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**Small Cities Organized Risk Effort  
 Board of Directors Meeting**

**Location:**           **GAIA Anderson Hotel  
 4125 Riverside Place  
 Anderson, CA  
 Himalaya A Room**

**Date/Time:**       **June 24, 2011  
 9:00 AM**

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

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 Johnny Yang at Alliant Insurance at (916) 643-2712.

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.

PAGE

- A.   Call to Order**
- B.   Roll Call**
- C.   Approval of the Agenda** **A    1**
- D.   Public Comment**  
*This time is reserved for members of the public to address the Board of Directors on matters of SCORE.*
- E.   Consent Calendar** **A    1**
  - 1*    1. Board of Directors Meeting Minutes – March 25, 2011
  - 11*   2. Local Agency Investment Fund (LAIF) Monthly Statement of Investments – March, April & May 2011
  - 14*   3. Union Bank Account Statement – March, April & May 2011
  - 53*   4. SCORE Checking Account Transaction List 3/18/11 – 6/6/11
  - 58*   5. Investment Statements from Chandler Asset Management: March, April & May 2011
    - a. Account 590
      - i. Portfolio Summaries
      - ii. Holdings Report – Most Recent
      - iii. Compliance Report
      - iv. Transaction Reports

86	6.	York Insurance Services Claims Bill Review – 2/1/11, 3/1/11 & 4/1/11		
100	7.	Quarterly Financial Statements as of 3/31/11		
104	8.	SCORE Service Calendar		
111	<b>F.</b>	<b>Meeting Reports</b>		
112	a.	Local Agency Workers’ Compensation Excess Joint Powers Authority (LAWCX) – Executive Committee Meeting February 22, 2011	<b>I</b>	<b>1</b>
125	b.	LAWCX Underwriting Minutes – May 24, 2011	<b>I</b>	<b>1</b>
130	c.	Employment Risk Management Authority (ERMA) February 18, 2011	<b>I</b>	<b>1</b>
142	d.	CJPRMA Board of Directors Meeting Minutes – May 11-13, 2011	<b>I</b>	<b>1</b>
152	e.	CJPRMA Board of Directors Meeting Summary – June 16, 2011	<b>I</b>	<b>1</b>
	<b>G.</b>	<b>GENERAL ADMINISTRATION</b>		
	<b>1.</b>	<b>President’s Report</b>	<b>I</b>	<b>4</b>
		<i>Mr. Roger Carroll will address the Board on items pertaining to SCORE. - VERBAL</i>		
	<b>2.</b>	<b>Alliant Update</b>	<b>I</b>	<b>4</b>
		<i>Ms. Susan Adams will update the Board on Alliant matters. - VERBAL</i>		
	<b>3.</b>	<b>CAJPA Accreditation - VERBAL</b>	<b>I</b>	<b>4</b>
		<i>SCORE received CAJPA’s “Accreditation with Excellence” designation</i>		
	<b>4.</b>	<b>SCORE Membership Update</b>		
		<i>Staff will update the Board regarding changes in the SCORE membership.</i>		
153	a.	<i>Withdrawal of the Cities of Williams and Crescent City</i>	<b>I</b>	<b>1</b>
156	b.	<i>City of Tulelake – admittance to Liability program</i>	<b>A</b>	<b>1</b>
168	c.	<i>City of Loyalton – admittance to the Workers’ Compensation Mini-Cities Program</i>	<b>A</b>	<b>2</b>
170	<b>5.</b>	<b>Approval of SCORE Bylaws</b>	<b>A</b>	<b>1</b>
		<i>Staff will present the SCORE amended Bylaws as recommended by the Ad Hoc Committee, resulting from the new Equity Distribution Plan approved at the January 28, 2011 Board Meeting</i>		
185	<b>6.</b>	<b>Approval of SCORE Liability Master Plan Document</b>	<b>A</b>	<b>1</b>
		<i>Ms. Susan Adams will present the SCORE Liability Master Plan Document with reflected changes approved at the January 28, 2011 Board</i>		
204	<b>7.</b>	<b>Approval of SCORE Workers’ Compensation Master Plan Document</b>	<b>A</b>	<b>1</b>
		<i>Ms. Susan Adams will present the SCORE Workers’ Compensation Master Plan Document with reflected changes approved at the January 28, 2011 Board Meeting.</i>		

223	<b>8. Alliant Program Administration Agreement</b>	A	1
	<i>a. Approval of Alliant’s administration fees for the 2011/2012 program year.</i>		
233	<i>b. Disaster Recovery Addendum</i>		
235	<b>9. York Insurance Services Claims Adjusting Contract Annual Extension - York has a contract with SCORE for Safety Services, Workers’ Compensation and Liability Claims administration for the period July 1, 2008 to June 30, 2013.</b>	A	1
250	<b>10. Gilbert and Associates Accounting Update on Services – Mr. Kevin Wong will be in attendance to update the Board on a review of the time, cost and services Gilbert has provided to SCORE this current year.</b>	I	1
256	<b>11. ACI Specialty Benefits Renewal</b> <i>SCORE’s Employment Assistance Program will renew on September 15, 2011.</i>	A	1
275	<b>12. Resolution 11-01 Establishing 2011-2012 Board of Directors Meeting Dates</b> <i>Annually the Board must adopt the next fiscal year’s meeting dates and locations.</i>	A	1
277	<b>13. Strategic Planning Session</b> <i>Staff will update the Board regarding the bi-annual Training Day Session On October 27, 2011.</i>	I	4
278	<b>14. California Association of Joint Powers Authorities (CAJPA) 29<sup>th</sup> Annual Fall Conference and Training Seminar – September 6-9, 2011</b> <i>Annually CAJPA holds a 3 day conference for continuing education of Risk Management and Pool Operations in South Lake Tahoe.</i>	I	1
 <b>H. LIABILITY</b>			
281	<b>1. California Joint Powers Risk Management Authority (CJPRMA) Update</b> <i>Mr. Roger Carroll will update the Board on CJPRMA matters. CJPRMA has revised the reporting requirements for EPLI claims and revised the definition of “Damages” to clarify the intent, not to change coverage.</i>	I	1
287	<b>2. Approval of SCORE’s Liability Memorandum of Coverage</b> <i>The Board annually reviews the Liability Memorandum of Coverage and approves or makes changes to the current revision.</i>	A	1
300	<b>3. Employment Risk Management Authority (ERMA) Update</b>		
331	<i>a. Mr. Jim Murphy will discuss updates regarding ERMA matters.</i>	I	1
	<i>b. Nomination of new Board alternate</i>	A	4

**I. WORKERS' COMPENSATION**

- 332        **1. Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) Update - VERBAL**        **I        4**  
*Mr. Ted Marconi will update the Board on LAWCX matters*
- 333        **2. Approval of SCORE's Workers' Compensation Memorandum of Coverage**        **A        1**  
*The Board annually reviews the Workers' Compensation Memorandum of Coverage and approves or makes changes to the current version.*

**J. PROPERTY INSURANCE**

- 336        **1. Public Entity Property Insurance Program (PEPIP) Renewal July 1, 2011 to June 30, 2012**  
*Annually the Board reviews the PEPIP proposal for renewal.*

**K. FINANCIAL**

- 365        **1. Chandler Asset Management Presentation –Mr. Ted Piorkowski from Chandler Asset Management will review with the Board SCORE's investments to portfolio.**        **I        2**
- 366        **2. Delegation of Investment Authority to SCORE Treasurer**  
*Per Government code 53607, the Board will need to approve the delegation of authority to the Treasurer to invest or reinvest SCORE funds*        **A        1**
- 367        **3. Adoption of 2011-2012 SCORE Program Budget**        **A        1**  
*Annually the Board must review and adopt a Program Budget for the pool*
- 370        **4. Equity Distribution and Retrospective Rating Adjustments - VERBAL**        **I        1**  
*Staff and Gilbert will address the Board on the status of these distributions.*

376        **L. Closed Session Pursuant to Government Code Section 54956.95**  
**\*\*Requesting Authority**

- 1. Workers' Compensation**  
a. 2011115161 City of Portola  
b. 2010101505 City of Crescent City  
c. 2011112213 City of Portola  
d. 2006051751 City of Susanville  
e. 2007070094 City of Williams
- 2. Liability**

- a. Elliott v. Crescent City
- b. Fabbrini v. Dunsmuir
- c. Schwartz v. Susanville
- d. Lockett v. Mt. Shasta
- e. Cooper v. Mt. Shasta

Needs Board Authority

**M. REPORT FROM CLOSED SESSION**

**N. CLOSING COMMENTS**

**ADJOURNMENT**

**NEXT MEETING**

August 26, 2011  
Gaia Hotel  
Anderson, CA

**Agenda Item E**

**Consent Calendar  
Action Item**

**Issue:** The 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 presented.

**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 Meeting Minutes – March 25, 2011
2. Local Agency Investment Fund (LAIF) Monthly Statement of Investments – March, April & May 2011
3. Union Bank Account Statement – March, April & May 2011
4. SCORE Checking Account Transaction List 3/18/11-6/6/11
5. Investment Statements from Chandler Asset Management: March, April & May 2011
  - a. Account 590
    - i. Portfolio Summaries
    - ii. Holdings Report – Most Recent
    - iii. Compliance Report
    - iv. Transaction Reports
6. York Insurance Services Claims Bill Review – 2/1/11, 3/1/11 & 4/1/11
7. Quarterly Financial Statements as of 3/31/11
8. SCORE Service Calendar

**Small Cities Organized Risk Effort (SCORE)  
Board of Directors Meeting Minutes  
March 25, 2011**

**Member Cities Present**

Pete Carr, City of Biggs  
Bruce Kranz, City of Colfax  
Pamela Russell, City of Etna  
Linda Romaine, Town of Ft. Jones  
Satwant Takhar, City of Live Oak  
Roger Carroll, Town of Loomis  
Crickett Strock, Town of Loomis

Kathy LeBlanc, City of Loyalton  
Ted Marconi, City of Mount Shasta  
Jim Murphy, City of Portola  
Stephanie Beauchaine, City of Rio Dell  
John Duckett, City of Shasta Lake  
Steve Baker, City of Yreka

**Member Cities Absent**

City of Crescent City  
City of Dorris  
City of Dunsmuir  
City of Isleton

City of Montague  
City of Susanville  
City of Weed  
City of Williams

**Consultants & Guests**

Susan Adams, Alliant Insurance Services  
Jackie Parker, Alliant Insurance Services  
Bonnie Markuson, York Insurance  
Tom Baber, York Insurance

Cameron Dewey, York Insurance  
Jack Kastorff, York Insurance  
Katherine Yuen, MAZE & Associates  
Mary Berney, ACI

**Due to adverse weather conditions, we did not have a quorum at 9:00 AM. It was decided to have the ACI EAP Presentation while members were on their way to the meeting.**

Mary Berney of ACI described the services ACI can offer the members cities in their Employee Assistance Program and left information for the members to return with to their cities.

**A. CALL TO ORDER**

Mr. Roger Carroll, President, called the meeting to order at 9:56 a.m.

**B. ROLL CALL/ABSENCE REPORT**

The above mentioned members were present but not enough members were present to constitute a quorum (a majority is required). Cities absent were City of Crescent City, City of Dorris, City of Dunsmuir, City of Isleton, City of Montague, City of Susanville, City of Weed.

**C. APPROVAL OF THE AGENDA**

A motion was made to approve the agenda.

**MOTION:** Ted Marconi                    **SECOND:** John Duckett                    **MOTION CARRIED**

**D. PUBLIC COMMENTS**

There were no public comments.

**E. CONSENT CALENDAR**

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

**MOTION:** Jim Murphy                    **SECOND:** Pamela Russell                    **MOTION CARRIED**

**F. GENERAL ADMINISTRATION**

**1. President's Report**

Mr. Carroll stated he had nothing to report to the Board at this time.

**2. Alliant Update**

Ms. Susan Adams advised the Board Joyce Flores, Alliant Assistant Administrator, is no longer with Alliant. Until such time there is a replacement for Ms. Flores, the Board may be receiving emails/update from Ms. Jackie Parker and/or Mr. Johnny Yang. Mr. Yang is currently the Assistant Administrator on the NCCSIF JPA.

Ms. Adams advised there is now a updated version of the Alliant Insurance Requirements and Contracts (IRIC) as of February 2011. Ms. Adams will be sending each of the members a link to the manual and it will also be posted on the SCORE website shortly.

**3. SCORE Bylaws Amendment**

Ms. Adams verbally reviewed with the Board the proposed updates to the SCORE Bylaws made by the Ad Hoc Committee. The amendments include:

- a) ARTICLE II – BOARD OF DIRECTORS including language in Governing Documents B.6. where other levels of voting authority of the Board are addressed
- b) ARTICLE V – COMMITTEES Creating a Finance Committee; Add Section 3, Other Standing Committees; add Section 4, Ad Hoc Committees
- c) ARTICLE III – WITHDRAWAL This new section details the financial responsibilities of a Member that Withdraws from SCORE.

As there was not a quorum of 2/3 as required for Bylaw changes, no action was taken. The Board will address this item again at the June Board Meeting.

#### **4. SCORE Liability Master Plan Document**

Ms. Adams reviewed the Master Plan Document amendment recommended by the Ad Hoc Committee that are included in the agenda. The recommended amendment states that member agencies that withdraw from SCORE's Liability program, funds allocated to them in the Shared Risk Layer, will remain with SCORE until such time as the "Program Year" is closed. A member may request their funds with a written request to the Board and 2/3 Board approval.

Another change the Ad Hoc committees recommend is changing the confidence level of funding from 85% to 70% and the program will maintain a minimum equity of five (5) times the Self Insurance Retention, which would be \$2.5 million at the current \$500,000 retained limit.

As there was not a quorum of 2/3 as required by the Bylaws, no action was taken. The Board will address this item again at the June Board Meeting.

#### **5. SCORE Workers' Compensation Master Plan Document**

Ms. Adams reviewed the draft of the Master Plan Document amendment recommended by the Ad Hoc Committee that was included in the agenda.

The recommended amendment is member agencies that withdraw from SCORE's Workers Compensation program, funds allocated to them in the Shared Risk Layer, will remain with SCORE until such time as the "Program Year" is closed. A member may request their funds with a written request to the Board and 2/3 Board approval.

Another change the Ad Hoc committees recommend is changing the confidence level of funding from 85% to 70% and the program will maintain a minimum equity of five (5) times the Self Insurance Retention, which would be \$1.25 million based on a recommended SIR of \$250,000 which is a limit SCORE may entertain in the near future.

As there was not a quorum of 2/3 as required by the Bylaws, no action was taken. The Board will address this item again at the June Board Meeting.

#### **6. Dividend Allocation Program for Loss Mitigation**

Ms. Adams addressed the members regarding the new Dividend Allocation Program for Loss Mitigation (DAPLM) as proposed by the Ad Hoc committee. The proposed DAPLM would allow members to allocate part of their dividends to be held by SCORE for use that reduces exposures that lead to losses. The use of these funds would be reviewed by an appointed Loss Control Committee.

Ms. Romaine said the committee had suggested the funds from the DAPLM could also be used to attend various meetings. Ms. Adams agreed that the policy is made to be very broad so that if the members want to use the funds to attend safety meetings or various other conferences such as human resources conference or whatever conferences or meetings that would help the member cities with loss prevention.

The amount that would be allocated for the DAPLM would be based on a percentage of the premium each member pays.

A Motion was made to adopt the Policy and Procedure as presented in the agenda.

**MOTION:** Linda Romaine      **SECOND:** Kathy LeBlanc      **MOTION CARRIED**

#### **7. SCORE Vendors Discussion**

The board discussed the current Administration and Claims management contracts, and possible alternative scenarios, including the possibility of hiring our own administrator. It was decided, by consensus, that the board would follow a formal Request for Proposals process as the current contracts expire to determine that we are getting the best service and cost. It was further decided that the President of the Board would bring back information on hiring a consultant to perform a feasibility study regarding SCORE hiring its own administrator.

#### **8. October Training Day Topics and Board meeting location venues**

Mr. Carroll requested suggestions from the members as to where they would like to have the October Training day (October 27, 2011) and the October SCORE Board meeting be held.

Mr. Jim Murphy suggested the City of Portola, as there is a new hotel in Portola called Chalet View Lodge that could accommodate both the Training Day and the Board meeting. Also that Gold Mountain Resort just reopened and they might be willing to offer a very reasonable pricing for the meetings.

Ms. Linda Romaine suggested Mt. Shasta as a possible location and also going back to Napa.

Mr. Carroll directed staff to look into the cost for those locations and bring the information back to the board at the next meeting.

Mr. Carroll then asked for input from the Board on possible Training Day subjects. Mr. John Duckett suggested a full review of the PEPiP property program, including the vehicle coverage. Ms. Stephanie Beauchaine suggested that a review of all the insurance programs would be a good idea. A review of all the insurance programs would be presented by Alliant Ins.

Mr. Murphy suggested a presentation on Accident Investigation. Mr. Tom Baber said that York Insurance would be happy to do a presentation on that subject.

Other suggestions by the members for topics would be EAP training by ACI, Vendor Options, an update of CJPRMA by Dave Clovis; a review of the updated IRIC manual. Also added to the list is a demonstration of OasysNet.

## **G. LIABILITY**

### **1. General Liability Actuarial Review**

Ms. Adams advised the annual actuarial review, based on the 12/31/10 loss information has been completed. The draft summary included in the agenda shows the 2011-2012 estimated liability for outstanding loss at the 70% confidence level is \$1,467,000 which is \$106,000 less than the projected liabilities as of June 30, 2010. The Fiscal impact funding at the 70% level would be -24.73% or \$472,000 less in funding for the 2011/1012 coverage period.

### **2. California Joint Powers Risk Management Authority (CJPRMA) Update**

Mr. Carroll advised the SCORE members that there is a CJPRMA Training meeting "Contract as a Tool in Managing Risk" presented by Bob Marshburn, founder of Certified Construction Risk Managers. The class is in Redding on May 18, 2011. There is a flyer that will be sent to all the members. Mr. Carroll took this same class several years ago and he said it was a really good class and he would recommend it.

Mr. Carroll also advised that CJPRMA has done their preliminary budgeting and it appears that cost will be going down.

### **3. Employment Risk Management Authority (ERMA) update**

Mr. Murphy advised the SCORE members that he had included a lot of information items from the ERMA 11<sup>th</sup> Annual Workshop/Retreat that was held February 17<sup>th</sup> & 18<sup>th</sup>, 2011 in Napa, CA.

He pointed out the Claims Overview graphs showing ERMA claim management for the year would probably be of particular interest to the Board. Another interesting part of the report is the review of the performance of the nine law firms on the ERMA approved defense panel. It appears from the report that the Law Firm Myers Nave etal is being considered for removal from the approved list. The issue is that the cost administering legal claims is much higher than the other firms and non-compliance with some of the ERMA rules.

## **H. WORKERS' COMPENSATION**

### **1. Workers' Compensation Actuarial Review**

Ms. Adams advised the annual actuarial review, based on 12/31/10 loss information, has been completed. The draft summary included in the agenda shows the 2011-2012 estimated liability for outstanding loss at the 70% confidence level is \$2,967,000 which is \$144,000 higher than the projected liabilities as of June 20, 2010.

The Fiscal Impact funding at the 70% confidence level would be -10% decrease in reserves or \$124,000 decrease in reserves.

**2. Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) update**

The LAWCX Executive Board meeting was attended by Ms. Adams. She advised LAWCX just received the excess insurance rates from CSAC and it will be a "flat" or maybe a small decrease because LAWCX buys at the \$5M level which doesn't allow for much reduction. LAWCX did consider implementing late payment fees but decided against that in this environment. They would try to make telephone calls to find out why cities are not making their payments on time and work with them as best they can. LAWCS presented the preliminary budget which Ms. Adams used in the preliminary SCORE budget. The next LAWCX Board meeting is in the beginning of June. Ms Adams will be attending.

**I. FINANCIAL**

**1. Annual Audited Financial Reports: Years Ending June 20, 2009 and June 20, 2010.**

Ms. Katherine Yeun with Maze and Associates presented the annual audited financials to the Board. She explained this was a dual year audit and that the Management Letter covers both years.

Ms Yeun pointed out that Ms. Adams did a very good job on the MD&A if the members want a good summary of the activity in the last two years, that would be a very good place to start.

Ms Adams pointed out that the report shows City of Isleton as part of the Workers' Compensation program, which they are not. The correction will be made. There were no questions by the Board.

A motion was made to approve the audit as presented with the minor corrections of Isleton and correcting the sentence that states the losses are discounted to undiscounted as undiscounted are presented in the audit.

**MOTION:** Steve Baker **SECOND:** Stephanie Beauchaine **MOTION CARRIED**

**2. 2011/2012 Preliminary Budget**

Ms. Adams presented the 2011/2012 Preliminary Budget. She walked through each Item. She pointed out that the Administration Fee for Alliant is a fee per member for the liability and workers' compensation. The administration fee is a slight increase over the 2010 year. Ms Adams reminded the Board Alliant's Administration contract runs from 2008 to 2013, a 5 yr contract. There was a rate increase built into the agreement for each year, but in 2010 Alliant opted not to take a rate increase and rolled their rates back to the 2008 rates. The current proposed budget does include a slight increase to the 2009 contract rates.

Mr. Carroll questioned why SCORE collects for the Group Purchase (ERMA and LAWCX) with revenues of \$385,000 and the expenses are \$431,000. Staff will look into why it shows we are not collecting enough.

Ms. Adams reviewed the preliminary budget with the members highlighting various entries as follows:

There is an increase in Claims expense shown in the budget but Mr. Baber of York Insurance stated York would not be looking for any increase this year. Mr. Baber said York will be flat on all their contracts this year.

There is an entry for \$50,000 annual accounting fee. Mr. Kevin S. Wong of Gilbert and Assoc, the accountant for SCORE that even though the contract calls for \$4,000 per month, he expects that to come in a lot lower, as the volume after the audit will be a lot lower. Mr. Wong feels it will probably drop from \$50,000 per year to about \$30,000 per year.

Ms. Adams will remove any charges for the SCORE website as Alliant is not making a charge for it or any of the Alliant JPA's

As respects the charge for the Rating Plan Data Base, Ms. Adams advised the Board that she will be meeting with Gilbert & Associates to have them develop a data base for the retrospective rating plans. The charge in the budget is for that development which was agreed to when the agreement with Gilbert was signed.

Mr. Carroll asked contingency reserve be increased from \$5,000 to \$10,000 as there is something Mr. Carroll feels SCORE may have to contract for.

LAWCX will be doing an assessment this year of \$31,790, which is being allocated by member based on payroll. Mr. Ted Marconi asked if we are allocating the charges back to the years that are being assessed for are we just assessing it currently. Ms. Adams advised that SCORE has been assessing it currently but we could put them back into the retrospective rating plan for those years. Mr. Marconi said if we were assign it back to the program year in the retrospective rating plan, it would affect the member's dividend availability. The current members will have to pay it this year but

SCORE should not be giving a dividend on claims that the member has incurred.

The PEPPIP rates have increased by 7.5% times the current values. Current rates are not available yet and will not be until closer to the July 1<sup>st</sup> renewal date. Values have been trended using Marshall Swift because coverage is on a replacement cost basis. Real Property trending this year was 4.75%.

All changes discussed above will be made to the preliminary budget and brought back to the Board for approval at the June 2011 meeting.

### **3. Approval of Internal Controls & Guidelines Investments**

Mr. Carroll advised the members that annually the Board approves the Internal Controls & Guidelines of Investments. This year there are no changes.

A motion was made to approve the Internal Controls & Guidelines adopted March 2008.

**MOTION: Ted Marconi      SECOND: Steve Baker      MOTION CARRIED**

### **J. LUNCH SPEAKER – Ms. Mary Berney, ACI spoke prior to the Board Meeting**

### **K. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.95**

At 11:55 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. Workers' Compensation**

- a. 2010101505 City of Crescent City
- b. 2006051751 City of Susanville
- c. 2007058233 City of Weed
- d. 2007070094 City of Williams
- e. 2011112213 City of Portola

#### **2. Liability**

- a.
- b. 2009098216 City of Mt. Shasta
- c. 2008080767 City of Mt. Shasta
- d. 2006047763 City of Dunsmuir
- e. 2010106357 City of Dunsmuir
- f. 2010107181 City of Crescent City
- g. 2010111720 City of Susanville

### **L. REPORT FROM CLOSED SESSION**

The Board returned from closed session at 12: 20 p.m. Mr. Carroll reported that the above closed session items were discussed and appropriate direction was given to Staff.

**M. CLOSING COMMENTS**

There were no closing comments.

**ADJOURNMENT**

The meeting was adjourned at 12:25 p.m.

**NEXT MEETING: Friday, March 25, 2011 at Gaia Anderson Hotel**

Respectfully Submitted,

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Debra Magginiti, Secretary

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Date



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 04/15/2011, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 03/31/2011.

Earnings Ratio		.00001390282087521
Interest Rate		0.51%
Dollar Day Total	\$	222,872,795.32
Quarter End Principal Balance	\$	2,476,774.84
Quarterly Interest Earned	\$	3,098.56

**Local Agency Investment Fund**  
**P.O. Box 942809**  
**Sacramento, CA 94209-0001**  
**(916) 653-3001**

[www.treasurer.ca.gov/pmia-laif](http://www.treasurer.ca.gov/pmia-laif)  
 June 06, 2011

SMALL CITIES ORGANIZED RISK EFFORT

TREASURER  
 C/O TOWN OF FORT JONES  
 P.O. BOX 40  
 FORT JONES, CA 96032-0040

PMIA Average Monthly Yields

Account Number: 40-04-001

Transactions  
Tran Type Definitions

April 2011 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
4/15/2011	4/14/2011	QRD	1314148	SYSTEM	3,098.56

Account Summary

Total Deposit:	3,098.56	Beginning Balance:	2,476,774.84
Total Withdrawal:	0.00	Ending Balance:	2,479,873.40

**Local Agency Investment Fund**  
**P.O. Box 942809**  
**Sacramento, CA 94209-0001**  
**(916) 653-3001**

[www.treasurer.ca.gov/pmia-laif](http://www.treasurer.ca.gov/pmia-laif)  
June 06, 2011

SMALL CITIES ORGANIZED RISK EFFORT

TREASURER  
C/O TOWN OF FORT JONES  
P.O. BOX 40  
FORT JONES, CA 96032-0040

PMIA Average Monthly Yields

Account Number: 40-04-001

Transactions  
Tran Type Definitions

May 2011 Statement

**Account Summary**

Total Deposit:	0.00	Beginning Balance:	2,479,873.40
Total Withdrawal:	0.00	Ending Balance:	2,479,873.40



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

MB 02 002026 63729 H 11 A

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



## Account Statement

### Statement Period

March 1, 2011 through March 31, 2011

### Account Number

6736301210

### Account Name

SMALL CITIES ORGANIZED RISK EFFORT

### Relationship Manager

CARMEN CONIENDO

415-705-7207

### Online Access

unionbank.com/trustandcustody

**Investment Manager**  
 CHANDLER LIQUID ASSET MGMT

## Contents

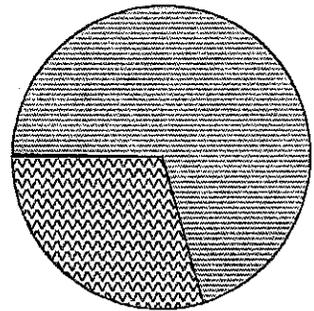
- Account Summary
- Principal Portfolio Summary
- Unrealized Gain/Loss Summary
- Cash Transactions Summary
- Asset Detail
- Maturity Summary
- Transaction Detail
- Realized Gain/Loss Summary

## Overview of Total Account Value

Closing Value on 12/31/2010	\$10,196,231.23
Opening Value on 03/01/2011	\$10,194,641.08
Closing Value on 03/31/2011	\$10,188,900.81
<b>Net Change For Period</b>	<b>(\$5,740.27)</b>

## Overview of Account by Investment Category

Your Current Portfolio Mix



% of Total Account	Market Value	Description
0.21%	21,623.86	Cash & Cash Equivalents
70.19%	7,151,603.35	Government Obligations
29.60%	3,015,673.60	Corporate Obligations
<b>100.00%</b>	<b>\$10,188,900.81</b>	<b>Total Account Value</b>



Account Number  
8736301210

Account Name  
SCORE

## Account Statement

### Statement Period

March 1, 2011 through March 31, 2011

## Principal Portfolio Summary

Description	Market Value	Percentage of Portfolio	Current Yield
Cash & Cash Equivalents	21,623.86	0.21%	0.01%
Government Obligations	7,151,603.35	70.19%	3.17%
Corporate Obligations	3,015,673.60	29.60%	3.07%
<b>Total Principal Portfolio</b>	<b>\$10,189,900.81</b>	<b>100.00%</b>	<b>3.13%</b>

## Unrealized Gain/Loss Summary

Description	Cost Basis	Market Value	Gain/Loss
Cash & Cash Equivalents	21,623.86	21,623.86	0.00
Government Obligations	7,029,290.02	7,151,603.35	122,313.33
Corporate Obligations	2,989,175.09	3,015,673.60	27,498.51
<b>Total Gain/Loss</b>	<b>\$10,039,088.97</b>	<b>\$10,189,900.81</b>	<b>\$149,811.84</b>

## Cash Transactions Summary (continued)

Other Transactions	Principal Cash
Net Cash Management	62,274.87
<b>Total Other Transactions</b>	<b>\$62,274.87</b>
<b>Total Net Transactions</b>	<b>\$0.00</b>

## Cash Transactions Summary

<b>Receipts</b>	Principal Cash
Dividend	0.60
Interest	17,425.00
Accrued Interest Received	3,076.74
Sales	260,218.25
<b>Total Receipts</b>	<b>\$280,720.67</b>
<b>Disbursements</b>	
Accrued Interest Paid	(1,692.29)
Purchases	(341,303.25)
<b>Total Disbursements</b>	<b>(\$342,995.54)</b>



Account Number  
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SCORE

## Account Statement

### Statement Period

March 1, 2011 through March 31, 2011

## 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
HighMark Money Market Funds								
HIGHMARKMONEY MARKET	431114503S	21,623.86	21,623.86	21,623.86	1.0000 03/31/2011	0.21%	0.01%	1.09
100% U S TREASURY FD FIDUCIARY SH								
***CASH MANAGEMENT SWEEP								
<b>Total Cash &amp; Cash Equivalents</b>			<b>\$21,623.86</b>	<b>\$21,623.86</b>		<b>0.21%</b>	<b>0.01%</b>	<b>\$1.09</b>

### Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
US Treasury								
UNITED STATES TREAS NTS 4.6250% 2/29/2012	912828GK0	155,000.000	183,549.80	181,091.50	103.9300 03/31/2011	1.58%	4.45%	7,168.75
UNITED STATES TREAS NTS 4.5000% 4/30/2012	912828GC7	400,000.000	394,250.00	417,908.00	104.4770 03/31/2011	4.10%	4.31%	18,000.00
UNITED STATES TREAS NTS 4.2500% 9/30/2012	912828HE3	120,000.000	120,253.13	126,609.60	105.5080 03/31/2011	1.24%	4.03%	5,100.00
UNITED STATES TREAS NTS 3.8750% 10/31/2012	912828HG8	350,000.000	357,396.48	368,168.50	105.1910 03/31/2011	3.61%	3.88%	13,562.50
UNITED STATES TREAS NTS 3.3750% 11/30/2012	912828HK9	365,000.000	367,096.33	381,797.30	104.6020 03/31/2011	3.75%	3.23%	12,318.75
UNITED STATES TREAS NTS 2.5000% 3/31/2013	912828HV5	125,000.000	128,154.72	129,297.50	103.4380 03/31/2011	1.27%	2.42%	3,125.00
UNITED STATES TREAS NTS 2.7500% 10/31/2013	912828J04	125,000.000	129,633.79	130,420.00	104.3360 03/31/2011	1.29%	2.64%	3,437.50





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## Account Statement

### Statement Period

March 1, 2011 through March 31, 2011

## 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 BANKS 3.3750% 6/24/2011	3133XRCW8	100,000,000	99,990.00	100,715.00	100.7150 03/31/2011	0.99%	3.35%	3,375.00
FEDERAL FARM CR BKs CONS 5.3750% 7/18/2011	31331VJ80	225,000,000	235,895.18	228,525.75	101.5670 03/31/2011	2.24%	5.29%	12,093.75
FEDERAL HOME LN BKS 4.8750% 11/18/2011	3133XHPH9	150,000,000	157,239.45	154,297.50	102.8650 03/31/2011	1.51%	4.74%	7,312.50
TENNESSEE VALLEY AUTH 6.7900% 5/23/2012	880591DT6	215,000,000	234,715.95	230,568.00	107.2400 03/31/2011	2.26%	6.33%	14,598.50
FEDERAL HOME LOAN BANK BONDS DTD 06/18/2010 0.875% 08/22/2012	3133XYWB7	205,000,000	205,686.75	205,826.15	100.4030 03/31/2011	2.02%	0.87%	1,793.75
FEDERAL HOME LN BKS 4.6250% 10/10/2012	3133XML68	125,000,000	129,470.00	132,638.75	106.1110 03/31/2011	1.30%	4.36%	5,781.25
FEDERAL NATL MTGE ASSN NOTES 0.500% 10/30/2012	31398A4T6	205,000,000	204,145.97	204,428.05	99.7210 03/31/2011	2.01%	0.50%	1,025.00
FEDERAL HOME LOAN BANKS 3.6250% 5/29/2013	3133XQU34	200,000,000	197,247.00	211,500.00	105.7500 03/31/2011	2.08%	3.43%	7,250.00
FEDERAL HOME LN BKS 3.8750% 6/14/2013	31339X2M5	200,000,000	200,403.10	212,492.00	106.2460 03/31/2011	2.09%	3.65%	7,750.00
FEDERAL HOME LN MTG CORP 3.7500% 6/28/2013	3137EABM0	100,000,000	98,060.70	106,271.00	106.2710 03/31/2011	1.04%	3.53%	3,750.00
FEDERAL NATL MTG ASSN 3.8750% 7/12/2013	31398ASD5	200,000,000	201,173.60	212,998.00	106.4990 03/31/2011	2.09%	3.64%	7,750.00



Account Number  
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Account Name  
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## Account Statement

### Statement Period

March 1, 2011 through March 31, 2011

## 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 MTG CORP 4.5000% 7/15/2013	3134A4T7	115,000,000	119,039.95	124,120.85	107.9310 03/31/2011	1.22%	4.17%	5,175.00
TENNESSEE VALLEY AUTH 4.7500% 8/1/2013	880591DW9	230,000,000	242,426.00	249,110.70	108.3090 03/31/2011	2.44%	4.39%	10,925.00
FEDERAL FARM CR BKS 0.9800% 9/23/2013	31331KET3	115,000,000	114,863.05	114,469.05	99.5390 03/31/2011	1.12%	0.98%	1,127.00
FEDERAL NATL MTGE ASSN NOTES 1.200% 09/27/2013	31398A4A7	205,000,000	205,000.00	204,067.25	99.5450 03/31/2011	2.00%	1.21%	2,480.00
FEDERAL FARM CR BKS GLOBAL 3.8750% 10/7/2013	31331GCS6	60,000,000	65,300.40	64,041.00	106.7350 03/31/2011	0.63%	3.63%	2,325.00
FEDERAL HOME LOAN BANKS 3.8250% 10/18/2013	3133XSAE8	250,000,000	258,142.75	264,832.50	105.9330 03/31/2011	2.60%	3.42%	9,062.50
FEDERAL HOME LOAN MTGE CORP NOTES 1.400% 11/19/2013	3134G1PP3	110,000,000	110,456.50	109,859.20	99.8720 03/31/2011	1.08%	1.40%	1,540.00
FEDERAL NATL MTG ASSN DTD 12/11/2008 2.875% 12/11/2013	31398AUJ9	100,000,000	101,896.10	104,287.00	104.2870 03/31/2011	1.02%	2.76%	2,875.00
FEDERAL HOME LOAN MTG CORP NOTES DTD 01/08/2009 2.50% 01/07/2014	3137EABX0	35,000,000	34,625.96	36,163.40	103.3240 03/31/2011	0.35%	2.42%	875.00
FEDERAL NATL MTG ASSN NTS DTD 03/13/2009 2.750% 03/13/2014	31398AVZ2	95,000,000	96,865.83	98,741.10	103.9380 03/31/2011	0.97%	2.65%	2,612.50
FEDERAL FARM CR BKS GLOBAL BDS DTD 04/17/2009 2.625% 04/17/2014	31331GTJ8	205,000,000	216,410.30	212,503.00	103.8600 03/31/2011	2.09%	2.53%	5,381.25



Account Number  
6738301210

Account Name  
SCORE

## Account Statement

### Statement Period

March 1, 2011 through March 31, 2011

## Asset Detail - Principal Portfolio (continued)

### Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	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	155,588.75	154,735.50	103.1570 03/31/2011	1.52%	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	309,678.00	103.2260 03/31/2011	3.06%	2.42%	7,500.00
FEDERAL FARM CR BKS COINS 1.9000% 6/2/2014	31331JQA4	260,000,000	259,388.20	282,857.40	101.0990 03/31/2011	2.58%	1.88%	4,940.00
FEDERAL HOME LN BKS 5.2500% 6/18/2014	3133X7FK5	100,000,000	111,171.90	111,536.00	111.5360 03/31/2011	1.09%	4.71%	5,250.00
FEDERAL FARM CREDIT BANK BONDS 3.000% 09/22/2014	31331GLB0	245,000,000	250,683.60	256,037.25	104.5050 03/31/2011	2.51%	2.87%	7,350.00
FEDERAL HOME LOAN MTG CORP NOTES DTD 01/07/2010 2.875% 02/09/2015	3137EACH0	250,000,000	256,160.83	258,890.00	103.5560 03/31/2011	2.54%	2.76%	7,187.50
FEDERAL NATL MTG ASSN 2.3750% 7/28/2015	31398AU34	275,000,000	283,288.50	277,843.50	101.0340 03/31/2011	2.73%	2.35%	6,531.25
FEDERAL NATL MTG ASSN 1.8500% 9/9/2015	3136FPED6	105,000,000	104,816.25	102,371.95	97.4970 03/31/2011	1.00%	1.90%	1,942.50
FEDERAL FARM CR BKS 2.3500% 12/22/2015	31331J6C2	120,000,000	120,434.40	119,907.60	99.9230 03/31/2011	1.18%	2.35%	2,820.00
<b>Total Government Obligations</b>			<b>\$7,929,290.02</b>	<b>\$7,151,603.35</b>		<b>70.19%</b>	<b>3.17%</b>	<b>\$226,821.75</b>



Account Number  
0736301210

Account Name  
SCORE

# Account Statement

## Statement Period

March 1, 2011 through March 31, 2011

### 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>								
US BANCOFP DTD 03/13/2009 2.250% 03/13/2012	91160HAA5	160,000.000	159,980.80	162,875.20	101.7970 03/31/2011	1.50%	2.21%	3,600.00
BANK OF AMERICA FDIC GTD TILG 3.1250% 6/15/2012	06050BAA9	280,000.000	290,365.50	268,713.80	103.1120 03/31/2011	2.63%	3.03%	8,750.00
GOLDMAN SACHS GP INC FDIC TL 3.2500% 8/15/2012	38148FAA9	250,000.000	284,814.50	289,265.20	103.3090 03/31/2011	2.84%	3.15%	9,100.00
WELLS FARGO & COMPANY DTD 03/30/2009 2.1250% 06/15/2012	948744AC0	290,000.000	290,859.44	295,541.90	101.9110 03/31/2011	2.90%	2.09%	6,162.50
PNC FUNDING CORP NOTES DTD 12/22/2008 2.300% 06/22/2012	69951CAC7	290,000.000	294,515.30	296,294.30	102.1670 03/31/2011	2.91%	2.25%	6,970.00
JPMORGAN CHASE & CO DTD 04/06/2009 2.1250% 12/26/2012	481247AM6	295,000.000	295,914.50	302,245.20	102.4560 03/31/2011	2.98%	2.07%	6,268.75
WAL MART STORES INC 4.2500% 4/15/2013	931142CL5	45,000.000	48,179.25	47,864.25	106.3650 03/31/2011	0.47%	4.00%	1,912.50
XTO ENERGY INC 4.9000% 2/1/2014	98385XAD8	75,000.000	82,130.50	81,864.75	109.1530 03/31/2011	0.90%	4.49%	3,675.00
CHEVRON CORPORATION SR NOTES DTD 03/03/2009 3.95% 03/03/2014	168751AH0	190,000.000	200,126.65	203,194.10	106.9390 03/31/2011	1.99%	3.69%	7,505.00
GENL ELEC CAP CORP NOTES 5.900% 05/13/2014	96962GAC5	180,000.000	194,130.80	198,671.40	110.3730 03/31/2011	1.95%	5.35%	10,620.00
WAL MART STORES INC NOTES DTD 05/21/2009 3.200% 05/15/2014	931142CC4	190,000.000	197,746.80	199,030.70	104.7530 03/31/2011	1.95%	3.05%	6,050.00





Account Number  
6796301210

Account Name  
SCORE

## Account Statement

### Statement Period

March 1, 2011 through March 31, 2011

## 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
Corporate Bonds								
MICROSOFT CORP NT DTD 05/18/2009 2.950% 08/01/2014	594918AB0	240,000.000	248,233.20	249,795.60	104.0790 03/31/2011	2.45%	2.83%	7,090.00
PROCTER & GAMBLE CO 4.9500% 8/15/2014	742718DA4	180,000.000	204,708.60	199,618.20	110.8990 03/31/2011	1.96%	4.46%	8,910.00
BERKSHIREHATHAWAY INC 3.200% 02/11/2015	084670AV0	195,000.000	198,471.25	200,725.20	102.9360 03/31/2011	1.97%	3.11%	6,240.00
<b>Total Corporate Obligations</b>			<b>\$2,998,175.00</b>	<b>\$3,015,673.60</b>		<b>29.60%</b>	<b>3.07%</b>	<b>\$92,573.75</b>
<b>Total Principal Portfolio</b>			<b>\$10,039,088.97</b>	<b>\$10,188,906.81</b>		<b>100.00%</b>	<b>3.13%</b>	<b>\$319,396.50</b>
<b>Total Account Values</b>			<b>\$10,039,088.97</b>	<b>\$10,188,906.81</b>		<b>100.00%</b>	<b>3.13%</b>	<b>\$319,396.59</b>



Account Number  
6736301210

Account Name  
SCORE

## Account Statement

### Statement Period

March 1, 2011 through March 31, 2011

### Maturity Summary

	Face Value	Par Value	Cost Basis	Market Value	Percentage of Market Value
2011		475,000.000	492,014.63	483,538.25	4.76%
2012		3,735,000.000	3,791,954.45	3,863,959.25	38.00%
2013		2,180,000.000	2,219,576.91	2,285,630.90	22.48%
2014		2,445,000.000	2,550,747.89	2,574,410.40	25.32%
2015		945,000.000	963,171.23	959,738.15	9.44%
2016					
2017					
2018					
2019					
2020					
Ten-to-Fourteen Years					
Fifteen-to-Nineteen Years					
Twenty Years and Over					
<b>Total</b>	<b>\$0.00</b>	<b>9,780,000.000</b>	<b>\$10,017,465.11</b>	<b>\$10,167,276.95</b>	<b>100.00%</b>

### Transaction Detail

Date	Activity Description	CUSIP	Principal Cash	Cost Basis
Beginning Balance				
03/01/11	Dividend CASH RECEIPT OF DIVIDEND EARNED ON HIGHMARK 100% US TREASURY MONEY MKT 'ONE MONTH YIELD(ANNUALIZED)' 0.01%	431114503S	\$0.00	\$10,024,814.24
03/03/11	Interest CASH RECEIPT OF INTEREST EARNED ON CHEVRON CORP NTS 3.950% 3/03/14 0.01975/\$1 PV ON 190,000 PAR VALUE DUE 3/3/2011	166751AH0	3,752.50	
03/09/11	Interest CASH RECEIPT OF INTEREST EARNED ON FNMA NTS 1.850% 9/09/15 0.00925/\$1 PV ON 105,000 PAR VALUE DUE 3/9/2011	3136FPED6	971.25	



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### Account Statement

#### Statement Period

March 1, 2011 through March 31, 2011

#### Transaction Detail (continued)

Date	Activity	Description	CUSIP	Principal Cash	Cost Basis
03/14/11	Interest	CASH RECEIPT OF INTEREST EARNED ON FNMA NTS 2.750% 3/13/14 0.01375/\$1 PV ON 95,000 PAR VALUE DUE 3/13/2011	31398AVZ2	1,308.25	
03/14/11	Interest	CASH RECEIPT OF INTEREST EARNED ON US BANCORP MTN 2.250% 3/13/12 0.01125/\$1 PV ON 160,000 PAR VALUE DUE 3/13/2011	91180HAA5	1,800.00	
03/16/11	Purchases	PURCHASED 20,000 PAR VALUE OF XTO ENERGY INC NTS 4.900% 2/01/14 TRADE DATE 03/11/11 PURCHASED THROUGH SALOMON BROS. 20,000 PAR VALUE AT 109.929 %	90305XAD8	(21,985.80)	21,985.80
03/16/11	Accrued Interest Paid	PAID ACCRUED INTEREST ON PURCHASE OF XTO ENERGY INC NTS 4.900% 2/01/14	90305XAD8	(122.50)	
03/16/11	Sales	SOLD 50,000 PAR VALUE OF FNMA NTS 4.875% 5/18/12 LT CAPITAL LOSS OF (\$373.00) TRADE DATE 03/15/11 SOLD THROUGH BARCLAYS CAPITAL INC. FIXED IN 50,000 PAR VALUE AT 105.2863 %	31398ABX9	52,634.15	(53,007.15)
03/16/11	Accrued Interest Received	RECEIVED ACCRUED INTEREST ON SALE OF FNMA NTS 4.875% 5/18/12	31398ABX9	798.96	
03/16/11	Purchases	PURCHASED 40,000 PAR VALUE OF MICROSOFT CORP NT 2.950% 6/01/14 TRADE DATE 03/15/11 PURCHASED THROUGH WACHOVIA CAPITAL MARKETS, LLC. 40,000 PAR VALUE AT 104.773 %	594918AB0	(41,909.20)	41,909.20
03/16/11	Accrued Interest Paid	PAID ACCRUED INTEREST ON PURCHASE OF MICROSOFT CORP NT 2.950% 6/01/14	594918AB0	(350.72)	



Account Number  
8736301210

Account Name  
SCORE

### Account Statement

#### Statement Period

March 1, 2011 through March 31, 2011

#### Transaction Detail (continued)

Date	Activity	Description	CUSIP	Principal Cash	Cost Basis
03/18/11	Purchases	PURCHASED 40,000 PAR VALUE OF WALMART STORES NTS 3.200% 5/15/14 TRADE DATE 03/15/11	931142CQ4	(42,310.80)	42,310.80
03/19/11	Accrued Interest Paid	PURCHASED THROUGH MERRILL LYNCH FIXED INCOME 40,000 PAR VALUE AT 105.777 %	931142CQ4	(437.33)	
03/22/11	Interest	PAID ACCRUED INTEREST ON PURCHASE OF WALMART STORES NTS 3.200% 5/15/14	31331JL80	3,675.00	
03/23/11	Sales	CASH RECEIPT OF INTEREST EARNED ON FFCB BDS 3.000% 9/22/14 0.015/\$1 PV ON 245,000 PAR VALUE DUE 3/22/2011 FULL CALL 105,000 PAR VALUE OF FFCB BDS 1.100% 9/23/13 TRADE DATE 03/23/11 FULL CALL	31331J338	105,000.00	(105,000.00)
03/23/11	Interest	CASH RECEIPT OF INTEREST EARNED ON FFCB BDS 1.100% 9/23/13 0.0055/\$1 PV ON 105,000 PAR VALUE DUE 3/23/2011	31331J338	577.50	
03/28/11	Interest	CASH RECEIPT OF INTEREST EARNED ON FNIMA NTS 1.200% 9/27/13 0.008/\$1 PV ON 205,000 PAR VALUE DUE 3/27/2011	31396A4A7	1,230.00	
03/29/11	Purchases	PURCHASED 120,000 PAR VALUE OF FFCB BDS 2.350% 12/22/15 TRADE DATE 03/28/11	31331J6C2	(120,434.40)	120,434.40
03/29/11	Accrued Interest Paid	PURCHASED THROUGH SBC WARBURG INC. 120,000 PAR VALUE AT 100.362 %	31331J6C2	(759.83)	
03/29/11	Accrued Interest Paid	PAID ACCRUED INTEREST ON PURCHASE OF FFCB BDS 2.350% 12/22/15	31331J6C2	(759.83)	





Account Number  
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Account Statement

Statement Period

March 1, 2011 through March 31, 2011

Transaction Detail (continued)

Date	Activity	Description	CUSIP	Principal Cash	Cost Basis
03/29/11	Sales	SOLD 100,000 PAR VALUE OF FNMA NTS 5.000% 10/15/11 LT CAPITAL LOSS OF (\$4,182.40) TRADE DATE 03/28/11 SOLD THROUGH SALOMON BROS. 100,000 PAR VALUE AT 102.5841 %	31359MZ30	102,584.10	(106,746.50)
03/29/11	Accrued Interest Received	RECEIVED ACCRUED INTEREST ON SALE OF FNMA NTS 5.000% 10/15/11	31359MZ30	2,277.78	
03/30/11	Purchases	PURCHASED 115,000 PAR VALUE OF FFCB BDS 0.980% 9/23/13 TRADE DATE 03/28/11 PURCHASED THROUGH MORGAN STANLEY 115,000 PAR VALUE AT 99.707 %	31331KET3	(114,663.05)	14,883.05
03/30/11	Accrued Interest Paid	PAID ACCRUED INTEREST ON PURCHASE OF FFCB BDS 0.980% 9/23/13	31331KET3	(21.91)	
03/31/11	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 3/31/2011	912828HV6	1,582.50	
03/31/11	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 3/31/2011	912828HE3	2,550.00	
	Net Cash Management	TOTAL ACTIVITY FOR HIGHMARK 100% US TREASURY MONEY MKT FROM 03/01/11 TO 03/31/11	431114503S	62,274.87	(62,274.87)
	<b>Net Activity</b>			<b>\$0.00</b>	<b>\$14,274.73</b>
	<b>Ending Balance</b>			<b>\$0.00</b>	<b>\$10,039,408.37</b>

**Account Statement**

**Statement Period**

March 1, 2011 through March 31, 2011

**Realized Gain/Loss Summary**

Safe Date	Asset Name	CUSIP	Share	Cost	Proceeds	Gain / Loss Amount	Short	Long
03/16/11	FNMA NTS 4.875% 5/18/12	31399ABX9	50,000.00	53,007.15	52,634.15	0.00	0.00	(373.00)
03/29/11	FNMA NTS 5.000% 10/15/11	31359MZZ0	100,000.00	106,746.50	102,584.10	0.00	0.00	(4,162.40)
	<b>TOTAL</b>			<b>\$159,753.65</b>	<b>\$155,218.25</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>(\$4,535.40)</b>

**SUMMARY**

Short Term Capital Gain / Loss  
Long Term Capital Gain / Loss

**DISTRIBUTIONS**      **REALIZED**      **TOTAL**  
 \$0.00      \$0.00      \$0.00  
 \$0.00      (\$4,535.40)      (\$4,535.40)

**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 002434 80103 H 12 A

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



## Account Statement

### Statement Period

April 1, 2011 through April 30, 2011

### Account Number

6736301210

### Account Name

SMALL CITIES ORGANIZED RISK EFFORT

### Relationship Manager

CARMEN CONIENDO

415-705-7207

### Online Access

unionbank.com/trustandcustody

**Investment Manager**  
 CHANDLER LIQUID ASSET MGMT

## Overview of Total Account Value

Closing Value on 12/31/2010 \$10,136,231.23  
 Opening Value on 04/01/2011 \$10,188,900.61  
 Closing Value on 04/30/2011 \$10,254,262.58  
 Net Change For Period \$65,361.77

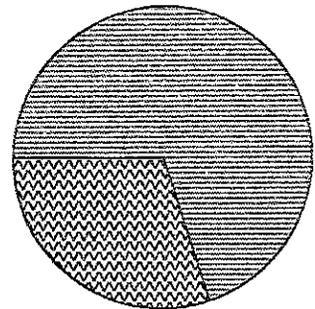
## Contents

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

## Overview of Account by Investment Category

Your Current Portfolio Mix

% of Total Account	Market Value	Description
0.13%	13,486.93	Cash & Cash Equivalents
69.75%	7,152,810.60	Government Obligations
30.12%	3,088,165.05	Corporate Obligations
<b>100.00%</b>	<b>\$10,254,262.58</b>	<b>Total Account Value</b>





Account Number  
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### Account Statement

#### Statement Period

April 1, 2011 through April 30, 2011

### Principal Portfolio Summary

Description	Market Value	Percentage of Portfolio	Current Yield
Cash & Cash Equivalents	13,486.93	0.13%	0.00%
Government Obligations	7,152,610.60	68.75%	2.93%
Corporate Obligations	3,088,165.05	30.12%	2.86%
<b>Total Principal Portfolio</b>	<b>\$10,254,262.58</b>	<b>100.00%</b>	<b>2.90%</b>

### Unrealized Gain/Loss Summary

Description	Cost Basis	Market Value	Gain/Loss
Cash & Cash Equivalents	13,486.93	13,486.93	0.00
Government Obligations	7,024,582.39	7,152,610.60	128,018.21
Corporate Obligations	3,042,083.43	3,088,165.05	46,081.62
<b>Total Gain/Loss</b>	<b>\$10,080,162.75</b>	<b>\$10,254,262.58</b>	<b>\$174,099.83</b>

### Cash Transactions Summary

Receipts	Principal Cash
Dividend	0.67
Interest	14,106.26
Accrued Interest Received	8,586.99
Sales	923,088.46
<b>Total Receipts</b>	<b>\$945,742.38</b>
Disbursements	
Accrued Interest Paid	(2,694.51)
Purchases	(951,184.80)
<b>Total Disbursements</b>	<b>(\$953,879.31)</b>

### Cash Transactions Summary (continued)

Other Transactions	Principal Cash
Net Cash Management	8,136.93
<b>Total Other Transactions</b>	<b>\$8,136.93</b>
<b>Total Net Transactions</b>	<b>\$0.00</b>



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## Account Statement

### Statement Period

April 1, 2011 through April 30, 2011

## 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
HighMark Money Market Funds								
HIGHMARK MONEY MARKET	431114503S	13,488.930	13,486.93	13,486.93	1.0000 04/29/2011	0.13%	0.00%	0.33
100% U.S. TREASURY FD FIDUCIARY SH								
***CASH MANAGEMENT SWEEP								
<b>Total Cash &amp; Cash Equivalents</b>			<b>\$13,486.93</b>	<b>\$13,486.93</b>		<b>0.13%</b>	<b>0.00%</b>	<b>\$0.33</b>

### Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
US Treasury								
UNITED STATES TREAS NTS 4.6250% 2/29/2012	912828GK0	155,000.000	163,549.80	160,654.40	103.6480 04/29/2011	1.57%	4.46%	7,166.75
UNITED STATES TREAS NTS 4.5000% 4/30/2012	912828G07	200,000.000	197,125.00	209,382.00	104.1910 04/29/2011	2.03%	4.32%	9,000.00
UNITED STATES TREAS NTS 4.2500% 9/30/2012	912828HE3	120,000.000	120,253.13	126,550.40	105.4920 04/29/2011	1.23%	4.03%	5,100.00
UNITED STATES TREAS NTS 3.8750% 10/31/2012	912828HG8	350,000.000	357,393.48	368,210.50	105.2090 04/29/2011	3.59%	3.69%	13,562.50
UNITED STATES TREAS NTS 3.3750% 11/30/2012	912828HK9	365,000.000	367,036.33	382,122.15	104.6910 04/29/2011	3.74%	3.22%	12,318.75
UNITED STATES TREAS NTS 2.5000% 3/31/2013	912828HV5	125,000.000	126,154.72	129,633.75	103.7070 04/29/2011	1.26%	2.41%	3,125.00
UNITED STATES TREAS NTS 2.7500% 10/31/2013	912828J04	125,000.000	129,633.79	131,055.00	104.8440 04/29/2011	1.28%	2.62%	3,437.50



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## Account Statement

### Statement Period

April 1, 2011 through April 30, 2011

## 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 1.7500% 7/31/2015	912828NP1	225,000,000	223,067.16	226,073.25	100.4770 04/29/2011	2.20%	1.74%	3,937.50
<b>Federal Govt Agency</b>								
FEDERAL HOME LOAN BANKS 3.3750% 6/24/2011	3133XRCW8	100,000,000	99,980.00	100,448.00	100.4480 04/29/2011	0.98%	3.36%	3,375.00
FEDERAL FARM CR BKS CONS 5.3750% 7/19/2011	31331VJ80	175,000,000	183,474.03	178,947.75	101.1130 04/29/2011	1.73%	5.32%	9,406.25
FEDERAL HOME LN BKS 4.8750% 11/18/2011	3133XHPH9	150,000,000	157,239.45	153,766.50	102.5110 04/29/2011	1.50%	4.76%	7,312.50
TENNESSEE VALLEY AUTH 6.7900% 5/23/2012	880591DT8	215,000,000	234,715.95	229,714.60	106.8440 04/29/2011	2.24%	6.36%	14,598.50
FEDERAL HOME LOAN BANK BONDS DTD 08/18/2010 0.875% 08/22/2012	3133XYWB7	205,000,000	205,686.75	208,174.65	100.5730 04/29/2011	2.01%	0.87%	1,793.75
FEDERAL NATL MITGE ASSN NOTES 0.500% 10/30/2012	31399A4T6	205,000,000	204,145.57	204,993.95	99.9970 04/29/2011	2.00%	0.50%	1,025.00
FEDERAL HOME LOAN BANKS 3.6250% 5/29/2013	3133XQU34	200,000,000	197,247.00	211,936.00	105.9680 04/29/2011	2.07%	3.42%	7,250.00
FEDERAL HOME LN BKS 3.8750% 6/14/2013	31339X2M5	200,000,000	200,403.10	213,104.00	106.5520 04/29/2011	2.08%	3.84%	7,750.00
FEDERAL HOME LN MTG CORP 3.7500% 6/28/2013	3137EABM0	100,000,000	99,060.70	108,537.00	108.5370 04/29/2011	1.04%	3.52%	3,750.00
FEDERAL NATL MTG ASSN 3.8750% 7/12/2013	31399ASD5	40,000,000	40,384.56	42,725.60	106.8140 04/29/2011	0.42%	3.63%	1,550.00



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## Account Statement

### Statement Period

April 1, 2011 through April 30, 2011

## 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 MTG CORP 4.5000% 7/15/2013	3134AMTZ1	25,000,000	25,878.25	27,040.00	108.1600 04/29/2011	0.26%	4.18%	1,125.00
TENNESSEE VALLEY AUTH 4.7500% 8/1/2013	890591DW9	230,000,000	242,426.00	249,694.90	108.5830 04/29/2011	2.44%	4.38%	10,925.00
FEDERAL FARM CRBKS 0.9000% 9/23/2013	31331KET3	115,000,000	114,063.05	115,227.70	100.1980 04/29/2011	1.12%	0.98%	1,127.00
FEDERAL NATL MTGE ASSN NOTES 1.200% 09/27/2013	31398A4A7	205,000,000	205,000.00	205,272.65	100.1330 04/29/2011	2.00%	1.20%	2,460.00
FEDERAL HOME LOAN BANKS 3.6250% 10/18/2013	3133XSAE9	250,000,000	258,142.75	266,022.50	106.4090 04/29/2011	2.59%	3.41%	9,062.50
FEDERAL HOME LOAN MTGE CORP NOTES 1.400% 11/18/2013	3134G1PP3	110,000,000	110,456.50	110,294.80	100.2680 04/29/2011	1.08%	1.40%	1,540.00
FEDERAL NATL MTG ASSN DTD 12/11/2008 2.675% 12/11/2013	31398AUJ9	100,000,000	101,686.10	104,854.00	104.8540 04/29/2011	1.02%	2.74%	2,875.00
FEDERAL HOME LOAN MTG CORP NOTES DTD 01/09/2009 2.50% 01/07/2014	3137EABX6	35,000,000	34,625.96	36,370.25	103.9150 04/29/2011	0.35%	2.41%	875.00
FEDERAL NATL MTG ASSN NTS DTD 03/13/2009 2.750% 03/13/2014	31398AVZ2	95,000,000	96,005.83	99,430.80	104.6640 04/29/2011	0.37%	2.63%	2,012.50
FEDERAL FARM CRBKS GLOBAL BIDS DTD 04/17/2009 2.625% 04/17/2014	31331GTJ8	205,000,000	216,410.30	213,790.40	104.2880 04/29/2011	2.06%	2.52%	5,301.25
FEDL HOME LOAN MTG CORP NOTES DTD 04/24/2009 2.50% 04/23/2014	3137EACB3	150,000,000	155,568.75	155,892.00	103.9280 04/29/2011	1.52%	2.41%	3,750.00



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## Account Statement

### Statement Period

April 1, 2011 through April 30, 2011

## 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
Federal Govt Agency								
FEDERAL FARM CREDIT BANK BONDS 1.820% 04/29/2014	31331KHFO	205,000.000	204,979.50	206,551.85	100.7570 04/29/2011	2.01%	1.61%	3,321.00
FEDERAL NATL MTG ASSN NOTES DTD 05/15/2009 2.500% 05/15/2014	31398AXJ6	300,000.000	301,178.80	311,316.00	103.7720 04/29/2011	3.04%	2.41%	7,500.00
FEDERAL FARM CR BKS CONS 1.90000% 6/2/2014	31331JQAA	260,000.000	259,388.20	265,421.00	102.0850 04/29/2011	2.59%	1.88%	4,940.00
FEDERAL HOME LN BKS 5.25000% 6/18/2014	3133X7FK5	100,000.000	111,171.90	112,271.00	112.2710 04/29/2011	1.09%	4.68%	5,250.00
FEDERAL FARM CREDIT BANK BONDS 3.000% 09/22/2014	31331GL80	245,000.000	250,683.60	258,193.25	105.3850 04/29/2011	2.52%	2.85%	7,350.00
FEDERAL HOME LN MTG CORP 2.00000% 1/13/2015	3134G2DIN8	265,000.000	264,523.00	268,937.15	100.7310 04/29/2011	2.60%	1.99%	5,300.00
FEDERAL HOME LOAN MTG CORP NOTES DTD 01/07/2010 2.875% 02/09/2015	3137EACH0	250,000.000	256,160.83	261,675.00	104.6700 04/29/2011	2.55%	2.75%	7,187.50
FEDERAL NATL MTG ASSN 2.37500% 7/28/2015	31398AU34	275,000.000	263,288.50	281,921.75	102.5170 04/29/2011	2.75%	2.32%	6,531.25
FEDERAL NATL MTG ASSN 1.85000% 9/9/2015	3136FPE06	105,000.000	104,818.25	103,789.40	98.8280 04/29/2011	1.01%	1.87%	1,942.50



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### Statement Period

April 1, 2011 through April 30, 2011

## 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
Federal Govt Agency								
FEDERAL FARM CR BKKS 2.3500%	31331J6C2	120,000.000	120,434.40	121,594.80	101.3290 04/29/2011	1.19%	2.32%	2,820.00
<b>Total Government Obligations</b>			<b>\$7,024,582.39</b>	<b>\$7,152,610.60</b>		<b>69.75%</b>	<b>2.93%</b>	<b>\$209,336.50</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>								
US BANCORP DTD 03/13/2009 2.250% 03/13/2012	91160HAA5	160,000.000	159,980.80	162,729.60	101.7060 04/29/2011	1.59%	2.21%	3,600.00
BANK OF AMERICA FDIC GTD TLG 3.1250% 6/15/2012	06050BAA9	280,000.000	290,365.50	288,899.60	103.1070 04/29/2011	2.82%	3.03%	8,750.00
GOLDMAN SACHS GP INC FDIC TL 3.2500% 6/15/2012	38146FAA9	280,000.000	284,814.50	289,024.40	103.2230 04/29/2011	2.82%	3.15%	9,100.00
WELLS FARGO & COMPANY DTD 03/30/2009 2.1250% 06/15/2012	94974AAC0	290,000.000	290,859.44	295,995.60	102.0640 04/29/2011	2.89%	2.08%	6,162.50
PNC FUNDING CORP NOTES DTD 12/22/2008 2.300% 08/22/2012	89351CAC7	290,000.000	294,515.30	296,513.40	102.2460 04/29/2011	2.89%	2.25%	6,670.00
JPMORGAN CHASE & CO DTD 04/06/2009 2.1250% 12/26/2012	401247AM6	295,000.000	295,914.50	302,817.50	102.6500 04/29/2011	2.94%	2.07%	6,268.75
WAL MART STORES INC 4.2500% 4/15/2013	93114ZCL5	45,060.000	49,179.25	47,954.70	106.5060 04/29/2011	0.47%	3.99%	1,912.50



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## Account Statement

### Statement Period

April 1, 2011 through April 30, 2011

## 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>								
XTO ENERGY INC 4.9000% 2/1/2014	98385XAD8	75,000.000	82,130.50	82,238.25	109.6510 04/29/2011	0.80%	4.47%	3,675.00
CHEVRON CORPORATION SR NOTES DTD 03/03/2009 3.95% 03/03/2014	166751AH0	190,000.000	200,126.85	204,394.40	107.5760 04/29/2011	1.99%	3.87%	7,505.00
GENL ELEC CAP CORP NOTES 5.900% 05/13/2014	36982G4C5	180,000.000	194,130.60	200,694.60	111.4970 04/29/2011	1.98%	5.29%	10,620.00
WAL.MART STORES INC NOTES DTD 05/21/2009 3.200% 05/15/2014	93114ZCQ4	190,000.000	197,748.80	200,750.20	105.6580 04/29/2011	1.96%	3.03%	6,080.00
MICROSOFT CORP NT DTD 05/18/2008 2.950% 06/01/2014	594818AB0	240,000.000	246,233.20	251,748.00	104.0950 04/29/2011	2.46%	2.81%	7,080.00
BERKSHIRE HATHAWAY INC 3.200% 02/11/2015	084670AV0	195,000.000	198,471.25	203,139.30	104.1740 04/29/2011	1.99%	3.07%	6,240.00
PROCTER & GAMBLE CO DTD 11/18/2010 1.80% 11/15/2015	742718DSS	265,000.000	258,615.14	261,475.50	98.6700 04/29/2011	2.55%	1.92%	4,770.00
<b>Total Corporate Obligations</b>			<b>\$3,042,083.43</b>	<b>\$3,088,165.05</b>		<b>30.12%</b>	<b>2.86%</b>	<b>\$68,433.75</b>
<b>Total Principal Portfolio</b>			<b>\$10,080,162.75</b>	<b>\$10,254,262.58</b>		<b>100.00%</b>	<b>2.90%</b>	<b>\$297,770.58</b>
<b>Total Account Values</b>			<b>\$10,080,162.75</b>	<b>\$10,254,262.58</b>		<b>100.00%</b>	<b>2.90%</b>	<b>\$297,770.58</b>



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### Account Statement

#### Statement Period

April 1, 2011 through April 30, 2011

### Maturity Summary

	Face Value	Par Value	Cost Basis	Market Value	Percentage of Market Value
2011		425,000,000	439,593.48	431,162.25	4.21%
2012		3,410,000,000	3,466,359.45	3,522,012.65	34.40%
2013		1,870,000,000	1,900,325.77	1,961,352.80	19.15%
2014		2,470,000,000	2,551,020.59	2,599,062.00	25.38%
2015		1,700,000,000	1,709,376.53	1,728,586.15	16.88%
2017					
2018					
2019					
2020					
Ten-to-Fourteen Years					
Fifteen-to-Nineteen Years					
Twenty Years and Over					
<b>Total</b>	<b>\$0.00</b>	<b>9,675,000,000</b>	<b>\$10,666,675.82</b>	<b>\$10,240,775.65</b>	<b>100.00%</b>

### Transaction Detail

Date	Activity Description	CUSIP	Principal Cash	Cost Basis
Beginning Balance				
04/01/11	Dividend CASH RECEIPT OF DIVIDEND EARNED ON HIGHMARK 100% US TREASURY MONEY MKT ONE MONTH YIELD (ANNUALIZED) .01%	431114503S	\$0.00	\$10,039,089.97
04/05/11	Sales SOLD 160,000 PAR VALUE OF FNMA NOTES 3.875% 7/12/13 LT CAPITAL GAIN OF \$9,487.44 TRADE DATE 04/04/11 SOLD THROUGH MORGAN STANLEY 160,000 PAR VALUE AT 106.4228 %	31398ASD5	170,276.46	(160,769.04)
04/05/11	Accrued Interest Received RECEIVED ACCRUED INTEREST ON SALE OF FNMA NOTES 3.875% 7/12/13	31398ASD5	1,429.44	



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## Account Statement

### Statement Period

April 1, 2011 through April 30, 2011

### Transaction Detail (continued)

Date	Activity Description	CUSIP	Principal Cash	Cost Basis
04/05/11	Sales SOLD 90,000 PAR VALUE OF FHLMC 4.500% 7/15/13 LT CAPITAL GAIN OF \$3,903.21 TRADE DATE 04/04/11 SOLD THROUGH MORGAN STANLEY 90,000 PAR VALUE AT 107.8469 %	31394A4TZ	97,084.91	(93,181.70)
04/05/11	Accrued Interest Received RECEIVED ACCRUED INTEREST ON SALE OF FHLMC 4.500% 7/15/13	31394A4TZ	900.00	
04/08/11	Purchases PURCHASED 225,000 PAR VALUE OF US TREAS NTS 1.750% 7/31/15 TRADE DATE 04/05/11 PURCHASED THROUGH MORGAN STANLEY 225,000 PAR VALUE AT 99.14098 %	912828NP1	(223,067.16)	223,067.19
04/08/11	Accrued Interest Paid PAID ACCRUED INTEREST ON PURCHASE OF US TREAS NTS 1.750% 7/31/15	912828NP1	(707.01)	
04/08/11	Sales SOLD 200,000 PAR VALUE OF US TREAS NTS 4.500% 4/30/12 LT CAPITAL GAIN OF \$1,741.52 TRADE DATE 04/05/11 SOLD THROUGH BARCLAYS CAPITAL INC. FIXED IN 200,000 PAR VALUE AT 104.43326 %	912828G07	208,866.52	(197,125.00)
04/08/11	Accrued Interest Received RECEIVED ACCRUED INTEREST ON SALE OF US TREAS NTS 4.500% 4/30/12	912828G07	3,903.31	
04/07/11	Interest CASH RECEIPT OF INTEREST EARNED ON FFCB BDS 3.875% 10/07/13 0.019375\$1 PV ON 60,000 PAR VALUE DUE 4/7/2011	31331GCS6	1,162.50	
04/11/11	Interest CASH RECEIPT OF INTEREST EARNED ON FHLB BDS 4.625% 10/10/12 0.023125\$1 PV ON 125,000 PAR VALUE DUE 4/10/2011	3133XML66	2,890.83	



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### Account Statement

#### Statement Period

April 1, 2011 through April 30, 2011

### Transaction Detail (continued)

Date	Activity Description	CUSIP	Principal Cash	Cost Basis
04/13/11	Purchases PURCHASED 285,000 PAR VALUE OF FHLB MTS 2.000% 1/13/15 TRADE DATE 04/01/11	313462DN9	(284,523.00)	284,523.00
04/14/11	Sales PURCHASED THROUGH JP MORGAN CLEARING CORP 285,000 PAR VALUE AT 99.82 %	31331GCS6	64,074.00	(65,300.40)
04/14/11	Accrued Interest Received RECEIVED ACCRUED INTEREST ON SALE OF FFCB BDS 3.875% 10/07/13	31331GCS6	45.21	
04/15/11	Sales SOLD 125,000 PAR VALUE OF FHLB BDS 4.825% 10/10/12 LT CAPITAL GAIN OF \$4,120.25 TRADE DATE 04/14/11	3133XML66	132,580.25	(128,470.00)
04/15/11	Accrued Interest Received SOLD THROUGH MERRILL LYNCH FIXED INCOME 125,000 PAR VALUE AT 108.0722 %	3133XML66	80.30	
04/15/11	Sales RECEIVED ACCRUED INTEREST ON SALE OF FHLB BDS 4.825% 10/10/12	31331VJ80	50,602.50	(52,421.15)
04/15/11	Accrued Interest Received RECEIVED ACCRUED INTEREST ON SALE OF FFCB BDS 5.375% 7/18/11	31331VJ80	649.48	
04/15/11	Interest CASH RECEIPT OF INTEREST EARNED ON WALMART STORES INC 4.250% 4/15/13 0.02125*\$1 PV ON 45,000 PAR VALUE DUE 4/15/2011	931142CL5	958.25	



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# Account Statement

## Statement Period

April 1, 2011 through April 30, 2011

### Transaction Detail (continued)

Date	Activity	Description	CUSIP	Principal Cash	Cost Basis
04/18/11	Purchases	PURCHASED 176,000 PAR VALUE OF PROCTER & GAMBLE BDS 1.800% 11/15/15 TRADE DATE 04/13/11 PURCHASED THROUGH MIZUHO 176,000 PAR VALUE AT 97.597 %	742718DS5	(171,770.72)	171,770.72
04/18/11	Accrued Interest Paid	PAID ACCRUED INTEREST ON PURCHASE OF PROCTER & GAMBLE BDS 1.800% 11/15/15	742718DS5	(1,320.00)	
04/18/11	Purchases	PURCHASED 89,000 PAR VALUE OF PROCTER & GAMBLE BDS 1.800% 11/15/15 TRADE DATE 04/13/11 PURCHASED THROUGH MIZUHO 89,000 PAR VALUE AT 97.578 %	742718DS5	(86,844.42)	86,844.42
04/18/11	Accrued Interest Paid	PAID ACCRUED INTEREST ON PURCHASE OF PROCTER & GAMBLE BDS 1.800% 11/15/15	742718DS5	(667.50)	
04/18/11	Sales	SOLD 180,000 PAR VALUE OF PROCTER & GAMBLE CO 4.950% 8/15/14 ST CAPITAL LOSS OF (\$5,193.00) TRADE DATE 04/13/11 SOLD THROUGH DEUTSCHE BANK ALEX BROWN INC 180,000 PAR VALUE AT 110.841 %	742718DA4	199,513.80	(204,706.80)
04/18/11	Accrued Interest Received	RECEIVED ACCRUED INTEREST ON SALE OF PROCTER & GAMBLE CD 4.950% 8/15/14	742718DA4	1,559.25	
04/18/11	Interest	CASH RECEIPT OF INTEREST EARNED ON FFCB GLBL BDS 2.625% 4/17/14 0.013125%\$1 PY ON 205,000 PAR VALUE DUE 4/17/2011	31331GTJ0	2,890.63	
04/18/11	Interest	CASH RECEIPT OF INTEREST EARNED ON FHLB BDS 3.825% 10/18/13 0.018125%\$1 PY ON 250,000 PAR VALUE OUE 4/18/2011	3133XSAE6	4,531.25	



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**Account Statement**

**Statement Period**

April 1, 2011 through April 30, 2011

**Transaction Detail (continued)**

Date	Activity Description	CUSIP	Principal Cash	Cost Basis
04/25/11	Purchases PURCHASED 205,000 PAR VALUE OF FFCB BDS 1.620% 4/25/14 TRADE DATE 04/13/11 PURCHASED THROUGH JP MORGAN CHASE 205,000 PAR VALUE AT 99.99 %	31331KHFO	(204,979.50)	204,979.50
04/25/11	Interest CASH RECEIPT OF INTEREST EARNED ON FHLMC NTS 2.500% 4/23/14 0.0125/\$1 PV ON 150,000 PAR VALUE DUE 4/23/2011	3137EACB3	1,075.00	
	Net Cash Management TOTAL ACTIVITY FOR HIGHMARK 100% US TREASURY MONEY MKT FROM 04/01/11 TO 04/30/11	431114503S	8,136.93	(8,136.93)
	<b>Net Activity</b>		<b>\$0.00</b>	<b>\$41,073.78</b>
	<b>Ending Balance</b>		<b>\$0.00</b>	<b>\$10,080,162.75</b>

**Realized Gain/Loss Summary**

Sale Date	Asset Name	CUSIP	Share	Cost	Proceeds	Short	Long	Gain/Loss Amount
04/05/11	FNMA NOTES 3.875% 7/12/13	31390ASD5	160,000.00	160,789.04	170,276.48	0.00	9,487.44	9,487.44
04/05/11	FHLMC 4.500% 7/15/13	3134A4TZ	90,000.00	93,161.70	97,064.91	0.00	3,903.21	3,903.21
04/06/11	US TREAS NTS 4.500% 4/30/12	912020G07	200,000.00	197,125.00	209,668.52	0.00	11,741.52	11,741.52
04/14/11	FFCB BDS 3.875% 10/07/13	31331GC56	60,000.00	65,300.40	64,074.00	(1,226.40)	0.00	0.00
04/15/11	FHLB BDS 4.625% 10/10/12	3133XML66	125,000.00	128,470.00	132,590.25	0.00	4,120.25	4,120.25
04/15/11	FFCB BDS 5.375% 7/18/11	31331VJ80	50,000.00	52,421.15	50,682.50	0.00	(1,738.65)	(1,738.65)



Account Number  
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Account Name  
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## Account Statement

### Statement Period

April 1, 2011 through April 30, 2011

### Realized Gain/Loss Summary (continued)

Sale Date	Asset Name	CUSIP	Share	Cost	Proceeds	Gain / Loss Amount	
						Short	Long
04/18/11	PROCTER & GAMBLE CO 4.950% 8/15/14	74271001A4	180,000.00	204,708.80	199,513.80	(5,193.00)	0.00
	<b>TOTAL</b>			<b>\$981,974.09</b>	<b>\$923,068.46</b>	<b>(\$6,419.40)</b>	<b>\$27,513.77</b>
	<b>SUMMARY</b>			<b>DISTRIBUTIONS</b>	<b>REALIZED</b>	<b>TOTAL</b>	
	Short Term Capital Gain / Loss			\$0.00	(\$8,419.40)	(\$8,419.40)	
	Long Term Capital Gain / Loss			\$0.00	\$27,513.77	\$27,513.77	

### 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 002283 95932 H 12 A

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



## Account Statement

### Statement Period

May 1, 2011 through May 31, 2011

### Account Number

6736301210

### Account Name

SMALL CITIES ORGANIZED RISK EFFORT

### Relationship Manager

CARMEN CONIENDO

415-705-7207

### Online Access

unionbank.com/trustandcustody

**Investment Manager**  
 CHANDLER LIQUID ASSET MGMT

## Overview of Total Account Value

Closing Value on 12/31/2010 \$10,196,231.23  
 Opening Value on 05/01/2011 \$10,254,262.58  
 Closing Value on 05/31/2011 \$10,329,131.27  
**Net Change For Period \$74,868.69**

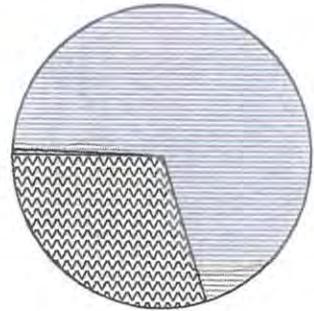
## Contents

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

## Overview of Account by Investment Category

Your Current Portfolio Mix

% of Total Account	Market Value	Description
0.57%	59,098.02	Cash & Cash Equivalents
69.47%	7,175,538.75	Government Obligations
29.96%	3,094,494.50	Corporate Obligations
<b>100.00%</b>	<b>\$10,329,131.27</b>	<b>Total Account Value</b>





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## Account Statement

### Statement Period

May 1, 2011 through May 31, 2011

## Principal Portfolio Summary

Description	Market Value	Percentage of Portfolio	Current Yield
Cash & Cash Equivalents	59,098.02	0.57%	0.00%
Government Obligations	7,175,538.75	69.47%	2.92%
Corporate Obligations	3,094,494.50	29.96%	2.86%
<b>Total Principal Portfolio</b>	<b>\$10,329,131.27</b>	<b>100.00%</b>	<b>2.88%</b>

## Unrealized Gain/Loss Summary

Description	Cost Basis	Market Value	Gain/Loss
Cash & Cash Equivalents	59,098.02	59,098.02	0.00
Government Obligations	7,024,592.39	7,175,538.75	150,946.36
Corporate Obligations	3,042,083.43	3,094,494.50	52,411.07
<b>Total Gain/Loss</b>	<b>\$10,125,773.84</b>	<b>\$10,329,131.27</b>	<b>\$203,357.43</b>

## Cash Transactions Summary

Receipts	Principal Cash
Dividend	0.46
Interest	48,697.63
Other Receipts	875.00
<b>Total Receipts</b>	<b>\$49,573.09</b>
<b>Disbursements</b>	
Payments to/for Beneficiaries	(3,087.00)
Fees	(875.00)
<b>Total Disbursements</b>	<b>(\$3,962.00)</b>

## Cash Transactions Summary (continued)

Other Transactions	Principal Cash
Net Cash Management	(45,611.09)
<b>Total Other Transactions</b>	<b>(\$45,611.09)</b>
<b>Total Net Transactions</b>	<b>\$0.00</b>



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## Account Statement

### Statement Period

May 1, 2011 through May 31, 2011

## Asset Detail - Principal Portfolio

### Cash & Cash Equivalents

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Date Priced	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
HighMark Money Market Funds									
HIGHMARKMONEY MARKET 100% U S TREASURY FD FIDUCIARY SH ***CASH MANAGEMENT SWEEP	431114503S	59,098.020	59,098.02	59,098.02	05/31/2011	1.0000	0.57%	0.00%	1.47
<b>Total Cash &amp; Cash Equivalents</b>			<b>\$59,098.02</b>	<b>\$59,098.02</b>			<b>0.57%</b>	<b>0.00%</b>	<b>\$1.47</b>

### Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Date Priced	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
US Treasury									
UNITED STATES TREAS NTS 4.6250% 2/29/2012	912828GK0	155,000.000	163,549.80	160,146.00	05/31/2011	103.3200	1.55%	4.48%	7,168.75
UNITED STATES TREAS NTS 4.5000% 4/30/2012	912828G07	200,000.000	197,125.00	207,804.00	05/31/2011	103.9020	2.01%	4.33%	9,000.00
UNITED STATES TREAS NTS 4.2500% 9/30/2012	912828HE3	120,000.000	120,253.13	126,361.20	05/31/2011	105.3010	1.22%	4.04%	5,100.00
UNITED STATES TREAS NTS 3.8750% 10/31/2012	912828HG8	350,000.000	357,396.48	367,801.00	05/31/2011	105.0860	3.56%	3.69%	13,562.50
UNITED STATES TREAS NTS 3.3750% 11/30/2012	912828HK9	365,000.000	367,036.33	381,753.50	05/31/2011	104.5900	3.70%	3.23%	12,318.75
UNITED STATES TREAS NTS 2.5000% 3/31/2013	912828HV5	125,000.000	128,154.72	129,823.75	05/31/2011	103.8590	1.26%	2.41%	3,125.00
UNITED STATES TREAS NTS 2.7500% 10/31/2013	912828J04	125,000.000	129,633.79	131,513.75	05/31/2011	105.2110	1.27%	2.61%	3,437.50





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## Account Statement

### Statement Period

May 1, 2011 through May 31, 2011

## 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 1.7500% 7/31/2015	912828NP1	225,000,000	223,067.16	229,079.25	101.8130 05/31/2011	2.22%	1.72%	3,937.50
<b>Federal Govt Agency</b>								
FEDERAL HOME LOAN BANKS 3.3750% 6/24/2011	3133XRCW8	100,000,000	98,890.00	100,199.00	100.1990 05/31/2011	0.97%	3.37%	3,375.00
FEDERAL FARM CR BKS CONS 5.3750% 7/18/2011	31331VJ80	175,000,000	183,474.03	176,202.25	100.6870 05/31/2011	1.71%	5.34%	9,406.25
FEDERAL HOME LN BKS 4.8750% 11/18/2011	3133XHPH9	150,000,000	157,239.45	153,276.00	102.1840 05/31/2011	1.48%	4.77%	7,312.50
TENNESSEE VALLEY AUTH 6.7900% 5/23/2012	880591DT6	215,000,000	234,715.95	228,620.25	106.3350 05/31/2011	2.21%	6.39%	14,598.50
FEDERAL HOME LOAN BANK BONDS DTD 06/18/2010 0.875% 08/22/2012	3133XYWB7	205,000,000	205,686.75	206,400.15	100.6830 05/31/2011	2.00%	0.87%	1,793.75
FEDERAL NATL MTGE ASSN NOTES 0.500% 10/30/2012	31398A4T6	205,000,000	204,145.97	205,422.30	100.2060 05/31/2011	1.99%	0.50%	1,025.00
FEDERAL HOME LOAN BANKS 3.6250% 5/29/2013	3133XDU34	200,000,000	197,247.00	212,392.00	106.1960 05/31/2011	2.06%	3.41%	7,250.00
FEDERAL HOME LN BKS 3.8750% 6/14/2013	31339X2M5	200,000,000	200,403.10	213,566.00	106.7830 05/31/2011	2.07%	3.63%	7,750.00
FEDERAL HOME LN MTG CORP 3.7500% 6/28/2013	3137EABM0	100,000,000	98,060.70	106,753.00	106.7530 05/31/2011	1.03%	3.51%	3,750.00
FEDERAL NATL MTG ASSN 3.8750% 7/12/2013	31398ASD5	40,000,000	40,384.56	42,819.60	107.0490 05/31/2011	0.41%	3.62%	1,550.00



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## Account Statement

### Statement Period

May 1, 2011 through May 31, 2011

## 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
Federal Govt Agency								
FEDERAL HOME LN MTG CORP 4.5000% 7/15/2013	3134A4T7Z	25,000,000	25,878.25	27,084.75	108.3390 05/31/2011	0.26%	4.15%	1,125.00
TENNESSEE VALLEY AUTH 4.7500% 8/1/2013	880591DW9	230,000,000	242,426.00	249,865.10	108.6370 05/31/2011	2.42%	4.37%	10,925.00
FEDERAL FARM CR BKS 0.9800% 9/23/2013	31331KET3	115,000,000	114,663.05	115,814.20	100.7080 05/31/2011	1.12%	0.97%	1,127.00
FEDERAL NATL MTGE ASSN NOTES 1.200% 09/27/2013	31398A4A7	205,000,000	205,000.00	205,528.90	100.2580 05/31/2011	1.99%	1.20%	2,460.00
FEDERAL HOME LOAN BANKS 3.6250% 10/18/2013	3133XSAE8	250,000,000	258,142.75	267,062.50	106.8250 05/31/2011	2.59%	3.39%	9,062.50
FEDERAL HOME LOAN MTGE CORP NOTES 1.400% 11/18/2013	3134G1PP3	110,000,000	110,456.50	110,227.70	100.2070 05/31/2011	1.07%	1.40%	1,540.00
FEDERAL NATL MTG ASSN DTD 12/11/2008 2.875% 12/11/2013	31398AUJ9	100,000,000	101,696.10	105,252.00	105.2520 05/31/2011	1.02%	2.73%	2,875.00
FEDERAL HOME LOAN MTG CORP NOTES DTD 01/08/2009 2.50% 01/07/2014	3137EABX6	35,000,000	34,625.96	36,523.55	104.3530 05/31/2011	0.35%	2.40%	875.00
FEDERAL NATL MTG ASSN NTS DTD 03/13/2009 2.750% 03/13/2014	31398AVZ2	95,000,000	96,665.83	99,917.20	105.1760 05/31/2011	0.97%	2.61%	2,612.50
FEDERAL FARM CR BKS GLOBAL BDS DTD 04/17/2009 2.625% 04/17/2014	31331GTJ8	205,000,000	216,410.30	215,026.55	104.8910 05/31/2011	2.08%	2.50%	5,381.25
FEDL HOME LOAN MTG CORP NOTES DTD 04/24/2009 2.50% 04/23/2014	3137EACB3	150,000,000	155,568.75	156,681.00	104.4540 05/31/2011	1.52%	2.39%	3,750.00



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## Account Statement

### Statement Period

May 1, 2011 through May 31, 2011

## 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
Federal Govt Agency								
FEDERAL FARM CREDIT BANK BONDS 1.620% 04/25/2014	31331KHFO	205,000,000	204,979.50	207,054.10	101.0020 05/31/2011	2.00%	1.60%	3,321.00
FEDERAL NATL MTG ASSN NOTES DTD 05/15/2009 2.500% 05/15/2014	31398AXJ6	300,000,000	301,178.80	313,137.00	104.3790 05/31/2011	3.04%	2.40%	7,500.00
FEDERAL FARM CR BKS CONS 1.9000% 6/2/2014	31331JQA4	260,000,000	259,368.20	267,352.80	102.8280 05/31/2011	2.59%	1.85%	4,940.00
FEDERAL HOME LN BKS 5.2500% 6/18/2014	3133X7FK5	100,000,000	111,171.90	112,978.00	112.9780 05/31/2011	1.09%	4.65%	5,250.00
FEDERAL FARM CREDIT BANK BONDS 3.000% 09/22/2014	31331GL80	245,000,000	250,683.60	260,314.95	106.2510 05/31/2011	2.52%	2.82%	7,350.00
FEDERAL HOME LN MTG CORP 2.0000% 1/13/2015	3134G2DN9	265,000,000	264,523.00	267,710.95	101.0230 05/31/2011	2.59%	1.98%	5,300.00
FEDERAL HOME LOAN MTG CORP NOTES DTD 01/07/2010 2.875% 02/09/2015	3137EACH0	250,000,000	256,160.83	264,205.00	105.6820 05/31/2011	2.56%	2.72%	7,187.50
FEDERAL NATL MTG ASSN 2.3750% 7/28/2015	31398AU34	275,000,000	283,288.50	285,513.25	103.8230 05/31/2011	2.76%	2.29%	6,531.25
FEDERAL NATL MTG ASSN 1.8500% 9/9/2015	3136FPEQ6	105,000,000	104,816.25	105,118.65	100.1130 05/31/2011	1.02%	1.85%	1,942.50



Account Number  
6736301210

Account Name  
SCORE

## Account Statement

### Statement Period

May 1, 2011 through May 31, 2011

## Asset Detail - Principal Portfolio (continued)

### Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Date Priced	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
Federal Govt Agency									
FEDERAL FARM CR BKS 2.3500% 12/22/2015	31331J6C2	120,000.000	120,434.40	123,237.60	102.6980 05/31/2011		1.19%	2.29%	2,820.00
<b>Total Government Obligations</b>			<b>\$7,024,592.39</b>	<b>\$7,175,538.75</b>			<b>69.47%</b>	<b>2.92%</b>	<b>\$209,336.50</b>

### Corporate Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Date Priced	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
Corporate Bonds									
US BANCORP DTD 03/13/2009 2.250% 03/13/2012	91160HAA5	160,000.000	159,980.80	162,584.00	101.6150 05/31/2011		1.57%	2.21%	3,600.00
BANK OF AMERICA FDIC GTD TLG 3.1250% 6/15/2012	06050BAA9	280,000.000	290,365.50	288,176.00	102.9200 05/31/2011		2.79%	3.04%	8,750.00
GOLDMAN SACHS GP INC FDIC TL 3.2500% 6/15/2012	38146FAA9	280,000.000	284,814.50	288,447.60	103.0170 05/31/2011		2.79%	3.15%	9,100.00
WELLS FARGO & COMPANY DTD 03/30/2009 2.1250% 06/15/2012	949744AC0	290,000.000	290,859.44	295,385.30	101.8570 05/31/2011		2.86%	2.09%	6,162.50
PNC FUNDING CORP NOTES DTD 12/22/2008 2.300% 06/22/2012	69351CAC7	290,000.000	294,515.30	295,947.90	102.0510 05/31/2011		2.87%	2.25%	6,670.00
JPMORGAN CHASE & CO DTD 04/06/2009 2.1250% 12/26/2012	481247AM6	295,000.000	295,914.50	302,947.30	102.6940 05/31/2011		2.93%	2.07%	6,268.75
WAL MART STORES INC 4.2500% 4/15/2013	931142CL5	45,000.000	48,179.25	47,965.50	106.5900 05/31/2011		0.46%	3.99%	1,912.50





Account Number  
6736301210

Account Name  
SCORE

## Account Statement

### Statement Period

May 1, 2011 through May 31, 2011

## 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>								
XTO ENERGY INC 4.9000% 2/1/2014	98385XAD8	75,000,000	82,130.50	82,524.00	110.0320 05/31/2011	0.80%	4.45%	3,675.00
CHEVRON CORPORATION SR NOTES DTD 03/03/2009 3.95% 03/03/2014	16675IAH0	190,000,000	200,126.65	205,336.80	108.0720 05/31/2011	1.99%	3.65%	7,505.00
GENL ELEC CAP CORP NOTES 5.900% 05/13/2014	36962G4C5	180,000,000	194,130.60	201,240.00	111.8000 05/31/2011	1.95%	5.28%	10,620.00
WAL MART STORES INC NOTES DTD 05/21/2009 3.200% 05/15/2014	931142CQ4	190,000,000	197,746.80	202,110.60	106.3740 05/31/2011	1.96%	3.01%	6,080.00
MICROSOFT CORP NT DTD 05/18/2009 2.950% 06/01/2014	594918AB0	240,000,000	246,233.20	252,669.60	105.2790 05/31/2011	2.45%	2.80%	7,080.00
BERKSHIRE HATHAWAY INC 3.200% 02/11/2015	084670AV0	195,000,000	198,471.25	204,740.25	104.9950 05/31/2011	1.98%	3.05%	6,240.00
PROCTER & GAMBLE CO DTD 11/18/2010 1.80% 11/15/2015	742718DS5	265,000,000	258,615.14	264,419.65	99.7810 05/31/2011	2.56%	1.80%	4,770.00
<b>Total Corporate Obligations</b>			<b>\$3,042,083.43</b>	<b>\$3,094,494.50</b>		<b>29.96%</b>	<b>2.86%</b>	<b>\$88,433.75</b>
<b>Total Principal Portfolio</b>			<b>\$10,125,773.84</b>	<b>\$10,329,131.27</b>		<b>100.00%</b>	<b>2.88%</b>	<b>\$297,771.72</b>
<b>Total Account Values</b>			<b>\$10,125,773.84</b>	<b>\$10,329,131.27</b>		<b>100.00%</b>	<b>2.88%</b>	<b>\$297,771.72</b>



Account Number  
6736301210

Account Name  
SCORE

### Account Statement

#### Statement Period

May 1, 2011 through May 31, 2011

### Maturity Summary

	Face Value	Par Value	Cost Basis	Market Value	Percentage of Market Value
2011		425,000,000	439,593.48	429,677.25	4.18%
2012		3,410,000,000	3,466,359.45	3,517,796.50	34.26%
2013		1,870,000,000	1,900,325.77	1,965,668.75	19.14%
2014		2,470,000,000	2,551,020.59	2,612,866.15	25.44%
2015		1,700,000,000	1,709,376.53	1,744,024.60	16.98%
2016					
2017					
2018					
2019					
2020					
Ten-to-Fourteen Years					
Fifteen-to-Nineteen Years					
Twenty Years and Over					
<b>Total</b>	<b>\$0.00</b>	<b>9,875,000,000</b>	<b>\$10,066,675.82</b>	<b>\$10,270,033.25</b>	<b>100.00%</b>

### Transaction Detail

Date	Activity Description	CUSIP	Principal Cash	Cost Basis
Beginning Balance			\$0.00	\$10,080,162.75
05/02/11	Interest CASH RECEIPT OF INTEREST EARNED ON US TREAS NTS 2.750% 10/31/13 0.01375/\$1 PV ON 125,000 PAR VALUE DUE 4/30/2011	912828J04	1,718.75	
05/02/11	Interest CASH RECEIPT OF INTEREST EARNED ON US TREAS NTS 3.875% 10/31/12 0.019375/\$1 PV ON 350,000 PAR VALUE DUE 4/30/2011	912828HG8	6,781.25	
05/02/11	Interest CASH RECEIPT OF INTEREST EARNED ON US TREAS NTS 4.500% 4/30/12 0.0225/\$1 PV ON 200,000 PAR VALUE DUE 4/30/2011	912828G07	4,500.00	





Account Number  
6736301210

Account Name  
SCORE

## Account Statement

### Statement Period

May 1, 2011 through May 31, 2011

### Transaction Detail (continued)

Date	Activity Description	CUSIP	Principal Cash	Cost Basis
05/02/11	Interest CASH RECEIPT OF INTEREST EARNED ON FNMA NTS 0.500% 10/30/12 0.0025/\$1 PV ON 205,000 PAR VALUE DUE 4/30/2011	31398A4T6	512.50	
05/02/11	Dividend CASH RECEIPT OF DIVIDEND EARNED ON HIGHMARK 100% US TREASURY MONEY MKT ONE MONTH YIELD (ANNUALIZED) 0%	431114503S	0.46	
05/03/11	Other Receipts CASH RECEIPT PAYMENT OF FEES For Period Ending 20101231		875.00	
05/03/11	Fees UB FEE COLLECTED For Period Ending 20101231		(875.00)	
05/13/11	Interest CASH RECEIPT OF INTEREST EARNED ON GECC NTS 5.900% 5/13/14 0.0295/\$1 PV ON 180,000 PAR VALUE DUE 5/13/2011	36962G4C5	5,310.00	
05/16/11	Interest CASH RECEIPT OF INTEREST EARNED ON FNMA NTS 2.500% 5/15/14 0.0125/\$1 PV ON 300,000 PAR VALUE DUE 5/15/2011	31398AXJ6	3,750.00	
05/16/11	Interest CASH RECEIPT OF INTEREST EARNED ON PROCTER & GAMBLE BDS 1.800% 11/15/15 0.00895/\$1 PV ON 265,000 PAR VALUE DUE 5/15/2011	742718DS5	2,345.25	
05/16/11	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 5/15/2011	931142CQ4	3,040.00	
05/18/11	Interest CASH RECEIPT OF INTEREST EARNED ON FHLB BDS 4.875% 11/18/11 0.024375/\$1 PV ON 150,000 PAR VALUE DUE 5/18/2011	3133XHPH9	3,656.25	
05/23/11	Interest CASH RECEIPT OF INTEREST EARNED ON TENN VY AUTH SER A 6.790% 5/23/12 0.03395/\$1 PV ON 215,000 PAR VALUE DUE 5/23/2011	880591DT6	7,299.25	



Account Number  
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Account Name  
SCORE

## Account Statement

### Statement Period

May 1, 2011 through May 31, 2011

### Transaction Detail (continued)

Date	Activity Description	CUSIP	Principal Cash	Cost Basis
05/27/11	Payments to/for Beneficiaries CASH DISBURSEMENT PAID TO CHANDLER ASSET MANAGEMENT INC PAYMENT PER REQUEST R/T 286 MANAGEMENT FEE FOR PERIOD ENDING FEBRUARY 28, 2011 INVOICE 9351		(1,028.00)	
05/27/11	Payments to/for Beneficiaries CASH DISBURSEMENT PAID TO CHANDLER ASSET MANAGEMENT INC PAYMENT PER REQUEST R/T 286 MANAGEMENT FEE FOR PERIOD ENDING MARCH 31, 2011 INVOICE 9474		(1,028.00)	
05/27/11	Payments to/for Beneficiaries CASH DISBURSEMENT PAID TO CHANDLER ASSET MANAGEMENT INC. PAYMENT PER REQUEST R/T 286 MANAGEMENT FEE FOR PERIOD ENDING APRIL 30, 2011 INVOICE #9596		(1,031.00)	
05/31/11	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 5/31/2011	912828HK9	6,159.38	
05/31/11	Interest CASH RECEIPT OF INTEREST EARNED ON FHLB BDS 3.625% 5/29/13 0.018125/\$1 PV ON 200,000 PAR VALUE DUE 5/29/2011	3133XQUJ34	3,625.00	
	Net Cash Management TOTAL ACTIVITY FOR HIGHMARK 100% US TREASURY MONEY MKT FROM 05/01/11 TO 05/31/11	431114503S	(45,611.09)	45,611.09
<b>Net Activity</b>			<b>\$0.00</b>	<b>\$45,611.09</b>
<b>Ending Balance</b>			<b>\$0.00</b>	<b>\$10,125,773.84</b>



**Small Cities Organized Risk Effort  
Transaction List by Date  
March 18 - June 6, 2011**

Date	Type	Num	Name	Memo/Description	Account	Amount
03/21/2011	Bill		Union Bank of California, N.A.	Ref #638150 - July - September 2010	0200 Accounts Payable	875.00
03/21/2011	Check	2153	Gilbert Associates, Inc.	February 2011	0100 - CASH IN BANK:0100-010 Scott Valley Bank	-4,000.00
03/21/2011	Check	2154	Gilbert Associates, Inc.	Audit - February 2011	0100 - CASH IN BANK:0100-010 Scott Valley Bank	-2,072.50
03/21/2011	Check	2155	Gilbert Associates, Inc.	December 2010	0100 - CASH IN BANK:0100-010 Scott Valley Bank	-4,000.00
03/21/2011	Check	2156	York Insurance Services Group, Inc-CA	WC February 2011	0100 - CASH IN BANK:0100-010 Scott Valley Bank	-4,571.26
03/21/2011	Check	2157	York Insurance Services Group, Inc-CA	Liability February 2011	0100 - CASH IN BANK:0100-010 Scott Valley Bank	-11,800.09
03/21/2011	Check	2158	York Insurance Services Group, Inc-CA	WC February 2011	0100 - CASH IN BANK:0100-010 Scott Valley Bank	-5,035.49
03/21/2011	Check	2159	Dept. of Industrial Relations, Self-Insu		0100 - CASH IN BANK:0100-010 Scott Valley Bank	-17,522.51
03/21/2011	Check	2160	Risk Management Services		0100 - CASH IN BANK:0100-010 Scott Valley Bank	-2,760.00
03/21/2011	Check	2161	Maze & Associates		0100 - CASH IN BANK:0100-010 Scott Valley Bank	-13,782.50
03/21/2011	Check	2162	York Insurance Services Group, Inc-CA	WC Claim Admin	0100 - CASH IN BANK:0100-010 Scott Valley Bank	-7,665.00
03/23/2011	Payment		Isleton		0100 - CASH IN BANK:0100-010 Scott Valley Bank	5,000.00
03/23/2011	Payment		Rio Dell		0100 - CASH IN BANK:0100-010 Scott Valley Bank	10,741.00
03/23/2011	Payment	2518	Biggs		0100 - CASH IN BANK:0100-010 Scott Valley Bank	6,129.00
03/23/2011	Bill		Gilbert Associates, Inc.	Accounting Services - For Decemvber 2010 (29330 ENG)	0200 Accounts Payable	4,000.00

Date	Type	Num	Name	Memo/Description	Account	Amount
03/23/2011	Bill		Gilbert Associates, Inc.	Accounting Services - For February 2011	0200 Accounts Payable	4,000.00
03/23/2011	Bill		Gilbert Associates, Inc.	Audit 12/10	0200 Accounts Payable	2,072.50
03/23/2011	Bill		York Insurance Services Group, Inc-CA	Liability Risk Control 2/11	0200 Accounts Payable	4,571.26
03/23/2011	Bill		Dept. of Industrial Relations, Self-Insu	Inv# 55349 self Insurance	0200 Accounts Payable	17,522.51
03/23/2011	Bill		Risk Management Services	Liability Claims Audit	0200 Accounts Payable	2,760.00
03/23/2011	Bill		Maze & Associates	Inv# 25727 Audit	0200 Accounts Payable	13,782.50
03/23/2011	Bill		York Insurance Services Group, Inc-CA	Inv# 500003739 W/C	0200 Accounts Payable	7,665.00
03/23/2011	Bill		York Insurance Services Group, Inc-CA	Inv# 500108307 Liability	0200 Accounts Payable	11,800.09
03/23/2011	Bill		York Insurance Services Group, Inc-CA	Inv# 500108343 W/C	0200 Accounts Payable	5,035.49
03/25/2011	Bill		Gaia Hotel		0200 Accounts Payable	773.18
03/25/2011	Bill Payment (Check)	2163	Gaia Hotel		0100 - CASH IN BANK:0100-010 Scott Valley Bank	-773.18
03/30/2011	Transfer			claim#2007058233	0100 - CASH IN BANK:0100-010 Scott Valley Bank	-33,000.00
03/31/2011	Deposit	INTEREST		Interest Earned	0100 - CASH IN BANK:0100-010 Scott Valley Bank	569.58
03/31/2011	Deposit	INTEREST		Interest Earned	0100 - CASH IN BANK:0106-000 TRUST ACCOUNTS:0106-020 Trust - WC - SVB	13.02
03/31/2011	Check	29649-29849	checks		0100 - CASH IN BANK:0106-000 TRUST ACCOUNTS:0106-020 Trust - WC - SVB	-51,570.57
03/31/2011	Deposit	INTEREST		Interest Earned	0100 - CASH IN BANK:0106-000 TRUST	6.85

Date	Type	Num	Name	Memo/Description	Account	Amount
					ACCOUNTS:0106-010 Trust - Liab_SVB	
03/31/2011	Check	4508-4535	checks		0100 - CASH IN BANK:0106-000 TRUST	-48,906.45
					ACCOUNTS:0106-010 Trust - Liab_SVB	
03/31/2011	Deposit				0100 - CASH IN BANK:0106-000 TRUST	5,900.00
					ACCOUNTS:0106-010 Trust - Liab_SVB	
03/31/2011	Transfer				0100 - CASH IN BANK:0100-010 Scott Valley Bank	-6,153.02
03/31/2011	Transfer				0100 - CASH IN BANK:0100-010 Scott Valley Bank	-6,153.02
04/04/2011	Transfer				0100 - CASH IN BANK:0100-010 Scott Valley Bank	-48,703.71
04/04/2011	Transfer				0100 - CASH IN BANK:0100-010 Scott Valley Bank	-18,804.51
04/04/2011	Payment	12983	Etna		0100 - CASH IN BANK:0100-010 Scott Valley Bank	4,182.00
04/04/2011	Payment	415066	Crescent City		0100 - CASH IN BANK:0100-010 Scott Valley Bank	66,969.00
04/04/2011	Payment	17367	Dorris		0100 - CASH IN BANK:0100-010 Scott Valley Bank	2,008.00
04/08/2011	Bill Payment (Check)	2165	Gilbert Associates, Inc.	29330 ENG	0100 - CASH IN BANK:0100-010 Scott Valley Bank	-4,000.00
04/08/2011	Bill Payment (Check)	2164	Union Bank of California, N.A.		0100 - CASH IN BANK:0100-010 Scott Valley Bank	-875.00
04/12/2011	Transfer			#2011115066	0100 - CASH IN BANK:0100-010 Scott Valley Bank	-5,645.64
04/20/2011	Bill		Union Bank of California, N.A.	Ref #677688-January-March 2011	0200 Accounts Payable	875.00
04/20/2011	Payment	37801	Live Oak		0100 - CASH IN BANK:0100-010 Scott Valley Bank	21,259.00
04/20/2011	Payment	044263	Weed		0100 - CASH IN BANK:0100-010 Scott Valley Bank	34,470.00
04/20/2011	Payment	32275	Portola		0100 - CASH IN BANK:0100-010 Scott Valley Bank	10,307.00
04/20/2011	Transfer			4-1-2011 to 4-15-2011	0100 - CASH IN BANK:0100-010 Scott Valley Bank	-24,647.95

Date	Type	Num	Name	Memo/Description	Account	Amount
04/20/2011	Transfer			4-1-2011 to 4-15-2011	0100 - CASH IN BANK:0100-010 Scott Valley Bank	-27,938.51
04/25/2011	Bill		Gibbons & Conley	Inv # 10-OCT-1392	0200 Accounts Payable	1,055.70
04/25/2011	Bill		Gibbons & Conley	Inv # 10-FEB-1556	0200 Accounts Payable	642.60
04/25/2011	Payment	96122	Yreka		0100 - CASH IN BANK:0100-010 Scott Valley Bank	63,865.00
04/26/2011	Payment	41225	Dunsmuir		0100 - CASH IN BANK:0100-010 Scott Valley Bank	10,631.00
04/26/2011	Payment	47098	Colfax		0100 - CASH IN BANK:0100-010 Scott Valley Bank	8,689.00
04/30/2011	Deposit	INTEREST		Interest Earned	0100 - CASH IN BANK:0100-010 Scott Valley Bank	524.94
04/30/2011	Deposit	INTEREST		Interest Earned	0100 - CASH IN BANK:0106-000 TRUST ACCOUNTS:0106-020 Trust - WC - SVB	11.89
04/30/2011	Check	29561-29996	checks		0100 - CASH IN BANK:0106-000 TRUST ACCOUNTS:0106-020 Trust - WC - SVB	-89,405.20
04/30/2011	Check	4537-4553	checks		0100 - CASH IN BANK:0106-000 TRUST ACCOUNTS:0106-010 Trust - Liab _SVB	-43,465.23
04/30/2011	Deposit	INTEREST		Interest Earned	0100 - CASH IN BANK:0106-000 TRUST ACCOUNTS:0106-010 Trust - Liab _SVB	8.30
05/06/2011	Transfer			4-16-2011 to 4-30-2011	0100 - CASH IN BANK:0100-010 Scott Valley Bank	-13,791.43
05/06/2011	Transfer			4-16-2011 to 4-30-2011	0100 - CASH IN BANK:0100-010 Scott Valley Bank	-5,128.54
05/16/2011	Transfer			5-1-2011 to 5-15-2011	0100 - CASH IN BANK:0100-010 Scott Valley Bank	-2,540.32
05/16/2011	Transfer			5-1-2011 to 5-15-2011	0100 - CASH IN BANK:0100-010 Scott Valley Bank	-40,805.85
06/01/2011	Transfer			claim # 2009088405	0100 - CASH IN BANK:0100-010 Scott Valley Bank	-16,740.13
06/01/2011	Transfer			5-16-2011 to 5-31-2011	0100 - CASH IN BANK:0100-010 Scott Valley Bank	-62,079.89

Date	Type	Num	Name	Memo/Description	Account	Amount
06/01/2011	Transfer			5-16-2011 to 5-31-2011	0100 - CASH IN BANK:0100-010 Scott Valley Bank	-7,613.08
06/02/2011	Payment	44254	Shasta Lake		0100 - CASH IN BANK:0100-010 Scott Valley Bank	51,706.00

Monday, Jun 06, 2011 02:07:42 PM PDT GMT-7

# Monthly Account Statement

## Small Cities Organized Risk Effort

March 1, 2011 through March 31, 2011

### Chandler Team

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

### Custodian

Union Bank of California  
Carmen Coniando  
415-705-7207

***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	2.12
Average Coupon	3.26 %
Average Purchase YTM	2.58 %
Average Market YTM	1.07 %
Average S&P Rating	AAA
Average Final Maturity	2.25 yrs
Average Life	2.25 yrs

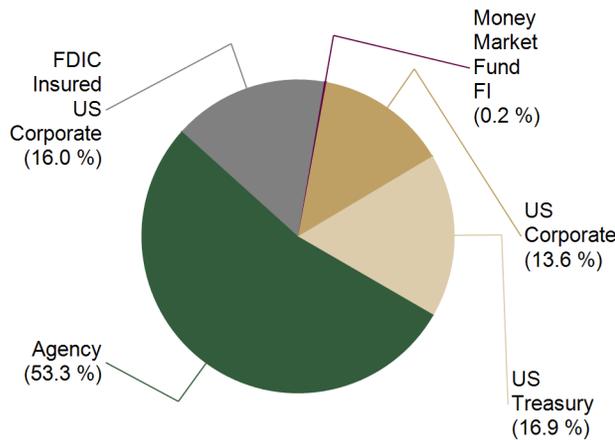
ACCOUNT SUMMARY

	Beg. Values as of 2/28/11	End Values as of 3/31/11
<b>Market Value</b>	10,194,641	10,188,897
<b>Accrued Interest</b>	79,964	87,990
<b>Total Market Value</b>	<b>10,274,605</b>	<b>10,276,887</b>
<b>Income Earned</b>	21,531	21,454
<b>Cont/WD</b>		0
<b>Par</b>	9,783,899	9,801,624
<b>Book Value</b>	9,933,668	9,950,602
<b>Cost Value</b>	10,023,017	10,037,778

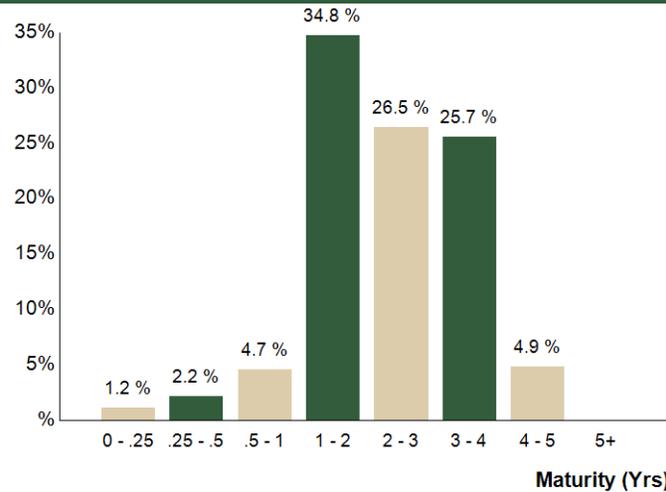
TOP ISSUERS

Issuer	% Portfolio
Government of United States	16.9 %
Federal National Mortgage Assoc	14.8 %
Federal Home Loan Bank	13.7 %
Federal Farm Credit Bank	12.3 %
Federal Home Loan Mortgage Corp	7.7 %
Tennessee Valley Authority	4.7 %
JP Morgan FDIC Insured	3.0 %
PNC Funding FDIC Insured	2.9 %
<b>Total</b>	<b>76.1 %</b>

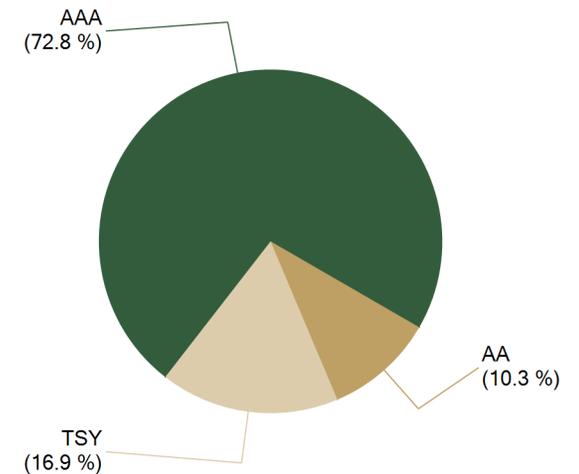
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY



PERFORMANCE REVIEW

Total Rate of Return As of 3/31/2011	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized			Since 3/31/2006	
					3 Yrs	5 Yrs	10 Yrs		
Small Cities Organized Risk Effort	0.02 %	0.17 %	0.17 %	2.96 %	3.81 %	5.25 %	N/A	5.25 %	29.16 %
1-5 yr Govt	-0.04 %	0.04 %	0.04 %	2.60 %	3.04 %	4.86 %	N/A	4.86 %	26.81 %
1-5 Year Govt/A Rated or better Corporate	-0.01 %	0.22 %	0.22 %	2.98 %	3.31 %	4.89 %	N/A	4.89 %	26.94 %

# Monthly Account Statement

## Small Cities Organized Risk Effort

April 1, 2011 through April 30, 2011

### Chandler Team

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

### Custodian

Union Bank of California  
Carmen Coniendo  
415-705-7207

***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	2.13
Average Coupon	3.01 %
Average Purchase YTM	2.47 %
Average Market YTM	0.94 %
Average S&P Rating	AAA
Average Final Maturity	2.35 yrs
Average Life	2.29 yrs

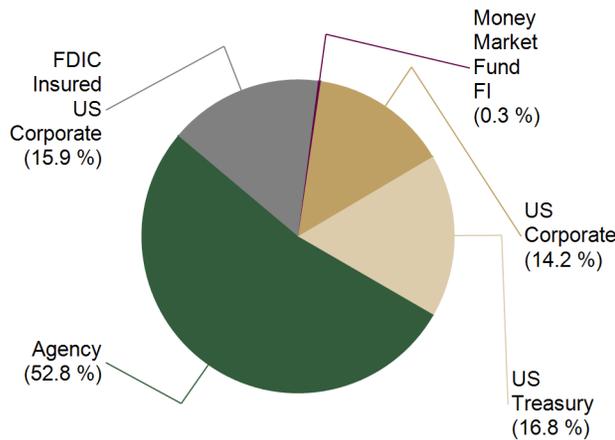
**ACCOUNT SUMMARY**

	Beg. Values as of 3/31/11	End Values as of 4/30/11
<b>Market Value</b>	10,188,897	10,267,779
<b>Accrued Interest</b>	87,990	79,657
<b>Total Market Value</b>	<b>10,276,887</b>	<b>10,347,436</b>
<b>Income Earned</b>	21,454	20,510
<b>Cont/WD</b>		0
<b>Par</b>	9,801,624	9,901,999
<b>Book Value</b>	9,950,602	10,009,182
<b>Cost Value</b>	10,037,778	10,092,215

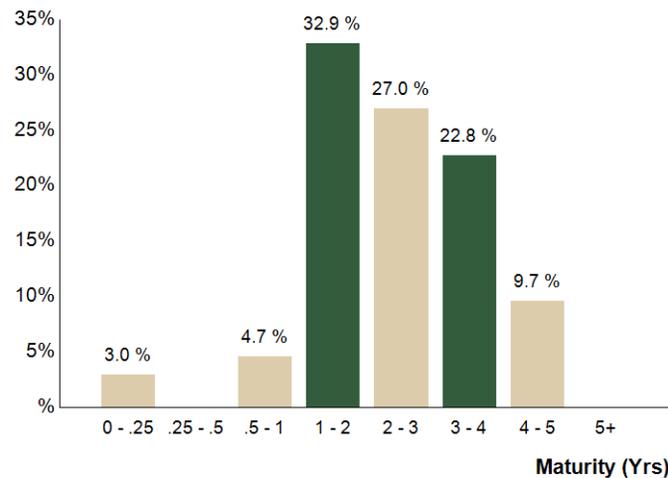
**TOP ISSUERS**

Issuer	% Portfolio
Government of United States	16.8 %
Federal Farm Credit Bank	13.2 %
Federal National Mortgage Assoc	13.2 %
Federal Home Loan Bank	12.3 %
Federal Home Loan Mortgage Corp	9.4 %
Tennessee Valley Authority	4.7 %
JP Morgan FDIC Insured	2.9 %
PNC Funding FDIC Insured	2.9 %
	<b>75.4 %</b>

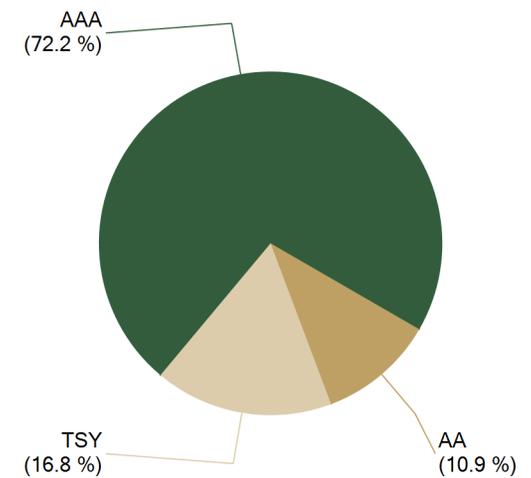
**SECTOR ALLOCATION**



**MATURITY DISTRIBUTION**



**CREDIT QUALITY**



**PERFORMANCE REVIEW**

Total Rate of Return As of 4/30/2011	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized			Since 3/31/2006	
					3 Yrs	5 Yrs	10 Yrs		
Small Cities Organized Risk Effort	0.68 %	0.64 %	0.85 %	3.13 %	4.33 %	5.32 %	N/A	5.30 %	30.04 %
1-5 yr Govt	0.70 %	0.45 %	0.75 %	2.87 %	3.63 %	4.96 %	N/A	4.93 %	27.70 %
1-5 Year Govt/A Rated or better Corporate	0.79 %	0.66 %	1.01 %	3.27 %	3.87 %	5.00 %	N/A	4.97 %	27.94 %

# Monthly Account Statement

## Small Cities Organized Risk Effort

May 1, 2011 through May 31, 2011

### Chandler Team

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

### Custodian

Union Bank of California  
Carmen Coniando  
415-705-7207

*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	2.01
Average Coupon	3.00 %
Average Purchase YTM	2.46 %
Average Market YTM	0.76 %
Average S&P Rating	AAA
Average Final Maturity	2.26 yrs
Average Life	2.16 yrs

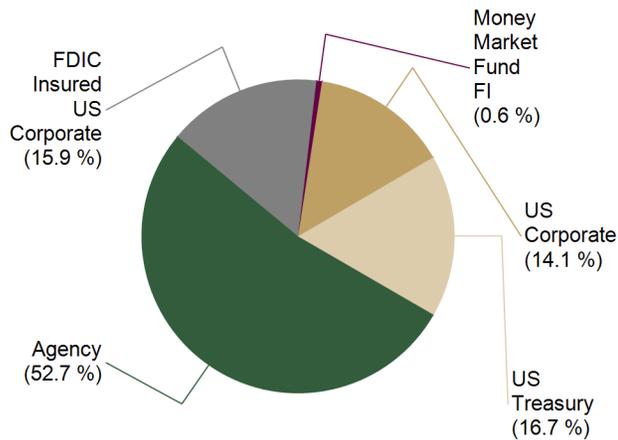
ACCOUNT SUMMARY

	Beg. Values as of 4/30/11	End Values as of 5/31/11
<b>Market Value</b>	10,267,779	10,329,137
<b>Accrued Interest</b>	79,657	69,358
<b>Total Market Value</b>	<b>10,347,436</b>	<b>10,398,495</b>
<b>Income Earned</b>	20,510	20,593
<b>Cont/WD</b>		-3,087
<b>Par</b>	9,901,999	9,934,098
<b>Book Value</b>	10,009,182	10,036,986
<b>Cost Value</b>	10,092,215	10,124,313

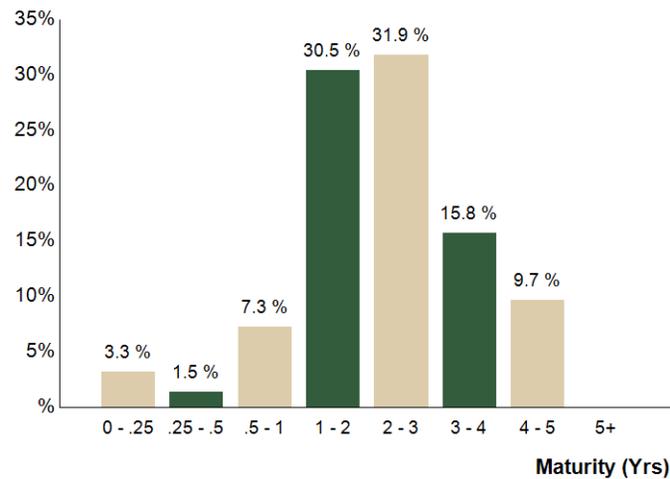
TOP ISSUERS

Issuer	% Portfolio
Government of United States	16.7 %
Federal Farm Credit Bank	13.2 %
Federal National Mortgage Assoc	13.2 %
Federal Home Loan Bank	12.3 %
Federal Home Loan Mortgage Corp	9.4 %
Tennessee Valley Authority	4.6 %
JP Morgan FDIC Insured	2.9 %
PNC Funding FDIC Insured	2.9 %
	<b>75.2 %</b>

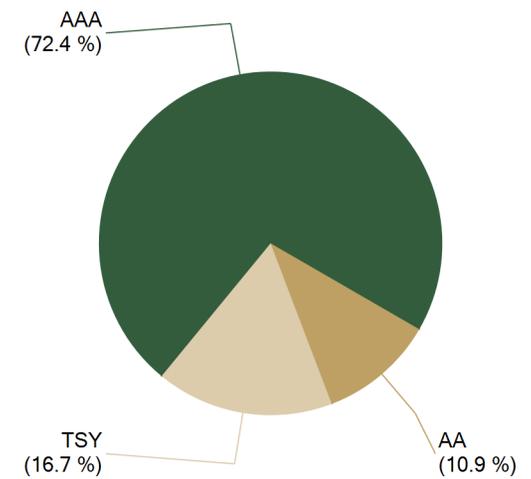
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY



PERFORMANCE REVIEW

Total Rate of Return As of 5/31/2011	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized			Since 3/31/2006	
					3 Yrs	5 Yrs	10 Yrs		
Small Cities Organized Risk Effort	0.52 %	1.23 %	1.38 %	3.09 %	4.69 %	5.41 %	N/A	5.32 %	30.72 %
1-5 yr Govt	0.68 %	1.34 %	1.43 %	2.85 %	4.08 %	5.08 %	N/A	4.98 %	28.57 %
1-5 Year Govt/A Rated or better Corporate	0.68 %	1.47 %	1.70 %	3.49 %	4.28 %	5.12 %	N/A	5.02 %	28.81 %



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody S&P	Term (yrs) Duration
<b>AGENCY</b>									
3133XRCW8	FHLB Note 3.375% Due 6/24/2011	100,000.00	06/09/2008 3.77 %	98,880.00 99,915.01	100.71 0.27 %	100,714.90 909.38	0.99 % 799.89	Aaa AAA	0.23 0.23
31331VJ80	FFCB Note 5.375% Due 7/18/2011	225,000.00	12/12/2007 3.92 %	235,895.18 225,896.18	101.57 0.10 %	228,525.98 2,452.34	2.25 % 2,629.80	Aaa AAA	0.30 0.30
3133XHPH9	FHLB Note 4.875% Due 11/18/2011	150,000.00	05/07/2008 3.41 %	157,239.45 151,297.37	102.87 0.32 %	154,297.50 2,701.56	1.53 % 3,000.13	Aaa AAA	0.64 0.62
880591DT6	Tennessee Valley Authority Note 6.79% Due 5/23/2012	215,000.00	Various 4.10 %	235,881.16 221,054.27	107.24 0.44 %	230,566.86 5,190.58	2.29 % 9,512.59	Aaa AAA	1.15 1.10
3133XYWB7	FHLB Note 0.875% Due 8/22/2012	205,000.00	12/22/2010 0.67 %	205,686.75 205,578.73	100.40 0.58 %	205,825.33 194.32	2.00 % 246.60	Aaa AAA	1.40 1.38
3133XML66	FHLB Note 4.625% Due 10/10/2012	125,000.00	05/30/2008 3.92 %	128,470.00 126,217.01	106.11 0.59 %	132,639.13 2,746.09	1.32 % 6,422.12	Aaa AAA	1.53 1.46
31398A4T6	FNMA Note 0.5% Due 10/30/2012	205,000.00	12/22/2010 0.73 %	204,145.97 204,266.52	99.72 0.68 %	204,428.87 429.93	1.99 % 162.35	Aaa AAA	1.59 1.57
3133XQU34	FHLB Note 3.625% Due 5/29/2013	200,000.00	06/04/2008 3.93 %	197,247.00 198,805.87	105.75 0.93 %	211,500.40 2,456.94	2.08 % 12,694.53	Aaa AAA	2.16 2.07
31339X2M5	FHLB Note 3.875% Due 6/14/2013	200,000.00	Various 3.83 %	200,403.10 200,198.61	106.25 1.00 %	212,491.80 2,303.48	2.09 % 12,293.19	Aaa AAA	2.21 2.10
3137EABM0	FHLMC Note 3.75% Due 6/28/2013	100,000.00	07/02/2008 4.18 %	98,060.70 99,127.79	106.27 0.92 %	106,270.90 968.75	1.04 % 7,143.11	Aaa AAA	2.25 2.15
31398ASD5	FNMA Note 3.875% Due 7/12/2013	200,000.00	Various 3.74 %	201,173.60 200,569.68	106.50 0.99 %	212,997.40 1,700.70	2.09 % 12,427.72	Aaa AAA	2.28 2.18
3134A4TZ7	FHLMC Note 4.5% Due 7/15/2013	115,000.00	11/05/2008 3.68 %	119,039.95 116,977.40	107.93 0.99 %	124,120.65 1,092.50	1.22 % 7,143.25	Aaa AAA	2.29 2.18
880591DW9	Tennessee Valley Authority Note 4.75% Due 8/1/2013	230,000.00	Various 3.23 %	242,426.00 237,587.21	108.31 1.13 %	249,109.78 1,820.83	2.44 % 11,522.57	Aaa AAA	2.34 2.21
31331KET3	FFCB Note 0.98% Due 9/23/2013	115,000.00	03/28/2011 1.10 %	114,663.05 114,663.79	99.54 1.17 %	114,469.85 25.04	1.11 % (193.94)	Aaa AAA	2.48 2.44
31398A4A7	FNMA Callable Note 1X 9/27/11 1.2% Due 9/27/2013	205,000.00	09/10/2010 1.20 %	205,000.00 205,000.00	99.55 1.39 %	204,068.28 27.33	1.99 % (931.72)	Aaa AAA	2.50 2.06
31331GCS6	FFCB Note 3.875% Due 10/7/2013	60,000.00	09/21/2010 0.92 %	65,300.40 64,389.17	106.74 1.15 %	64,041.00 1,123.75	0.63 % (348.17)	Aaa AAA	2.52 2.37
3133XSAE8	FHLB Note 3.625% Due 10/18/2013	250,000.00	02/25/2009 2.87 %	258,142.75 254,472.51	105.93 1.25 %	264,832.50 4,103.30	2.62 % 10,359.99	Aaa AAA	2.55 2.41
3134G1PP3	FHLMC Callable Note 1X 8/18/11 1.4% Due 11/18/2013	110,000.00	08/18/2010 0.98 %	110,456.50 110,174.32	99.87 1.45 %	109,859.64 183.94	1.07 % (314.68)	Aaa AAA	2.64 1.84
31398AUJ9	FNMA Note 2.875% Due 12/11/2013	100,000.00	03/03/2009 2.50 %	101,696.10 100,958.50	104.29 1.25 %	104,286.60 878.47	1.02 % 3,328.10	Aaa AAA	2.70 2.58
3137EABX6	FHLMC Note 2.5% Due 1/7/2014	35,000.00	02/04/2009 2.73 %	34,625.96 34,789.36	103.32 1.27 %	36,163.37 204.17	0.35 % 1,374.01	Aaa AAA	2.78 2.66



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody S&P	Term (yrs) Duration
<b>AGENCY</b>									
31398AVZ2	FNMA Note 2.75% Due 3/13/2014	95,000.00	11/10/2009 2.32 %	96,665.83 96,136.94	103.94 1.38 %	98,741.48 130.63	0.96 % 2,604.54	Aaa AAA	2.95 2.83
31331GTJ8	FFCB Note 2.625% Due 4/17/2014	205,000.00	10/05/2010 1.02 %	216,410.30 214,843.49	103.66 1.39 %	212,504.03 2,451.46	2.09 % (2,339.46)	Aaa AAA	3.05 2.89
3137EACB3	FHLMC Note 2.5% Due 4/23/2014	150,000.00	07/16/2010 1.48 %	155,568.75 154,531.20	103.16 1.44 %	154,735.65 1,645.83	1.52 % 204.45	Aaa AAA	3.07 2.92
31398AXJ6	FNMA Note 2.5% Due 5/15/2014	300,000.00	Various 2.41 %	301,178.80 300,809.20	103.23 1.44 %	309,677.11 2,833.34	3.04 % 8,867.91	Aaa AAA	3.13 2.98
31331JQA4	FFCB Note 1.9% Due 6/2/2014	260,000.00	06/08/2010 1.96 %	259,368.20 259,495.08	101.10 1.54 %	262,857.14 1,632.94	2.57 % 3,362.06	Aaa AAA	3.18 3.05
3133X7FK5	FHLB Note 5.25% Due 6/18/2014	100,000.00	01/08/2010 2.57 %	111,171.90 108,101.18	111.54 1.56 %	111,535.70 1,502.08	1.10 % 3,434.52	Aaa AAA	3.22 2.95
31331GL80	FFCB Note 3% Due 9/22/2014	245,000.00	Various 2.48 %	250,683.60 249,134.56	104.51 1.66 %	256,037.74 183.75	2.49 % 6,903.18	Aaa AAA	3.48 3.30
3137EACH0	FHLMC Note 2.875% Due 2/9/2015	250,000.00	Various 2.28 %	256,160.83 255,361.23	103.56 1.91 %	258,891.26 1,038.20	2.53 % 3,530.03	Aaa AAA	3.87 3.63
31398AU34	FNMA Note 2.375% Due 7/28/2015	275,000.00	08/27/2010 1.73 %	283,288.50 282,299.24	101.03 2.12 %	277,844.05 1,142.97	2.71 % (4,455.19)	Aaa AAA	4.33 4.08
3136FPEQ6	FNMA Callable Note 1X 9/9/11 1.85% Due 9/9/2015	105,000.00	09/16/2010 1.89 %	104,816.25 104,836.06	97.50 2.45 %	102,371.43 118.71	1.00 % (2,464.63)	Aaa AAA	4.45 3.78
31331J6C2	FFCB Note 2.35% Due 12/22/2015	120,000.00	03/28/2011 2.27 %	120,434.40 120,433.65	99.92 2.37 %	119,908.08 775.50	1.17 % (525.57)	Aaa AAA	4.73 4.42
<b>Total Agency</b>		<b>5,250,000.00</b>	<b>2.51 %</b>	<b>5,370,180.98</b> <b>5,317,921.13</b>	<b>1.20 %</b>	<b>5,436,314.41</b> <b>44,968.81</b>	<b>53.34 %</b> <b>118,393.28</b>	<b>Aaa</b> <b>AAA</b>	<b>2.53</b> <b>2.38</b>
<b>FDIC INSURED US CORPORATE</b>									
91160HAA5	US Bancorp FDIC Guaranteed Note 2.25% Due 3/13/2012	160,000.00	03/10/2009 2.25 %	159,980.80 159,993.92	101.80 0.35 %	162,874.72 180.00	1.59 % 2,880.80	Aaa AAA	0.95 0.94
38146FAA9	Goldman Sachs FDIC Guaranteed Note 3.25% Due 6/15/2012	280,000.00	Various 2.69 %	284,814.50 281,810.34	103.31 0.49 %	289,265.76 2,679.44	2.84 % 7,455.42	Aaa AAA	1.21 1.18
949744AC0	Wells Fargo & Company FDIC Guaranteed Note 2.125% Due 6/15/2012	290,000.00	Various 2.03 %	290,859.44 290,332.04	101.91 0.53 %	295,540.74 1,814.52	2.89 % 5,208.70	Aaa AAA	1.21 1.19
06050BAA9	Bank of America Corp FDIC Guaranteed Note 3.125% Due 6/15/2012	280,000.00	Various 1.97 %	290,365.50 283,774.15	103.11 0.53 %	288,713.04 2,576.39	2.83 % 4,938.89	Aaa AAA	1.21 1.18
69351CAC7	PNC Funding Corp FDIC Guaranteed Note 2.3% Due 6/22/2012	290,000.00	08/31/2009 1.73 %	294,515.30 291,977.38	102.17 0.52 %	296,283.44 1,834.26	2.90 % 4,306.06	Aaa AAA	1.23 1.21



### Holdings Report

As of 3/31/11

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody S&P	Term (yrs) Duration
<b>FDIC INSURED US CORPORATE</b>									
481247AM6	JP Morgan Chase FDIC Guaranteed Note 2.125% Due 12/26/2012	295,000.00	04/22/2009 2.04 %	295,914.50 295,433.69	102.46 0.70 %	302,243.72 1,654.25	2.96 % 6,810.03	Aaa AAA	1.74 1.70
<b>Total FDIC Insured US Corporate</b>		<b>1,595,000.00</b>	<b>2.10 %</b>	<b>1,616,450.04</b> <b>1,603,321.52</b>	<b>0.54 %</b>	<b>1,634,921.42</b> <b>10,738.86</b>	<b>16.01 %</b> <b>31,599.90</b>	<b>Aaa</b> <b>AAA</b>	<b>1.29</b> <b>1.26</b>
<b>MONEY MARKET FUND FI</b>									
431114503	Highmark Treasury Money Market Fund	21,623.86	Various 0.01 %	21,623.86 21,623.86	1.00 0.01 %	21,623.86 0.00	0.21 % 0.00	Aaa AAA	0.00 0.00
<b>Total Money Market Fund FI</b>		<b>21,623.86</b>	<b>0.01 %</b>	<b>21,623.86</b> <b>21,623.86</b>	<b>0.01 %</b>	<b>21,623.86</b> <b>0.00</b>	<b>0.21 %</b> <b>0.00</b>	<b>Aaa</b> <b>AAA</b>	<b>0.00</b> <b>0.00</b>
<b>US CORPORATE</b>									
931142CL5	Wal-Mart Stores Note 4.25% Due 4/15/2013	45,000.00	12/14/2010 1.16 %	48,179.25 47,786.52	106.36 1.09 %	47,864.03 881.88	0.47 % 77.51	Aa2 AA	2.04 1.93
98385XAD8	XTO Energy Inc Note 4.9% Due 2/1/2014	75,000.00	Various 1.56 %	82,130.50 81,923.09	109.15 1.58 %	81,864.60 612.50	0.80 % (58.49)	Aaa AAA	2.84 2.65
166751AH0	ChevronTexaco Corp Note 3.95% Due 3/3/2014	190,000.00	Various 2.47 %	200,126.65 197,783.78	106.94 1.51 %	203,184.30 583.72	1.98 % 5,400.52	Aa1 AA	2.93 2.77
36962G4C5	General Electric Capital Corp Note 5.9% Due 5/13/2014	180,000.00	Various 3.84 %	194,130.60 190,503.53	110.37 2.42 %	198,671.40 4,071.00	1.97 % 8,167.87	Aa2 AA+	3.12 2.81
931142CQ4	Wal-Mart Stores Note 3.2% Due 5/15/2014	190,000.00	Various 2.08 %	197,746.80 196,335.77	104.75 1.63 %	199,030.51 2,296.89	1.96 % 2,694.74	Aa2 AA	3.13 2.94
594918AB0	Microsoft Note 2.95% Due 6/1/2014	240,000.00	Various 2.25 %	246,233.20 245,056.76	104.08 1.62 %	249,789.84 2,360.00	2.45 % 4,733.08	Aaa AAA	3.17 3.00
742718DA4	Procter & Gamble Co Note 4.95% Due 8/15/2014	180,000.00	09/29/2010 1.30 %	204,706.80 201,572.49	110.90 1.62 %	199,618.02 1,138.50	1.95 % (1,954.47)	Aa3 AA-	3.38 3.12
084670AV0	Berkshire Hathaway Note 3.2% Due 2/11/2015	195,000.00	Various 2.76 %	198,471.25 198,064.37	102.94 2.40 %	200,725.59 866.67	1.96 % 2,661.22	Aa2 AA+	3.87 3.61
<b>Total US Corporate</b>		<b>1,295,000.00</b>	<b>2.33 %</b>	<b>1,371,725.05</b> <b>1,359,026.31</b>	<b>1.81 %</b>	<b>1,380,748.29</b> <b>12,811.16</b>	<b>13.56 %</b> <b>21,721.98</b>	<b>Aa2</b> <b>AA+</b>	<b>3.19</b> <b>2.98</b>
<b>US TREASURY</b>									
912828GK0	US Treasury Note 4.625% Due 2/29/2012	155,000.00	Various 3.55 %	161,073.95 156,415.45	103.93 0.32 %	161,091.03 623.37	1.57 % 4,675.58	TSY TSY	0.92 0.90
912828GQ7	US Treasury Note 4.5% Due 4/30/2012	400,000.00	05/30/2007 4.83 %	394,250.00 398,735.38	104.48 0.35 %	417,906.40 7,558.01	4.14 % 19,171.02	TSY TSY	1.08 1.05
912828HE3	US Treasury Note 4.25% Due 9/30/2012	120,000.00	10/04/2007 4.20 %	120,253.13 120,076.13	105.51 0.56 %	126,609.36 13.93	1.23 % 6,533.23	TSY TSY	1.50 1.47
912828HG8	US Treasury Note 3.875% Due 10/31/2012	350,000.00	12/06/2007 3.40 %	357,396.48 352,392.49	105.19 0.58 %	368,169.90 5,694.75	3.64 % 15,777.41	TSY TSY	1.59 1.52



### Holdings Report

As of 3/31/11

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody S&P	Term (yrs) Duration
<b>US TREASURY</b>									
912828HK9	US Treasury Note 3.375% Due 11/30/2012	365,000.00	Various 3.25 %	367,036.33 365,689.87	104.60 0.60 %	381,795.84 4,128.81	3.76 % 16,105.97	TSY TSY	1.67 1.61
912828HV5	US Treasury Note 2.5% Due 3/31/2013	125,000.00	01/06/2010 1.69 %	128,154.72 126,953.30	103.44 0.76 %	129,296.88 8.54	1.26 % 2,343.58	TSY TSY	2.00 1.96
912828JQ4	US Treasury Note 2.75% Due 10/31/2013	125,000.00	05/10/2010 1.65 %	129,633.79 128,447.04	104.34 1.04 %	130,419.88 1,443.37	1.28 % 1,972.84	TSY TSY	2.59 2.47
<b>Total US Treasury</b>		<b>1,640,000.00</b>	<b>3.52 %</b>	<b>1,657,798.40</b> <b>1,648,709.66</b>	<b>0.55 %</b>	<b>1,715,289.29</b> <b>19,470.78</b>	<b>16.88 %</b> <b>66,579.63</b>	<b>TSY</b> <b>TSY</b>	<b>1.52</b> <b>1.47</b>
<b>TOTAL PORTFOLIO</b>		<b>9,801,623.86</b>	<b>2.58 %</b>	<b>10,037,778.33</b> <b>9,950,602.48</b>	<b>1.07 %</b>	<b>10,188,897.27</b> <b>87,989.61</b>	<b>100.00 %</b> <b>238,294.79</b>	<b>Aaa</b> <b>AAA</b>	<b>2.25</b> <b>2.12</b>
<b>TOTAL MARKET VALUE PLUS ACCRUED</b>						<b>10,276,886.88</b>			



Holdings Report

As of 4/30/11

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody S&P	Term (yrs) Duration
<b>AGENCY</b>									
3133XRCW8	FHLB Note 3.375% Due 6/24/2011	100,000.00	06/09/2008 3.77 %	98,880.00 99,945.37	100.45 0.38 %	100,447.90 1,190.63	0.98 % 502.53	Aaa AAA	0.15 0.15
31331VJ80	FFCB Note 5.375% Due 7/18/2011	175,000.00	12/12/2007 3.92 %	183,474.03 175,503.41	101.11 0.23 %	176,947.75 2,691.23	1.74 % 1,444.34	Aaa AAA	0.22 0.22
3133XHPH9	FHLB Note 4.875% Due 11/18/2011	150,000.00	05/07/2008 3.41 %	157,239.45 151,128.88	102.51 0.30 %	153,766.20 3,310.94	1.52 % 2,637.32	Aaa AAA	0.55 0.54
880591DT6	Tennessee Valley Authority Note 6.79% Due 5/23/2012	215,000.00	Various 4.10 %	235,881.16 220,619.75	106.84 0.34 %	229,714.60 6,407.12	2.28 % 9,094.85	Aaa AAA	1.07 1.02
3133XYWB7	FHLB Note 0.875% Due 8/22/2012	205,000.00	12/22/2010 0.67 %	205,686.75 205,544.62	100.57 0.44 %	206,175.27 343.80	2.00 % 630.65	Aaa AAA	1.32 1.30
31398A4T6	FNMA Note 0.5% Due 10/30/2012	205,000.00	12/22/2010 0.73 %	204,145.97 204,304.59	100.00 0.50 %	204,994.06 2.85	1.98 % 689.47	Aaa AAA	1.50 1.49
3133XQU34	FHLB Note 3.625% Due 5/29/2013	200,000.00	06/04/2008 3.93 %	197,247.00 198,851.28	105.97 0.73 %	211,936.40 3,061.11	2.08 % 13,085.12	Aaa AAA	2.08 1.99
31339X2M5	FHLB Note 3.875% Due 6/14/2013	200,000.00	Various 3.83 %	200,403.10 200,191.20	106.55 0.76 %	213,103.80 2,949.30	2.09 % 12,912.60	Aaa AAA	2.13 2.03
3137EABM0	FHLMC Note 3.75% Due 6/28/2013	100,000.00	07/02/2008 4.18 %	98,060.70 99,159.74	106.54 0.70 %	106,536.70 1,281.25	1.04 % 7,376.96	Aaa AAA	2.16 2.07
31398ASD5	FNMA Note 3.875% Due 7/12/2013	40,000.00	Various 3.74 %	40,234.72 40,109.84	106.81 0.75 %	42,725.80 469.30	0.42 % 2,615.96	Aaa AAA	2.20 2.10
3134A4TZ7	FHLMC Note 4.5% Due 7/15/2013	25,000.00	11/05/2008 3.68 %	25,878.25 25,414.44	108.16 0.77 %	27,039.90 331.25	0.26 % 1,625.46	Aaa AAA	2.21 2.10
880591DW9	Tennessee Valley Authority Note 4.75% Due 8/1/2013	230,000.00	Various 3.23 %	242,426.00 237,320.36	108.56 0.90 %	249,695.59 2,731.25	2.44 % 12,375.23	Aaa AAA	2.26 2.14
31331KET3	FFCB Note 0.98% Due 9/23/2013	115,000.00	03/28/2011 1.10 %	114,663.05 114,674.92	100.20 0.90 %	115,227.47 118.96	1.11 % 552.55	Aaa AAA	2.40 2.36
31398A4A7	FNMA Callable Note 1X 9/27/11 1.2% Due 9/27/2013	205,000.00	09/10/2010 1.20 %	205,000.00 205,000.00	100.13 0.87 %	205,273.27 232.33	1.99 % 273.27	Aaa AAA	0.41 1.31
3133XSAE8	FHLB Note 3.625% Due 10/18/2013	250,000.00	02/25/2009 2.87 %	258,142.75 254,328.39	106.41 0.99 %	266,022.00 327.26	2.57 % 11,693.61	Aaa AAA	2.47 2.37
3134G1PP3	FHLMC Callable Note 1X 8/18/11 1.4% Due 11/18/2013	110,000.00	08/18/2010 0.98 %	110,456.50 110,136.70	100.27 0.50 %	110,294.80 312.28	1.07 % 158.10	Aaa AAA	0.30 0.79
31398AUJ9	FNMA Note 2.875% Due 12/11/2013	100,000.00	03/03/2009 2.50 %	101,696.10 100,929.30	104.85 0.99 %	104,853.90 1,118.06	1.02 % 3,924.60	Aaa AAA	2.62 2.50
3137EABX6	FHLMC Note 2.5% Due 1/7/2014	35,000.00	02/04/2009 2.73 %	34,625.96 34,795.60	103.92 1.02 %	36,370.39 277.08	0.35 % 1,574.79	Aaa AAA	2.69 2.58
31398AVZ2	FNMA Note 2.75% Due 3/13/2014	95,000.00	11/10/2009 2.32 %	96,665.83 96,105.28	104.66 1.09 %	99,430.90 348.33	0.96 % 3,325.62	Aaa AAA	2.87 2.76
31331GTJ8	FFCB Note 2.625% Due 4/17/2014	205,000.00	10/05/2010 1.02 %	216,410.30 214,577.92	104.29 1.15 %	213,790.81 209.27	2.07 % (787.11)	Aaa AAA	2.97 2.85



Holdings Report

As of 4/30/11

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody S&P	Term (yrs) Duration
<b>AGENCY</b>									
3137EACB3	FHLMC Note 2.5% Due 4/23/2014	150,000.00	07/16/2010 1.48 %	155,568.75 154,409.61	103.93 1.16 %	155,891.85 83.33	1.51 % 1,482.24	Aaa AAA	2.98 2.87
31331KHF0	FFCB Callable Note Cont 4/25/12 1.62% Due 4/25/2014	205,000.00	04/13/2011 1.62 %	204,979.50 204,979.61	100.76 1.36 %	206,552.26 55.35	2.00 % 1,572.65	Aaa AAA	2.99 1.55
31398AXJ6	FNMA Note 2.5% Due 5/15/2014	300,000.00	Various 2.41 %	301,178.80 300,787.90	103.77 1.23 %	311,315.11 3,458.33	3.04 % 10,527.21	Aaa AAA	3.04 2.90
31331JQA4	FFCB Note 1.9% Due 6/2/2014	260,000.00	06/08/2010 1.96 %	259,368.20 259,508.16	102.09 1.21 %	265,422.30 2,044.61	2.58 % 5,914.14	Aaa AAA	3.09 2.97
3133X7FK5	FHLB Note 5.25% Due 6/18/2014	100,000.00	01/08/2010 2.57 %	111,171.90 107,894.17	112.27 1.24 %	112,270.80 1,939.58	1.10 % 4,376.63	Aaa AAA	3.14 2.88
31331GL80	FFCB Note 3% Due 9/22/2014	245,000.00	Various 2.48 %	250,683.60 249,036.90	105.38 1.37 %	258,192.76 796.25	2.50 % 9,155.86	Aaa AAA	3.40 3.23
3134G2DN9	FHLMC Callable Note 1X 1/13/2012 2% Due 1/13/2015	265,000.00	04/01/2011 2.05 %	264,523.00 264,529.26	100.73 1.80 %	266,936.09 265.00	2.58 % 2,406.83	Aaa AAA	3.71 2.24
3137EACH0	FHLMC Note 2.875% Due 2/9/2015	250,000.00	Various 2.28 %	256,160.83 255,247.16	104.67 1.59 %	261,675.00 1,637.16	2.54 % 6,427.84	Aaa AAA	3.78 3.56
31398AU34	FNMA Note 2.375% Due 7/28/2015	275,000.00	08/27/2010 1.73 %	283,288.50 282,160.56	102.52 1.76 %	281,922.85 1,687.24	2.74 % (237.71)	Aaa AAA	4.25 4.01
3136FPEQ6	FNMA Callable Note 1X 9/9/11 1.85% Due 9/9/2015	105,000.00	09/16/2010 1.89 %	104,816.25 104,839.09	98.83 2.13 %	103,769.72 280.58	1.01 % (1,069.37)	Aaa AAA	4.36 3.08
31331J6C2	FFCB Note 2.35% Due 12/22/2015	120,000.00	03/28/2011 2.27 %	120,434.40 120,426.11	101.33 2.05 %	121,594.80 1,010.50	1.18 % 1,168.69	Aaa AAA	4.65 4.35
<b>Total Agency</b>		<b>5,235,000.00</b>	<b>2.37 %</b>	<b>5,339,391.35</b> <b>5,292,460.12</b>	<b>1.05 %</b>	<b>5,419,891.05</b> <b>40,971.53</b>	<b>52.78 %</b> <b>127,430.93</b>	<b>Aaa</b> <b>AAA</b>	<b>2.47</b> <b>2.27</b>
<b>FDIC INSURED US CORPORATE</b>									
91160HAA5	US Bancorp FDIC Guaranteed Note 2.25% Due 3/13/2012	160,000.00	03/10/2009 2.25 %	159,980.80 159,994.45	101.71 0.28 %	162,729.44 480.00	1.58 % 2,734.99	Aaa AAA	0.87 0.86
38146FAA9	Goldman Sachs FDIC Guaranteed Note 3.25% Due 6/15/2012	280,000.00	Various 2.69 %	284,814.50 281,687.19	103.22 0.38 %	289,024.96 3,437.78	2.83 % 7,337.77	Aaa AAA	1.13 1.10
949744AC0	Wells Fargo & Company FDIC Guaranteed Note 2.125% Due 6/15/2012	290,000.00	Various 2.03 %	290,859.44 290,309.46	102.06 0.29 %	295,985.32 2,328.05	2.88 % 5,675.86	Aaa AAA	1.13 1.11
06050BAA9	Bank of America Corp FDIC Guaranteed Note 3.125% Due 6/15/2012	280,000.00	Various 1.97 %	290,365.50 283,517.40	103.11 0.35 %	288,699.88 3,305.56	2.82 % 5,182.48	Aaa AAA	1.13 1.10
69351CAC7	PNC Funding Corp FDIC Guaranteed Note 2.3% Due 6/22/2012	290,000.00	08/31/2009 1.73 %	294,515.30 291,844.96	102.25 0.33 %	296,513.12 2,390.09	2.89 % 4,668.16	Aaa AAA	1.15 1.13



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<b>FDIC INSURED US CORPORATE</b>									
481247AM6	JP Morgan Chase FDIC Guaranteed Note 2.125% Due 12/26/2012	295,000.00	04/22/2009 2.04 %	295,914.50 295,413.20	102.65 0.52 %	302,816.91 2,176.65	2.95 % 7,403.71	Aaa AAA	1.66 1.62
<b>Total FDIC Insured US Corporate</b>		<b>1,595,000.00</b>	<b>2.10 %</b>	<b>1,616,450.04</b> <b>1,602,766.66</b>	<b>0.36 %</b>	<b>1,635,769.63</b> <b>14,118.13</b>	<b>15.94 %</b> <b>33,002.97</b>	<b>Aaa</b> <b>AAA</b>	<b>1.21</b> <b>1.18</b>
<b>MONEY MARKET FUND FI</b>									
431114503	Highmark Treasury Money Market Fund	26,999.43	Various 0.01 %	26,999.43 26,999.43	1.00 0.01 %	26,999.43 0.00	0.26 % 0.00	Aaa AAA	0.00 0.00
<b>Total Money Market Fund FI</b>		<b>26,999.43</b>	<b>0.01 %</b>	<b>26,999.43</b> <b>26,999.43</b>	<b>0.01 %</b>	<b>26,999.43</b> <b>0.00</b>	<b>0.26 %</b> <b>0.00</b>	<b>Aaa</b> <b>AAA</b>	<b>0.00</b> <b>0.00</b>
<b>US CORPORATE</b>									
931142CL5	Wal-Mart Stores Note 4.25% Due 4/15/2013	45,000.00	12/14/2010 1.16 %	48,179.25 47,674.31	106.57 0.86 %	47,954.66 85.00	0.46 % 280.35	Aa2 AA	1.96 1.89
98385XAD8	XTO Energy Inc Note 4.9% Due 2/1/2014	75,000.00	Various 1.56 %	82,130.50 81,722.81	109.65 1.32 %	82,237.95 918.75	0.80 % 515.14	Aaa AAA	2.76 2.57
166751AH0	ChevronTexaco Corp Note 3.95% Due 3/3/2014	190,000.00	Various 2.47 %	200,126.65 197,564.92	107.58 1.23 %	204,394.02 1,209.14	1.99 % 6,829.10	Aa1 AA	2.84 2.69
36962G4C5	General Electric Capital Corp Note 5.9% Due 5/13/2014	180,000.00	Various 3.84 %	194,130.60 190,226.64	111.50 1.98 %	200,694.07 4,956.00	1.99 % 10,467.43	Aa2 AA+	3.04 2.74
931142CQ4	Wal-Mart Stores Note 3.2% Due 5/15/2014	190,000.00	Various 2.08 %	197,746.80 196,169.03	105.66 1.30 %	200,749.63 2,803.55	1.97 % 4,580.60	Aa2 AA	3.04 2.87
594918AB0	Microsoft Note 2.95% Due 6/1/2014	240,000.00	Various 2.25 %	246,233.20 244,925.64	104.90 1.33 %	251,748.72 2,950.00	2.46 % 6,823.08	Aaa AAA	3.09 2.92
084670AV0	Berkshire Hathaway Note 3.2% Due 2/11/2015	195,000.00	Various 2.76 %	198,471.25 197,999.26	104.17 2.05 %	203,139.30 1,386.67	1.98 % 5,140.04	Aa2 AA+	3.79 3.54
742718DS5	Procter & Gamble Co Note 1.8% Due 11/15/2015	265,000.00	04/13/2011 2.36 %	258,615.14 258,664.78	98.67 2.11 %	261,475.77 2,159.75	2.55 % 2,810.99	Aa3 AA-	4.55 4.30
<b>Total US Corporate</b>		<b>1,380,000.00</b>	<b>2.49 %</b>	<b>1,425,633.39</b> <b>1,414,947.39</b>	<b>1.62 %</b>	<b>1,452,394.12</b> <b>16,468.86</b>	<b>14.20 %</b> <b>37,446.73</b>	<b>Aa2</b> <b>AA+</b>	<b>3.35</b> <b>3.14</b>
<b>US TREASURY</b>									
912828GK0	US Treasury Note 4.625% Due 2/29/2012	155,000.00	Various 3.55 %	161,073.95 156,288.31	103.65 0.24 %	160,655.02 1,207.78	1.56 % 4,366.71	TSY TSY	0.84 0.82
912828GQ7	US Treasury Note 4.5% Due 4/30/2012	200,000.00	05/30/2007 4.83 %	197,125.00 199,415.72	104.19 0.30 %	208,382.80 24.46	2.01 % 8,967.08	TSY TSY	1.00 0.99
912828HE3	US Treasury Note 4.25% Due 9/30/2012	120,000.00	10/04/2007 4.20 %	120,253.13 120,071.97	105.49 0.36 %	126,590.64 431.97	1.23 % 6,518.67	TSY TSY	1.42 1.39
912828HG8	US Treasury Note 3.875% Due 10/31/2012	350,000.00	12/06/2007 3.40 %	357,396.48 352,268.53	105.20 0.39 %	368,210.85 36.85	3.56 % 15,942.32	TSY TSY	1.51 1.47



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As of 4/30/11

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<b>US TREASURY</b>									
912828HK9	US Treasury Note 3.375% Due 11/30/2012	365,000.00	Various 3.25 %	367,036.33 365,655.89	104.69 0.40 %	382,123.61 5,144.09	3.74 % 16,467.72	TSY TSY	1.59 1.53
912828HV5	US Treasury Note 2.5% Due 3/31/2013	125,000.00	01/06/2010 1.69 %	128,154.72 126,873.03	103.71 0.55 %	129,633.75 264.69	1.26 % 2,760.72	TSY TSY	1.92 1.88
912828JQ4	US Treasury Note 2.75% Due 10/31/2013	125,000.00	05/10/2010 1.65 %	129,633.79 128,337.50	104.84 0.79 %	131,054.75 9.34	1.27 % 2,717.25	TSY TSY	2.51 2.43
912828NP1	US Treasury Note 1.75% Due 7/31/2015	225,000.00	04/05/2011 1.96 %	223,067.16 223,097.80	100.48 1.63 %	226,073.25 978.94	2.19 % 2,975.45	TSY TSY	4.25 4.07
<b>Total US Treasury</b>		<b>1,665,000.00</b>	<b>3.15 %</b>	<b>1,683,740.56</b> <b>1,672,008.75</b>	<b>0.57 %</b>	<b>1,732,724.67</b> <b>8,098.12</b>	<b>16.82 %</b> <b>60,715.92</b>	<b>TSY</b> <b>TSY</b>	<b>1.86</b> <b>1.80</b>
<b>TOTAL PORTFOLIO</b>		<b>9,901,999.43</b>	<b>2.47 %</b>	<b>10,092,214.77</b> <b>10,009,182.35</b>	<b>0.94 %</b>	<b>10,267,778.90</b> <b>79,656.64</b>	<b>100.00 %</b> <b>258,596.55</b>	<b>Aaa</b> <b>AAA</b>	<b>2.29</b> <b>2.13</b>
<b>TOTAL MARKET VALUE PLUS ACCRUED</b>						<b>10,347,435.54</b>			



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<b>AGENCY</b>									
3133XRCW8	FHLB Note 3.375% Due 6/24/2011	100,000.00	06/09/2008 3.77 %	98,880.00 99,976.73	100.20 0.26 %	100,198.70 1,471.88	0.98 % 221.97	Aaa AAA	0.07 0.06
31331VJ80	FFCB Note 5.375% Due 7/18/2011	175,000.00	12/12/2007 3.92 %	183,474.03 175,303.34	100.69 0.11 %	176,202.25 3,475.09	1.73 % 898.91	Aaa AAA	0.13 0.13
3133XHPH9	FHLB Note 4.875% Due 11/18/2011	150,000.00	05/07/2008 3.41 %	157,239.45 150,954.78	102.18 0.16 %	153,275.85 264.06	1.48 % 2,321.07	Aaa AAA	0.47 0.46
880591DT6	Tennessee Valley Authority Note 6.79% Due 5/23/2012	215,000.00	Various 4.10 %	235,881.16 220,170.76	106.34 0.30 %	228,621.11 324.41	2.20 % 8,450.35	Aaa AAA	0.98 0.96
3133XYWB7	FHLB Note 0.875% Due 8/22/2012	205,000.00	12/22/2010 0.67 %	205,686.75 205,509.38	100.68 0.32 %	206,400.15 493.28	1.99 % 890.77	Aaa AAA	1.23 1.22
31398A4T6	FNMA Note 0.5% Due 10/30/2012	205,000.00	12/22/2010 0.73 %	204,145.97 204,343.93	100.21 0.35 %	205,422.71 88.26	1.98 % 1,078.78	Aaa AAA	1.42 1.41
3133XQU34	FHLB Note 3.625% Due 5/29/2013	200,000.00	06/04/2008 3.93 %	197,247.00 198,898.19	106.20 0.50 %	212,392.20 40.28	2.04 % 13,494.01	Aaa AAA	2.00 1.94
31339X2M5	FHLB Note 3.875% Due 6/14/2013	200,000.00	Various 3.83 %	200,403.10 200,183.55	106.78 0.52 %	213,566.20 3,595.14	2.09 % 13,382.65	Aaa AAA	2.04 1.94
3137EABM0	FHLMC Note 3.75% Due 6/28/2013	100,000.00	07/02/2008 4.18 %	98,060.70 99,192.76	106.75 0.48 %	106,753.40 1,593.75	1.04 % 7,560.64	Aaa AAA	2.08 1.98
31398ASD5	FNMA Note 3.875% Due 7/12/2013	40,000.00	Various 3.74 %	40,234.72 40,105.59	107.05 0.52 %	42,819.68 598.48	0.42 % 2,714.09	Aaa AAA	2.12 2.02
3134A4TZ7	FHLMC Note 4.5% Due 7/15/2013	25,000.00	11/05/2008 3.68 %	25,878.25 25,398.50	108.34 0.54 %	27,084.83 425.00	0.26 % 1,686.33	Aaa AAA	2.13 2.02
880591DW9	Tennessee Valley Authority Note 4.75% Due 8/1/2013	230,000.00	Various 3.23 %	242,426.00 237,044.63	108.64 0.72 %	249,864.64 3,641.67	2.44 % 12,820.01	Aaa AAA	2.17 2.05
31331KET3	FFCB Note 0.98% Due 9/23/2013	115,000.00	03/28/2011 1.10 %	114,663.05 114,686.43	100.71 0.67 %	115,813.97 212.88	1.12 % 1,127.54	Aaa AAA	2.32 2.28
31398A4A7	FNMA Callable Note 1X 9/27/11 1.2% Due 9/27/2013	205,000.00	09/10/2010 1.20 %	205,000.00 205,000.00	100.26 0.40 %	205,528.08 437.33	1.98 % 528.08	Aaa AAA	0.33 0.74
3133XSAE8	FHLB Note 3.625% Due 10/18/2013	250,000.00	02/25/2009 2.87 %	258,142.75 254,179.46	106.82 0.73 %	267,062.00 1,082.47	2.58 % 12,882.54	Aaa AAA	2.39 2.29
3134G1PP3	FHLMC Callable Note 1X 8/18/11 1.4% Due 11/18/2013	110,000.00	08/18/2010 0.98 %	110,456.50 110,097.82	100.21 0.43 %	110,228.03 440.61	1.06 % 130.21	Aaa AAA	0.22 0.21
31398AUJ9	FNMA Note 2.875% Due 12/11/2013	100,000.00	03/03/2009 2.50 %	101,696.10 100,899.14	105.25 0.77 %	105,251.60 1,357.64	1.03 % 4,352.46	Aaa AAA	2.53 2.42
3137EABX6	FHLMC Note 2.5% Due 1/7/2014	35,000.00	02/04/2009 2.73 %	34,625.96 34,802.05	104.35 0.80 %	36,523.52 350.00	0.35 % 1,721.47	Aaa AAA	2.61 2.50
31398AVZ2	FNMA Note 2.75% Due 3/13/2014	95,000.00	11/10/2009 2.32 %	96,665.83 96,072.55	105.18 0.86 %	99,916.92 566.04	0.97 % 3,844.37	Aaa AAA	2.79 2.68
31331GTJ8	FFCB Note 2.625% Due 4/17/2014	205,000.00	10/05/2010 1.02 %	216,410.30 214,303.51	104.89 0.90 %	215,026.96 657.71	2.07 % 723.45	Aaa AAA	2.88 2.77



