2.3750% 4/11/2016	3135G0BA0	275,000.000	282,544.63	292,820.00	106.4800 11/30/2012	2.75%	2.23%	6,531.25
FEDERAL HOME LN MTG CORP 2.5000% 5/27/2016	3137EACT4	310,000.000	321,083.36	332,072.00	107.1200 11/30/2012	3.11%	2.33%	7,750.00
FEDERAL HOME LOAN BANKS 2.1250% 6/10/2016	313373SZ6	200,000.000	209,390.00	211,438.00	105.7190 11/30/2012	1.98%	2.01%	4,250.00
FEDERAL HOME LOAN MTGE CORP NTS 2.000% 08/25/2016	3137EACW7	300,000.000	312,151.20	316,398.00	105.4660 11/30/2012	2.97%	1.90%	6,000.00
FEDERAL NATL MTGE ASSN NOTE 1.250% 09/28/2016	3135G0CM3	210,000.000	209,497.89	216,012.30	102.8630 11/30/2012	2.03%	1.22%	2,625.00
FEDERAL NATL MTG ASSN NOTES DTD 10/20/2011 1.375% 11/15/2016	3135G0ES8	65,000.000	65,514.15	67,057.90	103.1660 11/30/2012	0.63%	1.33%	893.75
FEDERAL NATL MTG ASSN NOTES DTD 01/09/2012 1.25% 01/30/2017	3135G0GY3	175,000.000	174,983.73	180,113.50	102.9220 11/30/2012	1.69%	1.21%	2,187.50
FEDERAL HOME LOAN MORTGAGE CORP 1.000% 03/08/2017	3137EADC0	200,000.000	196,430.40	203,146.00	101.5730 11/30/2012	1.91%	0.98%	2,000.00
FEDERAL HOME LOAN BANK BONDS 1.000% 06/09/2017	313379FW4	200,000.000	199,758.00	203,120.00	101.5600 11/30/2012	1.91%	0.98%	2,000.00



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## Account Statement

### Statement Period

November 1, 2012 through November 30, 2012

### Asset Detail - Principal Portfolio (continued)

#### Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
<b>Federal Govt Agency</b>								
FEDERAL FARM CR BKS 0.8300% 9/21/2017	3133EAY28	160,000.000	160,000.00	160,910.40	100.5690 11/30/2012	1.51%	0.83%	1,328.00
<b>Total Government Obligations</b>			<b>\$7,724,784.80</b>	<b>\$7,855,079.70</b>		<b>73.68%</b>	<b>1.84%</b>	<b>\$144,234.00</b>

#### Corporate Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
<b>Corporate Bonds</b>								
JPMORGAN CHASE & CO DTD 04/06/2009 2.1250% 12/26/2012	481247AM6	295,000.000	295,914.50	295,348.10	100.1180 11/30/2012	2.77%	2.12%	6,268.75
XTO ENERGY INC 4.9000% 2/1/2014	98385XAD8	100,000.000	109,638.00	105,194.00	105.1940 11/30/2012	0.99%	4.66%	4,900.00
CHEVRON CORPORATION SR NOTES DTD 03/03/2009 3.95% 03/03/2014	166751AH0	190,000.000	200,126.65	197,999.00	104.2100 11/30/2012	1.86%	3.79%	7,505.00
GENL ELEC CAP CORP NOTES 5.900% 05/13/2014	36962G4C5	180,000.000	194,130.60	193,348.80	107.4160 11/30/2012	1.81%	5.49%	10,620.00
WAL MART STORES INC NOTES DTD 05/21/2009 3.200% 05/15/2014	931142CQ4	190,000.000	197,746.80	197,626.60	104.0140 11/30/2012	1.85%	3.08%	6,080.00
MICROSOFT CORP NT DTD 05/18/2009 2.950% 06/01/2014	594918AB0	240,000.000	246,233.20	249,331.20	103.8880 11/30/2012	2.34%	2.84%	7,080.00
BERKSHIRE HATHAWAY INC 3.200% 02/11/2015	084670AV0	100,000.000	103,550.10	105,514.00	105.5140 11/30/2012	0.99%	3.03%	3,200.00

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## Account Statement

### Statement Period

November 1, 2012 through November 30, 2012

## Asset Detail - Principal Portfolio (continued)

### Corporate Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
<b>Corporate Bonds</b>								
PROCTER & GAMBLE CO DTD 11/18/2010 1.80% 11/15/2015	742718DS5	265,000.000	258,615.14	275,276.70	103.8780 11/30/2012	2.58%	1.73%	4,770.00
GOOGLE INC 2.1250% 5/19/2016	38259PAC6	105,000.000	107,568.30	110,096.70	104.8540 11/30/2012	1.03%	2.03%	2,231.25
BERKSHIRE HATHAWAYFIN CORP SR NT 1.600% 05/15/2017	084664BS9	105,000.000	105,141.90	107,626.05	102.5010 11/30/2012	1.01%	1.56%	1,680.00
<b>Collateralized Passthroughs</b>								
HONDA AUTO RECV 2012-4 A-3 0.5200% 8/18/2016 ORIGINAL FACE VALUE \$100,000.00	43813CAC4	100,000.000	99,990.32	100,042.00	100.0420 11/30/2012	0.94%	0.52%	520.00
TOYOTA AUTO RECEIVABLES 2012 A-3 0.4600% 7/15/2016 ORIGINAL FACE VALUE \$100,000.00	89231NAC7	100,000.000	99,990.49	99,950.00	99.9500 11/30/2012	0.94%	0.46%	460.00
<b>Total Corporate Obligations</b>			<b>\$2,018,646.00</b>	<b>\$2,037,353.15</b>		<b>19.11%</b>	<b>2.72%</b>	<b>\$55,315.00</b>
<b>Total Principal Portfolio</b>			<b>\$10,512,111.82</b>	<b>\$10,661,423.11</b>		<b>100.00%</b>	<b>1.88%</b>	<b>\$200,216.85</b>
<b>Total Account Values</b>			<b>\$10,512,111.82</b>	<b>\$10,661,423.11</b>		<b>100.00%</b>	<b>1.88%</b>	<b>\$200,216.85</b>



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## Account Statement

### Statement Period

November 1, 2012 through November 30, 2012

## Maturity Summary

	Face Value	Par Value	Cost Basis	Market Value	Percentage of Market Value
2012		510,000.000	510,590.21	510,333.05	5.05%
2013		920,000.000	943,789.62	939,875.40	9.30%
2014		2,185,000.000	2,255,285.99	2,266,241.45	22.42%
2015	100,000.00	2,505,000.000	2,528,155.82	2,590,957.45	25.63%
2016	100,000.00	2,685,000.000	2,734,304.32	2,794,731.50	27.65%
2017		990,000.000	985,980.55	1,005,278.95	9.95%
2018					
2019					
2020					
2021					
Ten-to-Fourteen Years					
Fifteen-to-Nineteen Years					
Twenty Years and Over					
<b>Total</b>	<b>\$200,000.00</b>	<b>9,795,000.000</b>	<b>\$9,958,106.51</b>	<b>\$10,107,417.80</b>	<b>100.00%</b>

## Transaction Detail

Date	Activity	Description	CUSIP	Principal Cash	Cost Basis
		<b>Beginning Balance</b>		<b>\$0.00</b>	<b>\$10,480,803.89</b>
11/01/12	Interest	CASH RECEIPT OF INTEREST EARNED ON TAOT 2012-B A3 0.460% 7/15/16 0/\$1 PV ON 24.28 PAR VALUE DUE 10/15/2012 \$0.00038/PV ON 100,000.00 PV DUE 10/15/12	89231NAC7	24.28	
11/01/12	Dividend	CASH RECEIPT OF DIVIDEND EARNED ON HIGHMARK 100% US TREASURY MMKT #486 DIVIDEND FROM 10/1/12 TO 10/31/12	431114503S	0.18	
11/01/12	Purchases	PURCHASED 0.18 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 11/01/12	431114503S	(0.18)	0.18







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Statement Period

November 1, 2012 through November 30, 2012

### Transaction Detail (continued)

Date	Activity	Description	CUSIP	Principal Cash	Cost Basis
11/01/12	Interest	CASH RECEIPT OF INTEREST EARNED ON FFCB NTS 0.500% 5/01/15 0.0025/\$1 PV ON 150,000 PAR VALUE DUE 11/1/2012	3133EANJ3	375.00	
11/01/12	Purchases	PURCHASED 375 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 11/01/12	431114503S	(375.00)	375.00
11/02/12	Purchases	PURCHASED 24.28 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 11/02/12	431114503S	(24.28)	24.28
11/02/12	Other Receipts	CASH RECEIPT PAYMENT OF FEES For Period Ending 20120930		2,240.00	
11/02/12	Fees	UB FEE COLLECTED For Period Ending 20120930		(2,240.00)	
11/13/12	Interest	CASH RECEIPT OF INTEREST EARNED ON GECC NTS 5.900% 5/13/14 0.0295/\$1 PV ON 180,000 PAR VALUE DUE 11/13/2012	36962G4C5	5,310.00	
11/13/12	Purchases	PURCHASED 5,310 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 11/13/12	431114503S	(5,310.00)	5,310.00
11/15/12	Interest	CASH RECEIPT OF INTEREST EARNED ON US TREAS NTS 0.250% 5/15/15 0.00125/\$1 PV ON 250,000 PAR VALUE DUE 11/15/2012	912828SU5	312.50	
11/15/12	Interest	CASH RECEIPT OF INTEREST EARNED ON FNMA NTS 1.375% 11/15/16 0.006875/\$1 PV ON 65,000 PAR VALUE DUE 11/15/2012	3135G0ES8	446.88	
11/15/12	Interest	CASH RECEIPT OF INTEREST EARNED ON FNMA NTS 2.500% 5/15/14 0.0125/\$1 PV ON 300,000 PAR VALUE DUE 11/15/2012	31398AXJ6	3,750.00	

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## Account Statement

### Statement Period

November 1, 2012 through November 30, 2012

### Transaction Detail (continued)

Date	Activity	Description	CUSIP	Principal Cash	Cost Basis
11/15/12	Interest	CASH RECEIPT OF INTEREST EARNED ON BERKSHIRE HATHAWAY NT1.600% 5/15/17 0.008/\$1 PV ON 105,000 PAR VALUE DUE 11/15/2012	084664BS9	840.00	
11/15/12	Interest	CASH RECEIPT OF INTEREST EARNED ON PROCTER & GAMBLE BDS 1.800% 11/15/15 0.009/\$1 PV ON 265,000 PAR VALUE DUE 11/15/2012	742718DS5	2,385.00	
11/15/12	Interest	CASH RECEIPT OF INTEREST EARNED ON WAL MART STORES NTS 3.200% 5/15/14 0.016/\$1 PV ON 190,000 PAR VALUE DUE 11/15/2012	931142CQ4	3,040.00	
11/15/12	Purchases	PURCHASED 10,774.38 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 11/15/12	431114503S	(10,774.38)	10,774.38
11/15/12	Interest	CASH RECEIPT OF INTEREST EARNED ON TAOT 2012-B A3 0.460% 7/15/16 0/\$1 PV ON 38.33 PAR VALUE DUE 11/15/2012 \$0.00038/PV ON 100,000.00 PV DUE 11/15/12	89231NAC7	38.33	
11/16/12	Purchases	PURCHASED 38.33 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 11/16/12	431114503S	(38.33)	38.33
11/19/12	Interest	CASH RECEIPT OF INTEREST EARNED ON FFCB BDS 1.625% 11/19/14 0.008125/\$1 PV ON 160,000 PAR VALUE DUE 11/19/201	31331KHW3	1,300.00	
11/19/12	Interest	CASH RECEIPT OF INTEREST EARNED ON GOOGLE INC 2.125% 5/19/16 0.010625/\$1 PV ON 105,000 PAR VALUE DUE 11/19/201	38259PAC6	1,115.63	
11/19/12	Purchases	PURCHASED 2,415.63 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 11/19/12	431114503S	(2,415.63)	2,415.63

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### Account Statement

#### Statement Period

November 1, 2012 through November 30, 2012

### Transaction Detail (continued)

Date	Activity	Description	CUSIP	Principal Cash	Cost Basis
11/19/12	Interest	CASH RECEIPT OF INTEREST EARNED ON HAROT 2012-4 A3 0.520% 10/18/15 0/\$1 PV ON 43.33 PAR VALUE DUE 11/19/2012 \$0.00043/PV ON 100,000.00 PV DUE 11/19/12	43813CAC4	43.33	
11/20/12	Purchases	PURCHASED 43.33 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 11/20/12	431114503S	(43.33)	43.33
11/27/12	Interest	CASH RECEIPT OF INTEREST EARNED ON FHLMC MTN 2.500% 5/27/16 0.0125/\$1 PV ON 310,000 PAR VALUE DUE 11/27/2012	3137EACT4	3,875.00	
11/27/12	Purchases	PURCHASED 3,875 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 11/27/12	431114503S	(3,875.00)	3,875.00
11/29/12	Purchases	PURCHASED 120,000 PAR VALUE OF FNMA NTS 0.375% 12/21/15 TRADE DATE 11/26/12 PURCHASED THROUGH MORGAN STANLEY 120,000 PAR VALUE AT 99.767 %	3135G0SB0	(119,720.40)	119,720.40
11/29/12	Accrued Interest Paid	PAID ACCRUED INTEREST ON PURCHASE OF FNMA NTS 0.375% 12/21/15	3135G0SB0	(16.25)	
11/29/12	Sales	FULL CALL 120,000 PAR VALUE OF FNMA NTS 0.700% 5/29/15 TRADE DATE 11/29/12 FULL CALL	3135G0LC5	120,000.00	(120,000.00)
11/29/12	Interest	CASH RECEIPT OF INTEREST EARNED ON FNMA NTS 0.700% 5/29/15 0.0035/\$1 PV ON 120,000 PAR VALUE DUE 11/29/2012	3135G0LC5	420.00	
11/29/12	Interest	CASH RECEIPT OF INTEREST EARNED ON FNMA NTS 1.000% 5/29/15 0.005/\$1 PV ON 135,000 PAR VALUE DUE 11/29/2012	3135G0LB7	675.00	

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### Account Statement

Statement Period

November 1, 2012 through November 30, 2012

### Transaction Detail (continued)

Date	Activity	Description	CUSIP	Principal Cash	Cost Basis
11/29/12	Purchases	PURCHASED 1,358.35 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 11/29/12	431114503S	(1,358.35)	1,358.35
11/30/12	Maturites/Redemptions	MATURED 365,000 PAR VALUE OF U S TREAS NTS 3.375% 11/30/12 LT CAPITAL LOSS OF (\$2,036.33) TRADE DATE 11/30/12 365,000 PAR VALUE AT 100 %	912828HK9	365,000.00	(367,036.33)
11/30/12	Interest	CASH RECEIPT OF INTEREST EARNED ON U S TREAS NTS 3.375% 11/30/12 0.016875/\$1 PV ON 365,000 PAR VALUE DUE 11/30/201	912828HK9	6,159.38	
11/30/12	Interest	CASH RECEIPT OF INTEREST EARNED ON US TREAS NTS 0.875% 11/30/16 0.004375/\$1 PV ON 350,000 PAR VALUE DUE 11/30/201	912828RU6	1,531.25	
11/30/12	Interest	CASH RECEIPT OF INTEREST EARNED ON US TREAS NTS 1.375% 11/30/15 0.006875/\$1 PV ON 250,000 PAR VALUE DUE 11/30/201	912828PJ3	1,718.75	
11/30/12	Purchases	PURCHASED 374,409.4 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 11/30/12	431114503S	(374,409.38)	374,409.38
<b>Net Activity</b>				<b>\$0.00</b>	<b>\$31,307.93</b>
<b>Ending Balance</b>				<b>\$0.00</b>	<b>\$10,512,111.82</b>





Account Number  
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## Account Statement

### Statement Period

November 1, 2012 through November 30, 2012

## Realized Gain/Loss Summary

Sale Date	Asset Name	CUSIP	Shares	Cost	Proceeds	Gain / Loss Amount	
						Short	Long
11/30/12	U S TREAS NTS 3.375% 11/30/12	912828HK9	365,000.000	367,036.33	365,000.00	0.00	(2,036.33)
<b>TOTAL</b>				<b>\$367,036.33</b>	<b>\$365,000.00</b>	<b>\$0.00</b>	<b>(\$2,036.33)</b>
<b>SUMMARY</b>				<b>DISTRIBUTIONS</b>	<b>REALIZED</b>	<b>TOTAL</b>	
Short Term Capital Gain / Loss				\$0.00	\$0.00	\$0.00	
Long Term Capital Gain / Loss				\$0.00	(\$2,036.33)	(\$2,036.33)	

## Disclaimer

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



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

MB 02 001539 46091 H 9 A

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



## Account Statement

### Statement Period

December 1, 2012 through December 31, 2012

### Account Number

6736301210

### Account Name

SMALL CITIES ORGANIZED RISK EFFORT

### Relationship Manager

JEANETTE SIMMONS  
 415-705-7210

### Investment Manager

CHANDLER LIQUID ASSET MGMT

### Online Access

unionbank.com/trustandcustody

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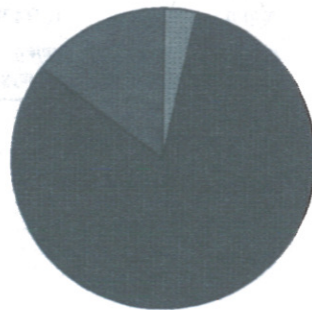
- Account Summary
  - Principal Portfolio Summary
  - Unrealized Gain/Loss Summary
  - Cash Transactions Summary
  - Asset Detail
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  - Transaction Detail
  - Realized Gain/Loss Summary

## Overview of Total Account Value

Closing Value on 12/31/2011	\$10,502,017.56
Opening Value on 12/01/2012	\$10,661,423.11
Closing Value on 12/31/2012	\$10,664,971.16
<b>Net Change For Period</b>	<b>\$3,548.05</b>

## Overview of Account by Investment Category

Your Current Portfolio Mix



% of Total Account	Market Value	Description
3.44%	366,495.71	Cash & Cash Equivalents
81.74%	8,718,316.10	Government Obligations
14.82%	1,580,159.35	Corporate Obligations
<b>100.00%</b>	<b>\$10,664,971.16</b>	<b>Total Account Value</b>





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## Account Statement

Statement Period

December 1, 2012 through December 31, 2012

### Principal Portfolio Summary

Description	Market Value	Percentage of Portfolio	Current Yield
Cash & Cash Equivalents	366,495.71	3.44%	0.15%
Government Obligations	8,718,316.10	81.74%	1.70%
Corporate Obligations	1,580,159.35	14.82%	2.66%
<b>Total Principal Portfolio</b>	<b>\$10,664,971.16</b>	<b>100.00%</b>	<b>1.79%</b>

### Unrealized Gain/Loss Summary

Description	Cost Basis	Market Value	Gain/Loss
Cash & Cash Equivalents	366,584.66	366,495.71	(88.95)
Government Obligations	8,602,935.92	8,718,316.10	115,380.18
Corporate Obligations	1,562,604.85	1,580,159.35	17,554.50
<b>Total Gain/Loss</b>	<b>\$10,532,125.43</b>	<b>\$10,664,971.16</b>	<b>\$132,845.73</b>

### Cash Transactions Summary

	Principal Cash
<b>Receipts</b>	
Dividend	0.33
Interest	27,318.99
Sales	1,464,828.38
Maturities/Redemptions	509,675.71
<b>Total Receipts</b>	<b>\$2,001,823.41</b>
<b>Disbursements</b>	
Accrued Interest Paid	(783.56)
Purchases	(1,997,831.85)
Payments to/for Beneficiaries	(3,208.00)
<b>Total Disbursements</b>	<b>(\$2,001,823.41)</b>
<b>Total Net Transactions</b>	<b>\$0.00</b>





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## Account Statement

### Statement Period

December 1, 2012 through December 31, 2012

## Asset Detail - Principal Portfolio

### Cash & Cash Equivalents

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
<b>HighMark Money Market Funds</b>								
HIGHMARK MONEY MARKET 100% U S TREASURY FD FIDUCIARY SH ***CASH MANAGEMENT SWEEP	431114503S	161,751.960	161,751.96	161,751.96	1.0000 12/31/2012	1.52%	0.00%	4.04
<b>Disc Comm'l Paper/Bnker Accpt</b>								
HSBC AMERICAS INC DISC COML PAPER DTD 12/20/2012 04/19/2013	40427RRK9	205,000.000	204,832.70	204,743.75	99.8750 12/31/2012	1.92%	0.26%	540.39
<b>Total Cash &amp; Cash Equivalents</b>			<b>\$366,584.66</b>	<b>\$366,495.71</b>		<b>3.44%</b>	<b>0.15%</b>	<b>\$544.43</b>

### Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
<b>US Treasury</b>								
UNITED STATES TREAS NTS 2.5000% 3/31/2013	912828HV5	125,000.000	128,154.72	125,732.50	100.5860 12/31/2012	1.18%	2.49%	3,125.00
UNITED STATES TREAS NTS 0.2500% 4/30/2014	912828SR2	525,000.000	525,057.42	525,225.75	100.0430 12/31/2012	4.92%	0.25%	1,312.50
UNITED STATES TREAS NTS 0.2500% 5/15/2015	912828SU5	250,000.000	248,985.21	249,687.50	99.8750 12/31/2012	2.34%	0.25%	625.00
UNITED STATES TREAS NTS 1.7500% 7/31/2015	912828NP1	225,000.000	223,067.16	233,226.00	103.6560 12/31/2012	2.19%	1.69%	3,937.50
UNITED STATES TREAS NTS 1.3750% 11/30/2015	912828PJ3	250,000.000	249,024.28	257,345.00	102.9380 12/31/2012	2.41%	1.34%	3,437.50





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### Statement Period

December 1, 2012 through December 31, 2012

## Asset Detail - Principal Portfolio (continued)

### Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
<b>US Treasury</b>								
UNITED STATES TREAS NTS 1.5000% 7/31/2016	912828QX1	370,000.000	374,487.57	383,645.60	103.6880 12/31/2012	3.60%	1.45%	5,550.00
UNITED STATES TREAS NTS 1.0000% 8/31/2016	912828RF9	250,000.000	251,690.29	254,765.00	101.9060 12/31/2012	2.39%	0.98%	2,500.00
UNITED STATES TREAS NTS 1.0000% 9/30/2016	912828RJ1	150,000.000	149,619.64	152,859.00	101.9060 12/31/2012	1.43%	0.98%	1,500.00
UNITED STATES TREAS NTS 0.8750% 11/30/2016	912828RU6	350,000.000	350,766.80	354,949.00	101.4140 12/31/2012	3.33%	0.86%	3,062.50
UNITED STATES TREAS NTS 0.6250% 8/31/2017	912828TM2	400,000.000	398,827.51	399,624.00	99.9060 12/31/2012	3.75%	0.63%	2,500.00
UNITED STATES TREAS NTS 0.6250% 11/30/2017	912828UA6	300,000.000	298,864.29	298,992.00	99.6640 12/31/2012	2.80%	0.63%	1,875.00
<b>Federal Govt Agency</b>								
FEDERAL HOME LN BKS 3.8750% 6/14/2013	31339X2M5	200,000.000	200,403.10	203,366.00	101.6830 12/31/2012	1.91%	3.81%	7,750.00
TENNESSEE VALLEY AUTH 4.7500% 8/1/2013	880591DW9	230,000.000	242,426.00	236,069.70	102.6390 12/31/2012	2.21%	4.63%	10,925.00
FEDERAL FARM CR BKS 0.9800% 9/23/2013	31331KET3	115,000.000	114,663.05	115,665.85	100.5790 12/31/2012	1.08%	0.97%	1,127.00
FEDERAL HOME LOAN BANKS 3.6250% 10/18/2013	3133XSAE8	250,000.000	258,142.75	256,792.50	102.7170 12/31/2012	2.41%	3.53%	9,062.50
FEDERAL HOME LOAN MTG CORP NOTES DTD 01/08/2009 2.50% 01/07/2014	3137EABX6	35,000.000	34,625.96	35,835.80	102.3880 12/31/2012	0.34%	2.44%	875.00



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### Statement Period

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## Asset Detail - Principal Portfolio (continued)

### Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
<b>Federal Govt Agency</b>								
FEDL HOME LOAN MTG CORP NOTES DTD 04/24/2009 2.50% 04/23/2014	3137EACB3	150,000.000	155,568.75	154,519.50	103.0130 12/31/2012	1.45%	2.43%	3,750.00
FEDERAL NATL MTG ASSN NOTES DTD 05/15/2009 2.500% 05/15/2014	31398AXJ6	300,000.000	301,178.80	309,297.00	103.0990 12/31/2012	2.90%	2.42%	7,500.00
FEDERAL FARM CR BKS CONS 1.9000% 6/2/2014	31331JQA4	260,000.000	259,368.20	266,104.80	102.3480 12/31/2012	2.50%	1.86%	4,940.00
FEDERAL HOME LN BKS 5.2500% 6/18/2014	3133X7FK5	100,000.000	111,171.90	107,357.00	107.3570 12/31/2012	1.01%	4.89%	5,250.00
FEDERAL FARM CREDIT BANK BONDS 3.000% 09/22/2014	31331GL80	85,000.000	86,005.55	89,040.90	104.7540 12/31/2012	0.83%	2.86%	2,550.00
FEDERAL FARM CR BKS 1.6250% 11/19/2014	31331KHW3	160,000.000	164,560.00	164,068.80	102.5430 12/31/2012	1.54%	1.58%	2,600.00
FEDERAL HOME LOAN MTG CORP NOTES DTD 01/07/2010 2.875% 02/09/2015	3137EACH0	250,000.000	256,160.83	263,402.50	105.3610 12/31/2012	2.47%	2.73%	7,187.50
FEDERAL FARM CR BKS 0.5000% 5/1/2015	3133EANJ3	150,000.000	149,853.00	150,535.50	100.3570 12/31/2012	1.41%	0.50%	750.00
FEDERAL NATL MTG ASSN 1.0000% 5/29/2015	3135G0LB7	135,000.000	135,659.34	135,429.30	100.3180 12/31/2012	1.27%	1.00%	1,350.00
FEDERAL HOME LN BKS 2.8750% 6/12/2015	3133XWNB1	265,000.000	279,807.14	281,241.85	106.1290 12/31/2012	2.64%	2.71%	7,618.75
FEDERAL NATL MTG ASSN 2.3750% 7/28/2015	31398AU34	275,000.000	283,288.50	289,124.00	105.1360 12/31/2012	2.71%	2.26%	6,531.25







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## Asset Detail - Principal Portfolio (continued)

### Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
<b>Federal Govt Agency</b>								
FEDL NATL MTG ASSN NOTES DTD 11/16/2012 0.375% 12/21/2015	3135G0SB0	120,000.000	119,720.40	119,851.20	99.8760 12/31/2012	1.12%	0.38%	450.00
FEDERAL FARM CR BKS 2.3500% 12/22/2015	31331J6C2	120,000.000	120,434.40	127,838.40	106.5320 12/31/2012	1.20%	2.21%	2,820.00
FEDERAL NATL MTG ASSN 2.3750% 4/11/2016	3135G0BA0	275,000.000	282,544.63	292,272.75	106.2810 12/31/2012	2.74%	2.23%	6,531.25
FEDERAL HOME LN MTG CORP 2.5000% 5/27/2016	3137EACT4	310,000.000	321,083.36	330,754.50	106.6950 12/31/2012	3.09%	2.34%	7,750.00
FEDERAL HOME LOAN BANKS 2.1250% 6/10/2016	313373SZ6	200,000.000	209,390.00	211,016.00	105.5080 12/31/2012	1.98%	2.01%	4,250.00
FEDERAL HOME LOAN MTGE CORP NTS 2.000% 08/25/2016	3137EACW7	300,000.000	312,151.20	315,732.00	105.2440 12/31/2012	2.96%	1.90%	6,000.00
FEDERAL NATL MTGE ASSN NOTE 1.250% 09/28/2016	3135G0CM3	210,000.000	209,497.89	215,447.40	102.5940 12/31/2012	2.02%	1.22%	2,625.00
FEDERAL NATL MTG ASSN NOTES DTD 10/20/2011 1.375% 11/15/2016	3135G0ES8	65,000.000	65,514.15	66,962.35	103.0190 12/31/2012	0.63%	1.33%	893.75
FEDERAL NATL MTG ASSN NOTES DTD 01/09/2012 1.25% 01/30/2017	3135G0GY3	175,000.000	174,983.73	179,404.75	102.5170 12/31/2012	1.68%	1.22%	2,187.50
FEDERAL HOME LOAN MORTGAGE CORP 1.000% 03/08/2017	3137EADC0	200,000.000	196,430.40	202,550.00	101.2750 12/31/2012	1.90%	0.99%	2,000.00
FEDERAL HOME LOAN BANK BONDS 1.000% 06/09/2017	313379FW4	200,000.000	199,758.00	202,314.00	101.1570 12/31/2012	1.90%	0.99%	2,000.00

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## Asset Detail - Principal Portfolio (continued)

### Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
<b>Federal Govt Agency</b>								
FEDERAL FARM CR BKS 0.8300% 9/21/2017	3133EAY28	160,000.000	160,000.00	160,270.40	100.1690 12/31/2012	1.50%	0.83%	1,328.00
<b>Total Government Obligations</b>			<b>\$8,602,935.92</b>	<b>\$8,718,316.10</b>		<b>81.74%</b>	<b>1.70%</b>	<b>\$148,027.50</b>

### Corporate Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
<b>Corporate Bonds</b>								
XTO ENERGY INC 4.9000% 2/1/2014	98385XAD8	100,000.000	109,638.00	104,844.00	104.8440 12/31/2012	0.98%	4.67%	4,900.00
GENL ELEC CAP CORP NOTES 5.900% 05/13/2014	36962G4C5	180,000.000	194,130.60	192,907.80	107.1710 12/31/2012	1.81%	5.51%	10,620.00
WAL MART STORES INC NOTES DTD 05/21/2009 3.200% 05/15/2014	931142CQ4	190,000.000	197,746.80	197,373.90	103.8810 12/31/2012	1.85%	3.08%	6,080.00
MICROSOFT CORP NT DTD 05/18/2009 2.950% 06/01/2014	594918AB0	240,000.000	246,233.20	248,841.60	103.6840 12/31/2012	2.33%	2.85%	7,080.00
BERKSHIRE HATHAWAY INC 3.200% 02/11/2015	084670AV0	100,000.000	103,550.10	105,278.00	105.2780 12/31/2012	0.99%	3.04%	3,200.00
PROCTER & GAMBLE CO DTD 11/18/2010 1.80% 11/15/2015	742718DS5	265,000.000	258,615.14	273,938.45	103.3730 12/31/2012	2.57%	1.74%	4,770.00
GOOGLE INC 2.1250% 5/19/2016	38259PAC6	105,000.000	107,568.30	109,641.00	104.4200 12/31/2012	1.03%	2.04%	2,231.25





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### Asset Detail - Principal Portfolio (continued)

