



President
Mr. Roger Carroll
Town of Loomis

Secretary
Ms. Pamela Russell
City of Etna

Vice President
Mr. Kelly McKinnis
City of Weed

Treasurer
Ms. Linda Romaine
Town of Fort Jones

SMALL CITIES ORGANIZED RISK EFFORT BOARD OF DIRECTORS MEETING

Date: Friday, January 24, 2014
Time: 10:00 AM

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

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

PAGE A. CALL TO ORDER

B. ROLL CALL

C. APPROVAL OF AGENDA AS POSTED

A 1

D. PUBLIC COMMENTS

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

Pg.1 E. CONSENT CALENDAR

A 1

All matters listed under the consent calendar are considered routine with no separate discussion necessary. Any member of the public or Board of Directors may request an item to be considered separately. If not, the Board will take action to accept and file the items below.

Pg.2 1. Board of Directors Meeting Draft Minutes – October 25, 2013

Pg.16 2. Local Agency Investment Fund (LAIF) Monthly Statement of Investments – December 31, 2013

Pg.17 3. US Bank Custodial Account Statement – October – December 2013

Pg.43 4. SCORE Checking Account Transaction List – October – December 2013

Pg.45 5. Investment Statements from Chandler Asset Management – November – December 2013

a. Account 590

i. Portfolio Summaries

ii. Compliance Report

Pg.53 6. ACI Specialty Quarterly Utilization Report – October – December, 2013

Pg.62 7. Target Solutions Utilization Report – October – December 2013

Pg.63 8. DKF Solutions 2013-14 Service Agreement

Pg.71 9. Liability Claims Audit Service Agreement 2014-16

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



- Pg.81 10. [Workers' Compensation Claims Audit Service Agreement 2014-16](#)
- Pg.94 11. [SCORE FYE 6-30-13 Financial Audit Report – FINAL](#)
- Pg.132 12. [SCORE 2014 Service Calendar](#)

- Pg.138 **F. COMMITTEE REPORTS** I 4
- Pg.139 1. [ERMA Board of Directors Minutes – November 4, 2013](#)
- Pg.149 2. [LAWCX Board of Directors Meeting – November 19, 2013](#)
- Pg.155 3. [CJPRMA Executive Committee Meeting Minutes – November 5, 2013](#)

G. ADMINISTRATIVE REPORTS

- 1. **President's Report** I 4
Roger Carroll will address the Board on items pertaining to SCORE.
- 2. **Alliant Update** I 4
Michael Simmons will update the Board on Alliant matters pertinent to SCORE.
- 3. **CJPRMA Update** I 4
Roger Carroll will provide the Board with an update on action taken at the December 2013 Board of Directors meeting.
- 4. **ERMA Update** I 4
Roger Carroll will update the Board on ERMA matters pertinent to SCORE.
- 5. **LAWCX Update** I 4
Roger Carroll will update the Board on LAWCX matters pertinent to SCORE.

H. FINANCIAL

- Pg.160 1. **Quarterly Financials for Period Ending December 31, 2013** A 1
Board Members will review the December 31, 2013 Quarterly financials and Statement of Net Assets presented by Gilbert Associates, Inc. and may take action to Accept and File or give direction.
- Pg.161 a. **Banking Layer Individual Member Financial Data** I 1
The Board of Directors will review a draft showing individual member Banking Layer equity balances as developed by Gilbert Associates based on the new dividend return methodology.
- 2. **New Dividend Plan** A
- Pg.162 a. **New Dividend Calculation Methodology** 1
The Board of Directors will have the opportunity to discuss and consider the adoption of a newly proposed dividend methodology developed by Staff and Gilbert Associates.

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

Pg.166	b. <u>Amended SCORE Master Plan Documents</u> <i>The Board will review and consider adopting the necessary amendments to the Master Plan Documents that will outline the changes made to the Dividend Calculation process.</i>		
Pg.168	i. <u>Liability Master Plan Documents</u>		1
Pg.205	ii. <u>Workers’ Compensation Master Plan Documents</u>		1
Pg.248	c. <u>Proposed Dividend Calculations - DRAFT</u> <i>The Board of Directors will have the opportunity to review a draft showing proposed dividends for 2014 and may take action to accept and file or give direction.</i>		1
 I. JPA BUSINESS			
Pg.250	1. <u>Notice of SCORE Bylaws Amendments</u> <i>The Board of Directors will review the proposed changes to the JPA Bylaws to address the new Dividend Plan and other clean-up issues as well as to provide notice of intent to amend the document.</i>	I	1
Pg.277	2. <u>Loss Control Grant Fund Program</u> <i>The Board of Directors will have the opportunity to review and discuss the framework document outlining the proposed Loss Control Grant Fund Program.</i>	A	1
Pg.281	3. <u>City of Crescent City Dividend Release Request</u> <i>The Board of Directors will review and discuss the request for a dividend release made by the City of Crescent City.</i>	A	1
Pg.283	4. <u>Member at Large Nomination and Appointment</u> <i>The Board of Directors will nominate and appoint a replacement for the Member-at-Large vacancy created by Mr. Ted Marconi’s retirement.</i>	A	1
Pg.296	5. <u>SCORE Pool Partner Board Representative Appointments</u> <i>The SCORE Board of Directors will appoint new Board representatives and alternates to ERMA, LAWCX and CJPRMA to fill existing vacancies.</i>	A	1
	6. <u>Target Solutions On-Line Platform Orientation and Overview</u> <i>Ms. Kelly Zielinski from Target Solutions will be providing a presentation on the Target Solutions online platform.</i>	I	4
	7. <u>Norm Peterson and Associates – Return to Work Programs Presentation</u> <i>Mr. Peter Cheney will offer a presentation on the Return to Work Programs offered by Norm Peterson and Associates</i>	I	4

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



Pg.297	8. <u>DKF Solutions Training Services Timeline Update</u>	I	1
	<i>The Board of Directors will receive a progress update on ongoing services being provided by David Patzer and DKF Solutions.</i>		
Pg.307	9. <u>City of Dorris Notice of Intent to Withdraw from SCORE</u>	I	1
	<i>The Board of Directors will receive and file City of Dorris' Notice of Intent to Withdraw from SCORE.</i>		
Pg.316	10. <u>SCORE Fire Fighter Physical Fitness Policy</u>	A	1
	<i>The Board of Directors will evaluate the need to revise the physical fitness standards for Fire Fighting Personnel and provide direction to Staff on developing an updated policy.</i>		
	11. <u>Discussion on 2014-15 Long Range Planning Session Venue</u>	I	4
	<i>Staff will request feedback from Board members as respects the 2014-15 Long Range Planning Session Venue.</i>		
Pg.323	J. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.95		
	**REQUESTING AUTHORITY		
	1. Liability		
	a. Caitlin/Silva vs. City of Isleton		
	b. Bellamy vs. City of Isleton		
	c. Buckelew vs. City of Portola		
	d. Bernhardt vs. City of Susanville		
	e. Shivy vs. City of Weed		
	f. Abbott vs. City of Yreka**		
	g. Hubbard vs. City of Yreka		
	2. Workers' Compensation		
	a. SCWA-555814 vs. City of Yreka**		
	b. SCWA-554520 vs. City of Yreka**		
	c. SCWA-553785 vs. City of Mt. Shasta**		
	K. REPORT FROM CLOSED SESSION	I	4
	L. INFORMATION ITEMS	I	
Pg.324	1. <u>PARMA Conference – February 9 – 12, 2014 in San Jose, CA</u>		1
Pg.327	2. <u>SCORE Resource Contact Guide</u>		1
	M. TOWN HALL OPEN DISCUSSION ON MEMBER ISSUES	I	4

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



N. CLOSING COMMENTS

ADJOURNMENT

UPCOMING MEETING

Board of Directors Meeting – March 28, 2014 in Shasta Lake, CA

IMPORTANT NOTICES AND DISCLAIMERS:

Per Government Code 54954.2, persons requesting disability related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact Laurence Voiculescu at Alliant Insurance at (916) 643-2702.

The Agenda packet will be posted on the SCORE website at www.scorejpa.org. Documents and material relating to an open session agenda item that are provided to the SCORE Board of Directors less than 72 hours prior to a regular meeting will be available for public inspection and copying at 1792 Tribute Road, Suite 450, Sacramento, CA 95815.

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

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

CONSENT CALENDAR

ACTION ITEM

ISSUE: Items on the Consent Calendar should be reviewed by the Board and, if there is any item requiring clarification or amendment, such item should be pulled from the agenda for separate discussion. The Board should adopt the Consent Calendar excluding those items removed.

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

FISCAL IMPACT: None

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

ATTACHMENT:

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



**Small Cities Organized Risk Effort (SCORE)
Board of Directors Meeting Minutes
October 25, 2013**

Member Cities Present:

Mark Sorensen, City of Biggs
Laurie Van Groningen, City of Colfax
Brenda Bains, City of Dunsmuir
Ed Steele, City of Dunsmuir
Linda Romaine, Town of Fort Jones
Pamela Russell, City of Etna
Robert Jankovitz, City of Isleton
Roger Carroll, Town of Loomis
Crickett Strock, Town of Loomis
Kathy LeBlanc, City of Loyalton
Janie Sprague, City of Montague
Don Kincade, City of Montague

Muriel Howarth Terrell, City of Mt. Shasta
Susan Scarlett, City of Portola
Stephanie Beauchaine, City of Rio Dell
John Duckett, City of Shasta Lake
Laura Redwine, City of Shasta Lake
Gwenna MacDonald, City of Susanville
Jared Hancock, City of Susanville
Randolph Darrow, City of Tulelake
Ron Stock, City of Weed
Steve Baker, City of Yreka

Member Cities Absent:

Carol McKay, City of Dorris

Satwant Takhar, City of Live Oak

Consultants & Guests

Michael Simmons, Alliant Insurance Services
Laurence Voiculescu, Alliant Insurance Services
Marcus Beverly, York Risk Services
Debra Yokota, York Risk Services
Tom Baber, York Risk Services
Kevin Wong, Gilbert Associates, Inc.

David Patzer, DKF Risk Solutions
Byrne Connolly, SCORE JPA Attorney
David Clovis, CJPRMA
Henri Castro, LAWCX
Gerry Preciado, LAWCX

A. CALL TO ORDER

Mr. Roger Carroll called the meeting to order at 8:32 a.m.

B. ROLL CALL

The above mentioned members were present constituting a quorum. Cities absent from this meeting were the City of Dorris and the City of Live Oak.



C. APPROVAL OF AGENDA AS POSTED

A motion was made to approve the Agenda as posted.

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

D. PUBLIC COMMENT

There were no public comments.

E. CONSENT CALENDAR

1. Board of Directors Meeting *Draft* Minutes – September 23, 2013
2. Local Agency Investment Fund (LAIF) Monthly Statement of Investments –June 30, 2013
3. Union Bank Account Statements – June – August 2013
4. US Bank Custodial Account Statement – August – September 2013
5. SCORE Checking Account Transaction List – June – September 2013
6. Investment Statements from Chandler Asset Management – June – September 2013
 - Account 590
 - Portfolio Summaries
 - Compliance Report
7. ACI Specialty Quarterly Utilization Report – July 1, 2013 – September 30, 2013
8. Target Solutions Utilization Report – November 1, 2012 – September 30, 2013

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

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

F. COMMITTEE REPORTS

- F1. ERMA Board of Directors Minutes – June 17, 2013**
- F2. LAWCX Board of Directors Minutes – June 11, 2013**
- F3. CJPRMA Board of Directors Meeting Minutes – May 14-16, 2013**



G. ADMINISTRATIVE REPORTS

G1. President's Report

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

G2. Alliant Update

Mr. Michael Simmons addressed the Board and stated that the Training Day turned out very well and all the presentations offered valuable information to Members. He stated that the Board will receive separate invoices for their hotel room costs that will be adjusted to account for expenses that the JPA would have had to incur if the meeting or dinner were to take place at different locations, as was done previously. He also advised that the Board may want to consider changing the date of the Long Range Planning meeting to take advantage of lower rates that are available in Napa in January.

Mr. Simmons also stated that Alliant does not expect to announce Susan Adams' replacement until sometime in December as Alliant is still aggressively recruiting for a suitable candidate.

G3. CJPRMA Update

As part of the CJPRMA update, Mr. Carroll advised that CJPRMA held discussions regarding Member Cities that are incapable to pay their deposits. They have decided to amend their Bylaws to include a provision that a non-paying member will only get a 30 day notice to pay. If at the end of the 30 days, the deposits have still not been paid, the member will then receive an additional 30 days notice to pay or be cancelled from the program. Mr. Carroll suggested that SCORE should look to introduce a similar provision to allow itself the option to cancel coverage for those members that make no effort to make their deposit premium payments.

G4. ERMA Update

Mr. Carroll addressed the Board on topics discussed at the last ERMA meeting. One of the topics was the creation of a mid level pool that would cover claims from \$500K to \$750K, instead of the current level. Following further discussion the ERMA Board found the idea to be generally unfavorable and it will not be pursued at this time.

Mr. Simmons added that ERMA's goal is likely to end up with enough funding to be able to sustain a \$2 Million retention before going to the excess carrier. SCORE currently has \$8 Million in coverage for Employment Practices through CJPRMA so Members should not be in favor of ERMA retaining the first \$2 Million in house as that would mean members will have to share part of the cost of the claims that fall within that layer.

Mr. Simmons also added that those SCORE members who are not in ERMA and wish to join should approach staff and let them know that they are interested. If multiple members are interested in



joining, staff will then package all the applications and submit them at the same time to potentially expedite the process.

G5. LAWCX Update

Mr. Simmons addressed the Board and noted that rates should be stable this following year even though medical treatment costs are rising. LAWCX should also start to see dividend income come in from CSAC EIA, which is LAWCX's excess carrier pool.

No significant changes have been announced. Their next Board meeting will take place on November 19 and will be held in Sacramento.

H. FINANCIAL

H1. Quarterly Financials

Mr. Michael Simmons presented a short summary comparison of Net Assets from the quarter ending 6/30/13 to 9/30/13. Net assets were very stable, even after releasing a total of \$750,000 in dividends in the last fiscal year.

Mr. Simmons indicated that the Financial Audit presentation will include a more in detail financial picture of SCORE.

This item was a receive and file item.

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

MOTION: Kathy LeBlanc

SECOND: Pamela Russell

MOTION CARRIED

H2. Consideration of Newly Proposed Retrospective Rating Calculation Methodology

Mr. Michael Simmons addressed the Board and reviewed the discussion that previously occurred with Mr. Kevin Wong from Gilbert Associates. As the previous discussion outlined, the newly proposed retrospective rating calculation methodology has been attached and the Board can now consider the impact of replacing the old methodology with the newly proposed calculation methodology.

Mr. Simmons indicated that the goal for developing the new methodology was to simplify the retrospective rating calculations that are used for issuing dividends back to members. SCORE currently calculates every program year individually for each Member City. This adds a tremendous amount of complexity to the calculation process and makes it very difficult to continue adding years of calculations to the spreadsheet.



The new plan would change this method, and instead would only use a rolling 10 year calculation for individual member equity balances. In addition, each member's banking layer will be tracked on a fund accounting basis, meaning that the money that is not used and in excess of the minimum banking layer balance can be returned annually to the Member.

This dictates the need to establish a benchmark or a minimum banking layer balance for each member so as to ensure that enough money is being retained in the banking layer account to cover any claims that can occur. Members will still have to deposit new money into this banking layer every year, as they do currently.

Mr. Simmons asked the Board to provide feedback on the newly proposed method. Mr. Simmons also asked the Board to approve staff to continue examining the features of the new plan as they were presented to ensure that they work, to calculate the dividend amounts under the new plan and to bring back the amended Governing Documents for consideration and adoption at the next meeting.

Ms. Linda Romaine, Town of Fort Jones inquired whether this new plan will make the pool more sensitive to any unfavorable developments in claims since the number of years used for the calculations will be reduced from 20+ years to a 10 year rolling time frame. As such, the claims that are still open in the old years could still be developing and require additional funding. Mr. Simmons confirmed that this is correct and therefore a minimum banking plan balance should be required in order to ensure that in the event that this happens, there are sufficient surplus funds to cover those costs.

Mr. Jared Hancock, City of Susanville asked whether the 5 x SIR benchmark formula will still be used to calculate any surplus. Mr. Simmons confirmed that this benchmark will be maintained and there will be no money released if the equity in the program decreases below this amount, in each program.