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CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody S&P	Term (yrs) Duration
<b>AGENCY</b>									
3137EACB3	FHLMC Note 2.5% Due 4/23/2014	150,000.00	07/16/2010 1.48 %	155,568.75 154,283.97	104.45 0.94 %	156,680.40 395.83	1.51 % 2,396.43	Aaa AAA	2.90 2.79
31331KHF0	FFCB Callable Note Cont 4/25/12 1.62% Due 4/25/2014	205,000.00	04/13/2011 1.62 %	204,979.50 204,980.19	101.00 1.27 %	207,055.13 332.10	1.99 % 2,074.94	Aaa AAA	2.90 1.30
31398AXJ6	FNMA Note 2.5% Due 5/15/2014	300,000.00	Various 2.41 %	301,178.80 300,765.90	104.38 0.99 %	313,137.30 333.33	3.01 % 12,371.40	Aaa AAA	2.96 2.85
31331JQA4	FFCB Note 1.9% Due 6/2/2014	260,000.00	06/08/2010 1.96 %	259,368.20 259,521.68	102.83 0.94 %	267,352.80 2,456.28	2.59 % 7,831.12	Aaa AAA	3.01 2.89
3133X7FK5	FHLB Note 5.25% Due 6/18/2014	100,000.00	01/08/2010 2.57 %	111,171.90 107,680.25	112.98 0.92 %	112,978.10 2,377.08	1.11 % 5,297.85	Aaa AAA	3.05 2.80
31331GL80	FFCB Note 3% Due 9/22/2014	245,000.00	Various 2.48 %	250,683.60 248,935.97	106.25 1.07 %	260,315.93 1,408.75	2.52 % 11,379.96	Aaa AAA	3.32 3.15
3134G2DN9	FHLMC Callable Note 1X 1/13/2012 2% Due 1/13/2015	265,000.00	04/01/2011 2.05 %	264,523.00 264,540.05	101.02 1.71 %	267,712.28 706.67	2.58 % 3,172.23	Aaa AAA	3.62 1.60
3137EACH0	FHLMC Note 2.875% Due 2/9/2015	250,000.00	Various 2.28 %	256,160.83 255,129.29	105.68 1.29 %	264,205.50 2,236.11	2.56 % 9,076.21	Aaa AAA	3.70 3.48
31398AU34	FNMA Note 2.375% Due 7/28/2015	275,000.00	08/27/2010 1.73 %	283,288.50 282,017.26	103.82 1.42 %	285,513.25 2,231.51	2.77 % 3,495.99	Aaa AAA	4.16 3.93
3136FPEQ6	FNMA Callable Note 1X 9/9/11 1.85% Due 9/9/2015	105,000.00	09/16/2010 1.89 %	104,816.25 104,842.23	100.11 1.43 %	105,118.97 442.46	1.02 % 276.74	Aaa AAA	0.28 1.90
31331J6C2	FFCB Note 2.35% Due 12/22/2015	120,000.00	03/28/2011 2.27 %	120,434.40 120,418.32	102.70 1.73 %	123,237.12 1,245.50	1.20 % 2,818.80	Aaa AAA	4.56 4.27
<b>Total Agency</b>		<b>5,235,000.00</b>	<b>2.36 %</b>	<b>5,339,391.35</b> <b>5,290,238.21</b>	<b>0.82 %</b>	<b>5,441,259.58</b> <b>35,281.60</b>	<b>52.67 %</b> <b>151,021.37</b>	<b>Aaa</b> <b>AAA</b>	<b>2.32</b> <b>2.12</b>
<b>FDIC INSURED US CORPORATE</b>									
91160HAA5	US Bancorp FDIC Guaranteed Note 2.25% Due 3/13/2012	160,000.00	03/10/2009 2.25 %	159,980.80 159,994.99	101.61 0.19 %	162,583.68 780.00	1.57 % 2,588.69	Aaa AAA	0.79 0.78
38146FAA9	Goldman Sachs FDIC Guaranteed Note 3.25% Due 6/15/2012	280,000.00	Various 2.69 %	284,814.50 281,559.93	103.02 0.34 %	288,447.88 4,196.11	2.81 % 6,887.95	Aaa AAA	1.04 1.01
949744AC0	Wells Fargo & Company FDIC Guaranteed Note 2.125% Due 6/15/2012	290,000.00	Various 2.03 %	290,859.44 290,286.11	101.86 0.33 %	295,386.76 2,841.60	2.87 % 5,100.65	Aaa AAA	1.04 1.02
06050BAA9	Bank of America Corp FDIC Guaranteed Note 3.125% Due 6/15/2012	280,000.00	Various 1.97 %	290,365.50 283,252.10	102.92 0.31 %	288,175.72 4,034.73	2.81 % 4,923.62	Aaa AAA	1.04 1.01
69351CAC7	PNC Funding Corp FDIC Guaranteed Note 2.3% Due 6/22/2012	290,000.00	08/31/2009 1.73 %	294,515.30 291,708.13	102.05 0.36 %	295,948.20 2,945.92	2.87 % 4,240.07	Aaa AAA	1.06 1.04



### Holdings Report

As of 5/31/11

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody S&P	Term (yrs) Duration
<b>FDIC INSURED US CORPORATE</b>									
481247AM6	JP Morgan Chase FDIC Guaranteed Note 2.125% Due 12/26/2012	295,000.00	04/22/2009 2.04 %	295,914.50 295,392.03	102.69 0.40 %	302,947.30 2,699.05	2.94 % 7,555.27	Aaa AAA	1.58 1.54
<b>Total FDIC Insured US Corporate</b>		<b>1,595,000.00</b>	<b>2.10 %</b>	<b>1,616,450.04</b> <b>1,602,193.29</b>	<b>0.33 %</b>	<b>1,633,489.54</b> <b>17,497.41</b>	<b>15.88 %</b> <b>31,296.25</b>	<b>Aaa</b> <b>AAA</b>	<b>1.12</b> <b>1.09</b>
<b>MONEY MARKET FUND FI</b>									
431114503	Highmark Treasury Money Market Fund	59,098.02	Various 0.01 %	59,098.02 59,098.02	1.00 0.01 %	59,098.02 0.00	0.57 % 0.00	Aaa AAA	0.00 0.00
<b>Total Money Market Fund FI</b>		<b>59,098.02</b>	<b>0.01 %</b>	<b>59,098.02</b> <b>59,098.02</b>	<b>0.01 %</b>	<b>59,098.02</b> <b>0.00</b>	<b>0.57 %</b> <b>0.00</b>	<b>Aaa</b> <b>AAA</b>	<b>0.00</b> <b>0.00</b>
<b>US CORPORATE</b>									
931142CL5	Wal-Mart Stores Note 4.25% Due 4/15/2013	45,000.00	12/14/2010 1.16 %	48,179.25 47,558.36	106.59 0.70 %	47,965.68 244.38	0.46 % 407.32	Aa2 AA	1.88 1.81
98385XAD8	XTO Energy Inc Note 4.9% Due 2/1/2014	75,000.00	Various 1.56 %	82,130.50 81,515.85	110.03 1.07 %	82,523.78 1,225.00	0.81 % 1,007.93	Aaa AAA	2.68 2.49
166751AH0	ChevronTexaco Corp Note 3.95% Due 3/3/2014	190,000.00	Various 2.47 %	200,126.65 197,338.78	108.07 0.97 %	205,336.80 1,834.55	1.99 % 7,998.02	Aa1 AA	2.76 2.61
36962G4C5	General Electric Capital Corp Note 5.9% Due 5/13/2014	180,000.00	Various 3.84 %	194,130.60 189,940.52	111.80 1.78 %	201,240.72 531.00	1.94 % 11,300.20	Aa2 AA+	2.95 2.73
931142CQ4	Wal-Mart Stores Note 3.2% Due 5/15/2014	190,000.00	Various 2.08 %	197,746.80 195,996.75	106.37 1.01 %	202,109.65 270.22	1.95 % 6,112.90	Aa2 AA	2.96 2.83
594918AB0	Microsoft Note 2.95% Due 6/1/2014	240,000.00	Various 2.25 %	246,233.20 244,790.15	105.28 1.15 %	252,670.56 3,540.00	2.46 % 7,880.41	Aaa AAA	3.01 2.84
084670AV0	Berkshire Hathaway Note 3.2% Due 2/11/2015	195,000.00	Various 2.76 %	198,471.25 197,931.99	104.99 1.80 %	204,739.86 1,906.67	1.99 % 6,807.87	Aa2 AA+	3.70 3.46
742718DS5	Procter & Gamble Co Note 1.8% Due 11/15/2015	265,000.00	04/13/2011 2.36 %	258,615.14 258,783.17	99.78 1.85 %	264,419.92 212.00	2.54 % 5,636.75	Aa3 AA-	4.46 4.26
<b>Total US Corporate</b>		<b>1,380,000.00</b>	<b>2.49 %</b>	<b>1,425,633.39</b> <b>1,413,855.57</b>	<b>1.39 %</b>	<b>1,461,006.97</b> <b>9,763.82</b>	<b>14.14 %</b> <b>47,151.40</b>	<b>Aa2</b> <b>AA+</b>	<b>3.26</b> <b>3.08</b>
<b>US TREASURY</b>									
912828GK0	US Treasury Note 4.625% Due 2/29/2012	155,000.00	Various 3.55 %	161,073.95 156,156.94	103.32 0.19 %	160,146.46 1,811.67	1.56 % 3,989.52	TSY TSY	0.75 0.74
912828GQ7	US Treasury Note 4.5% Due 4/30/2012	200,000.00	05/30/2007 4.83 %	197,125.00 199,465.34	103.90 0.23 %	207,804.60 782.61	2.01 % 8,339.26	TSY TSY	0.92 0.90
912828HE3	US Treasury Note 4.25% Due 9/30/2012	120,000.00	10/04/2007 4.20 %	120,253.13 120,067.66	105.30 0.26 %	126,360.96 863.93	1.22 % 6,293.30	TSY TSY	1.34 1.30
912828HG8	US Treasury Note 3.875% Due 10/31/2012	350,000.00	12/06/2007 3.40 %	357,396.48 352,140.43	105.09 0.27 %	367,800.65 1,179.35	3.55 % 15,660.22	TSY TSY	1.42 1.39



### Holdings Report

As of 5/31/11

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody S&P	Term (yrs) Duration
<b>US TREASURY</b>									
912828HK9	US Treasury Note 3.375% Due 11/30/2012	365,000.00	Various 3.25 %	367,036.33 365,620.77	104.59 0.31 %	381,752.77 33.65	3.67 % 16,132.00	TSY TSY	1.50 1.47
912828HV5	US Treasury Note 2.5% Due 3/31/2013	125,000.00	01/06/2010 1.69 %	128,154.72 126,790.08	103.86 0.39 %	129,824.25 529.37	1.25 % 3,034.17	TSY TSY	1.84 1.79
912828JQ4	US Treasury Note 2.75% Due 10/31/2013	125,000.00	05/10/2010 1.65 %	129,633.79 128,224.30	105.21 0.57 %	131,513.63 298.91	1.27 % 3,289.33	TSY TSY	2.42 2.34
912828NP1	US Treasury Note 1.75% Due 7/31/2015	225,000.00	04/05/2011 1.96 %	223,067.16 223,135.80	101.81 1.30 %	229,079.25 1,316.13	2.22 % 5,943.45	TSY TSY	4.17 3.99
<b>Total US Treasury</b>		<b>1,665,000.00</b>	<b>3.15 %</b>	<b>1,683,740.56</b> <b>1,671,601.32</b>	<b>0.43 %</b>	<b>1,734,282.57</b> <b>6,815.62</b>	<b>16.74 %</b> <b>62,681.25</b>	<b>TSY</b> <b>TSY</b>	<b>1.78</b> <b>1.73</b>
<b>TOTAL PORTFOLIO</b>		<b>9,934,098.02</b>	<b>2.46 %</b>	<b>10,124,313.36</b> <b>10,036,986.41</b>	<b>0.76 %</b>	<b>10,329,136.68</b> <b>69,358.45</b>	<b>100.00 %</b> <b>292,150.27</b>	<b>Aaa</b> <b>AAA</b>	<b>2.16</b> <b>2.01</b>
<b>TOTAL MARKET VALUE PLUS ACCRUED</b>						<b>10,398,495.13</b>			



**Small Cities Organized Risk Effort**  
**Joint Powers Authority**  
**March 31, 2011**

**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



**Small Cities Organized Risk Effort**  
**Joint Powers Authority**  
**April 30, 2011**

**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



**Small Cities Organized Risk Effort**  
**Joint Powers Authority**  
**May 31, 2011**

**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



Transaction Ledger

2/28/11 Thru 3/31/11

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>ACQUISITIONS</b>										
Purchase	03/01/2011	431114503	0.68	Highmark Treasury Money Market Fund	1.000	0.01 %	0.68	0.00	0.68	0.00
Purchase	03/03/2011	431114503	3,752.50	Highmark Treasury Money Market Fund	1.000	0.01 %	3,752.50	0.00	3,752.50	0.00
Purchase	03/09/2011	431114503	971.25	Highmark Treasury Money Market Fund	1.000	0.01 %	971.25	0.00	971.25	0.00
Purchase	03/13/2011	431114503	3,106.25	Highmark Treasury Money Market Fund	1.000	0.01 %	3,106.25	0.00	3,106.25	0.00
Purchase	03/16/2011	431114503	53,433.11	Highmark Treasury Money Market Fund	1.000	0.01 %	53,433.11	0.00	53,433.11	0.00
Purchase	03/16/2011	98385XAD8	20,000.00	XTO Energy Inc Note 4.9% Due 2/1/2014	109.929	1.37 %	21,985.80	122.50	22,108.30	0.00
Purchase	03/18/2011	594918AB0	40,000.00	Microsoft Note 2.95% Due 6/1/2014	104.773	1.42 %	41,909.20	350.72	42,259.92	0.00
Purchase	03/18/2011	931142CQ4	40,000.00	Wal-Mart Stores Note 3.2% Due 5/15/2014	105.777	1.33 %	42,310.80	437.33	42,748.13	0.00
Purchase	03/22/2011	431114503	3,675.00	Highmark Treasury Money Market Fund	1.000	0.01 %	3,675.00	0.00	3,675.00	0.00
Purchase	03/23/2011	431114503	577.50	Highmark Treasury Money Market Fund	1.000	0.01 %	577.50	0.00	577.50	0.00
Purchase	03/23/2011	431114503	105,000.00	Highmark Treasury Money Market Fund	1.000	0.01 %	105,000.00	0.00	105,000.00	0.00
Purchase	03/27/2011	431114503	1,230.00	Highmark Treasury Money Market Fund	1.000	0.01 %	1,230.00	0.00	1,230.00	0.00
Purchase	03/29/2011	31331J6C2	120,000.00	FFCB Note 2.35% Due 12/22/2015	100.362	2.27 %	120,434.40	759.83	121,194.23	0.00
Purchase	03/30/2011	31331KET3	115,000.00	FFCB Note 0.98% Due 9/23/2013	99.707	1.10 %	114,663.05	21.91	114,684.96	0.00
Purchase	03/31/2011	431114503	4,112.50	Highmark Treasury Money Market Fund	1.000	0.01 %	4,112.50	0.00	4,112.50	0.00
	<b>Subtotal</b>		<b>510,858.79</b>				<b>517,162.04</b>	<b>1,692.29</b>	<b>518,854.33</b>	<b>0.00</b>
<b>TOTAL ACQUISITIONS</b>			<b>510,858.79</b>				<b>517,162.04</b>	<b>1,692.29</b>	<b>518,854.33</b>	<b>0.00</b>
<b>DISPOSITIONS</b>										
Sale	03/16/2011	31398ABX9	50,000.00	FNMA Note 4.875% Due 5/18/2012	105.268	0.37 %	52,634.15	798.96	53,433.11	1,924.03
Sale	03/16/2011	431114503	22,108.30	Highmark Treasury Money Market Fund	1.000	0.01 %	22,108.30	0.00	22,108.30	0.00
Sale	03/18/2011	431114503	85,008.05	Highmark Treasury Money Market Fund	1.000	0.01 %	85,008.05	0.00	85,008.05	0.00
Sale	03/29/2011	31359MZ30	100,000.00	FNMA Note 5% Due 10/15/2011	102.584	0.25 %	102,584.10	2,277.78	104,861.88	1,581.65
Sale	03/29/2011	431114503	16,332.35	Highmark Treasury Money Market Fund	1.000	0.01 %	16,332.35	0.00	16,332.35	0.00
Sale	03/30/2011	431114503	114,684.96	Highmark Treasury Money Market Fund	1.000	0.01 %	114,684.96	0.00	114,684.96	0.00
	<b>Subtotal</b>		<b>388,133.66</b>				<b>393,351.91</b>	<b>3,076.74</b>	<b>396,428.65</b>	<b>3,505.68</b>



Transaction Ledger

2/28/11 Thru 3/31/11

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>DISPOSITIONS</b>										
Call	03/23/2011	31331JJ38	105,000.00	FFCB Callable Note 1X 3/23/11 1.1% Due 9/23/2013	100.000	1.10 %	105,000.00	0.00	105,000.00	0.00
	<b>Subtotal</b>		<b>105,000.00</b>				<b>105,000.00</b>	<b>0.00</b>	<b>105,000.00</b>	<b>0.00</b>
<b>TOTAL DISPOSITIONS</b>			<b>493,133.66</b>				<b>498,351.91</b>	<b>3,076.74</b>	<b>501,428.65</b>	<b>3,505.68</b>
<b>OTHER TRANSACTIONS</b>										
Interest	03/03/2011	166751AH0	190,000.00	ChevronTexaco Corp Note 3.95% Due 3/3/2014	0.000		3,752.50	0.00	3,752.50	0.00
Interest	03/09/2011	3136FPEQ6	105,000.00	FNMA Callable Note 1X 9/9/11 1.85% Due 9/9/2015	0.000		971.25	0.00	971.25	0.00
Interest	03/13/2011	31398AVZ2	95,000.00	FNMA Note 2.75% Due 3/13/2014	0.000		1,306.25	0.00	1,306.25	0.00
Interest	03/13/2011	91160HAA5	160,000.00	US Bancorp FDIC Guaranteed Note 2.25% Due 3/13/2012	0.000		1,800.00	0.00	1,800.00	0.00
Interest	03/22/2011	31331GL80	245,000.00	FFCB Note 3% Due 9/22/2014	0.000		3,675.00	0.00	3,675.00	0.00
Interest	03/23/2011	31331JJ38	105,000.00	FFCB Callable Note 1X 3/23/11 1.1% Due 9/23/2013	0.000		577.50	0.00	577.50	0.00
Interest	03/27/2011	31398A4A7	205,000.00	FNMA Callable Note 1X 9/27/11 1.2% Due 9/27/2013	0.000		1,230.00	0.00	1,230.00	0.00
Interest	03/31/2011	912828HE3	120,000.00	US Treasury Note 4.25% Due 9/30/2012	0.000		2,550.00	0.00	2,550.00	0.00
Interest	03/31/2011	912828HV5	125,000.00	US Treasury Note 2.5% Due 3/31/2013	0.000		1,562.50	0.00	1,562.50	0.00
	<b>Subtotal</b>		<b>1,350,000.00</b>				<b>17,425.00</b>	<b>0.00</b>	<b>17,425.00</b>	<b>0.00</b>
Dividend	03/01/2011	431114503	83,898.73	Highmark Treasury Money Market Fund	0.000		0.68	0.00	0.68	0.00
	<b>Subtotal</b>		<b>83,898.73</b>				<b>0.68</b>	<b>0.00</b>	<b>0.68</b>	<b>0.00</b>
<b>TOTAL OTHER TRANSACTIONS</b>			<b>1,433,898.73</b>				<b>17,425.68</b>	<b>0.00</b>	<b>17,425.68</b>	<b>0.00</b>



Transaction Ledger

3/31/11 Thru 4/30/11

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>ACQUISITIONS</b>										
Purchase	04/01/2011	431114503	0.67	Highmark Treasury Money Market Fund	1.000	0.01 %	0.67	0.00	0.67	0.00
Purchase	04/05/2011	431114503	269,670.83	Highmark Treasury Money Market Fund	1.000	0.01 %	269,670.83	0.00	269,670.83	0.00
Purchase	04/06/2011	912828NP1	225,000.00	US Treasury Note 1.75% Due 7/31/2015	99.141	1.96 %	223,067.16	707.01	223,774.17	0.00
Purchase	04/07/2011	431114503	1,162.50	Highmark Treasury Money Market Fund	1.000	0.01 %	1,162.50	0.00	1,162.50	0.00
Purchase	04/10/2011	431114503	2,890.63	Highmark Treasury Money Market Fund	1.000	0.01 %	2,890.63	0.00	2,890.63	0.00
Purchase	04/13/2011	3134G2DN9	265,000.00	FHLMC Callable Note 1X 1/13/2012 2% Due 1/13/2015	99.820	2.05 %	264,523.00	0.00	264,523.00	0.00
Purchase	04/14/2011	431114503	64,119.21	Highmark Treasury Money Market Fund	1.000	0.01 %	64,119.21	0.00	64,119.21	0.00
Purchase	04/15/2011	431114503	184,002.53	Highmark Treasury Money Market Fund	1.000	0.01 %	184,002.53	0.00	184,002.53	0.00
Purchase	04/15/2011	431114503	956.25	Highmark Treasury Money Market Fund	1.000	0.01 %	956.25	0.00	956.25	0.00
Purchase	04/17/2011	431114503	2,690.63	Highmark Treasury Money Market Fund	1.000	0.01 %	2,690.63	0.00	2,690.63	0.00
Purchase	04/18/2011	431114503	4,531.25	Highmark Treasury Money Market Fund	1.000	0.01 %	4,531.25	0.00	4,531.25	0.00
Purchase	04/18/2011	742718DS5	89,000.00	Procter & Gamble Co Note 1.8% Due 11/15/2015	97.578	2.36 %	86,844.42	667.50	87,511.92	0.00
Purchase	04/18/2011	742718DS5	176,000.00	Procter & Gamble Co Note 1.8% Due 11/15/2015	97.597	2.36 %	171,770.72	1,320.00	173,090.72	0.00
Purchase	04/23/2011	431114503	1,875.00	Highmark Treasury Money Market Fund	1.000	0.01 %	1,875.00	0.00	1,875.00	0.00
Purchase	04/25/2011	31331KHF0	205,000.00	FFCB Callable Note Cont 4/25/12 1.62% Due 4/25/2014	99.990	1.62 %	204,979.50	0.00	204,979.50	0.00
Purchase	04/30/2011	431114503	13,512.50	Highmark Treasury Money Market Fund	1.000	0.01 %	13,512.50	0.00	13,512.50	0.00
	<b>Subtotal</b>		<b>1,505,412.00</b>				<b>1,496,596.80</b>	<b>2,694.51</b>	<b>1,499,291.31</b>	<b>0.00</b>
Short Sale	04/13/2011	431114503	-264,523.00	Highmark Treasury Money Market Fund	1.000		-264,523.00	0.00	-264,523.00	0.00
Short Sale	04/25/2011	431114503	-204,979.50	Highmark Treasury Money Market Fund	1.000		-204,979.50	0.00	-204,979.50	0.00
	<b>Subtotal</b>		<b>-469,502.50</b>				<b>-469,502.50</b>	<b>0.00</b>	<b>-469,502.50</b>	<b>0.00</b>
<b>TOTAL ACQUISITIONS</b>			<b>1,035,909.50</b>				<b>1,027,094.30</b>	<b>2,694.51</b>	<b>1,029,788.81</b>	<b>0.00</b>
<b>DISPOSITIONS</b>										
Closing Purchase	04/13/2011	431114503	-264,523.00	Highmark Treasury Money Market Fund	1.000		-264,523.00	0.00	-264,523.00	0.00



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>DISPOSITIONS</b>										
Closing Purchase	04/25/2011	431114503	-204,979.50	Highmark Treasury Money Market Fund	1.000		-204,979.50	0.00	-204,979.50	0.00
	<b>Subtotal</b>		<b>-469,502.50</b>				<b>-469,502.50</b>	<b>0.00</b>	<b>-469,502.50</b>	<b>0.00</b>
Sale	04/05/2011	3134A4TZ7	90,000.00	FHLMC Note 4.5% Due 7/15/2013	107.850	1.00 %	97,064.91	900.00	97,964.91	5,524.78
Sale	04/05/2011	31398ASD5	160,000.00	FNMA Note 3.875% Due 7/12/2013	106.423	1.00 %	170,276.48	1,429.44	171,705.92	9,822.92
Sale	04/06/2011	431114503	11,004.34	Highmark Treasury Money Market Fund	1.000	0.01 %	11,004.34	0.00	11,004.34	0.00
Sale	04/06/2011	912828GQ7	200,000.00	US Treasury Note 4.5% Due 4/30/2012	104.433	0.33 %	208,866.52	3,903.31	212,769.83	9,490.82
Sale	04/13/2011	431114503	264,523.00	Highmark Treasury Money Market Fund	1.000	0.01 %	264,523.00	0.00	264,523.00	0.00
Sale	04/14/2011	31331GCS6	60,000.00	FFCB Note 3.875% Due 10/7/2013	106.790	1.09 %	64,074.00	45.21	64,119.21	-253.15
Sale	04/15/2011	31331VJ80	50,000.00	FFCB Note 5.375% Due 7/18/2011	101.365	0.09 %	50,682.50	649.48	51,331.98	509.17
Sale	04/15/2011	3133XML66	125,000.00	FHLB Note 4.625% Due 10/10/2012	106.072	0.52 %	132,590.25	80.30	132,670.55	6,403.78
Sale	04/18/2011	431114503	59,529.59	Highmark Treasury Money Market Fund	1.000	0.01 %	59,529.59	0.00	59,529.59	0.00
Sale	04/18/2011	742718DA4	180,000.00	Procter & Gamble Co Note 4.95% Due 8/15/2014	110.841	1.59 %	199,513.80	1,559.25	201,073.05	-1,761.01
Sale	04/25/2011	431114503	204,979.50	Highmark Treasury Money Market Fund	1.000	0.01 %	204,979.50	0.00	204,979.50	0.00
	<b>Subtotal</b>		<b>1,405,036.43</b>				<b>1,463,104.89</b>	<b>8,566.99</b>	<b>1,471,671.88</b>	<b>29,737.31</b>
<b>TOTAL DISPOSITIONS</b>			<b>935,533.93</b>				<b>993,602.39</b>	<b>8,566.99</b>	<b>1,002,169.38</b>	<b>29,737.31</b>
<b>OTHER TRANSACTIONS</b>										
Interest	04/07/2011	31331GCS6	60,000.00	FFCB Note 3.875% Due 10/7/2013	0.000		1,162.50	0.00	1,162.50	0.00
Interest	04/10/2011	3133XML66	125,000.00	FHLB Note 4.625% Due 10/10/2012	0.000		2,890.63	0.00	2,890.63	0.00
Interest	04/15/2011	931142CL5	45,000.00	Wal-Mart Stores Note 4.25% Due 4/15/2013	0.000		956.25	0.00	956.25	0.00
Interest	04/17/2011	31331GTJ8	205,000.00	FFCB Note 2.625% Due 4/17/2014	0.000		2,690.63	0.00	2,690.63	0.00
Interest	04/18/2011	3133XSAE8	250,000.00	FHLB Note 3.625% Due 10/18/2013	0.000		4,531.25	0.00	4,531.25	0.00



Transaction Ledger

3/31/11 Thru 4/30/11

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
OTHER TRANSACTIONS										
Interest	04/23/2011	3137EACB3	150,000.00	FHLMC Note 2.5% Due 4/23/2014	0.000		1,875.00	0.00	1,875.00	0.00
Interest	04/30/2011	31398A4T6	205,000.00	FNMA Note 0.5% Due 10/30/2012	0.000		512.50	0.00	512.50	0.00
Interest	04/30/2011	912828GQ7	200,000.00	US Treasury Note 4.5% Due 4/30/2012	0.000		4,500.00	0.00	4,500.00	0.00
Interest	04/30/2011	912828HG8	350,000.00	US Treasury Note 3.875% Due 10/31/2012	0.000		6,781.25	0.00	6,781.25	0.00
Interest	04/30/2011	912828JQ4	125,000.00	US Treasury Note 2.75% Due 10/31/2013	0.000		1,718.75	0.00	1,718.75	0.00
	<b>Subtotal</b>		<b>1,715,000.00</b>				<b>27,618.76</b>	<b>0.00</b>	<b>27,618.76</b>	<b>0.00</b>
Dividend	04/01/2011	431114503	-242,899.14	Highmark Treasury Money Market Fund	0.000		0.67	0.00	0.67	0.00
	<b>Subtotal</b>		<b>-242,899.14</b>				<b>0.67</b>	<b>0.00</b>	<b>0.67</b>	<b>0.00</b>
<b>TOTAL OTHER TRANSACTIONS</b>			<b>1,472,100.86</b>				<b>27,619.43</b>	<b>0.00</b>	<b>27,619.43</b>	<b>0.00</b>



Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>ACQUISITIONS</b>										
Purchase	05/02/2011	431114503	0.46	Highmark Treasury Money Market Fund	1.000	0.01 %	0.46	0.00	0.46	0.00
Purchase	05/13/2011	431114503	5,310.00	Highmark Treasury Money Market Fund	1.000	0.01 %	5,310.00	0.00	5,310.00	0.00
Purchase	05/15/2011	431114503	9,135.25	Highmark Treasury Money Market Fund	1.000	0.01 %	9,135.25	0.00	9,135.25	0.00
Purchase	05/18/2011	431114503	3,656.25	Highmark Treasury Money Market Fund	1.000	0.01 %	3,656.25	0.00	3,656.25	0.00
Purchase	05/23/2011	431114503	7,299.25	Highmark Treasury Money Market Fund	1.000	0.01 %	7,299.25	0.00	7,299.25	0.00
Purchase	05/29/2011	431114503	3,625.00	Highmark Treasury Money Market Fund	1.000	0.01 %	3,625.00	0.00	3,625.00	0.00
Purchase	05/31/2011	431114503	6,159.38	Highmark Treasury Money Market Fund	1.000	0.01 %	6,159.38	0.00	6,159.38	0.00
	<b>Subtotal</b>		<b>35,185.59</b>				<b>35,185.59</b>	<b>0.00</b>	<b>35,185.59</b>	<b>0.00</b>
Security Contribution	05/03/2011	431114503	875.00	Highmark Treasury Money Market Fund	1.000		875.00	0.00	875.00	0.00
	<b>Subtotal</b>		<b>875.00</b>				<b>875.00</b>	<b>0.00</b>	<b>875.00</b>	<b>0.00</b>
<b>TOTAL ACQUISITIONS</b>			<b>36,060.59</b>				<b>36,060.59</b>	<b>0.00</b>	<b>36,060.59</b>	<b>0.00</b>
<b>DISPOSITIONS</b>										
Security Withdrawal	05/03/2011	431114503	875.00	Highmark Treasury Money Market Fund	1.000		875.00	0.00	875.00	0.00
Security Withdrawal	05/27/2011	431114503	1,028.00	Highmark Treasury Money Market Fund	1.000		1,028.00	0.00	1,028.00	0.00
Security Withdrawal	05/27/2011	431114503	1,028.00	Highmark Treasury Money Market Fund	1.000		1,028.00	0.00	1,028.00	0.00
Security Withdrawal	05/27/2011	431114503	1,031.00	Highmark Treasury Money Market Fund	1.000		1,031.00	0.00	1,031.00	0.00
	<b>Subtotal</b>		<b>3,962.00</b>				<b>3,962.00</b>	<b>0.00</b>	<b>3,962.00</b>	<b>0.00</b>
<b>TOTAL DISPOSITIONS</b>			<b>3,962.00</b>				<b>3,962.00</b>	<b>0.00</b>	<b>3,962.00</b>	<b>0.00</b>
<b>OTHER TRANSACTIONS</b>										
Interest	05/13/2011	36962G4C5	180,000.00	General Electric Capital Corp Note 5.9% Due 5/13/2014	0.000		5,310.00	0.00	5,310.00	0.00
Interest	05/15/2011	31398AXJ6	300,000.00	FNMA Note 2.5% Due 5/15/2014	0.000		3,750.00	0.00	3,750.00	0.00
Interest	05/15/2011	742718DS5	265,000.00	Procter & Gamble Co Note 1.8% Due 11/15/2015	0.000		2,345.25	0.00	2,345.25	0.00



Transaction Ledger

4/30/11 Thru 5/31/11

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
OTHER TRANSACTIONS										
Interest	05/15/2011	931142CQ4	190,000.00	Wal-Mart Stores Note 3.2% Due 5/15/2014	0.000		3,040.00	0.00	3,040.00	0.00
Interest	05/18/2011	3133XHPH9	150,000.00	FHLB Note 4.875% Due 11/18/2011	0.000		3,656.25	0.00	3,656.25	0.00
Interest	05/23/2011	880591DT6	215,000.00	Tennessee Valley Authority Note 6.79% Due 5/23/2012	0.000		7,299.25	0.00	7,299.25	0.00
Interest	05/29/2011	3133XQU34	200,000.00	FHLB Note 3.625% Due 5/29/2013	0.000		3,625.00	0.00	3,625.00	0.00
Interest	05/31/2011	912828HK9	365,000.00	US Treasury Note 3.375% Due 11/30/2012	0.000		6,159.38	0.00	6,159.38	0.00
	<b>Subtotal</b>		<b>1,865,000.00</b>				<b>35,185.13</b>	<b>0.00</b>	<b>35,185.13</b>	<b>0.00</b>
Dividend	05/02/2011	431114503	26,999.43	Highmark Treasury Money Market Fund	0.000		0.46	0.00	0.46	0.00
	<b>Subtotal</b>		<b>26,999.43</b>				<b>0.46</b>	<b>0.00</b>	<b>0.46</b>	<b>0.00</b>
<b>TOTAL OTHER TRANSACTIONS</b>			<b>1,891,999.43</b>				<b>35,185.59</b>	<b>0.00</b>	<b>35,185.59</b>	<b>0.00</b>

# York Insurance Services

P.O. Box 619058  
Roseville, CA 95661-9058

# Savings Summary

Invoice Cycle Date: 2/1/2011

**SCORE**

DCN	Patient Name	Date Received	Claim No	Provider Tax ID #	Billed Charges	Bill Rev Reduction	Prior Allowance	Bill Rev. Allow	PPO Reduction	Final Allow	Bill Review Cost	PPO Cost	Total Cost
20110120-53806	Banos, Evangelos	2/2/2011	4600399	562422696	\$372.12	\$0.00	\$0.00	\$372.12	\$0.00	\$372.12	\$10.50	\$0.00	\$10.50
20110209-54001	Barrington, Justin	2/15/2011	2011112113	680295886	\$100.00	\$10.43	\$0.00	\$76.13	\$13.44	\$76.13	\$10.50	\$2.02	\$12.52
20110204-52211	Barrington, Justin	2/10/2011	2011112113	621770924	\$45.50	\$24.70	\$0.00	\$20.80	\$0.00	\$20.80	\$10.50	\$0.00	\$10.50
20110126-51707	Capon, Eric	2/4/2011	2010111314	260674354	\$384.00	\$250.89	\$0.00	\$133.11	\$0.00	\$133.11	\$10.50	\$0.00	\$10.50
20110211-55004	Daly, Dan	2/23/2011	2004028568	621770924	\$94.28	\$0.00	\$0.00	\$94.28	\$0.00	\$94.28	\$10.50	\$0.00	\$10.50
20110216-53412	Deruyter, Rick	2/24/2011	2010104748	680310525	\$652.00	\$382.38	\$0.00	\$242.67	\$26.95	\$242.67	\$10.50	\$4.04	\$14.54
20110126-51701	Downing, Thomas	2/4/2011	2010109476	680442103	\$125.00	\$12.45	\$0.00	\$101.31	\$11.24	\$101.31	\$10.50	\$1.69	\$12.19
20110126-51608	Downing, Thomas	2/2/2011	2010109476	680442103	\$53.00	\$5.95	\$0.00	\$42.35	\$4.70	\$42.35	\$10.50	\$0.71	\$11.21
20110126-53913	Franco, Bertha	2/1/2011	2003009697	621770924	\$48.97	\$36.99	\$0.00	\$11.98	\$0.00	\$11.98	\$10.50	\$0.00	\$10.50
20110209-54401	Franco, Bertha	2/15/2011	2003009697	621770924	\$335.73	\$0.00	\$0.00	\$335.73	\$0.00	\$335.73	\$10.50	\$0.00	\$10.50
20110204-50602	Goulart, Edwin	2/11/2011	2010110376	680085726	\$124.00	\$63.73	\$0.00	\$51.23	\$9.04	\$51.23	\$10.50	\$1.36	\$11.86
20110204-50521	Goulart, Edwin	2/11/2011	2010110376	680085726	\$124.00	\$63.73	\$0.00	\$51.23	\$9.04	\$51.23	\$10.50	\$1.36	\$11.86
20110126-51704	Goulart, Edwin	2/4/2011	2010110376	680085726	\$124.00	\$63.73	\$0.00	\$51.23	\$9.04	\$51.23	\$10.50	\$1.36	\$11.86
20110204-52103	Goulart, Edwin	2/10/2011	2010110376	680142799	\$73.00	\$16.07	\$0.00	\$48.39	\$8.54	\$48.39	\$10.50	\$1.28	\$11.78
20110216-52533	Harralson, Kevin	2/24/2011	2010102473	361924025	\$30.40	\$0.00	\$0.00	\$30.40	\$0.00	\$30.40	\$10.50	\$0.00	\$10.50
20110216-53410	Harralson, Kevin	2/24/2011	2010102473	942661021	\$120.00	\$70.18	\$0.00	\$43.85	\$5.97	\$43.85	\$10.50	\$0.90	\$11.40
20110204-52210	Harralson, Kevin	2/10/2011	2010102473	361924025	\$40.84	\$0.00	\$0.00	\$40.84	\$0.00	\$40.84	\$10.50	\$0.00	\$10.50
20110128-51021	Harralson, Kevin	2/9/2011	2010102473	261378536	\$936.00	\$509.92	\$0.00	\$426.08	\$0.00	\$426.08	\$10.50	\$0.00	\$10.50
20110216-53411	Hasemeyer, Kash	2/24/2011	2010105993	680310525	\$167.00	\$65.74	\$0.00	\$91.13	\$10.13	\$91.13	\$10.50	\$1.52	\$12.02
20110204-50603	Hathaway, Roy	2/11/2011	2010108900	941623075	\$63.00	\$6.07	\$0.00	\$56.93	\$0.00	\$56.93	\$10.50	\$0.00	\$10.50
20110126-51708	Herrin, David	2/4/2011	2010106744	931053903	\$72.25	\$0.00	\$0.00	\$72.25	\$0.00	\$72.25	\$10.50	\$0.00	\$10.50
20110128-51022	Herrin, David	2/9/2011	2008072266	721561129	\$420.96	\$420.96	\$0.00	\$0.00	\$0.00	\$0.00	\$10.50	\$0.00	\$10.50
20110216-53415	Herrin, David	2/24/2011	2010106744	680142799	\$124.00	\$22.74	\$0.00	\$86.07	\$15.19	\$86.07	\$10.50	\$2.28	\$12.78
20110204-52209	Jasmer, Jr., William	2/11/2011	2010106792	721561129	\$239.00	\$239.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10.50	\$0.00	\$10.50

# York Insurance Services

P.O. Box 619058  
Roseville, CA 95661-9058

# Savings Summary

Invoice Cycle Date: 2/1/2011

**SCORE**

DCN	Patient Name	Date Received	Claim No	Provider Tax ID #	Billed Charges	Bill Rev Reduction	Prior Allowance	Bill Rev. Allow	PPO Reduction	Final Allow	Bill Review Cost	PPO Cost	Total Cost
20110204-52102	King, Aaron	2/10/2011	2010101505	941698406	\$72.30	\$3.68	\$0.00	\$68.62	\$0.00	\$68.62	\$10.50	\$0.00	\$10.50
20110204-50522	King, Aaron	2/11/2011	2010101505	680370105	\$600.00	\$216.24	\$0.00	\$326.20	\$57.56	\$326.20	\$10.50	\$8.63	\$19.13
20110209-54601	Lamanna, Eric	2/16/2011	2010101409	721561129	\$3,399.85	\$3,030.42	\$0.00	\$369.43	\$0.00	\$369.43	\$10.50	\$0.00	\$10.50
20110204-52206	Lamanna, Eric	2/11/2011	2010101409	721561129	\$1,577.00	\$1,577.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10.50	\$0.00	\$10.50
20110204-52310	Lamanna, Eric	2/10/2011	2010101409	721561129	\$252.00	\$193.88	\$0.00	\$58.12	\$0.00	\$58.12	\$10.50	\$0.00	\$10.50
20110211-53504	Lester, Michael	2/15/2011	2005034213	941623075	\$3,360.00	\$3,360.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10.50	\$0.00	\$10.50
20110126-51702	Lester, Michael	2/4/2011	2005034213	941623075	\$141.00	\$51.43	\$0.00	\$89.57	\$0.00	\$89.57	\$10.50	\$0.00	\$10.50
20110204-52101	Lewis, Ronald	2/10/2011	4600578	680150668	\$660.00	\$215.34	\$0.00	\$444.66	\$0.00	\$444.66	\$10.50	\$0.00	\$10.50
20110209-53001	Lewis, Ronald	2/16/2011	2006051751	470913587	\$374.40	\$374.40	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
20110126-53909	Lewis, Ronald	2/8/2011	4600578	621770924	\$127.89	\$114.36	\$0.00	\$13.53	\$0.00	\$13.53	\$10.50	\$0.00	\$10.50
20110209-54002	Lewis, Ronald	2/15/2011	2006051751	680061218	\$75.00	\$18.07	\$0.00	\$48.39	\$8.54	\$48.39	\$10.50	\$1.28	\$11.78
20110209-54403	Macdonald, Michael	2/15/2011	2005039356	201898794	\$120.83	\$43.96	\$0.00	\$76.87	\$0.00	\$76.87	\$10.50	\$0.00	\$10.50
20110126-53912	Macdonald, Michael	2/2/2011	2005039356	201898794	\$120.83	\$43.96	\$0.00	\$76.87	\$0.00	\$76.87	\$10.50	\$0.00	\$10.50
20110204-52207	Melo, Matt	2/11/2011	2009098682	721561129	\$55.20	\$55.20	\$0.00	\$0.00	\$0.00	\$0.00	\$10.50	\$0.00	\$10.50
20110204-50519	Melo, Matt	2/11/2011	2009098682	202164341	\$47.60	\$0.00	\$0.00	\$47.60	\$0.00	\$47.60	\$10.50	\$0.00	\$10.50
20110211-51401	Perkins, Eugene	2/18/2011	4600282	470913587	\$104.00	\$67.42	\$0.00	\$36.58	\$0.00	\$36.58	\$10.50	\$0.00	\$10.50
20110126-51703	Pisano, Jane	2/4/2011	2003012604	202164341	\$59.29	\$0.00	\$0.00	\$59.29	\$0.00	\$59.29	\$10.50	\$0.00	\$10.50
20110216-53414	Reno, Noya	2/24/2011	2009091056	680370105	\$300.00	\$300.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
20110126-54313	Schaad, Heath	1/31/2011	2010101269	942988520	\$192.00	\$157.27	\$0.00	\$34.73	\$0.00	\$34.73	\$10.50	\$0.00	\$10.50
20110126-51621	Schaad, Heath	2/2/2011	2010101269	942988520	\$174.00	\$131.98	\$0.00	\$42.02	\$0.00	\$42.02	\$10.50	\$0.00	\$10.50
20110128-51102	Scott, Garrett	2/9/2011	2010099797	941698406	\$72.30	\$3.68	\$0.00	\$68.62	\$0.00	\$68.62	\$10.50	\$0.00	\$10.50
20110216-53413	Scott, Garrett	2/24/2011	2010099797	942391415	\$340.00	\$17.50	\$0.00	\$322.50	\$0.00	\$322.50	\$10.50	\$0.00	\$10.50
20110209-54402	Shively, Michael	2/15/2011	2002001940	361924025	\$91.94	\$0.00	\$0.00	\$91.94	\$0.00	\$91.94	\$10.50	\$0.00	\$10.50
20110120-53804	Smith, Ray	1/31/2011	4600234	562422696	\$435.15	\$0.01	\$0.00	\$435.14	\$0.00	\$435.14	\$10.50	\$0.00	\$10.50

# York Insurance Services

P.O. Box 619058  
Roseville, CA 95661-9058

# Savings Summary

Invoice Cycle Date: 2/1/2011

**SCORE**

DCN	Patient Name	Date Received	Claim No	Provider Tax ID #	Billed Charges	Bill Rev Reduction	Prior Allowance	Bill Rev. Allow	PPO Reduction	Final Allow	Bill Review Cost	PPO Cost	Total Cost
20110211-55003	Smith, Rohn	2/24/2011	4600323	621770924	\$286.16	\$39.25	\$0.00	\$246.91	\$0.00	\$246.91	\$10.50	\$0.00	\$10.50
20110126-51705	Spruill, William	2/4/2011	2007058233	522372297	\$228.20	\$126.94	\$0.00	\$101.26	\$0.00	\$101.26	\$10.50	\$0.00	\$10.50
20110204-50523	Spruill, William	2/11/2011	2007058233	522372297	\$228.20	\$126.94	\$0.00	\$101.26	\$0.00	\$101.26	\$10.50	\$0.00	\$10.50
20110107-50803	Spruill, William	2/2/2011	2007058233	361924025	\$1,263.96	\$0.01	\$0.00	\$1,263.95	\$0.00	\$1,263.95	\$10.50	\$0.00	\$10.50
20110126-53908	Sterling, Jason	2/1/2011	2002003711	361924025	\$50.66	\$6.38	\$0.00	\$44.28	\$0.00	\$44.28	\$10.50	\$0.00	\$10.50
20110204-50520	Suter, Anthony	2/11/2011	2010105130	941623075	\$81.00	\$12.38	\$0.00	\$68.62	\$0.00	\$68.62	\$10.50	\$0.00	\$10.50
20110211-55005	Vierra, Frank	2/24/2011	2004020693	621770924	\$249.81	\$16.54	\$0.00	\$233.27	\$0.00	\$233.27	\$10.50	\$0.00	\$10.50
20110209-53002	Vierra, Frank	2/16/2011	4600461	942492609	\$207.00	\$207.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>Total</b>					<b>\$20,216.62</b>	<b>\$12,776.90</b>	<b>\$0.00</b>	<b>\$7,250.34</b>	<b>\$189.38</b>	<b>\$7,250.34</b>	<b>\$556.50</b>	<b>\$28.43</b>	<b>\$584.93</b>

# York Insurance Services

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Roseville, CA 95661-9058

# Savings Summary

Invoice Cycle Date: 3/1/2011

**SCORE**

DCN	Patient Name	Date Received	Claim No	Provider Tax ID #	Billed Charges	Bill Rev Reduction	Prior Allowance	Bill Rev. Allow	PPO Reduction	Final Allow	Bill Review Cost	PPO Cost	Total Cost
20110323-53327	Balcom, John	3/25/2011	2002009136	621770924	\$27.62	\$11.08	\$0.00	\$16.54	\$0.00	\$16.54	\$10.50	\$0.00	\$10.50
20110218-51709	Balcom, John	2/26/2011	2002009136	942602710	\$155.00	\$25.59	\$0.00	\$110.00	\$19.41	\$110.00	\$10.50	\$2.91	\$13.41
20110223-57003	Banos, Evangelos	3/3/2011	4600399	562422696	\$356.02	\$356.02	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
20110225-51212	Barber, Michelle	3/7/2011	2007065130	680402701	\$106.50	\$37.31	\$0.00	\$58.81	\$10.38	\$58.81	\$10.50	\$1.56	\$12.06
20110216-52910	Barber, Michelle	2/28/2011	2007065130	680402701	\$89.00	\$28.73	\$0.00	\$51.23	\$9.04	\$51.23	\$10.50	\$1.36	\$11.86
20110216-52911	Barber, Michelle	2/28/2011	2007065130	680402701	\$106.50	\$37.31	\$0.00	\$58.81	\$10.38	\$58.81	\$10.50	\$1.56	\$12.06
20110223-57129	Barber, Michelle	3/11/2011	2010109069	621770924	\$831.42	\$0.00	\$0.00	\$831.42	\$0.00	\$831.42	\$10.50	\$0.00	\$10.50
20110225-53005	Brown, Kenneth	3/7/2011	2011113122	942988520	\$9.55	\$9.55	\$0.00	\$0.00	\$0.00	\$0.00	\$10.50	\$0.00	\$10.50
20110225-51204	Brown, Kenneth	3/7/2011	2011113122	942988520	\$174.00	\$103.81	\$0.00	\$59.66	\$10.53	\$59.66	\$10.50	\$1.58	\$12.08
20110216-52419	Byrne, Mark	2/25/2011	2011112924	942988520	\$290.90	\$252.67	\$0.00	\$33.83	\$4.40	\$33.83	\$10.50	\$0.66	\$11.16
20110311-52719	Byrne, Mark	3/17/2011	2011112924	204743684	\$26.00	\$10.21	\$0.00	\$13.42	\$2.37	\$13.42	\$10.50	\$0.36	\$10.86
20110323-52602	Byrne, Mark	3/28/2011	2011112924	941698406	\$72.30	\$3.68	\$0.00	\$68.62	\$0.00	\$68.62	\$10.50	\$0.00	\$10.50
20110225-51203	Byrne, Mark	3/7/2011	2011112924	941698406	\$110.00	\$6.14	\$0.00	\$103.86	\$0.00	\$103.86	\$10.50	\$0.00	\$10.50
20110216-57609	Capon, Eric	2/28/2011	2011112751	942988520	\$2,014.00	\$1,555.97	\$0.00	\$458.03	\$0.00	\$458.03	\$10.50	\$0.00	\$10.50
20110216-56816	Capon, Eric	2/25/2011	2011112751	260674354	\$309.00	\$221.79	\$0.00	\$87.21	\$0.00	\$87.21	\$10.50	\$0.00	\$10.50
20110323-51808	Coats, Gary	3/26/2011	2005032220	223218521	\$2,195.00	\$1,298.75	\$0.00	\$627.38	\$268.87	\$627.38	\$10.50	\$40.33	\$50.83
20110323-51813	Coats, Gary	3/26/2011	2005032220	680310525	\$303.00	\$129.30	\$0.00	\$156.33	\$17.37	\$156.33	\$10.50	\$2.61	\$13.11
20110316-52501	Coats, Gary	3/22/2011	2005032220	263487583	\$746.00	\$723.49	\$0.00	\$22.51	\$0.00	\$22.51	\$10.50	\$0.00	\$10.50
20110309-52804	Coats, Gary	3/15/2011	2005032220	942243469	\$76.65	\$64.46	\$0.00	\$12.19	\$0.00	\$12.19	\$10.50	\$0.00	\$10.50
20110316-53920	Coats, Gary	3/19/2011	2005032220	680310525	\$112.00	\$43.38	\$0.00	\$61.76	\$6.86	\$61.76	\$10.50	\$1.03	\$11.53
20110223-57002	Daly, Dan	3/10/2011	2004028568	621770924	\$201.32	\$179.24	\$0.00	\$22.08	\$0.00	\$22.08	\$10.50	\$0.00	\$10.50
20110218-52909	Daly, Dan	2/28/2011	2004028568	621770924	\$51.99	\$33.82	\$0.00	\$18.17	\$0.00	\$18.17	\$10.50	\$0.00	\$10.50
20110216-52912	Downing, Thomas	3/1/2011	2010109476	880511493	\$1,680.00	\$1,034.00	\$0.00	\$549.10	\$96.90	\$549.10	\$10.50	\$14.54	\$25.04
20110223-51818	Downing, Thomas	3/2/2011	2010109476	942838030	\$150.00	\$20.59	\$0.00	\$127.50	\$1.91	\$127.50	\$10.50	\$0.29	\$10.79

# York Insurance Services

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# Savings Summary

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DCN	Patient Name	Date Received	Claim No	Provider Tax ID #	Billed Charges	Bill Rev Reduction	Prior Allowance	Bill Rev. Allow	PPO Reduction	Final Allow	Bill Review Cost	PPO Cost	Total Cost
20110304-51311	Downing, Thomas	3/10/2011	2010109476	942838030	\$150.00	\$20.59	\$0.00	\$127.50	\$1.91	\$127.50	\$10.50	\$0.29	\$10.79
20110323-53328	Downing, Thomas	3/25/2011	2010109476	621770924	\$68.84	\$0.01	\$0.00	\$68.83	\$0.00	\$68.83	\$10.50	\$0.00	\$10.50
20110323-52601	Dutton, Jerry	3/28/2011	2009088405	941698406	\$72.30	\$3.68	\$0.00	\$68.62	\$0.00	\$68.62	\$10.50	\$0.00	\$10.50
20110323-53326	Franco, Bertha	3/28/2011	2003009697	621770924	\$110.88	\$0.00	\$0.00	\$110.88	\$0.00	\$110.88	\$10.50	\$0.00	\$10.50
20110216-52534	Franco, Bertha	2/28/2011	2003009697	621770924	\$110.88	\$0.00	\$0.00	\$110.88	\$0.00	\$110.88	\$10.50	\$0.00	\$10.50
20110216-52917	Friedman, Kevin	2/28/2011	2010110985	204976263	\$118.00	\$49.38	\$0.00	\$68.62	\$0.00	\$68.62	\$10.50	\$0.00	\$10.50
20110316-53906	Goulart, Edwin	3/19/2011	2010110376	680085726	\$124.00	\$63.73	\$0.00	\$51.23	\$9.04	\$51.23	\$10.50	\$1.36	\$11.86
20110316-53908	Goulart, Edwin	3/19/2011	2010110376	680085726	\$124.00	\$63.73	\$0.00	\$51.23	\$9.04	\$51.23	\$10.50	\$1.36	\$11.86
20110323-51809	Goulart, Edwin	3/26/2011	2010110376	680085726	\$93.00	\$46.26	\$0.00	\$39.73	\$7.01	\$39.73	\$10.50	\$1.05	\$11.55
20110304-51514	Goulart, Edwin	3/10/2011	2010110376	680085726	\$248.00	\$135.76	\$0.00	\$95.40	\$16.84	\$95.40	\$10.50	\$2.53	\$13.03
20110304-51504	Goulart, Edwin	3/10/2011	2010110376	680085726	\$124.00	\$63.73	\$0.00	\$51.23	\$9.04	\$51.23	\$10.50	\$1.36	\$11.86
20110304-51202	Goulart, Edwin	3/10/2011	2010110376	680142799	\$73.00	\$16.07	\$0.00	\$48.39	\$8.54	\$48.39	\$10.50	\$1.28	\$11.78
20110218-51710	Goulart, Edwin	2/26/2011	2010110376	680085726	\$124.00	\$63.73	\$0.00	\$51.23	\$9.04	\$51.23	\$10.50	\$1.36	\$11.86
20110304-51518	Harralson, Kevin	3/10/2011	2010102473	942661021	\$91.00	\$32.88	\$0.00	\$51.14	\$6.98	\$51.14	\$10.50	\$1.05	\$11.55
20110304-51516	Harralson, Kevin	3/10/2011	2010102473	942661021	\$91.00	\$32.88	\$0.00	\$51.14	\$6.98	\$51.14	\$10.50	\$1.05	\$11.55
20110119-54217	Harralson, Kevin	1/25/2011	2010102473	941156596	(\$45,597.23)	\$36,441.59	\$0.00	\$9,155.64	\$0.00	\$9,155.64	(\$10.50)	\$0.00	(\$10.50)
20110225-51205	Harralson, Kevin	3/7/2011	2010102473	942661021	\$91.00	\$32.88	\$0.00	\$51.14	\$6.98	\$51.14	\$10.50	\$1.05	\$11.55
20110323-53325	Harralson, Kevin	3/25/2011	2010102473	361924025	\$30.40	\$0.00	\$0.00	\$30.40	\$0.00	\$30.40	\$10.50	\$0.00	\$10.50
20110323-51822	Harralson, Kevin	3/26/2011	2010102473	942661021	\$110.00	\$35.89	\$0.00	\$65.21	\$8.90	\$65.21	\$10.50	\$1.34	\$11.84
20110311-55202	Harralson, Kevin	3/19/2011	2010102473	941156596	\$45,597.23	\$35,650.29	\$9,155.64	\$9,946.94	\$0.00	\$791.30	\$10.50	\$0.00	\$10.50
20110311-52001	Harralson, Kevin	3/16/2011	2010102473	942661021	\$110.00	\$35.89	\$0.00	\$65.21	\$8.90	\$65.21	\$10.50	\$1.34	\$11.84
20110304-51308	Harralson, Kevin	3/10/2011	2010102473	942661021	\$110.00	\$35.89	\$0.00	\$65.21	\$8.90	\$65.21	\$10.50	\$1.34	\$11.84
20110304-51723	Harralson, Kevin	3/14/2011	2010102473	942661021	\$91.00	\$32.88	\$0.00	\$51.14	\$6.98	\$51.14	\$10.50	\$1.05	\$11.55
20110225-51208	Harralson, Kevin	3/7/2011	2010102473	942661021	\$91.00	\$32.88	\$0.00	\$51.14	\$6.98	\$51.14	\$10.50	\$1.05	\$11.55

# York Insurance Services

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# Savings Summary

Invoice Cycle Date: 3/1/2011

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DCN	Patient Name	Date Received	Claim No	Provider Tax ID #	Billed Charges	Bill Rev Reduction	Prior Allowance	Bill Rev. Allow	PPO Reduction	Final Allow	Bill Review Cost	PPO Cost	Total Cost
20110225-51209	Harralson, Kevin	3/7/2011	2010102473	942661021	\$91.00	\$32.88	\$0.00	\$51.14	\$6.98	\$51.14	\$10.50	\$1.05	\$11.55
20110304-51722	Harralson, Kevin	3/14/2011	2010102473	942661021	\$65.00	\$18.26	\$0.00	\$41.13	\$5.61	\$41.13	\$10.50	\$0.84	\$11.34
20110325-55215	Hasemeyer, Kash	3/29/2011	2010105993	680442529	\$10,575.00	\$5,888.42	\$0.00	\$4,686.58	\$0.00	\$4,686.58	\$10.50	\$0.00	\$10.50
20110323-51818	Hasemeyer, Kash	3/26/2011	2010105993	203487169	\$1,215.00	\$492.54	\$0.00	\$722.46	\$0.00	\$722.46	\$10.50	\$0.00	\$10.50
20110304-54518	Hathaway, Roy	3/14/2011	2010108900	941623075	\$63.00	\$63.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
20110325-55221	Hernandez, Tom	3/29/2011	2011114073	680422620	\$403.00	\$368.27	\$0.00	\$34.73	\$0.00	\$34.73	\$10.50	\$0.00	\$10.50
20110223-57130	Herrin, David	3/4/2011	2010106744	621770924	\$186.98	\$0.00	\$0.00	\$186.98	\$0.00	\$186.98	\$10.50	\$0.00	\$10.50
20110323-51817	Herrin, David	3/26/2011	2010106744	680334324	\$513.00	\$274.21	\$0.00	\$226.85	\$11.94	\$226.85	\$10.50	\$1.79	\$12.29
20110223-55401	Herrin, David	3/3/2011	2008072266	721561129	\$15,558.88	\$15,558.88	\$0.00	\$0.00	\$0.00	\$0.00	\$10.50	\$0.00	\$10.50
20110323-52603	Herrin, David	3/28/2011	2007066710	680142799	\$87.00	\$18.38	\$0.00	\$58.33	\$10.29	\$58.33	\$10.50	\$1.54	\$12.04
20110309-52611	Hill, Graham	3/17/2011	2010102575	941384665	\$1,250.99	\$1,250.99	\$0.00	\$0.00	\$0.00	\$0.00	\$10.50	\$0.00	\$10.50
20110311-52801	King, Aaron	3/16/2011	2010101505	941698406	\$72.30	\$3.68	\$0.00	\$68.62	\$0.00	\$68.62	\$10.50	\$0.00	\$10.50
20110225-51207	King, Aaron	3/7/2011	2010101505	680370105	\$300.00	\$108.12	\$0.00	\$163.10	\$28.78	\$163.10	\$10.50	\$4.32	\$14.82
20110225-51206	Lamanna, Eric	3/7/2011	2010101409	931053903	\$47.60	\$0.00	\$0.00	\$47.60	\$0.00	\$47.60	\$10.50	\$0.00	\$10.50
20100922-53211	Lamanna, Eric	10/6/2010	2010101409	721561129	(\$24,392.20)	\$15,818.29	\$0.00	\$8,573.91	\$0.00	\$8,573.91	(\$10.50)	\$0.00	(\$10.50)
20110216-56102	Lamanna, Eric	2/25/2011	2010101409	721561129	\$17,336.80	\$17,336.80	\$0.00	\$0.00	\$0.00	\$0.00	\$10.50	\$0.00	\$10.50
20110216-56105	Lamanna, Eric	2/25/2011	2010101409	721561129	\$24,392.20	\$15,375.73	\$8,573.91	\$9,016.47	\$0.00	\$442.56	\$10.50	\$0.00	\$10.50
20110316-53911	Lester, Michael	3/19/2011	2005034213	941623075	\$63.00	\$6.07	\$0.00	\$56.93	\$0.00	\$56.93	\$10.50	\$0.00	\$10.50
20110316-52510	Lester, Michael	3/22/2011	2005034213	930386912	\$3,878.00	\$3,113.22	\$0.00	\$764.78	\$0.00	\$764.78	\$10.50	\$0.00	\$10.50
20110216-52916	Lester, Michael	2/28/2011	2005034213	941623075	\$63.00	\$6.07	\$0.00	\$56.93	\$0.00	\$56.93	\$10.50	\$0.00	\$10.50
20110325-55214	Lewis, Ronald	3/29/2011	2006051751	680422620	\$454.00	\$422.65	\$0.00	\$31.35	\$0.00	\$31.35	\$10.50	\$0.00	\$10.50
20110323-53323	Lewis, Ronald	3/25/2011	4600578	621770924	\$127.89	\$114.36	\$0.00	\$13.53	\$0.00	\$13.53	\$10.50	\$0.00	\$10.50
20110223-57001	Lewis, Ronald	3/3/2011	4600578	621770924	\$127.89	\$114.36	\$0.00	\$13.53	\$0.00	\$13.53	\$10.50	\$0.00	\$10.50
20110218-53405	Lindley, James	3/1/2011	2011112992	721561129	\$819.00	\$584.84	\$0.00	\$234.16	\$0.00	\$234.16	\$10.50	\$0.00	\$10.50

# York Insurance Services

# Savings Summary

P.O. Box 619058  
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Invoice Cycle Date: 3/1/2011

**SCORE**

DCN	Patient Name	Date Received	Claim No	Provider Tax ID #	Billed Charges	Bill Rev Reduction	Prior Allowance	Bill Rev. Allow	PPO Reduction	Final Allow	Bill Review Cost	PPO Cost	Total Cost
20110218-51711	Lindley, James	2/26/2011	2011112992	203887321	\$38.72	\$20.02	\$0.00	\$18.70	\$0.00	\$18.70	\$10.50	\$0.00	\$10.50
20110304-51515	Lindley, James	3/10/2011	2011112992	260732427	\$246.00	\$158.79	\$0.00	\$87.21	\$0.00	\$87.21	\$10.50	\$0.00	\$10.50
20110316-53907	Lindley, James	3/19/2011	2011112992	680434729	\$265.00	\$56.07	\$0.00	\$208.93	\$0.00	\$208.93	\$10.50	\$0.00	\$10.50
20110211-55006	Macdonald, Michael	2/28/2011	2005039356	201898794	\$120.83	\$120.83	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
20110323-53501	Macdonald, Michael	3/25/2011	2005039356	201898794	\$120.83	\$43.96	\$0.00	\$76.87	\$0.00	\$76.87	\$10.50	\$0.00	\$10.50
20110216-56104	Macdonald, Michael	2/25/2011	2005039356	721561129	\$3,031.88	\$3,031.88	\$0.00	\$0.00	\$0.00	\$0.00	\$10.50	\$0.00	\$10.50
20110304-54424	Macdonald, Michael	3/14/2011	2005039356	201898794	\$120.83	\$43.96	\$0.00	\$76.87	\$0.00	\$76.87	\$10.50	\$0.00	\$10.50
20110316-53910	Melo, Matt	3/19/2011	2009098682	202164341	\$47.60	\$0.00	\$0.00	\$47.60	\$0.00	\$47.60	\$10.50	\$0.00	\$10.50
20110323-50404	Naimo, Michael	3/25/2011	2002009448	680061218	\$411.00	\$411.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10.50	\$0.00	\$10.50
20110323-50405	Naimo, Michael	3/25/2011	2002009448	680061218	\$411.00	\$411.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10.50	\$0.00	\$10.50
20110316-54005	Naimo, Michael	3/19/2011	4600609	680061218	\$155.20	\$80.79	\$0.00	\$63.45	\$10.96	\$63.45	\$10.50	\$1.64	\$12.14
20110311-52013	Naimo, Michael	3/16/2011	4600609	680061218	\$75.00	\$18.07	\$0.00	\$48.39	\$8.54	\$48.39	\$10.50	\$1.28	\$11.78
20110304-55101	Pereira, Fernando	3/14/2011	2011113524	942988520	\$299.50	\$201.68	\$0.00	\$97.82	\$0.00	\$97.82	\$10.50	\$0.00	\$10.50
20110304-51517	Perkins, Eugene	3/15/2011	4600282	943022642	\$490.63	\$490.63	\$0.00	\$0.00	\$0.00	\$0.00	\$10.50	\$0.00	\$10.50
20110216-53015	Perkins, Eugene	3/10/2011	4600282	201119568	\$163.55	\$163.55	\$0.00	\$0.00	\$0.00	\$0.00	\$10.50	\$0.00	\$10.50
20110216-52913	Perkins, Eugene	3/1/2011	4600282	680252674	\$503.00	\$170.74	\$0.00	\$332.26	\$0.00	\$332.26	\$10.50	\$0.00	\$10.50
20110323-54117	Rosa, Dale	3/25/2011	2011113691	942988520	\$11.65	\$11.65	\$0.00	\$0.00	\$0.00	\$0.00	\$10.50	\$0.00	\$10.50
20110311-52720	Rosa, Dale	3/17/2011	2011113691	204743684	\$20.00	\$8.36	\$0.00	\$9.89	\$1.75	\$9.89	\$10.50	\$0.26	\$10.76
20110311-56610	Rosa, Dale	3/16/2011	2011113691	361924025	\$18.17	\$0.00	\$0.00	\$18.17	\$0.00	\$18.17	\$10.50	\$0.00	\$10.50
20110323-54103	Rosa, Dale	3/25/2011	2011113691	942988520	\$219.00	\$197.39	\$0.00	\$18.37	\$3.24	\$18.37	\$10.50	\$0.49	\$10.99
20110323-51820	Rosa, Dale	3/26/2011	2011113691	942988520	\$174.00	\$131.98	\$0.00	\$35.72	\$6.30	\$35.72	\$10.50	\$0.95	\$11.45
20110323-51816	Rosa, Dale	3/26/2011	2011113691	942988520	\$174.00	\$131.98	\$0.00	\$35.72	\$6.30	\$35.72	\$10.50	\$0.95	\$11.45
20110323-51815	Rosa, Dale	3/26/2011	2011113691	942988520	\$348.00	\$263.96	\$0.00	\$71.44	\$12.60	\$71.44	\$10.50	\$1.89	\$12.39
20110311-52707	Schiavone, Travis	3/17/2011	2010110805	941741654	\$120.00	\$63.07	\$0.00	\$56.93	\$0.00	\$56.93	\$10.50	\$0.00	\$10.50

# York Insurance Services

# Savings Summary

P.O. Box 619058  
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DCN	Patient Name	Date Received	Claim No	Provider Tax ID #	Billed Charges	Bill Rev Reduction	Prior Allowance	Bill Rev. Allow	PPO Reduction	Final Allow	Bill Review Cost	PPO Cost	Total Cost
20110304-51201	Scott, Garrett	3/10/2011	2010099797	941698406	\$72.30	\$3.68	\$0.00	\$68.62	\$0.00	\$68.62	\$10.50	\$0.00	\$10.50
20110311-51801	Scott, Garrett	3/16/2011	2010099797	942391415	\$185.00	\$68.15	\$0.00	\$116.85	\$0.00	\$116.85	\$10.50	\$0.00	\$10.50
20110323-51814	Scott, Garrett	3/26/2011	2010099797	223218521	\$1,111.00	\$471.00	\$0.00	\$320.00	\$320.00	\$320.00	\$10.50	\$48.00	\$58.50
20110316-52411	Shively, Michael	3/21/2011	2002001940	361924025	\$22.54	\$0.00	\$0.00	\$22.54	\$0.00	\$22.54	\$10.50	\$0.00	\$10.50
20110225-51211	Simas, Harold	3/7/2011	2002002255	931053903	\$59.29	\$0.00	\$0.00	\$59.29	\$0.00	\$59.29	\$10.50	\$0.00	\$10.50
20110225-51210	Simas, Harold	3/7/2011	2002002255	931053903	\$14.91	\$0.00	\$0.00	\$14.91	\$0.00	\$14.91	\$10.50	\$0.00	\$10.50
20110304-55117	Simas, Harold	3/14/2011	2002002255	721561129	\$152.00	\$127.06	\$0.00	\$24.94	\$0.00	\$24.94	\$10.50	\$0.00	\$10.50
20110323-51811	Smith, Ray	3/26/2011	4600234	204743684	\$28.00	\$12.80	\$0.00	\$12.92	\$2.28	\$12.92	\$10.50	\$0.34	\$10.84
20110323-51812	Smith, Ray	3/26/2011	4600234	204743684	\$28.00	\$12.80	\$0.00	\$12.92	\$2.28	\$12.92	\$10.50	\$0.34	\$10.84
20110311-56609	Smith, Ray	3/16/2011	4600234	562422696	\$16.25	\$0.00	\$0.00	\$16.25	\$0.00	\$16.25	\$10.50	\$0.00	\$10.50
20110316-53917	Smith, Ray	3/19/2011	4600234	565905168	\$54.00	\$17.59	\$0.00	\$32.77	\$3.64	\$32.77	\$10.50	\$0.55	\$11.05
20110316-52513	Smith, Ray	3/22/2011	4600234	942988520	\$10,522.78	\$0.00	\$0.00	\$10,522.78	\$0.00	\$10,522.78	\$10.50	\$0.00	\$10.50
20110304-54503	Smith, Ray	3/14/2011	4600234	562422696	\$20.75	\$0.00	\$0.00	\$20.75	\$0.00	\$20.75	\$10.50	\$0.00	\$10.50
20110311-56607	Smith, Rohn	3/17/2011	4600323	621770924	\$286.16	\$39.25	\$0.00	\$246.91	\$0.00	\$246.91	\$10.50	\$0.00	\$10.50
20110311-51802	Spruill, William	3/16/2011	2007058233	205175362	\$1,590.00	\$894.12	\$0.00	\$695.88	\$0.00	\$695.88	\$10.50	\$0.00	\$10.50
20110204-52205	Spruill, William	2/25/2011	2007058233	361924025	\$561.73	\$0.00	\$0.00	\$561.73	\$0.00	\$561.73	\$10.50	\$0.00	\$10.50
20110204-52208	Spruill, William	2/25/2011	2007058233	361924025	\$928.53	\$0.01	\$0.00	\$928.52	\$0.00	\$928.52	\$10.50	\$0.00	\$10.50
20110323-53329	Vierra, Frank	3/25/2011	2004020693	621770924	\$18.47	\$0.00	\$0.00	\$18.47	\$0.00	\$18.47	\$10.50	\$0.00	\$10.50
20110304-54506	Vierra, Frank	3/16/2011	2004020693	621770924	\$127.51	\$0.00	\$0.00	\$127.51	\$0.00	\$127.51	\$10.50	\$0.00	\$10.50
20110304-54505	Vierra, Frank	3/14/2011	2004020693	621770924	\$27.58	\$16.54	\$0.00	\$11.04	\$0.00	\$11.04	\$10.50	\$0.00	\$10.50
20110223-57131	Vierra, Frank	3/3/2011	2004020693	621770924	\$113.19	\$0.00	\$0.00	\$113.19	\$0.00	\$113.19	\$10.50	\$0.00	\$10.50
20110304-51309	Vierra, Frank	3/10/2011	2004020693	942492609	\$147.00	\$57.43	\$0.00	\$76.13	\$13.44	\$76.13	\$10.50	\$2.02	\$12.52
20110218-52910	Vierra, Frank	2/28/2011	2004020693	621770924	\$27.58	\$16.54	\$0.00	\$11.04	\$0.00	\$11.04	\$10.50	\$0.00	\$10.50
20110216-52915	Vierra, Frank	2/28/2011	2004020693	942492609	\$207.00	\$105.74	\$0.00	\$86.07	\$15.19	\$86.07	\$10.50	\$2.28	\$12.78

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DCN	Patient Name	Date Received	Claim No	Provider Tax ID #	Billed Charges	Bill Rev Reduction	Prior Allowance	Bill Rev. Allow	PPO Reduction	Final Allow	Bill Review Cost	PPO Cost	Total Cost
20110323-51810	Votruba, Charles (Gene)	3/26/2011	2011114034	204743684	\$28.00	\$9.00	\$0.00	\$16.15	\$2.85	\$16.15	\$10.50	\$0.43	\$10.93
20110304-51310	Whittaker, Jr., William	3/10/2011	2009097949	680338951	\$44.00	\$28.21	\$0.00	\$15.79	\$0.00	\$15.79	\$10.50	\$0.00	\$10.50
20110225-53202	Woldanski, Steven	3/7/2011	2007070094	077480451	\$75.00	\$4.89	\$0.00	\$70.11	\$0.00	\$70.11	\$10.50	\$0.00	\$10.50
20110216-52914	Woldanski, Steven	2/28/2011	2007070094	077480451	\$300.00	\$19.56	\$0.00	\$269.92	\$10.52	\$269.92	\$10.50	\$1.58	\$12.08
<b>Total</b>					<b>\$90,202.36</b>	<b>\$164,183.26</b>	<b>\$17,729.55</b>	<b>\$64,923.99</b>	<b>\$1,073.97</b>	<b>\$47,194.44</b>	<b>\$1,228.50</b>	<b>\$161.19</b>	<b>\$1,389.69</b>

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DCN	Patient Name	Date Received	Claim No	Provider Tax ID #	Billed Charges	Bill Rev Reduction	Prior Allowance	Bill Rev. Allow	PPO Reduction	Final Allow	Bill Review Cost	PPO Cost	Total Cost
20110325-55513	Banos, Evangelos	4/4/2011	4600399	562422696	\$413.97	\$0.00	\$0.00	\$413.97	\$0.00	\$413.97	\$10.50	\$0.00	\$10.50
20110413-51816	Barber, Michelle	4/18/2011	2007065130	680402701	\$106.50	\$37.31	\$0.00	\$69.19	\$0.00	\$69.19	\$10.50	\$0.00	\$10.50
20110401-53906	Byrne, Mark	4/5/2011	2011112924	942988520	\$261.00	\$233.09	\$0.00	\$23.72	\$4.19	\$23.72	\$10.50	\$0.63	\$11.13
20110325-53221	Byrne, Mark	3/31/2011	2011112924	911824407	\$340.00	\$193.88	\$0.00	\$146.12	\$0.00	\$146.12	\$10.50	\$0.00	\$10.50
20110330-53806	Byrne, Mark	4/5/2011	2011112924	731713849	\$252.00	\$67.14	\$0.00	\$184.86	\$0.00	\$184.86	\$10.50	\$0.00	\$10.50
20110401-52411	Byrne, Mark	4/7/2011	2011112924	204743684	\$23.00	\$9.28	\$0.00	\$11.66	\$2.06	\$11.66	\$10.50	\$0.31	\$10.81
20110330-53807	Byrne, Mark	4/5/2011	2011112924	223218521	\$986.00	\$290.12	\$0.00	\$347.94	\$347.94	\$347.94	\$10.50	\$52.19	\$62.69
20110330-53808	Byrne, Mark	4/5/2011	2011112924	731713849	\$87.00	\$30.07	\$0.00	\$56.93	\$0.00	\$56.93	\$10.50	\$0.00	\$10.50
20110401-52412	Byrne, Mark	4/7/2011	2011112924	731713849	\$1,600.00	\$597.08	\$0.00	\$1,002.92	\$0.00	\$1,002.92	\$10.50	\$0.00	\$10.50
20110407-50918	Byrne, Mark	4/12/2011	2011112924	941698406	\$72.30	\$3.68	\$0.00	\$68.62	\$0.00	\$68.62	\$10.50	\$0.00	\$10.50
20110408-56205	Byrne, Mark	4/12/2011	2011112924	942988520	\$290.90	\$290.90	\$0.00	\$0.00	\$0.00	\$0.00	\$10.50	\$0.00	\$10.50
20110413-51814	Byrne, Mark	4/18/2011	2011112924	942988520	\$174.00	\$118.75	\$0.00	\$46.96	\$8.29	\$46.96	\$10.50	\$1.24	\$11.74
20110414-52501	Byrne, Mark	4/21/2011	2011112924	911824407	\$340.00	\$340.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10.50	\$0.00	\$10.50
20110415-51502	Capon, Eric	4/22/2011	2011115081	942988520	\$174.00	\$131.98	\$0.00	\$35.72	\$6.30	\$35.72	\$10.50	\$0.95	\$11.45
20110413-51815	Capon, Eric	4/18/2011	2011115081	204743684	\$40.00	\$21.95	\$0.00	\$15.34	\$2.71	\$15.34	\$10.50	\$0.41	\$10.91
20110418-53511	Capon, Eric	4/20/2011	2011115081	942988520	\$203.00	\$175.92	\$0.00	\$23.02	\$4.06	\$23.02	\$10.50	\$0.61	\$11.11
20110420-50719	Coats, Gary	4/21/2011	2005032220	680310525	\$15.00	\$3.31	\$0.00	\$10.52	\$1.17	\$10.52	\$10.50	\$0.18	\$10.68
20110330-53810	Coats, Gary	4/5/2011	2005032220	201757996	\$180.00	\$76.33	\$0.00	\$82.93	\$20.74	\$82.93	\$10.50	\$3.11	\$13.61
20110407-52514	Coats, Gary	4/12/2011	2005032220	942243469	\$76.65	\$64.46	\$0.00	\$12.19	\$0.00	\$12.19	\$10.50	\$0.00	\$10.50
20110407-50514	Daly, Dan	4/11/2011	2004028568	942492609	\$161.00	\$92.38	\$0.00	\$58.33	\$10.29	\$58.33	\$10.50	\$1.54	\$12.04
20110408-52717	Downing, Thomas	4/13/2011	2010109476	942838030	\$285.00	\$84.34	\$0.00	\$198.75	\$1.91	\$198.75	\$10.50	\$0.29	\$10.79
20110415-51509	Downing, Thomas	4/22/2011	2010109476	942838030	\$150.00	\$20.59	\$0.00	\$127.50	\$1.91	\$127.50	\$10.50	\$0.29	\$10.79
20110325-55512	Dutton, Jerry	3/30/2011	2009088405	621770924	\$28.09	\$0.00	\$0.00	\$28.09	\$0.00	\$28.09	\$10.50	\$0.00	\$10.50
20110408-52713	Franco, Bertha	4/13/2011	2003009697	680334324	\$64.00	\$43.10	\$0.00	\$19.86	\$1.04	\$19.86	\$10.50	\$0.16	\$10.66