Corporate Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
<b>Corporate Bonds</b>								
BERKSHIRE HATHAWAY FIN CORP SR NT 1.600% 05/15/2017	084664BS9	105,000.000	105,141.90	107,024.40	101.9280 12/31/2012	1.00%	1.57%	1,680.00
CHEVRON CORP DTD 12/05/2012 1.104% 12/05/2017	166764AA8	40,000.000	40,000.00	40,279.20	100.6980 12/31/2012	0.38%	1.10%	441.60
<b>Collateralized Passthroughs</b>								
HONDA AUTO RECV 2012-4 A-3 0.5200% 8/18/2016 ORIGINAL FACE VALUE \$100,000.00	43813CAC4	100,000.000	99,990.32	100,077.00	100.0770 12/31/2012	0.94%	0.52%	520.00
TOYOTA AUTO RECEIVABLES 2012 A-3 0.4600% 7/15/2016 ORIGINAL FACE VALUE \$100,000.00	89231NAC7	100,000.000	99,990.49	99,954.00	99.9540 12/31/2012	0.94%	0.46%	460.00
<b>Total Corporate Obligations</b>			<b>\$1,562,604.85</b>	<b>\$1,580,159.35</b>		<b>14.82%</b>	<b>2.66%</b>	<b>\$41,982.85</b>
<b>Total Principal Portfolio</b>			<b>\$10,532,125.43</b>	<b>\$10,664,971.16</b>		<b>100.00%</b>	<b>1.79%</b>	<b>\$190,554.78</b>
<b>Total Account Values</b>			<b>\$10,532,125.43</b>	<b>\$10,664,971.16</b>		<b>100.00%</b>	<b>1.79%</b>	<b>\$190,554.78</b>



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### Statement Period

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## Maturity Summary

	Face Value	Par Value	Cost Basis	Market Value	Percentage of Market Value
2012					
2013		1,125,000.00	1,148,622.32	1,142,370.30	10.88%
2014		2,325,000.00	2,385,285.18	2,395,416.85	22.81%
2015	100,000.00	2,505,000.00	2,528,155.82	2,586,974.70	24.63%
2016	100,000.00	2,685,000.00	2,734,304.32	2,787,998.60	26.54%
2017		1,580,000.00	1,574,005.83	1,590,458.75	15.14%
2018					
2019					
2020					
2021					
Ten-to-Fourteen Years					
Fifteen-to-Nineteen Years					
Twenty Year and Over					
<b>Total</b>	<b>\$200,000.00</b>	<b>10,220,000.00</b>	<b>\$10,370,373.47</b>	<b>\$10,503,219.20</b>	<b>100.00%</b>

## Transaction Detail

Date	Activity	Description	CUSIP	Principal Cash	Cost Basis
		<b>Beginning Balance</b>		<b>\$0.00</b>	<b>\$10,512,111.82</b>
12/03/12	Dividend	CASH RECEIPT OF DIVIDEND EARNED ON HIGHMARK 100% US TREASURY MMKT #486 DIVIDEND FROM 11/1/12 TO 11/30/12	431114503S	0.33	
12/03/12	Purchases	PURCHASED 0.33 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 12/03/12	431114503S	(0.33)	0.33
12/03/12	Interest	CASH RECEIPT OF INTEREST EARNED ON FFCB BDS 1.900% 6/02/14 0.0095/\$1 PV ON 260,000 PAR VALUE DUE 12/2/2012	31331JQA4	2,470.00	







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### Transaction Detail (continued)

Date	Activity	Description	CUSIP	Principal Cash	Cost Basis
12/03/12	Interest	CASH RECEIPT OF INTEREST EARNED ON MICROSOFT CORP NT 2.950% 6/01/14 0.01475/\$1 PV ON 240,000 PAR VALUE DUE 12/1/2012	594918AB0	3,540.00	
12/03/12	Purchases	PURCHASED 6,010 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 12/03/12	431114503S	(6,010.00)	6,010.00
12/05/12	Purchases	PURCHASED 40,000 PAR VALUE OF CHEVRON CORP BDS 1.104% 12/05/17 TRADE DATE 11/28/12 PURCHASED THROUGH MORGAN STANLEY 40,000 PAR VALUE AT 100 %	166764AA8	(40,000.00)	40,000.00
12/05/12	Sales	SOLD 40,000 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 12/05/12	431114503S	40,000.00	(40,000.00)
12/10/12	Interest	CASH RECEIPT OF INTEREST EARNED ON FHLB BDS 1.000% 6/09/17 0.005806/\$1 PV ON 200,000 PAR VALUE DUE 12/9/2012	313379FW4	1,161.11	
12/10/12	Interest	CASH RECEIPT OF INTEREST EARNED ON FHLB BDS 2.125% 6/10/16 0.010625/\$1 PV ON 200,000 PAR VALUE DUE 12/10/201	313373SZ6	2,125.00	
12/10/12	Purchases	PURCHASED 3,286.11 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 12/10/12	431114503S	(3,286.11)	3,286.11
12/11/12	Payments to/for Beneficiaries	CASH DISBURSEMENT PAID TO CHANDLER ASSET MANAGEMENT INC PAYMENT PER REQUEST MGMT FEE FOR PERIOD ENDING SEPTEMBER 30,2012 INV #11749		(1,069.00)	

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### Transaction Detail (continued)

Date	Activity	Description	CUSIP	Principal Cash	Cost Basis
12/11/12	Payments to/for Beneficiaries	CASH DISBURSEMENT PAID TO CHANDLER ASSET MANAGEMENT INC PAYMENT PER REQUEST MGMT FEE FOR PERIOD ENDING OCTOBER 31, 2012 INV #11884		(1,069.00)	
12/11/12	Payments to/for Beneficiaries	CASH DISBURSEMENT PAID TO CHANDLER ASSET MANAGEMENT INC PAYMENT PER REQUEST MGMT FEE FOR PERIOD ENDING NOVEMBER 30, 2012 INV #12024		(1,070.00)	
12/11/12	Sales	SOLD 3,208 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 12/11/12	431114503S	3,208.00	(3,208.00)
12/12/12	Sales	FULL CALL 70,000 PAR VALUE OF FHLMC MTN 0.920% 12/12/14 ST CAPITAL LOSS OF (\$63.00) TRADE DATE 12/12/12 FULL CALL	3134G3CM0	70,000.00	(70,063.00)
12/12/12	Interest	CASH RECEIPT OF INTEREST EARNED ON FHLB BDS 2.875% 6/12/15 0.014375/\$1 PV ON 265,000 PAR VALUE DUE 12/12/201	3133XWNB1	3,809.38	
12/12/12	Interest	CASH RECEIPT OF INTEREST EARNED ON FHLMC MTN 0.920% 12/12/14 0.0046/\$1 PV ON 70,000 PAR VALUE DUE 12/12/2012	3134G3CM0	322.00	
12/12/12	Purchases	PURCHASED 74,131.38 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 12/12/12	431114503S	(74,131.38)	74,131.38

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### Transaction Detail (continued)

Date	Activity	Description	CUSIP	Principal Cash	Cost Basis
12/14/12	Interest	CASH RECEIPT OF INTEREST EARNED ON FHLB 3.875% 6/14/13 0.019375/\$1 PV ON 200,000 PAR VALUE DUE 12/14/201	31339X2M5	3,875.00	
12/14/12	Purchases	PURCHASED 3,875 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 12/14/12	431114503S	(3,875.00)	3,875.00
12/17/12	Purchases	PURCHASED 215,000 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 12/17/12	431114503S	(215,000.00)	215,000.00
12/17/12	Maturites/Redemptions	MATURED 215,000 PAR VALUE OF TOYOTA MTR CRED DC/P 12/17/12 TRADE DATE 12/17/12 215,000 PAR VALUE AT 100 %	89233GMH6	214,675.71	(214,675.71)
12/17/12	Interest	CASH RECEIPT OF INTEREST EARNED ON TOYOTA MTR CRED DC/P 12/17/12 0/\$1 PV ON 215,000 PAR VALUE DUE 12/17/2012 215,000 PAR VALUE AT 100 %	89233GMH6	324.29	
12/18/12	Interest	CASH RECEIPT OF INTEREST EARNED ON FHLB BDS 5.250% 6/18/14 0.02625/\$1 PV ON 100,000 PAR VALUE DUE 12/18/2012	3133X7FK5	2,625.00	
12/18/12	Purchases	PURCHASED 2,625 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 12/18/12	431114503S	(2,625.00)	2,625.00
12/18/12	Interest	CASH RECEIPT OF INTEREST EARNED ON TAOT 2012-B A3 0.460% 7/15/16 0/\$1 PV ON 38.33 PAR VALUE DUE 12/15/2012 \$0.00038/PV ON 100,000.00 PV DUE 12/15/12	89231NAC7	38.33	
12/19/12	Purchases	PURCHASED 38.33 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 12/19/12	431114503S	(38.33)	38.33

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### Statement Period

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### Transaction Detail (continued)

Date	Activity	Description	CUSIP	Principal Cash	Cost Basis
12/19/12	Interest	CASH RECEIPT OF INTEREST EARNED ON HAROT 2012-4 A3 0.520% 10/18/15 0/\$1 PV ON 43.33 PAR VALUE DUE 12/19/2012 \$0.00043/PV ON 100,000.00 PV DUE 12/19/12	43813CAC4	43.33	
12/20/12	Sales	SOLD 249,640.1 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 12/20/12	431114503S	249,640.10	(249,640.10)
12/20/12	Purchases	PURCHASED 43.33 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 12/20/12	431114503S	(43.33)	43.33
12/20/12	Purchases	PURCHASED 250,000 PAR VALUE OF US TREAS NTS 0.625% 8/31/17 TRADE DATE 12/19/12 PURCHASED THROUGH DEUTSCHE BANC-ALEX BROWN 250,000 PAR VALUE AT 99.664397 %	912828TM2	(249,160.99)	249,160.99
12/20/12	Accrued Interest Paid	PAID ACCRUED INTEREST ON PURCHASE OF US TREAS NTS 0.625% 8/31/17	912828TM2	(479.11)	
12/21/12	Interest	CASH RECEIPT OF INTEREST EARNED ON FNMA NTS 0.375% 12/21/15 0.000365/\$1 PV ON 120,000 PAR VALUE DUE 12/21/201	3135G0SB0	43.75	
12/21/12	Purchases	PURCHASED 43.75 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 12/21/12	431114503S	(43.75)	43.75
12/24/12	Interest	CASH RECEIPT OF INTEREST EARNED ON FFCB BDS 2.350% 12/22/15 0.01175/\$1 PV ON 120,000 PAR VALUE DUE 12/22/2012	31331J6C2	1,410.00	
12/24/12	Purchases	PURCHASED 1,410 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 12/24/12	431114503S	(1,410.00)	1,410.00





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### Transaction Detail (continued)

Date	Activity	Description	CUSIP	Principal Cash	Cost Basis
12/26/12	Maturities/Redemptions	MATURED 295,000 PAR VALUE OF JPMORGAN CHASE & CO 2.125% 12/26/12 LT CAPITAL LOSS OF (\$914.50) TRADE DATE 12/26/12 295,000 PAR VALUE AT 100 %	481247AM6	295,000.00	(295,914.50)
12/26/12	Interest	CASH RECEIPT OF INTEREST EARNED ON JPMORGAN CHASE & CO 2.125% 12/26/12 0.010625/\$1 PV ON 295,000 PAR VALUE DUE 12/26/201	481247AM6	3,134.38	
12/26/12	Purchases	PURCHASED 298,134.4 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 12/26/12	431114503S	(298,134.38)	298,134.38
12/27/12	Sales	SOLD 204,832.7 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 12/27/12	431114503S	204,832.70	(204,832.70)
12/27/12	Purchases	PURCHASED 205,000 PAR VALUE OF HSBC AMERICAS DC/P 4/19/13 TRADE DATE 12/27/12 PURCHASED THROUGH WELLS FARGO SECURITIES 205,000 PAR VALUE AT 99.91839024 %	40427RRK9	(204,832.70)	204,832.70
12/28/12	Sales	SOLD 699,357.6 UNITS OF HIGHMARK 100% US TREASURY MMKT #486 TRADE DATE 12/28/12	431114503S	699,357.58	(699,357.58)
12/28/12	Sales	FULL CALL 190,000 PAR VALUE OF CHEVRON CORP NTS 3.950% 3/03/14 LT CAPITAL LOSS OF (\$2,336.65) TRADE DATE 12/28/12 FULL CALL	166751AH0	197,790.00	(200,126.65)

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### Transaction Detail (continued)

Date	Activity	Description	CUSIP	Principal Cash	Cost Basis
12/28/12	Interest	FULL CALL 190,000 PAR VALUE OF CHEVRON CORP NTS 3.950% 3/03/14 PAYABLE AT 0.012618 DUE 12/28/2012 ACCRUED INCOME ON FULL CALL	166751AH0	2,397.42	
12/28/12	Purchases	PURCHASED 200,187.4 UNITS OF HIGHMARK 100% US TREASURY MMTK #486 TRADE DATE 12/28/12	431114503S	(200,187.42)	200,187.42
12/28/12	Purchases	PURCHASED 300,000 PAR VALUE OF UNITED STATES TREAS 0.625% 11/30/17 TRADE DATE 12/27/12 PURCHASED THROUGH MORGAN STANLEY 300,000 PAR VALUE AT 99.62143 %	912828UA6	(298,864.29)	298,864.29
12/28/12	Accrued Interest Paid	PAID ACCRUED INTEREST ON PURCHASE OF UNITED STATES TREAS 0.625% 11/30/17	912828UA6	(144.23)	
12/28/12	Purchases	PURCHASED 400,000 PAR VALUE OF US TREAS NTS 0.250% 4/30/14 TRADE DATE 12/27/12 PURCHASED THROUGH MORGAN STANLEY 400,000 PAR VALUE AT 100.04721 %	912828SR2	(400,188.84)	400,188.84
12/28/12	Accrued Interest Paid	PAID ACCRUED INTEREST ON PURCHASE OF US TREAS NTS 0.250% 4/30/14	912828SR2	(160.22)	
<b>Net Activity</b>				<b>\$0.00</b>	<b>\$20,013.61</b>
<b>Ending Balance</b>				<b>\$0.00</b>	<b>\$10,532,125.43</b>





Account Number  
6736301210

Account Name  
SCORE

## Account Statement

### Statement Period

December 1, 2012 through December 31, 2012

## Realized Gain/Loss Summary

Sale Date	Asset Name	CUSIP	Shares	Cost	Proceeds	Gain / Loss Amount	
						Short	Long
12/12/12	FHLMC MTN 0.920% 12/12/14	3134G3CM0	70,000.000	70,063.00	70,000.00	(63.00)	0.00
12/26/12	JPMORGAN CHASE & CO 2.125% 12/26/12	481247AM6	295,000.000	295,914.50	295,000.00	0.00	(914.50)
12/28/12	CHEVRON CORP NTS 3.950% 3/03/14	166751AH0	190,000.000	200,126.65	197,790.00	0.00	(2,336.65)
<b>TOTAL</b>				<b>\$566,104.15</b>	<b>\$562,790.00</b>	<b>(\$63.00)</b>	<b>(\$3,251.15)</b>
<b>SUMMARY</b>				<b>DISTRIBUTIONS</b>		<b>REALIZED</b>	<b>TOTAL</b>
Short Term Capital Gain / Loss				\$0.00		(\$63.00)	(\$63.00)
Long Term Capital Gain / Loss				\$0.00		(\$3,251.15)	(\$3,251.15)

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## Disclaimer

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



**Small Cities Organized Risk Effort  
Check Register  
October 1, 2012 - December 31, 2012**

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
<b>0100 - CASH IN BANK</b>								177,494.50
<b>0100-010 Scott Valley Bank</b>								177,494.50
Check	10/2/2012	2329	York Insurance Services ...	Risk Mgmt 5/12 Inv#500110032	0670 - Risk Management Services		9,135.72	168,358.78
Transfer	10/3/2012			Funds Transfer	0106-020 Trust - WC - SVB		40,394.11	127,964.67
Transfer	10/3/2012			Funds Transfer	0106-010 Trust - Liab_SVB		4,263.00	123,701.67
Transfer	10/3/2012			Funds Transfer	0106-020 Trust - WC - SVB		12,880.00	110,821.67
Payment	10/4/2012		Portola		0120 ACCOUNTS RECEIVABLE	7,506.00		118,327.67
Payment	10/4/2012		Yreka		0120 ACCOUNTS RECEIVABLE	58,437.00		176,764.67
Check	10/12/2012	2335	York Insurance Services ...	Liab Claims Mgmt 6/28/12	0830 -Claims Service - Vouchers		13,398.14	163,366.53
Check	10/12/2012	2330	York Insurance Services ...	Liab Claims Mgmt Oct '12 - Inv 500008152	0830 -Claims Service - Vouchers		8,125.00	155,241.53
Check	10/12/2012	2331	York Insurance Services ...	WC Claims Mgmt Oct '12 - Inv500008151	0710 - Claims Management		7,895.00	147,346.53
Check	10/12/2012	2332	Maze & Associates	Inv # 3836	0506 - Audit		2,000.00	145,346.53
Check	10/12/2012	2334	Gilbert Associates, Inc.	29330 ENG June & July 2012	0505 - Accounting		8,000.00	137,346.53
Check	10/12/2012	2333	TargetSolutions.Com, Inc.	Annual Fee 11/1/12 - 10/31/13	0676 - Safety Training		25,157.00	112,189.53
Payment	10/17/2012	13867	Isleton		0120 ACCOUNTS RECEIVABLE	3,100.00		115,289.53
Payment	10/17/2012	48699	Colfax		0120 ACCOUNTS RECEIVABLE	4,957.00		120,246.53
Payment	10/17/2012		Loomis		0120 ACCOUNTS RECEIVABLE	9,877.00		130,123.53
Payment	10/17/2012	2666	Biggs		0120 ACCOUNTS RECEIVABLE	5,835.00		135,958.53
Transfer	10/17/2012			Funds Transfer	0106-010 Trust - Liab_SVB		5,118.88	130,839.65
Transfer	10/17/2012			Funds Transfer	0106-020 Trust - WC - SVB		20,290.74	110,548.91
Deposit	10/17/2012			Deposit	Workers' Compensation	36.00		110,584.91
Payment	10/22/2012	871.	Rio Dell		0120 ACCOUNTS RECEIVABLE	12,896.00		123,480.91
Payment	10/22/2012	47884	Shasta Lake		0120 ACCOUNTS RECEIVABLE	41,460.00		164,940.91
Payment	10/22/2012	18415	Dorris		0120 ACCOUNTS RECEIVABLE	1,872.00		166,812.91
Payment	10/22/2012	31466	Mt. Shasta		0120 ACCOUNTS RECEIVABLE	40,163.00		206,975.91
Deposit	10/22/2012			Deposit	Workers' Compensation Claims	52,947.13		259,923.04
Check	10/25/2012	2328	VOID		void	0.00		259,923.04
Check	10/25/2012	2336	ACI Specialty Benefits	Inv # 13410	EAP		10,557.00	249,366.04
Check	10/25/2012	2337	Gilbert Associates, Inc.	29330 ENG Aug & Sept 2012	0505 - Accounting		6,000.00	243,366.04
Check	10/25/2012	2338	Union Bank of California, ...	VOID: Inv # 778148	0601 - Bank Charges	0.00		243,366.04
Payment	10/29/2012	13878	Isleton		0120 ACCOUNTS RECEIVABLE	3,100.00		246,466.04
Payment	10/29/2012	30595	Montague		0120 ACCOUNTS RECEIVABLE	2,940.00		249,406.04
Payment	10/29/2012	85764	Susanville		0120 ACCOUNTS RECEIVABLE	42,998.00		292,404.04
Deposit	10/30/2012			Deposit	Workers' Compensation Claims	10,590.00		302,994.04
Check	10/31/2012	2340	Bodega Bay Inn		0605 - B of D Activities		6,156.00	296,838.04
Check	10/31/2012	2342	Union Bank of California, ...		0601 - Bank Charges		2,240.00	294,598.04
Check	10/31/2012	2341	SBK Risk Services, Inc.		0670 - Risk Management Services		2,214.55	292,383.49
Check	10/31/2012	2339	Susan Adams		0605 - B of D Activities		363.24	292,020.25
Deposit	10/31/2012			Interest	SVB	49.52		292,069.77
Transfer	11/2/2012			Funds Transfer	0106-010 Trust - Liab_SVB		10,891.40	281,178.37
Transfer	11/2/2012			Funds Transfer	0106-020 Trust - WC - SVB		24,345.11	256,833.26
Payment	11/5/2012	17067	Fort Jones		0120 ACCOUNTS RECEIVABLE	6,052.00		262,885.26
Payment	11/5/2012	40237	Live Oak		0120 ACCOUNTS RECEIVABLE	21,916.00		284,801.26
Check	11/7/2012	2343	SBK Risk Services, Inc.	Inv # SCORE 10-12	-SPLIT-		10,654.78	274,146.48
Check	11/7/2012	2344	Montague	Travel to board meeting 10/24/12 - 10/26/12	0605 - B of D Activities		381.84	273,764.64
Check	11/7/2012	2345	Montague	Lodging - Board Meeting 10/24/12 - 10/26/12	0605 - B of D Activities		397.38	273,367.26
Check	11/7/2012	2346	Bickmore Risk Services	Actuarial Update	Actuarial Study		1,750.00	271,617.26
Check	11/7/2012	2347	Dunsmuir	Board Meeting 10/24/12 - 10/26/12	0605 - B of D Activities		673.77	270,943.49
Check	11/7/2012	2348	Mt. Shasta	Board Meeting 10/24/12 - 10/26/12	0605 - B of D Activities		485.97	270,457.52
Check	11/7/2012	2349	Live Oak	Dividend 10/28/11	Dividends Payable		44,431.00	226,026.52
Check	11/7/2012	2350	Isleton	Board Meeting 10/24/12 - 10/26/12	0605 - B of D Activities		510.60	225,515.92

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance	
Check	11/7/2012	2351	Champion Awards	Board Meeting 10/25/12 & 10/26/12	-SPLIT-		95.36	225,420.56	
Transfer	11/13/2012			Funds Transfer	0106-020 Trust - WC - SVB		8,110.92	217,309.64	
Transfer	11/13/2012			Funds Transfer	0106-020 Trust - WC - SVB		41,692.76	175,616.88	
Transfer	11/13/2012			Funds Transfer	0106-010 Trust - Liab_SVB		10,182.26	165,434.62	
Transfer	11/13/2012			Funds Transfer	0106-020 Trust - WC - SVB		23,741.54	141,693.08	
Check	11/26/2012	2352	Live Oak	Board Meeting - 10/25 & 10/26/12(Satwant Takhar)	0605 - B of D Activities		493.90	141,199.18	
Payment	11/27/2012	43549	Dunsmuir		0120 ACCOUNTS RECEIVABLE	13,510.00		154,709.18	
Deposit	11/27/2012			Deposit	Workers' Compensation Claims	798.85		155,508.03	
Deposit	11/30/2012			Interest	SVB	18.51		155,526.54	
Check	12/4/2012	2353	Linda Romaine	Board Meeting - 10/25 & 10/26/12	0605 - B of D Activities		789.21	154,737.33	
Check	12/4/2012	2354	Shasta Lake	Board Meeting - 10/25 & 10/26/12 (John Duckett)	0605 - B of D Activities		624.93	154,112.40	
Check	12/4/2012	2355	Yreka	Board Meeting - 10/25 & 10/26/12 ( Steve Baker)	0605 - B of D Activities		600.51	153,511.89	
Transfer	12/5/2012			Funds Transfer	0106-010 Trust - Liab_SVB		5,815.37	147,696.52	
Transfer	12/5/2012			Funds Transfer	0106-020 Trust - WC - SVB		32,720.12	114,976.40	
Check	12/6/2012	2356	SBK Risk Services, Inc.	Inv # SCORE 11-12	0670 - Risk Management Services		3,516.59	111,459.81	
Transfer	12/18/2012			Funds Transfer	0106-010 Trust - Liab_SVB		10,812.85	100,646.96	
Transfer	12/18/2012			Funds Transfer	0106-020 Trust - WC - SVB		27,196.14	73,450.82	
Deposit	12/19/2012			Deposit	-SPLIT-	23,222.90		96,673.72	
Deposit	12/19/2012			Deposit	Workers' Compensation Claims	830.25		97,503.97	
Deposit	12/19/2012			Deposit	Liability Claim Payments	775.75		98,279.72	
Payment	12/19/2012		Colfax		0120 ACCOUNTS RECEIVABLE	500.00		98,779.72	
Payment	12/20/2012		Isleton		0120 ACCOUNTS RECEIVABLE	3,100.00		101,879.72	
Deposit	12/31/2012			Interest	SVB	9.95		101,889.67	
Total 0100-010 Scott Valley Bank							369,497.86	445,102.69	101,889.67
Total 0100 - CASH IN BANK							369,497.86	445,102.69	101,889.67
<b>TOTAL</b>							<b>369,497.86</b>	<b>445,102.69</b>	<b>101,889.67</b>

# Monthly Account Statement

## Small Cities Organized Risk Effort

October 1, 2012 through October 31, 2012

### Chandler Team

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

### Custodian

Union Bank N.A.  
Elena Aguba  
415-705-7206

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



PORTFOLIO CHARACTERISTICS

Average Duration	2.35
Average Coupon	2.06 %
Average Purchase YTM	1.65 %
Average Market YTM	0.45 %
Average S&P/Moody Rating	AA+/Aaa
Average Final Maturity	2.50 yrs
Average Life	2.40 yrs

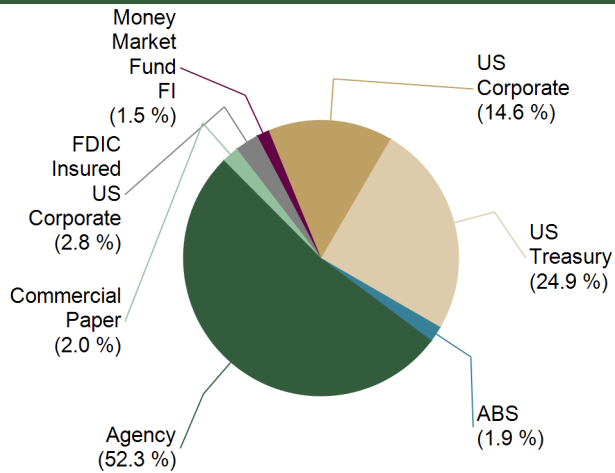
ACCOUNT SUMMARY

	Beg. Values as of 9/30/12	End Values as of 10/31/12
<b>Market Value</b>	10,635,277	10,623,157
<b>Accrued Interest</b>	58,836	65,133
<b>Total Market Value</b>	<b>10,694,113</b>	<b>10,688,290</b>
<b>Income Earned</b>	15,140	14,584
<b>Cont/WD</b>		0
<b>Par</b>	10,303,606	10,315,406
<b>Book Value</b>	10,386,855	10,395,143
<b>Cost Value</b>	10,470,348	10,480,025

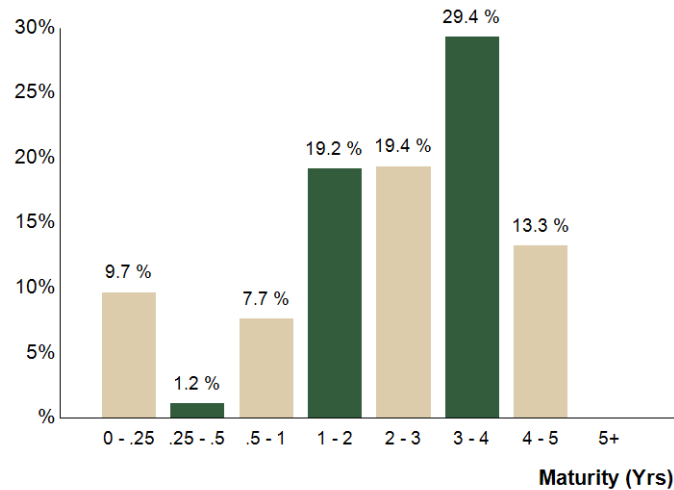
TOP ISSUERS

Issuer	% Portfolio
Government of United States	24.9 %
Federal National Mortgage Assoc	15.1 %
Federal Home Loan Mortgage Corp	12.9 %
Federal Home Loan Bank	11.9 %
Federal Farm Credit Bank	10.1 %
Toyota Motor Corp	2.9 %
JP Morgan FDIC Insured	2.8 %
Procter & Gamble Company	2.6 %
	<b>83.3 %</b>

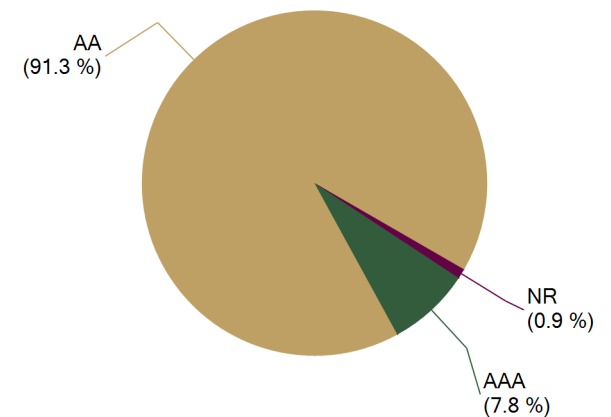
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 10/31/2012	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized			3/31/2006	Since 3/31/2006
					3 Yrs	5 Yrs	10 Yrs		
Small Cities Organized Risk Effort	-0.05 %	0.11 %	1.37 %	1.73 %	2.64 %	4.19 %	N/A	4.61 %	34.58 %
1-5 yr Govt	-0.12 %	-0.05 %	0.80 %	1.11 %	2.39 %	3.79 %	N/A	4.29 %	31.85 %
1-5 Year Govt/A Rated or better Corporate	-0.03 %	0.23 %	1.78 %	1.90 %	2.86 %	3.95 %	N/A	4.41 %	32.85 %



**Small Cities Organized Risk Effort**  
**Joint Powers Authority**  
**October 31, 2012**

**COMPLIANCE WITH INVESTMENT POLICY**

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

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



# Monthly Account Statement

## Small Cities Organized Risk Effort

November 1, 2012 through November 30, 2012

### Chandler Team

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

### Custodian

Union Bank N.A.  
Elena Aguba  
415-705-7206

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



**PORTFOLIO CHARACTERISTICS**

Average Duration	2.29
Average Coupon	1.93 %
Average Purchase YTM	1.53 %
Average Market YTM	0.40 %
Average S&P/Moody Rating	AA+/Aaa
Average Final Maturity	2.42 yrs
Average Life	2.35 yrs

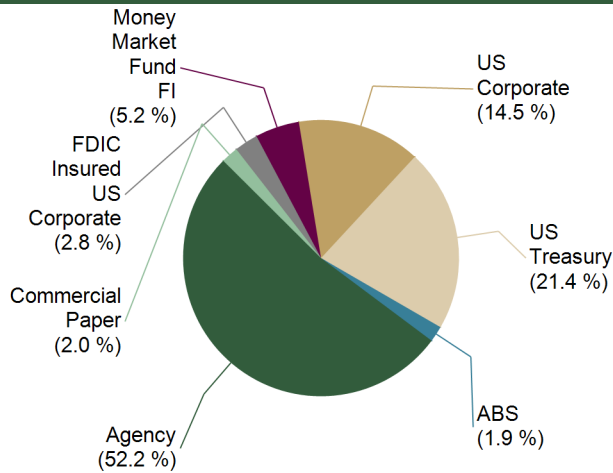
**ACCOUNT SUMMARY**

	Beg. Values as of 10/31/12	End Values as of 11/30/12
<b>Market Value</b>	10,623,157	10,661,117
<b>Accrued Interest</b>	65,133	49,470
<b>Total Market Value</b>	<b>10,688,290</b>	<b>10,710,586</b>
<b>Income Earned</b>	14,584	14,303
<b>Cont/WD</b>		0
<b>Par</b>	10,315,406	10,349,005
<b>Book Value</b>	10,395,143	10,425,109
<b>Cost Value</b>	10,480,025	10,511,308