Mr. Hancock also inquired whether the shared risk layer will also be calculated in a similar manner to account for individual member balances. Mr. Simmons replied that the shared risk layer will NOT be calculated on a fund basis. The shared risk layer dividend returns that are declared will be deposited in the banking layer fund and will be available for immediate release.

Mr. Hancock then asked if the adjustments were all made on an allocation basis. Mr. Simmons answered that yes, the allocation were made as dictated by the financial statement adjustments made by James Marta (SCORE's financial auditor at the time) when the 2008 audit was performed.

Mr. Simmons also noted that while SCORE is currently in a good equity position as both programs are sitting well above the 5 x SIR documented benchmark and dividends can be declared, the Board should exercise conservatism and should release the funds in excess of the benchmark gradually as to not deplete the surplus at an accelerated rate.

Mr. Hancock mentioned that there are a few terms in the Master Plan Documents that are not listed in the definitions. He suggested that staff consider defining the terms that are not listed.



Mr. Simmons responded by saying that the Master Plan Documents will need to be amended to reflect changes in the retro calculation process and at that time, staff will review the content to make sure it is adequately defined.

Ms. Stephanie Beauchaine, City of Rio Dell inquired on how this change will impact the Cities and their requirements to record the dividend releases on their own agency financial statements. She expressed concern that because the members will have direct and complete access to the banking layer funds once dividends are declared, a requirement to report the funds on the Cities income statements will be triggered. She requested that Mr. Kevin Wong be prepared to address the issue of reporting dividends or assessments on the individual City balance sheets at the next meeting.

Mr. Simmons assured Ms. Beauchaine that Staff and Gilbert Associates will investigate this matter thoroughly and will attempt to identify if this requirement is triggered and if there are any solutions that could be made available to those cities that wish to not be subject to this requirement. In addition, Staff will build in language that will obligate Cities to record a deficit position and develop policy requiring that a member who is in a deficit position make payments in order to remediate their deficit position over a set period of time.

A motion was made to approve the re-allocation of remaining un-reconciled funds as presented by Kevin Wong from Gilbert Associates tied to the 6-30-13 balances, approve the concept that was presented regarding the newly designed retrospective rating plan. This was a consensus motion.

MOTION: Consensus

SECOND: Consensus

MOTION CARRIED

H3. SCORE Financial Audit Report for FY 2012-13

Mr. Charles Raibley from Crowe Horwath LLP was present at the Meeting and delivered a verbal presentation of the recently completed Financial Audit Report for FYE 6-30-13.

Mr. Raibley first reviewed the auditor's responsibilities as respects the governmental standards for financial statements. SCORE has met all standards and the auditor reported that both staff and the Accounting Service provider have been very cooperative and provided all the information that was requested.

Mr. Raibley reviewed the Audit report along with the financial statements and reported that they did not uncover any inconsistencies between the documentation that was reviewed and the accounting transactions that were present. As far as significant estimates reported on the financial documentation, they were found to be in line with expectations and actuarial projections.

Mr. Raibley noted that there were no corrections needed, and no errors were identified that required no corrections. No deficiencies were noted in any aspect of this audit. A Management Representation letter will be provided with the final version of the audit.



Next, Mr. Raibley presented the financial statements, noting the auditor's unqualified opinion is located on page 2 of the audit report.

Mr. Jared Hancock, City of Susanville, inquired as to why SCORE's investment returns have decreased so dramatically and if there is a reason why the investment policy calls for low return instruments.

Mr. Carroll indicated that SCORE's investment policy specifies a time limit for holding of any security and once that time lapses, the security has to be sold. He also added that historically, SCORE has adopted a more conservative strategy for investments, an approach that was focused on preserving the principal and not necessarily earning the highest returns through riskier instruments.

Mr. Michael Simmons also noted that as the high yielding instruments have matured and needed to be sold, the prevailing market return rates of the new securities have been much lower and as such, the investment returns reflect it.

The auditor confirmed that this is a common trend among public entities at this time, mostly due to low interest rates generated by low risk investment vehicles like Treasury notes and Government bonds.

A motion was made to approve the Financial Audit Report for FY 2012-13.

MOTION: Steven Baker SECOND: Stephanie Beauchaine MOTION CARRIED

JPA BUSINESS

I.1. SCORE Target Equity Analysis

Mr. Laurence Voiculescu, Alliant Insurance Services presented the annual **Target Equity Review**.

He noted that this Review is used to benchmark and evaluate the stability and strength of the programs in SCORE. It is also a requirement of the CAJPA accreditation standards and SCORE reviews these ratios every year.

Mr. Voiculescu stated that this year, the Liability Program continues to perform well and all Target Equity Ratios are being met.

The Worker's Compensation program shows a negative trend and deteriorating reserve developments.

SCORE's Net Position as of 6/30/13 is approximately \$6.5 Million which is well above the target equity level.



Net Assets have decreased by \$805,529 or 5.9% from the prior year.

The JPA is still sufficiently funded to meet claim obligations but the W.C. program should be closely monitored to make sure recent developments do not indicate a long term trend.

This was an information item.

I.2. Target Solutions Service Provider Agreement Discussion and Renewal

Mr. Voiculescu addressed the Board and stated that SCORE's service agreement with Target Solutions is expiring on November 1st, 2013. As such, staff has reached out to Target Solutions and requested that they present both a one year renewal offer and a three year renewal offer. Given that there was no cost benefit for enlisting into a three year commitment, staff has included the one year extension in the agenda packet for Board consideration.

Mr. Voiculescu added that staff has also included utilization reports for the past 2 years as well as an usage estimate for the Fire Safety Services subscription that SCORE is signed up for with Target Solutions.

It was also noted that utilization rates are still low and members should encourage all their employees to use this service. SCORE has signed up for an unlimited user account, which means that the annual cost is not limited to a specific amount of users. By having more people use the service, the overall cost per user is not only reduced but the overall value of the program to the pool is increased.

Mr. Simmons stated that Cities could have potentially spent less for these services through a subscription with CSAC EIA but that the overall goal for SCORE when this program was implemented was to encourage a majority of City employees to enroll and use the tools that are available through this platform.

Ms. Brenda Bains, City of Dunsmuir added that she has had a very pleasant experience with using this program and she recommends that everyone utilizes the numerous training materials that are available. She stated that training is available on a variety of topics; from dealing with difficult customers to police and fire fighter training and continuing education credits for those that are required to complete them.

Mr. Simmons indicated that staff will arrange for a few training seminars in the next few months that will have the goal to improve awareness of the material available on the Target Solutions website and also to improve the utilization by Member Cities.

Mr. Roger Carroll asked for a motion to approve and adopt the actuarial study and set the rates and refer to the budget calculations to see how the rates will impact funding.

A motion was made to approve the ONE Year contract extensions with Target Solutions.



MOTION: Pamela Russell

SECOND: Steve Baker

MOTION CARRIED

I.3. Loss Control Grant Fund Program

Mr. Simmons addressed the Board and stated that at this point, staff is asking the ad hoc committee on Loss Control to continue vetting the concepts presented in the Loss Control Grant Fund Program document.

Ms. Simmons stated that as part of the recent consensus, the Board agreed on fixed funding amounts for the 2013-14 Program Year Loss Control allocation of \$75,000. As such, each Member City is currently allocated \$1,000 for miscellaneous Loss Control expenses. In addition, \$35,000 was allocated to Sanitary Sewer and Waste Water training. The remainder of \$21,000 was budgeted for general loss control issues and CalOSHA compliance related training.

For next year, the ad hoc committee and staff brought the recommendation of a Loss Control Grant Fund to be implemented. Mr. Simmons said that in its currently proposed format, this Grant will be funded from equity, in lieu of collecting funds each year from members.

Mr. Simmons added that the Board, with recommendations developed by the ad-hoc committee, will need to decide whether or not to make the Loss Control funds contingent on the member contributing part of the cost of the item or service, or make the Loss Control expenditure 100% eligible for reimbursement, on the condition that a) the expenditure falls within the member's allocation and; b) the expenditure was previously approved by the Board and/or the Program Administrator and SCORE President.

Mr. Simmons added that the Board should also consider the option of not hiring a full time loss control vendor at this time, and allow the current setup to function for at least one or two years before hiring an exclusive vendor.

Mr. Simmons then opened the floor to Board members and asked them to provide their feedback to the ad-hoc committee so that they can have direction when continuing to develop the Grant Fund Program.

Ms. Brenda Bains, City of Dunsmuir stated that she favors the idea of the Loss Control Grant Funds in lieu of an exclusive vendor. She felt that it is beneficial for "new eyes" coming in to her City to perform on-site City assessments as they may see things that the other vendor has not yet identified or offer a different perspective than what was previously offered.

Mr. Simmons stated that Members that have a specific need for a Loss Control service can call himself or Mr. Voiculescu and make their request. At that point, staff will identify one or more qualified vendors that can provide the service and will work with the requesting City to have it completed.



Mr. Simmons added that the ad hoc committee will also need to make a recommendation as to whether the current \$75,000 allocation should be maintained or whether it should be collapsed into the Loss Control Grant Fund and funded from equity.

Mr. Linda Romaine brought up the fact that she likes the idea of having Mr. Kastorff come out to do a general City inspection, and letting them her what the funds should be spent on. Mr. Simmons stated that it would be a good idea to have Mr. Kastorff schedule three or more on site inspections in that geographical area in order to save on travel expenses in the event that a member decides they need to have a general on site inspection or other Loss Control service conducted by Mr. Kastorff. That said, this Loss Control Grant Fund will be used for other areas as well, not just for onsite inspections.

Ms. Stephanie Beauchaine inquired on whether there was a sample Program document available from a different agency that has implemented a Loss Control Grant Fund.

Mr. Simmons answered that the document presented in the agenda packet is a combination of two documents that other pools are currently using. The document was further refined to better meet the needs of SCORE.

Ms. Beauchaine inquired whether the amount of the Grant was capped and whether there was a deadline include in the policy document that indicated what the deadline to apply was. Mr. Simmons answered that the Grant amounts available under the proposed format would be limited to the amount that is allocated to each city. Also, there will be a deadline to apply for the funds and either a committee will be set up or the Program Administrator in conjunction with the SCORE President will determine the eligibility of funds based on the scope of the service or item expenditure that is being submitted for approval.

A motion was made to approve authority for the ad hoc committee to further develop and vet the concepts presented and return the document back with recommendations for approval at the January 2014 Board Meeting.

MOTION: John Duckett

SECOND: Brenda Bains

MOTION CARRIED

I.4. Safety and Loss Control Service Provider RFP Discussion

Mr. Voiculescu addressed the Board and stated that at the last Board meeting, the Board requested that staff bring back the option for an exclusive Loss Control vendor agreement to handle most Loss Control needs for the JPA, on an exclusive basis.

Mr. Simmons added that he is more concerned on increasing the amount of funds that the JPA is allocating to Loss Control. He suggested that the pool try out the current format for at least a full year before committing to an exclusive agreement, but that the Board has full control of how they want to proceed.



Ms. Beauchaine stated she feels that because Member needs vary so greatly, the Loss Control Grant Fund is a better approach as it allows members to control how they spend their Loss Control allocation. She proposed that the Board table the RFP at this time.

Mr. Carroll added that he also agrees with the proposition to table the RFP.

There was no further discussion on this item. This was an information item and no action was taken.

I.5. LAWCX Board Representative to LAWCX Appointment

Mr. Voiculescu addressed the Board and noted that since Mr. Ted Marconi is now retired, SCORE will have to appoint another Board Representative to LAWCX. Mr. John Duckett will continue to serve as alternate.

Mr. Ron Stock had indicated at the previous meeting that he would be interested in serving as SCORE's Board Member to LAWCX. Mr. Stock has confirmed that he is willing to take on this role.

There were no other Members who expressed interest in this assignment.

Mr. John Duckett nominated Mr. Stock as SCORE's LAWCX Board Representative.

MOTION: John Duckett

SECOND: Steve Baker

MOTION CARRIED

I.6. Liability Claims Audit Service Provider RFP

Mr. Michael Simmons addressed the Board and stated that a claims audit is done every other year. For this year, the cost has been budgeted at \$7,500 for the Liability Program.

Staff is recommending hiring Ken Maiolini as the claims auditor again for this year as he conducted the last Liability claims audit 2 years ago and is one of the very few qualified claims auditor that staff would recommend for an agreement with SCORE.

Ms. Beauchaine inquired why staff is making the recommendation to hire Mr. Ken Maiolini instead of going out to RFP. Mr. Simmons responded by saying that it is a good idea to have the same auditor go in for at least 2 audit cycles as that offers some level of continuity to the process. In addition, Mr. Maiolini is one of the very few qualified claims auditors in the area.

Ms. Beauchaine recommended that staff builds in the option of doing an additional 2 year agreement into this next agreement.

Mr. Simmons stated that the language allowing for the option of an additional 2 yr commitment will be included.



A motion was made to authorize Staff to enter into an agreement with RMS and Ken Maiolini for conducting the Liability Claims Audit, and add in language to allow for an additional claims audit engagement in the next audit cycle.

MOTION: Steve Baker SECOND: Pamela Russell MOTION CARRIED

I.7. Workers' Compensation Claims Audit Service Provider RFP

Mr. Michael Simmons addressed the board, stating that a similar recommendation is being made for the Workers' Compensation program, although bringing back the previous claims auditor will not be possible. Mr. Nick Cali has since retired and is no longer available.

The cost of the Workers' Compensation claims audit has also been budgeted at \$7,500 for this cycle.

Staff is therefore recommending Tim Farley of FCS to perform the next audit as he is one of the two qualified auditors that can reliably perform this service. Staff has worked with Mr. Farley on several other pools where he has performed similar engagements without issues.

Mr. Simmons added that the Board of Directors can request the same language to be built into this agreement in order to allow for an additional audit engagement. The Board agreed and language will be added to accommodate the Board's request.

A motion was made to authorize Staff to enter into an agreement with FCS Consulting and Tim Farley for conducting the Workers' Compensation Claims Audit, and add in language to allow for an additional claims audit engagement in the next audit cycle.

MOTION: Steve Baker SECOND: Stephanie Beauchaine MOTION CARRIES

I.8. Update on US Bank Custodial Account Transfer

Mr. Voiculescu addressed the Board and stated that the custodial account transfer from Union Bank to US Bank has been completed. This change was brought on by a substantial fee increase by Union Bank.

By completing this transfer, SCORE was able to reduce its annual bank fees from approximately \$12,000 a year to approximately \$1,250 a year, a significant cost saving of more than \$10,000.

No action was taken. This was an information item.

I.9. Alliant State of the Market 2014 Presentation

Mr. Simmons stated that due to time constraints, this item will be moved to the next regular meeting agenda to be presented at that time.

Mr. Carroll added that in the future, staff should also add a “**Risk Management Issues**” item at the end of every agenda in order to allow members to have a round table style discussion about issues they are having in their City. It would give Members the opportunity to share ideas and ways to deal with City related issues.

Mr. Simmons agreed that this would be beneficial and staff will add this on to every agenda in the future, until further notice.

J. CLOSED SESSION PURSUANT TO GOVERNMENT CODE 54956.95

At 11:10 P.M, pursuant to Government code section 54956.95, the Board held a closed session to discuss the following claims for payment of tort liability loss or public liability loss.

1. Liability

- a. Schwartz vs. Susanville
- b. Bernhardt vs. Susanville
- c. **Hubbard vs. Yreka--**
--Mr. Jared Hancock, City of Susanville noted that the agenda documents list this claim as a claim against the City of Susanville. This is incorrect – this claim is being brought against the City of Yreka.
- d. Caitlin vs. Isleton
- e. Bellamy vs. Isleton
- f. Shivy vs. Weed

2. Workers’ Compensation

- a. SCWA-158878 vs. City of Susanville**
- b. SCWA-83291 vs. City of Susanville**
- c. SCWA-555704 vs. City of Weed**

K. REPORT FROM CLOSED SESSION

The Board returned from closed session at 11:27 AM. Mr. Carroll reported that the above closed session items were discussed and appropriate direction was given to Staff and the Claims Administrator.

K. INFORMATION ITEMS

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

L.2. SCORE Resource Contact Guide

This was provided as an information item only.



L. CLOSING COMMENTS

There were no closing comments.

AJOURNMENT

The meeting was adjourned at 11:29 AM.