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DCN	Patient Name	Date Received	Claim No	Provider Tax ID #	Billed Charges	Bill Rev Reduction	Prior Allowance	Bill Rev. Allow	PPO Reduction	Final Allow	Bill Review Cost	PPO Cost	Total Cost
20110408-52714	Franco, Bertha	4/13/2011	2003009697	680334324	\$215.00	\$125.43	\$0.00	\$85.09	\$4.48	\$85.09	\$10.50	\$0.67	\$11.17
20110323-53324	Franco, Bertha	4/15/2011	2003009697	621770924	\$335.73	\$0.00	\$0.00	\$335.73	\$0.00	\$335.73	\$10.50	\$0.00	\$10.50
20110413-51817	Franco, Bertha	4/18/2011	2003009697	680344702	\$148.00	\$58.43	\$0.00	\$85.09	\$4.48	\$85.09	\$10.50	\$0.67	\$11.17
20110413-51818	Franco, Bertha	4/18/2011	2003009697	680344702	\$148.00	\$58.43	\$0.00	\$85.09	\$4.48	\$85.09	\$10.50	\$0.67	\$11.17
20110413-53219	Franco, Bertha	4/18/2011	2003009697	621770924	\$21.35	\$11.55	\$0.00	\$9.80	\$0.00	\$9.80	\$10.50	\$0.00	\$10.50
20110408-56810	Franco, Bertha	4/15/2011	2003009697	621770924	\$37.30	\$3.90	\$0.00	\$33.40	\$0.00	\$33.40	\$10.50	\$0.00	\$10.50
20110408-52711	Franco, Bertha	4/13/2011	2003009697	680334324	\$108.00	\$51.07	\$0.00	\$56.93	\$0.00	\$56.93	\$10.50	\$0.00	\$10.50
20110325-53004	Friedman, Kevin	3/30/2011	2010110985	203487169	\$685.00	\$288.91	\$0.00	\$396.09	\$0.00	\$396.09	\$10.50	\$0.00	\$10.50
20110330-53809	Friedman, Kevin	4/5/2011	2010110985	204976263	\$118.00	\$49.38	\$0.00	\$68.62	\$0.00	\$68.62	\$10.50	\$0.00	\$10.50
20110325-53219	Goulart, Edwin	3/31/2011	2010110376	680085726	\$93.00	\$46.26	\$0.00	\$39.73	\$7.01	\$39.73	\$10.50	\$1.05	\$11.55
20110401-52417	Harralson, Kevin	4/7/2011	2010102473	942661021	\$116.00	\$48.65	\$0.00	\$59.26	\$8.09	\$59.26	\$10.50	\$1.21	\$11.71
20110408-52722	Harralson, Kevin	4/13/2011	2010102473	942661021	\$232.00	\$97.30	\$0.00	\$118.52	\$16.18	\$118.52	\$10.50	\$2.43	\$12.93
20110325-53003	Harralson, Kevin	3/30/2011	2010102473	942661021	\$110.00	\$35.89	\$0.00	\$65.21	\$8.90	\$65.21	\$10.50	\$1.34	\$11.84
20110413-51813	Harralson, Kevin	4/18/2011	2010102473	942661021	\$116.00	\$48.65	\$0.00	\$59.26	\$8.09	\$59.26	\$10.50	\$1.21	\$11.71
20110413-51819	Harralson, Kevin	4/18/2011	2010102473	941715308	\$65.00	\$8.07	\$0.00	\$56.93	\$0.00	\$56.93	\$10.50	\$0.00	\$10.50
20110325-53001	Hasemeyer, Kash	3/30/2011	2010105993	680310525	\$6,920.00	\$5,052.24	\$0.00	\$1,680.98	\$186.78	\$1,680.98	\$10.50	\$28.02	\$38.52
20110325-53002	Hasemeyer, Kash	3/30/2011	2010105993	223218521	\$1,668.00	\$926.22	\$0.00	\$370.89	\$370.89	\$370.89	\$10.50	\$55.63	\$66.13
20110325-55510	Hasemeyer, Kash	3/30/2011	2010105993	361924025	\$32.44	\$0.00	\$0.00	\$32.44	\$0.00	\$32.44	\$10.50	\$0.00	\$10.50
20110413-51812	Hasemeyer, Kash	4/18/2011	2010105993	203487169	\$100.00	\$37.27	\$0.00	\$62.73	\$0.00	\$62.73	\$10.50	\$0.00	\$10.50
20110420-50716	Hasemeyer, Kash	4/21/2011	2010105993	680310525	\$15.00	\$3.31	\$0.00	\$10.52	\$1.17	\$10.52	\$10.50	\$0.18	\$10.68
20110401-54018	Hasemeyer, Kash	4/6/2011	2010105993	361924025	\$19.45	\$0.00	\$0.00	\$19.45	\$0.00	\$19.45	\$10.50	\$0.00	\$10.50
20110401-52416	Hathaway, Roy	4/7/2011	2010108900	941623075	\$63.00	\$6.07	\$0.00	\$56.93	\$0.00	\$56.93	\$10.50	\$0.00	\$10.50
20110401-54017	Hernandez, Tom	4/21/2011	2011114073	942243469	\$303.56	\$82.62	\$0.00	\$220.94	\$0.00	\$220.94	\$10.50	\$0.00	\$10.50
20110407-50515	Hernandez, Tom	4/11/2011	2011114073	942492609	\$295.00	\$153.90	\$0.00	\$119.94	\$21.16	\$119.94	\$10.50	\$3.17	\$13.67

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DCN	Patient Name	Date Received	Claim No	Provider Tax ID #	Billed Charges	Bill Rev Reduction	Prior Allowance	Bill Rev. Allow	PPO Reduction	Final Allow	Bill Review Cost	PPO Cost	Total Cost
20110311-56606	Herrin, David	4/5/2011	2010106744	621770924	\$289.17	\$289.17	\$0.00	\$0.00	\$0.00	\$0.00	\$10.50	\$0.00	\$10.50
20110330-54920	Kuder, Richard	4/5/2011	2011114396	621770924	\$51.99	\$33.82	\$0.00	\$18.17	\$0.00	\$18.17	\$10.50	\$0.00	\$10.50
20110401-52408	Kuder, Richard	4/7/2011	2011114396	942988520	\$174.00	\$103.81	\$0.00	\$59.66	\$10.53	\$59.66	\$10.50	\$1.58	\$12.08
20110408-56809	Kuder, Richard	4/15/2011	2011114396	621770924	\$56.37	\$34.25	\$0.00	\$22.12	\$0.00	\$22.12	\$10.50	\$0.00	\$10.50
20110408-52715	Kuder, Richard	4/13/2011	2011114523	942988520	\$174.00	\$131.98	\$0.00	\$35.72	\$6.30	\$35.72	\$10.50	\$0.95	\$11.45
20110401-52409	Kuder, Richard	4/7/2011	2011114523	204743684	\$66.00	\$22.77	\$0.00	\$36.75	\$6.48	\$36.75	\$10.50	\$0.97	\$11.47
20110407-50801	Lamanna, Eric	4/12/2011	2010101409	931053903	\$47.60	\$0.00	\$0.00	\$47.60	\$0.00	\$47.60	\$10.50	\$0.00	\$10.50
20110401-52414	Lester, Michael	4/7/2011	2011114156	204976263	\$118.00	\$49.38	\$0.00	\$68.62	\$0.00	\$68.62	\$10.50	\$0.00	\$10.50
20110401-52410	Lester, Michael	4/7/2011	2011114156	204976263	\$355.00	\$163.39	\$0.00	\$191.61	\$0.00	\$191.61	\$10.50	\$0.00	\$10.50
20110325-53006	Lindley, James	3/30/2011	2011112992	680434729	\$75.00	\$18.07	\$0.00	\$56.93	\$0.00	\$56.93	\$10.50	\$0.00	\$10.50
20110408-52718	Lindley, James	4/13/2011	2011112992	203887321	\$324.00	\$150.03	\$0.00	\$173.97	\$0.00	\$173.97	\$10.50	\$0.00	\$10.50
20110420-50717	Lindley, James	4/21/2011	2011112992	680434729	\$125.00	\$45.87	\$0.00	\$79.13	\$0.00	\$79.13	\$10.50	\$0.00	\$10.50
20110401-53907	Lindley, James	4/5/2011	2011112992	721561129	\$1,978.00	\$1,456.09	\$0.00	\$521.91	\$0.00	\$521.91	\$10.50	\$0.00	\$10.50
20110330-55712	Mackey, Ken	4/4/2011	2009095009	941156621	\$1,641.15	\$1,396.16	\$0.00	\$244.99	\$0.00	\$244.99	\$10.50	\$0.00	\$10.50
20100621-51845	Mackey, Ken	6/25/2010	2009095009	941156621	(\$1,641.15)	\$1,641.15	\$0.00	\$0.00	\$0.00	\$0.00	(\$10.50)	\$0.00	(\$10.50)
20110401-54604	Mackey, Ken	4/5/2011	2009095009	941156621	\$1,641.15	\$1,641.15	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
20110407-50917	Naimo, Michael	4/12/2011	2002009448	680061218	\$75.00	\$18.07	\$0.00	\$48.39	\$8.54	\$48.39	\$10.50	\$1.28	\$11.78
20110323-53330	Naimo, Michael	4/12/2011	4600609	621770924	\$180.10	\$0.89	\$0.00	\$179.21	\$0.00	\$179.21	\$10.50	\$0.00	\$10.50
20110408-52712	Perkins, Eugene	4/13/2011	4600282	680252674	\$237.50	\$96.40	\$0.00	\$126.99	\$14.11	\$126.99	\$10.50	\$2.12	\$12.62
20110330-54918	Scott, Garrett	4/5/2011	2009097714	621770924	\$99.83	\$77.69	\$0.00	\$22.14	\$0.00	\$22.14	\$10.50	\$0.00	\$10.50
20110401-51906	Scott, Garrett	4/7/2011	2010099797	941698406	\$72.30	\$3.68	\$0.00	\$68.62	\$0.00	\$68.62	\$10.50	\$0.00	\$10.50
20110413-53221	Shively, Michael	4/18/2011	2002001940	361924025	\$36.54	\$0.00	\$0.00	\$36.54	\$0.00	\$36.54	\$10.50	\$0.00	\$10.50
20110413-53222	Shively, Michael	4/18/2011	2002001940	361924025	\$25.44	\$25.44	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
20110311-56608	Smith, Ray	4/5/2011	4600234	562422696	\$323.03	\$3.26	\$0.00	\$319.77	\$0.00	\$319.77	\$10.50	\$0.00	\$10.50

# York Insurance Services

P.O. Box 619058  
Roseville, CA 95661-9058

# Savings Summary

Invoice Cycle Date: 4/1/2011

**SCORE**

DCN	Patient Name	Date Received	Claim No	Provider Tax ID #	Billed Charges	Bill Rev Reduction	Prior Allowance	Bill Rev. Allow	PPO Reduction	Final Allow	Bill Review Cost	PPO Cost	Total Cost
20110325-53220	Smith, Ray	3/31/2011	4600234	260674354	\$660.00	\$617.35	\$0.00	\$42.65	\$0.00	\$42.65	\$10.50	\$0.00	\$10.50
20110325-55511	Smith, Ray	4/4/2011	4600234	562422696	\$435.15	\$0.01	\$0.00	\$435.14	\$0.00	\$435.14	\$10.50	\$0.00	\$10.50
20110408-52716	Smith, Ray	4/13/2011	4600234	203983929	\$835.65	\$568.75	\$0.00	\$266.90	\$0.00	\$266.90	\$10.50	\$0.00	\$10.50
20110413-53220	Smith, Ray	4/18/2011	4600234	562422696	\$13.02	\$1.02	\$0.00	\$12.00	\$0.00	\$12.00	\$10.50	\$0.00	\$10.50
20110415-51517	Smith, Ray	4/22/2011	4600234	565905168	\$54.00	\$17.59	\$0.00	\$32.77	\$3.64	\$32.77	\$10.50	\$0.55	\$11.05
20110415-51518	Smith, Ray	4/22/2011	4600234	565905168	\$54.00	\$17.59	\$0.00	\$32.77	\$3.64	\$32.77	\$10.50	\$0.55	\$11.05
20110330-54919	Smith, Rohn	4/14/2011	4600323	621770924	\$286.16	\$39.25	\$0.00	\$246.91	\$0.00	\$246.91	\$10.50	\$0.00	\$10.50
20091102-55704	Spruill, William	11/9/2009	2007058233	952843281	(\$190.00)	\$190.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$10.50)	\$0.00	(\$10.50)
20090722-52406	Spruill, William	8/4/2009	2007058233	952843281	(\$260.00)	\$260.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$10.50)	\$0.00	(\$10.50)
20090911-60614	Spruill, William	9/25/2009	2007058233	952843281	(\$292.00)	\$292.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$10.50)	\$0.00	(\$10.50)
20090911-60615	Spruill, William	9/25/2009	2007058233	952843281	(\$230.00)	\$230.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$10.50)	\$0.00	(\$10.50)
20090917-53003	Spruill, William	9/29/2009	2007058233	952843281	(\$190.00)	\$190.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$10.50)	\$0.00	(\$10.50)
20090917-53004	Spruill, William	9/29/2009	2007058233	952843281	(\$230.00)	\$230.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$10.50)	\$0.00	(\$10.50)
20091023-52818	Spruill, William	11/5/2009	2007058233	952843281	(\$190.00)	\$190.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$10.50)	\$0.00	(\$10.50)
20091023-52820	Spruill, William	11/5/2009	2007058233	952843281	(\$230.00)	\$230.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$10.50)	\$0.00	(\$10.50)
20091023-52821	Spruill, William	11/5/2009	2007058233	952843281	(\$190.00)	\$190.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$10.50)	\$0.00	(\$10.50)
20110316-52412	Spruill, William	4/4/2011	2007058233	361924025	\$1,498.70	\$0.00	\$0.00	\$1,498.70	\$0.00	\$1,498.70	\$10.50	\$0.00	\$10.50
20110325-51905	Spruill, William	3/30/2011	2007058233	952843281	\$2,002.00	\$1,275.00	\$0.00	\$727.00	\$0.00	\$727.00	\$10.50	\$0.00	\$10.50
20110408-52719	Spruill, William	4/13/2011	2007058233	522372297	\$228.20	\$126.94	\$0.00	\$101.26	\$0.00	\$101.26	\$10.50	\$0.00	\$10.50
20110323-53322	Vierra, Frank	4/13/2011	2004020693	621770924	\$221.78	\$0.00	\$0.00	\$221.78	\$0.00	\$221.78	\$10.50	\$0.00	\$10.50
20110401-52413	Votruba, Charles (Gene)	4/7/2011	2011114034	731713849	\$198.00	\$66.38	\$0.00	\$131.62	\$0.00	\$131.62	\$10.50	\$0.00	\$10.50
20110415-51516	Votruba, Charles (Gene)	4/22/2011	2011114034	260674354	\$350.00	\$232.19	\$0.00	\$117.81	\$0.00	\$117.81	\$10.50	\$0.00	\$10.50
20110407-50516	Whittaker, Jr., William	4/11/2011	2009097949	680310525	\$304.00	\$68.94	\$0.00	\$216.56	\$18.50	\$216.56	\$10.50	\$2.78	\$13.28

# York Insurance Services

P.O. Box 619058  
Roseville, CA 95661-9058

# Savings Summary

Invoice Cycle Date: 4/1/2011

**SCORE**

DCN	Patient Name	Date Received	Claim No	Provider Tax ID #	Billed Charges	Bill Rev Reduction	Prior Allowance	Bill Rev. Allow	PPO Reduction	Final Allow	Bill Review Cost	PPO Cost	Total Cost
20110420-50714	Whittaker, Jr., William	4/21/2011	2009097949	680310525	\$140.00	\$63.21	\$0.00	\$69.11	\$7.68	\$69.11	\$10.50	\$1.15	\$11.65
<b>Total</b>					<b>\$30,091.92</b>	<b>\$22,617.95</b>	<b>\$0.00</b>	<b>\$13,626.53</b>	<b>\$1,133.74</b>	<b>\$13,626.53</b>	<b>\$777.00</b>	<b>\$170.09</b>	<b>\$947.09</b>

**Small Cities Organized Risk Effort**  
**Statement of Revenue, Expenses, and Changes in Net Assets**  
**For the Quarter and Nine Months Ended March 31, 2011**

	<b>Jan - Mar 11</b>	<b>Jul - Mar 11</b>
<b>Ordinary Revenue</b>		
<b>Revenue</b>		
<b>Member Contributions</b>	\$ 970,421.00	\$ 2,911,262.00
<b>Member Assessment</b>	145,217.00	654,085.00
<b>Bank/LAIF Interest</b>	4,852.01	15,542.68
<b>Managed Portfolio</b>	79,932.03	246,265.87
<b>Total Operating Revenue</b>	1,200,422.04	3,827,155.55
<b>Operating Expenses</b>		
<b>General and Administrative Expenses</b>		
<b>Administration</b>		
<b>Bank Service Charges</b>	875.00	3,520.00
<b>Dues &amp; Subscriptions</b>	-	100.00
<b>Meeting Expense</b>	1,343.56	6,096.67
<b>Office Supplies</b>	-	386.72
<b>Reference Materials</b>	2,000.00	5,950.00
<b>Safety Training</b>	-	23,845.00
<b>User Funding Assessment</b>	17,522.51	17,522.51
<b>Total Administration</b>	21,741.07	57,420.90
<b>Consulting Services</b>		
<b>Administration Costs</b>	52,721.75	158,165.25
<b>Accounting Services</b>	14,072.50	49,890.00
<b>Actuarial Study</b>	11,500.00	11,500.00
<b>Audit Services</b>	20,015.50	22,900.50
<b>Claims Admin &amp; Management</b>	49,336.75	177,368.00
<b>Investment Fees</b>	2,056.00	8,215.00
<b>Legal</b>	1,055.70	1,453.50
<b>Risk Management Services</b>	25,448.68	78,476.17
<b>Total Consulting Services</b>	176,206.88	507,968.42
<b>Total General and Administrative Expenses</b>	197,947.95	565,389.32

**Small Cities Organized Risk Effort**  
**Statement of Revenue, Expenses, and Changes in Net Assets**  
**For the Quarter and Nine Months Ended March 31, 2011**

	<u>Jan - Mar 11</u>	<u>Jul - Mar 11</u>
<b>Insurance Expenses</b>		
<b>Insurance Premiums</b>	200,284.50	629,880.12
<b>Total Insurance Expenses</b>	<u>200,284.50</u>	<u>629,880.12</u>
<b>Claims Expenses</b>		
<b>Claims Payments - Liability</b>	311,467.98	479,655.22
<b>Claims Payments - W/C</b>	135,905.99	394,946.48
<b>Total Claims Expenses</b>	<u>447,373.97</u>	<u>874,601.70</u>
<b>Total Expenses</b>	<u>845,606.42</u>	<u>2,069,871.14</u>
<b>Net Operating Revenue</b>	354,815.62	1,757,284.41
<b>Other Revenue (Expense)</b>		
<b>Investment Gain/Loss</b>	(62,626.85)	(143,866.29)
<b>Net Revenue Over Expenses</b>	<u><u>\$ 292,188.77</u></u>	<u><u>\$ 1,613,418.12</u></u>

**Small Cities Organized Risk Effort**  
**Statement of Net Assets**  
**As of March 31, 2011**

	<b>Mar 31, 11</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
<b>Scott Valley Bank - General</b>	\$ 2,539,795.45
<b>Scott Valley Bank - Trust Accounts</b>	
<b>Scott Valley Bank - Liability</b>	27,102.34
<b>Scott Valley Bank - Workers' Comp</b>	11,309.31
<b>LAIF</b>	
<b>LAIF</b>	2,476,774.84
<b>Total Checking/Savings</b>	5,054,981.94
<b>Other Current Assets</b>	
<b>Chandler - Investment Account</b>	
<b>Chandler - Investments</b>	10,016,154.47
<b>Chandler - Unrealized Gain(Loss)</b>	151,118.94
<b>Union Bank</b>	21,623.86
<b>Total Chandler - Investment Account</b>	10,188,897.27
<b>Interest Receivable</b>	91,088.17
<b>Member Accounts Receivable</b>	507,439.94
<b>Claim Recovery Receivable</b>	180,054.34
<b>Prepaid Expenses</b>	255,070.63
<b>Total Other Current Assets</b>	11,222,550.35
<b>Total Current Assets</b>	16,277,532.29
<b>TOTAL ASSETS</b>	<b>\$ 16,277,532.29</b>

**Small Cities Organized Risk Effort**  
**Statement of Net Assets**  
**As of March 31, 2011**

	<b>Mar 31, 11</b>
<b>LIABILITIES</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Current Liabilities</b>	
Unearned Revenue	594,824.25
Dividend Payable to Members	178,665.00
Accounts Payable	40,453.81
<b>Claims Payable</b>	
Claims Reserves - W/C	1,160,691.00
Claims Reserves - Liability	228,870.00
<b>Total Claims Payable</b>	1,389,561.00
<b>Total Current Liabilities</b>	2,203,504.06
<b>Long Term Liabilities</b>	
<b>IBNR</b>	
IBNR Reserves - W/C	1,950,132.00
IBNR Reserves - Liability	1,265,594.00
<b>Total IBNR</b>	3,215,726.00
<b>Total Long Term Liabilities</b>	3,215,726.00
<b>Total Liabilities</b>	5,419,230.06
<b>NET ASSETS</b>	
<b>Net Assets - Workers' Compensation</b>	
Board Designated Funds W/C	721,000.00
Shock Loss W/C	500,000.00
<b>Net Assets - Liability</b>	
Board Designated Funds Liability	593,000.00
Shock Loss Liability	1,500,000.00
Unrestricted Net Assets	5,930,884.11
Net Revenues Over Expenditures	1,613,418.12
<b>Total Net Assets</b>	\$ 10,858,302.23

# SCORE

## SCORE Service Calendar

AS – Alliant Insurance Service Staff  
 PA – Program Administrator  
 CA – Claims Auditor  
 FA – Financial Auditor  
 York – York Insurance Services Group Staff

BD – Board of Directors  
 RM – Risk Management  
 FC – Finance Committee  
 GA – Gilbert Associates

Date	Activity	Responsible Party	Date Completed	Status/Notes
<b>January 2011</b>				
1/1/11	Obtain Electronic Loss Runs from York for both WC & Liability	AS	1/4	
1/1/11	Send out PEPiP Renewal information	AS	1/4	
1/1/11	Invite Amada G to demonstrate PreventionLink	AS	12/20	
1/1/11	Request agenda items from vendors	AS	12/29	Due Date Jan 14 <sup>th</sup>
1/5/11	Alliant Staff Jan Agenda Review	AS	1/5	CCALL Mike, Susan, Joyce.
1/10/11	Collect Crime Program 7/1 Renewal Apps from Members and submit to ACIP	AS	1/10	ACIP will Market.
1/15/11	Request RSVP for Jan Mtg	AS	1/4	
1/15/11	Collect DE/6 Reports as of 12/31/10	AS	2/16/11	Currently obtaining
1/15/11	Begin draft of next FY Budget	PA		Draft Budget Started
1/20/11	Alliant Staff Final Agenda Review	AS	1/20	Conference Call Mike, Susan, Joyce
1/21/11	Post/Distribute Jan Agenda	AS		Via SCORE website
(mtg)	January Board Mtg – Gaia Anderson Hotel	BD		
(mtg)	Quarterly Financials as of 12/31/10 / Draft	GA		
(mtg)	Equity Distribution Plan and Rate Stabilization	AS/PA		
(mtg)	Recommend to decrease Rate Funding	AS/PA		
1/31/11	Forward all DE/6 to CJPRMA (Saima Kumar)	AS	5/10/11	
1/31/11	Submit loss runs to Actuary for studies in WC & Liability	AS/PA		Obtaining from York. Request date Jan 4 <sup>th</sup>

Date	Activity	Responsible Party	Date Completed	Status/Notes
<b>February 2011</b>				
2/1/11	Collect PEPIP Renewal Apps from Members and Submit to AUS	AS	1/28/11	
2/6/11	PARMA Conference	PA		2/6-2/9,2011
2/8/11	Review To Do List from January Board Mtg	AS		
2/11/11	Draft Minutes	AS		
<b>March 2011</b>				
3/2/11	Request updates for March Agenda	AS		
3/2/11	Workers' Compensation Claims Audit (from LAWCX)			Susan to look over. Every other year.
3/11/11	Request RSVP to members for March Mtg	AS		
3/15/11	Begin Work Draft Budget for next Fiscal Year (Review and incorporate LAWCX, ERMA, CJPRMA, & PEPIP draft numbers into budget)	PA		PA began in Feb
3/15/11	Draft Fiscal Year Budget, Vendor Contracts, Target Equity Policy, Investment Policy & Internal Controls Guidelines, Conflict of Interest Code, WC/Liab Retros, Election of Officers (even years)	PA		PA began in Feb
3/15/11	Collect drafts of WC & Liability Actuarial Studies for March Meeting	AS		
3/15/11	Collect Form 700s for Members	SF Office		Currently obtaining
3/15/11	Review and Submit Crime Program Proposals to members	AS	5/10/11	
3/18/11	Send notification March Board Agenda to Members	AS		
3/18/11	Finalize # of attendees March Meeting	AS		
(mtg)	Find venue for October Strategic Planning & mgt	AS		

Date	Activity	Responsible Party	Date Completed	Status/Notes
<b>March 2011</b>				
(mtg)	Conflict of Interest Code (every even numbered year)	AS	N/A	
(mtg)	Approval of Investment Policy	AS	6/24/11	Annual – June BOD Meeting
3/25/11	CAJPA Accreditation	AS	5/10/11	After approval of 09/10 audits
3/25/11	Actual to Budget Assessments (CYE 12/31)			March Agenda
3/31/11	Send List of Renewal Certificates to Members	AS	5/11/11	
3/31/11	Review Strategic Action Plan for Tasks	AS		
3/31/11	File Audited Financial Statements w/ Secretary of State, Sacramento County and Members	GA/AS	6/10	Will file after Board approval.
<b>April 2011</b>				
4/01/11	Collect DE/6 Reports as of 03/31/10	AS	5/11/11	
4/01/11	Payment for Treasurer’s Bond	AS		
4/10/11	Review To Do List form Board Mtg	AS	4/15/11	
4/15/11	CJPRMA Certificate Renewal List	AS	5/11/11	
4/15/11	Finalize and Email March Board draft mtg minutes	AS	4/15/11	
4/15/11	SCORE Certificate Renewal List Due	AS		Moving to 6/1 due date
4/20/11	Begin Agendas for June Board Mtg	AS	4/20/11	
4/20/11	Submit CJPRMA Certificate Renewal List to CJPRMA	AS		
4/20/11	Complete and Submit LAWCX Compliance Survey	AS		Followed up with Jose @ BRS for surveys 5/10/11
	Submit Pollution Program Renewal Apps to Members (every 3 years) Expires 2012	AS	N/A	
4/29/11	Update Draft Budget with changes from March Mtg	PA	4/20	

Date	Activity	Responsible Party	Date Completed	Status/Notes
<b>May 2011</b>				
5/13/11	Obtain PEPiP Renewal Proposals	AS	6/1	
5/13/11	Obtain Quarter Financials as of 03/31/10	AS/GA	6/10	
5/17/11	Obtain Final Actuarial Reports for WC & Liability for June Mtg	AS	4/18	
5/25/11	Finalize WC & Liability MOCs and Dec Pages for June Mtg	AS	6/15	
5/25/11	Request agenda items from Vendors	AS	6/2	
5/25/11	Send RSVP Requests to members	AS	6/3	
<b>June 2011</b>				
6/01/11	Follow up on October Meeting Contracts	AS		
6/15/11	Bind orders for PEPiP Program	AS		
6/20/11	Certificates of Insurance	AS		
(mtg)	SCORE MOCs and Dec Pages – Signed	AS/Roger		
(mtg)	Fiscal year Budget, Vendor Contracts, MOCs, Program Renewals, Financial Audit, Actuarial Studies, Target Equity Policy, Service Calendar, Liability Claims Auditor Contract, Treasurer’s Authority, any amendments to Gov’t Docs, etc	AS/PA		
(mtg)	Resolution for mtg dates	BD		
(mtg)	Adoption of the Budget	BD		
(mtg)	Quarterly Financials as of 03/31/11	AS/GA		
(mtg)	CAJPA Conference	BD		
(mtg)	Approval of WC & Liability MOC	BD		
(mtg)	Discuss and determine Oct Training Day topics	AS/PA		
06/28/11	Binder for Crime Program	AS		
06/28/11	Invoice for Broker Fee, Treasurer’s Bond	AS		
(mtg)	Investment Authority Approval (annually)	AS		
(mtg)	Approval of PEPiP Proposal	BD		

Date	Activity	Responsible Party	Date Completed	Status/Notes
<b>July 2011</b>				
7/1/11	Review To Do List from Board Mtg	AS		
7/8/11	Finalize and Email June Board draft mtg minutes	AS		
7/15/11	Begin Agenda for August Board Mtg	AS		
7/15/11	Follow up w/ Board President regarding items that need signatures	AS		
<b>July 2011</b>				
7/15/11	Finalize DE/6 Collection for 06/30/11	AS		
7/20/11	Copy and Mail all signature items to members	AS		
7/29/11	Follow up on payments for ERMA, LAWCX, PEPIP, CJPRMA, etc.	AS		On going
07/29/11	Follow up w/ ACIP members regarding premium payments	AS		
7/29/10	Complete and Submit LAWCX Compliance Report	AS/PA		
7/29/10	Follow up regarding Member deposit premium payments	AS		
<b>August 2011</b>				
8/1/11	Submit LAWCX renewal apps to members in Worker's Compensation	AS		
8/04/11	Request agenda items from vendors for August Board Mtg	AS		
8/12/11	Send RSVP Requests to members	AS		
8/13/11	LAWCX Actual Payroll Audit by Class Code	AS		
8/13/11	Submit Fiscal Year Financial Information to Auditor	AS		On going

Date	Activity	Responsible Party	Date Completed	Status/Notes
<b>August 2011</b>				
8/13/11	Begin Public Self/Insurers Report with State	AS/York		
8/18/11	Begin Strategic Planning Agenda	AS		
(mtg)	Quarterly Financials as of June 30, 2011	GA		
(mtg)	CAJPA Conference	AS		
(mtg)	October Training Day and Board Mtg location	AS		
<b>September 2011</b>				
9/16/11	Finalize and Email August Board draft mtg minutes	AS		
9/2/11	Review To Do List from August Board Mtg	AS		
9/6/11	CAJPA Conference	PA/BD		9/6-9/2011
9/14/11	Begin Agenda for October	AS		
9/14/11	Send RSVP Requests to Members	AS		
9/14/11	File Public Self/Insurers Annual Report with State	AS		
9/14/11	Request Agenda items from vendors for October Board mtg	AS		
<b>October 2011</b>				
10/1/11	Request DE/6 Payroll	AS		
	File Controllers Report with State	GA		
(mtg)	ACI Quarterly Utilization Reports: July 1, 2011 – September 30, 2011	AS		
(mtg)	RFP for Liability Claims Audit (to present at March 2012 Mtg)	AS/BD		For 2012
(mtg)	RFP for Workers' Compensation Claims Audit (to present at March 2012 Mtg)	AS/BD		For 2012
(mtg)	PARMA Conference (Agenda Item)	AS		

<b>Date</b>	<b>Activity</b>	<b>Responsible Party</b>	<b>Date Completed</b>	<b>Status/Notes</b>
<b>October 2011</b>				
(mtg)	Quarterly Financials as of 9/30/11			
10/28/11	Forward all DE/6 to CJPRMA (Saima Kumar)	AS		
10/28/11	Finalize and Email October Board draft mtg minutes	AS		
<b>Date</b>	<b>Activity</b>	<b>Responsible Party</b>	<b>Date Completed</b>	<b>Status/Notes</b>
<b>November 2011</b>				
11/1/11	Follow up with LAWCX regarding WC Claims Audit (Paid for by LAWCX)	AS		
11/2/11	Review To Do List from October Board Mtg	AS		
11/16/11	Send out Renewal items for Property and Crime	AS		
<b>December 2011</b>				
12/01/11	Send PEPPI Policy and Post on SCORE website	AS		
12/21/11	Request agenda items from Vendors for Jan Board mtg	AS		

Agenda Item F.

**Committee Reports**

**Information Item**

**Issue:** Committee Reports are provided to the Board of Directors for information on other programs SCORE participates in. Minutes from recent meetings would be attached for Board member review and discussion.

**Recommendation:** None

**Fiscal Impact:** None

**Background:** SCORE purchases excess coverage from other JPA's. Committee Reports are provided to the Board of Directors for information on other programs SCORE members are involved in

**Attachments:**

- a. LAWCX Executive Committee Meeting – May 5, 2011
- b. LAWCX Underwriting Committee Meeting – May 24, 2011
- c. ERMA Board of Directors Minutes – April 18, 2011
- d. CJPRMA Annual Membership Meeting Minutes – May 11-13, 2011
- e. CJPRMA Board of Directors Meeting Summary – June 16, 2011

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

MINUTES OF THE EXECUTIVE COMMITTEE MEETING  
OF MAY 5, 2011

A meeting of the Local Agency Workers' Compensation Excess JPA (LAWCX) Executive Committee was held via teleconference on May 5, 2011, at the offices of Bickmore Risk Services in Sacramento, CA; Belmont-San Carlos Fire Department in San Carlos, CA; and City of Clovis, CA.

COMMITTEE MEMBERS PRESENT: Bill Henderson, Vice President, City of Livermore  
Jeff Cardell, Treasurer, City of Clovis  
Stuart Schillinger, Past President, BCJPIA (arrived during item 5)  
Jace Schwarm, City of Encinitas  
Doug Fry, FASIS

COMMITTEE MEMBERS ABSENT: Joanne Rennie, President, PARSAC  
Darrell Handy, City of Alameda

OTHERS PRESENT: Karen Thesing, Manager  
Chrissy Mack, Recording Secretary  
Tammy Vitali, Claims Manager  
Richard Shanahan, Legal Counsel, Bartkiewicz, Kronick & Shanahan  
Rob Kramer, BCJPIA Administrator, Bickmore Risk Services Administration Department Manager  
Jeanette Workman, CSJVRMA Administrator, Bickmore Risk Services  
Brian Kelley, FASIS & VCJPA Administrator, Bickmore Risk Services  
Susan Adams, SCORE Administrator, Alliant Insurance Services, Inc.  
Jose Mederos, Administrative Assistant Bickmore Risk Services  
John Alltop, Actuary, Bickmore Risk Services (left after item 7.A.)

1. CALL TO ORDER

The meeting was called to order at 10:03 a.m. by Vice President, Bill Henderson.

2. INTRODUCTIONS

Roll call took place, and it was determined a quorum was present.

3. PUBLIC COMMENTS

None.

4. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

**Jeff Cardell moved to approve the agenda as posted. Seconded by Jace Schwarm. A roll call vote was taken, and the motion passed unanimously.**

5. PRESIDENT'S/GENERAL MANAGER'S MESSAGE

Vice President Henderson congratulated Doug Fry, FASIS, on his upcoming retirement from the Belmont-San Carlos Fire District. Vice President Henderson noted that with the retirement of Mr. Fry, he will leave a vacancy on the Executive Committee. Vice President Henderson appointed a Nominating Committee of Mr. Jeff Cardell, Chair, City of Clovis; Ms. Jace Schwarm, City of Encinitas; and Mr. Stuart Schillinger, BCJPIA, to nominate a Board member to fill the vacancy. It was noted staff will send a notice to the Board regarding the vacancy and solicit interest for serving on the Executive Committee. Staff will then work with the Chair in setting up a meeting of the Nominating Committee.

Ms. Karen Thesing, Manager, stated CSAC-EIA is experiencing a rate increase in their pooled layers, and LAWCX has been receiving more interest from potential new members. A direct member and an underlying JPA member are applying for membership in LAWCX. It was questioned why CSAC-EIA's pooled premiums are increasing. Ms. Susan Adams, Alliant, noted CSAC-EIA has made a change to their experience rating model which is affecting the rates. Mr. John Alltop, Actuary, stated that in addition to the change in their experience ratings, their actuarial study called for rate increases and they are not issuing savings from their quota share layer as they have in prior years.

6. CONSENT CALENDAR

**Jeff Cardell moved to approve/accept the following items: A) Summary of Action Items and Minutes from the February 22, 2011, Executive Committee Meeting; B) Internal Financial Statements as of March 31, 2011; C) Treasurer's Report Dated**

**March 31, 2011; D) Administration's Assessment Report from August 2010; E) Letter to Representative Matsui Regarding Co-Sponsor H.R. 1063/The Strengthening Medicare and Repaying Taxpayers ("SMART") Act; and F) Letter to Representative Kind and Murphy Regarding H.R. 1063. Seconded by Doug Fry.**

Staff was asked to explain item E) Letter to Representative Matsui Regarding Co-Sponsor H.R. 1063/The Strengthening Medicare and Repaying Taxpayers ("SMART") Act. Ms. Thesing informed the Committee that this was sent to staff by Vice President Henderson for LAWCX to support legislation regarding changes in the Medicare reporting. While this does not affect LAWCX as a JPA, it was felt it does impact all of the members. Therefore, President Rennie sent a letter on LAWCX's behalf. It was explained the SMART Act attempts to eliminate some of the burden of the Medicare Act.

**A roll call vote was taken, and the motion passed unanimously.**

## 7. WORKERS' COMPENSATION MATTERS

### A. Discussion Regarding 4850 as an Optional Benefit and Funding Levels

It was noted LAWCX currently provides coverage for 4850 and a decision regarding whether to make 4850 coverage an optional benefit has been an ongoing discussion. Ms. Thesing noted this discussion stemmed from a short-term goal contained within the Administration's Assessment Report, presented in August 2010, of examining the feasibility of making 4850 benefits optional. In addition, some potential new members have not been interested in pursuing coverage through LAWCX, as they are not interested in 4850 coverage. The Executive Committee approved a special actuarial study to determine the feasibility and establish rates for optional 4850 coverage. The special study was presented at the November 2010 Board meeting. At that meeting, the Board requested the Executive Committee to analyze this matter further and bring a recommendation back to the Board at a future meeting.

At the February 2011 Executive Committee meeting, the Executive Committee again reviewed making 4850 benefits optional. As there was some question regarding the funding rates, the Executive Committee requested LAWCX's actuary, Mr. John Alltop, attend the current meeting to address questions regarding the funding.

Mr. Alltop was present at the meeting and reviewed the funding rates with the Executive Committee. He explained that LAWCX has two rates, a safety rate and a non-safety rate. These rates are multiplied with the corresponding safety and non-safety payroll to establish a member's premium. If LAWCX makes coverage for 4850 benefits optional, the only difference would be for those entities with safety payroll that opt out of the 4850 benefits. A separate safety rate would be developed each year for those opting out of coverage for 4850 benefits. For those members without safety payroll or who do not opt out of 4850

coverage, they would not see any change to their rates. The rates will remain appropriate for the exposure. There was some question regarding "4850 payroll". Mr. Alltop explained there is no difference in the payroll. Members report payroll broken down by safety and non-safety and then the appropriate rates are applied to the payroll. Mr. Alltop stated you cannot remove "4850 payroll" from the total payroll number reported.

A discussion ensued regarding claims. Ms. Tammy Vitali, Claims Manager, stated if a member opts out of coverage for 4850, the amount paid will no longer go towards satisfaction of the member's SIR. It was questioned where LAWCX defines 4850 for reimbursement purposes. Ms. Thesing responded, staff has reviewed LAWCX's governing documents and determined LAWCX does not define 4850. LAWCX's Memorandum of Coverage states coverage will be as provided under the Labor Code and the Labor Code defines 4850 as the full salary. Therefore, LAWCX has always reimbursed the full salary. If the LAWCX Board decides to make coverage for 4850 benefits optional, LAWCX needs to define whether it is full salary or the portion above the maximum temporary disability payments.

Ms. Vitali stated coverage for 4850 was discussed in June 2006 when coverage for 4856 benefits was also discussed. It was determined that the full salary benefit would be paid for 4850 and 4856 per the language contained in the Memorandum of Coverage. Ms. Vitali noted CSAC-EIA does not provide for the full salary benefit above the maximum temporary disability benefit. LAWCX does not obtain 4850 coverage through CSAC-EIA since LAWCX attaches to CSAC-EIA at the \$5 million layer of coverage.

Discussion ensued regarding the benefit to member entities in making coverage for 4850 benefits optional. It was noted that, theoretically, there should be no savings to an entity over the long term by opting out of coverage for 4850 benefits. If the 4850 benefit was optional, the premium dollars paid into LAWCX would be less for a Member; however, the Member would have the cost of the safety employee's salary.

Ms. Thesing reviewed the safety rates developed by the actuary both including and excluding coverage for 4850. Ms. Thesing noted the savings for safety rates with opting out of coverage for 4850 ranges from 12% to 30%, depending on the pool layer.

Mr. Alltop again reiterated this does not have any effect on the non-safety rates. Mr. Alltop stated the safety rates excluding 4850 are actually either overstated or understated as it has been determined not all entities were reporting 4850 payments in the same manner. The rates were developed based on the amount above the maximum temporary disability benefits; however, nine entities are including the full salary benefit as 4850 in their loss run. Mr. Alltop stated the actuarial study regarding 4850 rates will be amended accordingly based on how LAWCX defines the coverage.

It was questioned whether making coverage for 4850 benefits optional would adversely affect LAWCX financially. Mr. Alltop stated as long as the loss data provided is correct, it

should have no bearing on LAWCX's financial viability. For every dollar of premium that would not be collected for 4850 benefits, a dollar of loss would also not be paid out for 4850 benefits. When asked if making 4850 optional would create greater administrative time, Ms. Thesing noted it will involve more time by BRS staff in the claims and accounting departments and LAWCX will pay more every year for the actuarial studies as a second actuarial study will need to be performed to determine safety rates excluding coverage for 4850 benefits.

Mr. Richard Shanahan, Legal Counsel, stated he initially assumed that since other JPAs exclude coverage for 4850 benefits it must be lawful. However, he now has concerns with LAWCX excluding coverage for 4850 benefits. Mr. Shanahan explained that Labor Code 3700 states every employer shall secure the payment of compensation and then provides various ways an employer can do this, such as purchasing insurance, self-insuring the risk, or joining a JPA. Compensation is defined as "compensation under this division and includes every benefit or payment conferred by this division upon an injured employee." Mr. Shanahan stated, the key phrase is "this division", which is referring to division 4, and everything under division 4 is considered compensation. Division 4 includes 4850 benefits. While LAWCX is not the employer, LAWCX could be placing the members in a position where they are not complying with the Labor Code as they are not adequately securing payment of compensation. The members would have a gap in coverage. It was discussed that if a member consciously determines not to obtain coverage for 4850, they would be funding it themselves, so this should not be an issue. Mr. Shanahan noted that if LAWCX decides to make coverage for 4850 benefits optional, LAWCX should note for the member that they need to be aware that they could have a gap in their workers' compensation coverage. It was noted, a lot of the primary JPAs and commercial coverage's exclude coverage for 4850 benefits. Mr. Shanahan suggested staff speak with the primary JPAs attorneys and determine how they are able to exclude coverage for 4850 benefits.

It was noted LAWCX is set apart from other JPAs and coverages available by providing the coverage for 4850 and the consensus of the Committee was to not make coverage for 4850 benefits optional for members. It was noted, if LAWCX makes 4850 coverage optional, there may be other areas that members are interested in excluding and there is a concern with this. It was also noted while LAWCX needs to try to remain flexible for potential new members, it does not appear LAWCX needs to make a change to the program at this time.

Another suggestion was to create a new pool, so there is one pool for 4850 coverage and one without 4850 coverage. Concern was expressed with the costs of running two pools.

**Jace Schwarm moved to table the issue of providing coverage for 4850 benefits on an optional basis. Seconded by Doug Fry. A roll call vote was taken, and the motion passed unanimously.**

It was noted that when staff provides quotes to potential new members, the potential new members need to be educated that while their premium may be more through LAWCX than another agency, they are receiving more benefits. Ms. Thesing stated this education does take place; however, financially many of the members cannot justify the increased cost. It was suggested staff keep track of how many entities have made inquiries regarding coverage through LAWCX and declined coverage due to the coverage for 4850 benefits. Ms. Thesing noted two of three applicants have declined LAWCX due to the 4850 issue. It was suggested LAWCX's legal counsel confirm his findings. Mr. Shanahan stated he will communicate his findings in writing.

B. Discussion and Action Regarding Selection of Claims Auditor

Ms. Vitali reminded the Executive Committee that LAWCX's current claims auditor, Hans Helling of Helling & Associates, has been auditing LAWCX's claims since 1995. LAWCX currently pays \$80,000 per year for these audits. As Mr. Helling is retiring on June 30, 2011, the Executive Committee previously approved issuing a request for proposal (RFP) for claims auditors.

Ms. Vitali informed the Executive Committee the RFP was sent to seven firms and four firms responded. Of the four, two declined to bid and two submitted a proposal: Farley Consulting Services and Susan M. Wright & Associates. In addition, one of the firms that received the RFP is partnering with one of the respondents, Farley Consulting Services. Prior to the meeting, the Executive Committee received: 1) the RFP, 2) a summary of the proposals/responses received, 3) and the actual proposals and responses received. Ms. Vitali reviewed the summary of proposals/responses and noted the costs from the two respondents range from \$166,000 from Farley Consulting Services to \$398,100 from Susan M. Wright & Associates. The proposal from Susan M. Wright Associates noted a flat rate charge of \$300 per file. Since the exact number of claims to be audited can change, staff used the number of claims as of 9/30/10 to establish a cost of \$398,100. With the proposal from Farley Consulting Services, there are two options: The first option includes all claims meeting the parameters listed in LAWCX's RFP, and the second option recommends auditing a portion of these claims, which would still provide an adequate sample for auditing purposes but reduce the cost to LAWCX. Option one is priced at \$270,000 for two years and option two is priced at \$166,000 for two years.

It was questioned why Farley Consulting Services would partner with Axon Services, Inc. to provide the audit services. Ms. Vitali explained Mr. Tim Farley of Farley Consulting Services will be auditing all member TPAs in Southern California as well as a few in Northern California. Ms. Janet Phinick of Axon Services, Inc. would be auditing the majority of the Northern California TPAs.

Ms. Vitali informed the Committee staff is recommending LAWCX contract with Farley Consulting Services and select option 2 of his proposal.

**Stuart Schillinger moved to recommend to the Board LAWCX contract with Farley Consulting Services, working with Axon Services, and select option 2. Seconded by Bill Henderson.**

It was questioned, whether LAWCX was reimbursing the prior claims auditor for expenses over and above the contract price. Ms. Vitali stated LAWCX did not reimburse for expenses. It was noted the sample contract provided by Farley Consulting Services calls for reimbursement of expenses in addition to the contract fee. Ms. Vitali explained the sample contract provided to the Executive Committee is Farley Consulting Services' model contract; however, LAWCX's contract with Farley Consulting Services will not include reimbursement of expenses.

Ms. Vitali questioned whether she could notify the two auditors that had responded to the proposal of the Executive Committee's recommendation to the Board. The Executive Committee agreed.

Ms. Thesing noted the preliminary budget will need to be amended to include \$83,000 for the claims audits, as opposed to the \$80,000 contained within the preliminary budget. It was requested that the additional \$3,000 be taken from the contingency fund. The contingency fund would then be reduced from \$5,000 to \$2,000.

**Stuart Schillinger moved to amend his previous motion to include moving \$3,000 from the contingency fund line item of the budget to the claims audit line item. Seconded by Bill Henderson. A roll call was taken, and the motion passed unanimously.**

8. RISK CONTROL MATTERS

A. Update on Risk Control Services for 2010/11

Mr. Jeff Johnston, BRS Director of Risk Control Services, was present at the meeting to review the risk control services provided in the 2010/11 program year. Mr. Johnston noted that follow-up services have been provided for the 12 targeted members previously identified along with services for those members having carryover points from previous years. Prior to the meeting, the Executive Committee received a report of the services provided for each member. Mr. Johnston briefly reviewed the services and noted LAWCX members also attended BRS webinars and were invited to attend BRS regional training sessions.

Mr. Johnston noted that in the vendor survey conducted by LAWCX, the members have rated the value of risk control services higher than in the past. Mr. Johnston stated the risk control staff has learned a lot over the last several years in providing risk control services to the LAWCX members. He stated, there are some members that rely heavily on the risk

control services LAWCX provides to members; however, there are other members that have their own risk control services and do not utilize BRS. Mr. Johnston stated various ways to provide services to the LAWCX members have been explored over the last several years. LAWCX risk control services were provided on a point and menu system and then members with higher frequency and severity at the underlying level were targeted for services. Risk control staff found that neither system was ideal.

Mr. Johnston stated, should LAWCX decide to continue providing risk control services to the members next fiscal year, he would recommend that services be made available to all members for a flat fee which would eliminate the point and menu system. On-site services would be available for members who want to utilize BRS, following some guidelines, and those members that do not want the on-site services would not be forced to use them. Mr. Johnston stated, the guidelines would be for services that take one day or less and limited to a total of four days per year. This would include phone consultations, program development, on-site training, and developing customized webinars. All members would also have access to technology-based resources through a link on LAWCX's website. Mr. Johnston reviewed with the Executive Committee BRS Risk Control Department's new website, which includes resources such as blogs, sample programs, answers to common questions, safety communications, webinars, streaming videos, online training, and information regarding live workshops. Mr. Johnston noted, a few members already have access to this information as they are already BRS risk control clients. However, a majority of the LAWCX members do not have access to this information, which could help prevent losses and reduce rates, and benefit all members. Mr. Johnston stated, should LAWCX decide to provide the services as suggested, BRS would provide services in 2011/12 for \$50,000, the same price as the expiring contract. The Executive Committee discussed the services that would be available and the proposed contract price. It was questioned whether BRS risk control resources tie in with either TargetSafety or Summit Training. Mr. Johnston responded the streaming videos are currently available through Summit Training and this would continue. BRS does not currently utilize TargetSafety as a resource. Mr. Johnston stated the BRS risk control department believes the proposed model is better than the models utilized in the past. It will allow those members interested in obtaining services to do so and those members that are not interested will not be forced to utilize BRS. It will allow BRS the ability provide those members who are interested in services the resources they need.

It was questioned how LAWCX should monitor how much of the risk control services are being utilized. Mr. Johnston stated BRS risk control department could provide activity reports at each meeting. Mr. Johnston stated he has the ability to determine when individuals are accessing the risk control website via LAWCX's website, so that information could be included as well. It was questioned whether there is a maximum amount of services that will be provided. Mr. Johnston stated the pricing is based on experience from those members interested in utilizing the risk controls services. It is not anticipated services provided will exceed the contract price proposed.

Discussion regarding risk control services for 2011/12 was continued under the next agenda item.

B. Discussion and Possible Action Regarding Risk Control Services for 2011/12

Ms. Thesing reminded the Executive Committee that at its February meeting, it was discussed whether to provide risk control services for 2011/12. The Executive Committee agreed to contact Board members and obtain feedback regarding risk control services through LAWCX. The feedback received was provided to the Executive Committee prior to the current meeting. Ms. Thesing noted some members are only interested in online resources while others are interested in on-site services. Ms. Thesing also noted that for the current program year, in addition to the services provided through BRS, LAWCX instituted a risk control reimbursement program for the members, providing up to \$1,000 per direct member, and favorable feedback was received on this resource. A total of \$20,000 was provided for the reimbursement program and about a quarter of the funds are still available for use. A total of \$70,000 was budgeted during the current year with \$20,000 for the reimbursement program and \$50,000 for risk control services provided through BRS.

Ms. Thesing requested direction from the Executive Committee regarding risk control services for 2011/12.

**Jace Schwarm moved to recommend to the Board of Directors that LAWCX budget \$70,000 for risk control services for program year 2011/12 comprised of: 1) \$50,000 for risk control services provided by BRS as previously proposed, and 2) \$20,000 for a member risk control reimbursement program following the same parameters as 2010/11. Seconded by Bill Henderson. A roll call was taken and the motion passed unanimously.**

C. Utilization of CSAC-EIA Annual Subsidy for Member Access to PreventionLink Platform (TargetSafety) for 2011/12 and 2012/13

During the 2010/11 program year, LAWCX provided members with access to CSAC-EIA's PreventionLink Program. Members were required to enter into a payment agreement with CSAC-EIA, which LAWCX staff organized, and CSAC-EIA billed the members directly. A total of \$1,000 was expended for the access, utilizing the annual loss control subsidy from CSAC-EIA.

Staff contacted members currently accessing the PreventionLink platform and some members expressed interest in continuing with accessing the services. Therefore, staff recommended LAWCX continue to utilize the annual \$1,000 loss control subsidy from CSAC-EIA for member access to the PreventionLink Platform for the next two program years.

**Jeff Cardell moved to recommend to the Board LAWCX pay the annual \$1,000 deposit to CSAC-EIA for the PreventionLink Services for program years 2011/12 and 2012/13 utilizing the annual loss control subsidy from CSAC-EIA. Seconded by Stuart Schillinger. A roll call was taken and motion passed unanimously.**

9. ADMINISTRATIVE MATTERS

A. Proposed Amendment to Excess Workers' Compensation Program Document

Ms. Thesing noted that at the last Executive Committee meeting, the Committee discussed new members' participation in the Mid-Layer Pool. The Executive Committee approved clarifying language in the governing documents regarding the Pool, and staff had noted the pertinent governing documents would be presented to the Executive Committee for review at the next meeting.

Prior to the current meeting, the Executive Committee received a proposed amendment to the Excess Workers' Compensation Program Document; however, staff noted Mr. Richard Shanahan, Legal Counsel, made some suggested changes to the proposed amendment. Staff reviewed Mr. Shanahan's language with the Executive Committee.

**Bill Henderson moved to recommend to the Board approval of the Excess Workers' Compensation Program Document as amended. Seconded by Jace Schwarm. A roll call was taken and the motion passed unanimously.**

B. Discussion Regarding Renewal Data Collection Process

Ms. Thesing informed the Executive Committee that LAWCX collects renewal information from the members each year. Since this can be an arduous process for the members, staff has been working on streamlining the information. For the 2011 renewal, staff will be utilizing an online renewal form which will pre-populate the information provided last year and allow members to update the data. In addition, a number of questions will be removed from the renewal survey as it has been determined the information is no longer necessary.

It was questioned, with the removal of some of the information requested, if LAWCX were to obtain quotes for excess coverage from the insurance market, instead of simply obtaining excess coverage through CSAC-EIA, whether some of the data that is being removed would then be required. Ms. Thesing responded, there is a chance additional data would be required; however, staff is requesting the same data as requested by CSAC-EIA, and they market the excess coverage using this information, so it is not anticipated this would be needed.

Ms. Thesing noted, staff will continue enhancing the renewal data collection process for future years as well.

C. Discussion Regarding November 2011 Retreat Agenda, Location, and Use of Facilitator

Ms. Thesing noted, in preparing each LAWCX agenda, she meets with LAWCX's President, Ms. Joanne Rennie, to discuss and develop the agenda. In preparing for the May meeting, President Rennie requested that a discussion regarding the strategic planning session (retreat) agenda be placed on the agenda for the current meeting. Therefore, prior to the meeting, the Executive Committee was provided with a draft November 2011 strategic planning session agenda. Ms. Thesing stated the Executive Committee should discuss the length, location, and whether to utilize a facilitator. Ms. Thesing stated in prior years, LAWCX held a one day strategic planning session, using a facilitator, followed by a half-day Board meeting. Prior to the meeting, the Executive Committee received information regarding facilitators and fees as well as information regarding venues. It was noted staff has contacted one of the potential venues, Le Rivage, and they do have space available.

It was questioned whether it is necessary for LAWCX to hold a strategic planning session this year. Ms. Thesing responded, to maintain accreditation with excellence through California Association of Joint Powers Authorities (CAJPA), LAWCX must conduct a strategic planning session in 2011. CAJPA requires entities to hold a strategic planning session every three years and LAWCX last held a session in November 2008. However, LAWCX could hold a half-day strategic planning session and a half-day Board meeting. The Executive Committee agreed this would be more suitable.

Various venues were discussed including BRS and PARSAC. It was agreed the meeting should be held at Le Rivage as the meeting room is larger and more conducive to a full-day meeting.

It was agreed LAWCX will hold a one day session, with a half-day strategic planning session from 9 a.m. to 12 noon and a half-day Board meeting from 1 p.m. to 3 or 4 p.m., at Le Rivage without a facilitator.

Ms. Thesing reviewed the draft agenda with the Executive Committee. It was noted that item 6.B., 4850 Coverage as Optional Coverage, should be removed from the agenda based on the previous action on this issue. Ms. Thesing noted President Rennie is interested in LAWCX discussing the development of a medical cost containment program, so this has been placed on the agenda. In addition, it has been requested LAWCX consider purchasing bill/utilization review audit services which has also been added to the agenda. Discussion ensued and some members felt these fall more within the primary layers of coverage and should not be discussed by LAWCX. After further discussion, it was agreed the strategic planning session agenda can be discussed further at the September Executive Committee meeting.

Ms. Thesing noted a discussion regarding excess coverage has been placed on the strategic planning session agenda so the Board can discuss how to position LAWCX in the event it is desirous to obtain quotes from the insurance market.

It was noted under goals and objectives, LAWCX should discuss both short-term and long-term goals.

D. Review Draft June 14, 2011, Board of Directors' Meeting Agenda

Prior to the meeting, the Executive Committee received a draft June Board of Directors' meeting agenda. Ms. Thesing informed the Executive Committee the review of the Board agenda is being discussed at the request of President Rennie. Ms. Thesing noted a number of the items on the agenda are routine. The Executive Committee requested the following items be placed on the Consent Calendar:

- Update regarding risk control services for 2010/11 program year;
- Risk control services for 2011/12;
- Utilization of CSAC-EIA annual subsidy for member access to PreventionLink platform (TargetSafety) for 2011/12 and 2012/13;
- Agreement between LAWCX and Sampson, Sampson & Partners for financial audit services;
- Agreement between LAWCX and Farley Consulting Services for claims audit services;
- Resolution establishing Board of Directors' meeting dates and locations;
- Memorandum of Coverage for the 2011/12 program year.

It was also agreed the meeting should begin at 10:30 a.m.

E. Results of 2011 Member Survey of Vendor Services

Ms. Thesing informed the Executive Committee, LAWCX surveys the members each year to solicit feedback regarding services provided by LAWCX's vendors, including BRS. Prior to the meeting, the Executive Committee received the results of the survey completed in 2011. Ms. Thesing noted the results are provided along with a synopsis of last year's results. Ms. Thesing stated this year's overall results were positive.

Ms. Thesing stated she would like to follow-up with any members that expressed any concerns with services. The Executive Committee concurred with this course of action.

F. Discussion and Possible Action Regarding Contract Renewal – Bickmore Risk Services

LAWCX's contract with Bickmore Risk Services (BRS) expires July 1, 2011. Vice President Henderson stated that the ad hoc committee appointed to work with BRS on a renewal contract received a proposal from BRS and has provided a response back to BRS

to begin the negotiation process. Mr. Cardell noted the ad hoc committee is responding to the BRS proposal to ensure LAWCX obtains the best deal available. The ad hoc committee has notified BRS of LAWCX's intent to issue a request for proposal (RFP) the year after next. The purpose of the RFP is to follow due diligence and does not reflect any dissatisfaction with BRS. In addition, BRS has presented a proposed price of \$500,000 for the first year of the contract and a 2% increase thereafter. The ad hoc committee is countering with \$500,000 for two years. Vice President Henderson stated the ad hoc committee will continue negotiating with BRS.

10. PUBLIC EMPLOYEE PERFORMANCE EVALUATION - CLOSED SESSION

A. Annual Review of Manager

Pursuant to Government Code Section 54957(b), the Executive Committee recessed to closed session at 12:20 p.m. for a public employee performance evaluation of the Manager position.

B. Report from Closed Session

The Committee reconvened to open session at 12:30 p.m.

11. CLOSING COMMENTS

A. Executive Committee

Mr. Doug Fry thanked everyone for the opportunity to serve on the Executive Committee and wished LAWCX well in the future.

B. Staff

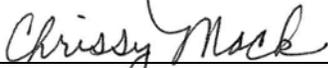
Ms. Vitali informed the Executive Committee CSAC-EIA is amending their workers' compensation reporting guidelines. Staff has reviewed the guidelines and one of the issues concerns indexing claims. CSAC-EIA wants members to index claims when they are set up and every year thereafter. LAWCX staff expressed concern over the change, as the members' TPAs may charge more to index this frequently. CSAC-EIA has agreed to take the request to their underwriting committee for re-consideration of the indexing requirement. However, in discussions with CSAC-EIA, it was found that CSAC-EIA contracts directly with ISO and the services can be obtained free of charge by LAWCX members. Ms. Vitali stated that with the Executive Committee's permission she would like to contact the members and let them know of the free service. Members' TPAs could sign up for the ISO service through CSAC-EIA if interested. Ms. Vitali stated, it would not be mandatory for members to utilize the ISO services through CSAC-EIA, but it would be

available if anyone is interested. CSAC-EIA has stated if a TPA appears to abuse the system, they will remove the TPA from the system. Ms. Vitali noted the current cost for ISO to index is \$7.55 per claim. If a member does this when the claim is initially set up and every year thereafter, it could mean a significant amount of money for members.

Ms. Jeanette Workman informed the Executive Committee that BRS will be implementing a new phone system, and a notice will be sent to the members regarding an interruption in phone service while the new phone system is installed.

12. ADJOURNMENT

The May 5, 2011, Executive Committee meeting adjourned at 12:35 p.m. by general consent.

  
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Chrissy Mack, Board Secretary

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

MINUTES OF THE UNDERWRITING COMMITTEE MEETING  
MAY 24, 2011

A meeting of the Local Agency Workers' Compensation Excess JPA (LAWCX) Underwriting Committee was held via teleconference on Tuesday, May 24, 2011, at the following locations: Bickmore Risk Services, 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA; City of Brisbane, 50 Park Place, Brisbane, CA; City of Clovis, 1033 Fifth Street, Clovis, CA; City of Livermore, 1052 South Livermore Avenue, Livermore, CA; PERMA, 77-670 Springfield Lane, Suite 1A, Palm Desert, CA; and PARSAC, 1525 Response Road, Suite 1, Sacramento, CA.

COMMITTEE MEMBERS PRESENT: Joanne Rennie, President, Public Agency Risk Sharing Authority of California (PARSAC)  
Bill Henderson, Vice President, City of Livermore  
Jeff Cardell, Treasurer, City of Clovis  
Stuart Schillinger, Past President, Bay Cities Joint Powers Insurance Authority (BCJPIA)  
Scott Ellerbrock, Past President, Public Entity Risk Management Authority (PERMA)

COMMITTEE MEMBERS ABSENT: None

OTHERS PRESENT: Kare n Thesing, Manager-Secretary  
Chrissy Mack, Recording Secretary  
Tammy Vitali, Claims Manager  
Janet Kiser, Public Agencies Self-Insurance System (PASIS) (left after item 6.A.)

1. CALL TO ORDER

The meeting was called to order at 9:02 a.m.

2. INTRODUCTIONS

Introductions took place, and it was determined a quorum was present.

3. PUBLIC COMMENTS

None.

4. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

**Bill Henderson moved to approve the agenda as posted. Seconded by Scott Ellerbrock. Roll call votes were taken, and the motion passed unanimously.**

5. CONSENT CALENDAR

**Jeff Cardell moved approve item A) Minutes of June 28, 2010, Underwriting Committee meeting. Seconded by Scott Ellerbrock. Roll call votes were taken, and the motion passed unanimously.**

6. MEMBERSHIP MATTERS

A. Prospective Member – Public Agencies Self-Insurance System (PASIS)

Staff informed the Underwriting Committee that the Public Agencies Self-Insurance System (PASIS) has applied to join LAWCX as a direct member effective July 1, 2011. Prior to the meeting, the Underwriting Committee received the entity's membership application, loss evaluation, and price indication. Ms. Karen Thesing, Manager-Secretary, noted PASIS has submitted their \$1,000 application fee to LAWCX.

Ms. Janet Kiser, PASIS' General Manager, was present at the meeting; she informed the Committee:

- PASIS was formed in 1977;
- Their membership currently consists of 1 city and 6 fire districts;
- PASIS is a banking plan with \$4.2 million in reserves, and each member is required to maintain a minimum fund balance in the JPA. She noted that all members currently exceed the minimum fund balance requirements. In addition, while PASIS has a policy allowing members to borrow from the fund, none of the members ever have;
- PASIS members have very active safety programs and obtain services through TargetSafety. In addition, safety trainings are held for the members;
- Ms. Kiser has worked as the General Manager of PASIS for six years;
- Ms. Kiser works closely with PASIS' third party administrator (TPA) and several audits are conducted of the TPA each year. In addition, it is required that the TPA perform monthly self-audits with a report provided to Ms. Kiser. The TPA also meets regularly with the Board and holds claim review meetings with the members;
- PASIS has obtained excess coverage through CSAC-EIA for the last several years; and
- PASIS currently does not obtain coverage for 4850 through CSAC-EIA.

Ms. Kiser stated both pricing and service will be the critical factors in PASIS' decision regarding excess coverage.

Ms. Tammy Vitali, Claims Manager, reviewed the loss evaluation and price indication with the Committee. She noted PASIS has a five-year loss rate of \$1.07 and an experience modification factor of .98. Ms. Vitali noted their five-year loss rate is well under LAWCX's five year loss rate of \$1.27; and PASIS' experience compares closely with other LAWCX members of the same size. Ms. Vitali noted PASIS has one large claim reported in 2007/08 with a total incurred amount of \$1.42 million. It is a cancer claim for a deceased fire fighter, so death benefits are being paid to dependents.

Ms. Thesing stated that based on conversations with Ms. Kiser regarding PASIS, and a review of their underwriting information, staff is recommending PASIS be approved as a direct member of LAWCX effective July 1, 2011.

It was questioned at what retained limit PASIS would be joining LAWCX. Ms. Kiser responded the PASIS Board will make a decision on June 23<sup>rd</sup>, however, she anticipates it will be at \$250,000, \$350,000, or \$500,000. Currently, the PASIS members have retained limits of \$125,000 and \$300,000 for their excess coverage; however, they will select one retained limit through LAWCX. It was questioned whether staff is recommending a retained limit for PASIS. Ms. Thesing responded staff does not have a recommendation and normally does not review retained limit levels as part of the underwriting process; however, based on their experience modification factor, they are closely in line with other LAWCX members that have SIR levels anywhere from \$150,000 to \$500,000.

It was questioned whether PASIS participates in the Liebert Cassidy consortium. Ms. Kiser responded that she believes some of the members do participate, however, it is not through PASIS. It was also questioned who would be serving as the Board representative for PASIS. Ms. Kiser stated she most likely would be the Board representative. Ms. Kiser noted the PASIS Board President may also want to participate.

**Scott Ellerbrock moved to recommend to the Board approval of PASIS as a direct member of LAWCX at an SIR of \$250,000 or above. Seconded by Stuart Schillinger. A roll call vote was taken, and the motion passed unanimously.**

**B. Prospective New Member – City of Jurupa Valley (PARSAC)**

Prior to the meeting, the Underwriting Committee received an application for City of Jurupa Valley, a newly incorporated city making application to join LAWCX through PARSAC effective July 1, 2011. As the City is newly incorporated, they do not have a workers' compensation loss history.

It was noted that the City of Jurupa Valley has also applied to join PERMA and may not join PARSAC. Mr. Scott Ellerbrock, PERMA, noted that if the City does join PERMA, they will not be joining PERMA's workers' compensation program at this time.

**Scott Ellerbrock moved to conditionally approve the City of Jurupa Valley as a member of LAWCX, through PARSAC, effective July 1, 2011, subject to approval of their membership in PARSAC by PARSAC's Board. Seconded by Bill Henderson. A roll call vote was taken, and the motion passed unanimously.**

7. CLOSING COMMENTS

A. Underwriting Committee

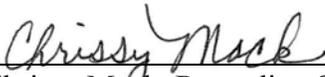
None.

B. Staff

None.

8. ADJOURNMENT

**The May 24, 2011, Underwriting Committee meeting adjourned at 9:35 a.m. by general consent.**

  
\_\_\_\_\_  
Chrissy Maek, Recording Secretary

**EMPLOYMENT RISK MANAGEMENT AUTHORITY (ERMA)**

**MINUTES OF THE BOARD OF DIRECTORS  
MEETING OF APRIL 18, 2011**

A regular meeting of the Board of Directors of ERMA was held on April 18, 2011, at Bickmore Risk Services, Sacramento, CA

**BOARD MEMBERS PRESENT:** Jake O'Malley, President, MPA  
Debbie Stutsman, BCJPIA  
Dave Elias, CSJVRMA  
John Gillison, PARSAC  
Jim Murphy, SCORE  
Judy Hayes, Contra Costa County Housing Authority  
Florice Lewis, Oakland Housing Authority

**BOARD MEMBERS ABSENT:** Scott Ellerbrock, Vice President, PERMA  
Craig Downs, Treasurer, VCJPA

**ALTERNATE MEMBERS PRESENT:** Dan Weakley, BCJPIA  
Cary Keaten, CSJVRMA  
Joe Kriskovich, MPA  
Joanne Rennie, PARSAC  
Artesia Dupree, Oakland Housing Authority

**OTHERS PRESENT:** Karen Thesing, Executive Director  
Chrissy Mack, Board Secretary  
Ruth Graf-Urasaki, Litigation Manager  
Rebecca Lane, Assistant Litigation Manager  
Nancy Broadhurst, Finance Manager  
Charlotte Hemker-Smith, Legal Counsel  
Rob Kramer, Bickmore Risk Services/BCJPIA  
Adrienne Beatty, BCJPIA  
Brian Kelley, VCJPA  
Katrina Salumbides, Bickmore Risk Services  
Michael Christian, Jackson Lewis  
Scott Tiedemann, Liebert Cassidy & Whitmore  
Susan Adams, SCORE/Alliant Insurance Services  
Mike Simmons, Alliant Insurance Services  
Derek Burkhalter, Actuary, Bickmore Risk Services  
Tim Farley, Farley Consulting Services

1. CALL TO ORDER

The April 18, 2011, Board of Directors' meeting was called to order at 10:35 a.m. by President Jake O'Malley.

2. INTRODUCTIONS

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

3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

President O'Malley stated there had been a request to address item 8.B., City of Hesperia Appeal Regarding Denial of Coverage in Jowski v. Hesperia, following agenda item 6.B. Therefore, item 8.B. will be renumbered 6.C. In addition, item 10.A., Removal of Meyers Nave from Defense Counsel Panel, should be removed from the agenda as Meyers Nave requested the firm be removed from ERMA's Defense Counsel Panel following the posting of the agenda.

**John Gillison moved to approve the agenda as amended. Seconded by Dave Elias. Motion passed unanimously.**

4. PUBLIC COMMENTS

None.

5. CONSENT CALENDAR

**Judy Hayes moved to approve/accept the following items: A) Amended Minutes of February 18, 2011, Board of Directors' Meeting and Summary of Action Items; B) General Warrants from January 16, 2011, through March 31, 2011; C) Claims Payments from January 16, 2011, through March 31, 2011; and D) Petty Cash Statement from January 16, 2011, through March 31, 2011. Seconded by John Gillison. Motion passed unanimously.**

6. ADMINISTRATIVE MATTERS

A. Claims Audit Prepared by Farley Consulting Services

Prior to the meeting, the Board received a draft claims audit prepared by Mr. Tim Farley, Farley Consulting Services. Mr. Farley was present at the meeting and reviewed his report with the Board. Mr. Farley informed the Board he reviewed 42 of ERMA's 43 open claims. He noted the one claim he did not audit is now closed. Mr. Farley also noted:

- He recommended revising the reserve on one claim,
- ERMA in doing a good job issuing reservation of rights letters,

- ERMA staff is utilizing a paperless system which he found well organized, and
- There were two claims which he believed should have had improved diaries. He noted it appears this has now been resolved.

The Board also received a memorandum from Ms. Ruth Graf-Urasaki, Litigation Manager, responding to the claims audit. At the meeting, Ms. Graf-Urasaki expressed appreciation for Mr. Farley's claims audit.

**Judy Hayes moved to accept and file the Claims Audit Report prepared by Farley Consulting Services. Seconded by Dave Elias. Motion passed unanimously.**

**B. Report from Coverage Committee Regarding Governing Documents**

Ms. Thesing reported ERMA's Coverage Committee met on March 29, 2011, to review proposed amendments to the Memorandum of Coverage, Bylaws, and Master Program Document effective July 1, 2011. She noted that the amendments would be reviewed with the Board at the current meeting and brought back to the Board for adoption at the June Board meeting, as a 30 day notice to the Board regarding amendments to the Bylaws is required. Staff reviewed the proposed amendments with the Board.

**Memorandum of Coverage (MOC):**

- Adding language stating that since ERMA is not an insurer, it does not have an obligation to issue reservation of rights letters, and that failure to do so shall not operate to waive any of the provisions of the MOC (Section I-Coverage). This change is to protect ERMA's rights regarding coverage if a letter is not issued. However, it is always ERMA's intent to issue the reservation of rights letters and coverage opinions as coverage matters arise. With this recommended change, the policy of issuing the reservations of rights letter will be added to the Litigation Manager's duties contained in the Master Program Document.
- Amending the definition of Damages. Under the current definition, "any salary, wage and benefits resulting from promotion or reinstatement" are excluded. The Committee recommended adding to this exclusion damages "resulting from an order that a Covered Party hire an applicant." This recommended change came as a result of a DFEH order that an employer hire an applicant and would follow form with the similar exclusions of any salary, wage or benefits resulting from promotion or reinstatement (Section II – Definitions). Ms. Charlotte Hemker-Smith, Legal Counsel, noted that the word "Party" in the fourth line of this provision should be italicized.
- Amending the arbitration provision to reflect the previously approved use of a single arbitrator, require that any dispute is submitted to binding arbitration within 90 days, and additional minor cleanup of this section. These provisions were previously approved by the Board and the document is being amended to reflect this (Section VII – Conditions, paragraph 7).
- Cleaning up typographical errors.

- Clarifying endorsement #2. This endorsement lists MPA, PERMA, and PARSAC as Covered Parties under the MOC pursuant to the long-standing practice that joint powers authority members who employ individuals, and which join ERMA with at least 50% of their total payroll will be covered under the MOC. However, it does not state what the retention level is for these JPAs. Previously, the retention level was \$25,000, and the consensus of the Committee was to retain this SIR, as it is consistent with ERMA underwriting guidelines. It was questioned whether the SIR will be retroactive for all years. Staff and the Board agreed the SIR should in fact be retroactive.
- Amending Endorsement #3. Currently, this endorsement provides different levels of coverage for SCORE: 1) that ERMA's coverage is primary above the Covered Party's retention up to \$500,000 per Occurrence; 2) that CJPRMA, SCORE's excess carrier, is primary above \$500,000; and 3) that ERMA's Difference of Conditions Coverage applies up to \$1 million. The Committee approved amending this endorsement to provide that ERMA's coverage will be primary above the Covered Party's retention up to \$500,000 per Occurrence, and omitting the reference to CJPRMA's coverage. This is consistent with SCORE's historical premiums, as they have been charged a pro-rated amount since ERMA provides coverage to \$500,000. Ms. Thesing noted this issue has been reviewed with Ms. Susan Adams, SCORE's Administrator, who agreed with the proposed amendment. Ms. Thesing further noted the premiums SCORE has historically paid cover only the layer up to \$500,000.

Bylaws:

- Amend the definition of Memorandum of Coverage to reflect that it is a negotiated agreement between the members adopted annually by the Board of Directors (Article III). This is being recommended for clarification purposes.
- Reflect that the Treasurer submit quarterly as opposed to monthly Treasurer's Reports to the Board (Article VI, C, 3). This is the actual current practice.
- Removing the Secretary as an officer (Article VI, B and Article VI, C, 5). When the Pool Administration Agreement between ERMA and Bickmore Risk Services (BRS) was renegotiated last year, it was determined that only the Executive Director will serve as an officer, in addition to ERMA's officers of President, Vice President, and Treasurer.
- Include "by electronic mail" in the distribution of meeting notices (Article VII). ERMA is currently distributing notices via email.
- Add "business" between "15" and "days" in the sentence regarding distribution of minutes (Article VII). This is the current practice and is in line with the Pool Administration Agreement between ERMA and BRS.
- State that the Board shall establish all bank accounts and authorized signers by resolution (Article XIII). The Article currently states the President, Vice President, Treasurer, and Administrator will sign checks; however, ERMA has a banking resolution setting forth which individuals can sign on various accounts and the Board Secretary and Assistant Litigation Manger are included within the Resolution. Therefore, the change is being suggested so the Bylaws are not in conflict with actual practice.
- Correcting typographical errors.

Master Program Document:

- The document currently states the Litigation Manager has a duty to report claims to any excess insurance or reinsurance. It is being proposed that the language be amended to reflect this duty only applies to excess insurance or reinsurance obtained by ERMA. With this recommended change, an additional duty will be added stating the Litigation Manager will remind members in the notice of claim acknowledgment that they should determine whether the claim needs to be reported to their excess carrier. In addition, members and the JPA administrator, where applicable, will also be reminded to determine if a claim needs to be reported to their excess carrier when they have reached 50% of their SIR. In addition, as noted under the Bylaws, a duty is being added to reflect the Litigation Manager has a duty to issue a reservation of rights letter. Ms. Graf-Urasaki noted that when an entity purchases excess insurance outside of ERMA, the contractual obligation is between that entity and their excess insurance provider. It was questioned whether all letters will be sent to both the JPA administrator and the underlying member. Staff stated the intent is to send just the 50% of SIR letter to both parties, however, the notice of claim acknowledgement can also be sent to the JPA administrator. Mr. John Gillison stated PARSAC would like to receive a copy of both letters. Ms. Graf-Urasaki also noted ERMA will provide the excess carriers with any claim documentation which they request.
- Add to the Litigation Manager's duties the duty of issuing a reservation of rights letter. Ms. Hemker-Smith noted the word "To" should be removed from the beginning of the sentence for this duty.
- Minor clean up of the document (typographical errors, etc.).

C. City of Hesperia Appeal Regarding Denial of Coverage in Jowski v. Hesperia

Ms. Graf-Urasaki noted that the City of Hesperia has reported a claim late to ERMA. Under the ERMA Master Program Document, the Litigation Manager cannot accept as timely any claims filed with the DFEH that are not reported to ERMA within 30 days, thus, the claim has been denied. Prior to the meeting, the Board received a letter from Ms. Graf-Urasaki to the City of Hesperia regarding the coverage denial as well as a letter from the City of Hesperia appealing the denial.

Ms. Graf-Urasaki reviewed the timeline of events with the Board. She noted the claimant had submitted a letter on February 5, 2009, alleging harassment regarding his medical condition. The City of Hesperia retained a private investigator to conduct an investigation. The claimant then retained legal counsel who sent a letter to the City on May 6, 2009, advising the City of the intent to bring a lawsuit against the City on the former employee's behalf. On September 21, 2009, the former employee filed a complaint with the DFEH and the EEOC and the City responded to the complaints on October 8, 2009. The City then responded to a supplemental questionnaire from the DFEH/EEOC on January 14, 2010. On January 21, 2010, the City received a copy of the former employee's Notice of Case Closure/Right to Sue. On or about January 20, 2011, the former employee's legal counsel filed suit, which was served on or about March 9, 2011. ERMA was never notified of the claim until service of this

lawsuit, which was reported to ERMA on a timely basis. Per ERMA's Memorandum of Coverage for 2008/09, ERMA rejected the claim as untimely as ERMA did not receive notice of the DFEH claim within 30 days as required. Ms. Graf-Urasaki stated the City is appealing the denial on the basis that the City: 1) reported the claim to PARSAC in a report that they submitted to PARSAC on an annual basis, the JPA of which the City was a member at the time; 2) retained Liebert Cassidy Whitmore from the beginning to manage the claim; and 3) now understand the 30 day notice requirement to ERMA and have corrected their internal processes. Ms. Graf-Urasaki noted the City has not had a claim with ERMA since 2002.

Ms. Graf-Urasaki stated the City did hire legal counsel at the onset and they provided a thorough response to the DFEH claim. Ms. Graf-Urasaki further stated the City has followed best practices in handling the claim.

Mr. John Gillison and Ms. Joanne Rennie, PARSAC, informed the Board when PARSAC was transitioning from commercial coverage, their entities were requested to provide a claims listing. This is when PARSAC was notified of the claim. It is not an annual report provided to PARSAC. In addition, the report noted the claim was closed. Mr. Gillison noted the PARSAC members are made aware of the need to report claims timely to ERMA. It was noted there was no duty for PARSAC to report the claim to ERMA.

Ms. Graf-Urasaki informed the Board the City has followed the proper protocols in handling the claim. It was questioned how much the City has expended to-date in defending the claim. Ms. Graf-Urasaki estimated between \$10,000 to \$15,000; however, she noted that is a rough estimate as ERMA staff has not reviewed any of the billings.

Ms. Hemker-Smith noted the matter at hand is that a claim was filed in 2009 which was not reported; it was not an issue whereby the City thought a claim may develop. Ms. Graf-Urasaki noted that to report the claim timely when the DFEH charge was received, it should have been reported by the City in October 2009. The report provided to PARSAC listing the claim as closed was provided to PARSAC in March 2010. Ms. Graf-Urasaki believes that in March 2010, the City believed the claim was closed as they did not receive a response from DFEH.

Ms. Graf-Urasaki noted that if the Board were to accept the claim, the funds already expended would not apply towards the City meeting their self-insured retention. Ms. Graf-Urasaki further noted that in a review of the documents, she believes there is no prejudice to ERMA and the same course of action the City followed would have been followed even if the claim been reported to ERMA timely.

Ms. Thesing noted the City is available via telephone if the Board has any questions of the City.

**Dave Elias moved to deny the City of Hesperia's appeal of denial of coverage in Jowski v. Hesperia. Seconded by Jim Murphy. Motion passed unanimously.**

President O'Malley stated the Board would not be contacting the City as the Board did not have any questions. He questioned Ms. Hemker-Smith whether the City has the right to further appeal the decision. Ms. Hemker-Smith noted she will send a letter to the City informing them of the Board's decision and set forth any appeal procedures available to the City.

7. TRAINING/LOSS PREVENTION MATTERS

A. Proposed 2011/12 Training Program

Ms. Graf-Urasaki stated, as noted at the February Annual Workshop, the current ERMA training program consists of a total of 37 workshops to be conducted on a regional and individual basis, with 20 conducted by BRS under the pool administration contract; 11 paid trainings conducted either by BRS or other approved vendors at the rate of \$1,800 per session; and 3 trainings each conducted by Jackson Lewis and Liebert Cassidy Whitmore at \$1,800 per session. Ms. Graf-Urasaki noted the program this past year appears to have been successful and met members' needs.

Ms. Graf-Urasaki stated for the 2011/12 program year, staff is proposing the program be structured in the same manner. Specifically, staff is proposing:

- 1) Conducting 15 regional workshops to satisfy the training requirements of AB 1825;
- 2) Conducting 14 workshops on either a regional or individual basis based on an identified need or upon request. Ms. Graf-Urasaki noted that at times members will request an individual workshop initially and after discussion it is determined they are willing to host a regional workshop. These workshops would be focused on either harassment and discrimination or a topic requested by a member that meets ERMA's loss prevention goals; and
- 3) Conducting 8 trainings by Liebert Cassidy Whitmore and Jackson Lewis, utilizing two of the vendor paid trainings in addition to the six established for the law firms. Ms. Graf-Urasaki noted she would recommend continuing with the Mitigating Risks for Law Enforcement Agencies topic as these workshops have been well attended. In addition, she is recommending two additional topics for the law firms to cover: investigations of employment claims and legal issues related to social networking and social media sites. She noted the investigations of employment claims would provide the members with tools to conduct their own investigations during the continuing budget crisis, as outside investigations can be quite expensive. The topic regarding legal issues related to social networking and media sites has been receiving a lot of attention in the courts as this type of communication has become more mainstream. The goal would be to help members develop policies to address this area.