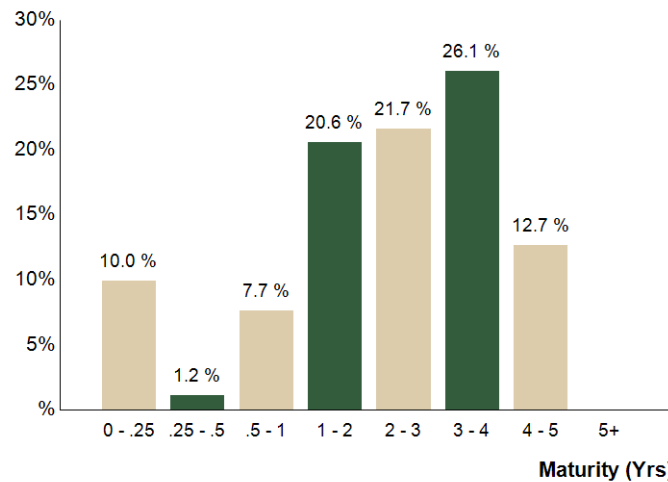
**TOP ISSUERS**

Issuer	% Portfolio
Government of United States	21.4 %
Federal National Mortgage Assoc	15.1 %
Federal Home Loan Mortgage Corp	12.9 %
Federal Home Loan Bank	11.9 %
Federal Farm Credit Bank	10.1 %
Highmark US Treasury Money Mark	5.2 %
JP Morgan FDIC Insured	2.8 %
Procter & Gamble Company	2.6 %
<b>Total</b>	<b>82.0 %</b>

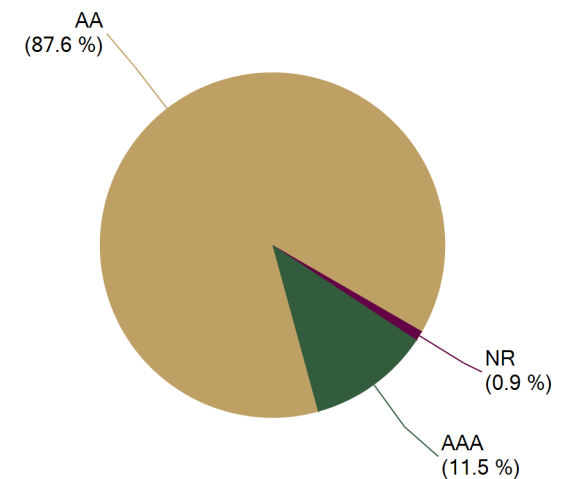
**SECTOR ALLOCATION**



**MATURITY DISTRIBUTION**



**CREDIT QUALITY (S&P)**



**PERFORMANCE REVIEW**

Total Rate of Return As of 11/30/2012	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized			Since 3/31/2006	Since 3/31/2006
					3 Yrs	5 Yrs	10 Yrs		
Small Cities Organized Risk Effort	0.21 %	0.19 %	1.59 %	1.87 %	2.42 %	3.90 %	N/A	4.59 %	34.86 %
1-5 yr Govt	0.22 %	0.11 %	1.02 %	1.20 %	2.16 %	3.43 %	N/A	4.27 %	32.14 %
1-5 Year Govt/A Rated or better Corporate	0.18 %	0.26 %	1.96 %	2.22 %	2.60 %	3.60 %	N/A	4.38 %	33.08 %



**Small Cities Organized Risk Effort  
Joint Powers Authority  
November 30, 2012**

**COMPLIANCE WITH INVESTMENT POLICY**

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

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

# Monthly Account Statement

## Small Cities Organized Risk Effort

December 1, 2012 through December 31, 2012

### Chandler Team

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

### Custodian

Union Bank N.A.  
Elena Aguba  
415-705-7206

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



**PORTFOLIO CHARACTERISTICS**

Average Duration	2.51
Average Coupon	1.84 %
Average Purchase YTM	1.46 %
Average Market YTM	0.42 %
Average S&P/Moody Rating	AA+/Aaa
Average Final Maturity	2.62 yrs
Average Life	2.56 yrs

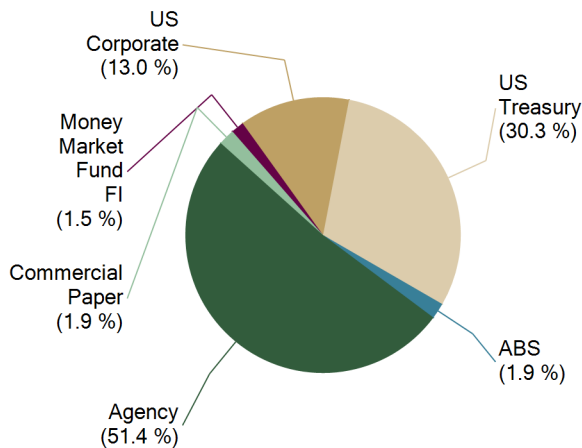
**ACCOUNT SUMMARY**

	Beg. Values as of 11/30/12	End Values as of 12/31/12
<b>Market Value</b>	10,661,117	10,665,061
<b>Accrued Interest</b>	49,470	39,570
<b>Total Market Value</b>	<b>10,710,586</b>	<b>10,704,631</b>
<b>Income Earned</b>	14,303	13,256
<b>Cont/WD</b>		-3,208
<b>Par</b>	10,349,005	10,381,752
<b>Book Value</b>	10,425,109	10,449,710
<b>Cost Value</b>	10,511,308	10,531,322

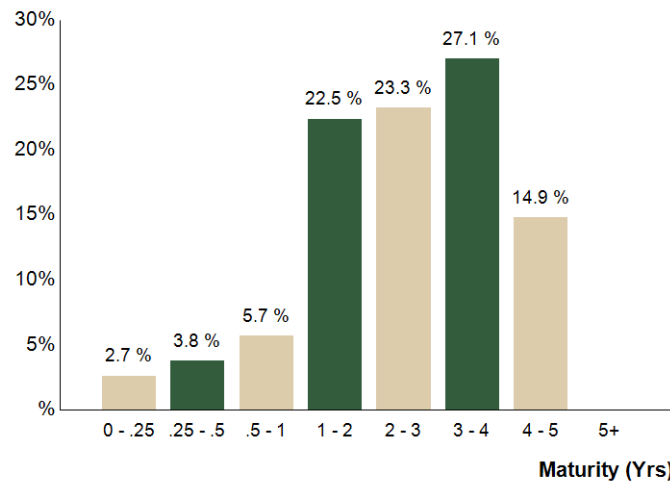
**TOP ISSUERS**

Issuer	% Portfolio
Government of United States	30.3 %
Federal National Mortgage Assoc	15.1 %
Federal Home Loan Mortgage Corp	12.2 %
Federal Home Loan Bank	11.8 %
Federal Farm Credit Bank	10.0 %
Procter & Gamble Company	2.6 %
Microsoft	2.3 %
Tennessee Valley Authority	2.2 %
	<b>86.6 %</b>

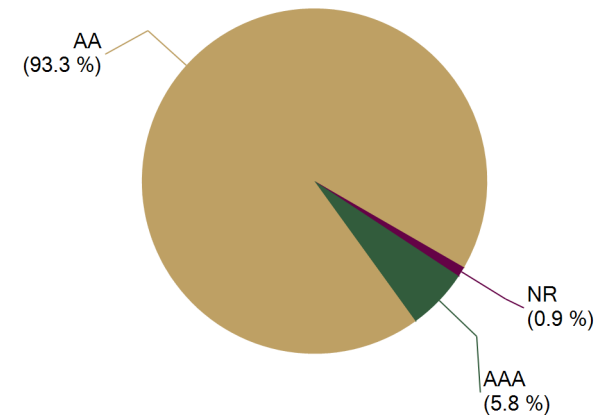
**SECTOR ALLOCATION**



**MATURITY DISTRIBUTION**



**CREDIT QUALITY (S&P)**



**PERFORMANCE REVIEW**

Total Rate of Return As of 12/31/2012	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized			3/31/2006	Since 3/31/2006
					3 Yrs	5 Yrs	10 Yrs		
Small Cities Organized Risk Effort	-0.03 %	0.13 %	1.56 %	1.56 %	2.78 %	3.81 %	N/A	4.53 %	34.83 %
1-5 yr Govt	-0.05 %	0.06 %	0.98 %	0.98 %	2.54 %	3.35 %	N/A	4.21 %	32.08 %
1-5 Year Govt/A Rated or better Corporate	-0.02 %	0.15 %	1.97 %	1.97 %	2.97 %	3.55 %	N/A	4.33 %	33.09 %





**Small Cities Organized Risk Effort**  
**Joint Powers Authority**  
**December 31, 2012**

**COMPLIANCE WITH INVESTMENT POLICY**

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

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

10/1/2012 - 12/31/2012

## Employee Assistance Program Utilization Report

### Utilization Summary and Analysis



### SCORE

October 1, 2012 - December 31, 2012

Projected Annual Rate:

**5.4%**

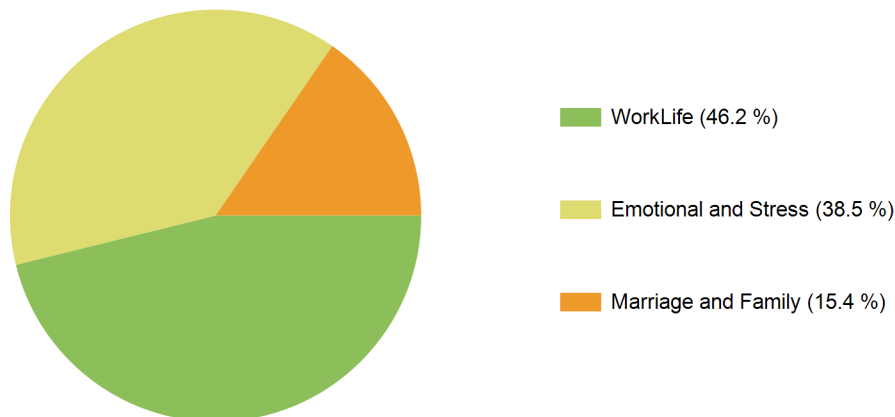
Previous Utilization Rate: 5%

#### Overall Utilization

There were 13 new contacts. 1 was referred by another Employee, 1 was referred by Human Resources, 8 were referred by Poster / Brochure, 3 had Used Before.

The presenting problems were: Emotional, Family / Child, Marital / Relationship and WorkLife.

13 new contacts were self-initiated.



## Employee Assistance Program Utilization Report

### Work/Life Utilization

---

In this time period there were 6 case(s) that were opened: 33.3 % of the cases were Child Care, 33.3 % of the cases were Financial Hardship, 33.3 % of the cases were Legal.

Child Care, Financial Hardship and Legal tied for the most utilized with 2 cases.

ACI is pleased to offer support through those inevitable life challenges that prevent employees from arriving and performing at work to the best of their abilities. Legal and financial consultation continues to be one of ACI's most popular and highly utilized work/life benefits. On average, employees experiencing legal life events spend 17 hours at work and 9.5 days absent dealing with the issues, equating to lost wages and productivity. ACI is pleased to provide a service that not only gives employees much-needed personalized assistance, but also strengthens on-the-job productivity, performance and attendance.

### Training

---

#### Training Comment:

As a value-added partner, ACI's Training Department offers consultation, support services, and flexible training options to fit the various needs of any organization. ACI encourages clients, employees and family members to visit ACI's YouTube channel for 24/7 access to popular trainings and videos. Please contact ACI's Training Department at 800-932-0034 and ask to speak with a member of the training team or email us at [training@acieap.com](mailto:training@acieap.com) to learn more about training offerings and options available.

### Newsletters

---

ACI provided the following HealthYEmails this quarter: 6 Simple Ways to Overcome Anger Issues; 8 Stress-Busting Tips for Holiday Season; Dr. Clark's Holiday Message.

### Formal Referrals

---

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

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

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

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

10/1/2012 - 12/31/2012

## Employee Assistance Program Utilization Report

### Utilization Hours

Onsite Services:	0
Employee Assessment:	17
Consultation: Work/Life & Concierge	7
Consultation: Employee Consultation	1
Consultation: Supervisor, Management and Outside Consultants	43
Total Program Hours this Period:	68

### Utilization Comments

In the wake of the Sandy Hook Elementary School and Superstorm Sandy devastation, ACI was grateful to be in a position to provide outreach, resources, and ongoing support to those affected by these national tragedies and natural disasters. Though these trying events are never easy, ACI has stood with client families through difficult times for 30 years and looks forward to many more with anticipation of partnership and innovation. With 24/7 access via phone, text, email, web resources, and social media, ACI continues to deliver immediate service anytime, anywhere. Clients across the country and abroad can continue to expect ACI Specialty Benefits to deliver the stand-out customer service and personalized support that have made ACI a Top-Ten EAP for 30 years.

SCORE Utilization Rate for the Period 10/1/2012 to 12/31/2012 was 5.4 %

This was an increase over the previous Utilization period which was 5.0 %

10/1/2012 - 12/31/2012

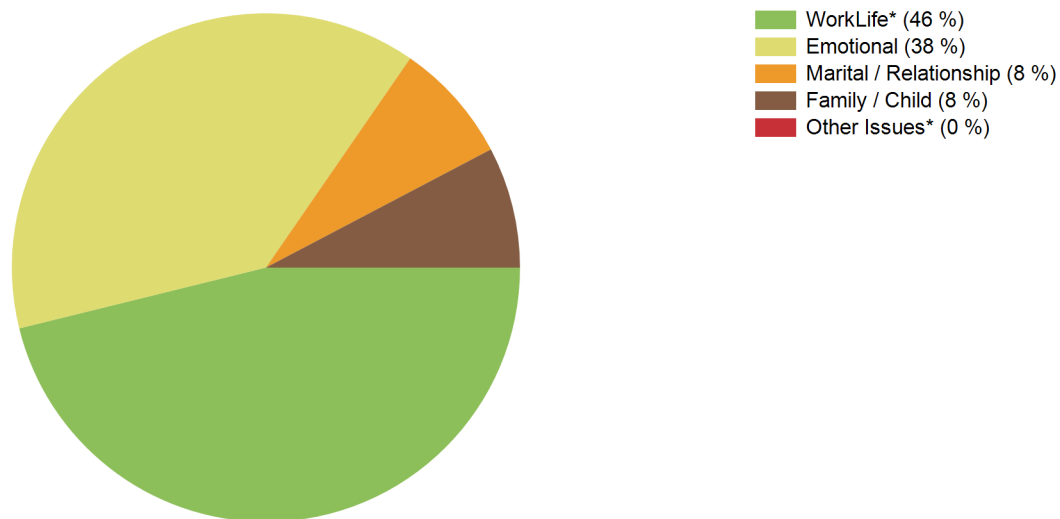
## Employee Assistance Program Utilization Report

### Primary issue for assessment

Primary Issue	New	Previous Quarter	Year To Date
Alcohol	0	2	6
Emotional	5	3	12
Family / Child	1	1	6
Marital / Relationship	1	1	2
Program Consultation	0	0	2
Work Stress	0	0	1
WorkLife*	6	5	17

According to a recent study, family issues accounted for 21% of all unscheduled absences and personal needs accounted for 11% (Human Resources Management). ACI's comprehensive work/life services provide employees and their family members with the financial consultation, legal consultation, child care and elder care referrals, resources and support necessary to better manage life's everyday responsibilities while staying focused and productive at work.

#### New Issues this Quarter



\*Any WorkLife and Concierge cases are detailed later in the report, and 'Other Issues' includes issues <1%.



10/1/2012 - 12/31/2012

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

Referral Made	New	Previous Quarter	Year To Date
Child Care	2	0	2
Financial Hardship	2	0	2
Legal	2	4	8

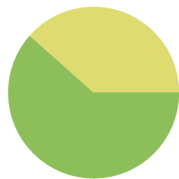
**New Issues this Quarter**

10/1/2012 - 12/31/2012

## Employee Assistance Program Utilization Report

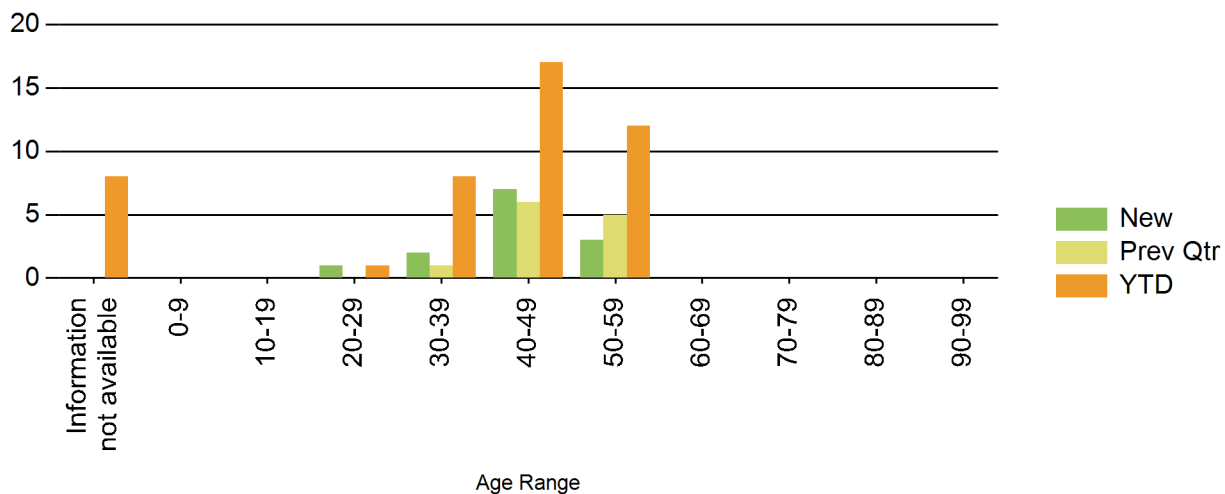
## Demographic data

Gender	New	Previous Quarter	Year To Date
Female	8	7	25
Male	5	5	21



Female (62 %)  
 Male (38 %)

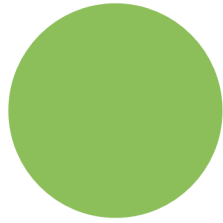
Age Range	New	Previous Quarter	Year To Date
Information not available	0	0	8
0-9	0	0	0
10-19	0	0	0
20-29	1	0	1
30-39	2	1	8
40-49	7	6	17
50-59	3	5	12
60-69	0	0	0
70-79	0	0	0
80-89	0	0	0
90-99	0	0	0



Who is Initiating Contact with ACI	New	Previous Quarter	Year To Date
Self	13	12	45
Family Member	0	0	1
Other	0	0	0

10/1/2012 - 12/31/2012

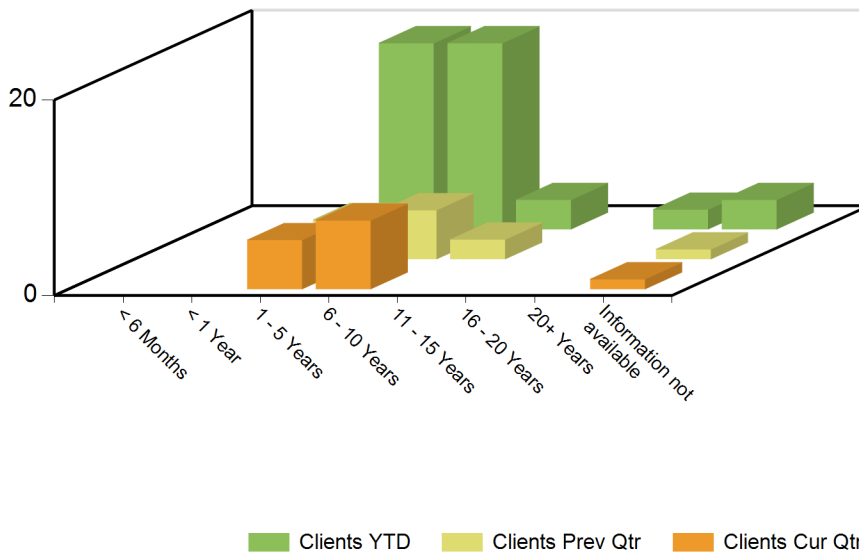
## Employee Assistance Program Utilization Report



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

### Employment data

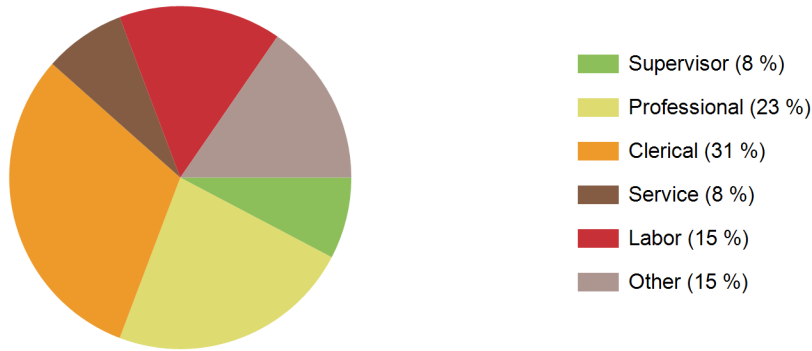
Years Employed	New	Previous Quarter	Year To Date
< 6 Months	0	0	0
< 1 Year	0	0	0
1 - 5 Years	5	4	19
6 - 10 Years	7	5	19
11 - 15 Years	0	2	3
16 - 20 Years	0	0	0
20+ Years	0	0	2
Information not available	1	1	3



Job Category	New	Previous Quarter	Year To Date
Management	0	0	0
Supervisor	1	0	3
Professional	3	6	18
Technical	0	0	0
Clerical	4	3	11
Production	0	0	1
Service	1	3	9
Sales	0	0	0
Labor	2	0	2
Other	2	0	2

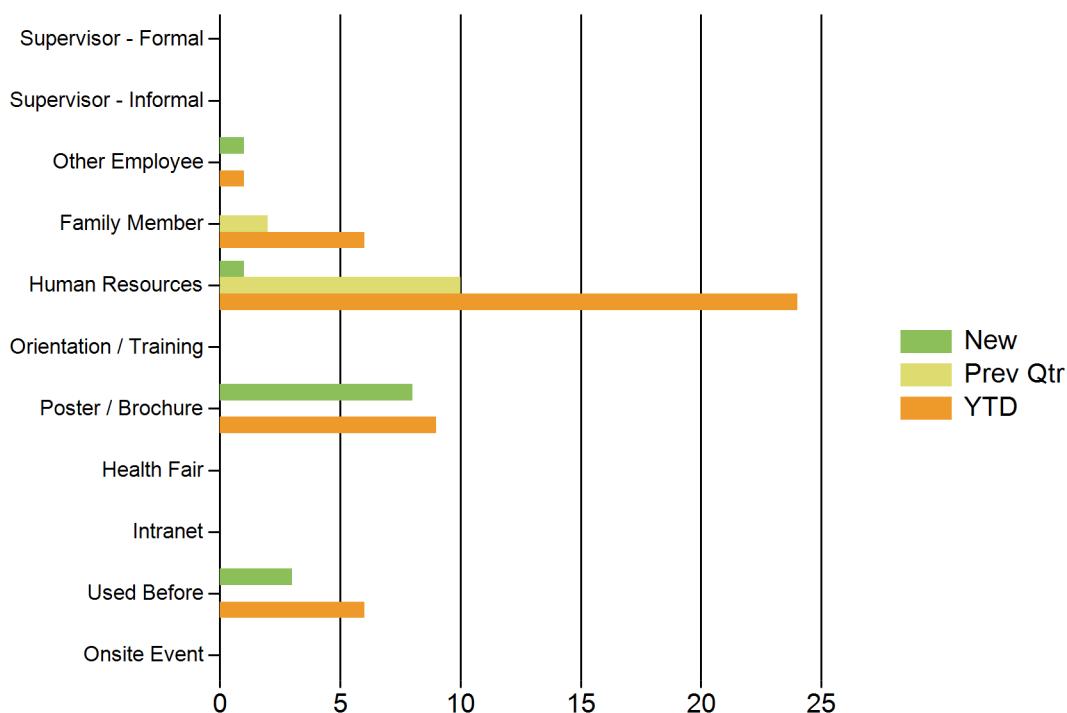
10/1/2012 - 12/31/2012

## Employee Assistance Program Utilization Report



### Referral Source

Referral Source	New	Previous Quarter	Year To Date
Supervisor - Formal	0	0	0
Supervisor - Informal	0	0	0
Other Employee	1	0	1
Family Member	0	2	6
Human Resources	1	10	24
Orientation / Training	0	0	0
Poster / Brochure	8	0	9
Health Fair	0	0	0
Intranet	0	0	0
Used Before	3	0	6
Onsite Event	0	0	0





# INVOICE

**BILL TO:**

**S.C.O.R.E. Liability**  
**Susan Adams**  
 c/o Alliant Insurance Services Inc.  
 1792 Tribute Road, Suite 450  
 Sacramento CA 95815

INVOICE # 500008152  
 DATE 10/1/2012  
 CLIENT ID 3623  
 PAYMENT TERMS Net 30  
 TRX REF # / PO #  
 CONTRACT REF  
 CONTRACT PERIOD

ITEM	DESCRIPTION	UNIT	QUANTITY	RATE	AMOUNT
LP01	Liability Claims Administration 10/01/2012 - 10/31/2012	Month	1	\$8,125.00	\$8,125.00

Dear Valued Client, Thank you for entrusting us with your business. As you know, we pride ourselves on being a customer oriented organization. Our goal is to help you strengthen your relationships, enhance your reputation and provide the highest quality solutions to protect your assets.

If you have any questions regarding this invoice, please contact Veda Page at [veda.page@yorkrsg.com](mailto:veda.page@yorkrsg.com) or 973-404-1143. If there are other ways we can help you, please contact anyone on your customer service team. Thank you.

**APPROVED**  
*By sadams at 8:47 am, Oct 09, 2012*

**TOTAL DUE \$8,125.00**

THANK YOU FOR CHOOSING YORK

**Electronic Payments To:**  
**York**  
 Wells Fargo Bank, NA., Summit, NJ  
 Account # 2000039122915  
 ABA# ACH:021200025/ Wire: 121000248

**Please Remit To:**  
**York**  
 Post Office Box 79704  
 City Of Industry, CA 91716-9704

**Overnight Deliveries To:**  
**York**  
 Wells Fargo Lockbox Box 79704  
 3440 Flair Drive  
 El Monte, CA 91731





# INVOICE

**BILL TO:**

**S.C.O.R.E. W/C**  
**Susan Adams**  
 c/o Alliant Insurance Services Inc.  
 1792 Tribute Road, Suite 450  
 Sacramento CA 95815

INVOICE #	500008151
DATE	10/1/2012
CLIENT ID	3621
PAYMENT TERMS	Net 30
TRX REF # / PO #	
CONTRACT REF	
CONTRACT PERIOD	

ITEM	DESCRIPTION	UNIT	QUANTITY	RATE	AMOUNT
WC01	Workers' Compensation Claims Administration 10/01/2012 - 10/31/2012	Month	1	\$7,895.00	\$7,895.00

Dear Valued Client, Thank you for entrusting us with your business. As you know, we pride ourselves on being a customer oriented organization. Our goal is to help you strengthen your relationships, enhance your reputation and provide the highest quality solutions to protect your assets.

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**APPROVED**

*By sadams at 8:49 am, Oct 09, 2012*

**TOTAL DUE \$7,895.00**

THANK YOU FOR CHOOSING YORK

**Electronic Payments To:**  
**York**  
 Wells Fargo Bank, NA., Summit, NJ  
 Account # 2000039122915  
 ABA# ACH:021200025/ Wire: 121000248

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**Overnight Deliveries To:**  
**York**  
 Wells Fargo Lockbox Box 79704  
 3440 Flair Drive  
 El Monte, CA 91731



**APPROVED**  
*By sadams at 2:12 pm, Nov 14, 2012*

# INVOICE

**BILL TO:**

**S.C.O.R.E. Liability**  
**Susan Adams**  
 c/o Alliant Insurance Services Inc.  
 1792 Tribute Road, Suite 450  
 Sacramento CA 95815

INVOICE # 500008281  
 DATE 11/1/2012  
 CLIENT ID 3623  
 PAYMENT TERMS Net 30  
 TRX REF # / PO #  
 CONTRACT REF  
 CONTRACT PERIOD

ITEM	DESCRIPTION	UNIT	QUANTITY	RATE	AMOUNT
LP01	Liability Claims Administration November 2012	Month	1	\$8,125.00	\$8,125.00

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**TOTAL DUE \$8,125.00**

THANK YOU FOR CHOOSING YORK

**Electronic Payments To:**  
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 ABA# ACH:021200025/ Wire: 121000248

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 City Of Industry, CA 91716-9704

**Overnight Deliveries To:**  
**York**  
 Wells Fargo Lockbox Box 79704  
 3440 Flair Drive  
 El Monte, CA 91731



**APPROVED**

*By sadams at 2:11 pm, Nov 14, 2012*

# INVOICE

**BILL TO:**

**S.C.O.R.E. W/C  
Susan Adams**

c/o Alliant Insurance Services Inc.  
1792 Tribute Road, Suite 450  
Sacramento CA 95815

INVOICE #	500008280
DATE	11/1/2012
CLIENT ID	3621
PAYMENT TERMS	Net 30
TRX REF # / PO #	
CONTRACT REF	
CONTRACT PERIOD	

ITEM	DESCRIPTION	UNIT	QUANTITY	RATE	AMOUNT
WC01	Workers' Compensation Claims Administration November 2012	Month	1	\$7,895.00	\$7,895.00

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**TOTAL DUE \$7,895.00**

THANK YOU FOR CHOOSING YORK

**Electronic Payments To:**

**York**  
Wells Fargo Bank, NA., Summit, NJ  
Account # 2000039122915  
ABA# ACH:021200025/ Wire: 121000248

**Please Remit To:**

**York**  
Post Office Box 79704  
City Of Industry, CA 91716-9704

**Overnight Deliveries To:**

**York**  
Wells Fargo Lockbox Box 79704  
3440 Flair Drive  
El Monte, CA 91731



# INVOICE

**BILL TO:**

**S.C.O.R.E. Liability**  
**Susan Adams**  
 c/o Alliant Insurance Services Inc.  
 1792 Tribute Road, Suite 450  
 Sacramento CA 95815

INVOICE #	500008412
DATE	12/1/2012
CLIENT ID	3623
PAYMENT TERMS	Net 30
TRX REF # / PO #	
CONTRACT REF	
CONTRACT PERIOD	

ITEM	DESCRIPTION	UNIT	QUANTITY	RATE	AMOUNT
LP01	Liability Claims Administration 12/01/2012 through 12/31/2012	Month	1	\$8,125.00	\$8,125.00

Dear Valued Client, Thank you for entrusting us with your business. As you know, we pride ourselves on being a customer oriented organization. Our goal is to help you strengthen your relationships, enhance your reputation and provide the highest quality solutions to protect your assets.