NEXT MEETING DATE: January 24, 2014 in Shasta Lake, CA

Respectfully Submitted,

Pamela Russell, Secretary

Date

DRAFT



JOHN CHIANG

California State Controller

LOCAL AGENCY INVESTMENT FUND REMITTANCE ADVICE

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

As of 01/15/2014, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 12/31/2013.

Earnings Ratio		.00000700426120353
Interest Rate		0.26%
Dollar Day Total	\$	101,127,337.86
Quarter End Principal Balance	\$	1,099,320.89
Quarterly Interest Earned	\$	708.32



ACCOUNT NUMBER: 001050986308
SMALL CITIES ORGANIZED RISK EFFORT

This statement is for the period from
October 1, 2013 to October 31, 2013

000001861 1 SP 106481337238195 P

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

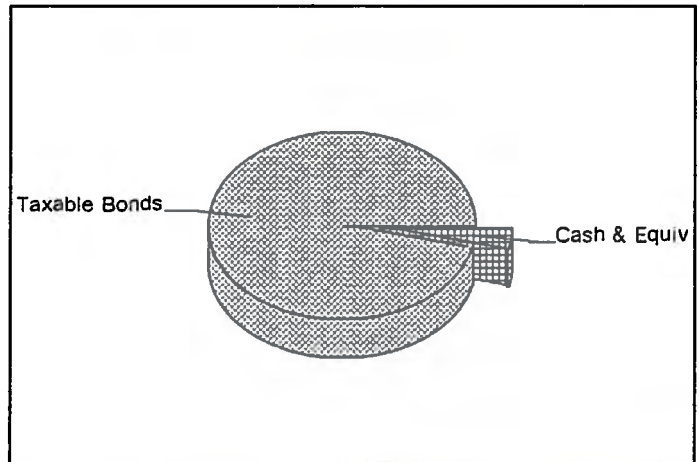
QUESTIONS?

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

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

ASSET SUMMARY AS OF 10/31/13

	<u>Market Value</u>	<u>% of Total</u>	<u>Est Annual Income</u>
Taxable Bonds	\$10,430,022.30	97.8	\$168,912.94
Cash & Equivalents	\$232,488.69	2.2	\$458.81
Total Market Value	\$10,662,510.99	100.0	\$169,371.75



ASSET DETAIL

<u>Shares/ Par</u>	<u>Security Description</u>	<u>CUSIP</u>	<u>Market Value/ Price</u>	<u>Cost Basis</u>	<u>Yield At Market</u>	<u>Est Annual Inc</u>
Taxable Bonds						
35,000.000	F H L M C M T N 2.500 01/07/2014	3137EABX6	\$35,155.75 100.445	\$34,625.96	2.49	\$875.00
100,000.000	Xto Energy Inc 4.900 02/01/2014	98385XAD8	101,073.00 101.073	60,144.70	4.85	4,900.00
150,000.000	F H L M C M T N 2.500 04/23/2014	3137EACB3	151,717.50 101.145	155,568.75	2.47	3,750.00
100,000.000	U S Treasury Note 0.250 04/30/2014	912828SR2	100,066.00 100.066	100,047.21	0.25	250.00
180,000.000	General Electric Cap Corp Medium Term Note 5.900 05/13/2014	36962G4C5	185,412.60 103.007	127,270.80	5.73	10,620.00
190,000.000	Wal Mart Stores Inc 3.200 05/15/2014	931142CQ4	193,089.40 101.626	155,436.00	3.15	6,080.00

ACCOUNT NUMBER: 001050986308
SMALL CITIES ORGANIZED RISK EFFORTThis statement is for the period from
October 1, 2013 to October 31, 2013**ASSET DETAIL (continued)**

Shares/ Par	Security Description	CUSIP	Market Value/ Price	Cost Basis	Yield At Market	Est Annual Inc
Taxable Bonds						
240,000.000	Microsoft Corp 2.950 06/01/2014	594918AB0	243,595.20 101.498	204,324.00	2.91	7,080.00
260,000.000	Federal Farm Credit Bks 1.900 06/02/2014	31331JQA4	262,665.00 101.025	259,368.20	1.88	4,940.00
100,000.000	Federal Home Loan Bks 5.250 06/18/2014	3133X7FK5	103,216.00 103.216	111,171.90	5.09	5,250.00
85,000.000	Federal Farm Credit Bks 3.000 09/22/2014	31331GL80	87,142.00 102.520	86,005.55	2.93	2,550.00
160,000.000	Federal Farm Credit Bks 1.625 11/19/2014	31331KHW3	162,441.60 101.526	164,560.00	1.60	2,600.00
225,000.000	F H L M C M T N 2.875 02/09/2015	3137EACH0	232,524.00 103.344	158,630.85	2.78	6,468.75
100,000.000	Berkshire Hathaway Inc 3.200 02/11/2015	084670AV0	103,550.00 103.550	29,975.10	3.09	3,200.00
150,000.000	Federal Farm Credit Bks 0.500 05/01/2015	3133EANJ3	150,517.50 100.345	149,853.00	0.50	750.00
250,000.000	U S Treasury Note 0.250 05/15/2015	912828SU5	250,077.50 100.031	248,985.21	0.25	625.00
265,000.000	Federal Home Loan Bks 2.875 06/12/2015	3133XWNB1	276,010.75 104.155	279,807.14	2.76	7,618.75
275,000.000	F N M A M T N 2.375 07/28/2015	31398AU34	284,817.50 103.570	283,288.50	2.29	6,531.25
75,000.000	U S Treasury Note 1.750 07/31/2015	912828NP1	76,930.50 102.574	74,355.72	1.71	1,312.50
265,000.000	Procter Gamble CO The 1.800 11/15/2015	742718DS5	271,956.25 102.625	171,770.72	1.75	4,770.00
250,000.000	U S Treasury Note 1.375 11/30/2015	912828PJ3	255,390.00 102.156	249,024.28	1.35	3,437.50
120,000.000	F N M A Deb 0.375 12/21/2015	3135G0SB0	119,906.40 99.922	119,720.40	0.38	450.00
120,000.000	Federal Farm Credit Bks 2.350 12/22/2015	31331J6C2	124,956.00 104.130	120,434.40	2.26	2,820.00
275,000.000	F N M A M T N 2.375 04/11/2016	3135G0BA0	287,350.25 104.491	282,544.63	2.27	6,531.25
105,000.000	Google Inc 2.125 05/19/2016	38259PAC6	108,930.15 103.743	107,568.30	2.05	2,231.25
310,000.000	F H L M C M T N 2.500 05/27/2016	3137EACT4	325,128.00 104.880	268,105.76	2.38	7,750.00
200,000.000	Federal Home Loan Bks 2.125 06/10/2016	313373SZ6	208,196.00 104.098	209,390.00	2.04	4,250.00
125,000.000	John Deere Owner Trust A B S Ser 2012 B CI A3 0.530 07/15/2016	47787RAC4	125,040.00 100.032	124,863.28	0.71	883.33
100,000.000	Toyota Auto Receivables Owner Tr A B S Ser 2012 B CI A3 0.540 07/15/2016	89231NAC7	100,021.00 100.021	99,990.49	0.29	291.33
370,000.000	U S Treasury Note 1.500 07/31/2016	912828QX1	379,945.60 102.688	263,047.75	1.46	5,550.00

This statement is for the period from
October 1, 2013 to October 31, 2013**ASSET DETAIL (continued)**

Shares/ Par	Security Description	CUSIP	Market Value/ Price	Cost Basis	Yield At Market	Est Annual Inc
Taxable Bonds						
100,000.000	Honda Auto Receivables Owner Trust A B S Ser 2012 4 CI A3 0.520 08/18/2016	43813CAC4	100,148.00 100.148	99,990.32	0.52	520.00
300,000.000	F H L M C M T N 2.000 08/25/2016	3137EACW7	311,544.00 103.848	312,151.20	1.93	6,000.00
250,000.000	U S Treasury Note 1.000 08/31/2016	912828RF9	253,145.00 101.258	251,690.29	0.99	2,500.00
210,000.000	F N M A Deb 1.250 09/28/2016	3135G0CM3	213,777.90 101.799	209,497.89	1.23	2,625.00
150,000.000	U S Treasury Note 1.000 09/30/2016	912828RJ1	151,863.00 101.242	149,619.64	0.99	1,500.00
65,000.000	F N M A Deb 1.375 11/15/2016	3135G0ES8	66,354.60 102.084	65,514.15	1.35	893.75
350,000.000	U S Treasury Note 0.875 11/30/2016	912828RU6	352,544.50 100.727	350,766.80	0.87	3,062.50
250,000.000	Federal Home Loan Bks 1.625 12/09/2016	313371PV2	257,452.50 102.981	256,575.00	1.58	4,062.50
175,000.000	F N M A M T N 1.250 01/30/2017	3135G0GY3	177,773.75 101.585	174,983.73	1.23	2,187.50
200,000.000	F N M A M T N 1.000 02/27/2017	3135G0UY7	200,936.00 100.468	201,900.00	0.99	2,000.00
200,000.000	F H L M C M T N 1.000 03/08/2017	3137EADC0	201,376.00 100.688	196,430.40	0.99	2,000.00
105,000.000	Berkshire Hathaway Fin 1.600 05/15/2017	084664BS9	105,861.00 100.820	29,976.90	1.59	1,680.00
200,000.000	Federal Home Loan Bks 1.000 06/09/2017	313379FW4	200,302.00 100.151	199,758.00	1.00	2,000.00
160,000.000	Chase Issuance Trust A B S Ser 2012 A5 CI A5 0.590 08/15/2017	161571FL3	160,092.80 100.058	160,231.25	0.63	1,006.93
45,000.000	John Deere Owner Trust A B S Ser 2013 B CI A3 0.870 08/15/2017	477879AC4	45,144.45 100.321	44,993.87	0.87	391.50
400,000.000	U S Treasury Note 0.625 08/31/2017	912828TM2	395,500.00 98.875	249,160.99	0.63	2,500.00
160,000.000	Federal Farm Credit Bks 0.830 09/21/2017	3133EAY28	158,422.40 99.014	160,000.00	0.84	1,328.00
300,000.000	U S Treasury Note 0.625 11/30/2017	912828UA6	295,290.00 98.430	298,864.29	0.63	1,875.00
140,000.000	Chevron Corp 1.104 12/05/2017	166764AA8	138,574.80 98.982	40,000.00	1.11	1,545.60
150,000.000	F N M A Deb 0.875 12/20/2017	3135G0RT2	147,966.00 98.644	149,523.00	0.89	1,312.50
300,000.000	F H L M C Deb 0.875 03/07/2018	3137EADP1	294,924.00 98.308	225,281.25	0.89	2,625.00
215,000.000	Federal Home Loan Bks 1.375 03/09/2018	313378A43	215,640.70 100.298	213,970.15	1.37	2,956.25
135,000.000	Apple Inc 1.000 05/03/2018	037833AJ9	131,094.45 97.107	109,594.10	1.03	1,350.00

ACCOUNT NUMBER: 001050986308
SMALL CITIES ORGANIZED RISK EFFORTThis statement is for the period from
October 1, 2013 to October 31, 2013**ASSET DETAIL (continued)**

Shares/ Par	Security Description	CUSIP	Market Value/ Price	Cost Basis	Yield At Market	Est Annual Inc
Taxable Bonds						
250,000.000	F N M A Deb 0.875 05/21/2018	3135G0WJ8	244,332.50 97.733	245,652.50	0.89	2,187.50
50,000.000	U S Treasury Note 1.375 07/31/2018	912828VQ0	50,328.00 100.656	50,021.65	1.37	687.50
250,000.000	U S Treasury Note 1.500 08/31/2018	912828RE2	252,812.50 101.125	247,725.45	1.48	3,750.00
Total Taxable Bonds			\$10,430,022.30	\$9,393,751.42		\$168,912.94
Cash & Equivalents						
215,000.000	Bank Of Tokyo Mitsubis C P 02/13/2014	06538CBD2	214,868.85 99.939	214,849.50	0.21	457.77
17,619.840	First American Government Obligation Fund Cl Y	31846V203	17,619.84 1.000	17,619.84	0.01	1.04
	Income Cash		\$23,906.40	\$23,906.40		\$0.00
	Principal Cash		- \$23,906.40	- \$23,906.40		\$0.00
Total Cash & Equivalents			\$232,488.69	\$232,469.34		\$458.81
Total Investments			\$10,662,510.99	\$9,626,220.76		\$169,371.75

Time of trade execution and trading party (if not disclosed) will be provided upon request.

Cost adjustments made to previously reported sales to reflect the impact of IRS wash sale rules may result in adjustments to reported year-to-date losses. Consequently, this period's beginning cost basis may differ from the basis reported in the prior period. The gain and loss figures reported on this statement are provided for informational purposes only and should not be used for tax reporting purposes. Please consult with your tax or legal advisor for questions concerning your personal tax or financial situation.

Publicly traded assets are valued in accordance with market quotations or valuation methodologies from financial industry services believed by us to be reliable. Assets that are not publicly traded may be reflected at values from other external sources. Assets for which a current value is not available may be reflected at a previous value or as not valued, at par value, or at a nominal value. Values shown do not necessarily reflect prices at which assets could be bought or sold. Values are updated based on internal policy and may be updated less frequently than statement generation.



ACCOUNT NUMBER: 001050986308
SMALL CITIES ORGANIZED RISK EFFORT

This statement is for the period from
October 1, 2013 to October 31, 2013

CASH SUMMARY

	Income Cash	Principal Cash	Total
Beginning Cash Balance	\$15,169.73	- \$15,169.73	\$0.00
Receipts			
Interest	8,736.67	0.00	8,736.67
Sales/Maturities	0.00	459,833.63	459,833.63
Cash Equivalent Sales	0.00	598,901.33	598,901.33
Total Cash Receipts	\$8,736.67	\$1,058,734.96	\$1,067,471.63
Disbursements			
Trust & Investment Fees	0.00	- 1,170.17	- 1,170.17
Purchases	0.00	- 596,287.78	- 596,287.78
Cash Equivalent Purchases	0.00	- 470,013.68	- 470,013.68
Total Cash Disbursements	\$0.00	- \$1,067,471.63	- \$1,067,471.63
Ending Cash Balance	\$23,906.40	- \$23,906.40	\$0.00



ACCOUNT NUMBER: 001050986308
SMALL CITIES ORGANIZED RISK EFFORT

This statement is for the period from
October 1, 2013 to October 31, 2013

TRANSACTION DETAIL

Date Posted	Description	Income Cash	Principal Cash	Balance
10/01/13	Beginning Cash Balance	\$15,169.73	- \$15,169.73	\$0.00
10/01/13	Interest Earned On First Amer Govt Oblig Fund Cl Y Interest From 9/1/13 To 9/30/13	0.30		0.30
10/02/13	Purchased 125,000 Par Value Of John Deere Owner 0.70667% 7/15/16 Trade Date 9/27/13 Purchased Through Wells Fargo Securities, LLC 125,000 Par Value At 99.890625 %		- 124,863.28	- 124,862.98
10/02/13	Paid Accrued Interest On Purchase Of John Deere Owner 0.70667% 7/15/16 Income Debit 31.28- USD	- 31.28		- 124,894.26
10/07/13	Cash Disbursement Paid To Chandler Asset Management, Inc Investment Counsel Fee For The Pe 9/30/2013		- 1,066.00	- 125,960.26
10/11/13	Interest Earned On F N M A M T N 2.375% 4/11/16 0.011875 USD/\$1 Pv On 275,000 Par Value Due 10/11/13	3,265.63		- 122,694.63
10/15/13	Interest Earned On John Deere Owner 0.70667% 7/15/16 0.000442 USD/\$1 Pv On 125,000 Par Value Due 10/15/13	55.21		- 122,639.42
10/15/13	Interest Earned On Toyota Auto Rec 0.29133% 7/15/16 0.000383 USD/\$1 Pv On 100,000 Par Value Due 10/15/13 10/15/2013 Interest Payment	38.33		- 122,601.09
10/15/13	Interest Earned On Chase Iss Trust 0.62933% 8/15/17 0.000492 USD/\$1 Pv On 160,000 Par Value Due 10/15/13	78.67		- 122,522.42
10/15/13	Interest Earned On John Deere Owner 0.870% 8/15/17 \$0.00099/Pv On 45,000.00 Pv Due 10/15/13	44.59		- 122,477.83
10/15/13	Matured 210,000 Par Value Of Bank Of Tokyo Mitsubis C P 10/15/13 Trade Date 10/15/13 210,000 Par Value At 100 %		209,833.63	87,355.80
10/15/13	Interest Earned On Bank Of Tokyo Mitsubis C P 10/15/13 210,000 Par Value At 100 %	166.37		87,522.17
10/16/13	Purchased 215,000 Par Value Of Bank Of Tokyo Mitsubis C P 2/13/14 Trade Date 10/15/13 Purchased Through Bank Of New York (The)/Ipa 215,000 Par Value At 99.93 %		- 214,849.50	- 127,327.33
10/18/13	Interest Earned On Honda Auto Receivabl 0.520% 8/18/16 \$0.00043/Pv On 100,000.00 Pv Due 10/18/13	43.33		- 127,284.00