It was noted the 2011/12 program year budget contains the same amount of training funds as the current year budget.

It was expressed that the additional law firm training topics are timely and should be helpful for the members.

**John Gillison moved to adopt the training program for the 2011/12 program year as presented by staff. Seconded by Florice Lewis. Motion passed unanimously.**

**B. Online Training Modules Through in2vate**

Ms. Thesing stated that at the February 2011 Annual Workshop, the Board discussed obtaining an online training module through in2vate encompassing basic supervisory topics. Ms. Thesing stated she contacted in2vate and determined in2vate has a four-part suite of online training courses suitable for ERMA members covering: 1) Sensitivity Basics: Creating Positive Working Relationships (Managing); 2) Interviewing Strategies (Hiring); 3) Personnel Files (Documenting); and 4) Workplace Investigation (Disciplining, up to and Including Termination). Ms. Thesing noted she reviewed 11 modules and determined these four modules would be the most effective for ERMA members. She stated that if the Board would like to purchase these online modules, they would be incorporated into ERMA's existing platform of resources through in2vate.

Ms. Thesing informed the Board she has negotiated a price of \$12,000 for the four-part supervisory suite, and the draft proposed budget has been updated to reflect \$12,000 for additional web-based training. The initial draft budget contained \$8,500 for additional web-based training.

President O'Malley noted the additional web-based training will be approved when the budget for 2011/12 is approved by the Board. Ms. Thesing noted if approved, the modules will be available to the members on July 1, 2011.

**C. Request from City of Walnut Creek (MPA) for Waiver of Participation in Employee Reporting Line**

Ms. Thesing informed the Board staff received a request from the City of Walnut Creek, a member of Municipal Pooling Authority (MPA), to continue their waiver of participation in the Employee Reporting Line through June 30, 2011. Staff was notified by the City they had received a previous waiver and questioned whether it was still valid. Staff researched this issue and determined the Board previously granted the City a waiver through December 2006 because the City contracts with another party for this service. The Board did stipulate that the City was to provide annual reports to ERMA regarding the types and frequency of calls reported through their employee reporting line. However, it doesn't appear these were received by staff. Therefore, staff requested an update from the City regarding the log of calls reported to their employee reporting line from 2007 to current.

Prior to the meeting, the Board received a written request from the City for the Board to approve a waiver of participation through June 30, 2011, along with a report of calls for the period of January 1, 2007, through March 31, 2011. In the letter, the City indicated they were investigating whether to discontinue their contract for their employee reporting line and begin utilizing the employee reporting line available through ERMA. The report included with their letter reflected no calls were reported to their employee reporting line for the referenced period of time. Ms. Thesing noted she will make a report to the Board at the June meeting regarding whether the City will obtain these services through ERMA.

**Jim Murphy moved to approve the City of Walnut Creek's request for a waiver of participation in the Employee Reporting Line through June 30, 2011. Seconded by Judy Hayes. Motion passed unanimously.**

8. COVERAGE MATTERS

A. Excess Coverage Marketing Update for 2011/12

Ms. Susan Adams and Mr. Mike Simmons, Alliant, were present at the meeting to provide an update on their marketing efforts for 2011/12. Prior to the meeting, the Board received a marketing presentation which Ms. Adams reviewed with the Board. Ms. Adams noted that based on the feedback at the February Annual Workshop, Alliant is marketing ERMA's program to obtain quotations for the \$1 million per claim, \$2 million aggregate per member excess of \$1 million layer of coverage with a \$15 million aggregate limit. The current aggregate limit for the excess coverage is \$10 million. In addition, they are requesting limits of \$2 million per claim, \$2 million aggregate per member with a \$20 million policy aggregate. Ms. Adams informed the Board that program specifications were sent to six insurers and reinsurers. One insurer, who is the incumbent, is reviewing whether to provide a quote with increased policy aggregate limits and has expressed interest in providing an additional \$1 million in limits at a competitive price. Two companies have expressed interest and three companies have declined to quote.

It was questioned whether the estimated amount contained within the proposed budget for 2011/12 is adequate based on the feedback Alliant is receiving from the market. Ms. Adams responded that it should be sufficient.

Ms. Adams noted they should have firm quotes within 30 days. The final quotes will be provided to the Board at the June meeting.

9. FINANCIAL MATTERS

A. Actuarial Study Prepared by Bickmore Risk Services

Prior to the meeting, the Board received a draft actuarial study prepared by Bickmore Risk Services. Mr. Derek Burkhalter, BRS, was present at the meeting and reviewed the actuarial study with the Board. He noted that ERMA has had very favorable claim development which has reduced the estimate of ultimate liabilities and loss adjustment expenses by 12.6%. Mr. Burkhalter reviewed the assets and liabilities with the Board. Mr. Burkhalter informed the Board the actuarial study was based on a 3% discount rate, which is more conservative than in past studies. Mr. Burkhalter stated that due to the favorable claim development, the rates have decreased for 2011/12 by 7.1% at the 75% confidence level. At the 80% confidence level, the rate has remained basically the same for 2011/12 as the rate indicated in the study for 2010/11.

**Debbie Stutsman moved to accept and file the actuarial study. Seconded by Dave Elias. Motion passed unanimously.**

The meeting adjourned for lunch from 12:00 p.m. to 12:35 p.m.

B. Internal Financial Statements as of March 31, 2011

Ms. Nancy Broadhurst, Finance Manager, reviewed the internal financial statements as of March 31, 2011, which the Board received prior to the meeting. Ms. Broadhurst noted that based on the favorable outcome in the actuarial study, ERMA's equity has increased by \$6.3 million from the last quarter's report. She also noted ERMA is now funded above the 90% confidence level.

Ms. Broadhurst noted the Treasurer's Report as of March 31, 2011, was handed out at the meeting.

**John Gillison moved to approve the Internal Financial Statements as of March 31, 2011. Seconded by Judy Hayes. Motion passed unanimously.**

C. Consideration of Retrospective Adjustment

Ms. Broadhurst informed the Board that ERMA's surplus as of March 31, 2011, is \$9.3 million at the expected confidence level. She stated ERMA's retrospective adjustment policy stipulates that a program year is retrospectively adjusted five years after the end of a program year. Therefore, ERMA is retrospectively adjusting program years 2002/03 through 2005/06 on June 30, 2011. Ms. Broadhurst informed the Board that program years 2002/03 through 2004/05 do not have open claims, case reserves, or IBNR reserves; therefore, staff is proposing these program years be closed. There is a combined net deficit of \$51,087 for these years, and staff is also recommending this net deficit be applied to the 2005/06 program year.

Applying the deficit to the 2005/06 program year would result in a surplus of \$308,683 in the 2005/06 program year. She noted the equity transfers would be performed so as to maintain each member's equity.

**Judy Hayes moved to approve the official closure of program years 2002/03 through 2004/05 and apply the net deficit of those program years to the 2005/06 program year, maintaining the integrity of each member's share. Seconded by John Gillison. Motion passed unanimously.**

D. Proposed Administrative and Operating Budgets for 2011/12

Prior to the meeting, the Board received two proposed budget for 2011/12, one at the 75% confidence level and one at the 80% confidence level and both at a 3% discount factor. Ms. Broadhurst reviewed the budget with the Board and noted the budget at the 75% confidence level reflects an overall decrease of 8.8% from the budget for 2010/11 which was approved at the 75% confidence level. At the 80% confidence level, the decrease is 2.9%. Ms. Broadhurst reviewed the assumptions and factors utilized in preparing the proposed budgets. The Board discussed whether to fund at the 75% or 80% confidence level.

**Jim Murphy moved to adopt the Administrative and Operating Budget for 2011/12 at the 75% confidence level. Seconded by Dave Elias. Motion passed unanimously.**

E. Signatures on Monthly General Fund Account Checks

Ms. Thesing informed the Board that ERMA's governing documents provide that the President, Vice President, Treasurer, and Administrator are authorized signers on the General Fund checking account. Two signatures are required and ERMA staff currently routes the checks to the Treasurer and President (or Vice President if one of those individuals is unavailable) for signing. Ms. Thesing stated she is proposing the Administrator be the first check signer, on a regular basis, to help create efficiencies by saving time and postage. Ms. Thesing stated the only potential conflict could be any payments made to Bickmore Risk Services (BRS). However, fees paid to BRS are approved by the Board when the contract is approved and the checks would be signed by a second individual.

President O'Malley stated, as one of the signers, he is in favor of this change in procedure.

**Dave Elias moved to approve the Administrator as the first signer on the General Fund Account checks. Seconded by Florice Lewis. Motion passed unanimously.**

10. CLAIMS MATTERS

President O'Malley noted the Board previously amended the agenda to remove item 10.A. from the agenda.

B. 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 1:05 p.m. to discuss the following claims for the payment of employment practices liability incurred by the joint powers authority:

- Booker v. Richmond
- Neely v. Coalinga
- O'Conner v. Desert Hot Springs
- Heath v. Desert Hot Springs

C. Report from Closed Session

The Board reconvened to open session at 1:30 p.m.. It was reported the Board provided settlement direction for Neely v. Coalinga.

11. CLOSING COMMENTS

A. Board

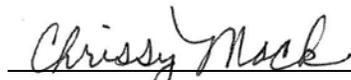
None.

B. Staff

Ms. Thesing stated if the Board has no objections, staff will reserve the Silverado Resort & Spa for ERMA's Annual Workshop in 2012. The Board agreed with this suggestion.

12. ADJOURNMENT

The meeting adjourned at 1:35 p.m. by general consent.



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Chrissy Mack, Board Secretary



# CALIFORNIA JOINT POWERS RISK MANAGEMENT AUTHORITY

*Accredited with Excellence from the California Association of Joint Powers Authorities*

## BOARD OF DIRECTORS MEETING

May 11- 13, 2011 – 1:00 P.M.  
3252 Constitution Drive  
Livermore, CA 94551

(925) 837-0667

### Minutes

#### I. CALL TO ORDER:

President Handy called the meeting to order at 1:00 p.m.

#### II. ROLL CALL

##### **PRESENT**

- |                                     |                                        |
|-------------------------------------|----------------------------------------|
| 1) Lucretia Akil, <i>Alameda</i>    | 12) Lisa Achen, <i>Roseville</i>       |
| 2) Jessica Henry, <i>Chico</i>      | 13) Rob Epstein, <i>San Rafael</i>     |
| 3) Kim Greer, <i>Fairfield</i>      | 14) Lynn Margolis, <i>Santa Rosa</i>   |
| 4) Steve Schwarz, <i>Fremont</i>    | 15) Roger Carroll, <i>SCORE</i>        |
| 5) Bill Henderson, <i>Livermore</i> | 16) Kathleen Williams, <i>Stockton</i> |
| 6) Janet Hamilton, <i>Lodi</i>      | 17) Anthony Giles, <i>Sunnyvale</i>    |
| 7) Dixon Coulter, <i>NCCSIF</i>     | 18) Sandy Hess,, <i>Vacaville</i>      |
| 8) Ron Blanquie, <i>Petaluma</i>    | 19) Darrell Handy, <i>Vallejo</i>      |
| 9) Chris Carmona, <i>Redding</i>    | 20) Jeff Tonks, <i>YCPARMIA</i>        |
| 10) Mark Ferguson, <i>REMIF</i>     |                                        |
| 11) Robyn Kain, <i>Richmond</i>     |                                        |

##### **ABSENT**

*San Leandro*

##### **OTHERS PRESENT**

- |                                     |                                                 |
|-------------------------------------|-------------------------------------------------|
| 21) Craig Bowlus, <i>Aon</i>        | 27) Lola Deem, <i>CJPRMA</i>                    |
| 22) Robert Lowe, <i>Aon</i>         | 28) Saima Kumar, <i>CJPRMA</i>                  |
| 23) William Deeb, <i>Aon</i>        | 29) Craig Schweikhard, <i>CJPRMA</i>            |
| 24) Susan Adams, <i>Alliant</i>     | 30) Anna Swanson, <i>CJPRMA</i>                 |
| 25) Amber Holinsworth, <i>Chico</i> | 31) Byrne Conley, <i>Gibbons &amp; Conley</i>   |
| 26) David Clovis, <i>CJPRMA</i>     | 32) Peter Urhausen, <i>Gibbons &amp; Conley</i> |

- |                                                                           |                                         |
|---------------------------------------------------------------------------|-----------------------------------------|
| 33) Allison Berry Wilkinson, <i>Berry Wilkinson Law Group</i>             | 39) Brian Cooney, <i>MARSH</i>          |
| 34) Steve Mitchell, <i>Geary, Shea, O'Donnell, Grattan &amp; Mitchell</i> | 40) Lynette Frediani, Redding           |
| 35) Christine Maloney, <i>Jackson Lewis LLP</i>                           | 41) Mardell Morrison, <i>Santa Rosa</i> |
| 36) Paul Kayfetz, <i>Paul Kayfetz, Inc.</i>                               | 42) Eric Davis, <i>San Rafael</i>       |
| 37) Janice Magdich, <i>Lodi</i>                                           | 43) Celeste Garrett, <i>Vacaville</i>   |
| 38) Dale Allen, <i>Low, Ball &amp; Lynch</i>                              | 44) John Stevenson, <i>Weblectic</i>    |

**III. PRESENTATIONS**

- None

**IV. THIS TIME IS RESERVED FOR MEMBERS OF THE PUBLIC TO ADDRESS THE BOARD OF DIRECTORS ON MATTERS OF BOARD BUSINESS**

**V. COMMUNICATIONS**

- A. Board Members
- B. General Manager/Secretary
- C. Next Scheduled Meetings: Board of Directors (06/16/2011) CJPRMA Main Office  
Executive Committee (07/21/2011) City of Roseville
- D. Committee Communication report from the Chair

**VI. APPROVAL OF MINUTES**

A motion by Director Coulter, seconded by Director Kain, to approve the minutes of the March 18, 2011 Board of Director's meeting, passed unanimously.

**VII. CONSENT CALENDAR**

1. Financial Reports of CJPRMA for the periods ending January 31, February 28 and March 31, 2011
2. Additional Covered Party Certificates Approved by the General Manager
3. Notification of New Claims Received
4. Notification of Claims Closed
5. New Board Members/Alternates

A motion by Director Epstein, seconded by Director Williams, to approve the consent calendar, passed unanimously.

## VIII. ACTION CALENDER

### 6. Proposed Revisions to Standing Committees

The general manager informed the board that out of the 2009 strategic planning session a need for organizational standing committees was identified. The three standing committees that were established as a result of this are the coverage/claims, risk management and education/ training.

The committees were developed to enhance the functionality of CJPRMA and the performance of the prior general manager. The intent was to have the committees meet no less than quarterly. Since then they have developed a number of organizational goals and metrics that are being considered for implementation.

He explained that since the inception of these committees a number of internal and external factors have impacted their functionality. In 2010, CJPRMA appointed a new general manager who continues to alter the direction of CJPRMA consistent with the board approved strategic plan while recognizing the fiscal impacts on our members. Secondly, the board members are being constantly challenged at their cities to do more with less. Board members are committed to the future of CJPRMA but their ability to increase their commitment to additional meetings is not practical.

A motion by Director Epstein, seconded by Director Williams, to approve the revisions to standing committees, passed unanimously.

### 7. Board Policies

The general manager explained that CJPRMA staff has been in the process of updating and modifying the organization's policies and procedures. Historical board policies have been tracked in multiple formats and are often times embedded in larger documents, making them difficult to locate. The Board of Directors and staff have discussed the need to further develop board and administrative policies that are user friendly and readily available. The attached policies have been reformatted into the new design that will be carried forward. All of the listed policies have been previously approved and adopted by the Board of Directors. The purpose of this agenda bill is to provide the Board with copies of the newly formatted documents, which will also be available on the CJPRMA website once a member's only portal is established.

1. Policy on the Issuance of an Annual Memorandum of Coverage
2. Growth Policy
3. Policies for Future Redistributions
4. Record Retention Policy
5. Policy on Issuance of Certificates of Coverage
6. Policy on Liability Deposit Premium Calculations
7. Policy on Authorized Meeting Expenditures

8. Harassment Policy
9. Policy on Settlement Conference Notifications
10. Policy on Reserve Adjustment
11. Reimbursement of General Liability Training Expenses Policy
12. Indemnification of Board Members and Alternates Policy
13. Policy on Reserving Authority for the General Manager
14. Policy on Providing Reports on Reported Cases
15. Policy on Program Year Deficits
16. Mandatory Case Reporting Policy
17. Policy on Board Counsel Conflict of Interest
18. Policy on Business Expenses
19. Policy on Attendance of Board Members at the CAJPA Conference
20. Policies on Delinquent Claims Status Reporting
21. Expense Reimbursement for CJPRMA for Board Members/Alternates and Staff

## **8. Casualty & Property Insurance Renewals for Fiscal Year 2011-2012**

Dr. William Deeb and Mr. Robert Lowe, of Aon were present to discuss the renewal of the casualty and property insurance programs.

Dr. Deeb explained that, with regards to the property program, Aon was able to negotiate a premium for the primary property policy at \$1,550,000 and the excess property premium at \$253,500, the amount represents a total premium savings of \$447,458 over the 2010-2011 renewal. He stated that the boiler and machinery program's annual premium is estimated to be \$230,500, for a total premium savings of \$75,500 over fiscal year 2010-2011.

A motion by Director Henry, seconded by Director Williams, to approve the renewal of the property reinsurance program and the boiler machinery program, passed unanimously.

Dr. Deeb presented the 2011-2012 excess liability program's renewal quotation, Munich Re provided a renewal cost of \$1,997,351, a reduction of \$243,845 over the fiscal year 2010-2011 renewal.

A motion by Director Carroll, seconded by Director Carmona, to approve the renewal of the general liability reinsurance program, passed unanimously.

Dr. Deeb stated that Aon obtained multiple quotes for the auto physical damage program. A quote received from the Hanover Insurance Company for the APD program in the amount of \$235,611 reflected an annual savings of \$33,639. In addition to the reduction in the rate, the carrier has an enhanced program, which provides replacement cost of the vehicle and includes vehicles of any value. Automatic coverage for vehicles will apply during the policy period and only vehicles or equipment valued over \$250,000 must be reported. Director Achen expressed that City of Roseville may want to be added to the APD program.

A motion by Director Henry, seconded by Director Williams to add City of Roseville to the APD program and to approve the renewal of the APD program, passed unanimously.

The general office package annual premium is \$6,485 with a reduction in cost of \$1,719. The 2011 DIC program renewal is \$14,385 with a 15 month term. The current crime program is a three year policy which does not expire until February 1, 2012 with a prepaid premium of \$15,962. Dr. Deeb stated that he is currently working with the insurance carrier to extend the term of this policy through July 1, 2012 to ensure that all policies have the same anniversary date.

A motion by Director Epstein, seconded by Director Carmona to approve the renewal of the general office program and DIC program, passed unanimously.

## **9. Proposed Operating Budget for 2011-2012**

Financial Analyst Lola Deem presented the proposed administrative and direct program year budget for the 2011/2012 program year.

She explained that the approved administrative budget for fiscal year 2010/2011 was \$1,425,000. It is projected that expenditures for this budget will be approximately \$176,597 under budget. She provided a budget summary of detailed information for the over/under budget projections of the current administrative budget.

The approved direct program budget for fiscal year 2010-2011 was \$790,000. Expenditures for this budget are expected to be approximately \$271,000 under budget.

The proposed budget for 2011/2012 includes the projected costs for administrative and direct program year expenses. Administrative expenditures include personnel, operations and capital outlay. Direct program year expenses are operating costs directly associated with the coverage program. The direct program budget does not have a direct affect on current year income since these costs are charged against the liability account for claims that were accrued per the actuarial studies in previous years, but does show potential cash outflow.

A motion by Director Kain, seconded by Director Achen to approve the proposed budget with no increase in the administrative and direct program budgets for program year 2011/2012, passed unanimously.

## **10. 2011 Claims Audit**

The 2011 claims audit was conducted by Mr. Craig Bowlus, Managing Director of Aon Risk Services. Mr. Bowlus was present to discuss the results and recommendations.

He examined 130 files during the audit. The audit work included site visits to members, TPAs and CJPRMA office. Mr. Bowlus provided four recommendations resulting from this audit.

The four recommendations arising out the 2011 claims audit are as follows:

1. CJPRMA should populate its Risk Management Information System (RMIS) with some variation on the data fields generated in this report and should track future claims accordingly.
2. Once a claim is reported and accepted as an excess file by CJPRMA, automated RMIS or Excel data exchange relative to critical financial developments should be provided by the member on a monthly basis.
3. Reporting requirements for self-administered members still needs to be modified to include captioned reporting on a quarterly basis (at a minimum, on watch list files). Cases with incurred values of less than \$50,000 should be subject to reduced levels of oversight at CJPRMA and should not be subject to the captioned reporting requirements.
4. Employment related cases need to be reported when suit is served. In the past 12 months, almost \$750,000 of legal costs were accrued on three files by three different members *before* they were reported to the pool. This obviates the pool's ability to interact with the member concerning choice of counsel, discussion of litigation strategy and to collaborate on a cost-benefit analysis of the case.

A motion by Director Giles, seconded by Director Hamilton to approve the 2011 Claims Audit, passed unanimously.

**11. Proposed Revision to Memorandum of Coverage, Section VII – Conditions, to be Effective July 1, 2011**

The general manager discussed with the board that the Executive Committee has reviewed the recommended changes to the memorandum of coverage at the April 21, 2011 meeting and unanimously approved the staff recommendation to have the board review and approve the recommended modifications.

A copy of the current Section VII-Conditions with strike-through was provided to the board for review.

The general manager stated that the CJPRMA Memorandum of Coverage, Section VII-Conditions, states the specific requirements for the reporting of all claims. There have been a number of recent employment practices liability (EPL) cases that have been reported late. The late reporting has placed CJPRMA in a compromised position and has limited our ability to have an impact on early mitigation. Many of the cases are very sensitive to the organization and the handling of the cases often involves other departments outside of risk management.

CJPRMA recognizes the sensitivity of these cases and we constantly strive to support the political and operational impacts of our members. These cases develop quickly and the defense fees quickly reach our member's SIR. In addition, when these cases fail to settle prior to trial, CJPRMA is faced with both the potential for damages, emotional distress and plaintiff attorney fees. The fees awarded in these cases always exceed the cost of our own defense fees. In an effort to become involved in these sensitive cases sooner, for the purpose of protecting the interests of CJPRMA, we propose the modification of the case reporting as follows.

- A. All employment practices claims will be submitted to CJPRMA within 30 days of receiving a notice of a claim.
- B. Any and all FEHA, DFEH, CFRA or other related employment claims will be reported within 30 days of receipt.
- C. All defense costs related to the defense of employment practices cases incurred prior to the date of reporting of the claim will not act to erode the ultimate net loss of the claim.
- D. Members will cooperate in an early review of cases with counsel appointed by CJPRMA, for the purpose of evaluation of the case. CJPRMA's review of the case will be conducted at the expense of CJPRMA.
- E. Members will provide defense attorneys with a copy of the CJPRMA Reporting Guidelines at the time the case is assigned. Members will insure that timely reports are sent to CJPRMA and the agency's designated director.

After an extensive discussion among the board members, Director Epstein recommended that further changes be made to the MOC and have it brought back to the June 16<sup>th</sup> board meeting for approval by the board.

## **12. General Manager's Goals & Objectives**

The general manager provided status update to the board on General Manager's Goals and Objectives for 2010-2011.

He pointed out a number of key issues that are currently in process and are being discussed in other agenda bills for this meeting. They include:

- Report from Broker regarding the insurance renewal process
- Sale and replacement of the CJPRMA office building
- Monitoring and control of significant litigation issues
- Monitoring of Livermore charter school process
- Implementation of a contractual risk transfer insurance review solution
- Evaluation of a new risk management information system.

He stated that the Executive Committee will continue their ongoing evaluation of the general manager and continue to review the progress on the goals and objectives.

### **13. Risk Management Issues**

A number of risk management issues were discussed. These items included a discussion on how various CJPRMA agencies handle contracts between each other's agencies.

The general manager also stated that CJPRMA will be hosting ARM 54 classes sometime in July or August to its members at no cost. However the member will be responsible for paying for the national exam. This will be a three day class at CJPRMA main office.

## **IX. CLOSED SESSION**

### **1. Government Code Section 54956.8**

Conference with Real Property Negotiator

**Property:** 7011 Koll Center Parkway, Pleasanton, CA 94566

**Agency Negotiator:** David Clovis, CJPRMA

**Negotiating Party:** Ian Thomas and Damon Hubbard (Colliers International)

**Under Negotiation:** Price and Terms of Payment

### **2. Government Code Section 54956.8**

Conference with Real Property Negotiator

**Property:** 73 Ray Street, Pleasanton, CA 94566

**Agency Negotiator:** David Clovis, CJPRMA

**Negotiating Party:** Dave Bruzzone and Curtis Berrien (Cornish and Carey Commercial)

**Under Negotiation:** Price and Terms of Payment

### **3. Government Code Section 54956.8**

Conference with Real Property Negotiator

**Property:** 3201 Doolan Road, Livermore, CA 94551

**Agency Negotiator:** David Clovis, CJPRMA

**Negotiating Party:** Ned Wood and Mark Triska (Colliers International)

**Under Negotiation:** Price and Terms of Payment

4. **Government Code Section 54956.9 (a)**  
Conference with Legal Counsel - Pending Litigation  
  
**Name of Case:** Avery v. City of Roseville  
**Court:** Superior Court of California, County of Placer  
**Case No.:** SCV 24149
  
5. **Government Code Section 54956.9 (a)**  
Conference with Legal Counsel - Pending Litigation  
  
**Name of Case:** Vanderheiden v. City of Alameda  
**Court:** Alameda County Superior Court  
**Case No.:** RG 06283619
  
6. **Government Code Section 54956.9 (a)**  
Conference with Legal Counsel – Pending Litigation  
  
**Name of Case:** Strauch v. City of Chico  
**Court:** Superior Court of California – County of Butte  
**Case No.:** 147066
  
7. **Government Code Section 54956.9 (a)**  
Conference with Legal Counsel – Pending Litigation  
  
**Name of Case:** LaFrenz v. City of Victorville  
**Court:** Superior Court of California – County of San Bernardino  
**Case No.:** CIVVS 804467
  
8. **Government Code Section 54956.9 (a)**  
Conference with Legal Counsel – Pending Litigation  
  
**Name of Case:** Millar v. City of Sunnyvale  
**Court:** United States District Court – Northern California  
**Case No.:** CV10 – 0827JW
  
9. **Government Code Section 54956.9 (a)**  
Conference with Legal Counsel – Pending Litigation  
  
**Name of Case:** DeFreece vs. City of Roseville  
**Court:** Superior Court of California – County of Placer  
**Case No.:** SCV-26624

10. **Government Code Section 54956.9 (a)**  
Conference with Legal Counsel – Pending Litigation

**Name of Case:** Dagdagan v. City of Vallejo

**Court:** United States District Court, Eastern District of California, Sacramento Division

**Case No.:** 2:08-CV-00922-GEB-GGH

11. **Government Code Section 54956.9 (a)**  
Conference with Legal Counsel - Pending Litigation

**Name of Case:** Eaton v. City of Rocklin

**Court:** Contra United States Court of Appeal for the Ninth Circuit

**Case No.:** 07-80144

#### **X. ACTION ON CLOSED SESSION ITEMS**

- The general manager received settlement authority for three of the cases discussed in the closed session.

#### **XI. ADJOURNMENT**

Director Handy adjourned the meeting at 12:01 p.m.

CJPRMA BOARD OF DIRECTORS MEETING

June 16, 2011

Meeting Summary

1. **Election of two new Executive Committee Members** – Ron Blanquie, City of Petaluma and Steve Schwarz from the City of Fremont were elected.
2. **Report from Investment Manager** – Marty Cassell from Chandler Asset Management was in attendance and provided the Board with an overview of their financial investments.
3. **Proposed Revisions to the Memorandum of Coverage** – CJPRMA approved changing the reporting provisions for EPLI claims and clarified the definition of damages. –This will be discussed in more detail later on in the agenda.
4. **Acquisition of a Risk Management Information System** – CJPRMA received Board approval to enter into a contract with RiskControl online which is a vendor that will provide the administration staff of CJPRMA with a single procession solution for all their risk management needs including:
  - a. Outgoing and Incoming Certificate Functionality
  - b. Premium Management
  - c. Claims Management
  - d. Policy Tracking, exposure tracking, vehicles, TIV's etc.
  - e. Report Writing
5. **Update on General Managers Goals and Objectives** – General Manager David Clovis reviewed these with the Board.
6. **Risk Management Issues** – this time is for discussion by Board members on risk management issues to share or obtain information and or advise from other Board members.

Agenda Item G.4.a

**SCORE Membership Update**

**Information Item**

**Issue:** Two members have withdrawn from SCORE and moved to GSRMA effective July 1<sup>st</sup>. Proper notice was provided and their participation in SCORE and its programs have been adjusted.

**Recommendation:** No recommendation.

**Fiscal Impact:** This change in membership generates a slight increase in administration expenses (*other than Program Administration fees*) to members as they now share the cost among 18 members in lieu of 20. These include expenses such as accounting, audit, board meetings, etc.

**Background:** SCORE received notice of intent to withdraw from membership in the JPA in December 2010 from the cities of Crescent City and Williams. We have now received notice they are both terminating their relationship with SCORE and joining GSRMA effective 7/1/11.

Williams did not properly give notice to ERMA as they were asked, and reminded. The Program Administrators addressed this issue with ERMA, and they have agreed to release Williams for participation on a go forward basis. (This is being pointed out to remind members that there are various steps necessary to change membership in self insurance pools, and that it is important to be aware of the process if withdrawal is being considered).

Through this process the representatives of Crescent City handled everything professionally, and met all commitments to SCORE.

**Attachment:** Notice from City of Crescent City  
Notice from City of Williams



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377 J STREET CRESCENT CITY, CALIFORNIA 95531-4025

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Administration/Finance: 707-464-7483 Public Works/Planning: 707-464-9506  
Utilities: 707-464-6517 FAX: 707-465-4405

December 16, 2010

Small Cities Organized Risk Effort  
Alliant Insurance Services, Inc.  
1792 Tribute Road, Suite 450  
Sacramento, CA 95815

Subject: City of Crescent City – Notice of Intent to Withdraw from SCORE Effective June 30, 2011

Dear President Carroll and SCORE Board of Directors:

The City of Crescent City pursuant to Article XXI, Withdrawal, is providing written notification of the potential withdrawal from one or more insurance programs provided by SCORE. The City of Crescent City is in the process of obtaining insurance quotes for various programs from other insurance sources.

The City of Crescent City has not made a final determination to withdraw but is reviewing its options for insurance coverage starting July 1, 2011. The City is aware that six month's written notice is required for the intent to withdraw. The City is also aware that once the Authority (SCORE) has received the Notice of Intent to Withdraw, the City may rescind its intent to withdraw with approval by the Board of Directors of the Authority.

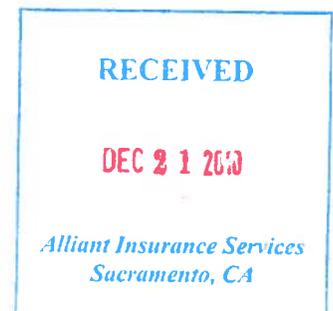
The City is currently seeking other options for insurance due to the current economic situation and is determining if there is a cost savings by securing insurance from another source. The City may determine that SCORE is the most economically viable and efficient means to provide insurance, but the City feels the need to verify that information through our current due diligence in evaluating other options.

Additionally, the City would like to know what additional steps are needed regarding the potential withdrawal and the Banking Layer owed or due to the City of Crescent City. The City is aware that its obligations to the JPA may continue after withdrawal based on ongoing litigation or claims.

If you have any questions, please feel free to contact Finance Director Ken McDonald at (707) 464-7483, extension 224.

Sincerely,

Rod B. Butler  
City Manager



# CITY of WILLIAMS

810 "E" STREET  
POST OFFICE BOX 310  
WILLIAMS, CALIFORNIA 95987

PHONE: (530) 473-5389 • FACSIMILE: (530) 473-2445

December 21, 2010

Susan Adams, Assistant Vice President  
Alliant Insurance Services  
1792 Tribute Rd. Suite 450  
Sacramento, CA 95815

RE: Cancellation of City of Williams Insurance Policies with SCORE

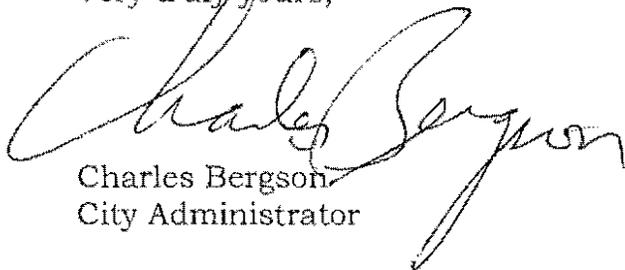
Dear Ms. Adams,

The City of Williams has enjoyed the services of the Small Cities Organized Risk Effort (SCORE) for the past several years. The City has reviewed its insurance needs and is electing to change insurance providers.

Accordingly, the City notifies SCORE that it will be terminating its membership effective June 30, 2011.

The City wishes to thank you SCORE for its years of service.

Very truly yours,



Charles Bergson  
City Administrator

cc: Roger Carroll, President SCORE

CB/MC

Agenda Item G.4.b

City of Tulelake Membership

Action Item

**Issue:** The City of Tulelake is a city located in Siskiyou County current a member of the PERMA JPA. Their current population is approximately 1,000. They have a police department staffed by three and no fire department. The City of Tulelake has applied for membership in SCORE. The SCORE By Laws, Article VII, New Members states:

*“Any California governmental agency as defined by the Government Code is eligible to be a member of this “Authority.” Such agency shall become a member once they have signed the Joint Powers “Agreement” and the Board of Directors has approved its admission to the “Authority” with a three fourth vote of the entire Board of Directors.”*

**Recommendation:** None.

**Fiscal Impact:** The estimated premium for the liability and property programs is approximately \$35,000.

**Background:** Tulelake was recommended to approach SCORE by a referral from Montague. They are currently in the PERMA JPA, which is a JPA of cities in the Palm Springs area of California. They have had issues with timely payment of their premium which has been resolved, however PERMA has requested annual financial statements that the City has not produced and therefore have asked them to leave their JPA for that reason. We asked our Risk Manager, Jack Kastorff, to conduct a physical inspection of Tulelake which provides us with more insight into this City and their operations.

The Executive Committee held a teleconference on June 15, 2011 to review this prospective new member. They requested staff to obtain current audited financials or draft financials and the current budget. They did not make a recommendation as they feel it’s important to review their financials. Staff has requested the financials and budget and asked that they be sent prior to the Board meeting on June 24<sup>th</sup>. It has been explained to Tulelake’s city attorney, that the Board most likely will not agree to allow Tulelake into SCORE without reviewing their financials statements and budget for FY 11/12 in advance of the meeting so that the Board can evaluate their financial strength.

**Attachment:**

1. Summary of Tulelake exposures
2. York Risk Assessment
3. Renewal Application with current insurer.
4. Loss Runs

## SCORE PROSPECTIVE NEW MEMBER SUMMARY

<b>PROSPECT:</b>	TULELAKE,	CA
<b>NUMBER OF EMPLOYEES:</b>	9	
<b>NUMBER OF OFFICIALS:</b>	7 elected	
<b>PAYROLL: 2011/12</b>	\$365,000	
<b>PAYROLL BY CLASSIFICATION:</b>	Police -	\$168,288
	Other -	<u>\$196,712</u>
	All	\$365,000
<b>OPERATING EXPENDITURES:</b>	\$885,018	
<b>POPULATION:</b>	\$1,000	
<b>EXPOSURES:</b>		
Parks?	Yes – 6	
Airport?	City owns airport which is leased to Modoc County who oversees the operation.	
Roads?	7	
Police Department?	Yes – 3 Sworn Officers / No reserves	
Jails?	Holding Cells only	
Firefighters?	No	
Water Department?	Yes - \$365,000 gallons distributed annually to 500 homes or commercial users.	
Wastewater/Sewage Treatment?	66,000,000 gallons annually.	
# of plants?	1	
Vehicles:	6 Police Cars	
	3 Pickups – 1 ton or less	
	2 Service Trucks	
	1 Refuse Collection	
	1 Trailer	

**LOSS HISTORY AS OF 5/16/11**

2002/2003:	\$	0
2003/2004:	\$	0
2004/2005:	\$	0
2005/2006:	\$	0
2006/2007:	\$	31,886
2007/2008:	\$	15,690
2008/2009:	\$125,000	
2009/2010:	\$	35,000

TULELAKE

# OF UNITS	YEAR	VEHICLE	VEHICLE IDENTIFICATION NO.	EST. REPL. COST PER VEHICLE
1	1993	CHEV TUCK	1GCDC14Z6PE240559	\$ 20,000
1	1982	CHEV TUCK	1GCDC14D1CS143012	\$ 10,000
1	1984	CHEV TUCK	1GCEK24L6EJ182880	\$ 10,000
1	2002	FORD POLICE CAR	2FAP71WOYX152356	\$ 31,000
1	1980	DODGE TRUCK	W31KTA5162026	\$ 15,000
1	1999	FORD POLICE CAR	2FAFP71W2XX221781	\$ 27,000
1	2000	FORD POLICE CAR	2FAFP71W0YX162666	\$ 29,000
1	2004	DODGE POLICE CAR	2B3H046V34H616067	\$ 20,000
1	2004	SECA FLUSH TRAILER	7S9112223Y381124	\$ 40,000
1	2003	HEIL GARBAGE TRUCK	2B3HD46V34H616067	\$ 86,000
1	2007	DODGE CHARGER - POLICE CAR	2B3KA43G57H770675	\$ 27,000
1	2007	DODGE CHARGER - POLICE CAR	2B3KA43G37H770674	\$ 24,000
1	2009	FORD F250 4X4	1FTNF21579EA02306	\$ 21,000
		<b>TOTAL</b>		<b>\$ 360,000</b>



Grand Totals:	2	4	6	85,000	49,519	134,519	18,690	54,366	73,057	103,690	103,886	207,576
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TRACKABILITY LOSS DETAIL REPORT  
CITY OF TULELAKE

CLAIM # STATUS CLAIMANT	LOSS DATE CLAIM DATE CLOSE DATE	LIT? EXCESS? S.I.R.	ADJUSTOR PLAINTIFF ATTY DEFENSE ATTY	CLAIM TYPE ACCIDENT TYPE INJURY/DAMAGE	DIV./DEPT. LOCATION DESCRIPTION	INDEMNITY		EXPENSE		TOTALS		
						RESERVES PAID TO DATE	TOTAL	RESERVES PAID TO DATE	TOTAL	RESERVES PAID TO DATE	TOTAL	
POLICY PERIOD: FY2007												
TU0802	10/10/2006	N	PERMA	GENRL LIABILITY	POLICE	0.00	0.00	0.00	0.00	0.00	0.00	
CLOSED	01/10/2007	N		LIBEL/SLANDER	TULELAKE	0.00	0.00	0.00	0.00	0.00	0.00	
LANSING, KARI	12/23/2007	\$0		PERSONAL INJURY	ALLEGED DEFAMATION BY	0.00	0.00	0.00	0.00	0.00	0.00	
TU0801	10/15/2006	Y		GENRL LIABILITY	POLICE	0.00	0.00	0.00	0.00	0.00	0.00	
CLOSED	01/10/2007	N	WILLIAM S. CUSH	EXCESSIVE FORCE	TULELAKE	3,000.00	28,886.43	28,886.43	31,886.43	31,886.43	31,886.43	
PIERCE, DEVIN	03/27/2009	\$0	CITY ATTORNEY	MULTIPLE	ALLEGED POLICE MISCONDUCT -	3,000.00	28,886.43	28,886.43	31,886.43	31,886.43	31,886.43	
POLICY YEAR FY2007 TOTALS FOR CITY OF TULELAKE:						0.00	0.00	0.00	0.00	0.00	0.00	
						3,000.00	28,886.43	28,886.43	31,886.43	31,886.43	31,886.43	
						3,000.00	28,886.43	28,886.43	31,886.43	31,886.43	31,886.43	

TRACKABILITY LOSS DETAIL REPORT  
CITY OF TULELAKE

CLAIM # STATUS CLAIMANT	LOSS DATE CLAIM DATE CLOSE DATE	LIT? EXCESS? S.I.R.	ADJUSTOR PLAINTIFF ATTY DEFENSE ATTY	CLAIM TYPE ACCIDENT TYPE INJURY/DAMAGE	DIV./DEPT. LOCATION DESCRIPTION	INDEMNITY		EXPENSE		TOTALS	
						RESERVES PAID TO DATE	TOTAL	RESERVES PAID TO DATE	TOTAL	RESERVES PAID TO DATE	TOTAL
POLICY PERIOD: FY2008											
TU0803	01/31/2008	N		AUTO LIABILITY	PUBLIC WORKS	0.00	0.00	0.00	0.00	0.00	0.00
CLOSED	03/03/2008	N		PROPERTY DAMAGE	TULELAKE	1,752.89	0.00	0.00	0.00	1,752.89	1,752.89
OFFICE OF EDU.,	04/03/2008	\$0		PD-AUTO	SNOW PLOW HIT PARKED CAR	1,752.89	0.00	0.00	0.00	1,752.89	1,752.89
TU0804	03/21/2008	N	PERMA	GENRL LIABILITY	PUBLIC WORKS	0.00	0.00	0.00	0.00	0.00	0.00
CLOSED	03/21/2008	N		SEWER BACKUP	TULELAKE	13,937.50	0.00	0.00	0.00	13,937.50	13,937.50
TODD, BOB	10/06/2008	\$0		PROPERTY DAMAGE	SEWER BACKUP INTO CLAIMANT	13,937.50	0.00	0.00	0.00	13,937.50	13,937.50
POLICY YEAR FY2008 TOTALS FOR CITY OF TULELAKE:						0.00	0.00	0.00	0.00	0.00	0.00
						15,690.39	0.00	0.00	0.00	15,690.39	15,690.39
						15,690.39	0.00	0.00	0.00	15,690.39	15,690.39

TRACKABILITY LOSS DETAIL REPORT  
CITY OF TULELAKE

CLAIM # STATUS CLAIMANT	LOSS DATE CLAIM DATE CLOSE DATE	LIT? EXCESS? S.I.R.	ADJUSTOR PLAINTIFF ATTY DEFENSE ATTY	CLAIM TYPE ACCIDENT TYPE INJURY/DAMAGE	DIV./DEPT. LOCATION DESCRIPTION	INDEMNITY		EXPENSE		TOTALS	
						RESERVES PAID TO DATE	TOTAL	RESERVES PAID TO DATE	TOTAL	RESERVES PAID TO DATE	TOTAL
POLICY PERIOD: FY2009											
TU1001	04/01/2009	Y		GENRL LIABILITY	POLICE	75,000.00	36,392.50	111,392.50			
OPEN	10/09/2009	Y	SHLESINGER & FERGUSON, PETER	CVL RGHTS OTHER BODILY INJURY	TULELAKE ALLEGED CIVIL RIGHTS	0.00	13,607.50	13,607.50			
WILLIAMS, CRYSTAL		\$0				75,000.00	50,000.00	125,000.00			
POLICY YEAR FY2009 TOTALS FOR CITY OF TULELAKE:						75,000.00	36,392.50	111,392.50			
						0.00	13,607.50	13,607.50			
						75,000.00	50,000.00	125,000.00			

TRACKABILITY LOSS DETAIL REPORT  
CITY OF TULELAKE

CLAIM # STATUS CLAIMANT	LOSS DATE CLAIM DATE CLOSE DATE	LIT? EXCESS? S.I.R.	ADJUSTOR PLAINTIFF ATTY DEFENSE ATTY	CLAIM TYPE ACCIDENT TYPE INJURY/DAMAGE	DIV./DEPT. LOCATION DESCRIPTION	INDEMNITY		EXPENSE		TOTALS	
						RESERVES PAID TO DATE	TOTAL	RESERVES PAID TO DATE	TOTAL	RESERVES PAID TO DATE	TOTAL
POLICY PERIOD: FY2010											
TU1101	03/11/2010	N		GENRL LIABILITY	POLICE	10,000.00	13,127.06	10,000.00	13,127.06	23,127.06	23,127.06
OPEN	12/09/2010	N	FRANCK & ASSOCIATES	CVL RIGHTS OTHER	TULELAKE	0.00	11,872.94	0.00	11,872.94	11,872.94	11,872.94
GODFREY, MICAH		\$0		BODILY INJURY	ALLEGED ASSAULT BY POLICE	10,000.00	25,000.00	10,000.00	25,000.00	35,000.00	35,000.00
POLICY YEAR FY2010 TOTALS FOR CITY OF TULELAKE:						10,000.00	13,127.06	10,000.00	13,127.06	23,127.06	23,127.06
						0.00	11,872.94	0.00	11,872.94	11,872.94	11,872.94
						10,000.00	25,000.00	10,000.00	25,000.00	35,000.00	35,000.00

OPEN CLAIMS: 2    CLOSED CLAIMS: 4    TOTAL CLAIMS: 6

**REPORT SELECTION CRITERIA:**

MEMBER: TULE

LOSS DATE RANGE:

CLOSED STATUS: EITHER

CLAIM TYPE: ALL

LITIGATION: EITHER

EXCESS: EITHER

**CITY OF TULELAKE**

Loc Number	Description	Address	City	State	Zip Code	Construction Type	Year Built	Square Footage	Number of Structures	Building	Contents	Media/Valuable Papers	Earnings	Other	TIV
1	NEW CITY HALL	591 MAIN ST	TULELAKE	CA	96134	MASONRY ISO-4	1953	7128	TWO	1,275,000	250,000				1,525,000
2	LIBRARY	443 MAIN ST	TULELAKE	CA	96134	FRAME ISO-1	1950	1530	ONE	260,000	30,000				290,000
3	WATER YARD PUMP STATION	164 "C" ST	TULELAKE	CA	96134	MASONRY ISO-4	1950	504	ONE	110,000	35,000				145,000
4	WELL HOUSE # 1	164 "C" ST	TULELAKE	CA	96134	ALL STEEL ISO-2	1950	120	ONE	25,000	35,000				60,000
5	SHOP	164 "C" ST	TULELAKE	CA	96134	NON-COMBUSTIBLE ISO-3	1960	1800	ONE	160,000	50,000				210,000
6	CHLORINE BLDG	164 "C" ST	TULELAKE	CA	96134	HCB ISO-2	1960	120	ONE	25,000	40,000				65,000
7	WATER YARD 100K GAL. WATER TANK	164 "C" ST	TULELAKE	CA	96134	NON-COMBUSTIBLE ISO-3	1953	N/A	ONE	115,000	INCL				115,000
8	LIFT STATION	164 "C" ST	TULELAKE	CA	96134	FIRE RESISTIVE	1975	113	ONE	35,000	25,000				60,000
9	WELL HOUSE # 2	SISIKYOU & HWY ST	TULELAKE	CA	96134	HCB ISO-2	2008	378	ONE	285,000	INCL				285,000
10	WATER TOWER 75K GAL	MODOC AVE	TULELAKE	CA	96134	NON-COMBUSTIBLE ISO-3	1937	N/A	ONE	270,000	INCL				270,000
11	POLICE STATION	421 4TH ST	TULELAKE	CA	96134	HCB ISO-2	1965	4304	ONE	430,000	180,000				610,000
12	DOG POUND	421 4TH ST	TULELAKE	CA	96134	HCB ISO-2	1965	630	ONE	45,000	INCL				45,000
13	SHOP	489 5TH ST	TULELAKE	CA	96134	NON-COMBUSTIBLE ISO-3	1955	4000	ONE	450,000	85,000				535,000
14	SEWAGE TREATMENT PLANT 160 GPD INC. CONTROL BLDG	1000 DEAN CALLAS WAY	TULELAKE	CA	96134	FIRE RESISTIVE ISO-6	1975	2090	ONE	400,000	INCL				400,000
15	OLD DOG POUND	1000 DEAN CALLAS WAY	TULELAKE	CA	96134	FRAME ISO 1	1975	286	ONE	20,000	INCL				20,000
16	PARK LIFT STATION	PARK ST	TULELAKE	CA	96134	FIRE RESISTIVE	1975	113	N/A	35,000	25,000				60,000
<b>TOTAL</b>										<b>3,940,000</b>	<b>755,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,695,000</b>

Agenda Item G.4.c

**City of Loyalton Admittance to Workers' Compensation Mini Cities Program**

**Action Item**

**Issue:** The City of Loyalton requests to be considered as a participant in the SCORE "Mini-Cities" Workers' Compensation program effective July 1, 2011. Up until now, Loyalton has been insured through the California State Fund (SCIF)

**Recommendation:** Approve Loyalton to the WC Mini-Cities program if their city passes the necessary resolution to become a qualified self-insurance for their Workers' Compensation program and the California Department of Industrial Relations approves their application prior to July 1, 2011.

**Fiscal Impact:** The estimated premium would be \$12,500.

**Background:** The City of Loyalton has purchased Worker's Compensation Insurance from the California State Insurance Fund (SCIF). They would like to join SCORE's mini-cities Workers' Compensation plan.

The City has 5 Full Time, and 2 part time, employees and total payroll of \$227,000. We have received and reviewed their loss history from 1999 through 2010. Attached is a summary of their history. Largest loss is in the current year, Hernia for \$50,129.

Kathy LeBlanc, will be in attendance to address the Board. The State Department of Industrial Relations has advised her they will be able to approve their application for self insured status for this coverage period. The City of Loyalton has this on their agenda for a meeting June 21<sup>st</sup> and Ms. LeBlanc will update the Board on the outcome of this city council meeting.

**Attachment:**

1. Summary of losses, premium and current payroll by classification

**CITY OF LOYALTON**

	Premium	Losses	L/R
1999/2000	\$ 4,829	\$ 132	2.73%
2000/2001	\$ 13,417	\$ -	0.00%
2001/2002	\$ 13,277	\$ 331	2.49%
2002/2003	\$ 18,170	\$ 186	1.02%
2003/2004	\$ 30,471	\$ -	0.00%
2004/2005	\$ 27,788	\$ 141	0.51%
2005/2006	\$ 25,457	\$ -	0.00%
2006/2007	\$ 23,890	\$ -	0.00%
2007/2008	\$ 21,526	\$ 774	3.60%
2008/2009	\$ 16,954	\$ -	0.00%
2009/2010	\$ 23,705	\$ 1,065	4.49%
2010/2011	\$ 22,141	\$ 50,293	227.15%

<b>TOTAL</b>	<b>\$ 241,625</b>	<b>\$ 52,922</b>	<b>21.90%</b>
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2010/2011 50,129 - Hernia

**WC Payroll by Classification**

7520	Waterworks	\$ 65,000	1
7580	Sanitation	\$ 75,000	1
7707	Vol. Firefighters		20
8810	Clerical	\$ 35,000	1
8810	Museum	\$ 2,500	1
9220	Cemetary	\$ 1,500	1 PT
9410	Muni	\$ 13,000	1 PT
9422	Roads	\$ 35,000	1
Total		\$ 227,000	

Agenda Item G.5

**SCORE BYLAWS AMENDMENT**  
**Action Item**

**Issue:** Notice of the proposed amendment(s) to the SCORE BYLAWS were submitted to all Members 30 days prior to the Board meeting date scheduled for March 25<sup>th</sup>. There are three (3) proposed changes being considered at this time. The Board will consider approval of amendments to the SCORE Bylaws as follows:

- ARTICLE III – BOARD OF DIRECTORS – Section 1 – Governing Documents B.6  
“Authorize release of funds at the request of a Member Agency that has withdrawn from the “Authority””.

*This change repeats language contained below in the new article include; WITHDRAWAL but is included here where other levels of voting authority of the Board are addressed. It states that a member that has withdrawn may request from the Board release of their funds with a 2/3 vote of the Board. This allows the ability of a withdrawn member to request their funds from a program year is not closed.*

- ARTICLE V – COMMITTEES
  1. Create a Finance Committee chaired by the Treasurer
  2. Add Section 3 – Other Standing Committees and outline their establishment and responsibilities.
  3. Add Section 4 – Ad Hoc Committees and outline their establishment and responsibilities.

- ARTICLE III – WITHDRAWAL

Member Agencies that withdraw from SCORE’s Liability and or Worker’s Compensation plans, agree that any available funds allocated to them in the Shared Risk Layer, will remain with SCORE until such time as the “Program Year(s)” that they participated in are closed. This includes funds allocated to them via the “Retrospective Adjustment” or any other manner of distribution other than the declaration of a dividend by the Board or in accordance with distribution described in the Joint Powers Agreement upon the dissolution of SCORE. Funds available from the Banking Layer to these Members are available for distribution as declared by the Board.

If a “Program Year” is not closed and the “Participating Member” would be eligible for a distribution, a Member that has withdrawn from the “Authority” may annually, in writing, request an early release of their funds for consideration by the Board of Directors. This action will require a 2/3 approval of the Board of Directors as specified in the JPA Bylaws, Article III, Section 1, paragraph B.6.

*This new section that details the financial responsibilities of a Member that Withdraws from SCORE. The current By-Laws only state that a past Member of the Authority is responsible for losses and cost, but not when and how they pay monies due.*

**Recommendation:** The Program Administrators recommend reviewing this changing and approving wording in the Bylaws amendments that best meet the objectives of the Board.

**Fiscal Impact:** None, if Members that withdraw from SCORE are required to leave their funds with SCORE until Shared Risk Layer years that they participated in are closed. This is to protect the organization as a whole from past Members withdrawing funds that may ultimately be needed for their share of claims payments, and leading to financial constraints within the Shared Risk Layer. Members have recourse to request funds earlier by a 2/3 vote of the Board.

**Background:** At the January 28, 2011 SCORE Board meeting, the Board approved a new Three / Five-Year Target Equity Distribution plan to be implemented effective July 1, 2011.

The development of these changes in SCORE's Programs Equity brought to light a number of potential issues to be discussed by the Board in the coming month(s). Originally, the Board started this process due to Ione leaving the Authority, and the two other Members stating that they too, needed to evaluate all other cost effective options for their cities. One key issue involves the timing for collection of funds FROM a Terminated Member; under Article VI Members' Responsibilities, the By-Laws only state that a past Member of the Authority is responsible for losses and cost, but not WHEN and HOW they pay monies due.

Now, two other Members have given notice, and may leave, but are still eligible for the return of Plan Equity. This was how SCORE was established, and likely changes can only be made on a go forward basis. We don't want to return money to a Member only to have it owed back to the Authority a year later due to claims development and NOT be able to collect it. Each Member is responsible to pay their liabilities, as outlined in the SCORE JPA AGREEMENT, ARTICLE XXII, EFFECT OF EXPULSION OR WITHDRAWAL.

At the January 28, 2011 Board meeting, an Ad Hoc committee was established to vet these issues. A conference call was held and the recommendation was to amend the Bylaws to state that:

**“Member Agencies that withdraw from SCORE's Liability and or Worker's Compensation plans, 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”.**

**Attachment:** “Draft” SCORE Bylaw Amendment, proposed to be effective March 25, 2011.

# SMALL CITIES ORGANIZED RISK EFFORT

(SCORE)

BYLAWS

AMENDED

JULY 1, 2000

JANUARY 26, 2007

~~AUGUST 24, 2007~~ MARCH 25 ~~JUNE 24, 2011, 2011~~

## **BYLAWS**

For the regulation of the Small Cities Organized Risk Effort, except as otherwise provided by statute or the “Agreement” creating the Small Cities Organized Risk Effort, a Joint Powers “Authority.”

### **ARTICLE I** **DEFINITIONS**

The terms in these Bylaws shall be as defined herein and in the “Agreement” creating the Small Cities Organized Risk Effort Joint Powers Insurance Authority, unless otherwise specified herein.

- A. “Agreement” shall mean the Joint Powers “Agreement” creating the Small Cities Organized Risk Effort Joint Powers “Authority.”
- B. The “Authority” shall mean the Small Cities Organized Risk Effort (SCORE).
- C. “Cash Assessments” are changes levied upon the members by the Board of Directors that are intended to raise the funding of the “Authority” to a level above the minimum solvency level when the normal budgeting and member contributions are insufficient to maintain such a level of funding. “Cash Assessments” are not changes against the members because of retrospective adjustment calculations of a pooled coverage “Program.”
- D. “Mandatory Programs” are programs for which participation by all members is required.
- E. “Master Plan Document” shall mean a governing document that defines the procedures of a coverage “Program.”
- F. “Memorandum of Coverage” shall be the governing document issued by the “Authority” to Member Agencies specifying the type and amount of pooled coverage provided to each Member Agency by the “Authority.”
- G. “Program” shall mean a formal plan or procedure adopted by the Board of Directors to provide coverage against the possibility of loss or reduce the chance of loss.
- H. “Voluntary Program” shall mean a “Program” for which participation is merely voluntary by the members.

### **ARTICLE II** **OFFICES**

The principal office for the transaction of business of the “Authority” and receipt of all notices is hereby fixed and located as described in Appendix A attached hereto and incorporated herein by reference. The Board shall have the authority, with a majority vote of those present and voting at a regular or special meeting of the Board, to change the location of the principal executive office from time to time.

### **ARTICLE III** **BOARD OF DIRECTORS**

#### **Section 1 – Governing Board**

In accordance with Article X of the “Agreement,” the Board of Directors shall be the governing body of the “Authority.” Each member’s governing board shall appoint, by resolution, a director and an alternate to the Board of Directors of the “Authority.” Such appointment shall not take

effect until such resolution is received by the “Authority” at its executive office as defined in Article II above. Voting members shall be the Directors, or in the case of their absence, their Alternates.

The Board of Directors shall provide policy direction to the Committees, the Officers, and any employees or contracted service providers of the “Authority.” The Board shall have the authority to delegate any and all authority except those specifically reserved onto the Board or specifically requiring a vote by the Board of Directors. Some of those authorities reserved onto the Board are:

- A. By a three fourths vote of the entire Board of Directors:
  - 1) Accept a new member to the “Authority”
- B. By a two thirds vote of the entire Board of Directors:
  - 1) Amend these Bylaws pursuant to Article XVII of these Bylaws;
  - 2) Create or terminate any risk management, self-insurance, or group purchase insurance “Program;”
  - 3) Expel an existing member from the “Authority;” or
  - 4) Remove an Officer of the “Authority” or Committee Member; and
  - 5) Authorize a “Cash Assessment.”
  - ~~5)6)~~ Authorize release of funds at the request of a Member Agency that has withdrawn from the “Authority[msl]”.
- C. By a simple majority of Directors voting at a regular or special meeting:
  - 1) Adopt an operating budget for each of the “Authority’s” fiscal years; or
  - 2) Authorize payment of a dividend, or charge a surcharge, under a retrospective adjustment;
  - 3) Change the location of the Principal Executive Office.

## Section 2 – Meetings

All regular and special meetings of the Board of Directors shall be conducted in accordance with the Ralph M. Brown Act (Government Code Section 54950) as it now exists or may be amended from time to time. The Secretary shall give notice or cause notice to be given of all meetings and prepare minutes or cause minutes to be prepared and distributed to the Board of Directors. An official set of minutes of all Board meetings shall be kept at the principal executive offices of the “Authority” as defined in Article II.

All matters duly noticed and within the purview of the Board of Directors may be decided by a simple majority of those voting at a regular or special meeting, unless the governing documents prescribe otherwise.

The Board shall have at least four regular meetings a year. The time and place of such meetings for the next calendar year shall be established by resolution of the Board adopted at the last regular Board meeting of the then current calendar year.

A special meeting of the Board of Directors may be called by the President, or in the case that the President cannot be contacted, by the Vice-President, with 24 hours notice stating the time and place of such meeting and the matter to be discussed. Such notice may be delivered personally, by way of electronic transmission (other than voice communication) or mail. Notice by mail must be received at least 24 hours prior to the meeting.

All meetings may be postponed or cancelled by the President with at least 24 hours prior notice.

## ARTICLE IV

### OFFICERS OF THE AUTHORITY

#### **Section 1 - Election**

The Board of Directors will elect the officers and committee members from among the Board's Directors and Alternates. Any Board member may nominate themselves or another Board member for any office or as a member-at-large on the Executive Committee. These nominations may be made by either prior written nomination delivered to the executive offices of the "Authority" or from the floor. The President shall announce each nominee for each office or member-at-large. Each Board member present shall cast one vote for the candidate of his/her own choice for each office or member-at-large. If more than one candidate was nominated, a roll call vote shall be taken. A plurality shall succeed to the office or as a member-at-large.

#### **Section 2- Term**

The terms of the President, Vice-President, Secretary, Treasurer and a member-at-large of the Executive Committee will be for two (2) years. The term of these offices and member-at-large will begin with the commencement of the Fiscal Year in each of the even numbered calendar years. The officers and member-at-large shall serve their term until the first one of the following events occurs:

- 1) The term expires
- 2) Until termination of employment with a member entity; or
- 3) Until removal from office or as the member-at-large by a vote of two-thirds of the entire Board of Directors.

Should a vacancy occur in any of the office or the position of member-at-large prior to the expiration of the term, the Board of Directors, at their next regular or special meeting shall elect an officer or a member-at-large to fill the vacancy until the remainder of the term expires.

#### **Section 3- Duties**

**President** – The President shall preside over all meetings of the Board of Directors. The President shall execute documents on behalf of the "Authority" as authorized by the Board and serve as the primary liaison between this "Authority" and any other organization. Jointly with the Vice-President, Secretary, or Treasurer, the President shall have authority to approve payments of warrants. The President shall have such other powers and duties as the Board of Directors may prescribe from time to time.

**Vice-President** – The Vice-President, in the absence of the President, shall have all the authority and duties of the President. The Vice-President shall, jointly with the President, Secretary, or the Treasurer, have authority to approve the payments of warrants. The Vice-President shall have such other powers and duties as the Board of Directors may prescribe from time to time.

**Secretary** – The duties of the Secretary shall be to cause minutes to be kept and distributed as specified in the "Agreement," to maintain or cause to be maintained documents pursuant to a record retention policy adopted by the Board of Directors, and to perform such other duties as the Board

may specify. Jointly with the President, Vice-President, or Treasurer, the Secretary shall have authority to approve payments of warrants.

**Treasurer** – The duties of the Treasurer shall be those specified in Sections 6505.5 or 6505.6 of the California Government Code, to maintain or cause to be maintained all accounting and other financial records of the “Authority,” to file all financial reports required of the “Authority” and other duties as specified by the Board. Jointly with the President, Vice-President, or Secretary, the Treasurer shall have the authority to approve payments of warrants.

#### **Section 4 – Other Officers**

The Board of Directors may create, by resolution, any other office of the “Authority,” and delegate such authority, that it deems appropriate, which is not inconsistent with the “Agreement” and other provisions of these Bylaws. The Board may establish a term for such office. If a term of office is not established, the term will continue until such time as the Board, by a majority vote, determines the office is no longer needed or another person is appointed to the office.

### **ARTICLE V** **COMMITTEES**

#### **Section 1 – Executive Committee**

The Executive Committee shall consist of five members, the President, Vice President, Secretary, Treasurer and one member-at-large. The Executive Committee shall have the responsibility and authority to conduct the business of the “Authority” which is necessary and, in the opinion of the President, there is no reason to call a special meeting, or wait until the next regular Board of Directors meeting. The Committee shall have all other authority as specifically granted it by the Board, including, but not limited to the following:

- A. Provide general supervision and direction to the Program Administrator.
- B. Act as Program Administrator in the absence of the Program Administrator.
- C. Review and recommend a budget to the Board no later than fifteen (15) days prior to the June meeting of the Board.
- D. Enter into contracts, within budget limits.
- E. Appoint a nominating committee for each election of officers and members of the Executive Board.

Subject only to such limitations as are expressly stated in the “Agreement,” these Bylaws or a resolution of the Board of Directors, the Executive Committee shall have and be entitled to exercise all powers which may be reasonably implied from powers expressly granted and which are reasonably necessary to conduct, direct and supervise the business of the “Authority.”

Any action taken by the Executive Committee may be appealed to the Board by filing a written request with the Program Administrator within sixty (60) days, based on notice to all Board members of the Executive Committee actions. Upon receipt of such request, the Program Administrator shall place the request for appeal on the agenda of the next regularly scheduled Board meeting. The decision of the Board shall be final.

The President shall be the Chair of the Executive Committee. The President shall call the time and place of the meetings and the matter to be discussed prior to a properly noticed meeting.

## **Section 2—Other Committees**

~~The Board of Directors may establish a standing or ad hoc committee and delegate authority to such committee to accomplish certain tasks. Members of the committee shall remain members of the committee until such time as the Board appoints new members to the committee, the committee is dissolved by the Board, or the purpose has been completed and there are no more responsibilities assigned to the committee.~~

~~The Board shall appoint a chair of each committee, other than the Executive Committee, who shall call the meetings.~~

~~All committee meetings shall be held as open meetings in accordance with the Ralph M. Brown Act. Notice of committee meetings shall be delivered to all Board members, as well as the members of the committee that are having their meeting. Minutes shall be kept of all committee meetings and distributed to all committee and Board members.~~

## **Section 2 – Finance Committee**

The Finance Committee shall consist of five members including the Treasurer. The Treasurer will act as Chair of the committee. It is desired that one member of the committee shall be a finance or assistant finance officer of a Member Agency. The Committee shall have all other authority as specifically granted it by the Board, including, but not limited to the following:

- A. In accordance with the Investment Policy, discuss strategies with the Investment Advisors and direct overall investment strategy.
- B. On an annual basis the Finance Committee shall review cash management requirements and give direction to the accountant to make adjustments.
- C. Review the independent auditors' proposed audit scope and approach.
- D. Review the performance of the independent auditor(s).
- E. Recommend the appointment to the Board or Executive Committee of the independent auditor(s) and review audit fees.
- F. At the direction of the Board or the Executive Committee, review with counsel any legal matters that could have significant impact on the financial statements.
- G. Review and make recommendations to the Board or the Executive Committee to maintain or change the Investment Policy in accordance with California Government Code.
- H. Advise the Board and the Executive Committee on other financial matters.

All committee meetings shall be held as open meetings in accordance with the Ralph M. Brown Act. Minutes shall be kept of all committee meetings and distributed to all committee and Board members.

### **Section 3 – Other Standing Committees**

The Board of Directors may establish other standing committees and delegate authority to such committees to accomplish certain tasks. Members of the committees shall remain members of the committees until such time as the Board appoints new members to the committees or the committees are dissolved by the Board.

The Board shall appoint a chair of each committee, other than the Executive Committee and Finance Committee, who shall call the meetings.

All committee meetings shall be held as open meetings in accordance with the Ralph M. Brown Act. Minutes shall be kept of all committee meetings and distributed to all committee and Board members.

### **Section 4 – Ad Hoc Committees**

The Board of Directors may establish from time to time, ad hoc committees and delegate limited authority to such committee to accomplish certain tasks. Members of the committee shall remain members of the committee until such time as the Board appoints new members to the committee, or the committee is dissolved by the Board. The Board shall appoint a chair of each committee.

## **ARTICLE VI** **MEMBERS' RESPONSIBILITIES**

Any party to the Joint Powers “Agreement” is a member. Any governmental agency as defined by the Government Code is eligible to become a member.

The Joint Powers “Authority” is a participatory organization with the goal of reducing exposures to losses. To facilitate this goal, each Member agrees to perform the following functions in discharging its responsibilities:

1. Abide by all the rules and obligations imposed upon the member by the “Agreement,” these Bylaws, any Administrative Policies and Procedures adopted, any “Master Plan Documents” and Memoranda of Coverage for any and all “Programs” to which the member participates;
2. Appoint a representative and alternate to the Board;
3. Participate in all “Mandatory Programs”
4. Remit fund contributions and other amounts due within 15 days of the date of invoice or, in the case of the deposit premiums adopted in the budget, within 15 days of the commencement of the fiscal year for which the budget applies;
5. Cooperate fully with the “Authority” in reporting on and in determining the cause of claims and in the settlement of such claims;
6. Adopt by resolution and implement the claims procedures established by the “Authority;” and
7. Upon withdrawal from the “Authority,” the member shall remain responsible for any losses and any other costs which it has incurred while a Member of the “Authority.”

In addition to the above, each member agrees to cooperate fully with parties or persons employed by the “Authority” to provide safety/loss control service, and each of the entities agree to permit such parties or persons access to inspect property and conditions. Each participating Member will endeavor to maintain minimum loss experience through the institution of loss control programs. In the even a participating member fails to comply with safety/loss control recommendations, after having been afforded reasonable opportunity to do so, a two-thirds majority vote of the Member entities may vote to exclude such Member from the “Authority” as of the close of the fiscal year.

Each Member entity agrees to share the cost of safety/loss control services which shall be allocated to each Member as agreed by the Board.

## ARTICLE VII NEW MEMBERS

Any California governmental agency as defined by the Government Code is eligible to be a member of this “Authority.” Such agency shall become a member once they have signed the Joint Powers “Agreement” and the Board of Directors has approved its admission to the “Authority” with a three fourth vote of the entire Board of Directors.

## ARTICLE VIII WITHDRAWAL

Member Agencies that withdraw from SCORE’s Liability and or Worker’s Compensation plans, agree that any available funds’ allocated to them in the Shared Risk Layer, will remain with SCORE until such time as the “Program Year” is closed. This includes funds allocated to them via the “Retrospective Adjustment” or any other manner of distribution other than the declaration of a dividend by the Board or in accordance with distribution described in the Joint Powers Agreement upon the dissolution of SCORE. Funds available from the Banking Layer to these Members are available for distribution.

If a “Program Year” is not yet closed and the “Participating Member” would otherwise be eligible for a distribution, ~~they~~ a Member that has withdrawn from the “Authority” may annually, in writing, send a written request for an early release of their funds ~~to~~for consideration by the Board of Directors. This action will require a 2/3 approval of the Board of Directors as specified in the JPA Bylaws, Article III, Section 1, paragraph B.6.

## ARTICLE VIII PROGRAMS

### Section 1- Formation of Programs

The Board of Directors may establish with a two thirds vote, a risk management, self-insurance, or group purchase insurance “Program.” Such “Program” shall be designated as a Mandatory or a “Voluntary Program.” If it is Mandatory, all existing members must participate in the “Program.” The Board of Directors shall establish the rules by which a member shall commit to a new “Program.”

## **Section 2 – Administration of Programs**

For each self-insured risk pooling “Program” or any “Mandatory Program,” the Board of Directors shall adopt a “Master Plan Document” that will describe the “Program’s” purpose, procedures, and administration. Once adopted, the “Master Plan Document” may be amended as described in that document. In addition to the “Master Plan Document,” the “Authority” shall adopt a “Memorandum of Coverage” defining the scope of coverage and the rights and obligations of the participating members.

The Board of Directors may delegate authority for the establishment of policies and operations of a “Program” to a committee consisting of the Board Representative from each of the participating members or, in the case of an absence by a Board Representative, the Alternate for the participating member. Such delegation may be part of the “Master Plan Document” for the “Program,” or where such document does not exist, by resolution of the Board.

Notwithstanding anything to the contrary, the budget, “Cash Assessments,” and retrospective adjustments or dividends for each “Program” shall be approved by the Board of Directors.

## **Section 3 – Liability Program**

The “Authority” shall offer to, and make participation mandatory of, each Member. The purpose and scope of the “Program” shall be defined in a “Master Plan Document” and the coverage provided defined in a “Memorandum of Coverage.”

# **ARTICLE IX** **ADMINISTRATION**

The general administration of the “Authority” shall be performed by those designated by the Board of Directors. The administration may be performed by an employee of the “Authority,” an employee of a member of the “Authority,” a consultant, or a corporation or other legal entity.

The Treasurer shall be responsible for maintaining the books in accordance with the General Accepted Accounting Principles (GAAP) and the standards established by the Government Accounting Standards Board (GASB).

The Treasurer shall also be responsible for causing the State Controllers Annual Report of Financial Transactions to be filed along with the audited financial reports. The Treasurer shall be responsible for causing the quarterly financial statements to be prepared and distributed to the members.

The Board of Directors shall adopt a Conflict of Interest Code, an Investment Policy and a Records Retention Policy. The Board shall review the Conflict of Interest Code every even year. The Board shall review the Investment Policy every year.

## **ARTICLE X** **BUDGET**

An annual budget shall be presented to the Board of Directors no later than thirty (30) days prior to the beginning of each fiscal year and shall be adopted no later than June 30 of each year.

The budget shall separately show the following:

- A. General and administrative costs;
- B. The actuarially projected claims and allocated claims adjustment costs, and
- C. The cash contributions allocated among the members.

## **ARTICLE XI** **ASSESSMENTS**

Upon a two thirds vote of the entire Board, the Board shall have the authority to levy a “Cash Assessment” for any pooled coverage “Program.” There must be a finding by the Board that there are insufficient funds available to the “Program” or the “Authority” as a whole to meet its legal obligations. Insufficient funds shall be calculated by applying against the assets of the “Program,” any and all liabilities, including claims reserves, reserves for expected losses not yet recognized in the claim reserves, plus a contingency for adverse claims development.

A “Cash Assessment” shall be directed only to those members or former members that participated in the pooled coverage “Program” during the “Program” year in which the covered loss, causing the assessment, was incurred.

Any costs, including attorney fees incurred by the “Authority” in collecting any “Cash Assessment,” shall be reimbursed fully by the member against whom such collection action has been taken.

## **ARTICLE XII** **RECEIPT AND DISBURSEMENT OF FUNDS**

Revenues of the “Authority” shall be received at its principal executive office. The Treasurer or other designee of the Board shall safeguard and invest funds in accordance with the “Authority’s” current Investment Policy.

Jointly with the President, Vice-President, or Secretary, the Treasurer shall have authority to approve payment of warrants. All disbursements, except disbursement from the Claims Trust Accounts, must have approval of signature of two individuals holding the above referenced offices.

Jointly with the President, Vice-President, or Secretary, the Treasurer shall be authorized to make all expenditures for good or services to the extent such funds have been included in the general and administrative costs budgeted and approved by adoption of such budget, or as subsequently approved by the Board.

A register of all checks issued since the last Board meeting shall be provided as part of the Treasurer's report at the subsequent Board meeting and reviewed by the Board.

### **ARTICLE XIII** **FINANCIAL AUDITS**

Prior to June 30 of each fiscal year, the Board of Directors shall appoint a Certified Public Accountant familiar with accounting standards practices of governmental agencies, including GAAP and GASB accounting standards, to audit the financial accounts of the "Authority." The minimum requirements of the audit shall be those prescribed by law.

The audit report shall be made available to the members and filed with the State of California within six months of the end of the fiscal year being examined. It shall also be filed with the County in which the executive office is located.

The costs of the audit shall be charged against the administrative funds of the "Authority."

### **ARTICLE XIV** **EXECUTION OF CONTRACTS**

The Board of Directors may authorize any officer, employee or agent to enter into any contract or execute any instrument in the name and on behalf of the "Authority," and such authorization may be general or specific to a certain contract or instrument.

### **ARTICLE XV** **NOTICES**

Notices to the "Authority," other than notices of claims under a pooled coverage "Program," shall be in writing and delivered to the address of the executive office is stated in Article II above. Notices of claims under a Pooled Coverage "Program" shall be made in accordance with the "Master Plan Document" and/or "Memorandum of Coverage" document for the "Program" under which the claim is being noticed.

Notice from the "Authority" to the members shall be in writing and delivered to the appointed Representative or mailed to the address of record.

### **ARTICLE XVI** **EFFECTIVE DATE**

The effective date of these amended Bylaws shall be ~~August 24, 2007~~ when adopted by the Board unless specifically identified as another date. The adoption of these amended Bylaws shall supersede any prior Bylaws or amended Bylaws. These Bylaws shall supersede any resolution or any other

document, other than the “Agreement” form this “Authority,” to the extent that such resolution or document is inconsistent with the Bylaws or the “Agreement.”

## **ARTICLE XVII** **AMENDMENTS**

These Bylaws may be amended by a two thirds vote of the entire Board provided that any amendment is compatible with the purposes of SCORE, is not in conflict with the “Agreement” forming this “Authority,” and has been submitted to the Board at least thirty (30) days in advance.

Any such amendment shall be effective immediately, unless otherwise designated.

## **APPENDIX A**

### **PRINCIPAL EXECUTIVE OFFICE**

The principal address of the Small Cities Organized Risk Effort Joint Powers Authority for the transaction of business and receipt of all notices shall be:

1792 Tribute Road, Ste. 450  
Sacramento, CA 95815-4320

Agenda Item G.6

**SCORE's Liability Master Plan Document Amendments  
Action Item**

**ISSUE:** Board should review amendments to the Liability Master Plan Document for approval.

**RECOMMENDATION:** Staff recommends approval of MPD amendments.

**FISCAL IMPACT:** Potentially strengthens the JPA as members leaving the program must leave their funds with the JPA until Program Years are closed.

**BACKGROUND:** SCORE had one member leave the JPA in 2010 and has received notice of intent to withdraw from two other members. As a result, discussion developed at the January Board meeting and an ad hoc committee was created to vet issues that result from members leaving the JPA.

The ad hoc committee recommended the Bylaws be changed as follows:

**“Member Agencies that withdraw from SCORE’s Liability and or Worker’s Compensation plans, 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”.**

The proposed Master Plan documents have been amended to include the recommendations of the Ad Hoc committee.

**ATTACHMENTS:** Redline/strike-out of the Liability Master Plan Documents

**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 ~~MARCH~~ JUNE 25, 2011**

**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 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 8570th 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 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.~~

~~D.~~

~~E.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 ~~coverpay 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[SA1] 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 8570 percent confidence level,
  - 2) a deposit for the "Shared Risk Layer" using an actuarially determined expected loss rate at an 8570 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 8570 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.

3)

## 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.

### 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 8570 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 Share 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 8570 percent confidence level, plus any amounts reserved for shock losses 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 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. 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 8570 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 8570 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)~~

~~3)~~

~~4)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:

- 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. RISK ANALYST

The Risk Analyst shall:

- 1) Visit each "Participant" at least once a year,
  - 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. 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

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

## ARTICLE V - PARTICIPATION

### 1. ELIGIBILITY AND APPLICATION

#### A. ELIGIBILITY

- 1) To participate in the Liability Program, the "Entity" must be a member of SCORE. Participation in the Liability Program is **mandatory**.
- 2) The "Entity" must initially commit to at least three (3) full "Program Years" of participation in the Liability Program.
- 3) The "Entity" must apply for participation by providing a completed and signed resolution obligating the "Entity" to participate for the required three (3) years and accepting the rules and regulations set forth in this document. The "Entity" requesting to participate in the Liability Program shall submit five (5) years of Liability loss experience, complete an Exposure Analysis Questionnaire, and provide copies of the last four (4) quarterly DE-6 reports.
- 4) The "Entity" should provide the resolution form, the experience information, and the DE-6 reports at least sixty (60) days prior to the inception of the "Program Year" in which they will commence participation, or the date the "Entity" desires coverage to begin.

#### B. APPROVAL OF APPLICATION

- 1) The Coverage Committee shall, from a review of the Resolution and other underwriting criteria, determine the acceptability of the exposures presented by the requesting "Entity".
- 2) The Administrator shall advise, in writing, the requesting "Entity" of the decision of the Coverage Committee to accept or reject the request within ten (10) working days after the decision.

### 2. PARTICIPANTS' DUTIES

#### A. PROVIDE UNDERWRITING CRITERIA

- 1) Each participant shall provide copies of the DE-6 report quarterly within fifteen (15) days after filing with the State.
- 2) Each participant shall, upon request, complete an exposure questionnaire.
- 3) Each participant shall cooperate with SCORE in the claim management, loss control, underwriting, and actuarial activities of SCORE.

#### B. PAYMENT OF PREMIUMS AND OTHER CHARGES

- 1) Each year, on or around July 1st, SCORE shall invoice "Participating Members" for a Liability "Deposit Premium" for the next "Program Year". The annual invoice shall be due and payable on July 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

- 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 Adjuster 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.

**Agenda Item G.7**

**Workers' Compensation Master Plan Document Amendments**

**Action Item**

**ISSUE:** Board should review amendments to the Workers' Compensation Master Plan Document for approval.

**RECOMMENDATION:** Staff recommends approval of MPD amendment.

**FISCAL IMPACT:** Potentially strengthens the JPA as members leaving the program must leave their funds with the JPA until Program Years are closed.

**BACKGROUND:** SCORE had one member leave the JPA in 2010 and has received notice of intent to withdraw from two other members. As a result, discussion developed at the January Board meeting and an ad hoc committee was created to vet issues that result from members leaving the JPA.

The ad hoc committee recommended the Bylaws be changed as follows:

**“Member Agencies that withdraw from SCORE’s Liability and or Worker’s Compensation plans, 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”.**

The proposed Master Plan documents have been amended to include the recommendations of the Ad Hoc committee.

**ATTACHMENTS:** Redline/ strike-out of the Worker’s Compensation Master Plan Documents

**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 MARCH JUNE 2524, 2011**

**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 85<sup>th</sup> 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 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 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 coverpay 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 8570 percent confidence level,
  - 2) a deposit for the "Shared Risk Layer" using an actuarially determined expected loss rate at an 8570 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 8570 percent only by a two-thirds vote of the Directors.