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<b>TOTAL DUE</b>	<b>\$8,125.00</b>
------------------	-------------------

THANK YOU FOR CHOOSING YORK

**Electronic Payments To:**  
**York**  
 Wells Fargo Bank, NA., Summit, NJ  
 Account # 2000039122915  
 ABA# ACH:021200025/ Wire: 121000248

**Please Remit To:**  
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 City Of Industry, CA 91716-9704

**Overnight Deliveries To:**  
**York**  
 Wells Fargo Lockbox Box 79704  
 3440 Flair Drive  
 El Monte, CA 91731



# INVOICE

**BILL TO:****S.C.O.R.E. W/C  
Susan Adams**c/o Alliant Insurance Services Inc.  
1792 Tribute Road, Suite 450  
Sacramento CA 95815

INVOICE #	500008411
DATE	12/1/2012
CLIENT ID	3621
PAYMENT TERMS	Net 30
TRX REF # / PO #	
CONTRACT REF	
CONTRACT PERIOD	

ITEM	DESCRIPTION	UNIT	QUANTITY	RATE	AMOUNT
WC01	Workers' Compensation Claims Administration 12/01/2012 through 12/31/2012	Month	1	\$7,895.00	\$7,895.00

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**TOTAL DUE \$7,895.00**

THANK YOU FOR CHOOSING YORK

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**Overnight Deliveries To:**
**York**  
 Wells Fargo Lockbox Box 79704  
 3440 Flair Drive  
 El Monte, CA 91731

**York Risk Services Group, Inc.**  
**Dec-12**

**Client:** SCORE - Small Cities Organized Risk Effort  
**Flat Rate:** \$7,895.00

<u>Member</u>	<u># of Open Claims</u>	<u>Invoice Amount</u>
City of Biggs	0	\$0.00
City of Colfax	2	\$173.52
City of Crescent City	10	\$867.58
City of Dorris	0	\$0.00
City of Dunsmuir	1	\$86.76
City of Etna	1	\$86.76
City of Ione	1	\$86.76
City of Live Oak	0	\$0.00
City of Montague	3	\$260.27
City of Mt. Shasta	12	\$1,041.10
City of Portola	5	\$433.79
City of Rio Dell	2	\$173.52
City of Shasta Lake	3	\$260.27
City of Susanville	19	\$1,648.41
City of Weed	4	\$347.03
City of Williams	5	\$433.79
City of Yreka	23	\$1,995.44
Town of Fort Jones	0	\$0.00
Town of Loomis	0	\$0.00
<b>Total</b>	<u>91</u>	<u>\$7,895.00</u>
<b>Flat Rate</b>	<u>\$7,895.00</u>	
<b>Total Invoice</b>	<u>\$7,895.00</u>	



**SBK RISK SERVICES, INC.**

4521 Oxbow Ridge Place  
Fair Oaks, CA 95628  
916 967-2880 Fax: 916 967-2881  
[jack.kastorff@comcast.net](mailto:jack.kastorff@comcast.net)  
916 747-JACK (5225) cell

November, 2012

Ms. Susan Adams  
Alliant Insurance Services  
1792 Tribute Rd # 450  
Sacramento, CA 95815

Invoice: # SCORE 10-12

**APPROVED**

***By sadams at 9:53 am, Nov 05, 2012***

Dear Susan:

Per our agreement, enclosed are our time and expense records for October 2012.

The total is \$10,654.78.

Thank you in advance,

Jack Kastorff, CSP, PE, ARM, ALCM, CPSI  
SBK Risk Services

CC: Roger Carroll  
Rudy Schroeder  
Tracey Smith-Reed, Gilbert Associates

SCORE Time and Expense Record										
Oct-12			Travel					Auto		
Location	Date	Time	Time	Miles	Parking/Tolls	Meals	Lodging	Rental	Misc	Description
Etna	10/1	0.50								t/c council member re PD issues
Etna	10/1	0.75								t/c citizen re liability issues, PD
Etna	10/2	1.00								emails re exposures
Colfax	10/2	0.50								emails re AB1234 training
Etna	10/3	0.25								email to citizen re program administrator
Susanville	10/3	0.25								email qestion re harassment
Etna	10/3	0.25								email from citizen
Etna	10/3	0.25								q's re releasing information
Etna	10/4	1.25								email, pd, felon in city, more
	10/5	0.25								Oct meeting prep
Etna	10/5	2.25								review citizen's complaints
Ft. Jones	10/9	0.50								t/c council member re HIPAA issues
Ft. Jones	10/9	6.50								HIPAA PREP
Ft. Jones	10/10	5.75								HIPAA incident emails, research
Ft. Jones	10/13	0.50								rental agreement emails
	10/20	3.00								meeting prep
	10/21	1.50								meeting prep
	10/22	5.50								meeting prep
Isleton	10/23	1.75								t/c's Dan re HR, WC, payments
Susanville	10/23	0.25								email re schedule
	10/24	5.00	2.5	125		\$15.00				travel, meetings
	10/25	10.50								meeeting
	10/26	6.50	3.0	125			\$397.38			meeting, travel, lodging
	10/29	0.25								t/c Montague re sewer
	10/29	0.50								Etna pd draft ltr
	10/30	7.75	3.8	210		\$44.00				on site discussions, ergo, a/t, more
	10/31	6.00				\$30.00	\$178.10			site visits, pd exposures
Totals		69.3	9.3	460	\$0.00	\$89.00	\$575.48	\$0.00	\$0.00	
Factors		118	118	0.555	118	1	1	1	1	
\$ Totals		8172	1091.5	255.3	\$0.00	\$89.00	\$575.48	\$0.00	\$0.00	
Grand Total										\$10,182.78



**SBK RISK SERVICES, INC.**

4521 Oxbow Ridge Place  
Fair Oaks, CA 95628  
916 967-2880 Fax: 916 967-2881  
[jack.kastorff@comcast.net](mailto:jack.kastorff@comcast.net)  
916 747-JACK (5225) cell

December 3, 2012

Ms. Susan Adams  
Alliant Insurance Services  
1792 Tribute Rd # 450  
Sacramento, CA 95815

Invoice: # SCORE 11-12

Dear Susan:

Per our agreement, enclosed are our time and expense records for November 2012.

The total is \$3,516.59

Thank you in advance,

Jack Kastorff, CSP, PE, ARM, ALCM, CPSI  
SBK Risk Services

CC: Roger Carroll  
Rudy Schroeder  
Tracey Smith-Reed, Gilbert Associates

**APPROVED**

***By sadams at 3:19 pm, Dec 04, 2012***

**SBK RISK SERVICES, INC.**  
4521 Oxbow Ridge Place  
Fair Oaks, CA 95628  
916 967-2880 Fax: 916 967-2881  
[jack.kastorff@comcast.net](mailto:jack.kastorff@comcast.net)  
916 747-JACK (5225) cell

January 3, 2013

Ms. Susan Adams  
Alliant Insurance Services  
1792 Tribute Rd # 450  
Sacramento, CA 95815

Invoice: # SCORE 13-1

Dear Susan:

Per our agreement, enclosed are our time and expense records for December 2012.

The total is \$1,577.98

The amount is low due to illness and injury. I am feeling much better now and have a knee replacement scheduled for late February

Thank you in advance,

Jack Kastorff, CSP, PE, ARM, ALCM, CPSI  
SBK Risk Services

CC: Roger Carroll  
Rudy Schroeder  
Tracey Smith-Reed, Gilbert Associates

Dec-12		SCORE Time and Expense Record								
			Travel					Auto		
Location	Date	Time	Time	Miles	Parking/Tolls	Meals	Lodging	Rental	Misc	Description
Loyalton	12/4	0.50								t/c h/r topics
Susanville	12/7	1.50								t/c pd
Loomis	12/13	0.50								Scheduling
	12/13	0.25								t/c/s Alliant
Loomis	12/14	7.00	1.5	36		\$24.00				on site
Dorris	12/20	0.50								Scheduling
Colfax	12/20	0.50								Scheduling
isleton	12/20	0.75								h/r issues
Totals		11.5	1.5	36	\$0.00	\$24.00	\$0.00	\$0.00	\$0.00	
Factors		118	118	0.555	118	1	1	1	1	
\$ Totals		1357	177	19.98	\$0.00	\$24.00	\$0.00	\$0.00	\$0.00	
Grand Total										\$1,577.98



<b>Member Organization</b>	<b>Total Active and Offline Users</b>	<b>Registered Users</b>	<b>Users Completing One or More Course</b>	<b>Courses Completed-Total</b>	<b>Users Completing One or More Custom Activi</b>	<b>Custom Activities Completed-Total</b>
City of Biggs	12	6	0	0	0	0
City of Colfax	19	11	8	22	5	5
City of Dorris	17	6	3	6	0	0
City of Dunsmuir	37	15	9	55	0	0
City of Etna	46	25	1	2	0	0
City of Isleton	2	1	0	0	0	0
City of Live Oak	14	2	0	0	0	0
City of Loyalton	1	1	0	0	0	0
City of Montague	18	9	7	37	0	0
City of Portola	30	10	2	8	14	15
City of Rio Dell	3	1	0	0	0	0
City of Susanville	3	2	0	0	0	0
City of Weed	2	1	0	0	0	0
Fort Jones Volunteer Fire Department	26	17	16	194	3	12
Loomis Fire Protection District	17	17	7	71	0	0
SCORE - Small Cities Organized Risk Effort	4	4	0	0	0	0
Town of Fort Jones	2	1	0	0	0	0
Town of Loomis	4	3	3	3	2	3
Weed City Fire	8	2	0	0	0	0
	265	134	56	398	24	35

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Tentative Dates	Activity	Completed by
<b>JANUARY 2013</b>		
<b>01/03/2013</b>	Obtain Electronic Loss Runs from York for Liability and Worker's Compensation	<b>AS</b>
<b>01/04/13</b>	<b>Request RSVP for January BOD Meeting</b>	<b>AS</b>
<b>01/10/13</b>	<b>Develop SCOREcards for Individual Members Risk Assessments</b>	<b>AS/SBK</b>
<b>01/25/13</b>	<b>Present the Long Range Planning derived Action Plan to Board of Directors</b>	<b>AS</b>
<b>01/10/13</b>	<b>LAWCX notice of SIR Increase to \$250,000</b>	<b>AS</b>
<b>01/25/13</b>	<b>SCORE Program Administrator Vendor Contract Renewal</b>	<b>AS</b>
<b>01/25/13</b>	<b>Present White Paper on effects of Cities/Members going bankrupt</b>	<b>AS</b>
<b>01/15/13</b>	<b>Prepare and send out RFP for Financial Audit Services</b>	<b>AS</b>
01/16/13	Send Loss Runs to Gilbert Associates for review	AS
01/16/13	<b>Confirm Attendance for BOD Meeting</b>	<b>AS</b>
01/03/13	Obtain Agenda items from all Vendors and Service Providers	AS
01/11/13	Staff Agenda Review	AS
01/21/13	Send PEPIP Renewal Information	AS
01/22/13	Collect DE-6/9 Reports for Q4 of 2012	AS
01/28/13	<b>Obtain Draft Quarterly Financials from Gilbert Associates</b>	<b>GB</b>
01/18/13	<b>Post January BOD Meeting Agenda on SCORE Website</b>	<b>AS</b>
<b>01/18/13</b>	<b>BOD Agenda – send out for 01/25/13 meeting</b>	<b>AS</b>
<b>01/25/13</b>	<b>Board of Directors Meeting – GAIA Anderson Hotel</b>	<b>BD/AS</b>
mtg	CJPRMA Refund Allocate to 2012/2013 Liability premium	BD
Mtg	3 <sup>rd</sup> quarter Investment Reports (as of 09/30) - submit for approval	BD
Mtg	3 <sup>rd</sup> quarter Financials (as of 09/30) - submit for approval	BD
Mtg	2013 Meeting Calendar - submit for approval	BD
Mtg	2013 Service Calendar - submit for approval	BD
Mtg	Equity Distribution Plan Discussion	BD
Mtg	Investment Policy - submit for approval	BD
Mtg	Marketing Plan & Renewal Timeline: submit for approval	BD
01/25/2013	Claims Administration Audit ( <i>even years ONLY</i> )	BD
Jan. 2013	Forward DE-6/9 Forms to CJPRMA for Premium Rating	AS
Jan. 2013	Submit Loss Runs to Actuary for studies in W.C. & Liability	AS
Jan. 2013	File Audit Financial Statements w/ Secretary of State, Sacramento County and Members	AS
Jan. 2013	Form 700s - mail to BD and Committee members – deadline 03/21/13	AS
Jan. 2013	4 <sup>th</sup> quarter (as of 12/31) DE-6 – request from Members	AS
Jan. 2013	Property Program - prepare specifications	AS

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Tentative Dates	Activity	Completed by
Jan. 2013	Liability/WC – renewal loss information - deadline for receipt from York	AS
Jan. 2013	Loss and Renewal Instructions - send to actuary	AS
Jan. 2013	WC/Liability – estimated WC payroll	AS
<b>FEBRUARY 2013</b>		
02/04/13	Annual Service Provider Performance Evaluations - send to members - reviewed by BD President	AS
02/04-06/13	PARMA Annual Risk Management Conference – Rancho Mirage, California	<b>BD/AS</b>
02/14/13	Crime Program – prepare and send applications to Members	AS
02/21/13	Reminder – Form 700s to Board and Alternate Members	AS
02/04/13	Collect PEPiP Renewal Apps from Members and Submit to Alliant Underwriting	AS
02/13/13	Prepare January Board Meeting Draft Minutes	AS
02/11/13	Review To Do List from Board Meeting	AS
02/15/13	Follow with Gilbert Associates for retro calculations	GB
02/19/13	Collect drafts of WC & Liability Actuarial Studies for March 2013 BOD meeting	AS
02/18/13	Follow up on Liability & WC Claims Audits(EVEN years ONLY)	AS
02/18/13	Request consent calendar items for March Agenda	AS
02/22/13	Request RSVP to members for March Board Meeting	AS
<b>MARCH 2013</b>		
03/01/13	Actuarial Study - receive draft and send to Gilbert Associates	AS
03/01/13-3/14/13	Begin work on Draft Budget for next Fiscal Year(Review and incorporate LAWXCX, ERMA, CJPRMA & PEPiP draft members into budget)	AS
03/12/13	Submit Pollution Program Renewal Applications to Members	AS
<b>03/15/13</b>	<b>Board Meeting Agendas – send out for 03/22/13 meeting</b>	<b>AS/York</b>
<b>03/22/13</b>	<b>March Board of Directors Meeting</b>	<b>BD</b>
Mtg	4 <sup>th</sup> quarter Investment Reports (as of 12/31) - submit for review	BD
Mtg	4 <sup>th</sup> quarter Financials (as of 12/31) - submit for review	BD
Mtg	Review and approve actuarial studies	BD
Mtg	Preliminary FY 2013/14 Budget - submit for review	BD
Mtg	Liability & WC Banking & Shared Layer – preliminary deposit calculation for review	BD
Mtg	Claims Auditor - evaluate and consider RFP (Liability odd years/WC even years)	BD
Mtg	Service Provider Performance Evaluations - submit responses for review	BD
Mtg	Actual to Budget Comparison for CY 2012-2013	AS
03/29/13	Review to do list from Board of Directors Meeting	AS

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Tentative Dates	Activity	Completed by
03/27/13	Find venue for October 2013 Training Day	BD/AS
03/28/13	Form 700s - receive from Board Members and Alternates	AS
03/29/13	Renewal Certificates List to members	AS
<b>APRIL 2013</b>		
04/01/13	Form 700s - file with FPPC	AS
04/08/13	Issue Payment for Treasurer's Bond	AS
04/10/13	Finalize March Board of Directors Draft Minutes	AS
04/30/13	CJPRMA Certificate Renewal List Due	AS
04/30/13	SCORE Certificate Renewal List Due	AS
04/11/13	Alliant begins contact with various contractors regarding renewal terms	AS
04/11/13	1 <sup>st</sup> Quarter DE-6 (as of 03/31) - request to members	AS
04/15/13	Send annual renewal certificate spreadsheets to members – due 1 month	AS
04/18/13	1 <sup>st</sup> quarter Losses - receive from York (as of 03/31)	GB
<b>04/29/13</b>	<b>Send CJPRMA Certificate Renewal List to CJPRMA</b>	<b>AS</b>
<b>04/25/13</b>	<b>Update Draft Budget to include updates from the March BOD meeting</b>	<b>AS</b>
04/26/13	Submit DE-6/9s to CJPRMA	AS
04/23/13	Banking Layer and Shared Risk Layer Calculations	AS
04/30/13	Crime Renewal App to ACIP	AS
<b>MAY 2013</b>		
05/02/13	Annual certificate renewal reminder to members	AS
05/02/13	Obtain PEPIP Renewal Proposals	AS
05/02/13	Obtain Quarterly Financials as of 3/31/2013	AS
05/06/13	Obtain Final Actuarial Reports for W.C. and Liability for June BOD Meeting	BD
05/16/13	W.C. & Liability Memorandum of Coverage FY 2013/14 – submit for approval	BD
05/29/13	Request Agenda Items from Vendors	BD
05/19/13	Send RSVP out to Board Members for June BOD Meeting	AS
05/25/13	Property Renewal Status Review	AS
<b>May 2013</b>	<b>Vendor contract signing and submission for approval</b>	<b>AS</b>
<b>JUNE 2013</b>		
06/13/13	Follow up on October Meeting Contracts	AS
06/11/13	Send Bind Orders for PEPIP Program	AS
<b>06/05/13</b>	<b>Insurance Certificate Renewal</b>	<b>AS</b>
<b>06/21/13</b>	<b>June Board of Directors Agenda - mail for 06/28/13 meeting</b>	<b>AS</b>
<b>06/28/13</b>	<b>June Board of Directors Meeting</b>	<b>BD</b>
mtg	Approve Risk Management Budget	RM
06/06/13	Claims analysis (as of 12/31)	RM

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Tentative Dates	Activity	Completed by
mtg	1 <sup>st</sup> quarter Investment Reports (as of 03/31) - submit for approval	BD
mtg	1 <sup>st</sup> quarter Financials (as of 03/31) - submit for approval	BD
mtg	FY 2013/14 Budget - submit final for approval	BD
mtg	Liability and WC FY 2013/14 Banking & Shared Risk Layer Program Deposits - submit final for approval	BD
mtg	Liability Memorandum of Coverage FY 2013/14 - submit for approval	BD
mtg	WC Memorandum of Coverage FY 2013/14 - submit for approval	BD
mtg	Property Program - provide report and allocations on renewal quotes	BD
mtg	Crime Program – provide report and allocations on renewal quotes	AS
06/27/13	Send certificates to Certificate Holders and Members	AS
06/25/13	Send Auto ID Cards to Members	AS
<b>JULY 2013</b>		
07/01/13	Send Program Invoices to ERMA, LAWCX, CJPRMA) to Gilbert Associates for payment	ALL
07/01/13	Finalize June Board of Directors draft minutes	AS
07/10/13	Follow up with President of the Board regarding items needing signatures	AS/BD
07/10/13	Finalize DE-6/9 Collection for Quarter ending 6/30/13	AS
07/15/13	Coordinate with Gilbert Associates and follow up regarding Member deposit premium payments	AS
07/15/13	Follow up with ACIP members regarding premium payments	AS
07/15/13	Property Summary – send to Members	AS
	Follow up on payments for ERMA, LAWCX, PEPIP, CJPRMA, etc	AS
07/15/13	Copy and Mail all signature items to members	AS
07/26/13	Request Consent Calendar items from vendors for August Board of Directors Meeting	AS
<b>AUGUST 2013</b>		
08/01/13	Submit LAWCX renewal apps to members in Worker's Compensation	AS/GB/FA
<b>08/01/13</b>	<b>Send RSVP requests to members</b>	<b>AS/BM</b>
<b>08/22/13</b>	<b>Begin Public Self/Insurers Report with the State of California</b>	<b>AS</b>
08/25/13	LAWCX Actual payroll Audit by class code	AS
<b>08/25/13</b>	<b>Submit Fiscal Year Financial Information to Auditor</b>	<b>AS</b>
<b>08/23/13</b>	<b>Send out Agenda for Board of Directors Meeting to all members</b>	<b>AS</b>
<b>08/30/13</b>	<b>August Board of Directors Meeting</b>	<b>AS</b>
mtg	Begin Selecting topics for Training Day Agenda	AS/BD
mtg	ACI Quarterly Utilization Reports: April 1, 2012 – June 30, 2012	AS
mtg	Quarterly Financials as of June 30 , 2012	GB
mtg	Select & Reserve October Training Day and Board meeting location	AS

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Tentative Dates	Activity	Completed by
<b>SEPTEMBER 2013</b>		
09/02/13	Review To Do list from August Board Meeting	AS
09/10/13	Finalize and email August Board Meeting draft minutes	AS
09/12/13	Begin Agenda for October Training Day	AS
09/09/13	Work with Board Members on finalizing October Training Day reservations and scheduling	AS
09/12/13	Request Consent Calendar Items from Vendors	GB
09/18-21/13	2013 CAJPA Fall Conference and Training Seminar – South Lake Tahoe	BD/AS
09/13/13	Financial Audit - review status	BD
09/20/13	Retrieve Loss Run data from York and determine if loss trends exist that can be addressed through training	AS
09/24/13	Develop Loss Analysis charts showing frequency and severity of claims by department and cause of loss to present at Training Day	AS
09/30/13	Draft Program Manuals	AS
09/02/13	Select Training Material and Trainer to present at Training Day Meeting in October 2013	AS
<b>OCTOBER 2013</b>		
10/03/13	Public Self Insurer's Annual Report for JPA & Members - file	AS/York
10/10/13	3 <sup>rd</sup> quarter DE-6 (as of 09/30) – request from Members	AS
10/14/13	File Controllers Report with the State of California	AS
10/11/13	Obtain ACI quarterly Utilization Reports	AS
10/16/13	List PARMA Conference on Board/Training Day agenda	AS
10/17/13	<b>Training and Board of Directors Agenda - mail for 10/10/12 meeting</b>	<b>AS</b>
10/24-25/13	<b>Training Day and Board of Directors Meeting</b>	<b>BD</b>
mtg	Present Loss Analysis Data to Board for review	BD
10/31/13	3 <sup>rd</sup> quarter DE-6 Reports - send to CJPRMA (as of 09/30)	AS
10/31/13	Program Manual to Members	AS
<b>NOVEMBER 2013</b>		
11/14/13	Property (location schedules), Liability & WC Programs (estimated payroll) - request renewal specifications for the next fiscal year, if needed	AS
11/14/13	Property Schedules to Members for review – deadline 30 days	AS
11/11/13	FY 2013/14 Marketing Plan & Renewal Timeline - submit for approval	BD
11/28/13	Property (PEPIP) Policy Notebooks – prepare and send to Members	AS
11/13/13	Follow up with LAWCX regarding W.C. Claims Audit	AS/GB
11/15/13	Finalize and send out October Training Day and Board Meeting Draft Minutes	AS
11/27/13	Send out renewal items for Property and Crime programs	AS



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Tentative Dates	Activity	Completed by
<b>DECEMBER 2013</b>		
12/02/13	Prepare 2014 Meeting Calendar – Include on agenda for January 2014 Board meeting	BD
12/05/13	Prepare 2014 Service Calendar - submit for approval	BD
12/10/13	Send PEPIP Policy and Post on SCORE website	BD
12/17/13	Request Agenda items for vendors to be included in the January 2014 Board of Directors Meeting	BD
12/20/13	Claims Administration Audit ( <i>GL &amp; WC even years ONLY</i> ) - submit for approval – Auditor makes presentation	BD
12/30/13	Financial Audit - mail to State of California and County of Sacramento	GB

DRAFT

**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.

**FISCAL IMPACT:** None

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

**ATTACHMENTS:**

1. ERMA Board of Directors Meeting Minutes – November 19, 2012
2. LAWCX Board of Directors Meeting Minutes – November 11, 2012
3. CJPRMA Board of Directors Meeting Minutes – December 20, 2012

**EMPLOYMENT RISK MANAGEMENT AUTHORITY (ERMA)  
MINUTES OF THE BOARD OF DIRECTORS  
MEETING OF NOVEMBER 19, 2012**

A regular meeting of the Board of Directors of ERMA was held on November 19, 2012, at the office of Bickmore in Sacramento, CA.

**BOARD MEMBERS PRESENT:** Jake O'Malley, President, MPA  
Craig Downs, Treasurer, VCJPA  
Debbie Stutsman, BCJPIA  
Dave Elias, CSJVRMA  
Judy Hayes, Housing Authority of Contra Costa Co.  
Florice Lewis, Oakland Housing Authority  
John Gillison, PARSAC  
Roger Carroll, SCORE  
René Mendez, MBASIA

**BOARD MEMBERS ABSENT:** Scott Ellerbrock, Vice President, PERMA

**ALTERNATE MEMBERS PRESENT:** Artesia Dupree, Oakland Housing Authority  
Joanne Rennie, PARSAC  
Greg Greeson, CSJVRMA  
Min-Lee Cheng, VCJPA

**ALTERNATE MEMBERS ABSENT:** Dan Weakley, BCJPIA  
Joe Kriskovich, MPA  
Kerry Trost, PERMA  
Joseph Villarreal, Housing Authority of Contra Costa Co.  
Daniel Dawson, MBASIA  
Stephanie Beauchaine, SCORE

**OTHERS PRESENT:** Karen Thesing, Executive Director  
Ruth Graf-Urasaki, Litigation Manager  
Rebecca Lane, Assistant Litigation Manager  
Nancy Broadhurst, Accounting Manager  
Charlotte Hemker-Smith, Legal Counsel  
Jaesa Ng, Administrative Assistant  
Karim Sabuwalla, Staff Accountant  
Rob Kramer, BCJPIA  
Chrissy Mack, CSJVRMA  
Jeanette Workman, CSJVRMA  
Susan Adams, SCORE  
Brian Kelley, VCJPA  
Mike Simmons, Alliant Insurance Services  
Connor Boughey, MBASIA  
Scott Tiedemann, Liebert Cassidy Whitmore

1. CALL TO ORDER

The November 19, 2012, Board of Directors' meeting was called to order at 10:34 a.m. by President Jake O'Malley.

2. INTRODUCTIONS

A majority of the members were present constituting a quorum.

3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

**John Gillison moved to approve the agenda as posted. Seconded by Craig Downs. Motion passed unanimously.**

4. PUBLIC COMMENTS

None.

5. CONSENT CALENDAR

**John Gillison moved to approve/accept the following items: A) Minutes of the June 18, 2012, Board of Directors' Meeting and Summary of Action Items; B) General Warrants from June 1, 2012, through October 31, 2012; C) Claims Payments from June 1, 2012, through October 31, 2012; D) Petty Cash Statement from June 1, 2012, through October 31, 2012; E) Treasurer's Report as of June 30, 2012, and September 30, 2012; F) Investment Performance Review as of June 30, 2012; G) EPL Excess Binder; H) ERMA 101 Training Webinar Attendee Report; I) Letter from Beth Pollard, BCJPIA Board President, Dated June 7, 2012; and J) Bickmore Bulletin: Disability and Retaliation Cases on the Rise. Seconded by Craig Downs. Motion passed unanimously.**

6. FINANCIAL MATTERS

A. Draft Audited Financial Statements for the Year Ended June 30, 2012

Prior to the meeting, the Board received the draft audited financial statements for the year ended June 30, 2012. Ms. Karen Thesing, ERMA Executive Director, introduced Mr. Bill Patterson who performed the audit and was present to review the report with the Board.

Mr. Patterson reviewed the draft report and noted that ERMA has received an unqualified opinion, meaning the statements are in accordance with generally accepted accounting principles.

Mr. Patterson informed the Board that net assets were \$28.2 million, reflecting an increase of \$4.6 million from June 30, 2011. Mr. Patterson pointed out that there was a decrease in liabilities of \$2.7 million from the prior year. He informed the Board that there has been an increase of \$7.3 million in equity. He noted that combined with the \$7.7 million increase at June 30, 2011, ERMA has had an approximate \$15 million increase in equity over the previous two years.

Mr. Patterson reviewed the statement of net assets, statement of revenues and expenses, statement of cash flows, footnotes to financial statements, and ten years of claims development information with the Board. Mr. Patterson noted that there has been favorable claims development in six of the last nine years.

**Craig Downs moved to receive and file the Audited Financial Statements as of June 30, 2012. Seconded by John Gillison. Motion passed unanimously.**

B. Financial Status Report for the Fiscal Year Ended June 30, 2012

Prior to the meeting, the Board received the internal financial statements and JPA performance report for the fiscal year ended June 30, 2012, prepared by Ms. Nancy Broadhurst, Accounting Manager. Ms. Broadhurst noted that these financial reports are usually in the Consent Calendar, for review/acceptance by the Board; however, once a year, they are discussed in detail.

Ms. Broadhurst noted that the Income Statement reflected claims payments were \$1.6 million, as of June 30, 2012, for all program years. She noted that she did a comparison of the claims payments over the last nine years and advised that the average claims payments of those nine years was \$3.6 million.

Ms. Broadhurst reviewed the Program Retained Earnings by Member. She noted that the program years 2002/03-2006/07 are virtually closed, except for the 2004/05 program year that has a small number of open claims. Ms. Broadhurst reminded the Board that ERMA's Retrospective Adjustment process calls for the oldest years to be adjusted, but keeps the most recent five years from being adjusted. She informed the Board that \$17.3 million of the surplus is in the most recent years. She advised that the Board would be discussing some options in February if there continued to be a surplus. She also indicated that ERMA has a significant amount of retained earnings at the 80% and 90% confidence levels.

Ms. Broadhurst then reviewed the Review of Financial Condition graph and noted that program years 2008/09 through 2011/12 show that revenue exceeded expenses and that they include additional Incurred But Not Reported (IBNR) to the 80% confidence level, showing that those years were very well funded.

Ms. Broadhurst next reviewed the JPA Performance Report with the Board and noted that as of June 30, 2009, ERMA has been continually placing assets in the portfolio each year. She noted that as of June 30, 2012, ERMA currently has \$28 million in cash and investments, which is a 20% increase from June 30, 2011. Ms. Broadhurst then reviewed the liabilities with the Board, noting that the liabilities have decreased over the last program year. She reviewed the Net Income/Loss, noting that the Net Income has been increasing since 2007, reflecting surpluses for the previous three years.

Ms. Broadhurst reviewed the Change in Claims Liabilities and Adverse Experience Indicators, noting that a good Loss Ratio is anything under 1.0, and that the Loss Ratio for 2004/05 and 2006/07 were over 1.0, but that the most current years are all under 1.0.

**Craig Downs moved to receive and file the Financial Status Report for Fiscal Year ended June 30, 2012. Seconded by Judy Hayes. Motion passed unanimously.**

7. TRAINING/LOSS PREVENTION MATTERS

A. Report on Target Risk Appraisals Conducted in 2011/12

Prior to the meeting, the Board received a report regarding the target risk appraisals approved by the Board for the 2011/12 program year and conducted by Ms. Ruth Graf-Urasaki. Ms. Graf-Urasaki noted that the report is currently in a draft form. She reminded the Board that the cities of Banning and Barstow received risk assessments in 2011/12. Ms. Graf-Urasaki reviewed the report with the Board, stating that both cities appear to be going in a positive direction. She noted that one of the cities had heavy losses due to their previous leadership in their police department, which changed about four years ago. Since this change, they have been moving in a positive direction. She noted that although the other City has had a lot of claims arise, only one was significant from a liability perspective. The others have appeared to be meritless claims and many have been dismissed on legal grounds. Ms. Graf-Urasaki noted that there will be a revision to the report regarding a claim for the City of Barstow that was dismissed on summary judgment.

It was expressed that the Board thought the report was very helpful.

**John Gillison moved to receive and file the target risk appraisal report for 2011/12. Seconded by Judy Hayes. Motion passed unanimously.**

B. Target Risk Appraisal Recommendations for 2012/13

Ms. Graf-Urasaki reminded the Board that staff reviews each member's loss performance for the last five years and members whose loss performance exceeds the target ratios calculations may warrant a risk assessment. After reviewing the calculation of target ratios, prepared by Ms. Broadhurst, Ms. Graf-Urasaki felt there were two cities that would benefit from a risk



assessment in the 2012/13 program year.

Ms. Graf-Urasaki recommended that the City of McFarland would benefit from a risk assessment, advising the Board that the City has had a number of claims with significant liability issues. Ms. Graf-Urasaki noted that the City of McFarland has a new City Manager that she feels is working to move forward in a positive direction, creating a positive partnership, and is open to a risk assessment.

Ms. Graf-Urasaki advised that the second City that she felt would benefit from a risk assessment is the City of Desert Hot Springs. She reminded the Board that the City has had risk assessments done in the past, the most recent one in 2009/10. Ms. Graf-Urasaki noted that the follow-up to that risk assessment in 2012 was positive, but the City has had new claims recently that warrant a risk assessment in 2012/13; thus, the Board can review the results in June 2013, and determine at that point if any action should be taken.