AM -304-02252-0
000 46

6838
Page 7 of 8

ACCOUNT NUMBER: 001050986308
SMALL CITIES ORGANIZED RISK EFFORT

This statement is for the period from
October 1, 2013 to October 31, 2013

TRANSACTION DETAIL (continued)

<u>Date Posted</u>	<u>Description</u>	<u>Income Cash</u>	<u>Principal Cash</u>	<u>Balance</u>
10/18/13	Matured 250,000 Par Value Of F H L B Deb 3.625% 10/18/13 Trade Date 10/18/13 250,000 Par Value At 100 %		250,000.00	122,716.00
10/18/13	Interest Earned On F H L B Deb 3.625% 10/18/13 0.018125 USD/\$1 Pv On 250,000 Par Value Due 10/18/13	4,531.25		127,247.25
10/18/13	Purchased 250,000 Par Value Of F H L B Deb 1.625% 12/09/16 Trade Date 10/17/13 Purchased Through Keybank Capital Markets Inc. 250,000 Par Value At 102.63 %		- 256,575.00	- 129,327.75
10/18/13	Paid Accrued Interest On Purchase Of F H L B Deb 1.625% 12/09/16 Income Debit 1,455.73- USD	- 1,455.73		- 130,783.48
10/23/13	Interest Earned On F H L M C M T N 2.500% 4/23/14 0.0125 USD/\$1 Pv On 150,000 Par Value Due 10/23/13	1,875.00		- 128,908.48
10/28/13	Trust Fees Collected Charged For Period 09/01/2013 Thru 09/30/2013		- 104.17	- 129,012.65
10/31/13	Interest Earned On U S Treasury Nt 0.250% 4/30/14 0.00125 USD/\$1 Pv On 100,000 Par Value Due 10/31/13	125.00		- 128,887.65
	Combined Purchases For The Period 10/ 1/13 - 10/31/13 Of First Amer Govt Oblig Fund Cl Y		- 470,013.68	- 598,901.33
	Combined Sales For The Period 10/ 1/13 - 10/31/13 Of First Amer Govt Oblig Fund Cl Y		598,901.33	0.00
10/31/13	Ending Cash Balance	\$23,906.40	- \$23,906.40	\$0.00



AM -304-02252-0
000 46

6838
Page 8 of 8

ACCOUNT NUMBER: 001050986308
SMALL CITIES ORGANIZED RISK EFFORT

This statement is for the period from
October 1, 2013 to October 31, 2013

SALE/MATURITY SUMMARY

<u>Trade Date</u>	<u>Asset</u>	<u>Description</u>	<u>Cost Basis</u>	<u>Proceeds</u>	<u>Estimated Gain/Loss</u>
10/15/13	Bank Of Tokyo Mitsubis C P 10/15/13	Matured 210,000	- 209,833.63	209,833.63	0.00
10/18/13	F H L B Deb 3.625% 10/18/13	Matured 250,000	- 258,142.75	250,000.00	- 8,142.75
Total Assets Disposed			- \$467,976.38	\$459,833.63	- \$8,142.75
		- Cost Basis			
		- Proceeds			
		- Estimated Gain/Loss			

For information only. Not intended for tax purposes.

World Class Service Delivered by World Class Professionals-Guaranteed!



ACCOUNT NUMBER: 001050986308
SMALL CITIES ORGANIZED RISK EFFORT

This statement is for the period from
November 1, 2013 to November 30, 2013

000001989 1 SP 106481368073085 P

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

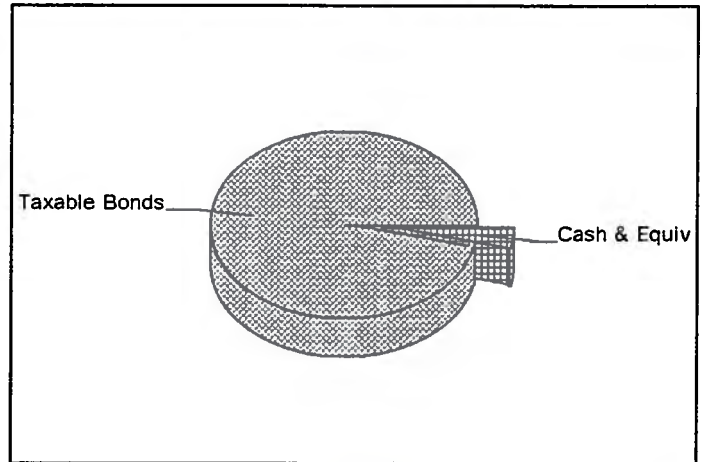
QUESTIONS?

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

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

ASSET SUMMARY AS OF 11/30/13

	<u>Market Value</u>	<u>% of Total</u>	<u>Est Annual Income</u>
Taxable Bonds	\$10,451,100.05	97.8	\$168,006.69
Cash & Equivalents	\$233,243.49	2.2	\$458.89
Total Market Value	\$10,684,343.54	100.0	\$168,465.58



ASSET DETAIL

<u>Shares/ Par</u>	<u>Security Description</u>	<u>CUSIP</u>	<u>Market Value/ Price</u>	<u>Cost Basis</u>	<u>Yield At Market</u>	<u>Est Annual Inc</u>
Taxable Bonds						
35,000.000	F H L M C M T N 2.500 01/07/2014	3137EABX6	\$35,082.60 100.236	\$34,625.96	2.49	\$875.00
100,000.000	Xto Energy Inc 4.900 02/01/2014	98385XAD8	100,724.00 100.724	60,144.70	4.86	4,900.00
150,000.000	F H L M C M T N 2.500 04/23/2014	3137EACB3	151,420.50 100.947	155,568.75	2.48	3,750.00
100,000.000	U S Treasury Note 0.250 04/30/2014	912828SR2	100,051.00 100.051	100,047.21	0.25	250.00
180,000.000	General Electric Cap Corp Medium Term Note 5.900 05/13/2014	36962G4C5	184,447.80 102.471	127,270.80	5.76	10,620.00
190,000.000	Wal Mart Stores Inc 3.200 05/15/2014	931142CQ4	192,574.50 101.355	155,436.00	3.16	6,080.00



ACCOUNT NUMBER: 001050986308
SMALL CITIES ORGANIZED RISK EFFORT

This statement is for the period from
November 1, 2013 to November 30, 2013

ASSET DETAIL (continued)

Shares/ Par	Security Description	CUSIP	Market Value/ Price	Cost Basis	Yield At Market	Est Annual Inc
Taxable Bonds						
240,000.000	Microsoft Corp 2.950 06/01/2014	594918AB0	243,112.80 101.297	204,324.00	2.91	7,080.00
260,000.000	Federal Farm Credit Bks 1.900 06/02/2014	31331JQA4	262,272.40 100.874	259,368.20	1.88	4,940.00
100,000.000	Federal Home Loan Bks 5.250 06/18/2014	3133X7FK5	102,774.00 102.774	111,171.90	5.11	5,250.00
85,000.000	Federal Farm Credit Bks 3.000 09/22/2014	31331GL80	86,937.15 102.279	86,005.55	2.93	2,550.00
160,000.000	Federal Farm Credit Bks 1.625 11/19/2014	31331KHW3	162,256.00 101.410	164,560.00	1.60	2,600.00
225,000.000	F H L M C M T N 2.875 02/09/2015	3137EACH0	232,094.25 103.153	158,630.85	2.79	6,468.75
100,000.000	Berkshire Hathaway Inc 3.200 02/11/2015	084670AV0	103,336.00 103.336	29,975.10	3.10	3,200.00
150,000.000	Federal Farm Credit Bks 0.500 05/01/2015	3133EANJ3	150,535.50 100.357	149,853.00	0.50	750.00
250,000.000	U S Treasury Note 0.250 05/15/2015	912828SU5	250,147.50 100.059	248,985.21	0.25	625.00
265,000.000	Federal Home Loan Bks 2.875 06/12/2015	3133XWNB1	275,531.10 103.974	279,807.14	2.76	7,618.75
100,000.000	F N M A M T N 2.375 07/28/2015	31398AU34	103,448.00 103.448	103,014.00	2.30	2,375.00
75,000.000	U S Treasury Note 1.750 07/31/2015	912828NP1	76,878.00 102.504	74,355.72	1.71	1,312.50
265,000.000	Procter Gamble CO The 1.800 11/15/2015	742718DS5	271,831.70 102.578	171,770.72	1.75	4,770.00
250,000.000	U S Treasury Note 1.375 11/30/2015	912828PJ3	255,390.00 102.156	249,024.28	1.35	3,437.50
120,000.000	F N M A Deb 0.375 12/21/2015	3135G0SB0	120,039.60 100.033	119,720.40	0.38	450.00
120,000.000	Federal Farm Credit Bks 2.350 12/22/2015	31331J6C2	124,870.80 104.059	120,434.40	2.26	2,820.00
275,000.000	F N M A M T N 2.375 04/11/2016	3135G0BA0	287,226.50 104.446	282,544.63	2.27	6,531.25
105,000.000	Google Inc 2.125 05/19/2016	38259PAC6	108,869.25 103.685	107,568.30	2.05	2,231.25
310,000.000	F H L M C M T N 2.500 05/27/2016	3137EACT4	325,162.10 104.891	268,105.76	2.38	7,750.00
200,000.000	Federal Home Loan Bks 2.125 06/10/2016	313373SZ6	208,042.00 104.021	209,390.00	2.04	4,250.00
125,000.000	John Deere Owner Trust A B S Ser 2012 B CI A3 0.530 07/15/2016	47787RAC4	125,070.00 100.056	124,863.28	0.71	883.33
100,000.000	Toyota Auto Receivables Owner Tr A B S Ser 2012 B CI A3 0.540 07/15/2016	89231NAC7	100,056.00 100.056	99,990.49	0.29	291.33
370,000.000	U S Treasury Note 1.500 07/31/2016	912828QX1	380,175.00 102.750	263,047.75	1.46	5,550.00



ASSET DETAIL (continued)

Shares/ Par	Security Description	CUSIP	Market Value/ Price	Cost Basis	Yield At Market	Est Annual Inc
Taxable Bonds						
100,000.000	Honda Auto Receivables Owner Trust A B S Ser 2012 4 CI A3 0.520 08/18/2016	43813CAC4	100,148.00 100.148	99,990.32	0.52	520.00
300,000.000	F H L M C M T N 2.000 08/25/2016	3137EACW7	311,673.00 103.891	312,151.20	1.92	6,000.00
250,000.000	U S Treasury Note 1.000 08/31/2016	912828RF9	253,495.00 101.398	251,690.29	0.99	2,500.00
210,000.000	F N M A Deb 1.250 09/28/2016	3135G0CM3	213,956.40 101.884	209,497.89	1.23	2,625.00
150,000.000	U S Treasury Note 1.000 09/30/2016	912828RJ1	152,050.50 101.367	149,619.64	0.99	1,500.00
65,000.000	F N M A Deb 1.375 11/15/2016	3135G0ES8	66,433.25 102.205	65,514.15	1.34	893.75
350,000.000	U S Treasury Note 0.875 11/30/2016	912828RU6	353,090.50 100.883	350,766.80	0.87	3,062.50
250,000.000	Federal Home Loan Bks 1.625 12/09/2016	313371PV2	257,557.50 103.023	256,575.00	1.58	4,062.50
175,000.000	F N M A M T N 1.250 01/30/2017	3135G0GY3	178,104.50 101.774	174,983.73	1.23	2,187.50
200,000.000	F N M A M T N 1.000 02/27/2017	3135G0UY7	201,334.00 100.667	201,900.00	0.99	2,000.00
200,000.000	F H L M C M T N 1.000 03/08/2017	3137EADC0	201,542.00 100.771	196,430.40	0.99	2,000.00
105,000.000	Berkshire Hathaway Fin 1.600 05/15/2017	084664BS9	106,281.00 101.220	29,976.90	1.58	1,680.00
200,000.000	Federal Home Loan Bks 1.000 06/09/2017	313379FW4	200,728.00 100.364	199,758.00	1.00	2,000.00
160,000.000	Chase Issuance Trust A B S Ser 2012 A5 CI A5 0.590 08/15/2017	161571FL3	160,201.60 100.126	160,231.25	0.63	1,006.93
45,000.000	John Deere Owner Trust A B S Ser 2013 B CI A3 0.870 08/15/2017	477879AC4	45,220.95 100.491	44,993.87	0.87	391.50
400,000.000	U S Treasury Note 0.625 08/31/2017	912828TM2	396,156.00 99.039	249,160.99	0.63	2,500.00
160,000.000	Federal Farm Credit Bks 0.830 09/21/2017	3133EAY28	158,540.80 99.088	160,000.00	0.84	1,328.00
300,000.000	U S Treasury Note 0.625 11/30/2017	912828UA6	295,665.00 98.555	298,864.29	0.63	1,875.00
140,000.000	Chevron Corp 1.104 12/05/2017	166764AA8	138,784.80 99.132	40,000.00	1.11	1,545.60
150,000.000	F N M A Deb 0.875 12/20/2017	3135G0RT2	148,569.00 99.046	149,523.00	0.88	1,312.50
300,000.000	F H L M C Deb 0.875 03/07/2018	3137EADP1	294,930.00 98.310	225,281.25	0.89	2,625.00
215,000.000	Federal Home Loan Bks 1.375 03/09/2018	313378A43	215,791.20 100.368	213,970.15	1.37	2,956.25
135,000.000	Apple Inc 1.000 05/03/2018	037833AJ9	131,463.00 97.380	109,594.10	1.03	1,350.00



ASSET DETAIL (continued)

Shares/ Par	Security Description	CUSIP	Market Value/ Price	Cost Basis	Yield At Market	Est Annual Inc
Taxable Bonds						
250,000.000	F N M A Deb 0.875 05/21/2018	3135G0WJ8	245,317.50 98.127	245,652.50	0.89	2,187.50
50,000.000	U S Treasury Note 1.375 07/31/2018	912828VQ0	50,293.00 100.586	50,021.65	1.37	687.50
250,000.000	U S Treasury Note 1.500 08/31/2018	912828RE2	252,577.50 101.031	247,725.45	1.48	3,750.00
200,000.000	F N M A 1.625 11/27/2018	3135G0YT4	200,840.00 100.420	200,626.00	1.62	3,250.00
	Total Taxable Bonds		\$10,451,100.05	\$9,414,102.92		\$168,006.69
Cash & Equivalents						
215,000.000	Bank Of Tokyo Mitsubis C P 02/13/2014	06538CBD2	214,916.15 99.961	214,849.50	0.21	457.77
18,327.340	First American Government Obligation Fund Cl Y	31846V203	18,327.34 1.000	18,327.34	0.01	1.12
	Income Cash		\$46,285.82	\$46,285.82		\$0.00
	Principal Cash		- \$46,285.82	- \$46,285.82		\$0.00
	Total Cash & Equivalents		\$233,243.49	\$233,176.84		\$458.89
	Total Investments		\$10,684,343.54	\$9,647,279.76		\$168,465.58

Time of trade execution and trading party (if not disclosed) will be provided upon request.

Publicly traded assets are valued in accordance with market quotations or valuation methodologies from financial industry services believed by us to be reliable. Assets that are not publicly traded may be reflected at values from other external sources. Assets for which a current value is not available may be reflected at a previous value or as not valued, at par value, or at a nominal value. Values shown do not necessarily reflect prices at which assets could be bought or sold. Values are updated based on internal policy and may be updated less frequently than statement generation.