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

- C. The deposit for the "Shared Risk Layer" shall be determined by multiplying the "Participating Member's" projected payroll for the "Program Year" by experience modification factor times the rate determined by the actuary.
- 1) The Experience Modification Factor for the member shall be determined by:
- i. Dividing the member's losses for the four (4) years immediately preceding the one for which the deposit is being calculated not to exceed \$50,000 any one occurrence by the payroll for the same period. This calculates the member's Loss Rate.
  - ii. Then dividing the member's loss rate by the loss rate for SCORE as a whole during the same period using the total losses and payroll for all the members, calculating a Relative Loss Rate for the member.
  - iii. This Relative Loss Rate will be multiplied by a Credibility Factor to which one minus the Relative Loss Rate will be added. This sum will be the Experience Modification Factor.
  - iv. A Credibility Factor will be calculated by dividing the member's payroll by the members' payroll plus a constant, i.e. member's payroll (member's payroll + constant). The constant will be one times the largest member's payroll.
- D. The cost of excess coverage shall be charged to each "Participating Member" in the same proportion as the projected payroll is to the total payroll.
- E. The "Administrative Expenses" charged to each "Participating Member" is calculated by:
- 1) multiplying 50 percent of the "Administrative Expenses" by a factor derived by dividing the "Participating Member's" projected payroll for the Program Year by the total projected payroll of all "Participating Members"; plus
  - 2) A share of the remaining "Administrative Expenses" that is equal among all the members.
- F. Notwithstanding the super-majority vote under 2.A of this Article, the Board of Directors may impose a minimum and/or a maximum deposit. Should that be the case, the portion of the deposit premium that is for the banking layer shall be adjusted accordingly.

### **3. 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.

3)

#### 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 8570 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 8570 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 85 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 8570 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 8570 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 ANALYST

The Safety Analyst shall:

- 1) Visit each "Participant" at least once a year,
  - 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. 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-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 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-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 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.

~~4)~~

~~5)~~

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 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.

Agenda Item G.8.a

**Alliant Program Administration Agreement**

**Action Item**

**Issue:** Annual review and approval of the Program Administration contract for 2011-2012. The annual fees collected for this year have been reduced to reflect the withdrawal of two members from the Liability and Worker's Compensation program.

**Recommendation:** None.

**Fiscal Impact:** <\$15,944> decrease from expiring year's cost.

**Background:** Effective July 1, 2008, SCORE entered into a 5-year contract with Alliant for Program Administration. The contract included a 5% fee increase annually; however, due to current economic conditions facing SCORE members Alliant has offered to reduce their fees to the 2008 rates in 2010.

Fees are calculated based on a fee per member per program. The total Pooled Liability Program fee is \$8,008 per member or \$144,144 for 18 members. Total Pooled Workers' Compensation Program fee is \$5,232 for 7 members and \$1,575 for 9 Mini-Cities members for a total of \$50,799.

The SCORE 2011-2012 Preliminary budget has been revised to reflect the decrease in administration fees.

**Attachments:** Attachment A, Compensation for Services 2011-2012  
Alliant Brokerage, Risk Management and Program Administration Contract (2009-2012)

## **ATTACHMENT A - COMPENSATION FOR SERVICES**

### **COMPENSATION FOR SERVICES UNDER SECTION A**

Effective **July 1, 2011 to June 30, 2012**, as annual compensation to the Program Administrator for the services rendered hereunder, the Program Administrator may collect the compensation set forth below.

#### **POOLED LIABILITY PROGRAM**

The Program Administrator shall be paid a fee of **\$8,008** per member of the Liability Program. With the 18 current members, the total annual fee will be **\$144,144**. The Program Administration will be adjusted at the per-member rate for any change in membership.

#### **WORKERS' COMPENSATION PROGRAM**

The Program Administrator shall be paid a fee of **\$5,232** per member, except those participating in the Mini-Cities Pool. The Program Administrator shall be paid **\$1,500** per member. At the current participation of 7 members and 9 in the Mini-Cities Pool, the total annual fee will be **\$50,799**.

### **COMPENSATION FOR SERVICES UNDER SECTION**

#### **PROPERTY PROGRAM**

The Program Administrator shall be paid commissions and/or fees for brokerage services provided under, and as defined in Section D.2., collected from the insurer for an amount to be disclosed, but in no event in excess of 15% of the premiums.

#### **MOBILE EQUIPMENT PROGRAM**

The Program Administrator shall be paid commissions and/or fees for brokerage services provided under, and as defined in Section D.2., collected from the insurer for an amount to be disclosed, but in no event in excess of 12.5% of the premiums.

#### **SCORE FIDELITY POLICY**

The Program Administrator shall be paid commissions and/or fees for brokerage services provided under, and as defined in Section D.2., collected from the insurer for an amount to be disclosed, but in no event in excess of 25%.

#### **SCORE POLLUTION POLICY**

The Program Administrator shall be paid commissions and/or fees for brokerage services provided under, and as defined in Section D.2, collected from the insurer for an amount to be disclosed but in no event in excess of 20%

**BROKERAGE, RISK MANAGEMENT AND  
PROGRAM ADMINISTRATION CONTRACT**

This Agreement, made and entered into effective July 1, 2008, between Small Cities Organized Risk Effort, hereinafter referred to as SCORE, and ALLIANT INSURANCE SERVICES, INC. Hereinafter referred to as "Program Administrator."

WITNESSETH

WHEREAS, this Agreement supersedes all previous agreements between SCORE and the Program Administrator, and

WHEREAS, SCORE requires insurance brokerage, risk management and program administration services, and

WHEREAS, the Program Administrator specializes in public entity risk management and program administration services, and

WHEREAS, SCORE desires to engage the Program Administrator to administer SCORE's programs.

NOW THEREFORE, the parties hereto, for and in consideration of the promises and covenants hereinafter contained to be kept and performed do agree as follows:

- A. **PROGRAM ADMINISTRATION SERVICES:** Program Administrator agrees to provide the following services to the satisfaction of the Board of Directors of SCORE:
1. Act as "key contact" for all SCORE members. Act upon request as a liaison for communications among or between all parties involved in the Programs including SCORE, its participating Members, insurance carriers and others;
  2. Provide to the members ongoing review of coverages provided by SCORE programs, ~~California Joint Powers Risk Management Authority (CJPRMA), Local Agency Workers Compensation Excess Joint Powers Authorities (LAWCX)~~ and insurance carriers;
  3. Meet with Member cities as requested and necessary;
  4. Issue, modify as directed, and maintain memorandum of coverage forms and policy forms;
  5. Develop, issue, and maintain certificates of coverage/insurance on behalf of SCORE. Deliver binders and other evidences of insurance within ten (10) calendar days after the placement of any insurance under the Programs to be effective until such time as the policy or policies for the placement are received by

SCORE from the insurance carriers. Such binders shall be signed by an authorized agent or employee of the insurance carrier. The Program Administrator shall use best efforts to secure a correct policy or policies within ninety (90) days of placement of any insurance under the Programs. The Program Administrator shall not be responsible for the failure of Members of SCORE to make premium payments;

6. Provide ongoing information on the status of the insurance industry and other public entity risk management providers;
7. Prepare agendas, arrange for meetings and other general administration functions;
8. Attend Board of Director and Committee meetings;
9. Record and distribute minutes of Board or Committee meetings to members of the Board or Committee;
10. Maintain the SCORE Program Manual;
11. Act as a central "clearing house" for dissemination of information;
12. Request, when appropriate, and maintain copies of, Conflict of Interest Form No. 700 from the Directors and Alternates of SCORE and any other consultants required to file such forms;
13. Assist members in use of insurance requirements in contracts;
14. Coordinate claims administration with SCORE and third party administrators. Assist SCORE and, where applicable, SCORE's third party administrator in settlement issues with excess pools or insurance carriers. However, it is understood and agreed that the Program Administrator is not providing claims management services under this Agreement;
15. Assist, as may be required, with annual financial audits conducted by SCORE's auditors;
16. Monitor loss runs of SCORE programs;
17. Coordinate matters of safety/loss control and in the development of loss prevention materials. Identify, review and comment on loss-control activities;
18. Assist in development of new programs, but limited to Program Administrator's expertise and resources;
19. Develop and provide regular Board meeting training at four meeting a year.

20. **Develop and Maintain the SCORE website.** *(Non direct labor costs including Hosting and Domain charges are the responsibility of the Pool).*
21. Perform underwriting evaluations and recommendations on cities applying for membership to SCORE; and
22. Prepare an annual report of services.

**B. DESIGNATION OF BROKER AND BROKERAGE SERVICES:** SCORE hereby engages and designates Program Administrator to act as SCORE's insurance broker and perform all customary duties of an insurance broker for SCORE's Programs including without limitation:

1. Marketing the Programs to insurance carriers and/or other coverage providers;
  - a. Develop marketing specifications based upon an evaluation of SCORE's loss exposures and which address such exposures;
  - b. Evaluate quotations as to the adequacy of coverages, appropriate retention levels and restrictions in coverage, the existence of warranties, concurrency of coverage, and suitability of forms;
  - c. Evaluate the financial status and service capabilities of insurers making quotations of coverage under the Programs, based upon available data. SCORE recognizes and agrees that Program Administrator is not responsible for any change in the financial condition of any insurance carrier or Joint Powers Authority after an insurance placement is made;

**C. PERFORMANCE MEASURES:** The Program Administrator agrees to be evaluated by the performance measures as developed by the Board of Directors **annually**.

**D. COMPENSATION:**

1. SCORE shall pay annual compensation to Program Administrator for services rendered under Section A of this Agreement. Except as otherwise expressly ~~provided in this Section D, the compensation payable during the first year of the~~ **Five-year term of this Agreement shall be in accordance with the provisions of Attachment A to this Agreement. For the remaining four years of this Agreement, the compensation shall be five (5) percent per year, and documented by an annual amendment reflecting the current per member charges (ATTACHMENT "A").** If at any time during this Agreement, new programs are developed and implemented, Program Administrator's compensation shall be adjusted in an equitable manner to reflect Program Administrator's services for those programs.
2. With respect to insurance and other coverage placed by Program Administrator acting as SCORE's insurance broker under Section B above, and as a part of Program Administrator's compensation under this Agreement, Program

Administrator shall, to the extent it is legally entitled to do so, endeavor to collect commissions and placing fees from insurers and other coverage providers with whom Program Administrator places SCORE's insurance and/or other forms of coverage.

For the purposes of this Agreement, the term "commissions and placing fees" refers to monetary consideration paid to Program Administrator by an insurer or coverage provider with respect to a specific placement of insurance and/or other forms of coverage with the insurer/coverage provider. The term does not include:

- a. Payments made to Program Administrator or its affiliates with respect to the indirect consequences of the placement of insurance and/or other coverage on behalf of SCORE such as, for example, contingent payments or allowances based on the overall levels of premiums for insurance/other coverage placed by Program Administrator with an insurer/coverage provider;  
or
- b. Commissions, fees or charges paid to Program Administrator for its services in brokerage for, managing, administering and/or consulting with another joint exercise of powers agency or similar organization engaged in providing coverage notwithstanding that the organization provides coverage to SCORE.

**E. TAXES AND FEES, INDIRECT INCOME AND USE OF INTERMEDIARIES:**  
Surplus Lines Fees and Taxes. In certain cases, placements made by the Program Administrator on behalf of SCORE may require the payment of surplus lines assessments, taxes and/or fees to state regulators, boards or associations. Such assessments, taxes and/or fees will be charges to SCORE and identified separately on invoices covering these placements. The Program Administrator shall not be responsible for the payment of any such fees, taxes or assessments except to the extent such taxes or fees have been collected by the Program Administrator from SCORE.

**During the time of this Agreement, Program Administrator will annually disclose all Compensation received by Program Administrator in connection with any insurance placements on behalf of SCORE under the Program Administrator's Transparency and Disclosure policy:**

**“Transparency and Disclosure – Alliant will conduct business in conformance with all applicable insurance regulations and in advancement of the best interests of our brokerage clients. We adhere to an established conflict of interest code that rejects any form of broker incentives that would result in business being placed with carriers in conflict with our clients’ interests. We operate with full transparency and disclosure and regard all aspects of our broker services and compensation arrangements to be appropriate topics for discussion. Clients are encouraged to contact us with any questions regarding our policies and practices.”**

In addition to the Compensation that Program Administrator receives, its related entity, Alliant Underwriting Services (“AUS”) may receive compensation from Program Administrator and/or a carrier for providing underwriting services. The financial impact of the compensation received by AUS is a cost included in the premium. Additionally, the related entities of Alliant Business Services and/or Strategic HR may receive compensation from Program Administrator and/or a carrier for providing designated, value-added services. Services contracted for by the SCORE directly will be invoiced accordingly. Otherwise, services will be provided at the expense of Program Administrator and/or the carrier.

- F. **TERMS:** The term of this Agreement shall be Five years and commence on July 1, 2008 and terminate on June 30, 2013.
- G. **OBLIGATIONS OF SCORE:** The Board of Directors of SCORE are responsible for directing the operations of SCORE to assure proper management and financial solvency, including the establishment of underwriting and rating guidelines. SCORE is responsible for its compliance with all applicable statutes and regulations. SCORE should consult its own professionals regarding legal, financial auditing, tax and investment matters which may arise in the formation and operation of SCORE. SCORE will reasonably cooperate with the Program Administrator in the performance of the Program Administrator’s brokerage, risk management and program administration duties by providing the Program Administrator, where available, reasonably complete and accurate information as to SCORE’s loss experience risk exposures and any other pertinent information that the Program Administrator requests. SCORE shall promptly review coverage documents concerning the Programs delivered by the Program Administrator for consistency with SCORE’s specifications. SCORE shall designate one or more officers or committees of SCORE or an outside consultant to receive and provide significant intervening substantive review, and independently evaluate any and all recommendations or proposals made to SCORE by the Program Administrator which are significant, substantive in nature and under which any benefit shall accrue to the Program Administrator or the Program Administrator’s affiliates. Such committees and/or outside consultants shall then provide their own recommendations concerning such matters to the Board of Directors of SCORE, having ultimate decision making authority on such matters.

- H. **NON-ASSIGNABILITY:** Both parties hereto recognize that this Agreement is one for personal services and cannot be assigned in whole or in part by either party without the prior written consent of the other party. Prior to a change in Account Officers, assigned to provide service to SCORE in program administration, the Program Administrator shall endeavor to provide 45 days written notice. SCORE shall retain the right to reject the assignment of new account officers.
- I. **NOTICES:** All notices hereunder shall be given in writing and mailed, postage prepaid, be certified mail, addressed as follows:
- TO SCORE:** The Then Current President of SCORE  
at the address on file with SCORE
- TO PROGRAM ADMINISTRATOR:** Ms. Susan Adams  
Associate Broker  
ALLIANT INSURANCE SERVICES  
1792 Tribute Road, Suite 450  
Sacramento, CA 95815
- J. **COST AND ATTORNEY FEES:** The prevailing party in any action brought to enforce the terms of this Agreement, or arising out of this Agreement, may recover its reasonable costs and attorney's fees expended in connection with such action from the other party to such action.
- K. **ENTIRE AGREEMENT; MODIFICATION; INTERPRETATION:** This Agreement sets forth the full and final understanding of the parties as respects the matters described herein, and supersedes any and all prior Agreements and understandings between them, whether written or oral with respect to the subject matter hereof. This Agreement may be amended but then only in a written addendum to this Agreement executed by the parties. This Agreement shall be governed by the law of the State of California. If any term of this Agreement is rendered invalid or unenforceable by judicial, legislative or administrative action, the remaining provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated. Nothing in this Agreement is intended or shall be construed to confer upon or to give any person, firm or corporation other than the parties hereto their parents, subsidiaries, successors and assigns, any rights or remedies by reason of this Agreement.
- L. **TERMINATION OF CONTRACT:** SCORE or the Program Administrator can terminate this Agreement at any time by giving the other party 90 days written notice. Should this Agreement be terminated pursuant to this section prior to the end of this Agreement's term, the Program Administrator shall be entitled to retain as earned compensation for its program services, a prorated portion of the fees paid by SCORE. These percentages apply only to the per-agency fees and pooled deposit fees earned by the

Program Administrator from the Pooled Liability Program and Workers' Compensation Program. Fees and commissions charged by the Program Administrator for all other compensation shall be considered fully earned upon termination of the Agreement.

In the event of termination, Program Administrator shall promptly deliver to SCORE all products, files, records, computations, quotations, studies, minutes, and other data and records, prepared or obtained in connection with this Agreement, which is the permanent property of SCORE.

M. **INDEMNIFICATION AND INSURANCE**

1. Program Administrator agrees to indemnify, hold harmless, reimburse and defend SCORE at all times against any claim, costs, expense, liability, obligation, loss or damage (including reasonable legal fees) of any nature incurred by or imposed upon SCORE, and based upon any error or omission of Program Administrator, its agents or employees, with respect to the services provided by Program Administrator under this Agreement, provided that Program Administrator shall not be required to indemnify, hold harmless, reimburse and defend to the extent that the error or omission arises from Driver's reliance on information provided by SCORE or from Driver's following instructions from SCORE. In the event that SCORE tenders its defense in any such claim, etc., to Program Administrator, and Program Administrator accepts such tender, the defense of SCORE shall be conducted by counsel selected and paid by Program Administrator.
2. Program Administrator shall maintain Professional Liability insurance coverage sufficient to fulfill its obligations.
3. Program Administrator shall procure and maintain, for the duration of the contract, insurance against claims for injuries to persons or damages to property which may arise from, or in connection with the performance of the work by the Program Administrators.
4. The Program Administrator shall maintain limits no less than:
  - a. General Liability: \$1,000,000 per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this contract or the general aggregate limit shall be twice the required occurrence limit.
  - b. Workers' Compensation as required by the State of California.
  - c. Employer's Liability: \$1,000,000 per accident for bodily injury or disease.
  - d. Errors and Omissions Liability: \$1,000,000 per occurrence.

Any deductible or self-insured retention must be declared to and approved by SCORE.

5. SCORE agrees to indemnify, hold harmless, reimburse and defend Program Administrator at all times against any claim, costs, expense, liability, obligation, loss or damage (including reasonable legal fees) of any nature, incurred by or imposed upon Program Administrator, and based upon any errors or omissions of SCORE, its agents or employees, with respect to the obligations of SCORE under this Agreement, unless provided that SCORE shall not be required to indemnify, hold harmless, reimburse and defend to the extent that the error or omission arises from SCORE's reliance on information provided by Program Administrator.

IN WITNESS WHEREOF, SCORE has caused this contract to be executed by its President, and Program Administrator has caused the same to be executed by its duly authorized officer, all as of the day and year first above written.

SMALL CITIES ORGANIZED RISK EFFORT JOINT POWERS AUTHORITY

By: 

Roger Carroll, President

Date: 8/5/08

ALLIANT INSURANCE SERVICES, INC.

By: 

Michael Simmons, Vice Chairman

Date: 8/8/08

Agenda Item G.8.b

**Alliant Program Administration Disaster Recovery Plan**

**Action Item**

**Issue:** Review and approve Disaster Recovery Plan attachment to Alliant Program Administration contract which provides SCORE with restoration of information adversely affected by a security breach, for majeure or natural disaster.

**Recommendation:** Approve Disaster Recovery Plan attachment to Program Administration contract.

**Fiscal Impact:** None

**Background:**

**Attachments:** Attachment B – Disaster Recovery; Continuity Under Section B effective July 1, 2010 until Contract expiration of June 30, 2012.

## **ATTACHMENT B - DISASTER RECOVERY; CONTINUITY**

### **DISASTER RECOVERY; CONTINUITY UNDER SECTION B**

Effective **July 1, 2010 to June 30, 2012**, BROKER agrees that it has disaster recover plan in place that is intended to secure, and if necessary, restore information adversely affected by a security breach, force majeure or natural disaster. In addition, BROKER will make commercially reasonable efforts to ensure that, at all times, it has a sufficient number of trained personnel on hand to meet its obligations under this AGREEMENT including in the event of a force majeure, natural disaster, or pandemic.

DRAFT

Agenda Item G.9

**York Insurance Services Claims Administration and Risk Control Agreement**

**Action Item**

**Issue:** Annual review and approval of the Claims Administration and Risk Control contract for 2011-2012. The annual fees remain flat from expiring.

**Recommendation:** None.

**Fiscal Impact:** None.

**Background:** Effective July 1, 2008, SCORE entered into a 5-year contract with YORK for Claims Administration and Risk Control Services. This contract expires 6/30/13. The agreement allows for increases in rates and fees each year. York has decided not to exercise this option for any of the services they provide.

**Attachments:** Letter from York Insurance Services Group, June 3, 2011  
York Agreement for Risk Control Services and Claims Adjusting and Administration Services.

**York Insurance Services Group, Inc.**  
**P.O. Box 619058**  
**Roseville, CA 95661-9058**



VOICE (916) 746-8828  
FAX (916) 783-0334  
marcus.beverly@yorkisg.com

June 3, 2011

Susan Adams  
ALLIANT INSURANCE SERVICES  
1792 Tribute Rd, Suite 450  
Sacramento, CA 95815

RE: SCORE Services Contract

Dear Susan:

As you recall, we are in the last year of a four-year consolidated contract with SCORE for Liability and Workers' Compensation claims administration as well as Risk Control services. The contract allows for increases in our fees at each anniversary based on the December CPI for the Western Region. The December 2010 Western CPI was 1.5%.

While our Agreement allows for increases in all rates and fees each year, we have decided not to exercise this option for any of the services we provide. The following rates and fees for the 2010-2011 contract year will continue for 2011-12:

<b>Department</b>	<b>Rate Description</b>	<b>Current Rate</b>
Liability	Regular Time ( Per hour)	\$84.85
Liability	Overtime ( Per hour)	\$106.10
Liability	Double Time ( Per hour)	\$127.33
Liability	Subrogation Flat Fee	\$317.25
Risk Control	Annual Billing Cap	\$94,115.00
Risk Control	Regular Time ( Per hour)	\$121.60
WC Investigation	Regular Time ( Per hour)	\$76.15
Workers' Compensation	Annual Flat Rate	\$91,980

We are foregoing a rate increase this year in recognition of SCORE members' continued financial concerns in an effort to assist any way we can with keeping costs down and saving vital services. We estimate this effort will save SCORE members at least \$7,000 over the 2011-12 term.

We sincerely value our long-term relationship with SCORE and the continued opportunity to provide claims administration and risk management services. If you have any questions, please give me a call.

Regards,

A handwritten signature in blue ink, appearing to read "Marcus Beverly", is written over a light blue circular watermark.

Marcus Beverly  
Client Relations Director  
[marcus.beverly@yorkisg.com](mailto:marcus.beverly@yorkisg.com)  
(916) 746-8828

**AGREEMENT FOR RISK CONTROL SERVICES  
LIABILITY, PROPERTY RECOVERY, AND WORKERS'  
COMPENSATION CLAIMS  
ADJUSTING AND ADMINISTRATION SERVICES**

This Agreement is made and entered into this 1<sup>st</sup> day, July 2008, by and between Small Cities Organized Risk Effort ("SCORE"), a California public entity, and Gregory B. Bragg & Associates, Inc., a California Corporation ("Administrator").

**RECITALS**

- (a) SCORE is an entity duly organized and validly existing under the laws of the State of California with the power to carry on its business as it now being conducted under the statutes of the State of California.
- (b) SCORE requires liability, property and workers' compensation claims adjusting and administrative services as well as risk control services and Administrator is agreeable to performing such services for SCORE.
- (c) In order to operate the Program effectively, it is necessary to retain an experienced and competent firm to act as claims adjustor and administrator. Administrator represents that it is experienced and competent to fulfill those duties and wishes to be retained by SCORE for that purpose.

**TERMS AND CONDITIONS**

In consideration of the foregoing Recitals and the following Terms and Conditions, the parties mutually agree as follows:

**1. Retention of Administrator**

SCORE agrees to retain Administrator to act as the claims adjuster and administrator for the SCORE Risk Control, Liability, Property Loss Recovery and Workers' Compensation Program on the Terms and Conditions set forth in this Agreement. Administrator agrees to accept that assignment and to perform all of the duties for which it has been retained.

**2. Scope of Services**

- (a) All services which Administrator provides to SCORE pursuant to this Agreement shall conform to the Scope of Services as outlined in Exhibit A "PROPERTY LOSS RECOVERY SERVICES", Exhibit B "SAFETY AND RISK CONTROL - SCOPE OF SERVICES", and the current LAW CX "PERFORMANCE STANDARDS" for workers' compensation claims.

- (b) Administrator will promptly initiate its administration and adjustment of each claim reported by SCORE. However, Administrator shall not be responsible for payment of any fines or penalties because of untimely or non-reporting of a claim by a SCORE member.
- (c) Administrator shall report or complete any required government forms upon request.

**3. Program Records**

- (a) Administrator shall maintain a complete set of records fully documenting its activities under this Agreement. The records shall be treated as CONFIDENTIAL and shall not be disclosed to any person except as required in furtherance of Administrator's duties under this Agreement or as directed by SCORE or as otherwise required by law.
- (b) All records prepared, acquired and maintained by Administrator shall at all times be the property of SCORE and shall be promptly released to SCORE, as the case may be, at the termination of this Agreement.
- (c) Administrator shall provide SCORE, its members participating in the Workers' Compensation and Liability programs, its program administrator, its auditors, and its excess carriers /pools, access to SCORE's electronic claim files.
- (d) For purposes of this Section 3, "records" include original and copies of all documents, reports, correspondence and any other physical embodiments of information and data, regardless of whether they are kept in written or electromagnetic form.

**4. Compensation**

For each service pursuant to this Agreement, the fees are outlined below. Fees may be increased at each anniversary subject to the December Consumer Price Index (CPI) for the Western region during the past year, but not less than 2%. CPI Increases greater than 5% annually would be subject to SCORE approval.

**(a) Liability Adjusting and Investigation Services**

For services pursuant to this Agreement, SCORE shall pay Administrator an annual administration fee of \$1,000.00 per member, payable at the inception and each anniversary of the Agreement. In addition to the administration fee, for the contract year 2008-09, SCORE shall pay time and expense charges on each claim as incurred in the investigation and adjustment of claims. Time and expense charges are as follows:

a) Adjusting/Investigating Services	\$ 80.25 per hour
b) Adjusting/Investigating Services (Overtime)	\$100.31 per hour
c) Adjusting/Investigating Services (Double-time)	\$120.38 per hour
d) Workers' Comp Investigation Services	\$ 72.00 per hour
e) Secretarial	\$ 6.00 per page/form
f) Claims Set Up – (Liability Claims Only)	\$ 25.00 per claim
g) Mileage	IRS Rate
h) Photocopies	\$ 0.25 per copy
i) Photographs	\$ 2.50 per photo
j) Audio Cassettes	\$ 3.00 per tape

- |                    |                   |
|--------------------|-------------------|
| k) Video Cassettes | \$ 15.00 per tape |
| l) Index Reports   | At actual cost    |
| m) Other Expenses  | At actual cost    |
- (b) Property Loss Recovery Services**  
Flat Fee: \$300.00

This fee would apply to all assigned losses regardless of the amount of the loss. In addition to the Flat Fee, work on losses deemed to be complex or requiring unusual collection efforts would be billed on a time and expense basis per the rate schedule for Liability Adjusting /Investigation listed above. All time and expense charges would be subject to prior approval by the member. Cases subject to time and expense would include those with the following issues:

1. Small Claims Actions
2. Criminal Restitution
3. Promissory Notes
4. Retained Legal Counsel or Litigation
5. Contract Disputes
6. Retained Experts
7. Referral to Collection Agency

**(c) Safety and Risk Control Services**

For its services performed pursuant to this Agreement, SCORE shall pay Administrator time and expense charges as follows:

- |                            |                       |
|----------------------------|-----------------------|
| a) Safety and Risk Control | \$115.00              |
| b) Secretarial             | \$ 6.00 per page/form |
| c) Mileage                 | IRS prevailing rate   |

Total time and expense charges will not exceed \$ 89,000 per year without prior approval from SCORE. Out-of-pocket expenses will be billed without surcharge.

**(d) Workers' Compensation Services**

For services pursuant to this Agreement, SCORE shall pay Administrator an annual administration fee of \$1,000.00 per full City, payable at the inception and each anniversary of the Agreement. A pool of up to 5 mini-cities is counted as one full City. The flat fee for the pool of mini-cities is \$1,000, regardless of the number of mini-cities. The monthly charge for claims adjusting services is \$7,500.00.

Administrator will receive no portion of the bill review/PPO network savings and are fully compensated by a \$10.50 per bill handling fee.

**5. Billings**

Administrator shall prepare and present to SCORE detailed monthly billings for its services under this Agreement. The billings shall describe the nature of the services provided and the expenses incurred, the applicable dates, an itemization of all charges and, to the extent possible, the person or

persons performing the services on behalf of Administrator. Upon request, Administrator will endeavor to supply additional billing details as SCORE may reasonably request. Administrator's billings shall be due and payable by SCORE thirty (30) days after receipt.

**6. Trust Fund**

SCORE shall establish a trust bank checking account or accounts to which Administrator shall have access for purposes of paying losses within its claims adjustment authority and processing claims administration and litigation expenses to third persons. With respect to claims administration expenses, Administrator shall not, without written authorization, make payments directly to or on behalf of itself of compensation earned pursuant to Section 4 above or for any other purpose.

The trust account or accounts shall be maintained at a level adequate to disburse payments on claims files in timely fashion, and shall be replenished as necessary by SCORE upon request of Administrator. The records of the trust account including check registers, canceled checks and bank statements shall be available for examination by SCORE at any reasonable time. The trust account balances shall be reconciled monthly by Administrator, with copies of the reconciliations supplied to SCORE not later than thirty (30) days after rendition of the account statement(s) by the bank.

For liability claims adjustment, all attorney's fees and other allocated expenses shall be the responsibility of SCORE. It is agreed and understood that, whenever practicable, any allocated expenses including attorney's fees, WCAB or court costs, costs of outside experts, and other costs related to services to be performed by persons other than the Administrator should be billed directly to SCORE and the bills will be paid from SCORE's trust account.

**7. Contract Term; Termination**

The term of this contract shall be from July 1, 2008 to June 30, 2012. This Agreement may be terminated by either party for any reason upon ninety (90) days written notice. Except with ninety days prior written notice otherwise, this Agreement will automatically renew on a yearly basis subject to the same terms and conditions, except Paragraph 4, herein, which may be renegotiated by the parties hereto.

**8. Independent Contractor**

In performing the services agreed upon in this Agreement, Administrator (and its officers, agents and employees) shall have the status of an independent contractor, and neither it nor they shall be deemed to be an officer or employee of SCORE.

**9. Indemnification**

(a) Administrator shall defend, indemnify and hold harmless SCORE and its members, officers, agents and employees from and against all damages, claims, penalties, demands, actions, or causes of actions which may arise from the action, conduct, or failure to act by SCORE or its officers and employees.

(b) SCORE will defend, indemnify and hold harmless Administrator, its officers, agents and employees from and against all damages, claims, penalties, demands, actions, or causes of actions if

not caused by the willful misconduct or sole negligent acts of Administrator's officers and employees.

**10. Insurance**

- (a) Administrator shall provide SCORE with a certificate or certificates of insurance duly executed by an insurance company or companies, acceptable to SCORE, which are authorized to transact business in the State of California. The certificate(s) shall certify that the Administrator has in full force and effect at all times during the term of this Agreement a single policy of at least \$1,000,000 coverage applying to bodily injury, personal injury, property damage and errors and omissions. Administrator shall also secure and maintain in effect at all times a fidelity bond or bonds in the amount of at least \$500,000 in form and sureties acceptable to SCORE which bond(s) shall secure SCORE and the Program Participants against any losses suffered by SCORE due to dishonesty of or misuse of funds and property entrusted to Administrator, or any of its officers, employees or agents.
- (b) All such policies of insurance and bonds shall contain endorsements requiring that notice of cancellation of any policy or bond be given by the insurer or surety to SCORE not less than thirty (30) days prior to the effective date of cancellation.

**11. Miscellaneous**

- (a) Administrator agrees to disclose any conflicts of interest that it may have, or may develop during the term of this contract, arising out of the performance under this contract. Administrator also agrees to complete and file the California Fair Political Practices Commission's Form 700 in accordance with the Conflict of Interest Code adopted by SCORE.
- (b) This Agreement contains the entirety of the agreements and understandings between the parties with regard to the subject matter of this Agreement, and it supersedes all prior written or oral agreements which may have previously existed.
- (c) This Agreement may not be altered or amended except upon the mutual written approval of both parties, which alteration or amendment shall be duly executed by the parties' authorized representative.
- (d) This Agreement is made and shall be interpreted and enforced under the laws of the State of California.

**SMALL CITIES ORGANIZED RISK EFFORT**

By:  \_\_\_\_\_

Title: President

Date: 8/5/08

**GREGORY B. BRAGG & ASSOCIATES, INC.**

By: Thomas B. Bragg

Title: Vice President

Date: 8/8/08

# EXHIBIT A

## PROPERTY LOSS RECOVERY SERVICES

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### Scope of Services

#### **Program Development**

Proper development of the program is critical to the success of the subrogation-recovery program.

#### Scope of Services:

- Meet each member to understand their overall goals and expectations for the program; explore what the Member's current recovery practices and procedures are; identify the departments and operational areas where there may be recovery potential;
- Identify and review all of the Member's property policies
- Meet with the each of the designated departments to review their operation and current recovery procedures, identify all areas of potential recovery
- Prepare a written plan that outlines the structure and procedures for the operation of the subrogation-recovery program for the City overall and at the department level. This plan would be subject to the review and approval of the Member.
- Provide training to the Member's staff regarding the procedures and their roles and responsibilities under the approved plan.

#### **Program Administration**

Bragg will provide the staff and necessary resources to handle all subrogation-recovery claims assigned by the Member.

#### Staffing:

- Tom Baber will serve as the Account Executive who will provide management oversight and supervision of the subrogation specialist assigned to your account, and who will serve as the liaison for the administration of our contract with the City.
- A dedicated subrogation-recovery specialist would be assigned to serve as the liaison to the member's staff and handle the day-to-day subrogation-recovery claims for the Member.

Claims Administration:

- Intake and File Set up - All losses assigned to Bragg will be input into our Claims Management Information System (CMIS), including (when determined) the facts of the loss, the responsible party (including their insurance information), and the amount of the loss
- Coverage Review – We will make an early determination as to coverage under the Member’s property insurance policies and report the loss to the carrier as appropriate. We would serve as the liaison on the member’s behalf which would include providing additional information and documents to the carrier and monitoring the loss through final payment and subrogation recovery (if any)
- Investigation- We will conduct the necessary investigation to determine the facts and cause of the loss, to evaluate liability, and identify the potentially responsible parties, including any available insurance coverage
- Notification to Responsible Parties – As soon as possible, we would send written notice of the Member’s intent to seek recovery to all potentially responsible parties and their insurance companies.
- Communication and Negotiation – We will serve as the point of contact with the responsible parties for the exchange of all information and documents necessary to achieve the recovery due to the Member. As warranted and pursuant to your authority, we will negotiate all compromise settlements with the responsible parties.
- Releases – We will review all releases presented as part of the settlement process with the responsible party or their insurance carrier. This will include confirmation that all of the Member’s losses are considered and that it does not waive the right of recovery for any related workers’ compensation benefits paid. Releases will be forwarded to the member’s designated staff for signature with our recommendations and comments.
- Receipt and Processing of Recoveries – All recovery payments received from responsible parties will be recorded in our CMIS and forwarded to the Member for deposit.
- Promissory Notes – Where a responsible party is uninsured or underinsured, we will attempt to secure a promissory note. This will include the receipt and processing of all payments made under this note.
- Small Claims Court – Pursuant to the member’s approval, we will make the necessary filings in Small Claims Court. We will also prepare for and attend small claims hearings on behalf of the Member.
- Execution of Judgments - We will take the necessary steps to execute on any judgments on the Member’s behalf, including the filing of abstracts with the DMV as appropriate.
- Litigation Management – Where appropriate and pursuant to the member’s approval, we would assign losses to outside legal counsel and provide oversight of their services. Legal fees and costs for these services would be paid directly by the Member.
- Restitution – When applicable, we will monitor the criminal proceedings of responsible parties and seek to obtain restitution orders from the court on the member’s behalf.
- Collection Agencies – We will refer losses deemed to be economically unrecoverable to an outside collection agency. Such referrals would be pursuant to the member’s approval.
- Reporting

- Status Reports – We will provide timely narrative status reports to the designated Member staff to keep you apprised of the status on open losses. The frequency of the reports will be determined by the severity and level of activity on the loss. We will provide a final report outlining the ultimate outcome and recoveries received on all losses.
- Statistical Reports – We will provide monthly loss runs generated from our CMIS which will include the activity for that period on all open losses and those that have closed in the period. We can also provide other reports on a quarterly or annual basis that will show the overall performance of the program.

# EXHIBIT B

## SAFETY AND RISK CONTROL SERVICES

### Scope of Services

#### A. On-site Service:

1. Perform **annual** member visits;
  - a. Review and discuss member's safety and risk management programs.
  - b. Conduct physical inspections of member facilities as requested.
  - c. Prepare written report to member documenting results of each visit within 30 days, with a copy to the Program Administrator.
  
2. Provide training and counseling to member supervisors, managers, staff and elected officials.
  - a. Training may include the following:
    - i. Sexual Harassment Awareness (AB 1825)
    - ii. Ethics for Elected Officials (AB 1234)
    - iii. Confined Space Entry
    - iv. Lifting Safety
    - v. Bloodborne Pathogens
    - vi. Compressed gases
    - vii. Confined Space Entry
    - viii. Defensive Driving
    - ix. Electrical Safety
    - x. Ergonomics
    - xi. Fall Protection
    - xii. Hand Tools
    - xiii. Hazardous Materials Communication
    - xiv. Hearing Conservation
    - xv. Heat Exposures
    - xvi. Ladder Safety
    - xvii. LockOut TagOut
    - xviii. Machine Guarding
    - xix. Personal Protective Equipment
    - xx. Portable Power Tools
    - xxi. Trenching and Shoring
    - xxii. Working in Cold Conditions
    - xxiii. Workplace Violence
    - xxiv. 101 Tips and Tricks for Supervisors
  
  - b. Program Administrator will be notified of pre-scheduled training two weeks in advance.

- c. A member city's training facility should be scheduled to accommodate up to five additional SCORE member attendees.
3. Participation in ERMA and other developed Collective Risk Management Team activities.
3. Assist members in their interaction with regulatory agencies if requested.
4. Provide other services as requested by member or program administrator, with prior notice to program administrator with time commitment estimate.
5. Assist in the evaluation of potential new members.
6. As requested, conduct risk management presentations and "What is SCORE" presentations to member's City Councils, after prior notice to Program Administrator to allow for proper preparation and coordination

#### B. Program Development

1. Development of risk control policies, procedures to meet selected Cal-OSHA standards, pending standards and other standards as directed by the pool.
2. Provide alerts to the members regarding changes in the law and/or regulatory environment, and other crucial events.
3. Write and distribute a minimum of four Safety Bulletins annually.
4. Consultation and coordination with Program Administrator.
5. Coordinate training programs performed by others, such as Certified Pool Operator, Construction Zones, Risk Management.
6. Develop activities as requested by member or program administrator.

#### C. Hot Line Guidance

1. Provide written and/or verbal response and guidance to members from inquires made via toll-free number (800 RISK-TIP)

#### D. Video Library Distribution

1. Administer video library (owned by NCCSIF) and distribute to members as requested. (\$15 handling fee)

#### E. Special Assistance Consulting

1. Provide special assistance consulting for individual program members on issues that fall outside the scope of SCORE's exposures and coverage. ***These services will be billed directly to the member at the time at the expense rates of the existing contract.*** Notice of these services (with an estimate of costs) will be provided to the Member City's Board representative with a copy to Program Administrator in advance of service via email, and will include an explanation for the request.

**Gregory B. Bragg & Associates, Inc.**  
**P.O. Box 619058**  
**Roseville, CA 95661-9058**



VOICE: (916) 960-0911  
FAX: (916) 783-7245  
[tom.baber@gbbragg.com](mailto:tom.baber@gbbragg.com)

May 22, 2009

Susan Adams  
ALLIANT INSURANCE SERVICES  
1792 Tribute Rd, Suite 450  
Sacramento, CA 95815

RE: SCORE Liability Claims Administration Services Contract

Dear Susan:

As you recall, we are in the midst of a four-year consolidated contract with SCORE for Liability and Workers' Compensation claims administration as well as Risk Control services. The contract allows for increases in our fees at each anniversary based on the December CPI for the Western Region. The December 2008 Western CPI was 3.5 %.

While our Agreement allows for increases in all rates and fees each year, we are exercising this option only for the following rates and fees for the 2009-2010 contract year:

Department	Rate Description	Current	3.5% Increase	New Rate
Liability	Regular Time ( Per hour)	\$ 80.25	\$ 2.80	\$ 83.05
Liability	Overtime ( Per hour)	\$ 100.31	\$ 3.51	\$ 103.82
Liability	Double Time ( Per hour)	\$ 120.38	\$ 4.21	\$ 124.59
Liability	Subrogation Flat Fee	\$ 300.00	\$ 10.50	\$ 310.50
Risk Control	Annual Billing Cap	\$ 89,000.00	\$ 3115.00	\$ 92,115.00
Risk Control	Regular Time ( Per hour)	\$115.00	\$ 4.00	\$ 119.00
WC Investigation	Regular Time ( Per hour)	\$72.00	\$ 2.50	\$ 74.50

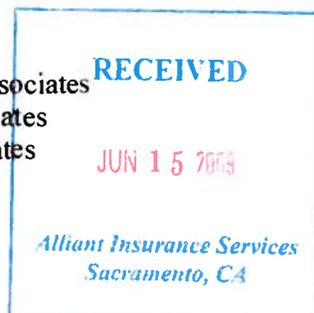
We have also included an amendment to the contract which would require us to provide an annual report of payments to any affiliates, including WellComp for managed care services.

We sincerely value our long-term relationship with SCORE and the continued opportunity to provide claims administration and risk management services. If you have any questions, please give me a call.

Sincerely,

Thomas B. Baber, ARM  
Vice President - Liability  
(916) 960-0911  
[tom.baber@gbbragg.com](mailto:tom.baber@gbbragg.com)

cc: Randall C. Smith, Bragg & Associates  
Joshua Bragg, Bragg & Associates  
Jeff Kimball, Bragg & Associates



AGREEMENT FOR RISK CONTROL SERVICES, LIABILITY,  
PROPERTY RECOVERY AND WORKERS' COMPENSATION  
CLAIMS ADJUSTING AND ADMINISTRATION SERVICES

The Agreement made and entered into July 1, 2008 by and between Small Cities Organized Risk Effort ("SCORE"), a California public entity, and Gregory B. Bragg & Associates, Inc., a California corporation ("Administrator") is hereby amended as follows:

1. The third paragraph of Section 6 is amended to add the following last sentence:  
"Administrator will provide an annual report of trust account payments to affiliates, including, but not limited to WellComp Managed Care Services, Inc."
2. Except as set forth herein the Agreement remains unchanged and in full force and effect.

Small Cities Organized Risk Effort

Gregory B. Bragg & Associates, Inc.

By:   
By: Roger Carroll

By:   
By: Randall C Smith

Print Name: Roger Carroll

Print Name: RANDALL C SMITH

Print Title :  President

Print Title : PRESIDENT

Date : 10/23/09

Date : 6/11/09

Agenda Item G.10

**Gilbert and Associates Accounting Update on Services**

**Information Item**

**Issue:** Mr. Kevin Wong from Gilbert and Associates will address the Board to provide them with a review of the services they have performed for SCORE during their first year of contracted services.

**Recommendation:** None

**Fiscal Impact:** Fees are currently within the \$55,000 budgeted for accounting services for the 2010/2011 fiscal year.

**Background:** SCORE entered into a three year contract with Gilbert and Associates July 1, 2011 for accounting services.

**Attachments:** Billing Summary August 2010-May 2011  
Gilbert and Associates Accounting Contract

Small Cities Organized Risk Effort  
Billing Summary  
August 2010 - May 2011

<b>Date</b>	<b>Invoice Number</b>	<b>Amount</b>	<b>Charge for Monthly Accounting Services</b>	<b>Audit Preparation 6/30/09 &amp; 6/30/10 including correcting prior year accounting records</b>	
8/31/2010	Inv # 00144769	\$ 425.00		\$ 425.00	
8/31/2010	Inv # 00144768	\$ 8,000.00	\$ 8,000.00		Jul & Aug
9/30/2010	Inv # 00145063	\$ 2,592.50		\$ 2,592.50	
9/30/2010	Inv # 00145035	\$ 4,000.00	\$ 4,000.00		Sep
10/31/2010	Inv # 00145315	\$ 2,358.75		\$ 2,358.75	
10/31/2010	Inv # 00145316	\$ 4,000.00	\$ 4,000.00		Oct
11/30/2010	Inv # 00145734	\$ 7,681.25		\$ 7,681.25	
11/30/2010	Inv # 00145739	\$ 1,200.00	\$ 1,200.00		Nov - discounted \$2,800
12/31/2010	Inv # 00145941	\$ 2,072.50		\$ 2,072.50	
12/31/2010	Inv # 00145942	\$ 4,000.00	\$ 4,000.00		Dec
1/31/2011	Inv # 00146187	\$ 4,000.00	\$ 4,000.00		Jan
2/28/2011	Inv # 00146526	\$ 4,000.00	\$ 4,000.00		Feb
3/31/2011	Inv # 00147192	\$ 4,000.00	\$ 4,000.00		Mar
4/30/2011	Inv # 00147781	\$ 2,000.00	\$ 2,000.00		Apr - discounted \$2,000
5/31/2011	Inv # 00148127	\$ 3,000.00	\$ 3,000.00		May - discounted \$1,000
	<b>Total</b>	<b>\$ 53,330.00</b>	<b>\$ 38,200.00</b>	<b>\$ 15,130.00</b>	

**Fees Incurred:**

Software system design	\$ 2,311.25
Prior years corrections & audit	\$ 15,130.00
Accounting Services	\$ 36,206.88
<b>Total</b>	<b>\$ 53,648.13</b>

**Note:** Audit preparation and prior year accounting correction costs are not expected to recur in 2011. Audit preparation for the 2011 audit is expected to be an included component of the monthly accounting services fee.

## AGREEMENT FOR FINANCIAL ACCOUNTING AND CONSULTING SERVICES

This Accounting and Consulting Services Agreement is entered into by and between Small Cities Organized Risk Effort ("SCORE") and Gilbert Associates, Inc. ("CONSULTANT") effective the 1<sup>st</sup> day of July 2010.

WHEREAS SCORE requires accounting and consulting services, and CONSULTANT is agreeable to performing such services for SCORE;

NOW, THEREFORE, in consideration of the mutual covenants herein contained and for the other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **TERM.** SCORE agrees to retain CONSULTANT to provide Financial Accounting Services for SCORE under the terms and conditions set forth in this Agreement, and the SCORE JPA Agreement and Bylaws. The term of this Agreement shall be for Thirty six (36) months commencing July 1, 2010 through June 30, 2013, subject to mutual agreement and **Article 6. Termination.** This Agreement may be renewed for up to Three (3) One-Year Terms subject to Board approval.
2. **SCOPE OF SERVICES.** CONSULTANT agrees to perform the following services:
  - a. Prepare all bank reconciliations;
  - b. Process payables:
    1. Receive and record all invoices;
    2. Obtain approval when necessary; and
    3. Prepare and issue checks per SCORE policy.
  - c. Process receivables:
    1. Create and record invoices;
    2. Record payments as processed by Treasurer; and
    3. Generate and report Aged Receivables prior to each Board meeting.
  - d. Maintain check registers of all applicable accounts and submit to Board quarterly
  - e. Maintain general ledger - prepare and enter quarterly adjusting entries;
  - f. Act as liaison between associated bank(s), as required;
  - g. Perform cash management:
    1. Receive from TPA, and inform and confirm, both monthly, and special funding requirements for Trust Accounts Transfers with Treasurer;
    2. Request Operating Account funding as needed.
  - h. Facilitate the annual financial audit:
    1. Prepare audit schedules; and
    2. Coordinate audit fieldwork.

- i. Prepare quarterly and annual financial reports and attend Board of Directors' meetings to discuss them;
    - 1. Quarterly balance sheets and income statements
    - 2. Quarterly budget to actual financial reporting
    - 3. Quarterly claims reconciliation among the Claims TPA reports, actuary reports and the general ledger
    - 4. Quarterly claims analysis reporting (graphs and reconciliation statements)
  - j. Review quarterly financial reports with the Treasurer and Program Administrators.
  - k. Assist Program Administrators with budget preparation;
  - l. Prepare fiscal yearend financial statements and provide information to the Program Administrators to prepare MD&A.
  - m. Prepare and file the financial data on State Controllers Report.
  - n. Calculate the liability and workers' compensation retrospective adjustment based on June 30<sup>th</sup> information including allocating interest income among the liability and workers' compensation programs and between the banking layers and shared risk layers, as well as among program years within each program and among the members participating in each program year and submit to SCORE no later than December 31<sup>st</sup> annually.<sup>1</sup>
  - o. Provide services and other related duties reasonably related to Scope of Service herein provided, 1) as requested by an authorized representative, and 2) with written notice of addition compensation necessary for task completion.
  - p. Maintain a suitable backup and recovery system for data and develop and implement processes for the protection of electronic data including a written policy with respect to:
    - 1. Disaster recovery
    - 2. Physical and electronic data security
    - 3. Electronic data retention
3. **COMPENSATION.** As compensation to CONSULTANT for services rendered hereunder, SCORE agrees to pay CONSULTANT a monthly fee of \$ 4,000 for a total of \$48,000 annually. The fee estimate is based on anticipated cooperation from SCORE'S representatives and the assumption that unexpected circumstances will not be encountered during the work performed. If significant additional time is necessary, CONSULTANT will discuss it with SCORE representatives and arrive at a new fee estimate before CONSULTANT incurs the additional costs. *In addition to these fees, time charged to "clean up" unresolved accounting issues relating to transactions prior to July 1, 2010 (i.e. work on 2008 and 2009 audits, correcting or reconciling prior accounting records) will be discounted 10% from the standard hourly rates.*

CONSULTANT'S rates are as follows:

Kevin S. Wong, CPA	\$220/hour
Jamie A. Matthews, CPA	\$155/hour
Tracey R. Smith	\$85/hour

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<sup>1</sup> The Cost to develop this "Matrix" database is not a component of COMPENSATION. The target date for project competition is March 31, 2011.

Joe A. Steele                      \$100/hour

CONSULTANT'S invoices for these fees will be rendered each month as work progresses and are payable on presentation.

4. **OWNERSHIP OF RECORDS.** SCORE maintains ownership of all products, files, records, computations, studies and other data, prepared or obtained in connection with this Agreement. CONSULTANT may maintain copies of records that may be required for professional liability insurance purposes and required professional practices.
5. **DISCLOSURES OF CONFLICTS.** CONSULTANT shall be responsible for disclosing financial interests that may be a conflict. Disclosure may be satisfied through completion of the related Fair Political Practice Commission form on an annual basis.
6. **TERMINATION.** This Agreement may be terminated at any time by CONSULTANT upon ninety (90) days advance written notice to SCORE. Further, this agreement may be terminated at any time by SCORE upon ninety (90) days written notice to CONSULTANT. Upon termination, CONSULTANT shall give to SCORE copies of all products, files, records, computations, studies and other data, prepared or obtained in connection with this Agreement, which shall become the permanent property of SCORE. CONSULTANT may maintain copies of records that may be required for professional liability insurance purposes and required professional practices.
8. **COMPLIANCE WITH LAWS.** CONSULTANT agrees that all work will be conducted, and the services will be performed in compliance with all laws and regulations; with the policies; procedures and directives of SCORE, particularly those related to fiscal and management matters; and with generally accepted accounting principles applicable to governmental entities.
9. **INSURANCE.** CONSULTANT shall provide Auto Liability and Professional Liability insurance with separate limits of \$1,000,000, and shall annually provide a certificate of insurance to SCORE if requested. In addition, CONSULTANT agrees to provide evidence of a Fidelity Bond (Employee Dishonesty coverage) to a limit no less than \$100,000.
10. **INDEMNIFICATION.** CONSULTANT agrees to indemnify and hold harmless SCORE, its officers, directors and member agencies from any liability arising from CONSULTANT'S negligence or willful misconduct or omissions in the performance of the Agreement. And SCORE, its officers, directors and member agencies agree to indemnify and hold harmless CONSULTANT from any liability arising from the negligence, willful misconduct or omissions of SCORE, its officers, directors and member agencies in the performance of the Agreement.
11. **INDEPENDENT CONTRACTOR.** It is expressly agreed by the parties that CONSULTANT'S relationship to SCORE is that of an independent contractor. As such, SCORE will not be providing Workers' Compensation coverage or any benefits to CONSULTANT .
12. **SUCCESSORS AND ASSIGNMENT.** CONSULTANT agrees it will not assign, transfer, convey or otherwise dispose of this Agreement or any part thereof, or its rights, title or interest therein, without the prior written consent of SCORE.
13. **ENTIRE AGREEMENT.** This writing constitutes the entire agreement between the parties relative to the services specified herein, and no modifications shall be effective unless and until such modification is evidenced by a writing signed by both parties.

14. **HEADINGS.** The descriptive headings used in this Agreement are for convenience only and shall not control or affect the meaning or construction of any of its provisions.
15. **NON-ASSIGNMENT.** Neither party, without prior written consent, may assign this Agreement in whole or in part.
16. **OTHER OBLIGATIONS OF PARTIES.** SCORE is responsible for establishing and maintaining internal controls, including monitoring ongoing activities.

None of the services rendered can be relied on to disclose errors, fraud, or illegal acts that may exist. However, CONSULTANT will inform SCORE of any material errors and of any evidence or information that comes to CONSULTANT'S attention during the performance of CONSULTANT'S compilation procedures that fraud may have occurred. In addition, CONSULTANT will report to SCORE any evidence or information that comes to CONSULTANT'S attention during the performance of CONSULTANT'S compilation procedures regarding illegal acts that may have occurred, unless they are clearly inconsequential. CONSULTANT has no responsibility to identify and communicate deficiencies in SCORE'S internal control as part of this engagement.

CONSULTANT will compile the financial statements on a quarterly basis in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to present, in the form of financial statements, information that is the representation of SCORE'S management without undertaking to express any assurance on the financial statements.

A compilation differs significantly from a review or an audit of financial statements. A compilation does not contemplate performing inquiry, analytical procedures, or other procedures performed in a review. Additionally, a compilation does not contemplate obtaining an understanding of the SCORE'S internal control; assessing fraud risk; tests of accounting records by obtaining sufficient appropriate audit evidence through inspection, observation, confirmation, the examination of source documents (for example, cancelled checks or bank images); or other procedures ordinarily performed in an audit. Therefore, a compilation does not provide a basis for expressing any level of assurance on the financial statements being compiled.

If, for any reason, CONSULTANT is unable to complete the compilation of SCORE'S financial statements, CONSULTANT will not issue a report on such statements as a result of this engagement.

IN WITNESS WHEREOF, the parties execute this Agreement on the day and year as indicated below.

Dated: 8/31, 2010

Dated: July 16, 2010

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

**Gilbert Associates, Inc.  
Certified Public Accountants**

  
\_\_\_\_\_  
Board President

  
\_\_\_\_\_  
Gilbert Associates, Inc.  
Accountant and Financial Consultant

Roger Carroll

Agenda Item G.11

**ACI Specialty Benefits Renewal**

**Action Item**

**Issue:** Review and approval of SCORE's Employee Assistance Program (EAP) at the existing rates.

**Recommendation:** Staff Administrator recommends renewing the contract with ACI Specialty Benefits on September 15, 2011 for one year.

**Fiscal Impact:** Rate per employee is \$2.25 per month. There are currently 14 cities participating in this program with a current headcount is 332 = \$8,964 annually.

**Background:** At the June 13, 2008 Board meeting, Ms. Tori Barr, Vice President of ACI Specialty Benefits Corporation, presented an EAP tailored for the SCORE members. A contract was approved by the Board and ACI has been providing the JPA members with EAP for two years.

This is an optional program and those cities that cost is allocated to those cities that participate in the program by number of employees.

**Attachments:** SCORE 2011-2012 EAP Renewal Letter  
Exhibit A – Benefit Summary  
SCORE 1<sup>st</sup> Quarter 2011 Utilization Summary  
ACI Training Topics Brochure



May 19, 2011

Susan Adams  
Assistant Vice President  
**Alliant Insurance Services**  
1792 Tribute Road, Suite 450  
Sacramento, CA 95815

Re: **SCORE 2011 EAP Renewal**

Dear Susan,

This letter is a confirmation of renewal information for the EAP benefits offered by ACI Specialty Benefits for SCORE. Thank you for your consideration in renewing the EAP Agreement. On behalf of the entire ACI staff, we appreciate your continued trust and collaboration, having served your valued employees for the past three years.

It is great to see that the employees of SCORE are taking advantage of ACI's services. The utilization rate for the first quarter of 2010 was 22.3%, a high utilization considering that the national average is between 3% and 5%.

- Renewal Date: September 15, 2011
- Renewal Term: One Year
- Renewal Rate: Current rate: \$2.25 per employee per month
- Headcount: Current Headcount is 332
- Cities Being Served: City of Biggs, 9; City of Portola, 11; City of Colfax, 1; City of Isleton, 5; City of Shasta Lake, 45; Town of Loomis, 10; City of Susanville, 62; City of Dunsmuir, 10; City of Loyalton, 5; City of Weed, 30; City of Etna, 46; City of Mount Shasta, 34; City of Yreka, 52; City of Dorris, 12

There have been changes to ACI's service agreement. One of the more significant changes is that, in an effort to trend with the times, ACI Specialty Benefits is following the *Go Green* and technology movement, which means ACI can provide virtual marketing materials via email, webinar, and/or CD-R unless otherwise noted on the Benefit Summary. *Paper materials requested may be provided at a pass-through cost.*

This renewal notice is subject to the same terms and conditions as the Master Service Agreement which can be viewed at [Master Agreement](#). Non-renewal notices must be sent in writing 60 days prior to termination date. In working to design a plan customized to fit the needs of SCORE employees, attached please find Exhibit A which outlines the current service offerings.

After reviewing the renewal letter and Exhibit A, please sign where indicated and return this letter along with the Exhibit A, initialed where indicated. Please keep a copy of each for your records.

It has been a pleasure to provide this full-service EAP and to work to support this excellent employee group for the past three years. ACI understands you have many benefit choices available to your employees, and values the trust and confidence you show in ACI's services by renewing for another year! Please feel free to contact ACI if you have any questions.

Sincerely,

*Tandice Tinney, M.S.*

Tandice Tinney, M.S.  
VP of Service Operations

Approved by:

**SCORE**

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Date

## Utilization Summary and Cost-Benefit Analysis



### SCORE

January 1, 2011 - March 31, 2011

Utilization Rate:

**22.3%**



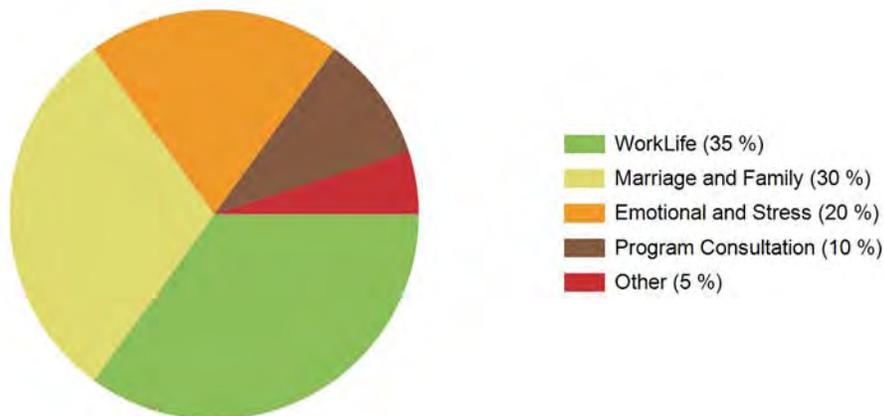
Previous Utilization Rate: 7.7%

#### Overall Utilization

There were 20 new contacts. 3 were referred by a Family Member, 16 were referred by Human Resources, 1 was referred by Poster or Brochure.

The presenting problems were: Emotional, Family / Child, Job Performance, Program Consultation, Work Stress and WorkLife.

1 new contact was for a Family Member and 19 new contacts were self-initiated.



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**Work/Life Utilization**

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In this time period there were 7 case(s) that were opened: 42.9 % of the cases were General WorkLife, 28.6 % of the cases were Financial, 28.6 % of the cases were Legal.

General WorkLife was the most utilized with 3 cases.

Employers lose \$3 billion a year due to childcare related absences and \$1,000-\$3,000 per employee per year in costs due to absenteeism for elder care issues. The top most stressful life events involve legal or criminal justice concerns, and about 15% of US workers suffer stress because of debt while many more are financially stressed in general. When employees struggle with dependent care, legal and financial concerns, productivity plummets. ACI's comprehensive work/life benefits have helped employees better manage life issues, save time and money, and ultimately help prevent and reduce company losses while increasing productivity gains.

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**Training**

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ACI Specialty Benefits offers state-of-the art trainings with over 40 exciting topics to choose from. ACI's trainings are designed to enhance professional development for employees of all levels, and are specifically tailored to meet the diverse needs of any organization.

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**Newsletters**

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ACI provided the following HealthYEmails this quarter: Life Lessons Learned in Kindergarten; Three C's for Happy Couples; Feuding on Facebook.

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**Formal Referrals**

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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

1/1/2011 - 3/31/2011

## Employee Assistance Program Utilization Report

### Utilization Hours

Management Training and Employee Wellness Seminars:	0
Employee Assistance Counseling:	23
Consultation: Work/Life & Concierge	13
Consultation: Employee Consultation	1
Consultation: Supervisor, Management and Outside Consultants	67
Total Program Hours this Period:	<u>104</u>

### Utilization Comments

ACI Specialty Benefits has been an invaluable resource this quarter in helping clients and employees facing difficult situations. When the tragic Japanese earthquake and tsunami struck, ACI was proactive in offering immediate assistance, support and resources for clients in Japan and across the Pacific. Comprehensive crisis response resources included information about locating loved ones, emergency services, how to help, coping advice, and managing in times of crisis.

On a more personal scale, ACI Specialty Benefits is always willing and available to assist managers dealing with a variety of complex workplace issues. For example, a manager recently turned to ACI for help in assisting an employee struggling with multiple sclerosis and blindness. ACI immediately provided customized referral information and recommendations for the employee, the family, and the workplace. The manager was extremely grateful, saying, "Thank you very much. This is very impressive." In another example, ACI offered heartfelt support along with grief and loss materials upon learning that a client recently lost a beloved employee. Touched by the personalized support, the manager responded, "Thank you so much for the handout, your compassion and thoughtfulness. You are so great to work with!"

These are just a few examples that illustrate the breadth of EAP services available and highlight ACI's commitment to exemplary service, especially for clients facing hard times. As a reminder, ACI's EAP offers training and consultation regarding disaster preparedness, as well as unlimited critical incident stress debriefing (CISD) services for workplace crises.

SCORE Utilization Rate for the Period 1/1/2011 to 3/31/2011 was 22.3 %

This was an increase over the previous period Utilization which was 7.7 %

1/1/2011 - 3/31/2011

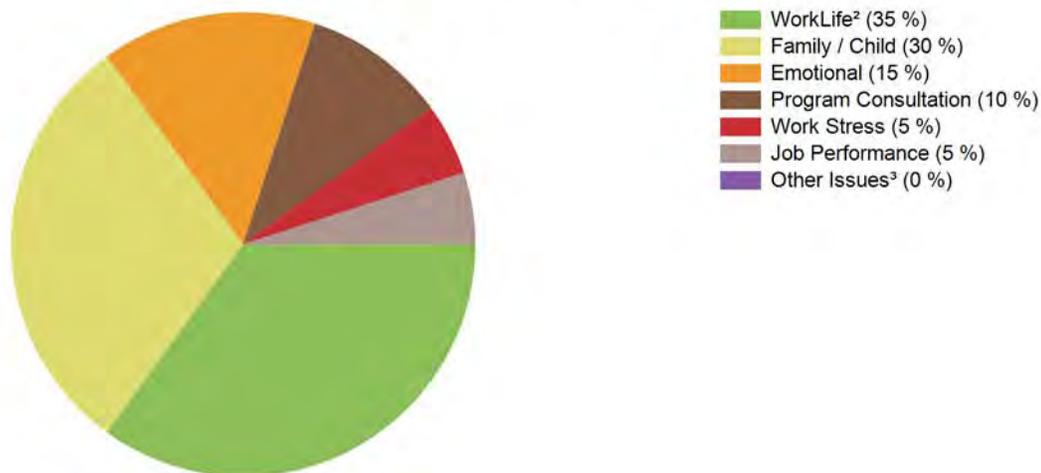
## Employee Assistance Program Utilization Report

### Primary issue for assessment

Primary Issue	New	Previous Quarter	Year To Date
Alcohol	0	0	0
Alcohol / Family Member	0	0	0
Drugs	0	0	0
Emotional	3	0	3
Family / Child	6	2	6
Gambling	0	0	0
Job Performance	1	0	1
Marital / Relationship	0	1	0
Other	0	0	0
Program Consultation	2	0	2
Work Stress	1	1	1
WorkLife <sup>2</sup>	7	3	7

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, childcare and eldercare referrals, resources and support necessary to better manage life's everyday responsibilities, while staying focused and productive at work.

**New Issues this Quarter**



<sup>1</sup> Concierge cases are detailed later in the report.

<sup>2</sup> WorkLife cases are detailed later in the report.

<sup>3</sup> 'Other Issues' includes issues < 1%.

1/1/2011 - 3/31/2011

## Employee Assistance Program Utilization Report

### Primary Issue Breakout for WorkLife

Referral Made	New	Previous Quarter	Year To Date
Financial	2	2	2
General WorkLife	3	0	3
Legal	2	1	2

New Issues this Quarter

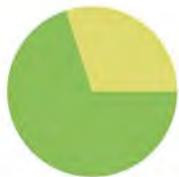


1/1/2011 - 3/31/2011

## Employee Assistance Program Utilization Report

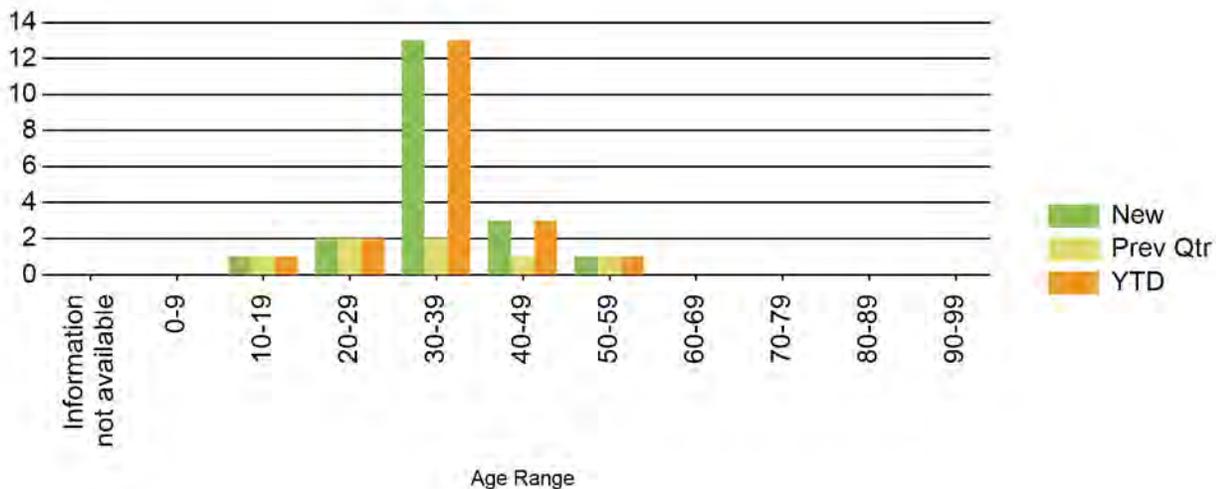
## Demographic data

Gender	New	Previous Quarter	Year To Date
Female	14	4	14
Male	6	3	6



Female (70 %)  
 Male (30 %)

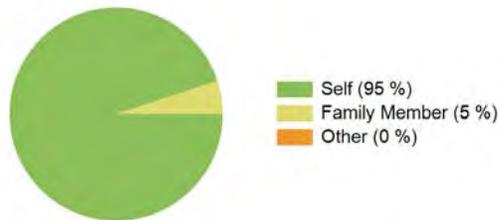
Age Range	New	Previous Quarter	Year To Date
Information not available	0	0	0
0-9	0	0	0
10-19	1	1	1
20-29	2	2	2
30-39	13	2	13
40-49	3	1	3
50-59	1	1	1
60-69	0	0	0
70-79	0	0	0
80-89	0	0	0
90-99	0	0	0



Who is Initiating Contact with ACI	New	Previous Quarter	Year To Date
Self	19	6	19
Family Member	1	1	1
Other	0	0	0

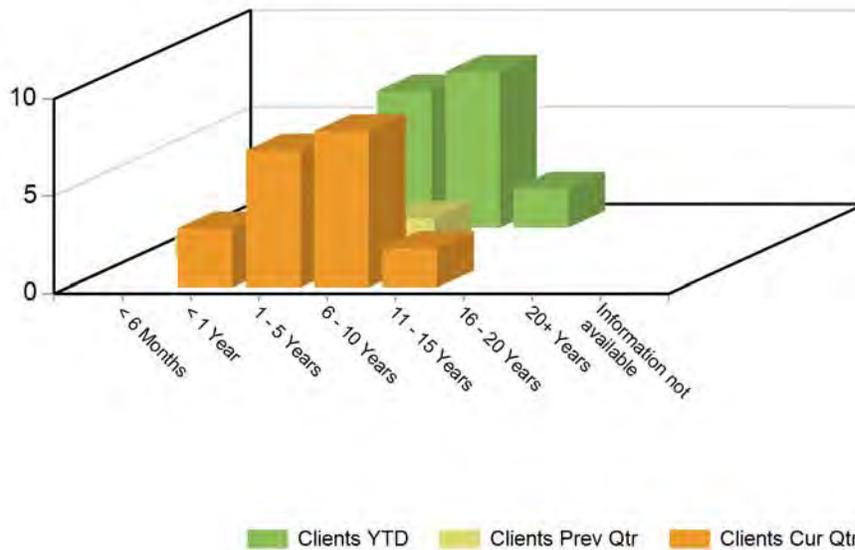
1/1/2011 - 3/31/2011

## Employee Assistance Program Utilization Report



### Employment data

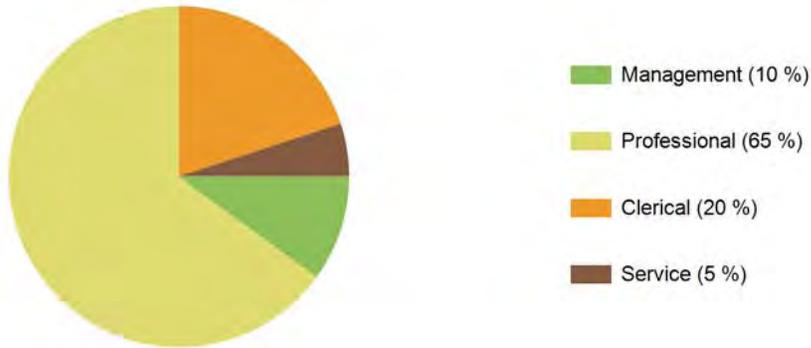
Years Attended	New	Previous Quarter	Year To Date
< 6 Months	0	1	0
< 1 Year	3	0	3
1 - 5 Years	7	4	7
6 - 10 Years	8	2	8
11 - 15 Years	2	0	2
16 - 20 Years	0	0	0
20+ Years	0	0	0
Information not available	0	0	0



Job Category	New	Previous Quarter	Year To Date
Management	2	0	2
Supervisor	0	0	0
Professional	13	1	13
Technical	0	0	0
Clerical	4	1	4
Production	0	1	0
Service	1	3	1
Sales	0	0	0
Labor/Unskilled	0	1	0
Other	0	0	0

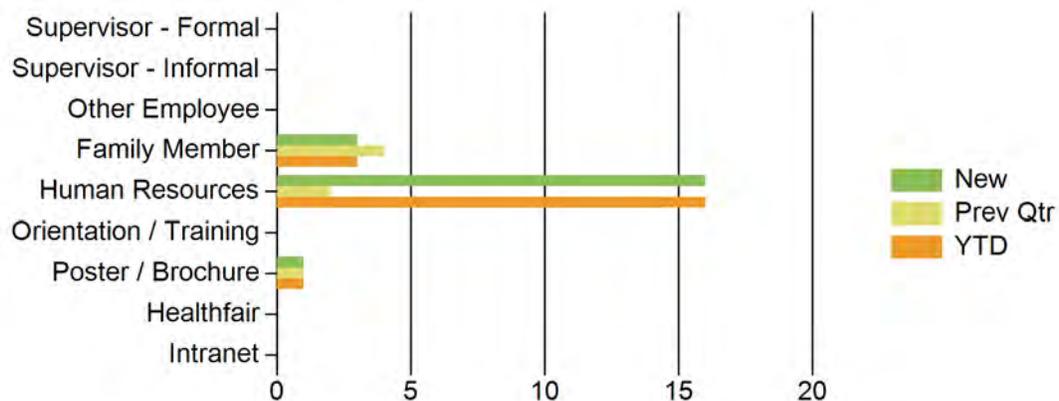
1/1/2011 - 3/31/2011

## 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	0	0	0
Family Member	3	4	3
Human Resources	16	2	16
Orientation / Training	0	0	0
Poster / Brochure	1	1	1
Healthfair	0	0	0
Intranet	0	0	0



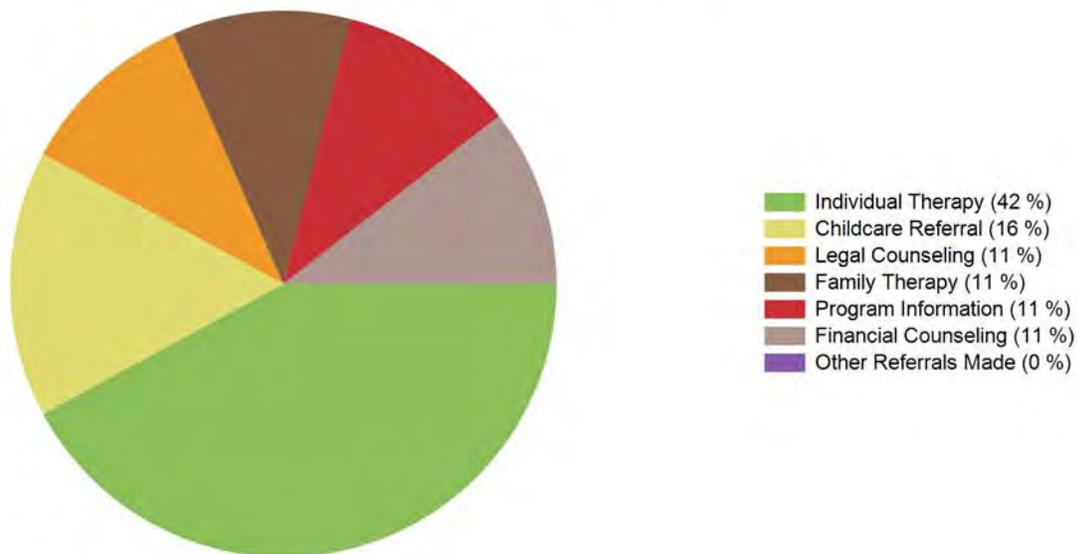
1/1/2011 - 3/31/2011

## Employee Assistance Program Utilization Report

## Type of Referral Made

Referral Made	New	Previous Quarter	Year To Date
Individual Therapy	8	2	8
Couples Therapy	0	0	0
Family Therapy	2	1	2
Group Therapy	0	0	0
Self-Help Group	0	0	0
Legal Counseling	2	2	2
Further EAP Assessment	0	0	0
Financial Counseling	2	1	2
Childcare Referral	3	0	3
Eldercare Referral	0	1	0
Program Information	2	0	2
Community Based Resources	0	0	0

### New Referrals This Quarter



# Exhibit A – Benefit Summary



**Prepared for:** SCORE (cities covered below)      **Summary Date:** 5/19/2011  
**Provider:** ACI Specialty Benefits      **Page:** 1  
**Policy:** Employee Assistance Program  
**Effective Date:** 9/15/2008  
**Anniversary Date:** 9/15/2011      **Coverage:** Employee Assistance Program

EAP INCLUSIONS	
BENEFIT DESCRIPTION	ACI Specialty Benefits (ACI) will provide employee assistance services, including diagnosis, assessment, referral and short-term problem resolution. ACI will also provide work/life services.
CITIES COVERED	City of Biggs, City of Portola, City of Colfax, Town of Loomis, City of Isleton, City of Shasta Lake, City of Loyalton, City of Susanville, City of Dunsmuir, City of Etna, City of Dorris, City of Weed, City of Yreka, City of Mount Shasta
EAP SERVICES	<ul style="list-style-type: none"> <li>• Three (3) face to face sessions per year</li> <li>• 24-hour multilingual helpline</li> <li>• Unlimited Media &amp; Webinar Employee Orientation Meetings*</li> <li>• Unlimited Media &amp; Webinar Manager &amp; Supervisor Trainings*</li> <li>• Unlimited Media &amp; Webinar Lunch 'n Learn Seminars</li> <li>• Unlimited Just-Do-It Training consultation and facilitation tools</li> <li>• Four hours Per Year of On-Site Employee Orientations, Manager &amp; Supervisor Trainings, and Lunch 'n Learn Seminars Per City**</li> <li>• One On-Site Critical Incident Stress Debriefing (CISD) Per City Per Year</li> <li>• Management consultation regarding difficult employee issues</li> <li>• Consultation and development of policies to prevent workplace violence and manage high risk situations</li> <li>• Support to Human Resources during workforce reductions, management changes, reorganizations, plant closures, and other transitions</li> <li>• Monthly HealthYMail™ Newsletter</li> </ul> <p><b>* Provided for employee groups of 15 or more</b>  <b>** Additional CISM/Trainings available at a reduced rate of \$125/hour</b></p>
TELEPHONE ACCESS	<p>24-hour, 365 day-a-year nationwide toll free number (800-932-0034)                      Language line available in 175 different languages</p> <ul style="list-style-type: none"> <li>• EMERGENCY                          Caller connected to a trained medical answering service, which can immediately patch the call through to an ACI on-call provider.</li> <li>• NON-EMERGENCY                          Routine referrals and info available Monday - Friday, 7:00AM-5:30PM PST</li> </ul>
REPORTING	Quarterly utilization reports with executive overview
INVOICING	Invoicing will be quarterly in advance
PROVIDER NETWORK	Over 40,000 Providers Nationwide
PROMOTIONAL MATERIALS	Promotional materials such as but not limited to brochures, posters, wallet cards, letter to family members, paycheck stuffers, supervisory manuals, etc, will be provided

# Exhibit A – Benefit Summary

**Prepared for:** SCORE (cities covered below)      **Summary Date:** 5/19/2011  
**Provider:** ACI Specialty Benefits      **Page:** 2  
**Policy:** Employee Assistance Program  
**Effective Date:** 9/15/2008  
**Anniversary Date:** 9/15/2011      **Coverage:** Employee Assistance Program

EAP WORK/LIFE SERVICES	<ul style="list-style-type: none"> <li>▪ Unlimited childcare referrals and resources</li> <li>▪ Unlimited eldercare referrals and resources</li> <li>▪ Unlimited telephonic legal assistance plus 30 minute face to face consultation option &amp; discount for ongoing services</li> <li>▪ Unlimited telephonic financial assistance</li> </ul>
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CONTRACT FEATURES	
WORKWEEK REQUIREMENT	Determined by employer
ELIGIBILITY	Determined by employer
<ul style="list-style-type: none"> <li>• EMPLOYEE</li> <li>• DEPENDENTS</li> </ul>	
TERMINATION OF BENEFITS	30 days after final termination date at no cost to employer

FEES – Includes a one (1) year rate guarantee *			
Employee Group	Program Model	Employee Count	Per Employee Per Month
ALL EMPLOYEES	3 SESSIONS PER YEAR CORPORATE MODEL FOR EAP & WORK/LIFE	332	\$2.25

\* These rates are guaranteed for one year; thereafter, these rates will be subject to increase based upon the cost of living index not to exceed 8% per year.

ADDITIONAL FEES*	
TYPE OF SERVICE	FEES FOR SERVICE
CRITICAL INCIDENT STRESS DEBRIEFING	\$325 per hour
ON-SITE LAY-OFF AND RIF SUPPORT	\$325 per hour
ON-SITE ORIENTATIONS	\$250 per hour
EAP TRAININGS AND SEMINARS	\$250 per hour
FEE FOR LATE CANCELLATION OR FAILURE TO MEET ATTENDANCE MINIMUMS	\$200 per training

**\*Additional fees are for above contracted services**



## ACI now offers three exciting **Live 'n Learn** formats to choose from!

### Just-Do-It

ACI's most popular format provides easy-to-use materials to conduct the training yourself

### On-Site Trainer

A specialized trainer comes to your location

### Webinar

ACI's newest format allows individuals to participate in online trainings, led remotely by an instructor

Here are just a few of ACI's most popular **Live 'n Learn** trainings:

#### Managing People

- Building a Better Team
- Bridging Generation Gaps
- Managing Conflict
- Motivate and Lead
- Assertive Communication

#### Managing Stress

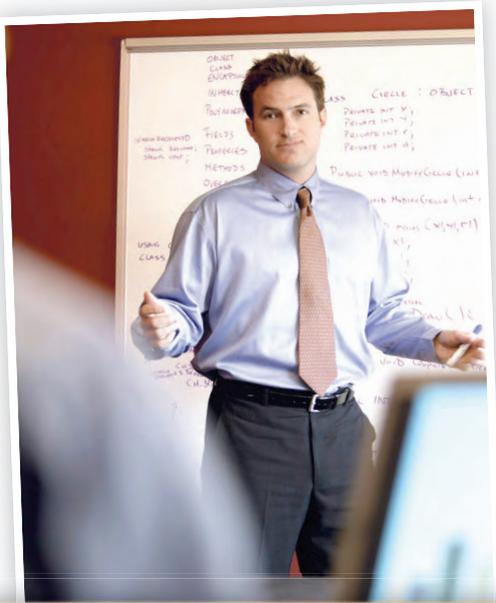
- Dealing with Change
- Personalities in the Workplace
- Holiday Stress
- Coping with Financially Stressful Times
- Time Management

#### Managing Life

- Balancing Work & Family
- Parenting Made Easy
- Eldercare- What to Know!
- Retirement Planning
- Protecting Children from the Internet

To request a Live 'n Learn training, simply complete the Training request form at: <http://acieap.com/forms/trainingform.html> and you will be contacted within three days of your request. All training requests require 2 weeks advance notice. Attendance minimums apply and cancellations require a notice of 3 business days. Requirements not met may incur applicable fees.