It was requested that the new Desert Hot Springs claims be agendaized in the next closed session to be discussed.

**Debbie Stutsman moved to direct the Litigation Manager to conduct a risk appraisal for the City of McFarland and the City of Desert Hot Springs, with a report to be presented to the Board at the June 2013 meeting. Seconded by Judy Hayes. Motion passed unanimously.**

8. ADMINISTRATIVE MATTERS

A. Proposals for Board Counsel Services

Ms. Thesing reminded the Board that an Ad Hoc Committee was formed at the June 18, 2012, Board of Directors' meeting to create a Request For Proposal (RFP) and to evaluate the responses. Ms. Thesing noted that the RFP was first sent out in August and four responses were received. The Committee elected to modify the requirements in the RFP and sent out a second RFP in October, which returned three more responses. Ms. Thesing informed the Board that the Committee elected to interview four of the seven respondents. After the interviews, the candidates were narrowed down to two, and after further review of their references, the Committee is prepared to make a recommendation for Board Counsel Services.

Ms. Thesing advised that the Committee would like to recommend Mr. Greg O'Dea, with Longyear, Lava and O'Dea. She reported that the Ad Hoc Committee unanimously determined that Mr. O'Dea would best fit ERMA.

Ms. Charlotte Hemker-Smith, Legal Counsel, advised that she would set up a transition meeting with herself, Ms. Graf-Urasaki, and Mr. O'Dea.

It was questioned if the motion at this meeting would be to approve the contract with

Mr. O'Dea. Ms. Hemker-Smith advised that the Board should request a letter of engagement from Mr. O'Dea. Ms. Thesing advised that the letter, including the negotiated rates, would be presented to the Board at the next Board of Directors' meeting and action would be taken at that time.

**Craig Downs moved to approve Mr. O'Dea as ERMA's Board Counsel January 1, 2013. Seconded by John Gillison. Motion passed unanimously.**

B. Bickmore Program Administration Contract – Expires June 30, 2013

President O'Malley advised the Board that the contract with Bickmore will be expiring on June 30, 2013, and that Bickmore has been the Administrator for ERMA since its inception in 1999. He asked the Board whether they would like to go out for proposals or should direct Bickmore to begin working on a renewal contract. Mr. Rob Kramer, Head of Administration Department Practice, advised that Bickmore staff would be happy to leave the room if the Board would like to discuss their options. The Board declined and President O'Malley volunteered to work with ERMA staff to bring a draft contract to the February Board meeting.

C. Bickmore Actuarial Services Contract – Expires June 30, 2013

President O'Malley advised the Board that the Actuarial Services contract with Bickmore will be expiring on June 30, 2013. He reminded the Board that Bickmore has done the actuarial work since ERMA's inception in 1999, and that they have switched actuaries within Bickmore twice. Ms. Thesing advised the Board that Bickmore's fees for Actuarial Services have remained constant for the last four years at \$9,840.

It was questioned if there are any benefits to switching actuaries regularly and if there are standards for actuaries. Ms. Nancy Broadhurst and Ms. Thesing advised the Board that there are no notable benefits to switching actuaries but that there are different approaches to actuarial reviews. Ms. Thesing noted that a peer review is an option if the Board has any concerns with keeping the same actuary.

Upon discussing, the Board directed ERMA staff to bring back a draft renewal contract to the February Board meeting, with three-year rates from Bickmore. The Board also requested to have staff bring back the cost of a peer review.

D. Appointment of Mary Ann Reilly as ERMA Board Secretary

It is the ERMA Board President's duty to appoint the Board Secretary. Since ERMA's prior Board Secretary was assigned to different accounts at Bickmore, a new Board Secretary must be appointed. Ms. Thesing stated Bickmore was recommending the appointment of Mary Ann Reilly, who has been with Bickmore for six years, serving as Analyst/Board Secretary for the CSJVRMA.

President O'Malley appointed Ms. Reilly as the ERMA Board Secretary.

E. Review of 13<sup>th</sup> Annual Workshop Agenda

Prior to the meeting, the Board received a draft agenda for the upcoming Annual Workshop to be held on February 14, 2013. Ms. Thesing reviewed the draft agenda and requested feedback from the Board. It was requested that an item be added regarding a discussion of the type of pool that ERMA is, and what type of pool ERMA is striving to be. It was also requested that ERMA staff include industry loss rates for schools.

President O'Malley requested members contact staff if they have any items they would like to be placed on the agenda.

9. MEMBERSHIP MATTERS

A. MBASIA Request for Board to Reconsider Late Reporting Penalties

Prior to the meeting, the Board received a copy of the letter from MBASIA to ERMA, requesting that the Board reconsider the newly adopted late reporting penalties. The Board also received a copy of President O'Malley's response to MBASIA's letter. Ms. Thesing reviewed the late reporting policy with the Board, reminding them that the current policy states that in the case of a late claim, the member's retention would increase no less than 25%. Since MBASIA has a \$500,000 Self-Insured Retention (SIR), they would have a significantly high penalty.

Mr. Rene Mendez, MBASIA Board Representative, and Mr. Connor Boughey, MBASIA's Pool Administrator, were present to address the Board. Mr. Boughey suggested that they would like to see the Board insert language in the current policy, that the penalty for late reporting be a minimum 25% increase of the member's SIR, or \$25,000, whichever is less.

President O'Malley requested input from the Board. Conversation ensued on the perspective of small versus large cities regarding financial matters. It was noted that a smaller city or agency with an SIR of \$50,000 would feel the impact of a minimum \$12,500 penalty, in a similar way that a large city or agency with a higher SIR of \$500,000 would feel a \$125,000 penalty. Ms. Hemker-Smith pointed out that this is how the Board originally came up with a percentage, rather than a number. Conversation ensued regarding the ERMA policy that the underlying member is responsible for reporting claims directly to ERMA, and how many of the underlying members of MBASIA are small cities. The question arose whether the penalty would be passed down to the underlying member, and if so, how the penalty would be applied to a membership of small cities. This brought up conversation regarding the SIRs of every member of each pool and if the penalty should possibly be based on these individual SIRs.

The Board determined that they would like to table making a decision and discuss the topic

again at the February meeting, with a commitment to make a decision at that time. It was questioned that if there was an amendment made to the policy in February, if the amendment would become retroactive to when the policy was first adopted, on July 1, 2012. It was noted that making the policy retroactive would avoid inconsistencies in claims that could come in during the time period that the current policy is in effect. It was also discussed that if the policy was not retroactive, then the decision is neutral and irrespective to any claim or any member.

The Board determined that they would make a decision at the February meeting about possibly making an amendment to the policy, and if the amendment was made then they would decide whether it should be made retroactive. The Board directed staff to bring to the February meeting an analysis of the financial impact to all ERMA members based on their member and Pool SIR, and the pros and cons of making an amendment retroactive. Ms. Thesing advised that staff would look at the analyses and bring a recommendation to the Board. It was further requested that staff also bring back a premium analysis for each member.

The board recessed for lunch at 12:15 p.m. and reconvened at 12:45 p.m.

#### 10. CLAIMS MATTERS

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

Pursuant to Government Code Section 54956.95(a), the Board recessed to closed session at 12:45 p.m. to discuss the following claims for the payment of employment practices liability incurred by the joint powers authority:

- Conteras/Martinez/Peden/Sgroi/Cota v. McFarland
- Hendricks v. Atwater
- Staiger v. Merced
- Sutton v. Delano
- Vombauer v. Murrieta
- Welch v. Murrieta

##### B. Report from Closed Session

The Board reconvened to open session at 1:25 p.m.

It was reported that the Board denied a City's appeal of the penalty for the City's failure to provide ERMA with evidence of compliance with the sexual harassment training requirements. Payment of the penalty is due on or before June 1, 2013.

It was also reported that the Litigation Manager was given settlement authority on one of the

matters on the closed session agenda.

11. CLOSING COMMENTS

A. Board

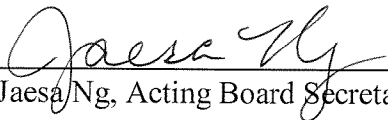
None.

B. Staff

None.

12. ADJOURNMENT

The November 19, 2012, ERMA Board of Directors' meeting adjourned at 1:25 p.m. by general consent.

  
\_\_\_\_\_  
Jaesa Ng, Acting Board Secretary

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

BOARD OF DIRECTORS MEETING  
NOVEMBER 13, 2012

A meeting of the Board of Directors of the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) was held at the Le Rivage Hotel in Sacramento, California.

DIRECTORS PRESENT: Scott Ellerbrock, Vice President, PERMA  
Jim Hill, ABAG SHARP  
Anne Cardwell, City of Benicia  
Katherine Casenave, CCCTA  
Robert Ford, City of Clovis  
Wendy Silva, CSJVRMA  
Jace Schwarm, City of Encinitas  
Glen Weeks, FASIS  
LeeAnn McPhillips, City of Gilroy  
Bill Henderson, City of Livermore  
Janet Hamilton, City of Lodi  
Rumi Portillo, Town of Los Gatos  
Steven Negro, MCLAIA  
Debra Gill, City of Pleasanton  
Louise Keniston, City of San Leandro  
Jodene Dunphy, City of Santee  
Janet Emmett, City of South Lake Tahoe  
Scott Corey, City of Suisun City  
Celeste Garrett, City of Vacaville  
Darrell Handy, City of Vallejo  
Ray Waletzko, VCJPA  
Dolores Gascon, City of Vista

ALTERNATES PRESENT: Rosa Kindred-Winzer, City of Merced  
Kin Ong, City of Placentia/PARSAC  
Jeanette Derobertis, City of Roseville

DIRECTORS ABSENT: Lucretia Akil, City of Alameda  
Charles Francis, BCJPIA  
Leslie Suelter, City of Coronado  
Deneen Proctor, City of Merced  
Tina Reza, City of Morgan Hill  
Sandy Abe, City of Newark  
Stephen Pischel, City of Placentia  
Joanne Rennie, PARSAC  
Lisa Achen, City of Roseville  
Clark Cashmore, City of Santa Maria  
Ted Marconi, SCORE

ALTERNATES ABSENT: Janet Kern, City of Alameda  
Moti Kumar, ABAG SHARP  
Beth Pollard, BCJPIA  
Kim Imboden, City of Benicia  
Lisa Rettig, CCCTA  
Margee Fallert, CSJVRMA  
Lori Shively, City of Clovis  
Courtney Barrett, City of Coronado  
Howard Wood, FASIS  
Kevin Young, City of Livermore  
Janice Magdich, City of Lodi  
Stephen Conway, Town of Los Gatos  
Chris Orman, MCLAIA  
Michelle Katsuyoshi, City of Morgan Hill  
Candice Basnight, City of Newark  
Steve Bocian, City of Pleasanton  
Michael Caton, PERMA  
Rita Romo, City of San Leandro  
Alicia Lara, City of Santa Maria  
Ashley Kite, City of Santee  
John Duckett, SCORE  
Ron Anderson, City of Suisun City  
Kenneth Bayless, VCJPA  
Nancy Hoffman, City of Vista

OTHERS PRESENT: Karen Thesing, Executive Director  
Jose Mederos, Recording Secretary  
Anita Holland, Accounting Manager  
Tammy Vitali, Claims Manager  
Richard Shanahan, Legal Counsel, Bartkiewicz, Kronick & Shanahan  
Rob Kramer, BCJPIA Administrator  
Adrienne Beatty, BCJPIA Assistant Administrator  
Jeanette Workman, CSJVRMA Administrator  
Brian Kelley, FASIS & VCJPA Administrator  
Susan Adams, SCORE Administrator  
Seth Cole, Alliant Insurance Services  
Jeff Johnston, Director of Risk Control Services, Bickmore  
Bill Patterson, Sampson, Sampson & Patterson (left at 11:06 a.m.)  
John Alltop, Actuary, Bickmore (left at 12:09 p.m.)  
Carlos Oblites, PFM



1. CALL TO ORDER

The meeting was called to order at 10:30 a.m. by President Scott Ellerbrock.

2. INTRODUCTIONS

Introductions took place of those present. A majority of the members were present constituting a quorum.

3. PUBLIC COMMENTS

None.

4. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

**Jace Schwarm moved to approve the agenda as posted. Seconded by Rosa Kindred-Winzer. Motion passed unanimously.**

5. CONSENT CALENDAR

**Jace Schwarm moved to approve/accept the following items: A) Summary of Action Items and Minutes from the June 12, 2012, Board of Directors' Meeting; B) JPA Performance Report as of June 30, 2012; C) Internal Financial Statements as of June 30, 2012; D) Treasurer's Report as of June 30, 2012; E) Actuarial Update of the Excess Workers' Compensation Program Liabilities as of June 30, 2012; F) Actuarial Peer Review Results; and G) Response to Actuarial Peer Review Results. Seconded by Ray Waletzko. Motion passed unanimously.**

6. PRESENTATIONS

A. Workers' Compensation Reform – Senate Bill 863

Ms. Tammy Vitali, Claims Manager, presented an overview of the workers' compensation reform bill: SB 863. The bill was sponsored by Senator DeLeon and approved by Governor Brown on November 18, 2012. Ms. Vitali explained this reform is the product of months of negotiation between labor union representatives and employers with input from public agency representatives with two principles in mind: 1) increase permanent disability to compensate for lasting effects of industrial injuries, and 2) significantly reduce rising costs to employers associated with providing medical care and benefits. Ms. Vitali then reviewed the key elements and major issues being addressed of Independent Medical Review (IMR), Liens, Medical Legal, Medical Provider Networks (MPN), other medical guidelines, Permanent Disability (PD), Supplemental Job Displacement Voucher (SJDV), and miscellaneous items associated with the reform.

The Workers' Compensation Insurance Rating Bureau's (WCIRB) revised projection on October 16, 2012, estimates the cost of benefits – including loss-adjustment expenses – will be \$620 million in 2013 and \$590 million in 2014, when the PD benefit increase is

fully implemented. Net savings for employers is now projected to be \$1.11 billion in 2013 and \$520 million per year beginning in 2014.

Ms. Vitali noted an unnamed source has estimated savings would increase system costs by \$351 million beginning in 2014 since the projected savings of \$631 million were not enough to offset an anticipated \$982 million increase in PD benefits.

7. WORKERS' COMPENSATION MATTERS

A. 2012 Compliance Survey Results

Ms. Vitali, updated the Board regarding the results of the 2012 Compliance Survey. Ms. Vitali reminded the Committee that in 2007, LAWCX adopted Resolution Number 3-2007, Establishing a Claims Management Policy for Members, to ensure high quality risk management and third party administration practices occur within the LAWCX membership. Ms. Vitali noted that all members had submitted a Compliance Survey and all responses submitted are now in accordance with the claims management policy in place. Ms. Vitali also noted that the Compliance Survey asks members to certify they attended at least one Board meeting during the fiscal year just ended.

8. FINANCIAL MATTERS

A. Audited Financial Statements for Fiscal Year Ended June 30, 2012

Ms. Anita Holland, LAWCX Accounting Manager, introduced Mr. Bill Patterson, Sampson, Sampson & Patterson, LLP, who conducted the financial audit for the fiscal year ended June 30, 2012. Mr. Patterson noted LAWCX will receive an unqualified opinion meaning the financial statements are in accordance with generally accepted accounting principles. Mr. Patterson informed the Board LAWCX's total revenues were \$9.2 million at June 30, 2012, representing a decrease of 5% from the prior year, and total expenses increased by more than 60% over the prior year. The increase is attributable to an increase in the expense associated with changes in claims liabilities as compared to the prior year. Total assets were \$66 million at June 30, 2012, an increase of 6% over the prior year. Mr. Patterson further stated the outstanding claims liabilities increased by \$5.9 million over the prior year, primarily due to recognition of claim liability of insured events attributable to the current fiscal year offset by favorable claim development of prior years. Mr. Patterson reviewed LAWCX's net assets from 2002 to current and noted LAWCX's net assets in 2002 were negative \$1.3 million and have now grown to a positive \$26.1 million. Mr. Patterson briefly reviewed the balance sheets, statements of cash flows, and notes to financial statements with the Board, as well as LAWCX's claims development.

**Rosa Kindred-Winzer moved to accept and file the audited financial statements for fiscal year ended June 30, 2012, as presented. Seconded by Jim Hill. Motion passed unanimously.**

B. Review of Annual Target Equity Ratios

Ms. Holland reminded the Board that the Target Equity Policy was approved by the Board in November 2006, and in November 2011, the policy was amended to require a review once every three years. The next review is scheduled for November 2014. Ms. Holland explained that standards for California Association of Joint Powers Authorities (CAJPA) accreditation require that LAWCX's Policy be considered when evaluating funding and dividends. The Policy includes five ratios which are updated annually as of June 30<sup>th</sup>. The results of the ratios at June 30, 2012, indicate all but one ratio is within target. The target ratio for equity to self-insured retention is 5 to 1. For the \$2 million to \$5 million pool layer only, the ratio is 1.17. However, Ms. Holland explained that keeping in mind the characteristics of an excess workers' compensation pool, this is not cause for immediate concern as this pooled layer has over \$5 million in assets and no incurred claims; only incurred but not reported claims (IBNR).

C. Discussion and Update Regarding Investment Portfolio

Ms. Holland, introduced Mr. Carlos Oblites with Public Financial Management (PFM), LAWCX's investment manager. Ms. Holland stated Mr. Oblites would be providing the Board with an update on the investment market and LAWCX's investments.

Mr. Oblites informed the Board LAWCX's portfolio has achieved a good rate of return on investments when compared to other investment alternatives. Past year's returns were competitive and were higher than the portfolio's benchmark return by 78 basis points (0.78%). The portfolio has performed well since inception, returning 3.85%, a return that is 34 basis points (0.34%) higher than the benchmark. Mr. Oblites noted the Merrill Lynch one to five year treasury index is used as a benchmark for the investments. Mr. Oblites reviewed market conditions and the types of securities held in LAWCX's portfolio, which are in compliance with the California Government Code and LAWCX's Investment Policy. Mr. Oblites concluded his presentation by giving an economic outlook on consumer spending, home sales, and GDP growth.

D. Annual Review of Investment Policy

Ms. Holland explained that staff, the LAWCX Treasurer, and PFM have reviewed the Investment Policy, which was approved by the Board of Directors in November 2011, and have determined it is in compliance with all current applicable California Government Code statutes regulating the investment of public funds that would require any revision to the Policy. As such, PFM does not propose any changes at this time.

**Jace Schwarm moved to adopt the Investment Policy with no changes. Kin Ong seconded the motion. Motion passed unanimously.**

E. 2012 Actuarial Study and Rate Setting for the 2013/2014 Program Year

LAWCX's actuary, Mr. John Alltop, presented the 2012 Actuarial Study which contained proposed pool funding rates for the 2013/2014 program year and outstanding liabilities as

of June 30, 2012. Mr. Alltop explained that discounting for investment income at the expected confidence level, the projected liability for outstanding claims is \$39,071,000 as of June 30, 2012. This amount represents a 12.8% increase over the prior year. The increase is mainly due to the recognition of current year liability in the amount of \$4,669,000. Also, projected ultimate loss is estimated to be \$83,064,00 (undiscounted) which is \$160,000 more than the prior study prepared in November 2011, which represents a 0% change. Projected discounted funding rates at the 80% confidence level on an average have increased 1.3% for safety rates and 3.9% for non-safety. Overall, the average estimated projected funding rates have increased by 2.9%. Mr. Alltop reviewed the projected loss rates and noted that the selected 2013/2014 loss rate would be \$2.307. The Board inquired whether the projected loss rates incorporated the 5% discount expected from workers' compensation bill 863. Mr. Alltop responded that the proposed rates include the 5% discount. Mr. Alltop also noted that LAWCX can expect a year-to-year increase of 7.5% in their rates, which represents a similar increase, as compared to other excess workers' compensation pools that Mr. Alltop works with. The Board questioned whether adding the 5% savings, due to reforms, is a premature decision and what would be the outcome if the Board waited another year to see the true and actual savings of any reforms. Mr. Alltop explained that actual savings are most likely to exceed the 5% figure, but 5% was agreed to be a conservative and accurate estimate. If the 5% discount is not taken into consideration until the next actuarial study is conducted, rates for this year would increase from 2.8% to roughly 8%, at the 80% confidence level.

**Kin Ong moved to accept the 2012 actuarial study and adopt the projected rates for the 2013/2014 program year. Seconded by Jodene Dunphy. Motion passed unanimously.**

**F. Discussion Regarding Discount Rate for 2013/2014 Program Year**

Ms. Holland reminded the Board that at the November 2011 strategic planning session, one of the top three items deemed most important to members was analyzing the confidence level used in determining actual losses vs. estimated losses (trend analysis) and whether the current discount rate is accurate. As such, at the Executive Committee meeting in February 2012, staff shared the results of a model developed by Bickmore's Actuarial Department that analyzed optimum discount rates for LAWCX. Based on June 30, 2011, data, the results produced a 3.93% yield. In part, based on the analysis, the Board of Directors ultimately adopted a 4.5% discount rate for 2012/2013 program year's budget with the intent of gradually decreasing the discount rate over time to lessen the financial impact to members. Ms. Holland noted that a decrease in the discount rate results in an increase in pooled rates, an increase in the value of claims liabilities, and a corresponding decrease in net assets. LAWCX's actuary has performed the same analysis this year which produces a 3.13% yield. Ms. Holland reviewed scenarios providing estimates for the 2013/2014 operating budget at varying interest rate assumptions and confidence levels. Ms. Holland noted that, a discussion on whether a change in discount rate over the prior year is warranted will take place during the February 2013 Executive Committee meeting.

The Board expressed concerns with regards to the table presented at the 75% confidence level and requested the Executive Committee to keep the current confidence level at 80% for future years.

The Board recessed for lunch at 12:09 p.m. and reconvened at 1:06 p.m.

9. RISK CONTROL MATTERS

A. Report on Risk Control Services for 2012/2013 Program Year

Jeff Johnston, Director of Risk Control Services, reminded the Board that for the 2012/2013 program year, LAWCX has again contracted with Bickmore to provide risk control services. The services for the current year are a deviation from past years, with the elimination of the point and menu system, in order to better meet the needs and interests of the members. Services available to all LAWCX members include phone consultations, program development, on-site training, and developing customized webinars. Members are allowed to access up to the equivalent of four days of services during the program year. Members also have unlimited access to Bickmore's technology-based resources through the LAWCX website, including blogs, sample programs that can be easily customized, answers to common questions, safety communications, webinars, and streaming videos. In addition, Bickmore recently released its new mobile application, which is a free, additional resource to Bickmore clients. The primary purpose of the application is to provide immediate and mobile access to elements of the Bickmore risk control portal. The target audience in developing the application was maintenance and public works employees; those employees that are typically out in the field and often lack regular access to desktop computers. Mr. Johnston reviewed the mobile application with the Board, highlighting a few of the most visited sections of the website.

10. ADMINISTRATIVE MATTERS

A. 2012 Board Membership Survey

Ms. Karen Thesing, Executive Director, reminded the Board that in January 2011, LAWCX conducted a Board self-evaluation survey in an attempt to gather membership feedback regarding Board meeting presentations, agendas, arrangements, and any other areas of Board meetings that members wished to discuss. The feedback received from this survey was excellent and served as a great tool to improve Board meetings and learn from the wants and needs of the membership. Staff is proposing to once again distribute a Board self-evaluation survey following the November 13, 2012, Board meeting.

**Jace Schwarm moved to approve distribution of a Board self-evaluation survey following the November 13, 2012, Board meeting. Celeste Garrett seconded the motion. Motion passed unanimously.**

B. 2011-2013 Goals and Objectives

Ms. Thesing explained that during the November 2011 Strategic Planning Session, the Board adopted Goals and Objectives for the next three program years and noted that a current update has been included in the Board agenda packet for review.

C. Resolution Amending Claims Management Policy for Members

Ms. Vitali explained that LAWCX participates in the California State Association of Counties Excess Insurance Authority (CSAC-EIA) for excess coverage. Since the last Executive Committee meeting in September 2012, staff learned that CSAC-EIA has recently amended their loss data specifications to include various changes pertaining to safety, non-safety, and breakout of indemnity benefits paid and reserved. As a result, LAWCX must amend the Claims Management Policy to include CSAC-EIA's new requirements. Ms. Vitali noted that staff will send the amended Policy directly to each member's third party claims administrator (TPA). The Board inquired whether a member would need to re-do their contract with their TPA to be in compliance with the new guidelines. Ms. Vitali explained that as long as the current contract has language similar to "other data requirements as requested," there is no need to execute another contract.

**Rosa Kindred-Winzer moved to approve the Resolution to Amend Claims Management Policy. Steve Negro seconded the motion. Motion passed unanimously.**

11. CLOSING COMMENTS

A. Board

None.

B. Staff

None.

12. ADJOURNMENT

The November 13, 2012, LAWCX Board of Directors meeting adjourned at 1:31 p.m. by general consent.

*Jose Mederos*

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Jose Mederos, Recording Secretary



**QUARTERLY FINANCIALS FOR PERIOD ENDING  
DECEMBER 31, 2012**

**ACTION ITEM**

**ISSUE:** Members receive quarterly reports on the financial status of SCORE. Gilbert Associates will present the SCORE's Financial Statements for the Quarter ending December 31, 2012 to the Board of Directors for their review.

**RECOMMENDATION:** Receive and file the Quarterly Financial Reports as presented.

**FISCAL IMPACT:** Unknown

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

**ATTACHMENTS:**

1. Quarterly Draft Financial Statements as of December 31, 2012 - *Handout*





## SCORE LONG RANGE PLANNING SESSION

### INFORMATION ITEM

**ISSUE:** SCORE held their 2012 Long Range Planning Meeting on October 25th-26th, 2012 to discuss specific issues that may impact the JPA in the future. These key issues included: the amount of risk SCORE is willing to retain, funding levels including confidence levels and discount rates used to pay losses funded in the future and various membership issues. The Board took action on several items, and Staff will provide updates on the status of completion as well as provide additional information to facilitate taking action on the remaining issues.

**FISCAL IMPACT:** TBD

**RECOMMENDATION:** The Board should review the *Draft LRP Action Plans* provided for each of these items, including the additional information provided and request any additional information or clarification on each of the items if necessary.

**BACKGROUND:** SCORE held its 2012 Long Range Planning Session on October 25th-26th, 2012. The Board was presented with reports and information to assist them in making decisions on the items presented for the future of the JPA.

**ATTACHMENT(S):** Long Range Planning Items updated with action taken and the current status.

**Item I.1.a**

**Discounting For Investment Income**

**TOPIC:** SCORE currently discounts expected losses as determined by our Actuary by 3% to offset investment income earned on our investments. With interest rates at an all time low, SCORE should review the discounting practices as they relate to actual investment income to determine appropriate discount levels for future funding.

Workers' Compensation and Liability programs will be evaluated separately due to the timing of loss payments and/or settlement of claims differences between these two programs.

At today's meeting, SCORE's actuary Mike Harrington from Bickmore will provide the Board with information that will assist with the discussion points below.

**DISCUSSION POINTS:**

1. Review of interest earned on investments for the past 5 years as compared with discount rate amounts SCORE has used for funding losses in the banking and shared risk layers.
2. What is the payout pattern for Workers' Compensation claim payments made or settled?
3. What is the payout pattern for Liability claim payments made or settled?
4. What are other primary JPAs using as discount factors?

**OBJECTIVE:** To determine if SCORE should reduce the discount rate used to fund for payment of future losses.

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**ACTION(s)/DELIVERABLE(s):** The Board discussed reducing the discount rate used to fund for future payment of losses and decided to leave the discount rate at 3%. The Board decided that it is very important to them that they maintain stable contributions the next few years. Therefore, the Board decided that in 2013-14 SCORE will fund contributions at a maximum 3% increase, which may require offsetting any increase in contributions from equity. In 2014-15 SCORE will follow the same increase subject to review of outstanding liabilities at various confidence levels to determine if this course of action is sustainable or should be amended.

**DEADLINE(s):** July 1<sup>st</sup>, 2013

**FINANCIAL IMPACT:** Unknown

**RESPONSIBILITY:** Program Administrator.

**Item I.1.b.**

**Confidence Level Funding**

**TOPIC:** SCORE currently funds losses for future payments at the 70% confidence level for both the Workers' Compensation and Liability programs. What this means is that SCORE is confident that 7 out of 10 times, we have funded those programs adequately.

During Long Range Planning in 2010, SCORE realized they had excess equity in the programs and developed an Equity Distribution Program and also approved decreasing the confidence level funding to 70% effective July 1, 2011.

SCORE has funded their program as different confidence levels since inception. Most recently the confidence levels have been:

*2000/2004 = 70%      2004/2007 = 80%      2007/2010 = 85%      2010/2012 = 70%*

**DISCUSSION POINTS:**

1. Review of Equity in Workers' Compensation Program
2. Review of Equity in Liability Program
3. Review of actual expected losses to projected losses – WC
4. Review of actual expected losses to projected losses - Liability

**OBJECTIVE:** Determine if SCORE should increase the confidence level used in funding future losses.

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**ACTION(s)/DELIVERABLE(s):** The Board discussed increasing the confidence level used to fund for future payment of losses and decided to leave the confidence level at 70%. The Board decided that it is very important to them that they maintain stable contributions the next few years. Therefore, the Board decided that in 2013-14 SCORE will fund contributions at a maximum 3% increase, which may require offsetting any increase in contributions from equity. In 2014-15 SCORE will follow the same increase subject to review of outstanding liabilities at various confidence levels to determine if this course of action is sustainable or should be amended.

**DEADLINE(s):** July 1<sup>st</sup>, 2013

**FINANCIAL IMPACT:** Unknown

**RESPONSIBILITY:** Program Administrator.

**Item I.1.c.**

**Workers' Compensation Self-Insured Retention (SIR) Analysis**

**TOPIC:** SCORE currently retains the first \$150,000 of each claim resulting from Workers' Compensation loss. SCORE has enjoyed this low retention (compared to other JPAs) since 1998. From 1993 to 1998 SCORE's SIR was \$250,000.

We have discussed increasing the retention to \$250,000 in previous Long Range Planning meetings as we acknowledged that at some time in the future our excess WC provider, LAWCX will request us to increase our SIR. We are the only member of LAWCX with a \$150,000 SIR.

The Board will be presented with exhibits and information that will assist with the following discussion points:

**DISCUSSION POINTS:**

1. What will be the additional cost to increase the SIR from \$150K to \$250K?
2. How will that impact our premium we pay to LAWCX
3. What have SCORE's actual losses been in the \$100K xs \$150K layer?
4. Is it in SCORE's best interest to increase the SIR?

---

**ACTION(s)/DELIVERABLE(s):** Members reviewed the information provided and took action to increase the Workers' Compensation Self-Insured Retention to \$250,000 effective July 1, 2013. The additional funding estimated by our actuary is offset by the reduction in premium paid to LAWCX. Analysis of losses in this layer also confirmed that SCORE has the ability to retain this additional exposure.

**DEADLINE(s):** Notify LAWCX of SIR Increase by March 31, 2013..

**FINANCIAL IMPACT:** Minimal as the additional cost to fund this layer is offset by a reduction in the excess premium.

**RESPONSIBILITY:** Program Administrator

**ATTACHMENT:** Notice to LAWCX Letter for SIR increase to \$250,000.



November 8, 2012

Ms. Karen Thesing  
Executive Director  
LAWCX  
1750 Creekside Oaks Drive, Suite 200  
Sacramento, CA 95833

RE: SMALL CITIES ORGANIZED RISK EFFORT JPA (SCORE)

Dear Karen:

SCORE recently held a Long Range Planning meeting at which one of the topics we discussed was increasing our Workers' Compensation Self Insured Retention.