ACCOUNT NUMBER: 001050986308
SMALL CITIES ORGANIZED RISK EFFORT

This statement is for the period from
November 1, 2013 to November 30, 2013

CASH SUMMARY

	Income Cash	Principal Cash	Total
Beginning Cash Balance	\$23,906.40	- \$23,906.40	\$0.00
Receipts			
Interest	22,379.42	0.00	22,379.42
Sales/Maturities	0.00	181,193.25	181,193.25
Cash Equivalent Sales	0.00	200,115.38	200,115.38
Total Cash Receipts	\$22,379.42	\$381,308.63	\$403,688.05
Disbursements			
Trust & Investment Fees	0.00	- 1,174.17	- 1,174.17
Miscellaneous Disbursements	0.00	- 1,065.00	- 1,065.00
Purchases	0.00	- 200,626.00	- 200,626.00
Cash Equivalent Purchases	0.00	- 200,822.88	- 200,822.88
Total Cash Disbursements	\$0.00	- \$403,688.05	- \$403,688.05
Ending Cash Balance	\$46,285.82	- \$46,285.82	\$0.00



ACCOUNT NUMBER: 001050986308
SMALL CITIES ORGANIZED RISK EFFORT

This statement is for the period from
November 1, 2013 to November 30, 2013

TRANSACTION DETAIL

<u>Date Posted</u>	<u>Description</u>	<u>Income Cash</u>	<u>Principal Cash</u>	<u>Balance</u>
11/01/13	Beginning Cash Balance	\$23,906.40	- \$23,906.40	\$0.00
11/01/13	Interest Earned On F F C B Deb 0.500% 5/01/15 0.0025 USD/\$1 Pv On 150,000 Par Value Due 11/1/13	375.00		375.00
11/01/13	Interest Earned On First Amer Govt Oblig Fund Cl Y Interest From 10/1/13 To 10/31/13	0.16		375.16
11/04/13	Cash Disbursement Paid To Chandler Asset Management, Inc Investment Counsel Fee For Pe 8/31/13		- 1,065.00	- 689.84
11/04/13	Interest Earned On Apple Inc 1.000% 5/03/18 0.005 USD/\$1 Pv On 135,000 Par Value Due 11/3/13	675.00		- 14.84
11/05/13	Cash Disbursement Paid To Chandler Asset Management, Inc. Investment Counsel Fee Mgmt Fee For Period Ending 10/31/13		- 1,070.00	- 1,084.84
11/13/13	Interest Earned On General Electric Mtn 5.900% 5/13/14 0.0295 USD/\$1 Pv On 180,000 Par Value Due 11/13/13	5,310.00		4,225.16
11/15/13	Interest Earned On John Deere Owner 0.70667% 7/15/16	55.21		4,280.37
11/15/13	Interest Earned On Chase Iss Trust 0.62933% 8/15/17 \$0.00049/Pv On 160,000.00 Pv Due 11/15/13	78.67		4,359.04
11/15/13	Interest Earned On John Deere Owner 0.870% 8/15/17 \$0.00073/Pv On 45,000.00 Pv Due 11/15/13	32.63		4,391.67
11/15/13	Interest Earned On Toyota Auto Rec 0.29133% 7/15/16 \$0.00038/Pv On 100,000.00 Pv Due 11/15/13	38.33		4,430.00
11/15/13	Interest Earned On Berkshire Hathaway 1.600% 5/15/17 0.008 USD/\$1 Pv On 105,000 Par Value Due 11/15/13	840.00		5,270.00
11/15/13	Interest Earned On F N M A Deb 1.375% 11/15/16 0.006875 USD/\$1 Pv On 65,000 Par Value Due 11/15/13	446.88		5,716.88
11/15/13	Interest Earned On Procter Gamble 1.800% 11/15/15 0.009 USD/\$1 Pv On 265,000 Par Value Due 11/15/13	2,385.00		8,101.88
11/15/13	Interest Earned On U S Treasury Nt 0.250% 5/15/15 0.00125 USD/\$1 Pv On 250,000 Par Value Due 11/15/13	312.50		8,414.38



ACCOUNT NUMBER: 001050986308
SMALL CITIES ORGANIZED RISK EFFORT

This statement is for the period from
November 1, 2013 to November 30, 2013

TRANSACTION DETAIL (continued)

<u>Date Posted</u>	<u>Description</u>	<u>Income Cash</u>	<u>Principal Cash</u>	<u>Balance</u>
11/15/13	Interest Earned On Wal Mart Stores 3.200% 5/15/14 0.016 USD/\$1 Pv On 190,000 Par Value Due 11/15/13	3,040.00		11,454.38
11/18/13	Interest Earned On Honda Auto Receivabl 0.520% 8/18/16 \$0.00043/Pv On 100,000.00 Pv Due 11/18/13	43.33		11,497.71
11/19/13	Interest Earned On F F C B Deb 1.625% 11/19/14 0.008125 USD/\$1 Pv On 160,000 Par Value Due 11/19/13	1,300.00		12,797.71
11/19/13	Interest Earned On Google Inc 2.125% 5/19/16 0.010625 USD/\$1 Pv On 105,000 Par Value Due 11/19/13	1,115.63		13,913.34
11/21/13	Interest Earned On F N M A Deb 0.875% 5/21/18 0.004375 USD/\$1 Pv On 250,000 Par Value Due 11/21/13	1,093.75		15,007.09
11/26/13	Trust Fees Collected Charged For Period 10/01/2013 Thru 10/31/2013		- 104.17	14,902.92
11/26/13	Sold 175,000 Par Value Of F N M A M T N 2.375% 7/28/15 Trade Date 11/25/13 Sold Through Mlpfs Inc/Fixed Income Sold On The OTC Bulletin Board 175,000 Par Value At 103.539 %		181,193.25	196,096.17
11/26/13	Received Accrued Interest On Sale Of F N M A M T N 2.375% 7/28/15 Income Credit 1,362.33 USD	1,362.33		197,458.50
11/27/13	Purchased 200,000 Par Value Of F N M A 1.625% 11/27/18 Trade Date 11/25/13 Purchased Through Wells Fargo Securities, LLC Purchased On The OTC Bulletin Board 200,000 Par Value At 100.313 %		- 200,626.00	- 3,167.50
11/27/13	Interest Earned On F H L M C M T N 2.500% 5/27/16 0.0125 USD/\$1 Pv On 310,000 Par Value Due 11/27/13	3,875.00		707.50
	Combined Purchases For The Period 11/ 1/13 - 11/30/13 Of First Amer Govt Oblig Fund Cl Y		- 200,822.88	- 200,115.38
	Combined Sales For The Period 11/ 1/13 - 11/30/13 Of First Amer Govt Oblig Fund Cl Y		200,115.38	0.00
11/30/13	Ending Cash Balance	\$46,285.82	- \$46,285.82	\$0.00



AM -333-02252-0
000 46

6831
Page 8 of 8

ACCOUNT NUMBER: 001050986308
SMALL CITIES ORGANIZED RISK EFFORT

This statement is for the period from
November 1, 2013 to November 30, 2013

SALE/MATURITY SUMMARY

<u>Trade Date</u>	<u>Asset</u>	<u>Description</u>	<u>Cost Basis</u>	<u>Proceeds</u>	<u>Estimated Gain/Loss</u>
11/25/13	F N M A M T N 2.375% 7/28/15	Sold 175,000	- 180,274.50	181,193.25	918.75
Total Assets Disposed			- \$180,274.50	\$181,193.25	\$918.75
		- Cost Basis			
		- Proceeds			
		- Estimated Gain/Loss			

For information only. Not intended for tax purposes.

World Class Service Delivered by World Class Professionals-Guaranteed!



ACCOUNT NUMBER: 001050986308
SMALL CITIES ORGANIZED RISK EFFORT

This statement is for the period from
December 1, 2013 to December 31, 2013

000002582 2 SP 106481408245911 P

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

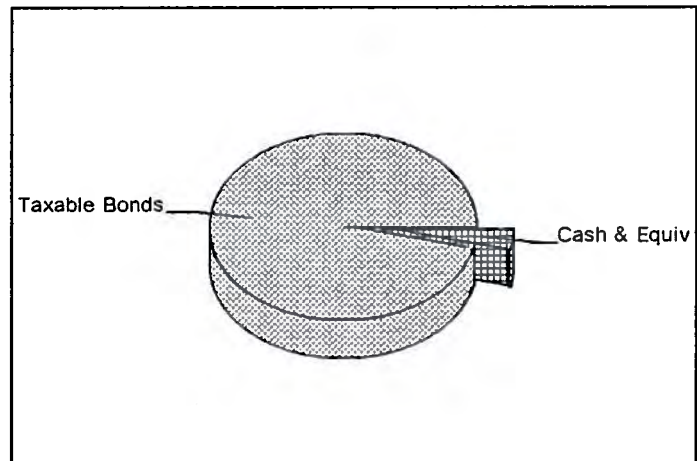
QUESTIONS?

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

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

ASSET SUMMARY AS OF 12/31/13

	<u>Market Value</u>	<u>% of Total</u>	<u>Est Annual Income</u>
Taxable Bonds	\$10,419,741.65	97.8	\$170,819.19
Cash & Equivalents	\$232,267.48	2.2	\$458.79
Total Market Value	\$10,652,009.13	100.0	\$171,277.98



ASSET DETAIL

<u>Shares/ Par</u>	<u>Security Description</u>	<u>CUSIP</u>	<u>Market Value/ Price</u>	<u>Cost Basis</u>	<u>Yield At Market</u>	<u>Est Annual Inc</u>
Taxable Bonds						
35,000.000	F H L M C M T N 2.500 01/07/2014	3137EABX6	\$35,011.55 100.033	\$34,625.96	2.50	\$875.00
100,000.000	Xto Energy Inc 4.900 02/01/2014	98385XAD8	100,350.00 100.350	60,144.70	4.88	4,900.00
150,000.000	F H L M C M T N 2.500 04/23/2014	3137EACB3	151,110.00 100.740	155,568.75	2.48	3,750.00
180,000.000	General Electric Cap Corp Medium Term Note 5.900 05/13/2014	36962G4C5	183,641.40 102.023	127,270.80	5.78	10,620.00
190,000.000	Wal Mart Stores Inc 3.200 05/15/2014	931142CQ4	192,057.70 101.083	155,436.00	3.17	6,080.00
240,000.000	Microsoft Corp 2.950 06/01/2014	594918AB0	242,517.60 101.049	204,324.00	2.92	7,080.00



ASSET DETAIL (continued)

Shares/ Par	Security Description	CUSIP	Market Value/ Price	Cost Basis	Yield At Market	Est Annual Inc
Taxable Bonds						
260,000.000	Federal Farm Credit Bks 1.900 06/02/2014	31331JQA4	261,916.20 100.737	259,368.20	1.89	4,940.00
100,000.000	Federal Home Loan Bks 5.250 06/18/2014	3133X7FK5	102,354.00 102.354	111,171.90	5.13	5,250.00
85,000.000	Federal Farm Credit Bks 3.000 09/22/2014	31331GL80	86,743.35 102.051	86,005.55	2.94	2,550.00
160,000.000	Federal Farm Credit Bks 1.625 11/19/2014	31331KHW3	162,060.80 101.288	164,560.00	1.60	2,600.00
225,000.000	F H L M C M T N 2.875 02/09/2015	3137EACH0	231,579.00 102.924	158,630.85	2.79	6,468.75
100,000.000	Berkshire Hathaway Inc 3.200 02/11/2015	084670AV0	103,070.00 103.070	29,975.10	3.10	3,200.00
150,000.000	Federal Farm Credit Bks 0.500 05/01/2015	3133EANJ3	150,406.50 100.271	149,853.00	0.50	750.00
175,000.000	U S Treasury Note 0.250 05/15/2015	912828SU5	175,110.25 100.063	174,289.65	0.25	437.50
265,000.000	Federal Home Loan Bks 2.875 06/12/2015	3133XWNB1	274,736.10 103.674	279,807.14	2.77	7,618.75
100,000.000	F N M A M T N 2.375 07/28/2015	31398AU34	103,161.00 103.161	103,014.00	2.30	2,375.00
75,000.000	U S Treasury Note 1.750 07/31/2015	912828NP1	76,749.00 102.332	74,355.72	1.71	1,312.50
265,000.000	Procter Gamble CO The 1.800 11/15/2015	742718DS5	271,124.15 102.311	171,770.72	1.76	4,770.00
250,000.000	U S Treasury Note 1.375 11/30/2015	912828PJ3	254,835.00 101.934	249,024.28	1.35	3,437.50
120,000.000	F N M A Deb 0.375 12/21/2015	3135G0SB0	119,816.40 99.847	119,720.40	0.38	450.00
120,000.000	Federal Farm Credit Bks 2.350 12/22/2015	31331J6C2	124,575.60 103.813	120,434.40	2.26	2,820.00
275,000.000	F N M A M T N 2.375 04/11/2016	3135G0BA0	286,456.50 104.166	282,544.63	2.28	6,531.25
105,000.000	Google Inc 2.125 05/19/2016	38259PAC6	108,484.95 103.319	107,568.30	2.06	2,231.25
310,000.000	F H L M C M T N 2.500 05/27/2016	3137EACT4	324,442.90 104.659	268,105.76	2.39	7,750.00
200,000.000	Federal Home Loan Bks 2.125 06/10/2016	313373SZ6	207,278.00 103.639	209,390.00	2.05	4,250.00
125,000.000	John Deere Owner Trust A B S Ser 2012 B CI A3 0.530 07/15/2016	47787RAC4	125,026.25 100.021	124,863.28	0.71	883.33
100,000.000	Toyota Auto Receivables Owner Tr A B S Ser 2012 B CI A3 0.540 07/15/2016	89231NAC7	100,019.00 100.019	99,990.49	0.29	291.33
370,000.000	U S Treasury Note 1.500 07/31/2016	912828QX1	378,439.70 102.281	263,047.75	1.47	5,550.00
100,000.000	Honda Auto Receivables Owner Trust A B S Ser 2012 4 CI A3 0.520 08/18/2016	43813CAC4	100,099.00 100.099	99,990.32	0.52	520.00



ASSET DETAIL (continued)

Shares/ Par	Security Description	CUSIP	Market Value/ Price	Cost Basis	Yield At Market	Est Annual Inc
Taxable Bonds						
300,000.000	F H L M C M T N 2.000 08/25/2016	3137EACW7	310,233.00 103.411	312,151.20	1.93	6,000.00
250,000.000	U S Treasury Note 1.000 08/31/2016	912828RF9	252,345.00 100.938	251,690.29	0.99	2,500.00
210,000.000	F N M A Deb 1.250 09/28/2016	3135G0CM3	212,998.80 101.428	209,497.89	1.23	2,625.00
150,000.000	U S Treasury Note 1.000 09/30/2016	912828RJ1	151,288.50 100.859	149,619.64	0.99	1,500.00
65,000.000	F N M A Deb 1.375 11/15/2016	3135G0ES8	66,090.70 101.678	65,514.15	1.35	893.75
350,000.000	U S Treasury Note 0.875 11/30/2016	912828RU6	351,120.00 100.320	350,766.80	0.87	3,062.50
250,000.000	Federal Home Loan Bks 1.625 12/09/2016	313371PV2	256,285.00 102.514	256,575.00	1.58	4,062.50
175,000.000	F N M A M T N 1.250 01/30/2017	3135G0GY3	177,105.25 101.203	174,983.73	1.23	2,187.50
200,000.000	F N M A M T N 1.000 02/27/2017	3135G0UY7	200,260.00 100.130	201,900.00	1.00	2,000.00
200,000.000	F H L M C M T N 1.000 03/08/2017	3137EADC0	200,326.00 100.163	196,430.40	1.00	2,000.00
105,000.000	Berkshire Hathaway Fin 1.600 05/15/2017	084664BS9	106,012.20 100.964	29,976.90	1.58	1,680.00
200,000.000	Federal Home Loan Bks 1.000 06/09/2017	313379FW4	199,254.00 99.627	199,758.00	1.00	2,000.00
160,000.000	Chase Issuance Trust A B S Ser 2012 A5 CI A5 0.590 08/15/2017	161571FL3	160,017.60 100.011	160,231.25	0.63	1,006.93
45,000.000	John Deere Owner Trust A B S Ser 2013 B CI A3 0.870 08/15/2017	477879AC4	45,138.15 100.307	44,993.87	0.87	391.50
400,000.000	U S Treasury Note 0.625 08/31/2017	912828TM2	392,500.00 98.125	249,160.99	0.64	2,500.00
160,000.000	Federal Farm Credit Bks 0.830 09/21/2017	3133EAY28	157,430.40 98.394	160,000.00	0.84	1,328.00
300,000.000	U S Treasury Note 0.625 11/30/2017	912828UA6	292,500.00 97.500	298,864.29	0.64	1,875.00
140,000.000	Chevron Corp 1.104 12/05/2017	166764AA8	136,918.60 97.799	40,000.00	1.13	1,545.60
150,000.000	F N M A Deb 0.875 12/20/2017	3135G0RT2	146,863.50 97.909	149,523.00	0.89	1,312.50
300,000.000	F H L M C Deb 0.875 03/07/2018	3137EADP1	291,417.00 97.139	225,281.25	0.90	2,625.00
215,000.000	Federal Home Loan Bks 1.375 03/09/2018	313378A43	213,155.30 99.142	213,970.15	1.39	2,956.25
135,000.000	Apple Inc 1.000 05/03/2018	037833AJ9	130,538.25 96.695	109,594.10	1.03	1,350.00
250,000.000	F N M A Deb 0.875 05/21/2018	3135G0WJ8	241,827.50 96.731	245,652.50	0.90	2,187.50
50,000.000	U S Treasury Note 1.375 07/31/2018	912828VQ0	49,551.00 99.102	50,021.65	1.39	687.50