For more information, contact ACI Specialty Benefits Training Department at 800.932.0034 or [training@acieap.com](mailto:training@acieap.com)



## Training Synopsis

Attached you will find descriptions to some of ACI's training topics. Please note that ACI works closely with trainers to customize these topics as much as possible to your organization's needs. Remember, trainings can be delivered in person, via webinar, or as a Just-Do-It training. Contact ACI for more information (800) 932-0034.

### Training Categories

#### MANAGING PEOPLE

Building a Better Team

Leadership vs. Management

Managing Organizational Change

Motivate and Lead

Managing Conflict

Assertive Communication

Bridging Generation Gaps

#### MANAGING STRESS

Communicating with Challenging Colleagues

Coping with Change

Holiday Stress

Negotiation Strategies

Personalities in the Workplace

Stress: How to Manage

Time Management

Coping with Financially Stressful Times

#### MANAGING LIFE

Balancing Work and Family

Protecting Your Children on the Internet

Eldercare: What to Know

Parenting Made Easy

Retirement Planning

Setting SMART Goals

Communicating in Relationships

## MANAGING PEOPLE

### Building a Better Team

Personality assessments help us understand ourselves, and others with the goal of working together more smoothly. Team building means using your communication style to mesh, not grind with others!

Personalities and Team Building is a fast-paced, lively approach to reducing stress in your personal and business life. Practical and easy techniques for dealing with the “Team” personality styles that drive you up the wall... and helping you not be the difficult person in somebody else’s life!

### Leadership vs. Management

There is a difference between leading a team and managing a team. To demonstrate characteristics of a leader you must be more strategically focused and rather than directing employees through tasks, they inspire and motivate employees to drive themselves. Leaders are adapting in the art of *emotional intelligence* and apply it in a way that attains the best work out of their people. One of the key characteristics of a manager is very basic in the sense that they are someone who was given their authority by the nature of their role. They ensure work gets done; focus on day to day tasks, and manage the activities of others. Managers’ focus on tactical activities and often times has a more directive and controlling approach.

### Managing Organizational Change

(Can be customized to reflect current changes)

To say that life involves change is such a cliché! Everyday brings change—many positive, such as getting promoted, supervising a larger group, managing a project; and some not so positive, such as workforce reductions, additional workload, less resources available to work with—both can be cause for stress in the workplace.

- Difficulty in coping with change can create mental and physical illness.
- A mark of a mentally healthy individual or organization is the ability to handle and assimilate change—even to profit from it!
- Focus on practical and specific techniques for coping with change-related experiences.

### Motivate and Lead

Employers world-wide seem to have the same complaint. “Why can’t I find good employees with a positive work ethic?” Effective leaders and managers engage with their workforce to build commitment. In a business environment, this motivates employees to improve the volume and quality of their output. People are not only motivated by personal gain - they can be motivated by feeling part of the business and contributing to its goals. Good leaders motivate their staff using a variety of skills, learned through training and experience. You can develop these skills to get the same results.

### Managing Conflict

Control, confidence, and composure are traits you will be able to display in even the most highly charged situations. Conflict, strife, and opposing points of view are part of the workplace and part of life; you can’t change that. But you can change the way you react and manage conflict when it does occur.

### Assertive Communication

Learn about the styles of interpersonal behavior. Assertive communication is the ability to express positive and negative ideas and feelings in an open, honest and direct way. It recognizes our rights while still respecting the rights of others. It allows us to take responsibility for ourselves and our actions without judging or blaming other people. And it allows us to constructively confront and find a mutually satisfying solution where conflict exists.

### Bridging Generation Gaps

Workplace tensions can arise when people of different generations, working together, don’t understand each other. You can diffuse tension at work by learning about the differences among your team and appreciating those differences. Learn how you can make an effort to interact with members of each generation in a way that suits their work ethic and communication style.

## MANAGING STRESS

### Communicating with Challenging Colleagues

Many of us are afraid to confront difficult or inappropriate behaviors at work. We fear that we will be accused of not having a sense of humor, and we feel, quite naturally, that we will be ostracized from our workplace clique. Some of us may think we will acquire a “tattle-tale” reputation, or fear the risk of stopping the bad or abusive behavior. There are countless reasons why at work, we labor over whether or not to discuss sensitive issues with our colleagues. Learn some tools to recognize troubling behaviors in the workplace and confront them in ways that are effective and non-aggressive.

### Coping with Change

(Customized for Personal and Professional)

To say that life involves change is such a cliché! Everyday brings change—many positive, such as getting a better job, falling in love, having a baby—but even the positive changes are stressful! Difficulty in coping with change can create mental and physical illness. A mark of a mentally healthy individual or organization is the ability to handle and assimilate change—even to profit from it! Like the Stress Management training, this teaches more tools and techniques on how to manage change.

### Holiday Stress

Stress may not be the first thing that comes to mind when we think of thanksgiving and winter holidays; but we feel its effects in January. Too often holidays are accompanied by the emotional whiplash of anticipatory stress followed by post-holiday letdown. It can take the rest of the winter to recover.

### Negotiation Strategies

SHREWD OR WIMPY? What’s your negotiating style? Find out as we explore the art of bargaining. Yes, the dreaded negotiation! Improve your skills. Develop Constructive-negotiating strategies. Explore the seven steps to handling interpersonal differences and learn to use win-win negotiation strategies. Eighty percent of what we do every day is a negotiation. Does your life reflect winning 80% of the time? Is your win-win strategy turning you into a doormat? What’s the role of honesty? What about “walking away,” “point of balance,” and controlled compromise?

### Personalities in the Workplace

(Customized for Personal and Professional)

Success in both our professional and personal lives is dependent on several variables, a crucial one being our ability to adapt to our environment to be versatile. Versatility is not an inherent trait and because we are not born with the skill, it is one we can practice and nurture. If we understand ourselves in relation to our comfort zones, and what environmental influences prevent us from exploring outside those zones, we can begin to consciously venture into new territory – thus increasing our interpersonal versatility. This one-hour training provides a basic introduction to our four social styles and allows an opportunity for participants to learn to use the strengths of their character to increase their interpersonal relationships at work.

### Stress: How to Manage

Stress is the “wear and tear” our bodies experience as we adjust to our continually changing environment; it has physical and emotional effects on us and can create positive or negative feelings. As a positive influence, stress can help compel us to action; it can result in a new awareness and an exciting new perspective. As a negative influence, it can result in feelings of distrust, rejection, anger, and depression, which in turn can lead to health problems such as headaches, upset stomach, rashes, insomnia, ulcers, high blood pressure, heart disease, and stroke. With the death of a loved one, the birth of a child, a job promotion, or a new relationship, we experience stress as we readjust our lives. In so adjusting to different circumstances, stress will help or hinder us depending on how we react to it.

### Time Management

This presentation will help you become better time managers. The presentation will contain materials and information on how to:

- Become more organized
- Delegate more effectively
- Quit procrastinating
- Manage priorities

### Coping with Financially Stressful Times

Financial stress is the leading cause of stress for the majority of Americans. From concerns about the rising cost of gas, to worries about the housing market and national economy, people are experiencing a mixture of stress, fear, anxiety, frustration, and even hopelessness, around money-related issues. This training, *Coping with Stress during Difficult Financial Times*, will help individuals recognize what aspects of financial stress are within their control; and offer helpful tools, tips and information to better manage financial stress in everyday life.

## MANAGING LIFE

### Balancing Work and Family

Most employees in the United States these days report being over-worked, stretched thin with family obligations, and many people worry that their family life is suffering at the expense of their job. They feel overwhelmed, and report lacking personal and family quality time. This seminar teaches practical solutions for saying “No” to unnecessary commitments, determining SMART goals, and effectively managing time. Learn techniques for finding a balance between what you need to survive and what your family needs, to truly prosper and maintain optimum fulfillment.

### Protecting Your Children on the Internet

In an age of technology where the internet is used by most everyone, including our children, it has become a parent’s responsibility to know what websites their child or children are visiting. It can be challenging for parents to keep informed about online dangers their children, including teens, may face. Our current generation of young people will be the first raised in the Internet era. Using computers and devices that access the Internet will be something they expect. This training will help you learn how to work with your children in keeping them safe online while keeping that sense of trust with them.

### Eldercare: What to Know

Being in the sandwich generation creates much work and frustration. At this time, many people find themselves having to care for their families with children and their parents, as well. Learning about elder care can win half the battle in juggling families and elderly parents. In the seminar “What to Know,” a facilitator will inform you of what services are available and where to go for answers to all your elder care questions....

- What are Home Health Care Services?
- In-Home Care or Professional Assisted Living?
- How an Eldercare Consultant/Case Manager can help
- What local services are available?
- How do I compare services?
- Medical supplies/Equipment - where to go
- And much, much more!
- 

### Parenting Made Easy

So much to do, so little time! Parenting is like twirling a baton, turning handsprings, or eating with chopsticks. It looks easy until you try it. Contrary to popular belief, time is not money. It is much more valuable than money. You can not ever earn, create or steal more time than you’ve got, so you should use it intelligently. This training will provide time management tips for maximizing your effectiveness at home and at work. In this training, you will learn valuable information on how to excel as a parent and as an employee.

### Retirement Planning

The passage from career to retirement is one of life’s greatest transitions. By definition, a transition is finite. There is a beginning and an end; it is a state of being that is different from what was and what will be. Retirement is something many people look forward to; however, others may approach it with apprehension. You probably started financial planning for retirement years ago, but how do you prepare yourself for the other aspects? The first time you wake up on a Monday morning and don’t have to be somewhere, you may feel a bit disoriented. This transition can be confusing and emotional. In order to enjoy retirement, you need to have a positive program for it.

### Setting SMART Goals

Goal setting is a formal process for personal and professional planning. By setting goals on a routine basis you decide what you want to achieve, and then move step-by-step towards the achievement of these goals. The process of setting goals and targets allows you to choose where you want to go in life. By knowing precisely what you want to achieve, you know what to focus on succeed. By setting sharp, clearly defined goals, you can measure and take pride in the achievement of those goals. You can see forward progress in what might previously have seemed a long pointless grind. The process of achieving goals and seeing progress gives you confidence so will be able to achieve higher and more difficult goals.

### Communicating in Relationships

Effective communication is the key to any relationship. Communication involves almost every aspect of our interactions with others; for this reason, communication and relationships are inseparably connected. You can’t have a relationship with someone without communicating with them.

Communication involves how we express our thoughts, ideas, and feelings to others, including what we say and how we say it. But when we communicate with others, we also communicate attitudes, values, priorities, and beliefs. No matter what we actually say to other people in words, we also send messages about what we think of them, what we think of ourselves, and whether or not we’re being sincere and genuine in what we say. Our non-verbal communication -- those things we don’t say with words, but with our gestures, our facial expressions, and our attitude -- speak volumes.

**Agenda Item G.12**

**Resolution 11-01 Establishing 2011-2012 Board of Directors Meeting Dates  
Action Item**

**Issue:** The SCORE Board of Directors will need to review and adopt a resolution setting forth the meeting dates and locations for the 2011-2012 program year for the JPA.

**Recommendation:** Program Administrator recommends approval of Resolution 11-01

**Fiscal Impact:** None

**Background:** Annually the Staff presents a resolution to the Board with proposed dates of Board meetings and locations. Under the Brown Act, Government Code Section 54954(a), a regular meeting of the governing Board of a local agency is one where the date is established by ordinance or resolution.

SCORE has an attendance policy that will impose penalties for non-representation by a member.

**Attachments:** Resolution 11-1, Establishing Meeting Dates for 2011/2012 Program Year  
SCORE Attendance Policy

**RESOLUTION NO. 11-01**

**RESOLUTION OF THE BOARD OF DIRECTORS  
SMALL CITIES ORGANIZED RISK EFFORT (SCORE)  
ESTABLISHING MEETING DATES FOR THE PROGRAM YEAR 2011-2012**

BE IT RESOLVED THAT:

The following meeting dates are hereby established for the 2011 – 2012 program year:

Friday, August 26, 2011 commence at 10:00 a.m.	Anderson, CA
Thursday, October 27, 2011 commence at 10:00 a.m.	Tahoe City, CA
Friday, October 28, 2011 commence at 9:00 a.m.	Tahoe City, CA
Friday, January 27, 2012 commence at 10:00 a.m.	Anderson, CA
Friday, March 23, 2012 commence at 10:00 a.m.	Anderson, CA
Friday, June 22, 2012 commence at 10:00 a.m.	Anderson, CA

This Resolution was adopted by the Board of Directors at a regular meeting of the Board held on June 24, 2011 in Shasta County, California, by the following vote:

**AYES:** \_\_\_\_\_

**ATTEST:**

**NOES:** \_\_\_\_\_

**ABSTAIN:** \_\_\_\_\_

\_\_\_\_\_  
**Roger Carroll, SCORE President**

**ABSENT:** \_\_\_\_\_

**Agenda Item G.13**

**October 27, 2011 Bi-Annual Training Day  
Information Item**

**Issue:** Update the Board on the Bi-Annual Training Day which will be held at the Granlibakken Lodge in Tahoe City.

Topics on the agenda per the Board request are:

1. Overview of all of SCORE's insurance programs.
  - a. Mr. David Clovis, General Manager of CJPRMA will provide overview of CJPRMA's programs.
  - b. Staff will review the Workers' Compensation, Liability, Property and Automobile Physical Damage programs.
  - c. Staff will review the Special Events Program and Vendors/Contractors Program.
2. Certificate of Insurance / Insurance Requirements in Contracts.
3. Presentation on Accident Investigation – Mr. Tom Baber – York

**Recommendation:** None

**Fiscal Impact:** \$10,000

**Background:** Bi-Annually the Board meets one day prior to the October Board meeting to have a Training Day to educate the Board on matters that affect SCORE members

**Attachments:** None

**Agenda Item G.14**

**California Association of Joint Powers Authorities (CAJPA) Conference  
September 6-9, 2011**

**Information Item**

**Issue:** The California Association of Joint Powers Authorities (CAJPA) Annual Fall Conference is September 6-9, 2011 at Harrah's, Harvey's, and the Embassy Suites in South Lake Tahoe. The CAJPA Conference provides a great opportunity for education in various aspects of pooling and self-insurance. The conference brochure is not available at the time of this agenda item but registration is available at [www.cajpa.org](http://www.cajpa.org)

**Recommendation:** Staff recommends Board members to try to attend.

**Fiscal Impact:** Funds have been budgeted for Board members to attend via the Educational Fund Policy.

**Background:** At the August 2006 Board meeting, the Board adopted Resolution 06-03 Establishing Policies and Procedures for the use of the Education Fund which states, "each member may expend up to \$1,000 in any one fiscal year to have one or more of their employees attend conferences or seminars sponsored by PARMA, CAJPA, and/or PRIMA."

**Attachments:** Copy of Resolution 06-03

## **RESOLUTION NO. 06-03**

### **RESOLUTION ESTABLISHING POLICIES AND PROCEDURES FOR THE USE OF THE EDUCATION FUND**

WHEREAS, SCORE members share the costs of their liability and workers' compensation losses,

WHEREAS, SCORE's leadership is directed by the representatives and alternates to the Board of Directors as appointed by each member,

WHEREAS, SCORE expects that SCORE and its members will reduce the costs of self-insuring its losses as well as the cost of excess coverage and group purchased coverage if the members and their representatives to SCORE are more informed of the issues of risk management and insurance and are advised of the tools available to address such issues,

WHEREAS, SCORE desires to allocated funds to assist the members in risk management training in an effort to reduce the costs of self-insurance and insurance in the future,

NOW, THEREFORE, BE IT RESOLVED THAT:

SCORE's annual budgets shall include funds for education of the employees of the members as well as the SCORE Board representatives and alternates,

SCORE's Executive Committee shall have oversight to the use of the funds in the annual budget,

Notwithstanding the above, each member may expend up to \$1,000 in any one fiscal year to have one or more of their employees attend conferences or seminars sponsored by Public Agency Risk Managers' Association (PARMA), California Association of Joint Powers Authorities (CAJPA) and/or Public Risk Management Association (PRIMA),

A member may request monies from the Education Fund to pay expenses incurred from participation of a member's employee in other educational activities that are directly related to risk management, insurance or management of joint powers authorities by submitting a request to the President to call an Executive Committee meeting to entertain the request for reimbursement and submitting backup material to the Administrator to distribute to the Executive Committee,

Reimbursement of expenses shall be normally limited to those expenses necessarily incurred to participate in the educational event including

- registration fees,
- coach airfare,
- mileage reimbursement at the then current IRS mileage reimbursement rate,
- taxi or other necessary ground transportation other than by one's own automobile,

- lodging expenses for the employee/participant only,
- incidental reasonable expenses such as luggage handling, parking or tips,
- and other expenses incurred with prior approval of the Executive Committee,

After returning from a conference, meeting, seminar or other approved educational activity, the attendee is to complete a travel expense form available from SCORE. The signed expense form with all receipts attached is to be submitted to the Treasurer no later than one month following such travel,

Notwithstanding the above, such items as the following shall not to be reimbursed,

- In-room movies
- Laundry services (for conferences of less than a four day duration)
- Non-SCORE related phone calls
- Entertainment outside of those activities offered as part of the conference registration package
- Personal services (i.e. Beauty Parlor, Hair Cuts, Etc)
- Alcoholic beverages

and

Should a member wish to have funds advanced prior to incurring the expense, such request shall be made to the Executive Committee.

This resolution was adopted by the Board of Directors at a regular meeting of the Board held on August 25, 2006 in Shasta County, California, by the following vote:

**AYES:**

**NOES:**

**ABSTAIN:**

**ABSENT:**

**ATTEST:**

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**Mr. Roger Carroll, President**

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**Ms. Linda Romaine, Secretary**

Agenda Item H.1

**California Joint Powers Risk Management Authority (CJPRMA) Update  
Information Item**

**Issue:** Mr. Roger Carroll will address the Board on CJPRMA matters.

**Recommendation:** None

**Fiscal Impact:** Unknown

**Background:** This time is reserved for Mr. Carroll to report to the Board on CJPRMA matters.

**Attachments:** CJPRMA MOC changes.

**CALIFORNIA JOINT POWERS  
RISK MANAGEMENT AUTHORITY**

**AGENDA BILL**

<b>Item #:</b> 9	<b>Title: PROPOSED REVISIONS TO MEMORANDUM OF COVERAGE, TO BE EFFECTIVE JULY 1, 2011.</b>
<b>Meeting:</b> 06/16/2011	
<b>General Manager:</b> <i>J.T.C.</i>	

**Recommended Action:**

Approval of the proposed revisions to the Memorandum of Coverage, Section VII-Conditions and Section II Definitions to be effective July 1, 2011.

**Item Explanation:**

The CJPRMA Memorandum of Coverage, Section VII-Conditions, states the specific requirements for the reporting of all claims. There have been a number of recent employment practices liability (EPL) cases that have been reported late. The late reporting has placed CJPRMA in a compromised position and has limited our ability to have an impact on early mitigation. Many of the cases are very sensitive to the organization and the handling of the cases often involves other departments outside of risk management.

CJPRMA understands the sensitivity of these cases and we constantly strive to support the political and operational impacts of our members. These cases develop quickly and the defense fees quickly reach our member's SIR. In addition, when these cases fail to settle prior to trial, CJPRMA is faced with both the potential for damages, emotional distress and plaintiff attorney fees. The fees awarded in these cases always exceed the cost of our own defense fees. In an effort to become involved in these sensitive cases sooner, for the purpose of protecting the interests of CJPRMA, we propose the modification of the case reporting as follows.

The Board of Directors discussed the proposed changes at the annual meeting in May. There was much discussion regarding the application of the new reporting requirements and the impact of the changes. Since the meeting, the general manager has received a number of suggestions from members regarding the language of the proposed revision. The following items were considered when completing the revisions to the MOC.

- A. All employment practices claims will be submitted to CJPRMA within 30 days of receiving a notice of a claim.
- B. Any and all FEHA, DFEH, CFRA or other related employment claims will be reported within 30 days of receipt.
- C. All defense costs related to the defense of employment practices cases incurred prior to the date of reporting of the claim will not act to erode the ultimate net loss of the claim.
- D. Members will cooperate in an early review of cases with counsel appointed by CJPRMA, for the purpose of evaluation of the case. CJPRMA's review of the case will be conducted at the expense of CJPRMA.
- E. Members will provide defense attorneys with a copy of the CJPRMA Reporting Guidelines at the time the case is assigned. Members will insure that timely reports are sent to CJPRMA and the agency's designated director.

Board Counsel and CJPRMA Staff met and discussed the proposed revisions to the MOC. After the board's review at the last meeting, Staff is recommending the inclusion of the following language:

**Section VII – Conditions:**

“The *covered party* shall notify the *Authority* within 30 days upon receipt of a lawsuit containing allegations involving *Employment Practices Liability*. Where any lawsuit is reported after the 30 day period as required by this provision, all *Defense Costs* incurred prior to the date of late reporting will not constitute covered *Ultimate Net Loss* eroding the *Self Insured Retention*. The *Covered parties* shall cooperate in an early review of *Employment Practices Liability* claims or suits with counsel appointed by the *Authority* at the expense of the *Authority*.”

This is changed from the version previously submitted in that (1) reporting is required only where a lawsuit is served, not a DFEH or EEOC claim; and (2) pre-reporting defense costs are excluded only if there is a failure to report. Where the claim is timely reported, defense costs incurred before the report are still covered according to the terms of the MOC and its definitions.

**Section II Definitions:**

Upon further review of the reporting and damages sections relating to EPL Coverage, it appears that the description of damages related to wage loss requires modification to reflect the intent of the language.

**Basic Promise of Coverage:**

“The *Authority* will pay up to the limit of coverage those sums for ultimate net loss in excess of the retained limit that the *covered parties* become legally obligated to pay as damages because of bodily injury, property damage, personal injury, public officials errors and omissions or employment practices liability as those terms are herein defined and to which this agreement applies, caused by an occurrence during the coverage period, except as otherwise excluded.”

**Definitions Affecting EPL Coverage:**

“**Damages** means compensation in money recovered by a party for loss or detriment it has suffered through the acts of a *covered party*. *Damages* include (1) attorney fees not based on contract awarded against the *covered party*, (2) interest on judgments, or (3) costs, for which the *covered party* is liable either by adjudication or by compromise with the written consent of the *Authority*, if the fees, interest or costs arise from an *occurrence* to which this coverage applies. *Damages* also include reasonable attorney fees and necessary litigation expenses incurred by or for a party other than the *covered party*, which are assumed by the *covered party* in a *covered indemnity contract* where such attorney fees or costs are attributable to a claim for *damages* covered by this Memorandum.

“*Damages* with respect to *employment practices liability* shall not include those sums owed by a *covered party* as contract damages, prospective salary or wages, prospective benefits, any wage or salary resulting from promotion or reinstatement, or any damages owing under an express contract of employment or an express obligation to make severance payments in the event of termination of employment.”

“Damages with respect to employment practices liability also shall not include amounts awarded under a labor grievance or arbitration pursuant to a collective bargaining agreement, nor sums paid pursuant to any judgment or agreement, whether injunctive or otherwise, to undertake actions to correct past discriminatory or unlawful conduct or to establish practices or procedures designed to eliminate or prevent future discriminatory or other unlawful conduct, or any non-monetary relief.

**Note Regarding Damages Definition:**

The second part of this definition has caused some confusion. The reference to “prospective salary or wages [or] prospective benefits” was meant to indicate actual “salary” or “wages” or “benefits” (i.e. payment for work performed or to be performed), not to a jury award for economic loss incurred by a plaintiff in a wrongful termination action.

Staff recommends that the language in the MOC be modified to the following:

**“Damages with respect to employment practices liability shall not include those sums owed by a covered party as contract damages; any wage, salary, or benefit owed for work actually performed, or (whether prospective or retrospective) resulting from promotion or reinstatement; or any sums owed under an express contract of employment or an express obligation to make severance payments in the event of termination of employment.**

Under this proposed language, economic losses for wrongful termination are covered. However, contract claims are excluded, as are claims that extra wages or overtime are owed for time actually worked. Also excluded are back pay awards in the event of reinstatement. Likewise excluded are contractual severance payments.

A copy of the current Section II-Definitions, 10 Damages and Section VII-Conditions with strike-through have been attached to this agenda bill for review.

The general manager and claims administrator will be available to discuss the recommended proposed changes to the Memorandum of Coverage.

**Fiscal Impact:**

To be determined based upon the number of cases requiring early evaluation.

**Exhibits:**

- 1) CJPRMA Memorandum of Coverage Section II-Definitions and Section VII-Conditions

## SECTION II - DEFINITIONS

- 10) **Damages** means compensation in money recovered by a party for loss or detriment it has suffered through the acts of a *covered party*. *Damages* include (1) attorney fees not based on contract awarded against the *covered party*, (2) interest on judgments, or (3) costs, for which the *covered party* is liable either by adjudication or by compromise with the written consent of the *Authority*, if the fees, interest or costs arise from an *occurrence* to which this coverage applies. *Damages* also include reasonable attorney fees and necessary litigation expenses incurred by or for a party other than the *covered party*, which are assumed by the *covered party* in a *covered indemnity contract* where such attorney fees or costs are attributable to a claim for *damages* covered by this Memorandum.

*Damages* with respect to *employment practices liability* shall not include those sums owed by a *covered party* as contract *damages*, ~~prospective salary or any wages, prospective benefits, any wage or salary, or benefit owed for work actually performed, or (whether prospective or retrospective)~~ resulting from promotion or reinstatement; or any ~~sums owed damages owing~~ under an express contract of employment or an express obligation to make severance payments in the event of termination of employment.

*Damages* with respect to *employment practices liability* also shall not include amounts awarded under a labor grievance or arbitration pursuant to a collective bargaining agreement, nor sums paid pursuant to any judgment or agreement, whether injunctive or otherwise, to undertake actions to correct past discriminatory or unlawful conduct or to establish practices or procedures designed to eliminate or prevent future discriminatory or other unlawful conduct, or any non-monetary relief.

## SECTION VII - CONDITIONS

### **1) Covered party's Duties in the Event of Occurrence, Claim or Suit**

- (a) The *covered party* shall notify the *Authority* within 30 days upon receipt of notice of a claim, or the setting of a reserve on any claim or suit including multiple claims or suits arising out of one *occurrence*, such claim or reserve amounting to fifty percent or more of the *retained limit*; Title 42 USC 1983 cases in which a complaint has been served and the plaintiff is represented by legal counsel or with reserves of twenty-five percent or more of the *retained limit*; or regardless of reserve, any claim involving:
- 1) one or more fatalities;
  - 2) loss of a limb;
  - 3) loss of use of any sensory organ;
  - 4) quadriplegia or paraplegia;
  - 5) third degree burns involving ten percent or more of the body;
  - 6) serious facial disfigurement;

- 7) paralysis; or
- 8) closed head injuries.

Written notice containing particulars sufficient to identify the *covered party* and also reasonably obtainable information with respect to the time, place and circumstances thereof, and the names and addresses of the *covered party* and of available witnesses, shall be given by or for the *covered party* to the *Authority* or any of its authorized agents as soon as possible.

(b) The *covered party* shall notify the *Authority* within 30 days upon receipt of a lawsuit containing allegations involving *Employment Practices Liability*. Where any lawsuit is reported after the 30 day period as required by this provision, all *Defense Costs* incurred prior to the date of late reporting will not constitute covered *Ultimate Net Loss* eroding the *Self Insured Retention*. The *Covered parties* shall cooperate in an early review of *Employment Practices Liability* claims or suits with counsel appointed by the *Authority* at the expense of the *Authority*.

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~~(b)~~(c) If claim is made or suit is brought against the *covered party* and such claim or suit falls within the description in paragraph (a) above, the *covered party* shall be obligated to forward to the *Authority* every demand, notice, summons or other process received by it or its representative.

~~(e)~~(d) The *covered party* shall cooperate with the *Authority* and upon its request assist in making settlements, in the conduct of suits and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the *covered party* because of *bodily injury, personal injury, property damage* or *public officials errors and omissions* with respect to which coverage is afforded under this Agreement; and the *covered party* shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses.

The *Authority* shall be entitled to complete access to the *covered party's* claim file, the defense attorney's complete file, and all investigation material and reports, including all evaluations and information on negotiations. The *covered party* shall be responsible to report on the progress of the litigation and any significant developments at least quarterly to the *Authority*, and to provide the *Authority* with simultaneous copies of all correspondence provided to the *covered party* by its defense attorneys and/or agents.

Agenda Item H.2

**Approval of SCORE's Liability Memorandum of Coverage  
Action Item**

**Issue:** SCORE's Liability coverage is provided by a Memorandum of Coverage (MOC). The Board annually adopts the Liability MOC pending any changes.

**Recommendation:** The Program Administrator recommends that the Board of Directors continue the current Memorandum of Coverage as written.

**Fiscal Impact:** None

**Background:** SCORE's liability coverage is provided by a Memorandum of Coverage (MOC). SCORE's MOC incorporates the CJPRMA Memorandum of Coverage form but with exclusion for Employment Practices Liability and inclusion of the CSAC-EIA Group Purchase Pollution Liability policy.

A new Declarations page will be issued for the new program year to each of the members separately.

**Attachments:** SCORE's 2011-2012 Liability Memorandum of Coverage.

**SMALL CITIES ORGANIZED RISK EFFORT**  
**LIABILITY**  
**UNDERLYING MEMORANDUM OF COVERAGE**  
**FORM NO. LIAB-12**

**1. INSURING AGREEMENT**

In consideration of the payment of the required deposit and subject to all the terms of this Memorandum of Coverage, Small Cities Organized Risk Effort (SCORE) agrees to pay on behalf of the Member City Loss resulting from any occurrence covered by the terms of the California Joint Powers Risk Management Authority Memorandum of Coverage or the CSAC-EIA Group Purchase Pollution Liability Policy, as that Policy applies to SCORE, effective concurrently with the period stated on the declarations, except as amended by the following provisions:

**2. LIMITS OF LIABILITY**

The Limits of Liability stated under Item 3a of the Declarations applies to each occurrence covered by the terms and conditions incorporated from the California Joint Powers Risk Management Authority Memorandum of Coverage.

The Limits of Liability stated under Item 3b of the Declarations applies to each occurrence covered by the terms and conditions incorporated from the CSAC-EIA Group Purchase Pollution Liability Policy.

**3. COVERAGE PERIOD**

The Coverage Period of this Memorandum is as stated under Item 2 of the Declarations.

**4. AMENDMENTS**

A. Exclusion #4 and Endorsement #1 of the California Joint Powers Risk Management Authority Memorandum of Coverage do not apply to this Memorandum of Coverage and the following exclusion is effective:

This Memorandum of Coverage does not apply to claims by a potential, present or former employee arising out of employment-related practices, policies, acts or omissions, including any violation of civil rights, termination, coercion, demotion, evaluation, reassignment, discipline, defamation, sexual harassment, harassment, humiliation or discrimination directed at that person. This exclusion extends to claims of the spouse, child, unborn child or fetus, parent, brother or sister of that person as a consequence of injury to the person at whom any of the employment-related practices, policies, acts or omissions described above are directed. This exclusion applies to claims of negligent supervision and/or claims of failure to prevent such employment-related practices, policies, acts or omissions.

B. This Memorandum of Coverage does not apply to claims arising out of skateboard parks.

C. Exclusion #14 of the California Joint Powers Risk Management Authority Memorandum of Coverage includes the following:

This exclusion shall not apply to inverse condemnation liability arising from accidentally caused physical injury to or destruction of tangible property, including all resulting loss of use of such property, for which the *covered party* may be legally responsible.

D. This Memorandum of Coverage does not apply to claims arising out of paintball courses owned, operated or maintained by the member city or claims arising out of paintball parks existing on property owned or leased to the member city.

## 5. GLOSSARY

The conditions of this Memorandum of Coverage shall be applied as if the glossary of words listed below had been included with the word or words each time they appear in this Memorandum of Coverage.

**LOSS**-means the ultimate net loss as defined in the Memorandum of Coverage issued by CJPRMA for this period concurrent with the period stated in the declarations and amended by the Memorandum.

**MEMBER CITY OR MEMBER ENTITY**- a signatory to the Joint Powers Agreement forming the Small Cities Organized Risk Effort Joint Powers Authority. This meaning shall apply to the term Member City or Member Entity notwithstanding any other definition to the contrary in, or any document incorporated into, this Memorandum.

## 6. OTHER INSURANCE

The coverage afforded by the Memorandum of Coverage shall be excess over any other valid and collectible insurance or coverage available to the Member City and applicable to any part of the ultimate net loss, whether such other insurance or coverage is stated to be primary, excess, contingent or otherwise, unless such other insurance or coverage specifically applies as excess insurance or coverage over the limits provided in this Memorandum of Coverage.

## 7. NOTICE OF OCCURRENCE

Upon the happening of any occurrence likely to involve SCORE under this Memorandum of Coverage, the Member City shall give notice, either written or oral, as soon as practicable to the Claims Administrator of SCORE. Such notice shall contain particulars sufficient to identify the Member City and fullest information obtainable at the time. If legal proceedings are begun, the Member City shall forward to the SCORE Claims Administrator each paper therein, or a copy thereof, received by the Member City or the Member City's representative, together with copies of reports or investigations with respect to such claim proceedings.

**8. DEFENSE**

SCORE shall assume charge of the investigation, settlement or defense of any claims made, or suits brought, or proceedings instituted against the Member City, which in the opinion of SCORE may create liability on the part of SCORE under the terms of this Memorandum of Coverage.

**9. PAYMENT OF LOSS**

Upon final determination of loss, SCORE will promptly pay on behalf of the Member City the amount of loss falling within the terms of this Memorandum of Coverage.

**10. SUBROGATION**

In the event of any payment under this Memorandum of Coverage, SCORE will be subrogated to all the Member City's rights of recovery against any person or organization and SCORE shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights.

The amount recovered as subrogation shall be apportioned in the inverse order of payment of the loss to the extent of the actual payment. The expenses of all such recovery proceedings shall be apportioned in the ratio of the respective recoveries.

**11. CANCELLATION**

This Memorandum of Coverage may be canceled in accordance with the terms of the JPA Agreement and Bylaws of SCORE.

**To be valid, this agreement must be signed by either the President or Vice-President of SCORE. The Agreement will be issued by the Program Administrator.**

\_\_\_\_\_  
**Mr. Roger Carroll, President**

\_\_\_\_\_  
**Date**

**SMALL CITIES ORGANIZED RISK EFFORT**  
**LIABILITY**  
**AMENDMENT TO MEMORANDUM OF COVERAGE**  
**FORM NO. LIAB-12**

**ENDORSEMENT NO. 1**

It is understood and agreed that the coverage provided under Form No LIAB-12 to the member of Small Cities Organized Risk Effort is amended, effective as shown below, as follows:

Notwithstanding anything to the contrary, Amendment 4.B of the Memorandum of Coverage, excluding coverage for skateboard parks, does not apply to the skateboard park in Loyalton, California.

\_\_\_\_\_  
**Mr. Roger Carroll, President**

\_\_\_\_\_  
**Date**

**SMALL CITIES ORGANIZED RISK EFFORT**  
**LIABILITY**  
**AMENDMENT TO MEMORANDUM OF COVERAGE**  
**FORM NO. LIAB-12**

**ENDORSEMENT NO. 2**

It is understood and agreed that the coverage provided under Form No LIAB-12 to the member of Small Cities Organized Risk Effort is amended, effective as shown below, as follows:

Notwithstanding anything to the contrary, Amendment 4.B of the Memorandum of Coverage, excluding coverage for skateboard parks, does not apply to the skateboard park in the Miner Street Park located in Yreka, California

\_\_\_\_\_  
**Mr. Roger Carroll, President**

\_\_\_\_\_  
**Date**

**SMALL CITIES ORGANIZED RISK EFFORT**  
**LIABILITY**  
**AMENDMENT TO MEMORANDUM OF COVERAGE**  
**FORM NO. LIAB-12**

**ENDORSEMENT NO. 3**

It is understood and agreed that the coverage provided under Form No LIAB-12 to the member of Small Cities Organized Risk Effort is amended, effective as shown below, as follows:

Notwithstanding anything to the contrary, Amendment 4.B of the Memorandum of Coverage, excluding coverage for skateboard parks, does not apply to the skateboard park located at 441 South Gulling Street in Portola, California.

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**Mr. Roger Carroll, President**

\_\_\_\_\_  
**Date**

**SMALL CITIES ORGANIZED RISK EFFORT**  
**LIABILITY**  
**AMENDMENT TO MEMORANDUM OF COVERAGE**  
**FORM NO. LIAB-12**

**ENDORSEMENT NO. 4**

It is understood and agreed that the coverage provided under Form No LIAB-12 to the member of Small Cities Organized Risk Effort is amended, effective as shown below, as follows:

Notwithstanding anything to the contrary, Amendment 4.B of the Memorandum of Coverage, excluding coverage for skateboard parks, does not apply to the skateboard park at 1200 North Street in Susanville, California.

\_\_\_\_\_  
**Mr. Roger Carroll, President**

\_\_\_\_\_  
**Date**

**SMALL CITIES ORGANIZED RISK EFFORT**  
**LIABILITY**  
**AMENDMENT TO MEMORANDUM OF COVERAGE**  
**FORM NO. LIAB-12**

**ENDORSEMENT NO. 5**

It is understood and agreed that the coverage provided under Form No LIAB-12 to the member of Small Cities Organized Risk Effort is amended, effective as shown below, as follows:

Notwithstanding anything to the contrary, Amendment 4.B of the Memorandum of Coverage, excluding coverage for skateboard parks, does not apply to the skateboard park at 1525 Median in Shasta Lake, California.

\_\_\_\_\_  
**Mr. Roger Carroll, President**

\_\_\_\_\_  
**Date**

**SMALL CITIES ORGANIZED RISK EFFORT**  
**LIABILITY**  
**AMENDMENT TO MEMORANDUM OF COVERAGE**  
**FORM NO. LIAB-12**

**ENDORSEMENT NO. 6**

It is understood and agreed that the coverage provided under Form No LIAB-12 to the member of Small Cities Organized Risk Effort is amended, effective as shown below, as follows:

Notwithstanding anything to the contrary, Amendment 4.B of the Memorandum of Coverage, excluding coverage for skateboard parks, does not apply to the skateboard park at 9<sup>th</sup> and B Streets in Biggs, California.

\_\_\_\_\_  
**Mr. Roger Carroll, President**

\_\_\_\_\_  
**Date**

**SMALL CITIES ORGANIZED RISK EFFORT**  
**LIABILITY**  
**AMENDMENT TO MEMORANDUM OF COVERAGE**  
**FORM NO. LIAB-12**

**ENDORSEMENT NO. 7**

It is understood and agreed that the coverage provided under Form No LIAB-12 to the members of Small Cities Organized Risk Effort is amended, effective as shown below, as follows:

**ARBITRATION OF COVERAGE DISPUTES**

**(a) Coverage Determinations**

The Administrator, in conjunction with the claims adjuster, shall make the initial determination whether to deny coverage on all or part of a claim, or to reserve the *Authority's* right to deny coverage on all or part of a claim, if a loss subsequently exceeds the *retained limit*.

A decision by the Administrator to deny coverage can be appealed to the Board of Directors. Notice of such appeal shall be submitted in writing to the administrator within thirty (30) calendar days of the date of the Administrator's written notice of decision.

The appeal shall be considered by the Board of Directors at the next regular or special meeting following receipt of the written appeal; if the appeal is received too late for inclusion in the agenda packet, it can be postponed to the next following Board meeting. The Administrator, in conjunction with the claims adjuster, and the *covered party* will have the right to submit written materials and present oral argument to the Board, subject to reasonable time constraints. Any dispute concerning a decision by the Board to deny coverage for all or part of a claim shall not be subject to any court action, but may instead be submitted to binding arbitration in accordance with the procedures set forth below. Notice of a request for binding arbitration by the *covered party* must be submitted to the administrator within thirty (30) calendars days from the date of the noticed decision by the Board of Directors.

**(a) Arbitration Procedures for Resolving Disputes**

**1) Selection of Arbitrators**

If an appeal of a Board decision is submitted to arbitration, each side shall, within ten (10) calendar days, select one (1) arbitrator and submit his or her name in writing to the other side. Within ten (10) calendar days after their selection, these two arbitrators shall select a third independent arbitrator. If the two sides cannot agree on the selection of the third arbitrator within ten (10) calendar days, either side may petition the Sacramento County Superior Court for the appointment of the third arbitrator pursuant to the provisions of section 1281.6 of the California

Code of Civil Procedure. The third arbitrator shall be an attorney and preside as the Chairperson of the arbitration panel. No arbitrator shall be employed or affiliated with the *Authority* or the *covered party* or *parties*.

The arbitration hearing shall commence within forty-five (45) calendar days from the date of the selection of the Chairperson, unless both sides agree to an extension or chairperson grants an extension.

Each side shall pay the cost of its selected arbitrator and one-half of the cost of the third selected arbitrator. In addition, each side shall be responsible for its own cost and expense of arbitration.

Except for notification of appointment and as provided in the California Code of Civil Procedure, there shall be no communication between either side and the arbitrator(s) relating to the subject of the arbitration other than at oral hearings.

2) **Discovery**

The procedures set forth in Code of Civil Procedure section 1283.05 relating to depositions and discovery shall apply to any arbitration pursuant to this paragraph (b).

3) **Testimony Under Oath**

The testimony of witnesses shall be given under oath.

4) **Length of Hearing**

The panel will endeavor to confine the length of the hearing to two (2) days. A decision of the panel shall be reported in writing. The written decision of the panel shall be given to both sides within thirty (30) calendar days of the close of the hearing.

5) **Certified Shorthand Reporter**

Either side wishing a certified shorthand reporter record shall make arrangements directly with a certified shorthand reporter and notify the other side of such arrangements in advance of the hearing. The requesting side shall pay the cost of recording the hearing if no transcript is ordered. If a transcript is ordered, the cost of the transcript and of recording the hearing shall be prorated equally among the parties ordering copies.

(b) **Funding of Defense and Payment of Claims Pending Resolution of Dispute**

If the duty to defend is at issue, during the course of the arbitration proceedings provided herein, the *covered party* will be responsible for all fees and expenses for investigation, defense or litigation of a claim or lawsuit. In the event the arbitration panel determines that coverage applies for such *defense costs*, the *Authority* will reimburse the *covered party* as directed by the panel.

(c) **Effects of Arbitration Decisions**

All decisions on appeals, whether by the Board of Directors (after the time to request arbitration has expired) or by the arbitration panel, shall be final and binding upon the parties and shall not be subject to any further appeal or court action, except as provided in Code of Civil Procedures sections 1286.2 and 1286.4 (relating to fraud or corruption, etc.).

(d) **General Law**

Except as provided otherwise above, arbitration shall be conducted as provided in Title 9 of the Code of Civil Procedure (commencing with section 1280).

\_\_\_\_\_  
**Mr. Roger Carroll, President**

\_\_\_\_\_  
**Date**

Agenda Item H.3.a

**Employment Risk Management Authority (ERMA) Update  
Information Item**

**Issue:** Mr. Jim Murphy will address the Board on ERMA matters that affect SCORE members.

**Recommendation:** None

**Fiscal Impact:** None

**Background:** ERMA held its Board meeting on June 20, 2011. Mr. Murphy will report to the Board on ERMA matters.

**Attachments:** ERMA Memo – Changes to the 2011-2012 Memorandum of Coverage

**COVERAGE MATTERS**

**SUBJECT: Amended Memorandum of Coverage for 2011/12 Program Year**

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**BACKGROUND AND STATUS:**

As noted at the last Board of Directors' meeting, the Coverage Committee met on March 29, 2011, to review proposed amendments to the Memorandum of Coverage. The amendments were brought before the Board at the April 2011 meeting for review with adoption to take place at the current meeting. The Coverage Committee met again on June 1<sup>st</sup> to discuss additional changes to the Memorandum of Coverage which are reviewed below:

**Memorandum of Coverage (MOC):**

**Changes reviewed by Coverage Committee at March 29<sup>th</sup> meeting:**

- Adding language that since ERMA is not an insurer, it does not have an obligation to issue reservation of rights letters, and that failure to do so shall not operate to waive any of the provisions of the MOC (Section I-Coverage). This change is to protect ERMA's rights regarding coverage if a letter is not issued. However, it is always ERMA's intent to issue the reservation of rights letters and coverage opinions as coverage matters arise. With this recommended change, the policy of issuing the reservations of rights letter will be added to the Litigation Manager's duties contained in the Master Program Document.
- Amending the definition of Damages. Under the current definition, "any salary, wage and benefits resulting from promotion or reinstatement" are excluded. The Committee recommended adding to this exclusion damages "resulting from an order that a Covered Party hire an applicant." This recommended change came as a result of a DFEH order that an employer hire an applicant and would follow form with the similar exclusions any salary, wage or benefits resulting from promotion or reinstatement (Section II – Definitions).
- Amending the arbitration provision to reflect the previously approved use of a single arbitrator, require that any dispute is submitted to binding arbitration within 90 days, and additional minor cleanup of this section. These provisions were previously approved by the Board and the document is being amended to reflect this (Section VII – Conditions, paragraph 7).
- Cleaning up typographical errors.

**ERMA**  
**BOARD OF DIRECTORS' MEETING**  
**JUNE 20, 2011**

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- Clarify endorsement #2. This endorsement lists MPA, PERMA, and PARSAC as Covered Parties under the MOC pursuant to the long-standing practice that JPA members who employ individuals, and which join ERMA with at least 50% of their total payroll will be covered under the MOC. However, it does not state what the retention level is for these JPAs. Previously, the retention level was \$25,000, and the consensus of the Committee was to retain this SIR, as it is consistent with ERMA underwriting guidelines.
- Amend Endorsement #3. Currently, this endorsement provides different levels of coverage for SCORE: 1) that ERMA's coverage is primary above the Covered Party's retention up to \$500,000 per Occurrence; 2) that CJPRMA, SCORE's excess carrier, is primary above \$500,000; and 3) that ERMA's Difference of Conditions Coverage applies up to \$1 million. The Committee approved amending this endorsement to provide that ERMA's coverage will be primary above the Covered Party's retention up to \$500,000 per Occurrence, and omitting the reference to CJPRMA's coverage. This is consistent with SCORE's historical premiums, as they have been charged a pro-rated amount since ERMA provides coverage to \$500,000.

Additional changes reviewed by Coverage Committee at June 1<sup>st</sup> meeting:

- Amend the definition of Occurrence – *Occurrence* is defined in Section II, paragraph 11 as “an act, policy, or course of conduct by the *Covered Party*...which results in a *Claim for Wrongful Employment*...” Under the third paragraph of this definition, “All *Claims* by all *Employees* arising from the same act, policy, or course of conduct by the same *Covered Party*” are considered to be one *Occurrence* with a single *Limit of Coverage*. *Covered Party* is defined to include any *Employee* of any ERMA member acting in an official capacity for or on behalf of that member, in the course and scope of his or her employment.

The reference to “the same *Covered Party*” is intended to refer to the ERMA member whose employees committed or participated in the “same act, policy, or course of conduct.” However, this has caused some confusion regarding whether the reference to “the same *Covered Party*” means that each *Employee* who participated in the same act or course of conduct gives rise to a separate “occurrence,” such that the number of involved *Employees*, rather than the existence of a single act or course of conduct, would determine the number of “occurrences.”

The proposed change to the third paragraph confirms the original intention that if claims from one or more *Employees* result from the same act, policy or course of conduct, the claims constitute one *Occurrence* regardless of the number of *Covered Parties* involved in the claim.

- Amend Endorsement #2 – the original amendment reviewed by the Coverage Committee at their March meeting addressed the retention level for the JPA's named in the

**ERMA  
BOARD OF DIRECTORS' MEETING  
JUNE 20, 2011**

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Endorsement (MPA, P ARSAC, and PERMA). The proposed change adds all of the ERMA member JPA's, along with ERMA, as Covered Parties at the \$25,000 retention level. This would provide coverage to Board members if named in a claim that is covered by ERMA. The amendment states that only the entities listed in the Endorsement are covered, and all other entities are specifically excluded. Any new member JPAs would also be added to the endorsement. A corresponding addition to the definition of Covered Parties in the MOC has been added.

In addition, the Committee concurred that the criteria for eligibility for coverage should be amended from applying to any JPA that has 50% of their membership payroll participating in ERMA to any JPA that has 50% of their membership payroll *and/or* 50% of their total members participating in ERMA. The JPAs will be evaluated each year to determine whether they meet the eligibility criteria.

Staff would like to note that endorsement number 1 naming the Covered Parties will be finalized prior to issuance to the members based on the action taken by the Board regarding new and withdrawn members.

**RECOMMENDATION:**

The Coverage Committee recommends adoption of the Memorandum of Coverage as amended for the 2011/12 program year.

**REFERENCE MATERIALS ATTACHED:**

- Proposed Amended Memorandum of Coverage with amendments shown in underline/strikeout text

EMPLOYMENT RISK MANAGEMENT AUTHORITY

MEMORANDUM OF COVERAGE

LIABILITY COVERAGE

DECLARATIONS

POLICY NO. ERMA ~~2010~~2011-1EPL

NAMED COVERED PARTY: Employment Risk Management Authority, et al., as  
per Endorsement No. 1

1750 Creekside Oaks, Dr., #200  
Sacramento, CA 95833

POLICY PERIOD: From 7-1-~~2010~~2011 to 7-1-~~2011~~2012  
12:01 a.m. Pacific Standard Time

LIMITS OF COVERAGE: \$1,000,000 Each Occurrence Less Members'  
Retained Limit Listed in Endorsement No. 1

FORM AND ENDORSEMENTS: Form No. ERMA ~~2010~~2011-1EPL, Endorsements  
Forming Part of the Policy at Inception No. 1, No. 2, and No. 3

ON BEHALF OF EMPLOYMENT RISK MANAGEMENT AUTHORITY

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AUTHORIZED REPRESENTATIVE

**EMPLOYMENT RISK MANAGEMENT AUTHORITY**

**(ERMA)**

**MEMORANDUM OF COVERAGE**

FOR THE ~~2010/2011~~2011/2012 PROGRAM YEAR

EFFECTIVE JULY 1, ~~2010~~2011

**MEMORANDUM OF COVERAGE  
FOR THE  
EMPLOYMENT RISK MANAGEMENT AUTHORITY  
(ERMA)**

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**MEMORANDUM OF COVERAGE  
FOR THE  
EMPLOYMENT RISK MANAGEMENT AUTHORITY  
(ERMA)**

In consideration of the payment of the deposit premium, the *Authority* agrees with the *Covered Parties* as follows:

**SECTION I - COVERAGE**

The *Authority* will pay up to the *Limit of Coverage* those sums on behalf of the *Covered Party* for the *Ultimate Net Loss*, less the *Retained Limit*, that the *Covered Party* becomes legally obligated to pay as *Damages* because of *Wrongful Employment Practice*, as that term is herein defined and to which this Memorandum applies, caused by an *Occurrence* during the *Coverage Period*, except as otherwise excluded.

This Memorandum of Coverage does not provide insurance, but instead provides for pooled risk sharing. This Memorandum is a negotiated agreement amongst the *Covered Parties* of the *Authority* and none of the parties to the Memorandum is entitled to rely on any contract interpretation principles which require interpretation of ambiguous language against the drafter of such Memorandum. This Memorandum shall be applied according to the principles of contract law, giving full effect to the intent of the *Covered Parties* of the *Authority*, acting through the Board of Directors in adopting this Memorandum of Coverage. Since the Authority is not an insurer, it has no obligation to issue reservation of rights letters, and failure to provide notice to a Covered Party of any coverage issue or dispute shall not operate to waive any of the provisions of this Memorandum.

**SECTION II - DEFINITIONS**

1. "Authority" means the Employment Risk Management Authority.
2. "Claim" means: (a) a written demand or notice which is made or brought by an *Employee*, or an oral demand or notice by an *Employee* which is memorialized by the *Covered Party* in writing within fifteen (15) days of the oral demand or notice, and (b) seeks or alleges *Damages* or alleges other injury, harm, or invasion of rights, and (c) which contains an allegation that a *Wrongful Employment Practice* or a series of *Wrongful Employment Practices* has been committed during the *Coverage Period*. *Claim* includes a civil action, an administrative proceeding or charge commenced before the Equal Employment Opportunity Commission or similar state or other agency having jurisdiction over the *Covered Party*, or an alternative dispute resolution proceeding, or action brought by a person or entity acting on behalf of an *Employee* of the *Covered Party*.

*Claim* does not include a *Union Grievance*, or any type of criminal proceeding, or any claim arising under the FLSA or any California Wage Orders or any similar federal or state law.

A *Claim* shall be deemed to be made on the earliest date such written demand or notice is received by a *Covered Party*.

3. "Coverage Period" means that term prescribed for coverage by the *Authority* as set forth in the Declarations page.
4. "Covered Party" means:
- (A) All entities named in the Declarations page, including any and all commissions, agencies, districts, authorities, boards (including the governing board).

- (B) Any person who is an *Employee* of a *Covered Party* identified in Section (A) herein, whether or not compensated, while acting in an official capacity for or on behalf of such *Covered Party*, including while acting on any outside board at the direction of such *Covered Party*.

*Covered Party* shall not include any person, whether or not compensated, who is not acting in the course and scope of his or her employment or whose conduct, as a matter of law, is not within the course and scope of his or her employment by the *Covered Party* at the time of the act or acts alleged in a *Claim*.

- ~~(C)~~ All entities named in Endorsement #2, and any officer, director or employee thereof while acting in an official capacity for or on behalf of such entity and in the course and scope of his or her duties. Except for those expressly identified in Endorsement #2, no other person, organization, or entity shall be deemed to be a "Covered Party" under Endorsement #2.

- ~~(C)~~(D) Notwithstanding sections (B) and (C) above, the defense and indemnity coverage afforded by this Memorandum to a past or present *Employee* of a *Covered Party* is not broader than the *Covered Party's* duty to defend and indemnify its *Employee*, pursuant to California Government Code Section 815, 815.3, 825 to 825.6, 995 to 996.6, inclusive, and any amendments thereof. If the *Covered Party* which employs the *Employee* is not obligated under the California Government Code to provide a defense or to provide indemnity for a *Claim*, or if said *Covered Party* refuses to provide such defense and/or indemnity to said *Employee*, then this Memorandum shall not provide any such defense or indemnity coverage to said *Employee*. All immunities, defenses, rights, and privileges afforded to a *Covered Party* under California Government Code Section 815, 815.3, 825 to 825.6, 995 to 996.6, inclusive, and any amendments thereof, shall be afforded to the *Authority* to bar any defense or indemnity coverage under this Memorandum to that *Covered Party's Employee*.

5. "Damages" means compensation in money which a *Covered Party* is legally obligated to pay as a result of a *Claim*. *Damages* include: (1) attorney fees not based on contract, awarded against the *Covered Party*, (2) interest on judgments, or (3) costs for which the

*Covered Party* is liable either by adjudication, or by compromise with the written consent of the *Authority*, if the fees, interest, or costs arise from an *Occurrence* to which this coverage applies.

*Damages* with respect to ~~*Wrongful Employment Practice employment practices liability*~~ shall not include those sums owed by a ~~*Covered Party*~~ as contract ~~*D Damages*~~, prospective salary, wages, or benefits, any salary, wage or benefits resulting from an order that a *Covered Party* hire an applicant or from promotion or reinstatement, or any ~~*D Damages*~~ owing under an express contract of employment or an express obligation to make severance payments in the event of termination of employment.

*Damages* with respect to ~~*Wrongful Employment Practice employment practices liability*~~ also shall not include amounts awarded under a labor grievance or arbitration pursuant to a collective bargaining agreement, nor sums paid pursuant to any judgment or agreement, whether injunctive or otherwise, to undertake actions to correct past discriminatory or unlawful conduct or to establish practices or procedures designed to eliminate or prevent future discriminatory or other unlawful conduct, or any non-monetary relief.

6. *“Defense Costs”* means all fees and expenses incurred by any *Covered Party*, caused by and relating to the adjustment, investigation, defense, or litigation of a *Claim* to which this coverage applies, including attorney's fees, court costs, interest on judgments accruing after entry of judgment, and the time and travel expenses of the Litigation Manager for attendance at trials, mediations, arbitrations and settlement conferences. *Defense Costs* shall not include attorney fees or costs awarded to a prevailing plaintiff against the *Covered Party*.

*Defense Costs* shall not include the office expenses, salaries of *Employees*, or expenses of the *Covered Party* or the *Authority*. *Defense Costs* shall not include investigation costs incurred by investigators or adjusting expenses that were not approved by ERMA prior to the costs being incurred. *Defense Costs* are included within, and are not in addition to, the applicable *Limit of Coverage*.

*Defense Costs* shall not include any fee or expense relating to coverage issues or disputes between the *Authority* and any *Covered Party*.

7. *“Discrimination”* means termination of the employment relationship, a demotion, a failure or refusal to hire or promote, denial of an employment benefit, or the taking of any adverse or differential employment action because of race, color, creed, religion, age, sex, disability, pregnancy, sexual orientation, national origin, AIDS, or other protected category or characteristic established pursuant to any applicable federal, state, or local statute or ordinance.
8. *“Employee”* means any person whose labor or services is engaged and directed by a *Covered Party*, whether past, present or future, including a volunteer, official, or applicant

for employment. This includes part-time, seasonal, and temporary labor or services, as well as any person employed in a supervisory, managerial, or confidential position. *Employee* shall not include leased employees, independent contractors or subcontractors, agents, or servants of any *Covered Party*, unless the *Covered Party* has the right to and does control and direct the details of their work rather than the result of that work. *Employee* also shall not include the spouse, child, unborn fetus, parent, brother, or sister of the *Employee*.

9. “Harassment” means:

- (A) unwelcome sexual advances, requests for sexual favors, or other verbal, visual or physical conduct of a sexual nature, including those which:
  - (1) are made a condition of employment with the *Covered Party*;
  - (2) are used as a basis for employment decisions by the *Covered Party*; or
  - (3) create a work environment by a *Covered Party* that interferes with performance or creates an intimidating, hostile or offensive working environment; or
- (B) workplace conduct (i.e. *Harassment* of a non-sexual nature) committed by a *Covered Party* in violation of law or because of any protected category or characteristic which creates a work environment that interferes with performance, or creates an intimidating, hostile, or offensive working environment.

10. “Limit of Coverage” shall be the amount of coverage stated in the Declarations Page, or sublimits as stated therein for each *Covered Party* per *Occurrence*, subject to any lower sublimit stated in this Memorandum. The *Limit of Coverage* shall include the *Covered Party’s Retained Limit*. For each *Occurrence*, there shall be only one *Limit of Coverage* regardless of the number of claimants or *Covered Parties* against whom a *Claim* is made, or the number of *Coverage Periods* through which the *Occurrence* continues. In the event that a structured settlement, whether purchased from or through a third-party, or paid directly by the *Covered Party* in installments, is utilized in the resolution of a *Claim* or suit, the *Authority* will pay only up to the amount stated in the Declarations in present value of the *Claim*, as determined on the date of settlement, regardless of whether the full value of the settlement exceeds the amount stated in the Declarations.

11. “Occurrence” means an act, policy, or course of conduct by ~~the a~~ *Covered Party* during the *Coverage Period* which results in a *Claim for Wrongful Employment* if the first act, policy or course of conduct ~~by the *Covered Party*~~ occurred during the *Coverage Period*.

All allegations by the same *Employee* in the same *Claim* shall be considered one *Occurrence* for the purpose of the *Limit of Coverage*, and such *Occurrence* shall be deemed to exist on

the date of the alleged first act, policy, or conduct, in the event of an allegation of multiple acts, policies, or course of conduct.

Regardless of the number of Covered Parties, All ~~all~~ Claims by all Employees arising from the same act, policy, or course of conduct ~~by the same Covered Party~~ shall be considered as one Occurrence for the purpose of the Limit of Coverage.

12. “Retained Limit” means the amount of *Ultimate Net Loss*, identified in the applicable Declaration, which the *Covered Party* becomes liable to pay before the Authority is obligated to make payment.

For each *Occurrence*, there shall be only one *Retained Limit* regardless of the number of claimants or *Covered Parties* against whom a *Claim* is made, or *Coverage Periods* during which the *Occurrence* continues.

13. “Retaliation” means retaliatory treatment against an *Employee* of the *Covered Party* on account of such *Employee’s* exercise or attempted exercise of his or her rights under the law.
14. “Ultimate Net Loss” means the total of all *Defense Costs* incurred by the *Covered Parties* and all *Damages* for which the *Covered Parties* are liable either by adjudication or by compromise with the written consent of the Authority, arising from an *Occurrence* to which this coverage applies.
15. “Union Grievance” is limited to labor negotiations with respect to wages or working conditions, union organizing efforts, or unfair labor practice charges within the jurisdiction of the National Labor Relations Board or the Public Employment Relations Board.
16. “Workplace Tort” means any of the following acts alleged to have been committed in violation of law or because of any protected category or characteristic:
- (A) actual or constructive termination of an employment relationship in a manner which is alleged to have been against the law or wrongful, or in breach of an implied employment contract or breach of the covenant of good faith and fair dealing in the employment contract;
  - (B) allegations of negligent or wrongful evaluation, wrongful demotion, wrongful discipline, failure to promote, failure to grant tenure, or wrongful deprivation of career opportunity;
  - (C) allegations of misrepresentation or defamation made by an *Employee* which arise from an employment decision to hire, fire, promote or demote;

- (D) allegations of infliction of emotional distress, mental injury, mental anguish, shock, sickness, disease or disability made by an *Employee* which arise from an employment decision to hire, fire, promote or demote;
- (E) allegations of false imprisonment, detention, or malicious prosecution made by an *Employee* which arise from an employment decision to hire, fire, promote or demote;
- (F) allegations of libel, slander, defamation of character, invasion of privacy made by an *Employee* which arise from an employment decision to hire, fire, promote or demote; and
- (G) other personal injury allegations made by an *Employee* which arise from an employment decision to hire, fire, promote or demote.

*Workplace Torts* do not include *Damages* determined to be owing under a written contract of employment or obligation to make payments, including but not limited to severance payments, in the event of the termination of employment.

*Workplace Torts* shall not include any allegations other than those set forth above.

- 17. “Wrongful Employment Practice” means any actual or alleged *Wrongful Termination, Discrimination, Harassment, Retaliation, or Workplace Tort*.
- 18. “Wrongful Termination” means termination of an employment relationship in a manner which is alleged to have been committed in violation of law or because of any protected category or characteristic or in breach of an implied agreement to continue employment.

*Wrongful Termination* shall not include *Damages* determined to be owing under an express contract of employment or an express obligation to make payments in the event of the termination of employment

### **SECTION III - DEFENSE AND SETTLEMENT**

The *Authority* shall have no duty to assume the charge of investigation or defense of any *Claim*. However, the *Authority* shall have the right to assume the control of the negotiation, investigation, defense, appeal, or settlement of any *Claim* the *Authority* determines, in its sole discretion, to have reasonable probability of resulting in an *Ultimate Net Loss* in excess of the applicable *Retained Limit*. The *Covered Parties* shall fully cooperate in all matters pertaining to such *Claim* or proceeding. Such cooperation shall include, but not be limited to, executing all documents necessary to effectuate a settlement. If the *Covered Party's* lack of cooperation prevents settlement of the claim for a reasonable amount, defined as the amount the *Authority* is willing to pay and the claimant is willing to accept, and increases the potential liability for *Damages* and continued

*Defense Costs*, the *Covered Party* shall pay or shall reimburse the *Authority* for those *Defense Costs* incurred after the claim could have been settled, and for any *Damages* awarded or settlement agreed upon in excess of the amount for which the claim could have been settled, or the *Authority* shall have the right to tender the claim back to the *Covered Party* and coverage shall cease.

If the *Authority* assumes the control of the handling of a *Claim*, the *Covered Parties* shall be obligated to pay at the discretion of the *Authority* any sum necessary for the defense and settlement of a *Claim*, or to satisfy liability imposed by law, up to the applicable *Retained Limit*.

No *Claim* shall be settled for an amount in excess of the *Retained Limit* without the prior written consent of the *Authority*, and the *Authority* shall not be required to contribute to any settlement to which it has not consented.

#### **SECTION IV - ERMA'S LIMIT OF COVERAGE**

Regardless of the number of (1) *Covered Parties* under this Memorandum, (2) persons or organizations who sustain injury or damage, (3) *Claims* made or suits brought, or (4) *Coverage Periods involved*, the *Authority's* liability is limited as follows:

With respect to coverage provided, the *Authority's* liability for any one *Occurrence* shall be limited to the *Ultimate Net Loss* which is in excess of the *Covered Party's Retained Limit*, but then only up to the sum set forth in the Declarations as the *Authority's Limit of Coverage* for any one *Occurrence*. In the event that a structured settlement, whether purchased from or through a third party, or paid directly by the *Covered Party* in installments, is utilized in the resolution of a *Claim* or suit, the *Authority* will pay only up to the amount stated in the Declarations in present value of the *Claim*, as determined on the date of settlement, regardless of whether the full value of the settlement exceeds the amount stated in the Declarations.

Nothing contained herein shall operate to increase the *Authority's Limit of Coverage* under this Memorandum.

#### **SECTION V - COVERAGE PERIOD AND TERRITORY**

This Memorandum applies to *Wrongful Employment Practice* that occurs anywhere in the world during the *Coverage Period* identified in the applicable Declaration.

#### **SECTION VI - EXCLUSIONS**

This Memorandum does not cover:

1. **Bodily Injury.** We do not cover *Claims*:

- (A) for bodily injury, sickness, disease or death of any person; or
- (B) brought by the person's domestic partner, spouse, child, parent, brother or sister as a result of such bodily injury, sickness, disease or death.

This does not apply to *Claims* for emotional distress, mental anguish or humiliation that arise from a *Wrongful Employment Practice*.

2. **Compliance with ADA Requirements.** We do not cover any costs or expenses incurred to make premises accessible to persons with disabilities as required by:
  - (A) the Americans with Disabilities Act of 1990;
  - (B) any similar federal, state or local law;
  - (C) any amendments to such laws; or
  - (D) any regulations promulgated under any such laws.
3. **Contractual Liability.** We do not cover the liability of others assumed by the *Covered Party* in a contract or agreement. This does not apply to liability that the *Covered Party* would have had in the absence of the contract or agreement.
4. **ERISA, COBRA WARN Act, and FLSA Liability.** We do not cover any liability imposed on the *Covered Party* under:
  - (A) the Employee Retirement Income Security Act of 1974;
  - (B) the Comprehensive Omnibus Budget Reconciliation Act;
  - (C) the Worker Adjustment and Retraining Notification Act;
  - (D) the Fair Labor Standards Act, including but not limited to any wage and hour or other claim arising under the FLSA or any California Wage Orders or any similar federal or state law;
  - (E) any similar federal, state or local laws;
  - (F) any amendments to such laws; or
  - (G) any regulations promulgated under any such laws.

5. **Fines, Multiplied Damages, or Non-Monetary Relief.** We do not cover:
  - (A) fines, taxes, penalties, or liquidated Damages;
  - (B) the multiplied portion of any Damage award that is subject to a multiplier;
  - (C) non-monetary relief; or
  - (D) any other uninsurable amounts.
6. **Intentional Conduct Done with Willful and Conscious Disregard.** We do not cover *Claims* for injury or *Damages* caused by intentional conduct done by the *Covered Party* with willful and conscious disregard of the rights or safety of others, or with malice. However, where the *Covered Party* did not authorize, ratify, participate in, consent to, or have knowledge of such conduct by its *Employee*, and the *Claim* against the *Covered Party* is based solely on its vicarious liability arising from its relationship with such *Employee*, this exclusion does not apply to said *Covered Party*.
7. **Intentional Violations of Laws and Orders.** We do not cover *Claims* that arise out of a *Covered Party's* intentional failure to comply with, or reckless disregard of, any law, order or regulation relating to employment practices.
8. **Prior Wrongful Employment Practices.** We do not cover liability arising out of any *Claim*, fact, circumstance, situation, transaction or event concerning a *Wrongful Employment Practice* of which any *Covered Party* had received a prior *Claim*, or which was the subject of any notice given under any insurance policy or coverage prior to the *Covered Party* obtaining coverage under this Memorandum.
9. **Property Damage.** We do not cover *Claims* for damage to or destruction of any tangible property, including loss of its use.
10. **Strikes and Lockouts.** We do not cover *Claims* that arise out of a lockout, strike, picket line, replacement or other similar actions resulting from labor disputes or labor negotiations.
11. **Ultimate Net Loss.** We do not cover *Ultimate Net Loss* arising out of relief, or redress, in any form other than money *Damages* or seeking only injunctive or non-monetary relief, regardless of whether a prevailing claimant may be entitled to recover attorney's fees and costs.
12. **Actions for Administrative or Equitable Relief.** We do not cover any action, in any forum, ~~for or~~ injunctive, administrative, declaratory, or other non-monetary form of relief, including specific performance, nor hearings of internal administrative matters or actions involving the review of any final administrative order or decision made as the result of an

administrative hearing, regardless of whether such action seeks *Damages* or attorneys' fees. This exclusion is in addition to, and does not conflict with, Exclusion 11, above.

13. **Workers' Compensation or Similar Law.** We do not cover obligations under a workers' compensation law, disability benefits or unemployment compensation law, or any similar law. This exclusion does not apply to *Retaliation* or *Discrimination* for filing a workers' compensation *Claim* or a *Claim* for disability benefits.

## **SECTION VII – CONDITIONS**

### 1. Covered Party's Duties in the Event of Occurrence, Claim, or Suit

The following provisions are conditions precedent to coverage under this Memorandum. The *Covered Party's* failure to comply with any of these provisions shall void the coverage provided herein.

- (A) The *Covered Party* shall notify the *Authority* within 30 days upon receipt of notice of a written *Claim* by an *Employee*.

Written notice containing particulars sufficient to identify the claimant(s), the *Covered Party(ies)*, and also reasonably obtainable information with respect to the time, place, and circumstances thereof, and the names and addresses of the *Covered Party* and of available witnesses, shall be given to the *Authority* or any of its authorized agents as soon as possible.

- (B) If a suit is brought against the *Covered Party*, in addition to the information required by subparagraph (A), the *Covered Party* shall be obligated to forward immediately to the *Authority* every demand, notice, summons, or other process received by it or its representative.

- (C) The *Covered Party* shall cooperate with the *Authority* and upon its request assist in making settlements, in the conduct of suits, and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the *Covered Party* because of *Wrongful Employment Practice* with respect to which coverage is afforded under this Memorandum. The *Covered Party* shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses.

As to any claim for which the *Authority* has assumed control as set forth in SECTION III, above, and has so notified the *Covered Party*, if the *Covered Party's* refusal to cooperate with the *Authority* in the conduct of the defense, execution of documents, enforcement of any right of contribution or indemnity, or in any other

manner prevents settlement of the claim for a reasonable amount, defined as the amount the *Authority* is willing to pay and the claimant is willing to accept, and increases the potential liability for *Damages* and continued *Defense Costs*, the *Covered Party* shall pay or shall reimburse the *Authority* for those *Defense Costs* incurred after the claim could have been settled, and for any *Damages* awarded or settlement agreed upon in excess of the amount for which the claim could have been settled, or the *Authority* shall have the right to tender the claim back to the *Covered Party* and coverage shall cease.

- (D) The *Authority* shall be entitled to complete access of the *Covered Party's Claim* file, the defense attorney's complete file, and all investigation material and reports, including all evaluations and information on negotiations. The *Covered Party through assigned defense counsel* shall be responsible to report on the progress of the litigation and any significant developments to the *Authority*, and to provide the *Authority* with simultaneous copies of all correspondence provided to the *Covered Party* by its defense attorneys and/or agents:
- (E) If the *Covered Party* is not in substantial compliance with the requirements of Government Code §12950.1 (AB 1825) during the *Coverage Period* for an *Occurrence* related to that code section, the *Covered Party's Retained Limit* shall be doubled for such claim. Proof of substantial compliance shall be provided at the request of the *Authority* and in the form set forth in Resolution No. 2010-2, or any superseding Resolution, which requires documentation to confirm compliance with the sexual harassment training mandated by State law.

## 2. Bankruptcy or Insolvency

Bankruptcy or insolvency of the *Covered Party* shall not relieve the *Authority* of any of its obligations hereunder.

## 3. Other Coverage

If insurance or any other coverage with any insurer, joint powers authority or other source is available to the *Covered Party* covering a loss also covered hereunder (whether on primary, excess, or contingent basis), the coverage hereunder shall be in excess of, and shall not contribute with, such other insurance or coverage.

This coverage shall be in excess of, and shall not contribute with, any insurance or coverage which names a *Covered Party* herein as an additional *Covered Party* or additional insured party, where coverage is extended to a loss also covered hereunder. In order for the coverage herein to apply, the *Covered Party* must pay the full amount of its *Retained Limit*. Payment of the *Retained Limit* by the *Covered Party* is required in addition to and despite any payments from any other source for or on behalf of that *Covered Party*, unless the

*Covered Party* has purchased insurance coverage solely and expressly for the purpose of satisfying its *Retained Limit*, in which case that insurance coverage may be used by the *Covered Party* in payment of its *Retained Limit*.

4. Accumulation of Limits

A ~~Claim claim~~ which contains allegations extending to a duration of more than one *Coverage Period* shall be treated as a single *Occurrence* arising during the *Coverage Period* when the last act takes place without regard to any review process or appeal relating to such conduct.

5. Severability of Interests

The term *Covered Party* is used severally and not collectively, but the inclusion herein of more than one *Covered Party* shall not operate to increase the limits of the *Authority's* liability or the *Retained Limit* applicable per *Occurrence*.

6. Subrogation

The *Authority* shall be subrogated to the extent of any payment hereunder to all the *Covered Parties'* rights of recovery thereof and the *Covered Parties* shall do nothing after loss to prejudice such right and shall do everything necessary to secure such right. Any amounts so recovered shall be apportioned as follows:

- (A) The highest layer of coverage shall be reimbursed first and if there are sufficient recoveries then the next highest layer shall be reimbursed until all recoveries are used up.
- (B) The expenses of all such recovery proceedings shall be paid before any reimbursements are made. If there is no recovery in the proceedings conducted by the *Authority*, it shall bear the expenses thereof.

7. Arbitration

Decisions by the *Authority* whether to assume control of the negotiation, investigation, defense, appeal, or settlement of a *Claim*, or whether or not coverage exists for a particular *Claim* or part of a *Claim* shall be made by the Board of Directors of the *Authority*. An appeal to the Board from a coverage decision or opinion by staff or general counsel must be made in writing to the Authority by the Covered Party within ninety (90) days of receipt of such opinion or decision. If, either prior to or following the Board's decision, a new coverage opinion or decision is sent by staff or general counsel to the Covered Party, a new ninety (90) day period commences from receipt of such new opinion or decision in which the Covered Party may appeal to the Board.

Any dispute concerning a decision by the Board~~such decisions~~ shall be submitted to binding arbitration within ninety (90) days of written notification of the Board's decision. The *Covered Party* must exhaust all rights to appeal as established by the Bylaws prior to requesting arbitration of a dispute. ~~An appeal to the Board from a coverage decision or opinion by staff or general counsel must be made in writing to the Authority by the Covered Party within ninety (90) days of receipt of such opinion or decision. If, either prior to or following the Board's decision, a new coverage opinion or decision is sent by staff or general counsel to the Covered Party, a new ninety (90) day period commences from receipt of such new opinion or decision in which the Covered Party may appeal to the Board.~~

Arbitration shall be conducted pursuant to the California Code of Civil Procedure. Arbitration shall be conducted by a single arbitrator. No arbitrator shall be employed or affiliated with the *Authority* or the *Covered Party*(ies) or any Member of the Authority parties.

The selection of the arbitrators shall take place within twenty (20) calendar days from the receipt of the request for arbitration. The arbitration hearing shall commence within forty-five (45) calendar days from the date of the selection of the arbitrators.

Each party shall bear ~~the cost of its selected arbitrator and~~ one-half the cost of the third selected arbitrator. In addition, each party shall be responsible for its own costs and expenses of arbitration.

Except for notification of appointment and as provided in the California Code of Civil Procedure, there shall be no communication between the parties and the arbitrator(s) relating to the subject of the arbitration other than at oral hearings.

The procedures set forth in California Code of Civil Procedure Section 1293.05 relating to depositions and discovery shall apply to any arbitration pursuant to this paragraph 8.

Except as provided otherwise above, arbitrations shall be conducted as provided in Title 9 of the Code of Civil Procedure (commencing with Section 1280).

The decision of the panel of arbitrators shall be final and binding, and shall not be subject to appeal.

## **SECTION VIII – MISCELLANEOUS PROVISIONS**

### 1 Termination

This Memorandum may be terminated at any time in accordance with the Bylaws of the *Authority*.

2 Changes

Notice to any agent of the Authority or knowledge possessed by such any agent ~~of the Authority~~ or by any other person shall not effect a waiver or a change in any part of this Memorandum of Coverage, nor shall the terms of this Memorandum of Coverage be waived or changed, except by endorsement issued to form a part of this Memorandum of Coverage.

**EMPLOYMENT RISK MANAGEMENT AUTHORITY  
MEMORANDUM OF COVERAGE  
ENDORSEMENT #1**

This endorsement, effective 12:01 a.m. 7/1/~~2010~~2011, forms a part of Policy No. ERMA~~2010~~2011-1EPL.

It is understood that the named Covered Party of the Declarations and the “Retained Limits” for the Covered Parties are completed as follows:

Employment Risk Management Authority,

Bay Cities Joint Powers Insurance Authority

<b>COVERED PARTY</b>	<b>RETENTION</b>
City of Albany Albany JPA	\$25,000
City of Brisbane	\$50,000
City of Emeryville Emeryville MESA	\$50,000
Town of Fairfax	\$50,000
Twin Cities Police Authority	\$100,000
City of Larkspur	\$250,000
City of Menlo Park	\$250,000
City of Mill Valley	\$50,000
City of Novato	\$250,000
City of Piedmont	\$50,000
City of Pleasanton Pleasanton Fire	\$75,000
Town of San Anselmo	\$50,000
San Francisco Redevelopment Agency	\$250,000
City of Sausalito	\$50,000
City of Union City	\$75,000

Central San Joaquin Valley Risk Management Authority

<b>COVERED PARTY</b>	<b>RETENTION</b>
City of Angels	\$25,000
City of Atwater	\$25,000
City of Ceres	\$25,000
City of Chowchilla	\$25,000
City of Corcoran	\$25,000
City of Delano	\$25,000
City of Delano Community Correctional Facility	\$25,000
City of Dos Palos	\$25,000
City of Escalon	\$25,000
City of Fowler	\$25,000
City of Gustine	\$25,000
City of Hughson	\$25,000
City of Huron	\$25,000
City of Kerman	\$25,000
City of Kingsburg	\$25,000
City of Lathrop	\$25,000
City of Livingston	\$25,000
City of Los Banos	\$50,000
City of Madera	\$25,000
City of McFarland	\$25,000
City of Merced	\$100,000
City of Newman	\$25,000
City of Orange Cove	\$50,000
City of Parlier	\$50,000
City of Porterville	\$25,000
City of Reedley	\$25,000
City of San Joaquin	\$25,000
City of Selma	\$50,000
City of Shafter	\$25,000
City of Shafter Community Correctional Facility	\$25,000
City of Taft	\$25,000
City of Taft Community Correctional Facility	\$25,000
City of Wasco	\$50,000

Endt.(#1)

| (7/1/~~2010~~2011)

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Municipal Pooling Authority

<b>COVERED PARTY</b>	<b>RETENTION</b>
City of Antioch	\$50,000
City of Brentwood	\$50,000
City of Clayton	\$50,000
Town of Danville	\$50,000
City of El Cerrito	\$50,000
City of Hercules	\$50,000
City of Lafayette	\$50,000
City of Manteca	\$50,000
City of Martinez	\$50,000
Town of Moraga	\$50,000
City of Oakley	\$50,000
City of Orinda	\$50,000
City of Pacifica	\$50,000
City of Pinole	\$50,000
City of Pittsburg	\$50,000
City of Pleasant Hill	\$50,000
City of San Pablo	\$100,000
City of San Ramon	\$50,000
City of Walnut Creek	\$50,000
West Contra Costa Transportation Advisory Committee (WCCTAC)	\$50,000

Public Agency Risk Sharing Authority of California

COVERED PARTY	RETENTION
City of Alturas	\$25,000
City of Amador	\$25,000
City of Avalon	\$25,000
City of Blue Lake	\$25,000
City of California City	\$100,000
City of Calimesa	\$25,000
City of Calistoga	\$25,000
City of Canyon Lake	\$25,000
City of Citrus Heights	\$50,000
City of Clearlake	\$25,000
City of Coalinga	\$25,000
City of Ferndale	\$25,000
City of Grass Valley	\$25,000
City of Highland	\$25,000
City of Menifee	\$25,000
City of Nevada City	\$25,000
City of Pacific Grove	\$50,000
City of Placentia	\$100,000
City of Placerville	\$50,000
City of Plymouth	\$25,000
City of Point Arena	\$25,000
City of Rancho Cucamonga	\$100,000
City of Rancho Santa Margarita	\$25,000
City of Rialto	\$25,000
City of San Juan Bautista	\$25,000
City of South Lake Tahoe	\$100,000
City of Tehama	\$25,000
City of Trinidad	\$25,000
City of Truckee	\$25,000
City of Twentynine Palms	\$25,000
City of Watsonville	\$250,000
City of Wheatland	\$25,000
City of Wildomar	\$25,000
City of Yountville	\$25,000
City of Yucaipa	\$50,000
City of Yucca Valley	\$25,000

Public Entity Risk Management Authority

<b>COVERED PARTY</b>	<b>RETENTION</b>
City of Adelanto	\$250,000
City of Banning	\$25,000
City of Barstow	\$25,000
City of Cathedral City	\$25,000
City of Coachella	\$25,000
City of Desert Hot Springs	\$25,000
City of Hesperia	\$50,000
City of Holtville	\$25,000
City of La Mesa	\$25,000
City of Murrieta	\$250,000
Palm Springs Aerial Tramway	\$25,000
City of Perris	\$25,000
City of Stanton	\$25,000
City of Tulelake	\$25,000
City of Victorville	\$25,000

Endt.(#1)

| (7/1/~~2010~~2011)

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Small Cities Organized Risk Effort

	<b>COVERED PARTY</b>	<b>RETENTION</b>
	City of Colfax	\$25,000
	<del>City of Crescent City</del>	<del>\$25,000</del>
	City of Dorris	\$25,000
	City of Live Oak	\$25,000
	City of Mt. Shasta	\$25,000
	City of Portola	\$25,000
	City of Rio Dell	\$25,000
	City of Shasta Lake	\$25,000
	City of Susanville	\$25,000
	City of Williams	\$25,000
	City of Yreka	\$25,000

Endt.(#1)

| (7/1/~~2010~~2011)

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Vector Control Joint Powers Agency

<b>COVERED PARTY</b>	<b>RETENTION</b>
Alameda County Mosquito Abatement District	\$100,000
Burney Basin Mosquito Abatement District	\$100,000
Butte County Mosquito and Vector Control District	\$100,000
Coachella Valley Mosquito and Vector Control District	\$100,000
Colusa Mosquito Abatement District	\$100,000
Compton Creek Mosquito Abatement District	\$100,000
Consolidated Mosquito Abatement District	\$100,000
Contra Costa Mosquito and Vector Control District	\$100,000
Delta Vector Control District	\$100,000
Durham Mosquito Abatement District	\$100,000
Fresno Mosquito and Vector Control District	\$100,000
Glenn County Mosquito and Vector Control District	\$100,000
Greater Los Angeles County Vector Control District	\$100,000
Kings Mosquito Abatement District	\$100,000
Lake County Vector Control District	\$100,000
Los Angeles County West Vector Control District	\$100,000
Marin-Sonoma Mosquito and Vector Control District	\$100,000
Mosquito and Vector Management District of Santa Barbara County	\$100,000
Napa County Mosquito Abatement District	\$100,000
Northwest Mosquito and Vector Control District	\$100,000
Orange County Vector Control District	\$100,000
Oroville Mosquito Abatement District	\$100,000
Placer Mosquito and Vector Control District	\$100,000
Sacramento-Yolo Mosquito and Vector Control District	\$100,000
San Gabriel Valley Mosquito and Vector Control District	\$100,000
San Joaquin County Mosquito and Vector Control District	\$100,000
San Mateo County Mosquito Abatement District	\$100,000
Shasta Mosquito and Vector Control District	\$100,000
Sutter-Yuba Mosquito and Vector Control District	\$100,000
Tehama County Mosquito and Vector Control District	\$100,000
Turlock Mosquito Abatement District	\$100,000
West Valley Mosquito and Vector Control District	\$100,000

Individual Entities

COVERED PARTY	RETENTION
Oakland Housing Authority	\$50,000
Contra Costa County Housing Authority	\$50,000

| Effective Date: July 1, ~~2010~~2011

Endorsement No.: 1

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AUTHORIZED REPRESENTATIVE

Endt.(#1)  
| (7/1/~~2010~~2011)  
Page 8

# EMPLOYMENT RISK MANAGEMENT AUTHORITY

## MEMORANDUM OF COVERAGE

### ENDORSEMENT #2

This endorsement, effective 12:01 a.m. 7/1/~~2010~~2011, forms a part of Policy No. ERMA ~~2010~~2011-1EPL.