I'm pleased to let you know that effective July 1, 2013; the SCORE Board of Directors has decided to increase their SIR from \$150,000 to \$250,000.

If you have any questions or need any additional information, please let us know.

Sincerely,

Susan Adams  
SCORE  
Program Administrator

Cc: Mr. Ted Marconi, City Mt. Shasta

Item I.1.d.

## Employment Practices Liability Coverage

**TOPIC: Should SCORE offer Employment Practices Liability coverage to all members within our retained limit?**

Currently 10 of SCORE members purchase Employment Practices Liability (ELP) Insurance for Employment Risk Management Authority (ERMA) JPA. The limits of coverage are \$500,000 and each member has a \$25,000 deductible. ERMA provides training for all their members. SCORE members that are not in ERMA, self-insure this exposure. SCORE's Liability Memorandum of Coverage (MOC) excludes Employment Practices Liability.

SCORE is afforded EPL coverage through CJPRMA our excess liability provider for losses exceeding \$500,000 per claim.

At today's meeting, SCORE's Actuary, Mike Harrington from Bickmore Risk Services will present information to the Board assist in the discussion points below.

### DISCUSSION POINTS:

1. What is the additional cost to members to fund for this coverage?
2. Would this coverage be mandatory for all members of SCORE's Liability program?
3. Are there differences in the coverage provided by ERMA and CJPRMA?
4. Why would SCORE want to provide this coverage?
5. How would SCORE provide EPL training for members and what would be the cost?

**OBJECTIVE:** Determine if SCORE should self insure Employment Practices Liability coverage?

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**ACTION(s)/DELIVERABLE(s):** After a very thorough analysis of the financial exposure for this risk the Board decided to remain with ERMA for this coverage.

**DEADLINE(s):** N/A

**FINANCIAL IMPACT:** N/A

**RESPONSIBILITY:** None

Item I.1.e.

## Pool Vendor Partnerships

### What is Working Well and What Isn't

**TOPIC:** SCORE has relationships with other Joint Power Authorities that provide coverage to SCORE. The major coverage providers are:

1. CJPRMA - SCORE's Excess Liability provider since 1986.
2. LAWCX – SCORE's Excess Workers' Compensation provider since 1993.
3. ERMA – Employment Practices Liability provider to 10 SCORE members since 1999.

This time has been allocated to allow members to discuss “What is Working Well and What Isn't” with these providers, if there are any issues with any of these providers.

#### DISCUSSION POINTS:

1. Are there any concerns with any of these providers?
  - a. Financial?
  - b. Cost?
  - c. Claims Handling?
  - d. Coverage?
  - e. Service?
2. How next steps should SCORE take if there are issues with any of the carriers?
3. Are there programs/services that these providers could assist SCORE members as respects risk transfer, risk management, training or other services?

**OBJECTIVE:** To allow SCORE members an opportunity to discuss their coverage partners and express any concerns, suggestions, or recommendations regarding these partners.

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**ACTION(s)/DELIVERABLE(s):** The group consensus was that everyone was generally satisfied with the excess pool partnerships that SCORE has formed and no changes are needed.

**DEADLINE(s):** Ongoing

**FINANCIAL IMPACT:** None

**RESPONSIBILITY:** Staff



**Item I.1.f.**

## **Emerging Issues**

**TOPIC:** The Board members were contacted prior to this meeting by Ms. Marylin Kelley today's facilitator to solicit topics the Board would like to discuss. This is also a time to discuss emerging issues that SCORE members will be educated on.

**DISCUSSION POINTS:**

1. Topics the Board requested be discussed.
2. Emerging Issues Follow-up/Deadlines/Expectations

**OBJECTIVE:** This time is provided for the members to discuss or request information on emerging issues that may affect the JPA in the near future.

---

**ACTION(s)/DELIVERABLE(s):** None

**DEADLINE(s):** Ongoing

**FINANCIAL IMPACT:** None

**RESPONSIBILITY:** Staff to address if issues arise in the future.

Item I.2

**SCORE LONG RANGE PLANNING ACTION PLAN**  
**INFORMATION ITEM**

**ISSUE:** Staff will review with the Board, the Action Plan that was created from the Long Range Planning meeting.

**RECOMMENDATION:** Staff recommends the Board provide recommendations, suggestions, feedback on each of these items and direct Staff as necessary.

**FINANCIAL:** Unknown

**BACKGROUND:** SCORE held its 2012 Long Range Planning Session on October 25th-26th, 2012. The Board was presented with reports and information to assist them in making decisions on the items presented for the future of the JPA.

**ATTACHMENT(S):** *Draft LRP Action Plans* and supporting documents

## SCORE 2012 Long Range Planning Bodega Bay Action Plan

ITEM	TITLE	ACTION	RESPONSIBILITY	DEADLINE
1.	<b>PROGRAM FUNDING</b>	<ol style="list-style-type: none"> <li>1. SCORE's actuarial analysis currently uses a 3% Investment Discount. SCORE funds at the 70% confidence level.</li> <li>2. In 2013-14 SCORE will fund at a maximum 3% increase, which may require offsetting funds from assets.</li> <li>3. In 2014-15 SCORE will follow the same increase subject to review of outstanding liabilities at various investment levels and confidence levels to determine if this course of action should be amended.</li> </ol>	<ol style="list-style-type: none"> <li>1. N/A</li> <li>2. Alliant Staff, BOD</li> <li>3. Alliant Staff; BOD</li> </ol>	<ol style="list-style-type: none"> <li>1. N/A</li> <li>2. March 2013</li> <li>3. November 2013 and March 2014</li> </ol>
2.	<b>WC PROGRAM SELF INSURED RETENTION</b>	<ol style="list-style-type: none"> <li>1. SCORE will increase the pool layer from \$150,000 each occurrence to \$250,000 each occurrence.</li> <li>2. SCORE will advise LAWCX prior to the deadline of 3/30/2013 of change in the LAWCX attachment.</li> </ol>	<ol style="list-style-type: none"> <li>1. Alliant Staff</li> <li>2. Alliant Staff</li> </ol>	<ol style="list-style-type: none"> <li>1. March 2013</li> <li>2. March 2013</li> </ol>
3.	<b>RISK MANAGEMENT – SEWER BACKUP</b>	<p><i>Enhance services to provide improved loss control in the area of sewer backups.</i></p> <ol style="list-style-type: none"> <li>1. Work with CJPRMA to determine if they are partnering with David Patzer for Sewer Backup preparedness training services.</li> <li>2. Ask David Patzer to attend the Winter Board Meeting to introduce the current sewer backup preparedness services he provides.</li> <li>3. Working through CJPRMA, if possible, schedule visits with David Patzer and cities with sewer services.</li> <li>4. Follow up with cities to ensure finalization of any changes to their sewer backup preparedness programs</li> </ol>	<ol style="list-style-type: none"> <li>1. Alliant</li> <li>2. Alliant/David Patzer</li> <li>3. Alliant Staff; SCORE Members</li> <li>4. Alliant Staff; David Patzer; SCORE Members</li> </ol>	<ol style="list-style-type: none"> <li>1. November 2012</li> <li>2. January 2013</li> <li>3. Spring 2013</li> <li>4. 2013</li> </ol>
4.	<b>RISK MANAGEMENT – 20 PRACTICAL STEPS TO CLAIMS AVOIDANCE</b>	<ol style="list-style-type: none"> <li>1. Based on review of current SCORE loss trends, develop a white paper for the SCORE Members on the topic of “20 Practical Steps to Claims Avoidance”</li> <li>2. Should specifically address SCORE highest loss exposures</li> <li>3. Should not be generic</li> </ol>	Alliant staff; Jack Kastorff	Spring 2013
5.	<b>RISK MANAGEMENT - INSOLVENCIES</b>	<p>Develop white paper to address the implications of the insolvency or bankruptcy of a SCORE Member.</p> <p>Specifically address:</p>	Alliant Staff with JPA Legal Counsel	January 2013

## SCORE 2012 Long Range Planning Bodega Bay Action Plan

ITEM	TITLE	ACTION	RESPONSIBILITY	DEADLINE
		<ol style="list-style-type: none"> <li>1. Impact of bankruptcy or insolvency on the ability of SCORE to collect premiums and assessments;</li> <li>2. Impact of bankruptcy of a SCORE Member on their banking layer equity;</li> <li>3. Review of SCORE JPA Agreement and Bylaws and recommendations for change, if any needed.</li> </ol>		
6.	<b>RISK MANAGEMENT - SCORECARDS</b>	<ol style="list-style-type: none"> <li>1. Review with Safety Consultant (Jack Kastorff) development of SCORECARDS to address safety and also risk management practices of Members</li> <li>2. Conduct safety &amp; risk management reviews with each SCORE Member               <ol style="list-style-type: none"> <li>a. Write a report and deliver to each Member and Program Administrator</li> <li>b. Provide SCORECARD for each Member to Member and Program Administrator</li> </ol> </li> <li>3. Work with Members as SCORECARD and reports are completed to enhance Member ability to control risk</li> <li>4. Work on cooperative basis with Members who have difficulty meeting safety and/or risk management guidelines</li> <li>5. Develop policy and procedure on Risk Management Audit Process</li> </ol>	<ol style="list-style-type: none"> <li>1. Alliant Staff &amp; Safety Consultant</li> <li>2. Safety Consultant</li> <li>3. Safety Consultant &amp; Alliant Staff</li> <li>4. Safety Consultant &amp; Alliant Staff</li> <li>5. Alliant Staff</li> </ol>	

Item I.2.c.

## RISK MANAGEMENT

### SEWER BACKUPS

**TOPIC:** SCORE has experienced an increase in sewer claim activity recently, highlighting the need for increased training opportunities in the area of sewer backups and waste water risk management.

**OBJECTIVE:** To reduce the frequency and severity of claims arising out of Sewer Backups by providing members with training available through our excess liability coverage provider, CJPRMA. They contract with David Patzer to offer this training to members.

#### ACTION TO BE TAKEN:

1. Work with CJPRMA to determine if they are partnering with David Patzer for Sewer Backup preparedness training services.
2. Ask David Patzer to attend the Winter Board Meeting to introduce the current sewer backup preparedness services he provides.
3. Working through CJPRMA, if possible, schedule visits with David Patzer and cities with sewer services.
4. Follow up with cities to ensure finalization of any changes to their sewer backup preparedness programs

**STATUS:** Staff contacted David Patzer and has scheduled two training to be held in February. The topic is **Sanitary Sewer Overflows and Backups: *New State Water Resources Control Board Requirements and the Latest Risk Management Strategies***. One class will be held in Redding and the other in Yuba City. Members are encouraged to send managers or supervisors from the Sewer and/or Wastewater departments to this training. Announcements were sent to each member to outline the schedule and location of each training offering.

**DEADLINE(s):** Ongoing

**FINANCIAL IMPACT:** Minimal – cost of drinks and snacks at the training facilities.

**RESPONSIBILITY:** Program Administrator, SCORE Members and David Patzer.

**ATTACHMENT:** *Sewer and Wastewater Training Seminar Brochure from David Patzer.*

# Sanitary Sewer Overflows and Backups: New State Water Resources Control Board Requirements and the Latest Risk Management Strategies



## Operating a sewer system carries great risks.

**Regulatory Liability:** The State Water Resources Control Board (SWRCB) Office of Enforcement has increased the pace of Sanitary Sewer Management Plan (SSMP) audits. The lessons gleaned from those already conducted provide great insight into HOW the SSMP regulations are being interpreted and enforced. Increasingly, the same issues are being cited in audit after audit. Dischargers ignore these free lessons at their own peril.

Enforcement actions and monetary penalties have increased dramatically as a result of the SWRCB's Enforcement Policy that requires consideration of economic benefit when determining penalties. The following quote from Julie Macedo, Sr. Staff Counsel for the SWRCB, during a recent enforcement action offers insight into how the SWRCB views economic decisions dischargers may make regarding such things as deferred maintenance:

*"Delayed maintenance issues are not Acts of God. There were several unresolved issues that were known and should have been repaired prior to the spill."* -The Tribune News September 8, 2012

**Civil Liability:** Clean Water Act Lawsuits for sewer spills and sewer backups damaging private property are among the more common civil liability risks dischargers must navigate. The good news is that there are specific risk management strategies for both reducing the likelihood of these occurring and magnitude of the loss when they do occur.

These risk management approaches are often easy and inexpensive to implement. Unfortunately, many dischargers have ignored the hard lessons others have learned and are doomed to repeat them.

## But these risks are manageable.

Join us for this workshop where attendees will discover the latest changes to the SSMP regulations, the most frequently cited issues during SSMP inspections and the latest risk management tools to effectively manage the risks surrounding sanitary sewer overflows and backups.

**This seminar is designed for Public Works Directors, Collection System Managers and Supervisors**

**Be Prepared To Effectively and Efficiently Manage the Regulatory and Civil Liability Surrounding Sewer Overflows and Backups!**

**SPEAKER:** David Patzer, CA Sanitation Risk Management Authority Risk Control Advisor, DKF Solutions Group, LLC

**WHEN & WHERE:** February 19, 9-12 City of Yuba City, 302 Burns Drive, Yuba City  
**AND**

February 21, 9-12 City of Redding, 777 Cypress Avenue, Redding (NOTE: Go to the detached building to the east (left when looking at the front entrance) of the large 3 story main building)

**REGISTRATION:** **NCCSIF MEMBERS:** Please email Johnny Yang [JYang@alliantinsurance.com](mailto:JYang@alliantinsurance.com)

**SCORE MEMBERS:** Please contact Laurence Voiculescu [LVoiculescu@alliantinsurance.com](mailto:LVoiculescu@alliantinsurance.com)

Item I.2.d.

## **RISK MANAGEMENT**

### **20 PRACTICAL STEPS TO CLAIMS AVOIDANCE WHITE PAPER**

**TOPIC:** Based on review of current SCORE loss trends, the Board of Directors gave direction to Staff and SBK Risk Services to develop a white paper for Members on the topic of “20 Practical Steps to Claims Avoidance”. Staff will provide an update on the status of the document and a tentative date of completion.

**OBJECTIVE:** To reduce the frequency and severity of losses to members and SCORE.

**ACTION PLAN:**

1. Based on review of current SCORE loss trends, develop a white paper for the SCORE Members on the topic of “20 Practical Steps to Claims Avoidance”
2. Should specifically address SCORE highest loss exposures
3. Should not be generic

**STATUS:** Staff is working with SBK on writing this document to present at the March Board meeting.

**DEADLINE(s):** Ongoing

**FISCAL IMPACT:** Unknown

**RESPONSIBILITY:** Program Administrator and Jack Kastorff, SBK Risk Services

**ATTACHMENTS:** None.



Item I.2.e

## **RISK MANAGEMENT**

### **MEMBER INSOLVENCIES**

**TOPIC:** Staff and Legal Counsel were directed to develop and submit to the Board a white paper addressing the implications of insolvency or bankruptcy of a SCORE Member. Staff will provide an update on the status of completion for the document.

**OBJECTIVE:** Develop a white paper that is a bullet point discussion of what affects a member bankruptcy might have under our governing documents, particularly regarding the retrospective premium deposits owed.

**ACTION PLAN:** Develop a white paper on the implications of insolvency or bankruptcy of a SCORE Member on the JPA that specifically addresses:

1. Impact of bankruptcy or insolvency on the ability of SCORE to collect premiums and assessments;
2. Impact of bankruptcy of a SCORE Member on their banking layer equity;
3. Review of SCORE JPA Agreement and Bylaws and recommendations for change, if any is needed.

**STATUS:** Staff is working with Board Counsel on creating this document to be presented at the March Board meeting.

**DEADLINE(s):** March 2013

**FINANCIAL IMPACT:** Unknown.

**RESPONSIBILITY:** Program Administrator and Legal Counsel.

**ATTACHMENT:** None

## **DISCUSSION OF RISK MANAGEMENT SCOREcards FOR USE IN CITY RISK ASSESMENTS**

### **INFORMATION ITEM**

**TOPIC:** Staff and Jack Kastorff, SBK Risk Services were directed to develop a SCOREcard template for use in future individual member Risk Assessments. The cards have the purpose of better addressing safety and risk management practices of Member Cities in SCORE.

**OBJECTIVE:** Develop a SCOREcard template that will address all the above issues and provide members with an action plan on how to implement an effective risk management strategy.

#### **ACTION PLAN:**

1. Conduct safety & risk management reviews with each SCORE Member
  - a. Write a report and deliver to each Member and Program Administrator
  - b. Provide SCORECARD for each Member to Member and Program Administrator
2. Work with Members as SCORECARD and reports are completed to enhance Member ability to control risk
3. Work on cooperative basis with Members who have difficulty meeting safety and/or risk management guidelines
4. Develop policy and procedure on Risk Management Audit Process

**STATUS:** The Program Administrator is currently working with the loss control vendor (SBK/Jack) on developing this risk assessment template and will deliver it to SCORE Members as soon as it is completed.

**DEADLINE(s):** Ongoing

**FINANCIAL IMPACT:** Unknown.

**RESPONSIBILITY:** Program Administrator and SBK Risk Services.

**ATTACHMENT:** None

**Agenda Item I.3.a.**

**WORKERS' COMPENSATION RETROSPECTIVE RATING PLAN  
CALCULATIONS**

**INFORMATION ITEM**

**ISSUE:** The Board should review the Retrospective Adjustment calculations for the Workers' Compensation Program provided by Gilbert Associates. These calculations are based on 6/30/12 claims loss data and financials. This calculation is presented for Board review as well as a tool for deciding the amount of dividends that should be issued out of each program, if any at the March 2013 Board meeting.

**FISCAL IMPACT:** TBD

**RECOMENDATION:** The Program Administrator recommends the Board review these documents. They will be on the March Board Agenda for action to declare the dividends.

**BACKGROUND:** In accordance with the Master Plan Document, SCORE calculates the funds available for returns by Program Year annually. All years are adjusted under the banking layer, (i.e. loss amounts under \$25,000) but only 75 percent of the cities' positive balance is eligible to be declared as a dividend. The adjustment to the Shared Risk is limited to those years which have the five years or more to reach full maturity.

**ATTACHMENTS:** None.

**HANDOUTS:** Workers' Compensation Retrospective Rating Calculations will be distributed at the meeting.

**Agenda Item I.3.b.**

**LIABILITY RETROSPECTIVE RATING PLAN CALCULATIONS**

**INFORMATION ITEM**

**ISSUE:** The Board should review the Retrospective Adjustment calculations for the Liability Program provided by Gilbert Associates. These calculations are based on 6/30/12 claims loss data and financials. This calculation is presented for Board review as well as a tool for deciding the amount of dividends that should be issued out of each program, if any at the March 2013 Board meeting.

**FISCAL IMPACT:** TBD

**RECOMENDATION:** The Program Administrator recommends the Board review these documents. They will be on the March Board Agenda for action to declare the dividends.

**BACKGROUND:** In accordance with the Master Plan Document, SCORE calculates the funds available for returns by Program Year annually. All years are adjusted under the banking layer, (i.e. loss amounts under \$25,000) but only 75 percent of the cities' positive balance is eligible to be declared as a dividend. The adjustment to the Shared Risk is limited to those years which have the five years or more to reach full maturity.

**ATTACHMENTS:** None.

**HANDOUTS:** Liability Retrospective Rating Calculations will be distributed at the meeting.

**Agenda Item I.4.a.**

**LIABILITY MASTER PLAN DOCUMENTS AMENDMENTS**

**ACTION ITEM**

**ISSUE:** The Board should review the Liability Master Plan red-line strike out document attached which has been amended as respects the calculations done for the Retrospective Rating Plan. The Board was provided notice at the October 26<sup>th</sup> Board meeting which meets the 30 days notice requirement in our Bylaws for changes to Governing documents.

**RECOMMENDATION:** The Program Administrator recommends approval of this document.

**FISCAL IMPACT:** None.

**BACKGROUND:** The Master Plan documents contain specifics as to how the Retrospective Rating Calculations are done. During recent reviews of the rating calculations, it was discovered that clarification is required in the document.

**ATTACHMENTS:**

1. Red-Line Strike out of the Liability Master Plan Document

**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**

**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, hereinafter the LMPD 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. SEPARATE PROGRAM YEARS**

**A. PROGRAM YEARS**

- 1) "Program Years" shall be defined as the losses incurred during the period from July 1st of each year to June 30th of the following year. The income and expenses of each "Program Year" shall be accounted separately from any other "Program Years" income or expenses. The Liability Program shall charge "deposit premiums" to each "Participating Member" at inception of the year to fund the cost of losses and expenses

1<sup>st</sup> draft 2/20/11

anticipated for the life of the "Program Years". "Retrospective Adjustments" may be made annually, subject to criteria set forth in this LMPD.

- 2) The life of the "Program Year" may be many years, as it cannot be completed until all claims incurred during the "Program Year" are closed, and it is very improbable that new claims for that "Program Year" will arise. The "Program Year" shall remain open until the Board of Directors authorizes closure, being convinced that known claims for the year are closed, and no further claims will be discovered.

#### 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 Year" should be deficient actuarially. For such actions, please see Article III – Premiums, Rates and Assessments.

### 3. 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 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. RETROSPECTIVE ADJUSTMENTS

"Dividends" for a "Program Year" may be made provided that a reserve surplus exists which exceeds a reserve requirement established by the 70th percentile confidence level, calculating expected interest earnings at a rate no higher than the prevailing rates at the time of the distribution. The Liability program will also maintain a MINIMUM EQUITY threshold of \$2,500,000 (5 times the anticipated retained limit of \$500,000.) Dividends may not be declared from the shared risk layer prior to the fifth anniversary of the Program Year. Article III Section 2(B) sets forth the procedures to be followed in the determination of amounts to be refunded to the individual "Member Entities".

Effective July 1, 2011, it is understood that funds of a "~~Participating~~ Participating Member" that withdraws from SCORE's Workers' Compensation 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 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.

#### C. ASSESSMENTS

Assessments shall be made 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 reserves 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.

#### 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 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 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 expected loss rate at an 70 percent confidence level,
  - 2) a deposit for the "Shared Risk Layer" using an actuarially determined expected loss rate at an 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.
  - 5) 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. ADJUSTMENTS TO ACCOUNT BALANCES

### A. 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, an assessment against all "Participating Members" of the "Program Years" that are found to be actuarially unsound, shall be assessed a portion of the deficiency of funding according to the following calculation:

- 1) Each "Participating Member" of the earliest "Program Year" with a deficit balance shall be assessed to the extent that the "Participating Member" has a deficit balance in that year using the calculation of account balances as described in the Retrospective Adjustment Section below. However, such calculation shall use funding at an actuarially expected loss level.
- 2) If the funds collected from assessing the year under A1, above, are insufficient to fund the Program above a deficit balance, the next earliest "Program Year" with a deficit will be assessed in the same fashion as the first year, per A1 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 Workers; Compensation Plan are still responsible for assessments as detailed in Article V. – Participation, Section 2.b. of this document.

#### B. RETROSPECTIVE ADJUSTMENT

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 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.

**Effective July 1, 2011, "Participants" that withdraw from SCORE's Workers' Compensation plan, 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. If a "Program Year" is not closed and the "Participating Member" would 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.**

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##### 1) TIMING

- a. Shared Risk Layer – five (5) years after the end of the "Program Year", a "Retrospective Adjustment" shall be calculated for potential distribution or surcharge. Every year after the first "Retrospective Adjustment", there shall be additional adjustments until the "Program Year" is closed.
- b. Banking Layer – a "Retrospective Adjustment" shall be calculated at the end of the "Program Year" for potential distribution or surcharge. Every year after the first "Retrospective Adjustment", there shall be additional adjustments until the "Program Year" is closed. Typically, the Board of Directors refrains from returning 25 percent of the positive balances.
- c. The Board of Directors may waive the collection of all members 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 together.
- d. The Board of Directors need not declare a dividend or may declare a dividend that is something less than the "Retrospective Adjustment" calculates.

2) CALCULATION OF ACCOUNT BALANCES – SHARED RISK

- a. Each "Participating Member" will be credited for their "deposit premiums" paid to the Shared Risk Layer and any assessments paid for the "Program Year". Allocated interest for the year will be added to the amount determined above. This amount will constitute the Total Revenues credited to the "Entity's" Shared Risk account for the "Program Year".
- b. From the amount calculated in 2a, above, the cost of claims shall be subtracted.
  - i. If the "Program Year" adjusted is the Program Year 2002-2003, then the total claims and IBNR in the shared risk layer for the shared risk layer shall be allocated based on an Adjusted Exposure Base calculated by:
    - o Dividing five (5) consecutive years of losses for each member limited to \$50,000 any one occurrence starting with the "Program Year" for which the adjustment is being calculated by the total deposits to the Liability Program of the member for those corresponding four (4) years. This calculates the member's loss rate for the period.
    - o Dividing the above loss ratio by the loss ratio for SCORE as a whole during the same period. This comparison of the loss rate of each member to the loss rate of SCORE for the same four (4) year period calculates a Relative Loss Rate or the member's deviation from the norm as a ratio.
    - o Multiply the Relative Loss Rate by the Credibility Factor and then add one minus the credibility factor. This produces the Experience Modification Factor.
      - The credibility factor is determined by dividing the member's four (4) year total deposits by the sum of the member's total deposit plus the smallest of the total deposit of any of the members. Thus, the smallest member will have a credibility factor of 50 percent and all other members will have a credibility factor of 50 percent or greater.
    - o The Adjusted Exposure Base is calculated by multiplying the four (4) years of deposits calculated earlier by the Experience Modification Factor.
  - ii. If the "Program Year" is the Program Year 2003-2004 or later, then the Adjusted Exposure Base is the Shared Risk deposit for the "Program Year" divided by the total of all members' Shared Risk deposit for the year.
- c. The total amount of incurred claims within the share risk layer plus the IBNR at the 70 percent confidence level, plus ~~any amounts reserved for shock losses~~the MINIMUM EQUITY threshold of \$2,500,000 (5 times the anticipated retained limit of \$500,000) as determined by the Board of Directors is distributed to the members in proportion to their Adjusted Exposure Base is to the total Adjusted Exposure Base for SCORE as a whole. This amount will be the Total Claims Costs for the member.

- d. The Funds in Excess of Costs is determined by subtracting the Total Claims Costs from the Total Revenues.
- e. The Account Balance for the member in any "Program Year" is the Funds in Excess of Costs less any prior returns plus any prior surcharges. This amount, or any portion of this amount, may be distributed to the member after approval from the Board and only if the "Program Year" is at least five (5) years old and the Program as a whole will not be under ~~an~~ 70 percent confidence level after the return or dividend.

3) CALCULATION OF ACCOUNT BALANCE – BANKING LAYER

- a. Each "Participating Member" will be credited for their deposit premiums paid to the Banking Layer and any assessments paid for the "Program Year". Allocated interest for the year will be added to the amount determined above. In addition, returns or surcharges from the excess coverage shall be credited or debited. This amount will constitute the Total Revenues credited to the "Entity's" Banking Layer account for the "Program Year".
- b. The amount credited for the returns from the excess coverage, or debited for the surcharges from the excess coverage, shall be allocated to the "Participating Members" in the same proportion as the member's Banking Layer deposit is to the total deposits of all "Participating Members".
- c. From the amount calculated in 3a, above, the cost of claims incurred within the Banking Layer by the member shall be subtracted. This amount shall include any payments made for the member from the Funds for Legal Assistance.
- d. In addition, an amount shall be deducted for IBNR at an 70 percent confidence level plus any amount for shock losses the Board of Directors determines should be withheld for financial security. The amount to be deducted from the member shall be the same proportion of the amount to be charged to the "Program Year" as is the member's Banking Layer deposit to the total Banking Layer deposits of all the members. The result will be the Funds in Excess of Costs.
- e. Any excess funds charged, or shortage of funds, for "administrative expenses" at the beginning of the "Program Year" for the Liability Program shall be added to, or subtracted from, the Funds in Excess of Costs, allocating such "administrative expenses" half by payroll for the period and half equally among the members.
- f. Finally, any prior returns, or prior surcharges shall be subtracted from, or credited to, the Funds in Excess of Costs.
- g. The result of the above calculation will provide the ending account balance for the Banking Layer of which the Board may return all or any portion of the excess funds



provided such return will not leave the Liability Program, or the "Program Year", below an 70 percent confidence level.

4) 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.

However, the total refunds for any one "Program Year" shall not exceed the actuarially determined surplus for that year. Further, the total refunds for any one "Program Year" shall be limited to the actuarially determined surplus for the Liability Program as a whole less any refunds granted from prior "Program Year's".

C. CLOSING OF PROGRAM YEARS

- 1) The Board of Directors may close a "Program Year" as described in Article I Section 2A.
- 1) Upon closure of a "Program Year", a final calculation of account balances shall be made as described in Section 3g above, and the account balances shall be returned if positive, or surcharged if negative, to the "Participating Member" and to Participating Members that have withdrawn from the Plan
- 2) The Board of Directors retains the right to assess any and all "Member Entities" including Member Entities that have withdrawn from the Plan participating in a closed "Program Year", if such "Program Year" should incur additional expenses after closure.

## 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:

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- 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, contracts for the Board of Directors need not approve 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 best efforts to administer the Liability Program such as to achieve the objectives and goals of the Program and SCORE.
- 2) Shall 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 an "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 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 Liability Program is presented to the Board of Directors.

D. [SAFETY/RISK ANALYST](#)

The Risk Analyst shall:

- 1) Visit each "Participant" at least ~~once a year~~ [2 days annually](#).
  - a. The Board of Directors may list specific areas on which these inspections should place special emphasis.
  - b. A written safety report shall be sent to the "Participating Member" within thirty (30) days after the visit summarizing areas for improvement [with a master report to the Program Administrator](#). Each "Participating Member" shall respond to the report within forty-five (45) days after receipt.
- 2) Provide consultation and advice as respects issues of safety and loss control as requested.

## 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

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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

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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 1, 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 "Retrospective Adjustment." 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

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- 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, "Retrospective Adjustments", 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 appealable 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 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 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. **“Obligated Reserves”** means reserves for expected claims expenses, determined by an actuarial study, not attributable to any known claim. This is sometimes called IBNR.
8. **“Participant”** or **“Participating Member”** is a “Member Entity” that participates in the Liability 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. **“Share 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.

## **WORKERS' COMPENSATION MASTER PLAN DOCUMENTS AMENDMENTS**

### **ACTION ITEM**

**ISSUE:** The Board should review the Workers' Compensation Master Plan red-line strike out document attached which has been amended as respects the calculations done for the Retrospective Rating Plan. The Board was provided notice at the October 26<sup>th</sup> Board meeting which meets the 30 days notice requirement in our Bylaws for changes to Governing documents.

**RECOMMENDATION:** The Program Administrator recommends approval of this document.

**FISCAL IMPACT:** None.

**BACKGROUND:** The Master Plan documents contain specifics as to how the Retrospective Rating Calculations are done. During recent reviews of the rating calculations, it was discovered that clarification is required in the document.

### **ATTACHMENTS:**

1. Red-Line Strike out of the Workers' Compensation Master Plan Document

**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**

**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, hereinafter the WCMPD 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. SEPARATE PROGRAM YEARS**

**A. PROGRAM YEARS**

"Program Years" shall be defined as the losses incurred during the period from July 1st of each year to June 30th of the following year. The income and expenses of each "Program Year" shall be accounted separately from any other "Program Year's" income or expenses. The Workers' Compensation Program shall charge "deposit premiums" to each participating member at inception of the year to fund the cost of losses and expenses anticipated for the

life of the "Program Year". "Retrospective Adjustments" may be made annually, subject to criteria set forth in this WCMPD.