**ASSET DETAIL (continued)**

Shares/ Par	Security Description	CUSIP	Market Value/ Price	Cost Basis	Yield At Market	Est Annual Inc
Taxable Bonds						
250,000.000	U S Treasury Note 1.500 08/31/2018	912828RE2	248,730.00 99.492	247,725.45	1.51	3,750.00
400,000.000	F N M A Deb 1.625 11/27/2018	3135G0YT4	396,664.00 99.166	400,556.00	1.64	6,500.00
Total Taxable Bonds			\$10,419,741.65	\$9,439,290.15		\$170,819.19
Cash & Equivalents						
215,000.000	Bank Of Tokyo Mitsubis C P 02/13/2014	06538CBD2	214,954.85 99.979	214,849.50	0.21	457.77
17,312.630	First American Government Obligation Fund Cl Y	31846V203	17,312.63 1.000	17,312.63	0.01	1.02
	Income Cash		\$71,293.88	\$71,293.88		\$0.00
	Principal Cash		- \$71,293.88	- \$71,293.88		\$0.00
Total Cash & Equivalents			\$232,267.48	\$232,162.13		\$458.79
Total Investments			\$10,652,009.13	\$9,671,452.28		\$171,277.98

Time of trade execution and trading party (if not disclosed) will be provided upon request.

Publicly traded assets are valued in accordance with market quotations or valuation methodologies from financial industry services believed by us to be reliable. Assets that are not publicly traded may be reflected at values from other external sources. Assets for which a current value is not available may be reflected at a previous value or as not valued, at par value, or at a nominal value. Values shown do not necessarily reflect prices at which assets could be bought or sold. Values are updated based on internal policy and may be updated less frequently than statement generation.



ACCOUNT NUMBER: 001050986308
SMALL CITIES ORGANIZED RISK EFFORT

This statement is for the period from
December 1, 2013 to December 31, 2013

CASH SUMMARY

	<u>Income Cash</u>	<u>Principal Cash</u>	<u>Total</u>
Beginning Cash Balance	\$46,285.82	- \$46,285.82	\$0.00
Receipts			
Interest	25,008.06	0.00	25,008.06
Sales/Maturities	0.00	175,083.40	175,083.40
Cash Equivalent Sales	0.00	26,115.20	26,115.20
Total Cash Receipts	<u>\$25,008.06</u>	<u>\$201,198.60</u>	<u>\$226,206.66</u>
Disbursements			
Trust & Investment Fees	0.00	- 1,176.17	- 1,176.17
Purchases	0.00	- 199,930.00	- 199,930.00
Cash Equivalent Purchases	0.00	- 25,100.49	- 25,100.49
Total Cash Disbursements	<u>\$0.00</u>	<u>- \$226,206.66</u>	<u>- \$226,206.66</u>
Ending Cash Balance	<u>\$71,293.88</u>	<u>- \$71,293.88</u>	<u>\$0.00</u>



ACCOUNT NUMBER: 001050986308
SMALL CITIES ORGANIZED RISK EFFORT

This statement is for the period from
December 1, 2013 to December 31, 2013

TRANSACTION DETAIL

Date Posted	Description	Income Cash	Principal Cash	Balance
12/01/13	Beginning Cash Balance	\$46,285.82	- \$46,285.82	\$0.00
12/02/13	Interest Earned On U S Treasury Nt 0.625% 11/30/17 0.003125 USD/\$1 Pv On 300,000 Par Value Due 11/30/13	937.50		937.50
12/02/13	Interest Earned On U S Treasury Nt 0.875% 11/30/16 0.004375 USD/\$1 Pv On 350,000 Par Value Due 11/30/13	1,531.25		2,468.75
12/02/13	Interest Earned On U S Treasury Nt 1.375% 11/30/15 0.006875 USD/\$1 Pv On 250,000 Par Value Due 11/30/13	1,718.75		4,187.50
12/02/13	Interest Earned On Microsoft Corp 2.950% 6/01/14 0.01475 USD/\$1 Pv On 240,000 Par Value Due 12/1/13	3,540.00		7,727.50
12/02/13	Interest Earned On F C B Deb 1.900% 6/02/14 0.0095 USD/\$1 Pv On 260,000 Par Value Due 12/2/13	2,470.00		10,197.50
12/02/13	Interest Earned On First Amer Govt Oblig Fund Cl Y Interest From 11/1/13 To 11/30/13	0.14		10,197.64
12/04/13	Cash Disbursement Paid To Chandler Asset Management, Inc. Investment Counsel Fee Management Fee For Pe 11/30/13		- 1,072.00	9,125.64
12/05/13	Interest Earned On Chevron Corp 1.104% 12/05/17 0.00552 USD/\$1 Pv On 140,000 Par Value Due 12/5/13	772.80		9,898.44
12/09/13	Interest Earned On F H L B Deb 1.000% 6/09/17 0.005 USD/\$1 Pv On 200,000 Par Value Due 12/9/13	1,000.00		10,898.44
12/09/13	Interest Earned On F H L B Deb 1.625% 12/09/16 0.008125 USD/\$1 Pv On 250,000 Par Value Due 12/9/13	2,031.25		12,929.69
12/10/13	Interest Earned On F H L B Deb 2.125% 6/10/16 0.010625 USD/\$1 Pv On 200,000 Par Value Due 12/10/13	2,125.00		15,054.69
12/12/13	Interest Earned On F H L B Deb 2.875% 6/12/15 0.014375 USD/\$1 Pv On 265,000 Par Value Due 12/12/13	3,809.38		18,864.07
12/12/13	Purchased 200,000 Par Value Of F N M A Deb 1.625% 11/27/18 Trade Date 12/11/13 Purchased Through Wells Fargo Securities, LLC Purchased On The OTC Bulletin Board 200,000 Par Value At 99.965 %		- 199,930.00	- 181,065.93
12/12/13	Paid Accrued Interest On Purchase Of F N M A Deb 1.625% 11/27/18 Income Debit 135.42- USD	- 135.42		- 181,201.35



ACCOUNT NUMBER: 001050986308
SMALL CITIES ORGANIZED RISK EFFORT

This statement is for the period from
December 1, 2013 to December 31, 2013

TRANSACTION DETAIL (continued)

<u>Date Posted</u>	<u>Description</u>	<u>Income Cash</u>	<u>Principal Cash</u>	<u>Balance</u>
12/12/13	Sold 100,000 Par Value Of U S Treasury Nt 0.250% 4/30/14 Trade Date 12/11/13 Sold Through Barclays Capital Inc. Fixed In 100,000 Par Value At 100.05435 %		100,054.35	- 81,147.00
12/12/13	Received Accrued Interest On Sale Of U S Treasury Nt 0.250% 4/30/14 Income Credit 29.01 USD	29.01		- 81,117.99
12/12/13	Sold 75,000 Par Value Of U S Treasury Nt 0.250% 5/15/15 Trade Date 12/11/13 Sold Through Deutsche Bank Securities, Inc. 75,000 Par Value At 100.038728 %		75,029.05	- 6,088.94
12/12/13	Received Accrued Interest On Sale Of U S Treasury Nt 0.250% 5/15/15 Income Credit 13.98 USD	13.98		- 6,074.96
12/16/13	Interest Earned On Chase Iss Trust 0.62933% 8/15/17 0.000492 USD/\$1 Pv On 160,000 Par Value Due 12/15/13	78.67		- 5,996.29
12/16/13	Interest Earned On John Deere Owner 0.870% 8/15/17 \$0.00073/Pv On 45,000.00 Pv Due 12/15/13	32.63		- 5,963.66
12/16/13	Interest Earned On John Deere Owner 0.70667% 7/15/16 \$0.00044/Pv On 125,000.00 Pv Due 12/15/13	55.21		- 5,908.45
12/16/13	Interest Earned On Toyota Auto Rec 0.29133% 7/15/16 \$0.00038/Pv On 100,000.00 Pv Due 12/15/13	38.33		- 5,870.12
12/18/13	Interest Earned On Honda Auto Receivabl 0.520% 8/18/16 \$0.00043/Pv On 100,000.00 Pv Due 12/18/13	43.33		- 5,826.79
12/18/13	Interest Earned On F H L B Deb 5.250% 6/18/14 0.02625 USD/\$1 Pv On 100,000 Par Value Due 12/18/13	2,625.00		- 3,201.79
12/20/13	Interest Earned On F N M A Deb 0.875% 12/20/17 0.004375 USD/\$1 Pv On 150,000 Par Value Due 12/20/13	656.25		- 2,545.54
12/23/13	Interest Earned On F N M A Deb 0.375% 12/21/15 0.001875 USD/\$1 Pv On 120,000 Par Value Due 12/21/13	225.00		- 2,320.54
12/23/13	Interest Earned On F C B Deb 2.350% 12/22/15 0.01175 USD/\$1 Pv On 120,000 Par Value Due 12/22/13	1,410.00		- 910.54
12/27/13	Trust Fees Collected Charged For Period 11/01/2013 Thru 11/30/2013		- 104.17	- 1,014.71



AM -365-02252-0
000 46

9606
Page 8 of 9

ACCOUNT NUMBER: 001050986308
SMALL CITIES ORGANIZED RISK EFFORT

This statement is for the period from
December 1, 2013 to December 31, 2013

TRANSACTION DETAIL (continued)

<u>Date Posted</u>	<u>Description</u>	<u>Income Cash</u>	<u>Principal Cash</u>	<u>Balance</u>
	Combined Purchases For The Period 12/ 1/13 - 12/31/13 Of First Amer Govt Oblig Fund Cl Y		- 25,100.49	- 26,115.20
	Combined Sales For The Period 12/ 1/13 - 12/31/13 Of First Amer Govt Oblig Fund Cl Y		26,115.20	0.00
12/31/13	Ending Cash Balance	\$71,293.88	- \$71,293.88	\$0.00



ACCOUNT NUMBER: 001050986308
SMALL CITIES ORGANIZED RISK EFFORT

This statement is for the period from
December 1, 2013 to December 31, 2013

SALE/MATURITY SUMMARY

<u>Trade Date</u>	<u>Asset</u>	<u>Description</u>	<u>Cost Basis</u>	<u>Proceeds</u>	<u>Estimated Gain/Loss</u>
12/11/13	U S Treasury Nt 0.250% 4/30/14	Sold 100,000	- 100,047.21	100,054.35	7.14
12/11/13	U S Treasury Nt 0.250% 5/15/15	Sold 75,000	- 74,695.56	75,029.05	333.49
Total Assets Disposed			- \$174,742.77	\$175,083.40	\$340.63
		- Cost Basis			
		- Proceeds			
		- Estimated Gain/Loss			

For information only. Not intended for tax purposes.

World Class Service Delivered by World Class Professionals-Guaranteed!

**Small Cities Organized Risk Effort
Check Register
October 1, 2013 - December 31, 2013**

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
0100 - CASH IN BANK								691,616.74
0100-010 Scott Valley Bank								691,616.74
Transfer	10/01/2013			Funds Transfer	0106-010 Trust - Liab _SVB		10,893.32	680,723.42
Transfer	10/01/2013			Funds Transfer	0106-020 Trust - WC - SVB		40,416.01	640,307.41
Transfer	10/01/2013			Funds Transfer	0106-020 Trust - WC - SVB		22,647.47	617,659.94
General Journal	10/01/2013	GAIRR	Rio Dell	Reverse of GJE GAIR -- For CHK 2440 voided on ...	0676 - Safety Training	1,950.00		619,609.94
General Journal	10/01/2013	GAIR	Toyon-Wintu Center	VOID: Reverse of GJE GAI -- For CHK 2425 voided...	0605 - B of D Activities	0.00		619,609.94
Transfer	10/08/2013			Funds Transfer	0106-010 Trust - Liab _SVB		11,148.51	608,461.43
Deposit	10/16/2013			Deposit	-SPLIT-	9,662.00		618,123.43
Transfer	10/16/2013			Funds Transfer	0106-010 Trust - Liab _SVB		18,036.79	600,086.64
Transfer	10/16/2013			Funds Transfer	0106-020 Trust - WC - SVB		14,724.36	585,362.28
Check	10/21/2013	2444	York Insurance Services ...	Claims Admin W/C July '13 - Inv # 500009338	0710 - Claims Management		8,131.85	577,230.43
Check	10/21/2013	2445	York Insurance Services ...	Claims Admin W/C Annual - Inv # 500009339	0710 - Claims Management		11,000.00	566,230.43
Check	10/21/2013	2446	York Insurance Services ...	Claims Admin W/C Sept '13 - Inv # 500009524	0710 - Claims Management		8,131.85	558,098.58
Check	10/21/2013	2447	Live Oak	Retro Dividend	Dividends Payable		48,517.00	509,581.58
Check	10/21/2013	2448	Jackie Parker	Retirement Gift	0605 - B of D Activities		31.05	509,550.53
Check	10/21/2013	2449	York Insurance Services ...	Claims Admin W/C Oct '13 - Inv # 500009666	0710 - Claims Management		8,131.85	501,418.68
Check	10/21/2013	2450	York Insurance Services ...	Claims Admin Liab Oct '13 - Inv # 500009667	0830 -Claims Service - Vouchers		8,125.00	493,293.68
Check	10/21/2013	2451	York Insurance Services ...	Claims Admin Liab Annual - Inv # 500009363	0830 -Claims Service - Vouchers		19,000.00	474,293.68
Check	10/21/2013	2452	York Insurance Services ...	Claims Admin Liab Sept '13 - Inv # 500009525	0830 -Claims Service - Vouchers		8,125.00	466,168.68
Check	10/21/2013	2453	York Insurance Services ...	Claims Admin Liab ' July '13 - Inv # 500009362	0830 -Claims Service - Vouchers		8,125.00	458,043.68
Check	10/21/2013	2455	Gilbert Associates, Inc.	29330 ENG - Sept 2013	0505 - Accounting		4,000.00	454,043.68
Deposit	10/28/2013			Deposit	-SPLIT-	91,804.71		545,848.39
Deposit	10/29/2013			Deposit	-SPLIT-	36,445.38		582,293.77
Deposit	10/29/2013			Deposit	12000 · Undeposited Funds	3,138.00		585,431.77
Deposit	10/30/2013			Deposit	-SPLIT-	38,342.00		623,773.77
Check	10/31/2013	2457	Michael Simmons	Board Meeting 10/24/13 - 10/25/13	0605 - B of D Activities		4,167.72	619,606.05
Deposit	10/31/2013			Interest	SVB	53.06		619,659.11
Check	10/31/2013	2454	Toyon-Wintu Center	Catering Services for board mtg 6/28/13	0605 - B of D Activities		801.45	618,857.66
Deposit	11/01/2013			Deposit	12000 · Undeposited Funds	2,526.50		621,384.16
Transfer	11/04/2013			Funds Transfer	0106-020 Trust - WC - SVB		34,396.94	586,987.22
Transfer	11/04/2013			Funds Transfer	0106-010 Trust - Liab _SVB		5,125.27	581,861.95
Deposit	11/05/2013			Deposit	-SPLIT-	59,523.00		641,384.95
Check	11/13/2013	2458	Rio Dell	Lexipol Reimbursement	0676 - Safety Training		1,950.00	639,434.95
Transfer	11/14/2013			Funds Transfer	0106-010 Trust - Liab _SVB		24,759.88	614,675.07
Deposit	11/14/2013			Deposit	-SPLIT-	14,829.07		629,504.14
Check	11/18/2013	2459	ACI Specialty Benefits	Inv # 14603 9/1/13 - 8/31/14	0172 - Prepaid Insurance		8,991.00	620,513.14
Check	11/18/2013	2460	TargetSolutions.Com, Inc.	Inv # 14295 - Annual Fee 11/1/13 - 10/31/14	0174 · Prepaid Expenses		25,157.00	595,356.14
Check	11/18/2013	2461	York Insurance Services ...	Claims Admin Liab Nov '13 - Inv # 500009844	0830 -Claims Service - Vouchers		8,125.00	587,231.14
Check	11/18/2013	2462	York Insurance Services ...	Claims Admin WC Nov '13 - Inv # 500009843	0830 -Claims Service - Vouchers		8,131.85	579,099.29
Check	11/18/2013	2463	Crowe Horwath LLP	Inv # 745-1863856	0506 - Audit		2,300.00	576,799.29
Check	11/18/2013	2464	Etna	Lexipol Reimbursement	0676 - Safety Training		1,950.00	574,849.29
Check	11/18/2013	2465	York Insurance Services ...	Claims Admin WC Oct '13 - Inv # 500009666	0710 - Claims Management		8,131.85	566,717.44
Check	11/18/2013	2466	York Insurance Services ...	Claims Admin Liab Oct '13 - Inv # 500009667	0830 -Claims Service - Vouchers		8,125.00	558,592.44
Transfer	11/30/2013			Funds Transfer	0106-020 Trust - WC - SVB		42,724.54	515,867.90
Deposit	11/30/2013			Interest	SVB	51.25		515,919.15
Transfer	12/04/2013			Funds Transfer	0106-010 Trust - Liab _SVB		9,601.68	506,317.47
Transfer	12/04/2013			Funds Transfer	0106-020 Trust - WC - SVB		10,398.32	495,919.15
Transfer	12/04/2013			Funds Transfer	0106-020 Trust - WC - SVB		27,254.27	468,664.88