It is understood that the definition of "Covered Party" in Section II is amended to include the following entities and any officer, director or employee while in the course and scope of their duties for the following entities:

Bay Cities Joint Powers Insurance Authority,  
Central San Joaquin Valley Risk Management Authority,  
Employment Risk Management Authority,  
Public Agency Risk Sharing Authority of California,  
Public Entity Risk Management Authority, ~~and~~  
Municipal Pooling Authority  
Small Cities Organized Risk Effort, and  
Vector Control Joint Powers Agency

The ~~It is further understood that the~~ retained limit for the ~~above named entities~~ coverage provided by this endorsement is \$25,000.

It is further understood that no other person, organization, or entity shall be deemed to be a "Covered Party" under this endorsement except for those expressly identified herein.

Effective Date: July 1, ~~2010~~2011

Endorsement No.: 2

\_\_\_\_\_  
AUTHORIZED REPRESENTATIVE

Endt.#2  
(7/1/~~2010~~2011)

**EMPLOYMENT RISK MANAGEMENT AUTHORITY  
MEMORANDUM OF COVERAGE  
ENDORSEMENT #3**

This endorsement, effective 12:01 a.m. 7/1/~~2010~~2011, forms a part of Policy No. ERMA ~~2010~~2011-1EPL.

It is understood that for the following Covered Parties, the limit of coverage is \$500,000 per Occurrence. ~~where the ERMA coverage applies to a claim, ERMA's coverage will be primary above the Covered Party's retention up to \$500,000 per occurrence and CJPRMA's EPL coverage will be primary above \$500,000 per occurrence up to \$1,000,000 per occurrence as set forth in CJPRMA's Memorandum of Coverage. ERMA's coverage will serve as Difference in Conditions coverage above \$500,000 per occurrence up to \$1,000,000 per occurrence where the ERMA coverage applies to a claim and the CJPRMA coverage does not.~~

Small Cities Organized Risk Effort

<b>COVERED PARTY</b>	<b>RETENTION</b>
<del>City of Crescent City</del>	<del>\$25,000</del>
City of Colfax	\$25,000
City of Dorris	\$25,000
City of Live Oak	\$25,000
City of Portola	\$25,000
City of Mt. Shasta	\$25,000
City of Shasta Lake	\$25,000
City of Susanville	\$25,000
City of Rio Dell	\$25,000
City of Williams	\$25,000
City of Yreka	\$25,000

Effective Date: July 1, ~~2010~~2011

Endorsement No.: 3

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AUTHORIZED REPRESENTATIVE

**Agenda Item H.3.b**

**Employment Risk Management Authority (ERMA)  
Appointment of Board Alternate  
Action Item**

**Issue:** SCORE needs to appoint an alternate for the ERMA Board of Directors.

**Recommendation:** None

**Fiscal Impact:** None

**Background:** Mr. Jim Murphy is the current SCORE Board Representative for ERMA. Ms. Debra Maggini is the alternate. Mr . Murphy is retiring and Ms. Maggini has agreed to assume the Board representative position. SCORE needs to appoint an alternate to the ERMA Board to represent SCORE.

**Attachments:** None

**Agenda Item I.1**

**Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) Update  
Information Item**

**Issue:** Mr. Ted Marconi will address the Board on LAWCX matters.

**Recommendation:** None

**Fiscal Impact:** Unknown

**Background:** This time is reserved for a report to the Board on LAWCX matters. LAWCX's annual membership meeting was held June 14, 2011.

**Attachments:** None

**Agenda Item I.2**

**Approval of SCORE's Workers' Compensation Memorandum of Coverage  
Action Item**

**Issue:** SCORE's Workers' Compensation coverage is provided by a Memorandum of Coverage (MOC). The Board annually adopts the Workers' Compensation MOC pending any changes.

**Recommendation:** The Program Administrator recommends that the Board of Directors adopt the Workers' Compensation Memorandum of Coverage as written.

**Fiscal Impact:** None

**Background:** SCORE's MOC incorporates the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) Memorandum of Coverage form. LAWCX's MOC in turn incorporates the terms and conditions of the CSAC-EIA Excess Workers' Compensation MOC. SCORE does amend the adopted wording from LAWCX to exclude coverage for Labor Code Section 4850.

A Declarations page will be issued for the new program year, for each participating member separately.

**Attachments:** SCORE's 2011-2012 Memorandum of Coverage.

**SMALL CITIES ORGANIZED RISK EFFORT**  
**WORKERS' COMPENSATION**  
**UNDERLYING MEMORANDUM OF COVERAGE**  
**FORM No. WCOM-11**

**1. INSURING AGREEMENT**

In consideration of the payment of the required deposit and subject to all the terms of this Memorandum of Coverage, SCORE agrees to pay on behalf of the Member City loss resulting from any accident or disease covered by the terms of the Local Agency Workers' Compensation Excess Joint Powers Authority Memorandum of Coverage effective for the Coverage Period shown under Item 2 of the Declarations to this Memorandum, except as amended by the following provisions:

**2. LIMITS OF LIABILITY**

The Limits of Liability applicable to this Memorandum of Coverage are as stated under Items 3a and 3b of the Declarations. This Memorandum of Coverage does not include a self-insured retention.

**3. EXCLUSIONS**

This Memorandum of Coverage shall not apply to benefits due to any Member City employee or volunteer under Labor Code Section 4850.

**4. GLOSSARY**

The conditions of this Memorandum of Coverage shall be applied as if the glossary of words listed below had been included with the word or words each time they appear in this Memorandum of Coverage.

**LOSS**-means the ultimate net loss as defined in the Memorandum of Coverage issued by LAWCX for this period concurrent with the period stated in the declarations and amended by the Memorandum.

**MEMBER CITY OR MEMBER ENTITY**- a signatory to the Joint Powers Agreement forming the Small Cities Organized Risk Effort Joint Powers Authority. This meaning shall apply to the term Member City or Member Entity notwithstanding any other definition to the contrary in, or any document incorporated into, this Memorandum.

**5. OTHER INSURANCE**

The coverage afforded by this Memorandum of Coverage shall be excess over any other valid and collectible insurance or coverage available to the Member City and applicable to any part of the ultimate net loss, whether such other insurance or coverage is stated to be primary, excess, contingent or otherwise, unless such other insurance or coverage specifically

applies as excess insurance or coverage over the limits provided in this Memorandum of Coverage.

**6. NOTICE OF LOSS**

Upon the happening of any occurrence likely to involve SCORE under this Memorandum of Coverage, the Member City shall give notice as soon as practicable to the Claims Administrator of SCORE. Such notice shall contain particulars sufficient to identify the Member City and provide fullest information obtainable at the time. The Member City shall forward to SCORE Claims Administrator all written notices, demands or legal papers received by the Member City or the Member City's representative, together with copies of reports or investigations, with respect to such loss.

**7. DEFENSE**

SCORE shall assume charge of the investigation, settlement or defense of any claims made, or suits brought, or proceedings instituted against the Member City, which in the opinion of SCORE may create liability on the part of SCORE under the terms of this Memorandum of Coverage.

**8. PAYMENT OF LOSS**

Upon final determination of loss, SCORE will promptly pay on behalf of the Member City the amount of loss falling within the terms of this Memorandum of Coverage.

**9. CANCELLATION**

This Memorandum of Coverage may be canceled in accordance with the terms of the JPA Agreement and Bylaws of SCORE.

**To be valid, this agreement must be signed by either the President or Vice-President of SCORE. The Agreement will be issued by the Program Administrator.**

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**Mr. Roger Carroll, President**

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**Date**

Agenda Item J.1

**Public Entity Property Insurance Program (PEPIP) Renewal July 1, 2011 to June 30, 2012  
Action Item**

**Issue:** The Board should review and approve the Property renewal for PEPIP.

**Recommendation:** The Program Administrator recommends renewing the PEPIP Property program as presented.

**Fiscal Impact:** The renewal premium is \$190,642 which is a decrease of \$28,000. This represents a premium decrease due to Crescent City and Williams leaving the program. The rates remained flat.

**Background:** SCORE's property program is a group purchase program that is marketed and combined with many clients of Alliant. SC ORE's participation includes all but one member and total insured values are \$188 million. This group purchase program, called Public Entity Property Insurance Program (PEPIP), provides very broad coverage and limits.

Please see the attached Executive Summary for the description of changes and the Property Marketing Summary.

**Attachments:** PEPIP 2011-2012 PEPIP TRIA Selection  
PEPIP 2011-2012 Program Executive Summary  
PEPIP 2011-2012 Program Proposal  
PEPIP 2011-2012 Program Boiler & Machinery Proposal  
PEPIP 2011-2012 Cyber Coverage Summary  
PEPIP 2011-2012 Program List of Insurers (preliminary)  
2011-2012 Property Program Premium Allocation



**ALLIANT INSURANCE SERVICES**

**POLICYHOLDER DISCLOSURE  
NOTICE OF TERRORISM  
INSURANCE COVERAGE**

June 15, 2011

Member: **Small Cities Organized Risk Effort**

We are required to send you this notice pursuant to federal legislation concerning terrorism insurance.

You are hereby notified that under the Terrorism Risk Insurance Act of 2002, as amended ("TRIA"), that you now have a right to purchase insurance coverage for losses arising out of acts of terrorism, as defined in Section 102(1) of the Act, as amended: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States-to be an act of terrorism; to be a violent act or a n act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Any coverage you purchase for "acts of terrorism" shall expire at 12:00 midnight December 31, 2014, the date on which the TRIA Program is scheduled to terminate or the expiry date of the policy whichever occurs first, and shall not cover any losses or events which arise after the earlier of these dates.

YOU SHOULD KNOW THAT COVERAGE PROVIDED BY THIS POLICY FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM IS PARTIALLY REIMBURSED BY THE UNITED STATES UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THIS FORMULA, THE UNITED STATES PAYS 85% OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURER(S) PROVIDING THE COVERAGE. YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.



**ALLIANT INSURANCE SERVICES**

**POLICYHOLDER DISCLOSURE  
NOTICE OF TERRORISM  
INSURANCE COVERAGE**

***SELECTION OR REJECTION OF TERRORISM INSURANCE COVERAGE***

**WHAT YOU NEED TO DO NOW:**

**PLEASE "X" ONE OF THE BOXES BELOW AND RETURN THIS FORM TO YOUR INSURANCE BROKER.**

<input type="checkbox"/>	I am interested in receiving a quote for Terrorism coverage as required to be offered under the Act. Please provide me with a quote.
<input type="checkbox"/>	I decline to purchase the Terrorism coverage as required to be offered under the Act.

\_\_\_\_\_  
**Policyholder/applicant signature**

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

\_\_\_\_\_  
**Date**

**Small Cities Organized Risk Effort**



## PUBLIC ENTITY PROPERTY INSURANCE PROGRAM (PEPIP)

### July 1, 2011 – July 1, 2012 Small Cities Organized Risk Effort EXECUTIVE SUMMARY

We are pleased to provide you the 2010–2011 Public Entity Property Insurance Program (PEPIP) Proposal.

The property market has been unsettled as we enter the second quarter of 2011 due to the significant catastrophic activity in the first quarter of 2011, especially the recent Tōhoku Earthquake off the coast of Japan. These events have resulted in a variety of responses from our markets ranging from “business as usual” to a strong push for rate increases. Understanding the difficult economic environment our clients are operating in, we have aggressively marketed the program to provide members the lowest rates and best terms possible. We believe that PEPIP terms, conditions and pricing remain the best available for the large majority of Public Entity members.

Lexington London (Best Rated A XV) will continue to provide the primary layer of property insurance coverage with a \$25,000,000 Limit. Excess limits will be placed with London, Bermuda, European and Domestic markets (Best Rated minimum of A- VII) up to a limit of \$1,000,000,000. Members should note several key highlights for this year’s renewal:

- Maintain or improve upon expiring coverage features (see Page 2 for details)
- Optional coverage for “Upgrade to Green” building coverage maintained
- Boiler & Machinery for participating members of the PEPIP Boiler Program maintained
- Cyber (Privacy Liability) Coverage for both 1<sup>st</sup> and 3<sup>rd</sup> parties from the Beazley Syndicate at Lloyd’s

Alliant Business Services (ABS) will continue to play a significant role not only in providing various types of loss control services, but also in providing appraisal services. For the 2011-2012 policy year property valuations will continue to be a key focus. As a reminder, it is our intent to have all buildings with a scheduled value of \$5,000,000 or more appraised once every five years. This service is included in your total annual cost. You may also choose to have lower valued buildings appraised. The cost to have all or specific buildings appraised between \$25,000 and \$5,000,000 will be quoted at the time the request is made.

#### Year-over-Year Rate and Premium Comparison

<u>Small Cities Organized Risk Effort</u>	<u>08-09</u>	<u>09-10</u>	<u>10-11</u> (at 01/24/2011)	<u>11-12</u>	<u>10 vs. 11</u> <u>Variance</u>
Total Insurable Values:	\$ 216,423,277	\$ 227,514,085	\$ 225,436,148	\$ 195,688,844	-15.20
Account Rate (per hundred dollars):	0.1000664	0.1104745	0.0969995	0.0974591	0.47%
Earthquake TIV:	Not Applicable	Not Applicable	Not Applicable	Not Applicable	N/A
Earthquake Limit:	Not Covered	Not Covered	Not Covered	Not Covered	N/A
*Total Annual Cost:	\$ 216,567	\$ 251,345	\$ 218,672	\$ 190,642	-14.70%

\* Total Annual Cost includes Premiums, Surplus Lines Taxes & Fees, Appraisal and Loss Prevention Inspection Fees

2011-2012 Public Entity Property Insurance Program (Public Entity Property Insurance Program (PEPIP)) Executive Summary  
 Small Cities Organized Risk Effort

Major Coverage Changes effective 7/01/11

<u>Item</u>	<u>10-11 Coverage or Sublimit Per Occurrence</u>	<u>11-12 Coverage or Sublimit Per Occurrence</u>	<u>Status</u>
Public Entity Pollution Liability	Not Covered	Up to \$1M per member/aggregate; \$25M program aggregate. Coverage with ACE. Covers 1 <sup>st</sup> and 3 <sup>rd</sup> Party new pollution conditions and pollution conditions from covered operations. Mold coverage is included. See Summary of Coverage for details. (Excluding Arizona Schools, Ports & Airports, SIA and SPIP members)	Pending. If this new coverage is added, no additional premium will be charged to members.
“Upgrade to Green” Building Coverage (Optional Coverage)	Limit of up to \$5,000,000 per occurrence per declaration to allow Member to rebuild insured property and replace selected or damaged/destroyed personal property with products that embrace sustainability principles and reduce the overall impact of the building on the environment	Limit of up to \$5,000,000 per occurrence per declaration to allow Member to rebuild insured property and replace selected or damaged/destroyed personal property with products that embrace sustainability principles and reduce the overall impact of the building on the environment	Approved Optional Coverage
Information Security & Privacy Insurance with Electronic Media Liability Coverage (Cyber Coverage)	\$2,000,000 Per Member/Aggregate Limit up to \$20,000,000 for information security and privacy insurance with electronic media liability coverage. The policy provides specific coverage for regulatory defense and penalties, notification and credit monitoring costs, for claims due to theft, loss or disclosure of personal information. (excluding Arizona Schools, GSBA, SIA, SPIP)	\$2,000,000 Per Member/Aggregate Limit up to \$20,000,000 for information security and privacy insurance with electronic media liability coverage. The policy provides specific coverage for regulatory defense and penalties, notification and credit monitoring costs, for claims due to theft, loss or disclosure of personal information. See Summary of Coverage for details. (Excluding Arizona Schools, SIA, SPIP)	Approved – Provided by the Beazley Syndicate at Lloyd’s
Policy Form Changes		See attached overview of Form Changes for the 2011/12 renewal. (Primarily clarification of existing coverage).	Pending final approval

Thank you for your continued support of PEPIP. We look forward to working with you this next year. Please let us know if you have any questions about your Renewal Proposal.

Alliant Insurance Services  
 May 2011



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

**PROPERTY PROPOSAL**

**TYPE OF INSURANCE:**     Insurance     Reinsurance

**NAMED INSURED:**        Small Cities Organized Risk Effort

**DECLARATION:**            4-Cities 4

**POLICY PERIOD:**         July 1, 2011 to July 1, 2012

**COMPANIES:**              See Attached List of Companies

**TOTAL INSURED  
VALUES:**                    \$ 195,688,844 as of June 15, 2011

**ALL RISK  
COVERAGES &  
LIMITS:**

\$	1,000,000,000	Per Occurrence: All Perils, Coverages (subject to policy exclusions) and Insureds/Members combined, subject to the following per occurrence and/or aggregate sub-limits as noted.
	Not Covered	Flood Limit - Per Occurrence and in the Annual Aggregate (for those Members(s)/Entity(ies) that purchase this optional dedicated coverage)
	Not Covered	Per Occurrence and in the Annual Aggregate for all locations in Flood Zones A , V, and all other 100 year floodplains. This Sublimit does not increase the specific flood limit of liability for those Members(s)/Entity(ies) that purchase this optional dedicated coverage.
	Not Covered	Earthquake Shock - Per Occurrence and in the Annual Aggregate (for those Members(s)/Entity(ies) that purchase this optional dedicated coverage)
\$	100,000,000	Combined Business Interruption, Rental Income and Tax Interruption and Tuition Income (and related fees) - except \$500,000 per Member/Entity subject to maximum of \$2,500,000 Per Occurrence limit if specific values for such coverage have not been reported as part of the Member(s)/Entity(ies) schedule of values held on file with Alliant Insurance Services, Inc. Coverage for power generating plants is excluded, unless otherwise specified.
\$	50,000,000	Extra Expense
\$	25,000,000	Miscellaneous Unnamed Locations for existing Members Excluding Earthquake coverage for Alaska and California Members. If Flood coverage is purchased for all scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V.

180 Days Extended Period of Indemnity

See Policy Provisions	\$25,000,000	Automatic Acquisition up to \$100,000,000 or a member's Policy Limit of Liability if less than \$100,000,000 for 90 days excluding licensed vehicles for which a sublimit of \$10,000,000 applies per policy Automatic Acquisition Clause. Additionally a sublimit of \$2,500,000 applies for Tier 1 Wind Counties, Parishes and Independent Cities for 60 days for the states of Virginia, North Carolina, South Carolina, Georgia, Alabama, Mississippi, Louisiana, Texas and/or situated anywhere within the states of Florida and Hawaii. The peril of EQ is excluded for the states of Alaska and California. If Flood coverage is purchased for all scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V.
\$	1,000,000	Unscheduled Landscaping, tees, sand traps, greens and athletic fields and further subject to \$25,000 / 25 gallon maximum per item
\$	5,000,000	Scheduled Landscaping, tees, sand traps, greens and athletic fields and further subject to \$25,000 / 25 gallon maximum per item. Higher limits available for members with scheduled values greater than \$5,000,000 for an additional premium with underwriting approval
\$	50,000,000	Errors & Omissions - This extension does not increase any more specific limit stated elsewhere in this policy or Declarations.
\$	25,000,000	Course of Construction and Additions (including new) for projects with completed values not exceeding the sublimit shown. Projects valued between \$25,000,001 and \$50,000,000 can be added for an additional premium with underwriting approval
\$	2,500,000	Money & Securities for named perils only
\$	2,500,000	Unscheduled Fine Arts
\$	250,000	Accidental Contamination per occurrence and annual aggregate per member with \$500,000 annual aggregate for all insureds / members per declaration
\$	500,000	Unscheduled Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets, Sidewalks, Culverts, Street Lights and Traffic Signals unless a specific value has been declared (excluding coverage for the peril of Earthquake Shock, and excluding Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters)
\$	25,000,000	Increased Cost of Construction due to the enforcement of building codes/ ordinance or law (includes All Risk and Boiler & Machinery)
\$	25,000,000	Transit
\$	2,500,000	Unscheduled Animals; not to exceed \$50,000 per Animal, per Occurrence

2011-2012 Public Entity Property Insurance Program (PEPIP) Property Proposal  
 Small Cities Organized Risk Effort

\$	2,500,000	Unscheduled Watercraft up to 27 feet
	Included	Per Occurrence for Licensed Vehicles - Off Premises
\$	25,000,000	Off Premises Services Interruption including Extra Expense resulting from a covered peril at non-owned/operated locations
\$	5,000,000	Per Occurrence and Annual Aggregate for Earthquake shock on Licensed Vehicles, Unlicensed Vehicles, Contractor's Equipment and Fine Arts for all insured/members in this declaration combined that do not purchase Earthquake coverage
\$	5,000,000	Per Occurrence and Annual Aggregate for Flood on Licensed Vehicles, Unlicensed Vehicles, Contractor's Equipment and Fine Arts for all insured/members in this declaration combined that do not purchase Flood coverage
\$	3,000,000	Contingent Business Interruption, Contingent Rental Values, Contingent Tax Interruption, Contingent Tuition Income and Contingent Extra Expense separately
\$	500,000	Jewelry, Furs, Precious Metals and Precious Stones Separately
\$	1,000,000	Claims Preparation Expenses
\$	50,000,000	Expediting Expenses
\$	1,000,000	Personal Property Outside of the USA
\$	100,000,000	Per Member/Entity Per Occurrence subject to \$200,000,000 Annual Aggregate of Declarations 1-14, 17, 18, 19, 20, 21, 30, 32, 33 and 34 combined as respects Property Damage, Business Interruption, Rental Income and Extra Expense Combined for Terrorism (Primary Layer)
\$	250,000,000	Per Member/Entity for Terrorism (Excess Layer) subject to;
\$	550,000,000	Per Occurrence, All Members combined in Declarations 1-9, 11, 12, 13, 14, 19, 20, 21, 30, 32, 33 and 34 for Terrorism (Excess Layer) subject to;
\$	850,000,000	Annual Aggregate shared by all Members/Entities combined in Declarations 1-9, 11, 12, 13, 14, 19, 20, 21, 30, 32, 33 and 34, as respects Property Damage, Business Interruption, Rental Income and Extra Expense combined for Terrorism (Excess Layer)
	Not Covered	Per Occurrence Per Declaration Upgrade to Green Coverage subject to the lesser of, the cost of upgrade, an additional 25% of the applicable limit of liability shown in the schedule of values or this sub limit.
	Included	Information Security & Privacy Insurance with Electronic Media Liability Coverage. See Cyber Coverage Summary for details of coverage terms, limits and deductibles
	Pending	Pollution Liability Coverage. See attached Public Entity Pollution Liability 2011 Insurance Summary for applicable limits and deductibles

- VALUATION:**
- Repair or Replacement Cost
  - Actual Loss Sustained for Time Element Coverages
  - Contractor’s Equipment / either Replacement Cost or Actual Cash Value (ACV) as declared by each member. If not declared, valuation will default to Actual Cash Value (ACV)

**EXCLUSIONS  
 (Including but not limited to):**

- Seepage & Contamination
- Cost of Clean-up for Pollution
- Mold

**“ALL RISK”**

**DEDUCTIBLE:** \$ 5,000 Per Occurrence, which to apply in the event a more specific deductible is not applicable to a loss

**DEDUCTIBLES FOR SPECIFIC PERILS AND COVERAGES:**

- Not Covered Per Occurrence for Flood Zones A & V
- Not Covered All Flood Zones Per Occurrence excluding Flood Zones A & V
- Not Covered Earthquake Shock: If the stated deductible is a flat dollar amount, the deductible will apply on a Per Occurrence basis. If the stated deductible is on a percentage basis, the deductible will apply Per Occurrence on a Per Unit basis, as defined in the policy form, subject to the stated minimum.
- \$ 1,000 Per Occurrence for Specially Trained Animals
- \$ 500,000 Per Occurrence for Unscheduled Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets, Sidewalks, Culverts, Street Lights and Traffic Signals unless a specific value has been declared (excluding coverage for the peril of Earthquake Shock, and excluding Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters)
- \$ 10,000 Minimum subject to \$100,000 Maximum per Vehicle or Item for Licensed Vehicles, Unlicensed Vehicles and Contractors Equipment Per Occurrence and Annual Aggregate and shared by all members of this Declaration for the peril of Earthquake for members who do not purchase dedicated Earthquake limits
- \$ 50,000 Per Occurrence and Annual Aggregate and shared by all members of this Declaration for Fine Arts for the peril of Earthquake for members who do not purchase dedicated Earthquake limits
- \$ 10,000 Minimum subject to \$100,000 Maximum per Vehicle or Item for Licensed Vehicles, Unlicensed Vehicles and Contractor's Equipment Per Occurrence and Annual Aggregate and shared by all members of this Declaration for the peril of Flood for members who do not purchase dedicated Flood limits
- \$ 50,000 Per Occurrence and Annual Aggregate and shared by all members of this Declaration for Fine Arts for the peril of Flood for members who do not purchase dedicated Flood limits

2011-2012 Public Entity Property Insurance Program (PEPIP) Property Proposal  
 Small Cities Organized Risk Effort

24 Hour Waiting Period	for Service Interruption for All Perils and Coverages
2.5% of Annual Tax Value	per Location for Tax Interruption
\$ 5,000	for all members, except \$10,000 for City of Shasta Lake and City of Yreka Vehicle Physical Damage
ACV	Vehicle Valuation Basis
\$ 5,000	Per Occurrence for Contractor's Equipment
\$ 5,000	Per Occurrence for Primary Terrorism
\$ 500,000	Per Occurrence for Excess Terrorism (Applies only if the Primary Terrorism Limit is exhausted)
Included	Information Security & Privacy Insurance with Electronic Media Liability Coverage. See Cyber Coverage Summary for details of coverage terms, limits and deductibles. (Cyber Liability)

**TERMS & CONDITIONS:** 25% Minimum Earned Premium and cancellations subject to 10% penalty

Except Cyber Liability Premium is 100% Earned at Inception

Except Pollution Liability Premium is 100% Earned at Inception

**NOTICE OF CANCELLATION:** 90 Days except 10 Days for non-payment of premium

	Annual Cost*
<b>Total Property Premium:</b>	\$ 178,130
<b>Excess Boiler:</b>	\$ 2,043
<b>ABS Fee:</b>	\$ 4,652
<b>SLT&amp;F's (Estimate)</b>	\$ 5,817
<b>Broker Fee:</b>	\$ 0
<b>TOTAL COST: (Including Taxes and Fees)</b>	\$ 190,642

\*Premiums are based on valid selectable options and the TIV's above. Changes in TIV's will require a premium adjustment.

**QUOTE VALID**

2011-2012 Public Entity Property Insurance Program (PEPIP) Property Proposal  
Small Cities Organized Risk Effort

**UNTIL:** July 1, 2011

**BROKER:** **ALLIANT INSURANCE SERVICES, INC.**  
**License No.** 0C36861

Susan Adams  
Associate Broker

Kimberly Carter

**NOTES:**

- *Major pending and approved changes to the PEPPI Program are described in the Executive Summary.*
- *Excess Carriers in the layers over \$250,000,000 may require the use of their own policy forms in lieu of the PEPPI policy form.*
- *Change in Total Insurable Values will result in adjustment in premium*
- *Some coverage, sublimits, terms and conditions could change until negotiations with the insurance carriers have been finalized*
- *Coverage outlined in this Proposal is subject to the terms and conditions set forth in the policy. Please refer to Policy for specific terms, conditions and exclusions*

*Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at [www.alliantinsurance.com](http://www.alliantinsurance.com). For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.*

*\*Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations.*

*Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.*

*A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at [www.ambest.com](http://www.ambest.com).*

*For additional information regarding insurer financial strength ratings visit Standard and Poor's website at [www.standardandpoors.com](http://www.standardandpoors.com).*

*To learn more about companies doing business in your state, visit the Department of Insurance website of that state.*



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

**BOILER & MACHINERY PROPOSAL**

**NAMED INSURED:** Small Cities Organized Risk Effort

**POLICY PERIOD:** July 1, 2011 to July 1, 2012

**COMPANIES:** Lexington Insurance Company 100% of \$25,000,000 Primary  
 CNA Insurance Company TBD  
 Foreign Excess Ins. Companies TBD  
 (See attached list of Companies)

**TOTAL INSURED VALUES:** \$ 195,688,844 as of June 15, 2011

**STATUS/RATING:** See attached list of Companies for Best’s Guide Ratings, Admitted Status and Standard & Poor’s Ratings.

**COVERAGES & LIMITS:** \$ 100,000,000 Boiler Explosion and Machinery Breakdown, (for those Member(s)/Entity(ies) that purchase this optional dedicated coverage) as respects Combined Property Damage and Business Interruption/Extra Expense (Including Bond Revenue Interest Payments where Values Reported and excluding Business Interruption for power generating facilities unless otherwise specified). Limit includes loss adjustment agreement and electronic computer or electronic data processing equipment with the following sub-limits:

	Included	Inspection Services
\$	10,000,000	Per Occurrence for Utility Interruption for Utilities owned by others
\$	10,000,000	Per Occurrence for Ammonia Contamination
\$	10,000,000	Per Occurrence for Water Damage
\$	10,000,000	Per Occurrence for Consequential Damage
\$	10,000,000	Per Occurrence for Electronic Data Processing Media
\$	2,000,000	Per Occurrence, Per Member/Entity and in the Annual Aggregate per declaration for Earthquake Resultant Damage for Members who purchase Dedicated Earthquake Coverage
\$	1,000,000	Per Occurrence for Hazardous Substance
	Included	Per Occurrence for Machine or Apparatus used for Research, Diagnosis, Medication, Surgical, Therapeutic, Dental or Pathological Purposes

**NAMED INSURED CLAUSE:** Named Insured covers entities you acquire or in which you have 50% or more ownership or contractual control prior to loss

**NEWLY ACQUIRED LOCATIONS:** \$ 25,000,000 Automatic Acquisition for Boiler & Machinery values at newly acquired locations. Values greater than \$25,000,000 or Power Generating Facilities must be reported within 90 days and must have prior underwriting approval prior to binding

**VALUATION:** Repair or Replacement except Actual Loss sustained for all Time Element coverages

**EXCLUSIONS**

**(Including but not limited to):**

- Testing
- Explosion, except for steam or centrifugal explosion
- Explosion of gas or unconsumed fuel from furnace of the boiler

**OBJECTS EXCLUDED:**

**(Including but not limited to):**

- Insulating or refractory material
- Buried Vessels or Piping
- Furnace, Oven, Stove, Incinerator, Pot Kiln

**NOTICE OF**

**CANCELLATION:** 90 days except 10 days for non-payment of premium

**DEDUCTIBLES:**

- \$ 5,000 Except as shown for Specific Objects or Perils
- \$ 5,000 Electronic Data Processing Media
- \$ 5,000 Consequential Damage
- \$ 5,000 Objects over 200 hp, 1,000 KW/KVA/Amps or Boilers over 5,000 square feet of heating surface
- \$ 50,000 Objects over 350 hp, 2,500 KW/KVA/Amps or Boilers over 10,000 square feet of heating surface
- \$ 100,000 Objects over 500 hp, 5,000 KW/KVA/Amps or Boilers over 25,000 square feet of heating surface
- \$ 250,000 Objects over 750 hp, 10,000 KW/KVA/Amps or Boilers over 75,000 square feet of heating surface
- \$ 350,000 Objects over 25,000 hp, 25,000 KW/KVA/Amps or Boilers over 250,000 square feet of heating surface

\$ 10 per foot / \$2,500 Minimum Deep Water Wells

24 Hours Business Interruption/Extra Expense Except as noted below

30 Days Business Interruption – Revenue Bond

24 Hour Waiting Period – Utility Interruption

5 x 100% of Daily Value – Business Interruption – All Objects over 750 hp or 10,000 KW/KVA/Amps or 10,000 Square feet Heating Surface

5 x 100% of Daily Value – Business Interruption – All Objects at Waste Water Treatment Facilities and All Utilities

	<b>Annual Cost*</b>
<b>COST:</b>	Cost is included on Property Proposal

**BROKER:** **ALLIANT INSURANCE SERVICES, INC.**  
**License No. 0C36861**

Susan Adams  
 Associate Broker

Kimberly Carter

**NOTES:**

- *Major pending and approved changes to the PEPIP Program are described in the Executive Summary.*
- *Change in Total Insurable Values will result in adjustment in premium*
- *Some coverage, sublimits, terms and conditions could change until negotiations with the insurance carriers have been finalized*
- *Coverage outlined in this Proposal is subject to the terms and conditions set forth in the policy. Please refer to Policy for specific terms, conditions and exclusions*

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at [www.alliantinsurance.com](http://www.alliantinsurance.com). For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

*\*Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations.*

*Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.*

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*For additional information regarding insurer financial strength ratings visit Standard and Poor's website at [www.standardandpoors.com](http://www.standardandpoors.com).*

*To learn more about companies doing business in your state, visit the Department of Insurance website of that state.*



- C. \$ 2,000,000 **Annual Policy Aggregate Limit of Liability** for each Insured/Member for all Claims Expenses and **Penalties for Regulatory Defense and Penalties**
- D. \$ 2,000,000 **Annual Policy Aggregate Limit of Liability** for each Insured/Member for all Damages and Claims Expenses for **Website Media Content Liability** (Occurrence Based)

The sub-limits of liability displayed above in Items B, C and D are part of, and not in addition to, the overall Annual Aggregate Limit of Liability for each Insured/Member (Item Aii)

- FIRST PARTY COMPUTER SECURITY**
- E. \$ 2,000,000 **Policy Aggregate Sublimit of Liability** for each Insured/Member for **Cyber Extortion Loss**
  - F. \$ 2,000,000 **Policy Aggregate Sublimit of Liability** for each Insured/Member for **Data Protection Loss** and **Business Interruption Loss**
  - G. **First Party Business Interruption Sub-Limits of Liability** for each Insured/Member
    - \$ 25,000 1) Hourly Sublimit
    - \$ 25,000 2) Forensic Expense Sublimit
    - \$ 100,000 3) Dependent Business Interruption Sublimit.

**NOTICE:**

**Policy coverage sections I.A - Information Security & Privacy Liability, I.B.- Privacy Notification Costs and I.C.-Regulatory Defense & Penalties of this policy provide coverage on a claims made and reported basis; except as otherwise provided, coverage under these insuring agreements applies only to claims first made against the insured and reported to underwriters during the policy period.** Claims expenses shall reduce the applicable limit of liability and are subject to the applicable retention.

**EXTENDED REPORTING PERIOD:**

For First Named Insured - To be determined at the time of election (additional premium will apply)

**SPECIFIC  
COVERAGE  
PROVISIONS:**

- A. Information Security and Privacy Liability** pays on behalf of the Insured/Member damages and claims expenses excess of the retention which the Insured/Member shall become legally obligated to pay because of any claim, including a claim for violation of a privacy law first made against the Insured/Member and reported to underwriters during the policy period for
- theft, loss or unauthorized disclosure of personally identifiable non-public information or third party corporate information that is in the care, custody or control of the Insured/Member, or an independent contractor that is holding, processing or transferring such information on behalf of the Insured/Member.
  - Acts or incidents that directly result from the failure of computer security to prevent a security breach including
    - Alteration, corruption, destruction, deletion, or damage to a data asset stored on computer systems
    - Failure to prevent transmission of malicious code from computer systems to third party computer systems
    - Participation in a denial of service attack directed against a third party computer system
  - The failure to timely disclose any of the above in violation of any breach notice law
  - The failure to comply with a privacy policy involving the disclosure, sharing or selling of personally identifiable non-public information
  - The failure to administer an identity theft prevention program
- B. Privacy Notification Costs** pay the Insured/Member for reasonable and necessary costs to comply with a breach notice law because of an incident that first takes place on or after the retroactive date and before the end of the policy period. Privacy Notification Costs means costs incurred within one year of the reporting of the incident or suspected incident to the Underwriters:
- To hire security experts;
  - Notification provisions,
  - Public relations mitigation up to \$50,000 subject to 20% coinsurance
  - Credit monitoring for the purpose of mitigating potential damages and are subject to 20% coinsurance
    - Credit file monitoring,
    - Mailing and third party administrative costs

- C. Regulatory Defense and Penalties** pays on behalf of the Insured/Member claims expenses and penalties which the Insured/Member shall become legally obligated to pay because of any claim in the form of a regulatory proceeding resulting from a violation of a privacy law and caused by an incident described under certain sections of the information security and privacy liability section of the policy.
- D. Website Media Content Liability** pays on behalf of the insured damages and claims expenses resulting from any claim made against the Insured/Member for one or more of the following acts committed in the course of covered media activities:
- Defamation, libel, slander, trade libel
  - Privacy violation
  - Invasion or interference with publicity
  - Plagiarism, piracy, misappropriation of ideas under implied contract
  - Infringement of Copyright
  - Infringement of domain name, trademark
  - Improper deep-linking or framing within electronic content
- E. Cyber Extortion** indemnifies the Insured/Member for costs incurred as a result of an extortion threat by a person other than employees, directors, officers, principals, trustees, governors, managers, members, etc.
- F. First Party Data Protection** indemnifies the Insured/Member for data protection loss as a result of alteration, corruption, destruction, deletion, damage or inability to access data assets.
- G. First Party Network Business Interruption** indemnifies the Insured/Member for business interruption loss as a direct result of the actual and necessary interruption or suspension of computer systems and is directly caused by a failure of computer security to prevent a security breach.

**EXCLUSIONS  
(Including but not limited to):**

- Coverage does not apply to any claim or loss from
- Bodily Injury or Property Damage
  - Any employer-employee relations, policies, practices
  - Contractual Liability or Obligation
  - Any actual or alleged act, error or omission or breach of duty by any director, officer, manager if claim is brought by principals, officers, directors, stockholders and the like
  - Anti-trust violations
  - Unfair trade practices
  - Unlawful collection or acquisition of Personally Identifiable Non-Public Information
  - Distribution of unsolicited e-mails, facsimile, audio or video recording
  - Prior knowledge or previously reported incidents
  - Incidents occurring prior to retroactive date/continuity date
  - Any act, error, omission, of computer security if occurred prior to policy inception
  - Collusion
  - Securities Act Violations
  - Fair Labor Act Violations
  - Discrimination
  - Intentional Acts with regard to Privacy and Security Breach
  - Patent Infringement
  - Federal Trade Commission and related state, federal, local and foreign governmental activities
  - Insured vs. Insured
  - Money/Securities/Funds Transfer
  - Broadcasting, Publications and Advertising
  - War and Terrorism
  - Pollution
  - Nuclear
  - Radioactive

<b>RETENTION:</b>	\$	25,000	CSU Auxiliary Organizations only
	\$	50,000	Per Occurrence for each Insured/Member with TIV up to \$500,000,000 at the time of loss
	\$	100,000	Per Occurrence for each Insured/Member with TIV greater than \$500,000,000 at time of loss
		8	Eight hour waiting period for first party claims

<b>COINSURANCE FOR SPECIFIC COVERAGES:</b>	20%	For Public Relations Consultancy
	20%	For Credit File Monitoring

<b>NOTICE OF CLAIM:</b>	<ul style="list-style-type: none"> <li>• <b>IMMEDIATE NOTICE</b> must be made to Beazley NY of all potential claims and circumstances (assistance, and cooperation clause applies)</li> <li>• Claim notification under this policy is to:                      Beazley Group                      Attn: Beth Diamond                      1270 Avenue of the Americas                      New York, NY 10020                      tmbclaims@beazley.com</li> </ul>
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**NOTICE OF CANCELLATION:** 60 days except 10 days for non-payment of premium

**REINSTATEMENT PROVISIONS:** Not Provided.

2011-2012 Public Entity Property Insurance Program (PEPIP) Cyber Proposal

**CYBER COST:** Cost is included in Total Property Premium  
100% Earned Premium at Inception

**OTHER SERVICES** Unlimited Access to e-Place Solutions as per attached brochure.

**QUOTE VALID UNTIL:** July 1, 2011

**BROKER:** **ALLIANT INSURANCE SERVICES, INC.**  
**License No. 0C36861**

Susan Adams  
Associate Broker

Kimberly Carter

**NOTES:** *Coverage outlined in this Summary is subject to the terms and conditions set forth in the policy. Please refer to Policy for specific terms, conditions and exclusions.*

*Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at [www.alliantinsurance.com](http://www.alliantinsurance.com). For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.*

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*To learn more about companies doing business in your state, visit the Department of Insurance website of that state.*

# Getting Started

## DATA SECURITY RISK MANAGEMENT SERVICES

Beazley has retained ePlace Solutions, Inc. to provide risk management policies, procedures, training, and other tools to help your company prevent a breach of confidential data.

ePlace Solutions will contact you soon to help you get started. If you have an immediate issue and need access to the on-line materials and expert support immediately, contact Vanessa Delgado ([VDelgado@ePlaceInc.com](mailto:VDelgado@ePlaceInc.com)) at 559-261-9292.

As a Beazley Data Security policyholder, you have unlimited access to:

### ON-LINE COMPLIANCE MATERIALS

Federal and state compliance materials regarding data security, data breaches, and data privacy, including:

- Quick Tips on many subjects; Summaries of federal/state laws
- Links to statutes & regulations; Sample policies & procedures
- Continuing updates and electronic notification of significant changes to the on-line materials

### QUARTERLY NEWSLETTER & "INSTANT ALERTS"

Sent by email, learn about changes in federal and state laws regarding data security, data breach, and data privacy issues; Instant Alerts sent by email for events require immediate attention.

### EXPERT SUPPORT ON-LINE

Experts support from consultants/attorneys on data security issues; including:

- Health care & HIPAA compliance issues
- Data breach prevention issues
- Data Security best practices
- Computer forensic issues

### STEP-BY-STEP PROCEDURES TO LOWER RISK

Procedures and on-line forms help you:

- Understand the scope of "personal information" ("PI")
- Determine where PI is stored
- Collect and/or retain the minimum amount of PI as required for business needs
- Properly destroy PI that is no longer needed
- Implement an Incident Response Plan

### TRAINING MODULES

- Online training programs; Employee training bulletins
- Audio and PodCast training for managers and/or employees

### HANDLING DATA BREACHES

Guidance provided to:

- Help prevent data security incidents
- Respond to a data breach



**PUBLIC ENTITY POLLUTION LIABILITY  
2011 INSURANCE SUMMARY**

<b>INSURANCE COMPANY</b>	<b>PROPOSED</b> ACE – Illinois Union Insurance Company
<b>A.M. BEST GUIDE RATING*</b>	A+, Superior, Financial Category XV (\$2 Billion or greater)
<b>STANDARD &amp; POOR’S RATING*</b>	AA-, Very Strong
<b>POLICY NUMBER</b>	TBD
<b>POLICY TERM</b>	July 1, 2011 to July 1, 2012 100% earned premium at inception
<b>COVERAGE LOCATION</b>	<p>Per the following SOVs submitted on 1/6/2011:</p> <ol style="list-style-type: none"> <li>1. PEPID DEC 1 – SOVs</li> <li>1. PEPID DEC 2 – SOVs</li> <li>2. PEPID DEC 3 – SOVs</li> <li>3. PEPID DEC 4 – SOVs</li> <li>4. PEPID DEC 5 – SOVs</li> <li>5. PEPID DEC 8 – SOVs (Excluding SPIP)</li> <li>6. PEPID DEC 9 – State of Wyoming (Only)</li> <li>7. PEPID DEC 11 – SOVs</li> <li>8. PEPID DEC 12 – SOVs</li> <li>9. PEPID DEC 17 – SOVs</li> <li>10. PEPID DEC 19 – SOVs</li> <li>11. PEPID DEC 20 – SOVs</li> <li>12. PEPID DEC 21 – SOVs</li> <li>13. PEPID DEC 30 – SOVs</li> <li>14. PEPID DEC 32 – SOVs</li> <li>15. PEPID DEC 33 – SOVs</li> <li>16. PEPID DEC 34 – SOVs</li> </ol> <p>Any properly permitted and licensed non-owned disposal sites that has not been identified by the United States EPA National Priorities List, and is not undergoing voluntary or regulatory required remediation at the time the waste was received for disposal.</p>
<b>COVERED OPERATIONS</b>  <i>*See last page for additional information</i>	Covered operations means transportation and any operations that are identified in the application and any supporting documentation provided prior to the inception date, which are performed by or on behalf of a named insured outside the physical boundaries of a covered location. Includes spraying operations, street construction and repair, utility construction and repair, and refuse collection.
<b>RETROACTIVE DATE</b>	Policy Inception
<b>COVERAGES</b>	<p>Coverage A – New Pollution Conditions: First and third party bodily injury, property damage, remediation costs and associated legal defense expense arising out of a pollution condition on, at, under, or migrating from a covered location, provided that the pollution condition commences on or after the retroactive date.</p> <p>Coverage B – New Pollution Conditions From Covered Operations: Third party bodily injury, property damage, remediation costs and associated legal defense expense resulting from a covered operation, provided that the pollution condition commences on or after the retroactive date.</p>

**PUBLIC ENTITY POLLUTION LIABILITY  
2011 INSURANCE SUMMARY**

INSURANCE COMPANY	PROPOSED ACE – Illinois Union Insurance Company	
	Blanket Non-Owned Disposal Site (NODS) coverage, third party trigger only.  First and third party transportation of waste	
<b>CLAIMS MADE AND REPORTED</b>	<b>CLAIMS MADE AND REPORTED</b>  Defense Costs and Expenses are within Limits of Liability	
<b>LIMITS</b>	<p style="text-align: center;"><i>Tier 1</i></p> <p>\$ 500,000</p> <p>\$ 500,000</p> <p>\$ 200,000</p> <p style="text-align: center;"><i>Tier 2</i></p> <p>\$ 1,000,000</p> <p>\$ 1,000,000</p> <p>\$ 200,000</p> <p>\$25,000,000</p>	<p><i>Entity with &lt; \$500M TIV</i></p> <p>Per Pollution Condition</p> <p>Per Member Aggregate</p> <p>Fungi &amp; Legionella Sublimit</p> <p><i>Entity with &gt; \$500M TIV</i></p> <p>Per Pollution Condition</p> <p>Per Member Aggregate</p> <p>Fungi &amp; Legionella Sublimit</p> <p>Policy Aggregate</p>
<b>SELF-INSURED RETENTION</b>	<p style="text-align: center;"><i>Tier 1</i></p> <p>\$ 50,000</p> <p>\$750,000</p> <p style="text-align: center;"><i>Tier 2</i></p> <p>\$100,000</p> <p>\$750,000</p>	<p><i>Entity with &lt; \$500M TIV</i></p> <p>Per Pollution Condition</p> <p>Underground Storage Tanks Specific</p> <p><i>Entity with &gt; \$500M TIV</i></p> <p>Per Pollution Condition</p> <p>Underground Storage Tanks Specific</p>
<b>EXCLUSIONS</b> <b>(Including but not limited to)</b>          <b>EXCLUSIONS</b> <b>(continued)</b>	<ul style="list-style-type: none"> <li>• Asbestos and Lead Based Paint – <i>Third party coverage available with approved ACM/LBP management plan</i></li> <li>• Contractual Liability</li> <li>• Divested Property</li> <li>• Employer’s Liability</li> <li>• Failure to Follow Asbestos and/or LBP Management Plan</li> <li>• Fines and Penalties</li> <li>• First Party Property Damage – <i>Does not apply to remediation costs</i></li> <li>• Fraud or Misrepresentation</li> <li>• Insured’s Internal Expenses – <i>Does not apply to approved emergency costs (if emergency costs coverage is selected)</i></li> <li>• Insured vs. Insured</li> <li>• Intentional Non-Compliance</li> <li>• Landfills, Recycling Facilities, Ports or Airports – <i>leased, owned or operated</i></li> <li>• Material Change in Risk</li> </ul>	

**PUBLIC ENTITY POLLUTION LIABILITY  
2011 INSURANCE SUMMARY**

INSURANCE COMPANY	<p align="center"><b>PROPOSED</b> ACE – Illinois Union Insurance Company</p>
	<ul style="list-style-type: none"> <li>• Naturally Occurring Materials</li> <li>• Pre-Existing Conditions</li> <li>• Products &amp; Professional Liability</li> <li>• Regulatory Compliance</li> <li>• Work Product</li> <li>• Airports</li> <li>• Ports</li> </ul>
<b>ENDORSEMENTS</b>	<ul style="list-style-type: none"> <li>• Named Insureds Schedule</li> <li>• Per Named Insured Aggregate Sublimit</li> <li>• Per Named Insured SIR</li> <li>• Exposure Specific SIR (USTs)</li> <li>• Per Named Insured Fungi &amp; Legionella Agg. Sublimit</li> <li>• Covered Operations Amendatory</li> <li>• Port, Airport, Oil/Gas Producing Property Exclusion</li> </ul>
<b>LOSS REPORTING REQUIREMENTS</b>	<p>Written notice of any claim or pollution condition, as soon as practicable. Concurrently, please send to:</p> <p>1) ACE Environmental Risk Claims Manager ACE USA Claims P.O. Box 5103 Scranton, PA 18505-0510 Environmental Emergency: 888-310-9553 (800) 951-4119(Fax) <a href="mailto:CasualtyRiskEnvironmentalFirstNotice@acegroup.com">CasualtyRiskEnvironmentalFirstNotice@acegroup.com</a></p> <p>2) Robert Frey Alliant Insurance Services, Inc. 100 Pine Street, 11<sup>th</sup> Floor San Francisco, CA 94111-5101 415-403-1445 415-402-0773 – fax <a href="mailto:rfrey@alliantinsurance.com">rfrey@alliantinsurance.com</a></p> <p>3) David Sutton Alliant Insurance Services, Inc. 100 Pine Street, 11<sup>th</sup> Floor San Francisco, CA 94111-5101 415-403-1417 415-402-0773 – fax <a href="mailto:dsutton@alliantinsurance.com">dsutton@alliantinsurance.com</a></p>

**DATE PREPARED      June 15, 2011**

**BROKER                      ALLIANT INSURANCE SERVICES, INC.**

**Alliant Insurance Services, Inc.**  
 1301 Dove Street, Suite 200, Newport Beach CA 92660-2511 ♦ 949-756-0271  
 Lic #0C36861 ♦ [www.alliantinsurance.com](http://www.alliantinsurance.com)

## **PUBLIC ENTITY POLLUTION LIABILITY 2011 INSURANCE SUMMARY**

Thom Bryson, Vice President  
Shawn Kraatz, Vice President  
Doug Mangus, Account Manager - Lead

THIS SUMMARY IS FOR INFORMATION PURPOSES ONLY AND DOES NOT AMEND, EXTEND OR ALTER THE POLICY IN ANY WAY. PLEASE REFER TO THE POLICY FORM FOR COMPLETE COVERAGE AND EXCLUSION INFORMATION.

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at [www.alliantinsurance.com](http://www.alliantinsurance.com). For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6<sup>th</sup> Floor, San Diego, CA 92101.

Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations. Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poors have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at [www.ambest.com](http://www.ambest.com). For additional information regarding insurer financial strength ratings visit Standard and Poor's website at [www.standardandpoors.com](http://www.standardandpoors.com).

To learn more about companies doing business in California, visit the California Department of Insurance website at [www.insurance.ca.gov](http://www.insurance.ca.gov).



**PUBLIC ENTITY PROPERTY INSURANCE PROGRAM (PEPIP)**

**2011-2012**

**NAMED INSURED – MEMBER SCHEDULE**

**AS OF 05/26/2011**

**MEMBER:** Small Cities Organized Risk Effort  
1792 Tribute Rd, Ste. 450  
Sacramento, CA 95815

**NAMED INSURED:**

Small Cities Organized Risk Effort

City of Portola

City of Montague

City of Biggs

City of Colfax

City of Dorris

City of Dunsmuir

City of Etna

City of Live Oak

City of Loyalton

City of Mt. Shasta

City of Rio Dell

City of Shasta Lake

City of Susanville

City of Weed

City of Yreka

Town of Fort Jones

Town of Loomis

First Named Insured Member shall be deemed the sole agent of each and every named insured for the purpose of:

- (1) Giving notice of cancellation,
- (2) Giving instructions for changes in the Policy and accepting changes in this Policy
- (3) The payment of assessments / premiums or receipt of return assessments / premiums.

Member Entity	Property Deductible	Boiler & Machinery Deductible	Real Property Values	Personal Property Values	Income/Rents	Contractor's Equipment	Total Values	Property Primary Rate
Biggs	\$5,000	\$5,000	\$3,410,390	\$835,451	\$2,000	\$50,000	\$4,297,841	0.0631
Colfax	\$5,000	\$5,000	\$9,576,398	\$2,150,810	\$0	\$156,805	\$11,884,013	0.0631
Crescent City								
Dorris	\$5,000	\$5,000	\$2,885,335	\$507,899	\$8,000	\$93,531	\$3,494,765	0.0631
Dunsmuir	\$5,000	\$5,000	\$7,224,630	\$872,415	\$18,000	\$0	\$8,115,045	0.0631
Etna	\$5,000	\$5,000	\$4,302,397	\$324,325	\$8,000	\$0	\$4,634,722	0.0631
Fort Jones	\$5,000	\$5,000	\$2,264,184	\$1,377,953	\$7,000	\$0	\$3,649,137	0.0631
Ione								
Isleton								
Live Oak	\$5,000	\$5,000	\$27,303,910	\$811,280	\$131,000	\$0	\$28,246,190	0.0631
Loomis	\$5,000	\$5,000	\$1,363,195	\$144,498	\$0	\$0	\$1,507,693	0.0631
Loyalton	\$5,000	\$5,000	\$3,722,590	\$1,219,484	\$11,000	\$222,000	\$5,175,074	0.0631
Montague	\$5,000	\$5,000	\$4,753,435	\$1,118,614	\$0	\$188,000	\$6,060,049	0.0631
Mt. Shasta	\$5,000	\$5,000	\$4,873,231	\$1,517,143	\$34,000	\$0	\$6,424,374	0.0631
Portola	\$5,000	\$5,000	\$3,182,707	\$988,472	\$0	\$0	\$4,171,179	0.0631
Rio Dell	\$5,000	\$5,000	\$5,222,111	\$4,214,077	\$6,000	\$121,256	\$9,563,444	0.0631
Shasta Lake	\$5,000	\$5,000	\$34,817,656	\$7,819,670	\$0	\$476,917	\$43,114,243	0.0631
Susanville	\$5,000	\$5,000	\$14,723,157	\$5,440,421	\$144,000	\$0	\$20,307,578	0.0631
Weed	\$5,000	\$5,000	\$5,761,928	\$979,316	\$48,596	\$25,194	\$6,815,034	0.0631
Williams								
Yreka	\$5,000	\$5,000	\$9,946,591	\$7,715,993	\$257,300	\$2,357,432	\$20,277,316	0.0631
<b>Total:</b>			<b>\$145,333,845</b>	<b>\$38,037,821</b>	<b>\$674,896</b>	<b>\$3,691,135</b>	<b>\$187,737,697</b>	

**SMALL CITIES ORGANIZED RISK EFFORT**  
**PROPERTY PROGRAM**  
**July 1, 2011 to July 1, 2012**

<b>Member Entity</b>	<b>Property Primary Premium</b>	<b>Property Excess Rate</b>	<b>Property Excess Premium</b>	<b>Boiler &amp; Machinery Rate</b>	<b>Excess B&amp;M Premium</b>	<b>Cyber Rate</b>	<b>Cyber Liability Premium</b>	<b>Automobile Physical Damage Deductible</b>
Biggs	\$2,711	0.0103	\$442	0.0011	\$47	0.0006278	\$27	\$5,000
Colfax	\$7,498	0.0103	\$1,262	0.0011	\$130	0.0006278	\$77	\$5,000
Crescent City								
Dorris	\$2,205	0.0103	\$366	0.0011	\$38	0.0006278	\$22	\$5,000
Dunsmuir	\$5,120	0.0103	\$832	0.0011	\$90	0.0006278	\$51	
Etna	\$2,924	0.0103	\$513	0.0011	\$51	0.0006278	\$31	\$5,000
Fort Jones	\$2,302	0.0103	\$426	0.0011	\$41	0.0006278	\$26	\$5,000
Ione								
Isleton								
Live Oak	\$17,820	0.0103	\$2,924	0.0011	\$314	0.0006278	\$179	\$5,000
Loomis	\$951	0.0103	\$189	0.0011	\$17	0.0006278	\$12	\$5,000
Loyalton	\$3,265	0.0103	\$680	0.0011	\$55	0.0006278	\$42	\$5,000
Montague	\$3,823	0.0103	\$747	0.0011	\$65	0.0006278	\$46	\$5,000
Mt. Shasta	\$4,053	0.0103	\$659	0.0011	\$71	0.0006278	\$40	
Portola	\$2,632	0.0103	\$440	0.0011	\$46	0.0006278	\$27	\$5,000
Rio Dell	\$6,033	0.0103	\$1,002	0.0011	\$105	0.0006278	\$61	\$5,000
Shasta Lake	\$27,200	0.0103	\$4,623	0.0011	\$473	0.0006278	\$283	\$10,000
Susanville	\$12,812	0.0103	\$2,114	0.0011	\$225	0.0006278	\$129	\$5,000
Weed	\$4,300	0.0103	\$699	0.0011	\$75	0.0006278	\$43	
Williams								
Yreka	\$12,793	0.0103	\$2,146	0.0011	\$199	0.0006278	\$131	\$10,000
<b>Total:</b>	<b>\$118,442</b>		<b>\$20,064</b>		<b>\$2,043</b>		<b>\$1,229</b>	

Member Entity	Automobile Physical Damage Values	Physical Damage Rate	Physical Damage Premiums	SL Taxes & Fees	ABS Fees	Total Deposit	Last Year's Premium	Difference
Biggs	\$16,832	0.482878	\$81	\$106.73	\$106.50	\$3,523	\$3,846	-8%
Colfax	\$426,881	0.482878	\$2,061	\$355.67	\$294.48	\$11,679	\$11,065	6%
Crescent City							\$42,515	-100%
Dorris	\$79,307	0.482878	\$383	\$97.22	\$86.60	\$3,198	\$3,269	-2%
Dunsmuir		0.482878	\$0	\$196.49	\$201.08	\$6,490	\$5,976	9%
Etna	\$369,097	0.482878	\$1,782	\$171.00	\$114.84	\$5,588	\$6,003	-7%
Fort Jones	\$501,000	0.482878	\$2,419	\$168.14	\$90.42	\$5,472	\$5,533	-1%
Ione								
Isleton								
Live Oak	\$275,602	0.482878	\$1,331	\$727.82	\$699.92	\$23,996	\$13,435	79%
Loomis	\$336,169	0.482878	\$1,623	\$90.04	\$37.36	\$2,919	\$2,968	-2%
Loyalton	\$1,456,758	0.482878	\$7,034	\$357.20	\$128.23	\$11,561	\$10,888	6%
Montague	\$1,224,000	0.482878	\$5,910	\$341.57	\$150.16	\$11,083	\$7,609	46%
Mt. Shasta		0.482878	\$0	\$155.56	\$159.19	\$5,138	\$5,005	3%
Portola	\$118,000	0.482878	\$570	\$119.79	\$103.36	\$3,938	\$3,562	11%
Rio Dell	\$210,681	0.482878	\$1,017	\$265.07	\$236.98	\$8,721	\$7,938	10%
Shasta Lake	\$1,972,879	0.482878	\$9,527	\$1,357.92	\$1,068.34	\$44,532	\$40,570	10%
Susanville	\$308,153	0.482878	\$1,488	\$540.78	\$503.21	\$17,812	\$17,526	2%
Weed		0.482878	\$0	\$165.01	\$168.87	\$5,450	\$5,298	3%
Williams							\$7,537	-100%
Yreka	\$655,788	0.482878	\$3,167	\$594.56	\$502.46	\$19,533	\$18,208	7%
<b>Total:</b>	<b>\$7,951,147</b>		<b>\$38,394</b>	<b>\$5,810.55</b>	<b>\$4,652.00</b>	<b>\$190,635</b>	<b>\$218,751</b>	<b>-12.85%</b>

Agenda Item K.1

**Chandler Asset Management Presentation  
Information Item**

**Issue:** Mr. Ted Piorkowski, Sr. Vice President, Portfolio Manager at Chandler Asset Management, will be present to discuss SCORE's portfolio and investment strategy. In addition, he will comment on specific economic factors that have had a direct impact on the rate of return.

**Recommendation:** None

**Fiscal Impact:**

**Background:** Chandler Asset Management has been SCORE's investment portfolio manager developing and implementing investments programs since 2006.

**Attachments:** None

**Agenda Item K.2**

**Delegation of Investment Authority to SCORE Treasurer  
Action Item**

**Issue:** The Board of Directors will need to renew the delegation of the authority to invest or reinvest funds of SCORE during the period of July 1, 2011 to June 30, 2012 to the Treasurer.

**Recommendation:** The Program Administrator recommends the Board delegate authority to invest or reinvest funds to the Treasurer.

**Fiscal Impact:** None

**Background:** Government Code 53607 provides for the delegation of authority of the legislative body of local agency to invest funds to the Treasurer. However, such delegation cannot exist beyond one year. Thus, the Board will need to authorize the elected appointed treasurer to invest the funds for SCORE.

**Attachments:** None

Agenda Item K.3

**Adoption of 2011/2012 SCORE Program Budget**

**Action Item**

**Issue:** The Board of Directors must adopt a budget for each fiscal year prior to the commencement of that year. The 2011/2011 budget is approximately \$600,000 less than the expiring budget due primarily to the new funding level at the 70% confidence level. Excess premiums are slightly lower than expiring coupled with the withdrawal of Crescent City and Williams. The administration expenses are approximately \$72,000 less than the current budget.

**Recommendation:** The Program Administrator recommends the Board adopt the proposed budget.

**Fiscal Impact:** The adopted budget for FY2010/2011 was \$3,881,681 (including Crescent City and Williams). Excluding those two members, the total contributions would have been \$3,181,696.

The proposed FY2011/2012 budget is \$2,563,726 is \$617,970 less than 2010/2011 Budget excluding those members that have withdrawn but including Loyalton in the Mini-Cities program.

**Background:** The format of the budget discloses both administrative expense and also the loss funding charges for the banking and shared risk layers, as well as the excess insurance for liability and worker's compensation coverage. It includes other group purchase programs, i.e. the Property (PEPIP) program, Employee Assistance Program, Employment Practices Liability coverage, and Pollution liability program.

The budget is the master plan for revenue and expenditures during the fiscal year. Although expenses are budgeted by line item, midterm amends to the budget are not required to adjust payments.

**Attachments:** FY2011/2012 Budget

**SMALL CITIES ORGANIZED RISK EFFORT**

**SUMMARY OF DEPOSITS BY CITY**

July 1, 2011 to June 30, 2012

Member Entity	Liability Program Contribution	EPLI Coverage	Workers' Compensation Contribution	Property Premium	EAP	Total Deposit for Fiscal Year	Total Deposit for Prior Year	Percentage Change	Deposit Due July 1, 2011	WC Quarterly Installments
Biggs	\$ 30,578	\$ -	\$ 20,162	\$ 3,570	\$ 243	\$ 54,553	\$ 63,355	-14%	\$ 39,432	\$ 5,041
Colfax	\$ 31,162	\$ 3,075	\$ 19,873	\$ 11,966	\$ 27	\$ 66,104	\$ 95,762	-31%	\$ 51,199	\$ 4,968
Dorris	\$ 20,000	\$ 876	\$ 7,551	\$ 3,264	\$ 324	\$ 32,015	\$ 31,834	1%	\$ 26,352	\$ 1,888
Dunsmuir	\$ 37,216	\$ -	\$ 42,168	\$ 6,565	\$ 270	\$ 86,219	\$ 99,907	-14%	\$ 54,593	\$ 10,542
Etna	\$ 22,186	\$ -	\$ 12,958	\$ 5,783	\$ 1,242	\$ 42,169	\$ 52,617	-20%	\$ 32,451	\$ 3,239
Fort Jones	\$ 20,000	\$ -	\$ 7,071	\$ 5,713	\$ -	\$ 32,784	\$ 30,256	8%	\$ 27,481	\$ 1,768
Isleton	\$ 29,163	\$ -	\$ -	\$ -	\$ 135	\$ 29,298	\$ 47,470	-38%	\$ 29,298	
Live Oak	\$ 71,028	\$ 6,295	\$ 78,462	\$ 24,370	\$ -	\$ 180,155	\$ 194,383	-7%	\$ 121,308	\$ 19,615
Loomis	\$ 44,411	\$ -	\$ 34,536	\$ 3,072	\$ 270	\$ 82,289	\$ 105,369	-22%	\$ 56,387	\$ 8,634
Loyalton	\$ 20,000	\$ -	\$ 10,499	\$ 12,214	\$ 135	\$ 42,849	\$ 35,507	21%	\$ 34,974	\$ 2,625
Montague	\$ 21,296	\$ -	\$ 11,973	\$ 11,647	\$ -	\$ 44,917	\$ 45,896	-2%	\$ 35,937	\$ 2,993
Mt. Shasta	\$ 111,830	\$ 16,616	\$ 147,287	\$ 5,197	\$ 918	\$ 281,848	\$ 325,311	-13%	\$ 171,383	\$ 36,822
Portola	\$ 40,576	\$ 3,791	\$ 32,670	\$ 4,025	\$ 297	\$ 81,359	\$ 99,244	-18%	\$ 56,856	\$ 8,168
Rio Dell	\$ 49,861	\$ 4,785	\$ 41,239	\$ 8,898	\$ -	\$ 104,782	\$ 106,509	-2%	\$ 73,854	\$ 10,310
Shasta Lake	\$ 147,872	\$ 16,583	\$ 162,355	\$ 42,093	\$ 1,215	\$ 370,118	\$ 476,640	-22%	\$ 248,352	\$ 40,589
Susanville	\$ 163,701	\$ 30,917	\$ 212,067	\$ 18,127	\$ 1,674	\$ 426,487	\$ 605,386	-30%	\$ 267,436	\$ 53,017
Weed	\$ 104,190	\$ -	\$ 116,839	\$ 5,513	\$ 810	\$ 227,353	\$ 255,264	-11%	\$ 139,723	\$ 29,210
Yreka	\$ 130,129	\$ 15,164	\$ 212,929	\$ 18,802	\$ 1,404	\$ 378,428	\$ 510,986	-26%	\$ 218,731	\$ 53,232
<b>Total:</b>	\$ 1,095,198	\$ 98,102	\$ 1,170,641	\$ 190,821	\$ 8,964	\$ 2,563,726	\$ 3,181,696	-19%	\$ 1,685,746	\$ 292,660

**SMALL CITIES ORGANIZED RISK EFFORT**

**BUDGET**

**July 1, 2011 to June 30, 2012**

CATEGORY	PRIOR YEAR	TOTAL	WORKERS' COMP.	LIABILITY	EPLI	PROPERTY
Chart of Acc't						
<b>REVENUES:</b>						
400 Program Administration	\$210,887	\$194,943	\$50,799	\$144,144		
400 Claims Administration	\$38,295	\$36,063	\$12,213	\$23,850		
400 Other Expenses	\$331,999	\$303,082	\$205,040	\$98,042		
400 Banking Layer Deposit	\$1,018,220	\$578,724	\$282,504	\$296,220		
400 Shared Risk Layer Deposit	\$1,372,751	\$755,527	\$340,085	\$415,442		
400 Excess Coverage Deposit (LAWCX and CJPRMA)	\$476,158	\$382,326	\$280,000	\$102,326		
400 Group Purchase Coverage	\$383,708	\$304,098		\$15,175	\$98,102	\$190,821
499 Reimbursement from CJPRMA for Liability Safety Training	\$0	\$0		\$0		
<b>Total Revenues</b>	<b>\$3,832,018</b>	<b>\$2,554,762</b>	<b>\$1,170,641</b>	<b>\$1,095,198</b>	<b>\$98,102</b>	<b>\$190,821</b>
<b>EXPENSES:</b>						
710 Program Administration	\$210,887	\$194,943	\$50,799	\$144,144		
720 Claims Administration (Unallocated Claims Expense)	\$38,295	\$36,063	\$12,213	\$23,850		
Claims Administration (ULAE) monthly fee	\$90,000	\$90,000	\$90,000	\$0		
Other Expenses						
505 Accounting Services Provided by Fort Jones	\$0	\$2,000	\$1,000	\$1,000		
505 Accounting Management	\$55,000	\$48,000	\$24,000	\$24,000		
699 User Funding Assessment	\$17,000	\$17,000	\$17,000	\$0		
506 Financial Audit	\$25,000	\$26,580	\$13,290	\$13,290		
507 Actuarial Review	\$10,000	\$10,000	\$5,000	\$5,000		
675 Safety Services	\$50,000	\$40,000	\$20,000	\$20,000		
675 Target Safety	\$20,000	\$0	\$12,500	\$12,500		
610 Conferences	\$20,000	\$18,000	\$9,000	\$9,000		
670 CAJPA Accreditation	\$5,000	\$0	\$0	\$0		
Property Appraisal	\$0	\$0	\$0	\$0		
506 Claims Audit	\$0	\$0	\$0	\$0		
625 Employee Dishonesty	\$500	\$500	\$250	\$250		
640 Board Expense	\$13,000	\$15,000	\$7,500	\$7,500		
615 Membership	\$1,000	\$1,000	\$500	\$500		
Website	\$500	\$0	\$0	\$0		
Rating Plan Database	\$20,000	\$0	\$0	\$0		
690 Contingent Reserve	\$5,000	\$10,000	\$5,000	\$5,000		
<b>Total Administration Expenses</b>	<b>\$581,182</b>	<b>\$509,086</b>	<b>\$268,052</b>	<b>\$266,034</b>		
875 Excess Coverage (LAWCX and CJPRMA)	\$486,374	\$382,326	\$280,000	\$102,326		
875 Group Purchase Coverage	\$383,708	\$304,098		\$15,175	\$98,102	\$190,821
810 Expected Loss Costs for the FY	\$2,391,590	\$1,334,250	\$622,589	\$711,662		
<b>Total Expenses</b>	<b>\$3,842,854</b>	<b>\$2,529,760</b>	<b>\$1,170,641</b>	<b>\$1,095,196</b>	<b>\$98,102</b>	<b>\$190,821</b>
<b>REVENUES IN EXCESS OF EXPENSES:</b>	<b>(\$10,836)</b>	<b>\$25,002</b>	<b>(\$0)</b>	<b>\$2</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Administrative Expenses:</b>	<b>\$280,295</b>	<b>\$224,143</b>				

NOTE - 20

Agenda Item K.4

**Equity Distribution and Retrospective Rating Adjustments**

**Information Item**

**Issue:** The Retrospective Rating adjustment calculation and the Equity Distribution calculation developed from the new program are to be effective July 1, 2011. The final database will not be completed until August, but general results are still known. Gilbert has encountered some discrepancies in the retrospective rating calculations that are being addressed by staff. The retrospective calculations will be updated to incorporate loss data as of June 30, 2011. Losses have remained steady for the past few years; therefore, the final adjustments should be similar to the distributions the past few years.

**Recommendation:** Present the retrospective rating and equity distribution calculations to the Board for approval at the August 26, 2011 Board meeting. If members would prefer to have some of these estimated funds available to credit towards their 2011/2012 premiums or refund checks issued, we could allow a portion of the estimated amounts on the attached spreadsheet be released while the retrospective rating calculations are being finalized.

**Fiscal Impact:** The Equity distribution will be \$500,000 from the Liability program and \$500,000 from the Workers' Compensation program. The retrospective rating program in 2010 returned an overall dividend of \$984,499 from the Liability program and \$983,268 from the Workers' Compensation program which were 50% of the total available to return. Therefore the fiscal impact will be approximately \$3,000,000.

**Background:** Annually SCORE's accountant calculates premium adjustments based on historical loss data valued as of June 30<sup>th</sup> to determine retrospective rating adjustments for members of the Liability and Workers' Compensation programs in accordance with the Master Plan Documents.

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, (i.e. above \$25,000 to \$500,000) is limited to those years which have the five years or more to mature.

The Board of Directors may declare a return amount. However, such ability is limited that returns from any year as long as returns do not reduce the funding of the year or the Program as a whole below the 80 percent confidence level. See Liability Master Plan Document, Article III, Section 3, C, (4).

**Attachments:**

- a. Gilbert list of discrepancies in reviewing retrospective rating calculations that are being addressed by staff.
- b. June 2010 Retrospective adjustments and Equity Distribution estimates

<u>Program</u>	<u>Problem</u>
1 Workers Comp	Administrative Expenditures
2 Liability	Administrative Expenditures
3 Liability	Plan Document language
4 Workers Comp	Accumulated Interest
5 Liability	Accumulated Interest
6 Workers Comp	Creditbility Factor
7 Liability	Creditbility Factor

	RETROSPECTIVE RATING ESTIMATES BASED ON 2010 BOARD RESOLUTION LIABILITY	RETROSPECTIVE RATING ESTIMATES BASED ON 2010 BOARD RESOLUTION WC	EQUITY DISTRIBUTION ESTIMATES LIABILITY	EQUITY DISTRIBUTION ESTIMATES WC	TOTAL
BIGGS	\$ 28,243	\$ 14,632	\$14,400	\$7,000	\$ 64,275
COLFAX	\$ -	\$ 36,525	\$0	\$19,000	\$ 55,525
CRESCENT CITY	\$ 162,298	\$ 66,836	\$82,500	\$34,000	\$ 345,634
DORRIS	\$ 29,306	\$ 3,982	\$15,000	\$2,000	\$ 50,288
DUNSMUIR	\$ -	\$ 17,286	\$0	\$9,000	\$ 26,286
ETNA	\$ -	\$ 2,258	\$0	\$1,200	\$ 3,458
FORT JONES	\$ 30,735	\$ 10,359	\$15,500	\$5,100	\$ 61,694
IONE	\$ -	\$ 24,294	\$	\$12,000	\$ 36,294
ISLETON	\$ 34,590	\$ -	\$17,500	\$0	\$ 52,090
LIVE OAK	\$ 40,045	\$ 11,610	\$20,400	\$6,000	\$ 78,055
LOOMIS	\$ -	\$ 55,933	\$0	\$28,500	\$ 84,433
LOYALTON	\$ 38,370	\$ -	\$19,500	\$0	\$ 57,870
MONTAGUE	\$ 23,875	\$ 2,058	\$12,000	\$1,200	\$ 39,133
MOUNT SHASTA	\$ 51,247	\$ 64,891	\$26,000	\$33,000	\$ 175,138
PORTOLA	\$ -	\$ 40,729	\$0	\$21,000	\$ 61,729
RIO DELL	\$ -	\$ 16,672	\$0	\$8,500	\$ 25,172
SHASTA LAKE	\$ 125,770	\$ 155,880	\$64,000	\$79,500	\$ 425,150
SUSANVILLE	\$ 151,751	\$ 198,318	\$77,000	\$100,000	\$ 527,069
WEED	\$ 37,019	\$ 63,806	\$18,500	\$32,500	\$ 151,825
WILLIAMS	\$ 75,802	\$ 52,031	\$38,500	\$26,500	\$ 192,833
YREKA	\$ 155,448	\$ 145,168	\$79,200	\$74,000	\$ 453,816
	<b>\$ 984,449</b>	<b>\$ 983,268</b>	<b>\$ 500,000</b>	<b>\$ 500,000</b>	<b>\$ 2,967,717</b>

**Calculation per Support Provided**

Actual expenditure divided Evenly through 08/09

Actual expenditure divided Evenly through 08/09

Unable to determine the period used in the prior calculations based on support provided.

Unable to determine the period used in the prior calculations based on support provided.

Unable to determine the source of the information or how the allocation was determined based on support provided.

Using pool deposit for entity divided by the sum of their pool deposit plus a plug of \$25,000 (with exception of Live Oak, which is \$23,510) for all years 02-03 and prior. This does not appear to be consistent with the calculation indicated in the documents

Calculation appears to be using Biggs' payroll as the basis for the credibility factor calculation for the shared layer years 02-03 and prior.

## **Plan Document**

2.E.1 and 2.E.2 - 50% allocated based on payroll and remaining should be divided evenly

Article III.1.E.1 and Article III.1.E.2 - 50% allocated based on payroll and remaining should be divided evenly

Article III.2.B.2.b.i - Language alternates between 5 year period and 4 year period though total is collectively referred to as "the period".

No specification in plan document as how to Accumulated Interest is calculated or allocated. Doesn't appear to be consistent by member with total of Banking Layer deposit in proportion to total deposits

No specification in plan document as how to Accumulated Interest is calculated or allocated. Doesn't appear to be consistent by member with total of Banking Layer deposit in proportion to total deposits

2.C.1.iv - is not "clear" on what largest member's payroll consists of when determining the constant to apply. Is it any member with the largest payroll on any given year or with the highest sum of X number of years payroll or the member being calculated highest payroll?

Article III 1.C.1.iv - is not "clear" on what largest member's payroll consists of when determining the constant to apply. Is it any member with the largest payroll on any given year or with the highest sum of X number of years payroll or the member being calculated highest payroll?

**SMALL CITIES ORGANIZED RISK EFFORT (SCORE)  
BOARD OF DIRECTORS  
MEETING ATTENDANCE POLICY**

To ensure the unimpeded conduct of Board meetings, each SCORE Member City shall make a good faith effort to have either its designated representative, designated alternate or both in attendance at all meetings of the Board.

It is the responsibility of the representative or alternate to notify the Program Administrator of SCORE within twenty-four (24) hours of the scheduled Board meeting if neither a designated representative nor alternate from a Member City is able to attend a Board meeting.

An "Excused Absence" shall be automatically granted provided the above notice is given to the Program Administrator of SCORE within twenty-four (24) hours of the Board meeting.

If a Member City does not have either a designated representative or alternate present at a meeting of the Board, and fails to provide the proper notice, such Member City shall incur an "Unexcused Absence".

Any "Unexcused Absence", or more than two "Excused Absences" at Board of Directors meetings during a calendar year regardless of cause, shall result in a penalty fee of \$500. All penalty fees collected under this policy shall be placed into a fund and used as a credit against SCORE's general administration expenses.

This policy shall be put into full force and become **effective as of June 26, 1999**.

Agenda Item L

**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. Workers' Compensation**

- a. 2011115161 City of Portola
- b. 2010101505 City of Crescent City
- c. 2011112213 City of Portola
- d. 2006051751 City of Susanville
- e. 2007070094 City of Williams

**2. Liability**

- a. Elliott v. Crescent City \*\*
- b. Fabbrini v. Dunsmuir
- c. Schwartz v. Susanville
- d. Lockett v. Mt. Shasta
- e. Cooper v. Mt. Shasta

**Recommendation:** The Program Administrator cannot make a recommendation at this time, as the subject matter is confidential.

**Fiscal Impact:** Unknown

**Background:** Confidential

**Attachments:** None