The life of the "Program Year" may be many years, as it cannot be completed until all claims incurred during the "Program Year" are closed, and it is very improbable that new claims for that "Program Year" will arise. The "Program Year" shall remain open until the Board of Directors authorizes closure, being convinced that known claims for the year are closed, and no further claims will be discovered.

#### B. ACTUARIALLY SOUND PROGRAM YEARS

To assure each "Program Year" is "actuarially sound" as a separate unit, 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 Year" should be deficient actuarially. For such actions, please see Article III - Premiums, Rates and Assessments.

### 3. 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 as part of SCORE's annual budget.

#### B. RETROSPECTIVE ADJUSTMENTS

"Dividends" for a "Program Year" may be made provided that a reserve surplus exists which exceeds a reserve requirement established by the 70th percentile confidence level, calculating expected interest earnings at a rate no higher than the prevailing rates at the time of the distribution. The Workers' ~~Compensation~~ Compensation program will also maintain a MINIMUM EQUITY threshold of \$1,250,000 (5 times the anticipated retained limit of \$250,000). Dividends may not be declared from the shared risk layer prior to the fifth anniversary of the Program Year. ARTICLE III Section 3 sets forth the procedures to be followed in the determination of amounts to be refunded to the individual "Member Entities".

Effective July 1, 2011, it is understood that funds of a "~~Participating~~ Participating Member" that withdraws from SCORE's Workers' Compensation 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 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.

#### C. ASSESSMENTS

Assessments shall be made when the Workers' Compensation Program, as a whole, is found to be actuarially under-funded. The Workers' Compensation Program is under-funded when an actuarial study has determined that the available reserves 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.

#### 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 \$150,000 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 ASSESSMENTS**

### **1. MINI-CITIES POOL**

A "Mini-Cities" 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. Assessments, Dividends, or Surcharges 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 expected loss rate at an 70 percent confidence level,
  - 2) a deposit for the "Shared Risk Layer" using an actuarially determined expected loss rate at an 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.

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 Relate 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. ADJUSTMENTS TO ACCOUNT BALANCES

#### A. 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, an assessment against all "Participating Members" of the "Program Years" that are found to be actuarially



unsound, shall be assessed a portion of the deficiency of funding according to the following calculation:

- 1) Each "Participating Member" of the earliest "Program Year" with a deficit balance shall be assessed to the extent that the participating Member has a deficit balance in that year using the calculation of account balances as described in the Retrospective Adjustments Section below. However, such calculation shall use funding at an actuarially expected loss level.
- 2) If the funds collected from assessing the year under a. above is insufficient to fund the Program above a deficit balance, the next earliest "Program Year:" with a deficit will be assessed in the same fashion as the first year 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 Workers; Compensation Plan are still responsible for assessments as detailed in Article V. – Participation, Section 2.b. of this document.

#### B. RETROSPECTIVE ADJUSTMENTS

**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 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.**

Effective July 1, 2011, "Participants" that withdraw from SCORE's Workers' Compensation plan, 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. If a "Program Year" is not closed and the "Participating Member" would 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.

- 1) TIMING

- a. Shared Risk Layer – five (5) years after the end of the "Program Year", a "Retrospective Adjustment" shall be calculated for potential distribution or surcharge. Every year after the first "Retrospective Adjustment", there shall be additional adjustments until the "Program Year" is closed.
- b. Banking Layer – a "Retrospective Adjustment" shall be calculated at the end of the "Program Year" for potential distribution or surcharge. Every year after the first "Retrospective Adjustment", there shall be additional adjustments until the "Program Year" is closed. Typically, the Board of Directors refrains from returning 25 percent of the positive balances of those open years.
- c. The Board of Directors may waive the collection of all members 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.
- d. The Board of Directors need not declare a dividend or may declare a dividend that is something less than the "Retrospective Adjustment" calculates.

2) CALCULATION OF ACCOUNT BALANCES – SHARED RISK

- a. Each "Participating Member" will be credited for their "deposit premiums" paid to the Shared Risk Layer and any assessments paid for the program year. Allocated interest for the year will be added to the amount determined above. This amount will constitute the Total Revenues credited to the "Entity's" Shared Risk account for the "Program Year".
- b. From the amount calculated in 2a, above, the cost of claims shall be subtracted.
  - i. The cost of claims constitutes the total of incurred claims within the share risk layer plus the IBNR at the 70 percent confidence level, plus any amounts reserved for shock losses as determined by the Board of Directors.
  - ii. The costs of claims are allocated to the members in the same proportion as their Shared Risk Deposit is to the total Shared Risk Deposit for the Participating Members as a whole.
- c. The Funds in Excess of Costs is determined by subtracting the Total Claims Costs from the Total Revenues.
- d. The Account Balance for the member in any "Program Year" is the Funds in Excess of Costs less any prior returns plus any prior surcharges. This amount, or any portion of this amount, may be distributed to the member after approval from the Board and only if the "Program Year" is at least five (5) years old and the Program as a whole will not be under an 8570 percent confidence level after the return or dividend.

3) CALCULATION OF ACCOUNT BALANCE – BANKING LAYER

- a. Each "Participating Member" will be credited for their deposit premiums paid to the Banking Layer and any assessments paid for the "Program Year." Allocated interest for the year will be added to the amount determined above. In addition, returns or surcharges from the excess coverage shall be credited or debited. This amount will constitute the Total Revenues credited to the "Entity's" Banking Layer account for the "Program Year".
- b. The amount credited for the returns from the excess coverage, or debited for the surcharges from the excess coverage, shall be allocated to the "Participating Members" in the same proportion as the member's Banking Layer deposit is to the total deposits of all "Participating Members".
- c. From the amount calculated in 3a, above, the cost of claims incurred within the Banking Layer by the member shall be subtracted.
- d. In addition, an amount shall be deducted for IBNR at ~~an~~ 70 percent confidence level plus any amount for shock losses the Board of Directors determines should be withheld for financial security. The amount to be deducted from the member shall be the same proportion as the member's Banking Layer deposit is to the total Banking Layer deposits of all the members. The result will be the Funds in Excess of Costs.
- e. Any excess funds charged, or shortage of funds, for administrative expenses at the beginning of the "Program Year" for the Workers' Compensation Program shall be added to, or subtracted from, the Funds in Excess of Costs, allocating such administrative expenses half by payroll for the period and half equally among the members.
- f. Finally, any prior returns, or prior surcharges shall be subtracted from, or credited to, the Funds in Excess of Costs.
- g. The result of the above calculation will provide the ending account balance for the Banking Layer of which the Board may return all or any portion of the excess funds provided such return will not leave the Workers' Compensation Program, or the "Program Year", below ~~an~~ 70 percent confidence level.

4) 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.

However, the total refunds for any one "Program Year" shall not exceed the actuarially determined surplus for that year. Further, the total refunds for any one "Program Year" shall be limited to the actuarially determined surplus for the Workers' Compensation Program as a whole less any refunds granted from prior Program Years.

C. CLOSING OF PROGRAM YEARS

- 1) The Board of Directors may close a "Program Year" as described in Article I Section 2.A.
- 2) Upon closure of a "Program Year", a final calculation of account balances shall be made as described in Article 3 Section B above, and the account balances shall be returned, if positive, or surcharged if negative, to the "Participating Member" and to Participating Members that have withdrawn from the Plan
- 3) The Board of Directors retains the right to assess any and all "Member Entities" including Member Entities that have withdrawn from the Plan participating in a closed "Program Year", if such "Program Year" should incur additional expenses after closure.

**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, contracts for the Board of Directors need not approve 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.

#### D. SAFETY/RISK ANALYST

The Safety Analyst shall:

- 1) Visit each "Participant" at least ~~once a year~~, 2 days annually.
  - a. The Board of Directors may enumerate areas on which these inspections should place special emphasis.
  - b. A written safety report shall be sent to the "Participating Member" ~~within 30 days~~ after the visit summarizing areas for improvement with a master report to the Program Administrator. Each "Participating Member" shall respond to the report within 45 days after receipt.
- 2) Provide consultation and advice as respects issues of safety and loss control as requested.

## 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-69 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-69 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 "Retrospective Adjustment". 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, "Equity Allocation Adjustments", or any other amounts due and payable.

~~B.~~

**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.

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## 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 "compromise 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**

- 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) **"Obligated Reserves"** means reserves for expected claims expenses, determined by an actuarial study, not attributable to any known claim. This is sometimes called IBNR.
- 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) **"Share 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.



Small Cities Organized Risk Effort  
Board of Directors Meeting  
January 25, 2013

Agenda Item I.5

## SCORE PROPERTY APPRAISAL STATUS UPDATE

### INFORMATION ITEM

**ISSUE:** Staff will provide the Committee with an updated schedule of Property Appraisal Inspection to be performed in the beginning of 2013.

**FISCAL IMPACT:** \$60,000 was included in the year budget for Property Appraisal Services during fiscal year 2012/2013. The proposals ranged from \$48,500 (*lowest*) to \$70,000 (*highest*). AssetWorks, Inc. was the selected vendor with a bid for \$48,500 for all of SCORE's member cities participating in the Property Program.

**RECOMMENDATION:** None. This is provided as information only.

**BACKGROUND:** AssetWorks Inc. is the Property Appraisal Services vendor for SCORE.

**ATTACHMENTS:** AssetWorks Inc. SCORE Property Appraisal Inspection Schedule

## SCORE Appraisal Schedule

Appraiser: Kevin Ludlum

Biggs 2/11  
Live Oak 2/12 - 2/13  
Colfax 2/14  
Loomis 2/15

Appraiser: Ron Golt

Loyalton 2/11  
Portola 2/12  
Susanville 2/13 - 2/15

Appraiser: Tim Kolgen

Shasta Lake 2/11 – 2/13  
Rio Dell 2/14 – 2/15

Appraiser: Danny Auchard

Dorris 2/4  
Tule Lake 2/5  
Yreka 2/6-2/7  
Montague 2/11  
Fort Jones 2/12  
Etna 2/13  
Weed 2/14-2/15  
Mount Shasta 2/18  
Dunsmuir 2/19-2/20

## FINANCIAL AUDIT SERVICES REQUEST FOR PROPOSALS “*DRAFT*”

### ACTION ITEM

**ISSUE:** The Board of Directors will review, discuss and approve the “*Draft*” Request for Proposals (RFP) for Financials Audit Services prepared by the Program Administrator. The Finance Committee will review the proposals, set a date for the interviews and interview the finalists.

**FISCAL IMPACT:** None

**RECOMMENDATION:** Review, discuss and approve “*Draft*” RFP for Financial Audit Services. The Finance Committee should decide on a date and place for the interviews.

**BACKGROUND:** Maze and Associates, Inc. is SCORE’s Financial Audit Vendor, at an annual cost of approximately \$20,000. Maze was hired in 2008 to provide audits for FYE 2010, 2011 and 2012. The current financial accounting contract with Maze and Associates expires at the completion of the FY 2012 audit. The Board requested that Staff issue a Request for Proposal (RFP) for Financial Audit Services in lieu of taking another contract extension with Maze and Associates, Inc.

**ATTACHMENTS:** SCORE Financial Audit Services “*Draft*” Request for Proposals.



# **ANNUAL FINANCIAL AUDIT SERVICES**

## **REQUEST FOR PROPOSALS**

ISSUE DATE: FEBRUARY 4<sup>TH</sup>, 2013

RESPONSES DUE: MARCH 29<sup>TH</sup>, 2013 AT 5 P.M.



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## INFORMATION REGARDING THE PROPOSALS

### INTRODUCTION

Small Cities Organized Risk Effort Joint Powers Authority, hereinafter referred to as SCORE, is soliciting proposals from qualified certified public accounting firms interested in providing financial auditing services for SCORE JPA.

Currently, accounting services are provided by Gilbert Associates, Inc. CPAs and Advisors, while the role of Treasurer resides with the Town of Fort Jones, who is also a member of the JPA.

SCORE is requesting a proposal that is inclusive of all financial audit services listed in the Scope of Services section of this document.

There is no express or implied obligation for the Authority to reimburse responding firms for any expenses incurred in preparing proposals in response to this request. Any inquiries concerning the request for proposals should be addressed to Alliant Insurance Services, Inc., SCORE's Program Administrators.

To be considered, the prospective Contractor must submit THREE (3) copies of their proposal, with at least one copy being unbound as well as ONE (1) PDF document electronic copy. The documents must be received by 5:00 p.m. on Friday, March 29, 2013. The JPA reserves the right to reject any or all proposals submitted. ALL LATE SUBMISSIONS WILL BE DISQUALIFIED, NO EXCEPTIONS.

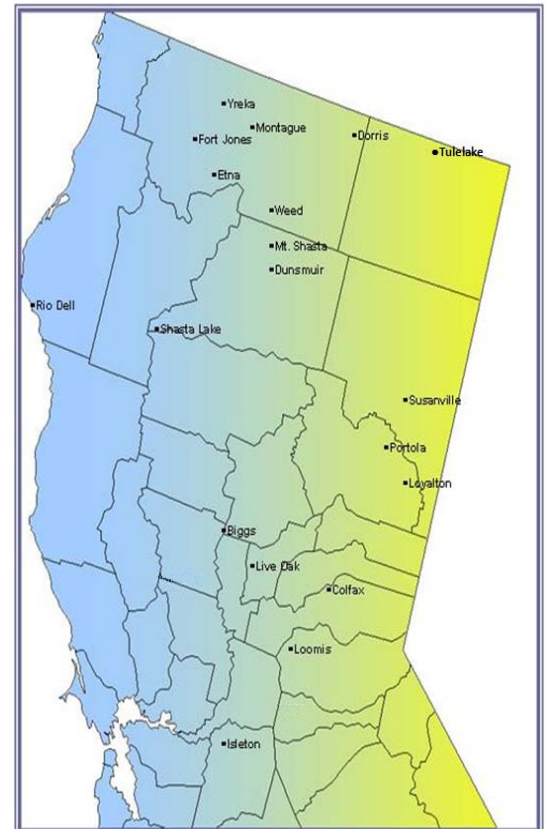
During the evaluation process, the Ad Hoc Finance Committee, Board of Directors and the Authority reserve the right, where it may serve the Authority's best interest, to request additional information or clarifications from proposals, or to allow corrections of errors or omissions. At the discretion of the Authority, Board of Directors and/or the Ad Hoc Finance Committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

The Authority reserves the right to retain all proposals submitted regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposals, unless clearly and specifically noted in the proposal submitted and confirmed in the contract between the Authority and the firm selected.

## BACKGROUND

Small Cities Organized Risk Effort (SCORE) is a California Joint Powers Authority comprised of 19 Cities in Northern California. Total insurable values are approximately \$220 million. The Members vary in size from the City of Susanville (largest) to the Town of Fort Jones (smallest). The JPA was established in 1986. SCORE’s Mission Statement sums up the intent of SCORE: *To protect the assets of members by reducing, sharing, controlling and stabilizing the cost of risk, while providing a high level of cost effective services.*

City	Pop.	Payroll	Emergency Services
Biggs	1,815	\$464,940	None
Colfax	1,878	\$458,278	Vol. Fire
Dorris	838	\$174,117	Vol. Fire
Dunsmuir	1,792	\$483,574	Vol. Fire
Etna	766	\$298,801	Police & Vol. Fire
Fort Jones	647	\$163,050	Vol. Fire
Isleton	842	\$391,957	Police & Vol. Fire
Live Oak	8,292	\$1,250,914	None
Loomis	6,874	\$796,405	None
Loyalton	753	\$242,118	Vol. Fire
Montague	1,455	\$276,098	Vol. Fire
Mt. Shasta	3,517	\$1,651,028	Police & Vol. Fire
Portola	2,037	\$753,028	Vol. Fire
Rio Dell	3,184	\$950,961	Police only
Shasta Lake	10,208	\$3,295,618	None
Susanville	14,044	\$3,686,521	Police & Fire
Tulelake	956	\$438,041	Police & Vol. Fire
Weed	3,020	\$1,517,694	Police & Vol. Fire
Yreka	7,343	\$3,013,638	Police & Vol. Fire
<b>TOTAL</b>		<b>\$20,307,134</b>	



## IMPORTANT NOTICE

Read this **Request for Proposals (RFP)** carefully. By submitting a Proposal(s) in response to this RFP, you acknowledge that you have read, understand and agree to comply with all the provisions of this RFP. SCORE may modify this RFP or make relevant information available to potential Proposers. It is the responsibility of potential Proposers to refer daily to SCORE’s website ([www.scorejpa.org](http://www.scorejpa.org)) to check for any available addenda, responses to clarifying questions, or solicitation cancellations.

## **GENERAL INFORMATION**

SCORE's Program Administrator will be your sole point of contact during the RFP process. All correspondence pertaining to this RFP should be appropriately addressed per the contact information below:

Susan Adams  
SCORE Administrator  
Alliant Insurance Services, Inc.  
1792 Tribute Road, Suite 450  
Sacramento, CA 95815  
[sadams@alliant.com](mailto:sadams@alliant.com)  
(916) 643-2704

## **GENERAL PROVISIONS**

SCORE reserves the right to reject any and all Proposals received as a result of this RFP. In addition, SCORE may award a contract to the firm offering the best level of services in the opinion of SCORE and not necessarily to the lowest cost. SCORE may further negotiate terms with any firm who provides a response.

1. **Modification or Withdrawal of Proposal:** Any Proposal may be modified or withdrawn at any time prior to the closing deadline, provided that a written request is received by the SCORE Administrator prior to the closing date. The withdrawal of a Proposal will not prejudice the right of a Proposer to submit a new proposal.
2. **Protests of Specifications:** Protests of the RFP specifications may be made only if a term or condition of the RFP violates applicable law. Protests of Specifications must be received in writing prior to the date and time indicated in the Schedule of Events, at the email address listed under General Information. Protests of the RFP Specifications must include the reason for the protest and any proposed changes to the requirements.
3. **Requests for Clarification and Requests for Change:** Proposers may submit questions regarding the specifications of the RFP. Questions must be received prior to the date and time indicated in the Schedule of Events at the email address listed under General Information. Requests for changes must include the reason for the change and any recommended modifications to the RFP requirements.

The purpose of this requirement is to permit SCORE to correct, prior to consideration of the Proposals, RFP terms or technical requirements that may be improvident or which unjustifiably restrict competition.

SCORE will consider all requested changes and, if appropriate, amend the RFP. SCORE will provide reasonable notice of its decision to all Proposers.

4. **Addenda:** If any part of this RFP is amended, addenda will be provided on the SCORE website ([www.scorejpa.org](http://www.scorejpa.org)). Proposers are exclusively responsible to checking the website to determine whether any addenda have been issued. **By submitting a Proposal, each Proposer thereby agrees that it accepts all risks and waives all claims associated with or related to its failure to obtain any addendum or addendum information.**
  
5. **Post-Selection Review and Protest of Award:** SCORE will name the apparent successful Proposer in a “Notice of Intent to Award” letter. Identification of the apparent successful Proposer is procedural only and creates no right in the named Proposer to ward of the contract. Competing Proposers will be notified in writing of the selection of the apparent successful Proposer and shall be given seven (7) calendar days from the date on the “Notice of Intent to Award” letter to request and review documents regarding the selection process and to file a written protest of award. Any award protest must be received in writing at the e-mail address listed under the General Information section of this document.

SCORE will consider any protests received and:

- a. reject all protests and proceed with final evaluation of, and any contract language negotiation with, the apparent successful Proposer and, pending the satisfactory outcome of this final evaluation and negotiation, enter into a contract with the named Proposer; OR
  
- b. sustain a meritorious protest(s) and reject the apparent successful Proposer as nonresponsive if such Proposer is unable to demonstrate that its Proposal complied with all material requirements of the solicitation and California public procurement law; thereafter, SCORE may name a new apparent successful Proposer;

OR

- c. Reject all Proposals and cancel the procurement.

SCORE will timely respond to any protests after receipt. The decision shall be final.

6. **Potential Selection of Finalists.** After the initial evaluation of Proposals, SCORE, at its sole discretion, may:
  - a. issue a Notice of Intent to Award based on the SCORE and Qualification section provided in this RFP;
  
  - b. select one or more Proposer(s) as designated finalists based on the Scope and Qualifications section provided in this RFP (“Finalists”). Finalists may be invited to

participate in oral interviews. These firms should be prepared to include in the interview, the proposed personnel who the firms plans to utilize to provide these services to SCORE.

- c. Proposers shall not materially alter the content or terms of the original Proposal. If the Administrator requests presentations to be made by the Finalists, SCORE's administrator will schedule the time and location for the presentations. **Note:** Oral presentations are at the discretion of SCORE Administrator and may not be conducted; therefore, **written Proposals should be complete.**

If Finalists are selected, Proposers not selected as Finalists will be notified in writing of the Finalist selections. Proposers not selected as Finalists will be given seven (7) calendar days from the date on the notice of Finalist selection to file a written protest. Any protest must be received in writing at SCORE's administrators email address listed in the General Information section of this RFP document.

**Acceptance of Contractual Requirements:** Failure of the selected Proposer to execute the contract and deliver the required insurance certificates within ten (10) calendar days after notification of an award may result in cancellation of the award. This time period may be extended at the option of SCORE.

## **SCOPE OF SERVICES**

- A. The audit shall be made in accordance with *Auditing Standards generally accepted in the United States of America* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's *Minimum Audit Requirements and Reporting Guidelines for California Special Districts*.
- B. In order to secure a comprehensive and detailed audit of the California-based accounts and records, SCORE desires to secure the services of an auditing firm which has demonstrated high-level auditing experience in the state of California. Selection of the audit firm will be based on an evaluation of all information supplied in the Statement of Qualifications and not solely based on the lowest bid. SCORE reserves the right to reject any or all of the proposals submitted.
- C. The audit shall include a Report on Compliance and on Internal Controls over Financial Reporting in accordance with *Government Auditing Standards*.
- D. Additionally, **SCORE requires:**
- As summarized under GASB 40
    - An evaluation of the credit risk;
    - An evaluation of investments;
  - Statement of unpaid claims and claims adjustment expenses;
  - Evaluation of liabilities separately for the liability program and the WC program;
  - Ten year claims development triangle for the liability program and the WC program with premiums, investments, claims and expenses compared to net paid and incurred claims at year end for the past ten years;
  - Combining statement of net assets for liability and workers' compensation;
  - Statement of Net Assets by Member, Shared Risk Layer and Administration separately for liability and workers' compensation;
  - Statement of Revenues, Expenditures, and changes in net assets by Member, Shared Risk Layer and Administration separately for liability and workers' compensation;
- E. The auditor shall prepare a management letter, if necessary, with statements, observations, opinions, comments, or recommendations with regards to the financial statements of SCORE and its system of internal controls.
- F. The first annual auditor's report must be completed and delivered to SCORE in DRAFT form no later than September 10th, 2013 and in the FINAL format not later than October 10<sup>th</sup>, 2013 following the end of the year being audited. Dates for subsequent year's audits will be determined annually. The auditors shall provide twenty-five (25) bound copies and an electronic (PDF) version of the full audit report, including any Memorandums and or/ Memos.
- G. The auditor may be requested to present the DRAFT findings to the Board of Directors and Program Administrator during the second week of September and will be requested to present the audit report to the Board of Directors annually at its Fall meeting, which is usually scheduled in late October.

**SCOPE OF WORK**

Proposers shall submit proposals to provide the information requested in this section. Additional information may be provided.

- A. **Organization:** A brief description of your firm. Please include the name of the individual to contact for further information, size of your firm, as well as a summary of similar work or audits performed by your firm in the immediate past three years. Please also include at least three references that we may contact.
- B. **Personnel:** A description of the qualification of all professional personnel who will be assigned to conduct the audit for SCORE. Please include a brief resume of each professional and a summary of similar work of audits performed. In addition, please provide the name of the lead person who will conduct the audit. The Contractor will not be permitted to substitute the lead person without prior approval of the SCORE Board of Directors.
- C. **Methodology:** A description of your overall approach to the audit, including the work plan, specific techniques that will be used, specific administrative and operational management expertise, and auditing principles/standards that will be employed. Please provide a statement of assurance that the timeliness of the audit reports can be achieved.
- D. **Conflict of Interest:** Disclosure of any past or current business or other relationship with SCORE or any of its member housing authorities that may have an impact upon the outcome of the audit. Include a listing of any current clients that may have a financial interest in the outcome of the audit.
- E. **Cost:** Disclose the total contract bid price or cost your firm is proposing to SCORE. The total cost must be an exact amount. The cost must be detailed as to classes of personnel to be used in the audit and include the estimated number of hours and cost for each class. Other costs including travel and out-of-pocket costs may also be included. The bid price must be submitted in a format very similar to what is shown below:

Auditor Classification Name _____ Name _____	Hours	Rate	Total Cost
Travel and other out-of-pocket costs			
Total First Year Fee			

We agree to perform the audit specified at a total cost not to exceed:

- \$ \_\_\_\_\_ For the fiscal year ending June 30, 2013
- \$ \_\_\_\_\_ For the fiscal year ending June 30, 2014
- \$ \_\_\_\_\_ For the fiscal year ending June 30, 2015



## **INSURANCE REQUIREMENTS**

Proposers shall procure and maintain, during the entire term of the agreement, insurance pertaining to the activities associated with the agreement. Proposers will be required to obtain, at their own cost and expense, all insurance endorsements required below. Proposers shall provide evidence of such insurance and endorsements to SCORE prior to commencing work.

The proposal must include the name of the Proposer's insurance carrier, the policy coverages and limits, and expiration dates.

The chosen Proposer shall procure and maintain, for the duration of the contract, insurance against claims for injuries to persons or damages to property that may arise from or in connection with the performance of the work hereunder by the Proposer, his/her agents, representatives employees, or subcontractors.

### **A. Minimum Scope of Insurance**

Coverage shall be at least as broad as:

1. Insurance Services Office form number GL 0002 (Ed. 1/73), covering Commercial General Liability and Insurance Services Office form number GL 0404, covering Broad Form Commercial General Liability; or Insurance Services Office Commercial General Liability coverage ("Occurrence" Form CG 0001).
2. Insurance Services Office Form Number CA 0001, covering Automobile Liability, Code 1 (any auto) or Code 8 and 9 if non-owned autos.
3. Workers' compensation insurance as required by the Labor Code of the State of California and Employer's Liability insurance.

### **B. Minimum Limits of Insurance**

The Proposer shall maintain limits no less than:

1. General Liability: \$2,000,000 per occurrence for bodily injury, personal injury, and property damage. If Commercial General Liability Insurance or another form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the proposer or the general aggregate limit shall be twice the required occurrence limit. Such insurance shall be endorsed to include SCORE, its officers, agents, and employees as additional insureds. Such insurance shall provide thirty (30) days notice of intent to cancel or non-renewal to SCORE. Such insurance shall be subject to deductible or self-insured retention no greater than \$25,000. Any deductible or self-insured retention greater than \$25,000 is subject to approval from SCORE. Upon execution of an agreement, the Proposer shall provide SCORE with a Certificate of Insurance and endorsements evidencing that such general liability insurance has been obtained and is in full force and effect. In addition to the Certificate of Insurance and upon request by SCORE, the Proposer shall provide to SCORE a certified copy of the insurance policy or policies.
2. Automobile Liability: \$1,000,000 per accident for bodily injury and property damage. If Automobile Liability Insurance or another form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the Proposer or the general aggregate limit shall be twice the required occurrence limit. Such insurance shall include SCORE, its officers, agents, and employees as additional insureds. Such insurance shall provide thirty (30) days notice of intent to cancel or non-renewal to

SCORE. Such insurance shall be subject to a deductible or self-insured retention no greater than \$25,000. Any deductible or self-insured retention greater than \$25,000 is subject to approval from SCORE. Upon execution of an agreement, the Proposer shall provide SCORE with a certificate of insurance and endorsements evidencing that such automobile liability insurance has been obtained and is in full force and effect. In addition to the Certificate of insurance and upon request by SCORE, the Proposer shall provide to SCORE a certified copy of the insurance policy or policies.

3. **Workers' Compensation and Employer's Liability:** Workers' Compensation limits as required by the Labor Code of the State of California and Employer's Liability limits with a minimum of \$500,000 per accident. Upon execution of an agreement and up renewal of such coverage, the Proposer shall provide SCORE with a Certificate of Insurance evidencing that such Workers' Compensation and Employer's Liability insurance has been obtained and is in full force and effect. In addition to the Certificate of Insurance and upon request by SCORE, the Proposer shall provide to SCORE a certified copy of the insurance policy or policies.
4. **Errors and Omissions:** \$2,000,000 per occurrence and shall not be subject to a deductible and/or self-insured retention greater than \$100,000. The Proposer shall maintain errors and omission insurance applying to all claims arising out of an occurrence or events during the term of the insurance and made during, or subsequent to, the term of an agreement. Such insurance shall apply whether the claim arises out of the operations of the Proposer, its officer, employees, consultants, agents, or anyone else directly or indirectly acting on behalf of any of the foregoing. Such insurance shall be severable and, except as respects the limits of liability and self-insured retention, apply to each insured as if no other insureds exist. Upon execution of an agreement and upon renewal of such coverage, the Proposer shall provide SCORE with a Certificate of Insurance evidencing that such errors and omissions insurance has been obtained and is in full force and effect. In addition to the Certificate of Insurance and upon request by SCORE, the Proposer shall provide to SCORE a certified copy of the insurance policy or policies.

#### **C. Acceptability of Insurers**

Insurance is to be placed with an insurer with a current A.M. Best's rating of no less than an A-. VIII. If coverage is through a mutual and is not rated, sufficient financial and underwriting information will be provided for evaluation of an alternative coverage provider.

#### **D. Verification of Coverage**

The Proposer shall furnish SCORE with an original certificate and amendatory endorsements affecting coverage as noted above. The endorsements shall be on forms provided by SCORE, or on a form other than SCORE, provided those endorsements or policies conform to the requirements noted above. All certificates and endorsements are required to be received and approved by SCORE before work commences. SCORE reserves the right to require complete, certified copies of all required insurance policies, including endorsements affecting coverage required by these specifications at any time.

All insurance documents are to be sent to:

Susan Adams  
SCORE Program Administrator  
Alliant Insurance Services  
1792 Tribute Rd, Suite 450  
Sacramento, CA 95815  
[sadams@alliant.com](mailto:sadams@alliant.com)

#### **E. Subcontractors**

The Proposer shall include all subcontractors as insured's under its policies or shall furnish certificate and endorsements for each subcontractor. All coverage for subcontractors shall be subject to all of the provisions stated herein.

#### **EVALUATION CRITERIA**

1. Qualifications
2. Staffing and Project Organization
3. Fee

#### **SELECTION PROCESS**

Upon receipt of the proposal, SCORE staff will review each firm's response. Proposals will be reviewed and considered by the SCORE Finance Committee. The Finance Committee may elect to conduct interviews to further assist in the review process. If interviews are to take place they will take place in April 2013 with the final firm selection being made by the SCORE Finance Committee and Board Meeting at their June 2013 meeting.

SCORE reserves the right to award the contract to the auditor at its discretion depending upon multiple areas of criteria. Once selected, SCORE will enter into contract negotiations with the selected firm, as determined by the SCORE Finance Committee at its sole discretion.

Failure to properly address all the items set forth above may disqualify the prospective auditor's proposal. SCORE reserves the right to reject any and all proposals, to waive any informality, defect or irregularity in a proposal, to conduct contract negotiations with any firm (whether or not it has submitted a proposal), to alter the selection process in any way, to postpone the selection process for its own convenience at any time, to accept or reject any individual sub-consultant that a candidate firm proposes to use, and/or to decide whether or not to contract with any firm at its sole discretion. Nothing in this Request for Proposal shall be construed to obligate SCORE to negotiate or enter into a contract with any particular firm. This Request for Proposal shall not be deemed to be an offer to contract or to enter into a binding contract or agreement of any kind.