**Small Cities Organized Risk Effort
Check Register
October 1, 2013 - December 31, 2013**

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
Transfer	12/04/2013			Funds Transfer	0106-010 Trust - Liab _SVB		22,197.04	446,467.84
Deposit	12/12/2013			Deposit	-SPLIT-	2,609.29		449,077.13
Deposit	12/12/2013			Deposit	-SPLIT-	44,596.99		493,674.12
Transfer	12/17/2013			Funds Transfer	0106-010 Trust - Liab _SVB		7,128.00	486,546.12
Transfer	12/17/2013			Funds Transfer	0106-020 Trust - WC - SVB		28,260.22	458,285.90
Deposit	12/30/2013			Deposit	-SPLIT-	167,858.00		626,143.90
Deposit	12/31/2013			Interest	SVB	35.32		626,179.22
Total 0100-010 Scott Valley Bank						473,424.57	538,862.09	626,179.22
Total 0100 - CASH IN BANK						473,424.57	538,862.09	626,179.22
TOTAL						473,424.57	538,862.09	626,179.22

Monthly Account Statement

Small Cities Organized Risk Effort

November 1, 2013 through November 30, 2013

Chandler Team

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

Custodian

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

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



PORTFOLIO CHARACTERISTICS

Average Duration	2.41
Average Coupon	1.60 %
Average Purchase YTM	1.30 %
Average Market YTM	0.62 %
Average S&P/Moody Rating	AA+/Aaa
Average Final Maturity	2.56 yrs
Average Life	2.43 yrs

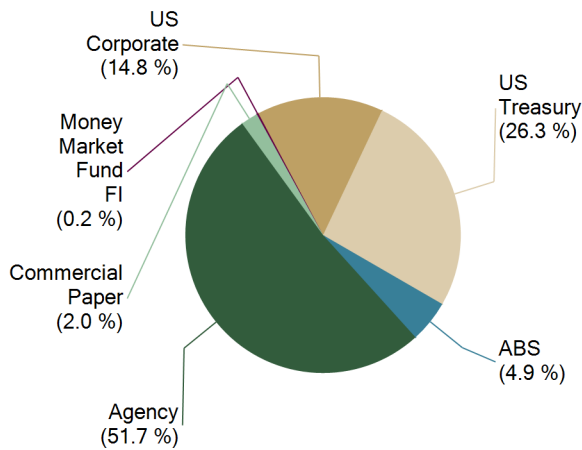
ACCOUNT SUMMARY

	Beg. Values as of 10/31/13	End Values as of 11/30/13
Market Value	10,662,495	10,688,471
Accrued Interest	51,967	39,452
Total Market Value	10,714,462	10,727,922
Income Earned	11,729	11,483
Cont/WD		-2,239
Par	10,522,620	10,552,515
Book Value	10,559,597	10,585,758
Cost Value	10,645,322	10,670,569

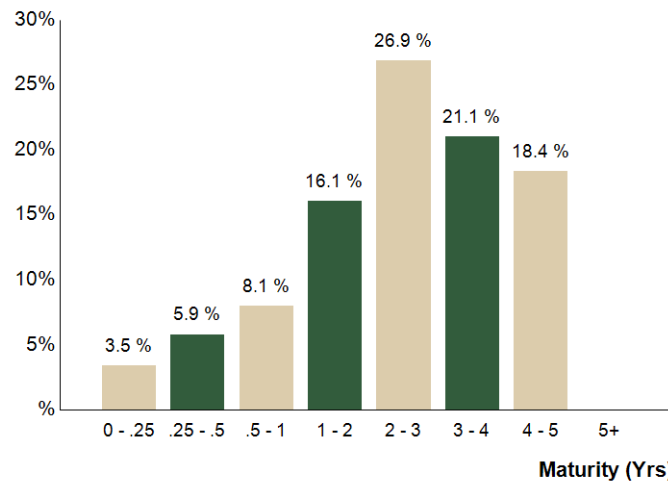
TOP ISSUERS

Issuer	% Portfolio
Government of United States	26.3 %
Federal National Mortgage Assoc	16.5 %
Federal Home Loan Mortgage Corp	14.5 %
Federal Home Loan Bank	11.9 %
Federal Farm Credit Bank	8.9 %
Procter & Gamble Company	2.5 %
Microsoft	2.3 %
Bank of Tokyo-Mit UFJ	2.0 %
Total	84.9 %

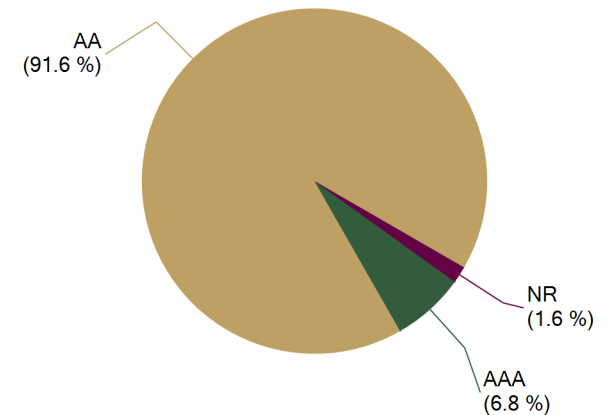
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 11/30/2013	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized			Since 3/31/2006	Since 3/31/2006
					3 Yrs	5 Yrs	10 Yrs		
Small Cities Organized Risk Effort	0.15 %	0.95 %	0.37 %	0.34 %	1.45 %	2.68 %	N/A	4.03 %	35.33 %
1-5 yr Govt	0.12 %	0.89 %	0.30 %	0.26 %	1.29 %	2.02 %	N/A	3.74 %	32.48 %
1-5 Year Govt/A Rated or better Corporate	0.15 %	1.03 %	0.55 %	0.53 %	1.65 %	2.85 %	N/A	3.87 %	33.83 %



Small Cities Organized Risk Effort
Joint Powers Authority
November 30, 2013

COMPLIANCE WITH INVESTMENT POLICY

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

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



Reconciliation Summary

As of 11/30/2013

BOOK VALUE RECONCILIATION	
Beginning Book Value	\$10,559,597.17
Acquisition	
+ Security Purchases	\$200,626.00
+ Money Market Fund Purchases	\$207,760.17
+ Money Market Contributions	\$0.00
+ Security Contributions	\$0.00
+ Security Transfers	\$0.00
Total Acquisitions	\$408,386.17
Dispositions	
- Security Sales	\$181,193.25
- Money Market Fund Sales	\$200,626.00
- MMF Withdrawals	\$2,239.17
- Security Withdrawals	\$0.00
- Security Transfers	\$0.00
- Other Dispositions	\$0.00
- Maturities	\$0.00
- Calls	\$0.00
- Principal Paydowns	\$0.00
Total Dispositions	\$384,058.42
Amortization/Accretion	
+/- Net Accretion	(\$2,568.75)
	(\$2,568.75)
Gain/Loss on Dispositions	
+/- Realized Gain/Loss	\$4,401.74
	\$4,401.74
Ending Book Value	\$10,585,757.91

CASH TRANSACTION SUMMARY	
BEGINNING BALANCE	\$17,619.84
Acquisition	
Contributions	\$0.00
Security Sale Proceeds	\$181,193.25
Accrued Interest Received	\$1,362.33
Interest Received	\$25,204.43
Dividend Received	\$0.16
Principal on Maturities	\$0.00
Interest on Maturities	\$0.00
Calls/Redemption (Principal)	\$0.00
Interest from Calls/Redemption	\$0.00
Principal Paydown	\$0.00
Total Acquisitions	\$207,760.17
Disposition	
Withdrawals	\$2,239.17
Security Purchase	\$200,626.00
Accrued Interest Paid	\$0.00
Total Dispositions	\$202,865.17
Ending Book Value	\$22,514.84

Monthly Account Statement

Small Cities Organized Risk Effort

December 1, 2013 through December 31, 2013

Chandler Team

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

Custodian

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

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



PORTFOLIO CHARACTERISTICS

Average Duration	2.39
Average Coupon	1.62 %
Average Purchase YTM	1.32 %
Average Market YTM	0.78 %
Average S&P/Moody Rating	AA+/Aaa
Average Final Maturity	2.54 yrs
Average Life	2.42 yrs

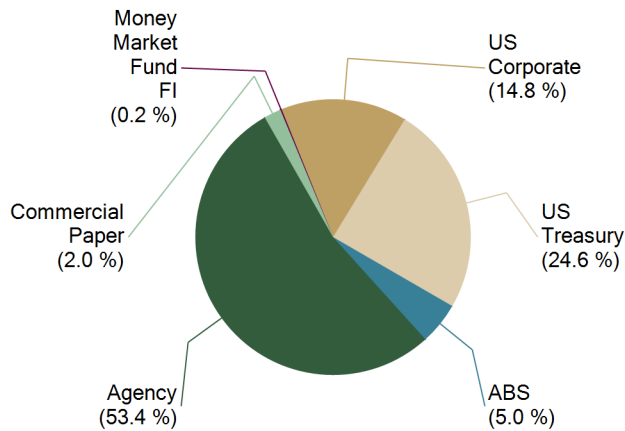
ACCOUNT SUMMARY

	Beg. Values as of 11/30/13	End Values as of 12/31/13
Market Value	10,688,471	10,651,906
Accrued Interest	39,452	32,856
Total Market Value	10,727,922	10,684,762
Income Earned	11,483	11,633
Cont/WD		-1,176
Par	10,552,515	10,572,313
Book Value	10,585,758	10,603,039
Cost Value	10,670,569	10,690,590

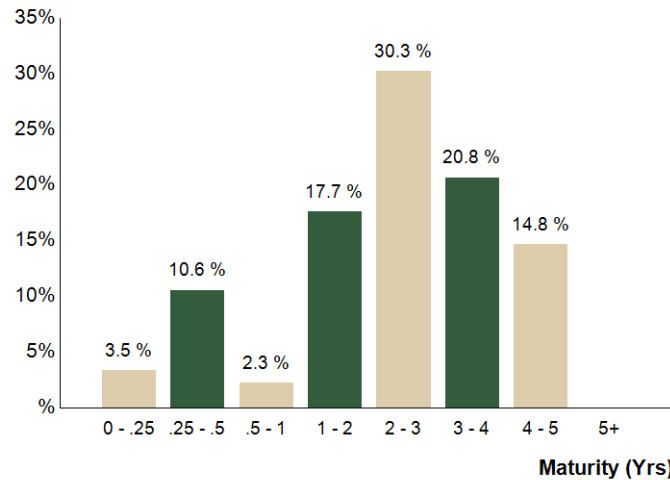
TOP ISSUERS

Issuer	% Portfolio
Government of United States	24.6 %
Federal National Mortgage Assoc	18.3 %
Federal Home Loan Mortgage Corp	14.5 %
Federal Home Loan Bank	11.7 %
Federal Farm Credit Bank	8.8 %
Procter & Gamble Company	2.5 %
Microsoft	2.3 %
Bank of Tokyo-Mit UFJ	2.0 %
Total	84.9 %

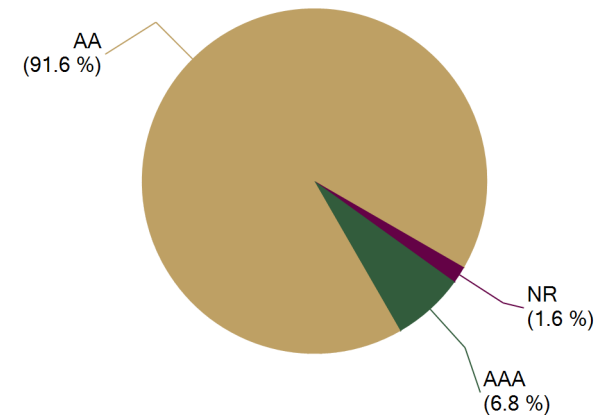
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 12/31/2013	Current Month	Latest 3 Months	Year To Date	1 Yr	Annualized			Since 3/31/2006	Since 3/31/2006
					3 Yrs	5 Yrs	10 Yrs		
Small Cities Organized Risk Effort	-0.39 %	0.06 %	-0.02 %	-0.02 %	1.49 %	2.18 %	N/A	3.93 %	34.80 %
1-5 yr Govt	-0.47 %	-0.09 %	-0.16 %	-0.16 %	1.33 %	1.67 %	N/A	3.63 %	31.87 %
1-5 Year Govt/A Rated or better Corporate	-0.45 %	0.04 %	0.10 %	0.10 %	1.70 %	2.45 %	N/A	3.77 %	33.23 %



**Small Cities Organized Risk Effort
Joint Powers Authority
December 31, 2013**

COMPLIANCE WITH INVESTMENT POLICY

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

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



Reconciliation Summary

As of 12/31/2013

BOOK VALUE RECONCILIATION	
Beginning Book Value	\$10,585,757.91
Acquisition	
+ Security Purchases	\$199,930.00
+ Money Market Fund Purchases	\$20,912.99
+ Money Market Contributions	\$0.00
+ Security Contributions	\$0.00
+ Security Transfers	\$0.00
Total Acquisitions	\$220,842.99
Dispositions	
- Security Sales	\$175,083.40
- Money Market Fund Sales	\$24,939.03
- MMF Withdrawals	\$1,176.17
- Security Withdrawals	\$0.00
- Security Transfers	\$0.00
- Other Dispositions	\$0.00
- Maturities	\$0.00
- Calls	\$0.00
- Principal Paydowns	\$0.00
Total Dispositions	\$201,198.60
Amortization/Accretion	
+/- Net Accretion	(\$2,591.81)
	(\$2,591.81)
Gain/Loss on Dispositions	
+/- Realized Gain/Loss	\$228.38
	\$228.38
Ending Book Value	\$10,603,038.87

CASH TRANSACTION SUMMARY	
BEGINNING BALANCE	\$22,514.84
Acquisition	
Contributions	\$0.00
Security Sale Proceeds	\$175,083.40
Accrued Interest Received	\$42.99
Interest Received	\$20,912.85
Dividend Received	\$0.14
Principal on Maturities	\$0.00
Interest on Maturities	\$0.00
Calls/Redemption (Principal)	\$0.00
Interest from Calls/Redemption	\$0.00
Principal Paydown	\$0.00
Total Acquisitions	\$196,039.38
Disposition	
Withdrawals	\$1,176.17
Security Purchase	\$199,930.00
Accrued Interest Paid	\$135.42
Total Dispositions	\$201,241.59
Ending Book Value	\$17,312.63

10/1/2013 - 12/31/2013

Employee Assistance Program Utilization Report

Utilization Summary and Analysis



SCORE

October 1, 2013 - December 31, 2013

Projected Annual Rate:

5.1%

Previous Utilization Rate: 5.2%

Overall Utilization

There were 12 new contacts. 6 were referred by Family Member, 6 were referred by Human Resources.