**SUBMISSION DEADLINE**

The prospective Contractor must submit three (3) legible copies of their proposal, with at least one copy being unbound.

All proposals must be received in our office (address below) by 5:00 p.m. on Friday, March 29<sup>th</sup>, 2013. Late proposals will be rejected.

Susan Adams  
SCORE Program Administrator  
Alliant Insurance Services  
1792 Tribute Rd, Suite 450  
Sacramento, CA 95815  
[sadams@alliant.com](mailto:sadams@alliant.com)

Questions concerning this Request for Proposal should be addressed to the Program Administrator AT LEAST FIVE (5) business days prior to the deadline:

Susan Adams  
SCORE Program Administrator  
Alliant Insurance Services  
1792 Tribute Rd, Suite 450  
Sacramento, CA 95815  
[sadams@alliant.com](mailto:sadams@alliant.com)

**SELECTION TIME TABLE**

March 29 <sup>th</sup> , 2013	Proposals due by 5:00 p.m. in Alliant Office & E-Mail Inbox
April 15 <sup>th</sup> , 2013	Proposal Review
April – May, 2013	Window for Interview of firms, if necessary and recommendation by Program Administration to Board of Directors
June 28 <sup>th</sup> , 2013	Vendor Selection by Board of Directors
July 2 <sup>nd</sup> , 2013	Winning vendor selection notification & announcement

SCORE reserves the right to cancel and/or modify the above dates at anytime or to make a dual appointment.

**ATTACHMENTS**

1. Auditor Distribution List
2. SCORE Proposal Acknowledgment Form
3. SCORE's Latest Financial Audit Report - as of 06/30/2012



**SCHEDULE OF FIRMS RFP WILL BE SENT TO**

Mr. Matthew Nathaway  
Crowe Horwath  
400 Capitol Mall, Suite 1200 Sacramento, CA 95833  
(916) 441-1000

James Marta CPA, ARM: Principal  
James Marta & Company  
Certified Public Accountants  
701 Howe Avenue, STE E3  
Sacramento, CA 95825  
(916) 993-9494

Ms. Katherine Yuen  
Maze and Associates  
3478 Buskirk Avenue, Suite 215  
Pleasant Hill, CA 94523

Mr. Robert T. Dennis - Owner  
12223 Highland Avenue, Suite #106-625  
Rancho Cucamonga, CA 91739  
(909) 689-8219

Mr. Doug Sampson  
Sampson & Sampson  
3148 Willow Avenue Clovis, CA 93612  
(209) 291-0277



**SMALL CITIES ORGANIZED RISK EFFORT (SCORE)**

**Acknowledgment Form -- Annual Financial Audit Services RFP**

Submitted herewith is our proposal to perform the annual financial audit for the Board of Directors of SCORE for the fiscal year ending June 30, 2013.

We propose to conduct the audit and submit the audit report in compliance with all above referenced criteria as well as generally accepted auditing standards. The following is a list of personnel, by classification, who will be assigned to this audit. The estimated number of hours and rate per hour are indicated for each participant.

<u>Classification</u>	<u>Hours</u>	<u>Rate</u>
Firm Partner	_____	_____
Managing Accountant	_____	_____
Senior Accountant	_____	_____
Junior Accountant	_____	_____

The undersigned agrees to perform the audit specified and, upon completion, provide 25 copies of the Audit Report to SCORE. The total fee for this service, including all costs of conducting the audit, will not exceed \$\_\_\_\_\_.

The audit will be performed in accordance with the requirements outlined in the *Request for Proposal -- Annual Financial Audit Services*, and will be performed by the personnel identified in this document (*Annual Financial Audit Services Request for Proposals*). The firm will enter into an agreement with SCORE in accordance with the information provided in this document.

Name of Accounting Firm

By:

Date: \_\_\_\_\_

Title:

**PEPIP PROPERTY AND CYBER CRIME LIABILITY CLAIMS REPORTING  
BEST PRACTICES  
INFORMATION ITEM**

**ISSUE:** PEPiP has developed PEPiP Property and Cyber Crime Loss Reporting Practices that require SCORE’s Board President signature. This document outlines the steps that should be taken at the time of property and/or cyber crime liability incident to assure that the insurance coverage available through PEPiP is remains in force and available for claims payment.

**FISCAL IMPACT:** None

**RECOMMENDATION:** None

**BACKGROUND:** The Public Entity Property Insurance Program (PEPIP) includes property coverage for Member owned locations and cyber crime liability insurance coverage for Public Entity clients.

**ATTACHMENTS:** PEPiP Essential Loss Reporting Practices document as part of the SCORE Program Manual.



**ALLIANT INSURANCE SERVICES**  
**APIP Claims Reporting Acknowledgement(s) Receipt Form**

The Claims Reporting Forms were Included with your PEP/IP Policies distributed approximately ten (10) days ago. They are once again attached to this form, and include the claims reporting procedures for the APIP Property/Boiler, Cyber and Pollution programs for your review and future reference. We ask that you share these critical documents with all members of your team (and Pool Members and their staffs where applicable.)

We request that you review the items indicated attached, then please check the appropriate boxes, complete the bottom portion, sign and submit to your Alliant Insurance Services representative either by a scanned email return (or FAX to the number provided) to be included in your insurance records.

APIP Property Claims Reporting

Cyber Liability Claims Reporting

Pollution Liability Claims Reporting

**Acknowledgement for Claims reporting procedures under APIP Property/Boiler, Cyber and Pollution.**

**In effect: July 1, 2012 until further notice**

I have read and been informed about these separate reporting requirements under the three coverage parts of the APIP Program provided through Alliant.

**Insured Entity Name:** \_\_\_\_\_

**Policyholder/Applicant Signature:** \_\_\_\_\_

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Date





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

Claim notifications need to be sent to Bob Frey, Diana Walizada and Cathryn O'Meara. In the event this is a *Cyber* loss please include item III contact, for a *Pollution* loss please include item IV contact in addition to Alliant Insurance Services contacts.

- I. During regular business hours (between 8:30 AM and 5:00 PM PST), First Notice of Claim should be reported to Alliant Insurance Services via telephone, fax, mail or e-mail to our San Francisco Office:

Bob Frey  
First Vice President, Claims Manager  
Voice: (415) 403-1445 Cell: (415) 518-8490  
Email: [rfrey@alliantinsurance.com](mailto:rfrey@alliantinsurance.com)

Diana Walizada  
Assistant Vice President, Claims Unit Manager  
Voice: (415) 403-1453  
Email: [dwalizada@alliantinsurance.com](mailto:dwalizada@alliantinsurance.com)

Address: Alliant Insurance Services, Inc.  
100 Pine St, 11<sup>th</sup> Floor  
San Francisco CA 94111  
Toll Free Voice: (877) 725-7695 Fax: (415) 403-1466

- II. Please be sure to include PEPIP's Claim Administrator as a CC on all Claims correspondence:

Cathryn O'Meara  
McLaren's Global Claims Services  
Address: 1301 Dove St., Suite 200  
Newport Beach, CA 92660  
Voice: (949) 757-1413 Fax: (949) 757-1692  
Email: [cathryn.omeara@mclarensyoung.com](mailto:cathryn.omeara@mclarensyoung.com)

- III. Cyber Liability Carrier Beazley NY needs to also be provided with Notice of Claim immediately (if purchased):

Beth Diamond  
Beazley Group  
Address: 1270 Avenue of the America's, Suite 1200  
New York, NY 10020  
Telephone: (646) 943-5900 Fax: (546) 378-4039  
Email: [tmbclaims@beazley.com](mailto:tmbclaims@beazley.com)

- IV. Pollution Liability Carrier ACE Environmental, Risk Claims Manger (for those who have coverage):

ACE USA Claims  
Address: PO Box 5103  
Scranton, PA 18505-0510  
Environmental Emergency: (888) 310-9553  
Fax: (800) 951-4119  
Email: [CasualtyRiskEnvironmentalFirstNotice@acegroup.com](mailto:CasualtyRiskEnvironmentalFirstNotice@acegroup.com)

David Sutton  
Claims Executive  
Alliant Insurance Services, Inc.  
Address: 100 Pine Street, 11<sup>th</sup> Floor  
San Francisco, CA 94111-5101  
Voice: (415) 403-1417 Fax: (415) 403-1466  
Email: [dsutton@alliantinsurance.com](mailto:dsutton@alliantinsurance.com)

Please include the Member /JPA name along with the following information when reporting claims:

- Time, date and specific location of property damaged
- A description of the incident that caused the damage (such as fire, theft or water damage)
- Estimated amount of loss in dollars
- Contact person for claim including name, title, voice & fax numbers
- Complete and return the Property Loss Notice for processing.
- Mortgagee or Loss Payee name, address, and account number

IN THE EVENT OF A  
**PROPERTY LOSS:**

- 1) *Follow your company procedures for reporting and responding to an incident*
- 2) *Alert local emergency authorities, as appropriate*
- 3) *Report the incident to Alliant Insurance Services immediately at:*

**877-725-7695**

**All property losses must be reported as soon as practicable upon knowledge within the risk management or finance division of the insured that a loss has occurred.**

Be prepared to give basic information about the location and nature of the incident, as well as steps which have been taken in response to the incident.

- 4) *Report the incident to McLarens Global AND your Alliant representative*



# PROPERTY FIRST NOTICE OF LOSS FORM

<p><b>SEND TO:</b> Alliant Insurance Services, Inc.</p> <p><b>BY MAIL:</b> 100 Pine Street, 11<sup>th</sup> Floor, San Francisco, CA 94111</p> <p><b>BY FAX:</b> (415) 403-1466</p> <p><b>BY EMAIL:</b> <a href="mailto:rfrey@alliantinsurance.com">rfrey@alliantinsurance.com</a> AND <a href="mailto:dwalizada@alliantinsurance.com">dwalizada@alliantinsurance.com</a></p> <p><b>CC PEPPI Claims Administrator:</b> <a href="mailto:cathryn.omeara@mclarensyoung.com">cathryn.omeara@mclarensyoung.com</a> And your Alliant representative</p>
---

Today's Date: \_\_\_\_\_

### Type of Claim: (check all that apply)

- |  |                                      |
|--|--------------------------------------|
| <input type="checkbox"/> Real Property     | <input type="checkbox"/> Vehicles    |
| <input type="checkbox"/> Personal Property | <input type="checkbox"/> Other _____ |

### Insured's Name & Contact Information

Company Name: \_\_\_\_\_ Point of Contact: \_\_\_\_\_

Address: \_\_\_\_\_

Phone #: \_\_\_\_\_

### Broker/Agent's Name & Contact Information

Company Name: Alliant Insurance Services - Claims Point of Contact: Bob Frey OR Diana Walizada

Address: 100 Pine Street, 11<sup>th</sup> Floor, San Francisco, CA 94111

Phone #: 877-725-7695 Fax #: 415-403-1466

### Policy Information

Policy Number: \_\_\_\_\_ Policy Period: 7/1/12 to 7/1/13

Limits of Liability: \_\_\_\_\_ per \_\_\_\_\_ agg Self-Insured Retention/Deductible \_\_\_\_\_

### Loss Information

Date of Incident/Claim: \_\_\_\_\_ Location: \_\_\_\_\_

Description of Loss: \_\_\_\_\_

Please list all attached or enclosed documentation:  (check if none provided) \_\_\_\_\_

Name of Person Completing This Form: \_\_\_\_\_ Signature: \_\_\_\_\_

**J. NOTICE OF LOSS**

In the event of loss or damage insured against under this Policy, the Insured shall give notice thereof to ALLIANT INSURANCE SERVICES, INC., 100 Pine Street, 11<sup>th</sup> Floor, San Francisco, CA 94111-1073. TEL NO. (877) 725-7695, FAX NO. (415) 403-1466 of such loss. Such notice is to be made as soon as practicable upon knowledge within the risk management or finance division of the insured that a loss has occurred.

IN THE EVENT OF A  
**CYBER LOSS:**

- 1) *Follow your company procedures for reporting and responding to an incident*
- 2) *Alert authorities, as appropriate*
- 3) *Report the incident to Beazley Group immediately at:*

**646-943-5900**

**All Cyber losses must be reported as soon as practicable upon knowledge by the insured that a loss has occurred.**

Be prepared to give basic information about the location and nature of the incident, as well as steps which have been taken in response to the incident.

- 4) *Report the incident to Alliant Claims Department and your Alliant representative*

***SPECIAL NOTE REGARDING PRIVACY NOTIFICATION COSTS:***

The policy provides a \$500,000 Aggregate Limit for Privacy Notification Costs. If you utilize a Beazley vendor, the limit is increased to \$1,000,000.

Please contact Beazley for a list of approved vendors.



## CYBER FIRST NOTICE OF LOSS FORM

**SEND TO:** Beazley Group

**BY MAIL:** 1270 Avenue of the America's, Suite 1200, New York, NY 10020

**BY FAX:** (546) 378-4039

**BY EMAIL:** [tmbclaims@beazley.com](mailto:tmbclaims@beazley.com)

**CC Alliant Claims Department:** [rfrey@alliantinsurance.com](mailto:rfrey@alliantinsurance.com) AND [dwalizada@alliantinsurance.com](mailto:dwalizada@alliantinsurance.com)  
And your Alliant representative

**Today's Date:** \_\_\_\_\_

### Insured's Name & Contact Information

Company Name: \_\_\_\_\_ Point of Contact: \_\_\_\_\_

Address: \_\_\_\_\_

Phone #: \_\_\_\_\_

### Broker/Agent's Name & Contact Information

Company Name: Alliant Insurance Services - Claims Point of Contact: Bob Frey OR Diana Walizada

Address: 100 Pine Street, 11<sup>th</sup> Floor, San Francisco, CA 94111

Phone #: 877-725-7695 Fax #:415-403-1466

### Policy Information

Policy Number: C121280 Policy Period: 7/1/12 to 7/1/13

Limits of Liability: \_\_\_\_\_ per \_\_\_\_\_ agg Self-Insured Retention/Deductible \_\_\_\_\_

### Loss Information

Date of Incident/Claim: \_\_\_\_\_ Location: \_\_\_\_\_

Description of Loss: \_\_\_\_\_

Please list all attached or enclosed documentation:  (check if none provided) \_\_\_\_\_

Name of Person Completing This Form: \_\_\_\_\_ Signature: \_\_\_\_\_

**A. NOTICE OF CLAIM, LOSS OR CIRCUMSTANCE THAT MIGHT LEAD TO A CLAIM**

1. If any **Claim** is made against the **Insured**, the **Insured** shall, as soon as practicable upon knowledge by the **Insured**, forward to the Underwriters through persons named in Item 9.A. of the Declarations written notice of such **Claim** in the form of a telecopy, or express or certified mail together with every demand, notice, summons or other process received by the **Insured** or the **Insured's** representative; provided that with regard to coverage provided under Insuring Agreements I.A. and I.C., all **Claims** made against any **Insured** must be reported no later than the end of the **Policy Period**, in accordance with the requirements of the **Optional Extension Period** (if applicable), or within thirty (30) days after the expiration date of the **Policy Period** in the case of **Claims** first made against the Insured during the last thirty (30) days of the **Policy Period**.
2. With respect to Insuring Agreement I.B. for a legal obligation to comply with a **Breach Notice Law** because of an incident (or reasonably suspected incident) described in Insuring Clause I.A.1 or I.A.2, such incident or reasonably suspected incident must be reported as soon as practicable during the **Policy Period** after discovery by the Insured. For such incidents or suspected incidents discovered by the **Insured** within 60 days prior to expiration of the Policy, such incident shall be reported as soon as practicable, but in no event later than 60 days after the end the **Policy Period**, provided; if this Policy is renewed by Underwriters and covered **Privacy Notification Costs** are incurred because of such incident or suspected incident reported during the 60 day post **Policy Period** reporting period, then any subsequent **Claim** arising out of such incident or suspected incident is deemed to have been made during the **Policy Period**.
3. With respect to Insuring Agreements I.A. and I.C., if during the **Policy Period**, the **Insured** first becomes aware of any circumstance that could reasonably be the basis for a **Claim** it may give written notice to Underwriters in the form of a telecopy, or express or certified mail through persons named in Item 9.A. of the Declarations as soon as practicable during the **Policy Period** of:
  - a. the specific details of the act, error, omission, or **Security Breach** that could reasonably be the basis for a **Claim**;
  - b. the injury or damage which may result or has resulted from the circumstance; and
  - c. the facts by which the **Insured** first became aware of the act, error, omission or **Security Breach**

Any subsequent **Claim** made against the **Insured** arising out of such circumstance which is the subject of the written notice will be deemed to have been made at the time written notice complying with the above requirements was first given to the Underwriters.
4. A **Claim** or legal obligation under section X.A.1 or X.A.2 above shall be considered to be reported to the Underwriters when written notice is first received by Underwriters in the form of a telecopy, or express or certified mail or email through persons named in Item 9.A. of the Declarations of the **Claim** or legal obligation, or of an act, error, or omission, which could reasonably be expected to give rise to a **Claim** if provided in compliance with sub-paragraph X.A.3. above.



Environmental Risk

## IN THE EVENT OF AN ENVIRONMENTAL EMERGENCY:

- 1) *Follow your company procedures for reporting and responding to an incident*
- 2) *Alert local emergency authorities, as appropriate*
- 3) *Report the incident to ACE Environmental Risk immediately at:*

# 888-310-9553

**All pollution incidents must be reported within 7 days of discovery**

Be prepared to give basic information about the location and nature of the incident, as well as steps which have been taken in response to the incident. You will be contacted by a trained representative of ACE to discuss further response steps as soon as possible.

- 4) *Report the incident to your Alliant representative*

**DO follow your company's detailed response plan**  
**DO contact your management as well as appropriate authorities**  
**DO ensure anyone who could come in contact with a spill or release is kept away**

**DO NOT ignore a potential spill or leak**  
**DO NOT attempt to respond beyond your level of training or certification**





# ACE ENVIRONMENTAL RISK FIRST NOTICE OF LOSS FORM

**SEND TO:** ACE Environmental Risk Claims Manager

**BY MAIL:** ACE USA Claims, P.O. Box 5103, Scranton, PA 18505-0510

**BY FAX:** (800) 951-4119

**BY EMAIL:** [CasualtyRiskEnvironmentalFirstNotice@acegroup.com](mailto:CasualtyRiskEnvironmentalFirstNotice@acegroup.com)

**CC Alliant Insurance:** [dsutton@alliantinsurance.com](mailto:dsutton@alliantinsurance.com)  
And your Alliant representative

**Today's Date:** \_\_\_\_\_

## Notice of: (check all that apply)

- |   |   |                                      |
|---|---|--------------------------------------|
| <input type="checkbox"/> Pollution Incident | <input type="checkbox"/> Potential Claim      | <input type="checkbox"/> Other _____ |
| <input type="checkbox"/> Third-Party Claim  | <input type="checkbox"/> Litigation Initiated |                                      |

## Insured's Name & Contact Information

Company Name: \_\_\_\_\_ Point of Contact: \_\_\_\_\_

Address: \_\_\_\_\_

Phone #: \_\_\_\_\_

## Broker/Agent's Name & Contact Information

Company Name: Alliant Insurance Services - Claims Point of Contact: David Sutton

Address: 100 Pine Street, 11<sup>th</sup> Floor, San Francisco, CA 94111

Phone #: 415-403-1417

## Policy Information

Policy Number: PPL G24544837 002 Policy Period: 7/1/12 to 7/1/13

Limits of Liability: \_\_\_\_\_ per \_\_\_\_\_ agg Self-Insured Retention/Deductible \_\_\_\_\_

## Loss Information

Date of Incident/Claim: \_\_\_\_\_ Location: \_\_\_\_\_

Claimant Name/Address: \_\_\_\_\_

Description of Loss: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Please list all attached or enclosed documentation:  (check if none provided) \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
Name of Person Completing This Form: \_\_\_\_\_ Signature: \_\_\_\_\_

## VII. REPORTING AND COOPERATION

- A. The “insured” must see to it that the Insurer receives written notice of any “claim” or “pollution condition”, as soon as practicable, at the address identified in Item 7.a. of the Declarations to this Policy. Notice should include reasonably detailed information as to:
1. The identity of the “insured”, including contact information for an appropriate person to contact regarding the handling of the “claim” or “pollution condition”;
  2. The identity of the “covered location” or “covered operations”;
  3. The nature of the “claim” or “pollution condition”; and
  4. Any steps undertaken by the “insured” to respond to the “claim” or “pollution condition”. In the event of a “pollution condition”, the “insured” must also take all reasonable measures to provide immediate verbal notice to the Insurer.
- B. The “insured” must:
1. As soon as practicable, send the Insurer copies of any demands, notices, summonses or legal papers received in connection with any “claim”;
  2. Authorize the Insurer to obtain records and other information;
  3. Cooperate with the Insurer in the investigation, settlement or defense of the “claim”;
  4. Assist the Insurer, upon the Insurer’s request, in the enforcement of any right against any person or organization which may be liable to the “insured” because of “bodily injury”, “property damage”, “remediation costs” or “legal defense expense” to which this Policy may apply; and
  5. Provide the Insurer with such information and cooperation as it may reasonably require.
- C. No “insured” shall make or authorize an admission of liability or attempt to settle or otherwise dispose of any “claim” without the written consent of the Insurer. **Nor shall any “insured” retain any consultants or incur any “remediation costs” without the prior express written consent of the Insurer, except in the event of an “emergency response”. (Emergency Response coverage is limited to the first 7 days)**
- D. Upon the discovery of a “pollution condition”, the “insured” shall make every attempt to mitigate any loss and comply with applicable “environmental law”. The Insurer shall have the right, but not the duty, to mitigate such “pollution conditions” if, in the sole judgment of the Insurer, the “insured” fails to take reasonable steps to do so. In that event, any “remediation costs” incurred by the Insurer shall be deemed incurred by the “insured”, and shall be subject to the “self-insured retention” and Limits of Liability identified in the Declarations to this Policy.

## PEPIP Pollution: Claim Reporting Fact Sheet

This page outline the steps that should be taken BY YOU, at the time of an environmental incident, to assure that the Pollution coverage offered with ACE through PEPIP is not jeopardized. We ask that you review this document and provide copies to all appropriate colleagues in advance of a possible incident.

Coverage under Pollution policies is dependent on specific compliance with claims and loss reporting; *especially* in the case of “Emergency Response” expenses that you may incur to address a pollution loss. For these “Emergency Response” expenses there is a strict seven (7) day window, following discovery of a “Pollution Condition” by the “Insured”, after which reasonable expenses will not be reimbursed unless the carrier has given prior consent. It is **extremely important** pollution exposures be reported **immediately**; and clearly no later than seven (7) days.

Although we ask that you fully review your policy and all its’ Terms and Conditions, we have highlighted some key sections of the ACE policy which address the **Emergency Response** issue and the reporting provisions:

**III. DEFENSE AND SETTLEMENT C.** The “insured” shall have the right and duty to retain a qualified environmental consultant to perform any investigation and/or remediation of any “pollution condition” covered pursuant to this Policy. The “insured” must receive the written consent of the Insurer prior to the selection and retention of such consultant, except in the event of an “emergency response”. Any costs incurred prior to such consent shall not be covered pursuant to this Policy, or credited against the “self-insured retention”, except in the event of an “emergency response”.

### V. DEFINITIONS

**F. “Emergency response”** means actions taken and reasonable “remediation costs” 7 days following the discovery of a “pollution condition” by an “insured” in order to abate or respond to an imminent and substantial threat to human health or the environment arising out of such “pollution condition”.

**T. “Pollution condition”** means: **2.** The discharge, dispersal, release, escape, migration, or seepage of any solid, liquid, gaseous or thermal irritant, contaminant, or pollutant, including smoke, soot, vapors, fumes, acids, alkalis, chemicals, hazardous substances, hazardous materials, or waste materials, on, in, into, or upon land and structures thereupon, the atmosphere, surface water, or groundwater.

**V. “Remediation costs”** means reasonable expenses incurred to investigate, quantify, monitor, mitigate, abate, remove, dispose, treat, neutralize, or immobilize “pollution conditions” to the extent required by “environmental law”.

### VII. REPORTING AND COOPERATION

**A.** The “insured” must see to it that the Insurer receives written notice of any “claim” or “pollution condition”, as soon as practicable, at the address identified in Item **7.a.** of the Declarations to this Policy. Notice should include reasonably detailed information as to: **1.** The identity of the “insured”, including contact information for an appropriate person to contact regarding the handling of the “claim” or “pollution condition”;

**B.** The “insured” must: **1.** As soon as practicable, send the Insurer copies of any demands, notices, summonses or legal papers received in connection with any “claim”;

**C.** No “insured” shall make or authorize an admission of liability or attempt to settle or otherwise dispose of any “claim” without the written consent of the Insurer. Nor shall any “insured” retain any consultants or incur any “remediation costs” without the prior express written consent of the Insurer, except in the event of an “emergency response”. (Emergency Response coverage is limited to the first 7 days)

**D.** Upon the discovery of a “pollution condition”, the “insured” shall make every attempt to mitigate any loss and comply with applicable “environmental law”. The Insurer shall have the right, but not the duty, to mitigate such “pollution conditions” if, in the sole judgment of the Insurer, the “insured” fails to take reasonable steps to do so. In that event, any “remediation costs” incurred by the Insurer shall be deemed incurred by the “insured”, and shall be subject to the “self-insured retention” and Limits of Liability identified in the Declarations to this Policy.

The bottom line is; if you have a Pollution event, please contact us **immediately** so that we can report the Incident and properly protect coverage for these unexpected events; please refer to the Claims Reporting form for proper contact information.

**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. Ralston vs. City of Weed
- b. Schwartz vs. City of Susanville
- c. Drury vs. City of Susanville
- d. Elliott vs. Crescent City
- e. Arth vs. City of Dunsmuir
- f. Woodsman Lodge vs. City of Mt. Shasta
- g. Hubbard vs. City of Yreka

**1. Workers' Compensation**

- a. Peter Suter vs. City of Susanville\*\*
- b. Tom Hernandez vs. City of Susanville\*\*
- c. Ronald Lewis vs. City of Susanville\*\*
- d. Edwin Goulart vs. City of Mt. Shasta\*\*
- e. Robert Stone vs. City of Portola\*\*

**FISCAL IMPACT:** Unknown

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

**BACKGROUND:** Confidential

**ATTACHMENTS:** None

# SCORE RESOURCE CONTACT GUIDE

January 2013

<p align="center"><b>PROGRAM ADMINISTRATION</b>  <b>Alliant Insurance Services, Inc.</b>  <b>www.alliantinsurance.com</b>  <b>Main: (916) 643-2700      Fax: (916) 643-2750</b></p>																	
<b>SUBJECT</b>	<b>MAIN CONTACT</b>																
<p><b>JPA MANAGEMENT ISSUES</b> – 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</p>	<p><b>Susan Adams</b>                      Laurence Voiculescu                      Joan Crossley                      Johnny Yang</p>																
<p><b>JPA ADMINISTRATIVE ISSUES</b> – meeting agendas; minutes; development/maintenance of governing documents, development/interpretation of policies &amp; procedures, JPA state compliance, Form 700, changes in Board members, website maintenance.</p>	<p><b>Laurence Voiculescu</b>                      Susan Adams                      Joan Crossley                      Johnny Yang</p>																
<p><b>COVERAGE / RISK MANAGEMENT ISSUES</b> –</p> <ul style="list-style-type: none"> <li>➤ Certificates of coverage, additions/deletions of coverage’s, special events liability coverage, automobile identification cards, auto/mobile equipment physical damage programs</li> <li>➤ 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</li> <li>➤ Insurance Requirements in Contracts (IRIC), hold harmless agreements, indemnification clauses, safety program planning, RFPs for JPA services &amp; audits, third party contract review</li> </ul>	<p><b>Laurence Voiculescu</b>                      Susan Adams                      Joan Crossley                      Johnny Yang</p>																
<table border="0"> <tr> <td>Susan Adams</td> <td>(916) 643-2704 / (916) 203-1541 (cell)</td> <td>sadams@alliantinsurance.com</td> </tr> <tr> <td>Johnny Yang</td> <td>(916) 643-2712</td> <td>jyang@alliantinsurance.com</td> </tr> <tr> <td>Joan Crossley</td> <td>(916) 643-2708</td> <td>jcrossley@alliantinsurance.com</td> </tr> <tr> <td>Mike Simmons</td> <td>(415) 403-1425 / (925) 708-3374 (cell)</td> <td>msimmons@alliantinsurance.com</td> </tr> <tr> <td>Laurence Voiculescu</td> <td>(916) 643-2702</td> <td>LVoiculescu@alliantinsurance.com</td> </tr> </table>			Susan Adams	(916) 643-2704 / (916) 203-1541 (cell)	sadams@alliantinsurance.com	Johnny Yang	(916) 643-2712	jyang@alliantinsurance.com	Joan Crossley	(916) 643-2708	jcrossley@alliantinsurance.com	Mike Simmons	(415) 403-1425 / (925) 708-3374 (cell)	msimmons@alliantinsurance.com	Laurence Voiculescu	(916) 643-2702	LVoiculescu@alliantinsurance.com
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Laurence Voiculescu	(916) 643-2702	LVoiculescu@alliantinsurance.com															
<p><b>ACCOUNTING SERVICES</b>                      Gilbert Associates, Inc.                      2880 Gateway Oaks Drive, Suite 100                      Sacramento, California 95833                      Main: (916) 646-6464 Fax: (916) 929-6836  <a href="http://www.gilbertcpa.com">www.gilbertcpa.com</a>                      Kevin Wong – <a href="mailto:kswong@gilbertcpa.com">kswong@gilbertcpa.com</a></p>	<p><b>EMPLOYEE ASSISTANCE PROGRAM</b>                      ACI Specialty Benefits Corporation                      5414 Oberlin Drive, Suite 240                      San Diego, California 92121                      Main: (858) 452-1254 Fax: (858) 452-7819  <a href="http://www.acieap.com">www.acieap.com</a>                      Tori Barr – <a href="mailto:tbarr@acieap.com">tbarr@acieap.com</a></p>	<p><b>RISK CONTROL PROGRAM</b>                      SBK Risk Services                      4521 Oxbow Ridge Place                      Fair Oaks, CA 95628                      (916) 747-5225                      Jack Kastorff  <a href="mailto:Jack.kastorff@comcast.net">Jack.kastorff@comcast.net</a></p>															

# SCORE RESOURCE CONTACT GUIDE

January 2013

**CLAIMS ADMINISTRATION**  
**York Risk Services Group, Inc.**  
[www.yorkrsg.com](http://www.yorkrsg.com)  
**P.O. Box 619058**  
**Roseville, CA 95661-9058**  
**Main: (916) 960-0900 Fax: (916) 783-0334**

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

Tom Baber	(916) 746-8834	<a href="mailto:Tom.baber@yorkrsg.com">Tom.baber@yorkrsg.com</a>
Marcus Beverly	(916) 746-8828	<a href="mailto:Marcus.beverly@yorkrsg.com">Marcus.beverly@yorkrsg.com</a>
Cameron Dewey	(530) 248-1414	<a href="mailto:cameron.dewey@yorkrsg.com">cameron.dewey@yorkrsg.com</a>
Jodi Fink	(916) 580-2437	<a href="mailto:Jodi.fink@yorkrsg.com">Jodi.fink@yorkrsg.com</a>
Sara Marshall	(916) 960-0982	<a href="mailto:Sara.Marshall@yorkrsg.com">Sara.Marshall@yorkrsg.com</a>
Tom McCampbell	(916) 960-0925	<a href="mailto:Tom.McCampbell@yorkrsg.com">Tom.McCampbell@yorkrsg.com</a>
Herb McDuffee	(916) 960-0941	<a href="mailto:Herb.Mcduffee@yorkrsg.com">Herb.Mcduffee@yorkrsg.com</a>
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