The presenting problems were: WorkLife.

12 new contacts were self-initiated.



WorkLife (100.0 %)

10/1/2013 - 12/31/2013

Employee Assistance Program Utilization Report

Work/Life Utilization

In this time period there were 12 case(s) that were opened: 100.0 % of the cases were Legal.

Legal was the most utilized with 12 cases.

The Society for Human Resource Management (SHRM) reports that satisfied employees perform an average of 20% better than their dissatisfied counterparts, and are 87% less likely to change companies. The Harvard Business Review also claims that contented employees have 31% higher productivity, and are three times more creative than their disengaged counterparts. By offering complimentary assistance with a wide range of personal issues, ACI's work/life benefits ultimately reduce employee stress and increase job satisfaction and productivity.

Training and Onsite Services

Training Comment:

As a value-added partner, ACI's Training Department offers consultation, support services, and flexible training options to fit the various needs of any organization. This quarter, ACI was pleased to continue the Quarterly Management Training Series with Acknowledging Employee Stress During the Holidays. Next quarter, look for the Understanding the Troubled Employee webinar. Visit ACI's YouTube channel for 24/7 access to more trainings and popular videos. Contact ACI at 800-932-0034 and ask to speak with a member of the training team, or email us at training@acieap.com to learn more about training services and options available.

Newsletters

ACI provided the following HealthyMails this quarter: Best Advice from ACI's Parents; The Secret to Overcoming Holiday Stress; Holiday Message from Dr. Clark.

Formal Referrals

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

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

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

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

10/1/2013 - 12/31/2013

Employee Assistance Program Utilization Report

Utilization Hours

Consultation: Work/Life & Concierge	22.00
Consultation: Supervisor, Management and Outside Consultants	7.00
Total Program Hours this Period:	29.00

Utilization Comments

Recent statistics reveal 83% of employees are stressed about work and over half of employee departures are due to workplace conflict. By referring employees to ACI's employee assistance program and utilizing tools like supervisory referrals, trainings, and consultation, employers can proactively and cost-effectively address these issues. ACI also encourages customers to utilize the numerous online tools and web services available for easy access to EAP services including the myACI mobile app, social@ACI platforms, the Veteran Connection resources, and management training videos on ACI's YouTube channel.

ACI Specialty Benefits thanks you for your partnership that has helped us achieve 30 years of excellence – truly a milestone and certainly a tribute to the loyalty, trust and confidence you have placed in ACI.

SCORE Utilization Rate for the Period 10/1/2013 to 12/31/2013 was 5.1%.

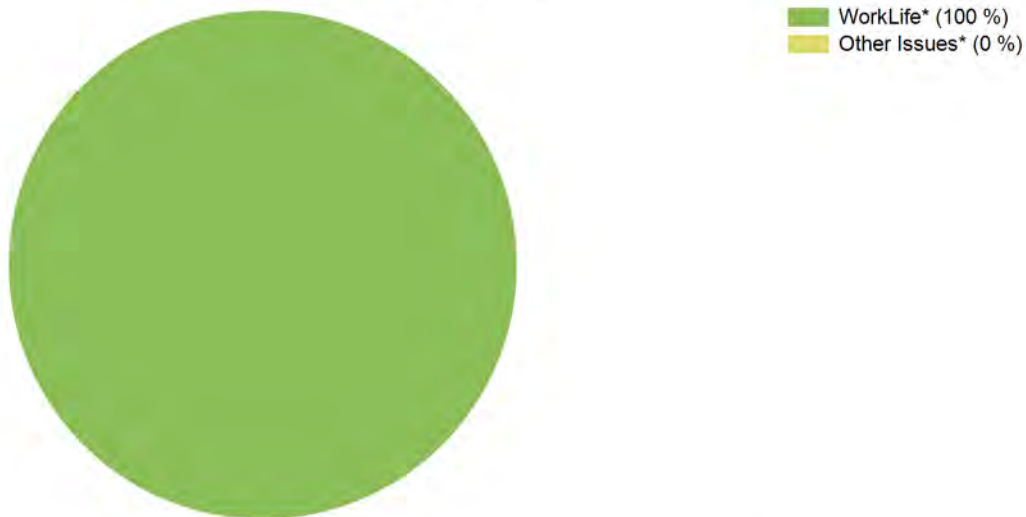
This decreased from the previous Utilization period which was 5.2%.

Primary Issue for Assessment

Primary Issue	New	Previous Quarter	Year To Date
Emotional	0	0	2
Substance Abuse / Family Member	0	0	1
WorkLife*	12	12	49

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

New Issues this Quarter



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

10/1/2013 - 12/31/2013

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

Referral Made	New	Previous Quarter	Year To Date
Legal	12	12	49

New Issues this Quarter

Legal (100.0 %)

10/1/2013 - 12/31/2013

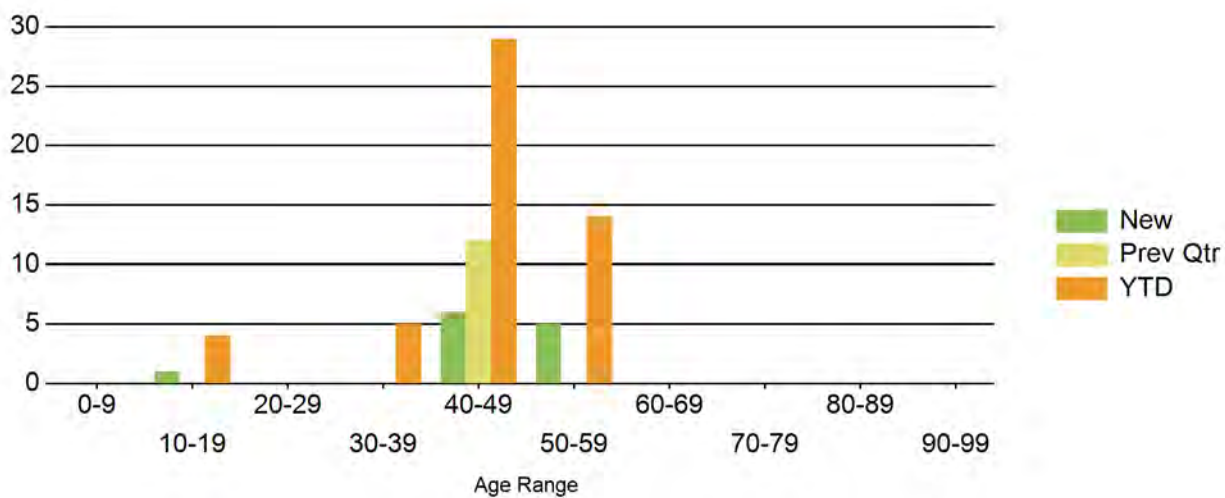
Employee Assistance Program Utilization Report

Demographic Data

Gender	New	Previous Quarter	Year To Date
Female	1	12	25
Male	11	0	27



Age Range	New	Previous Quarter	Year To Date
0-9	0	0	0
10-19	1	0	4
20-29	0	0	0
30-39	0	0	5
40-49	6	12	29
50-59	5	0	14
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	12	12	50
Family Member	0	0	2
Other	0	0	0

10/1/2013 - 12/31/2013

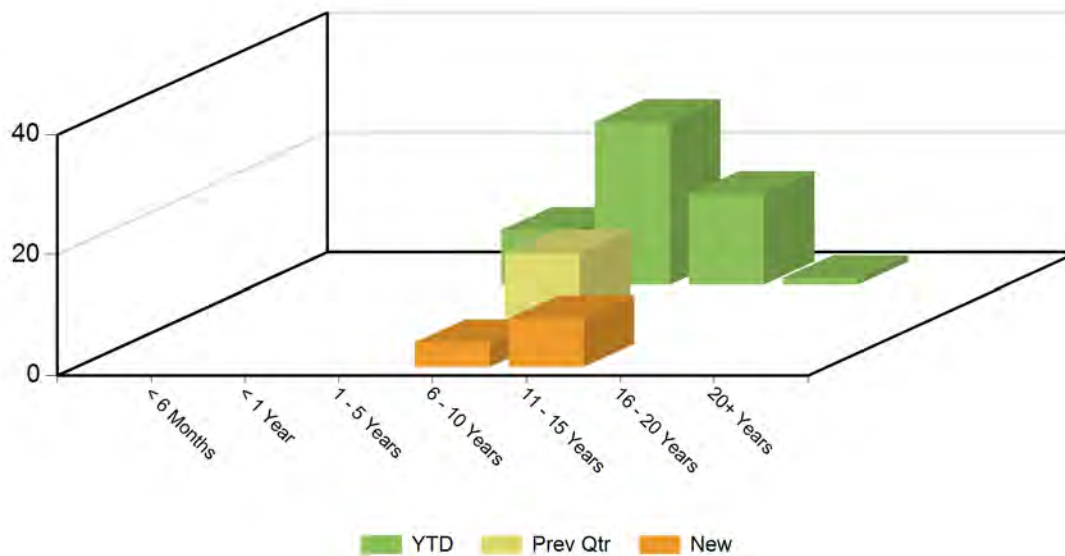
Employee Assistance Program Utilization Report



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

Employment Data

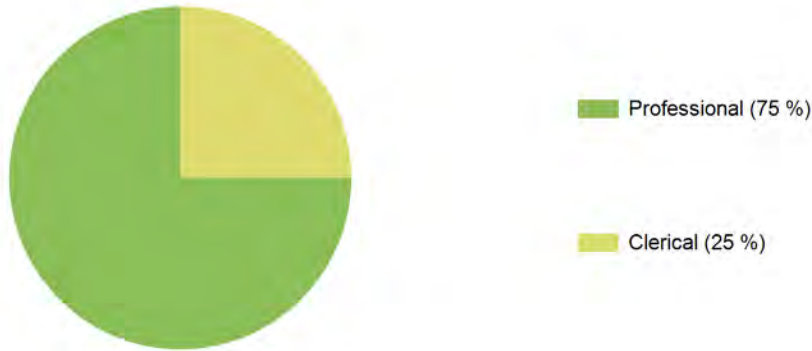
Years Employed	New	Previous Quarter	Year To Date
< 6 Months	0	0	0
< 1 Year	0	0	0
1 - 5 Years	0	0	9
6 - 10 Years	4	12	27
11 - 15 Years	8	0	15
16 - 20 Years	0	0	1
20+ Years	0	0	0



Job Category	New	Previous Quarter	Year To Date
Management	0	0	1
Supervisor	0	0	1
Professional	9	11	32
Technical	0	0	0
Clerical	3	1	13
Production	0	0	0
Service	0	0	3
Sales	0	0	0
Labor	0	0	1
Other	0	0	1

10/1/2013 - 12/31/2013

Employee Assistance Program Utilization Report

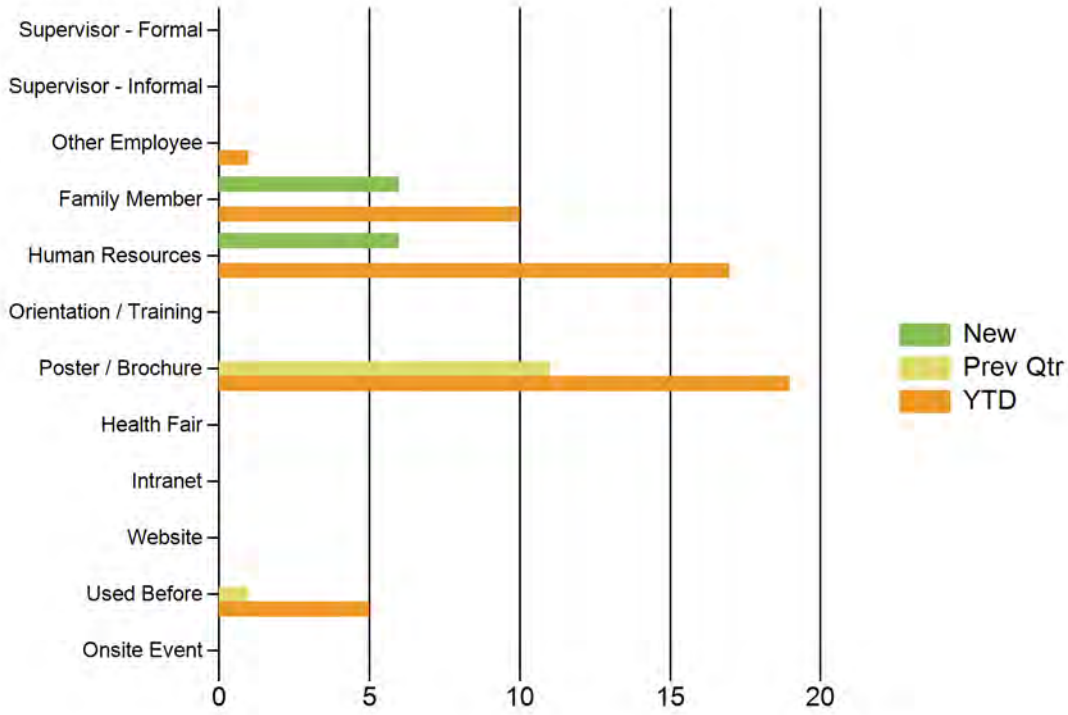


Referral Source

Referral Source	New	Previous Quarter	Year To Date
Supervisor - Formal	0	0	0
Supervisor - Informal	0	0	0
Other Employee	0	0	1
Family Member	6	0	10
Human Resources	6	0	17
Orientation / Training	0	0	0
Poster / Brochure	0	11	19
Health Fair	0	0	0
Intranet	0	0	0
Website	0	0	0
Used Before	0	1	5
Onsite Event	0	0	0

10/1/2013 - 12/31/2013

Employee Assistance Program Utilization Report



Member Organization	Contracted Employees	Total Active and Offline Users	Registered Users	Users Completing One or More Course	Courses Completed-Total	Users Completing One or More Custom Activi	Custom Activities Completed-Total
City of Biggs	0	12	6	0	0	0	0
City of Colfax	0	13	10	6	7	0	0
City of Dorris	0	15	8	2	9	1	4
City of Dunsmuir	0	34	24	3	4	26	133
City of Etna	0	39	23	0	0	0	0
City of Isleton	0	2	1	0	0	0	0
City of Live Oak	0	14	2	0	0	0	0
City of Loyalton	0	1	1	0	0	0	0
City of Montague	0	14	11	0	0	0	0
City of Mount Shasta	0	40	31	18	25	0	0
City of Portola	0	30	10	1	4	0	0
City of Rio Dell	0	3	1	0	0	0	0
City of Susanville	0	3	2	0	0	0	0
City of Tulelake	0	16	2	0	0	0	0
City of Weed	0	2	1	0	0	0	0
City of Yreka	0	39	32	0	0	0	0
Fort Jones Volunteer Fire Department	0	35	24	8	29	2	5
Loomis Fire Protection District	15	11	11	1	3	0	0
SCORE - Small Cities Organized Risk Effort	0	5	5	0	0	0	0
Town of Fort Jones	0	2	1	0	0	0	0
Town of Loomis	0	4	3	0	0	0	0
Weed City Fire	0	33	13	0	0	9	32

**AGREEMENT FOR RISK CONTROL SERVICES
BETWEEN THE SMALL CITIES ORGANIZED RISK EFFORT
and DKF Solutions Group, LLC**

This Agreement, made and entered into this 1st day of December 2013, by and between Small Cities Organized Risk Effort (hereinafter SCORE), and DKF Solutions Group LLC, a California Corporation (hereinafter DKF).

A. SCOPE OF AGREEMENT

SCORE enters into this Agreement with DKF for the purpose of having DKF provide risk control services to SCORE as identified in PROPOSED SERVICES.

B. INTENT OF AGREEMENT

It is the intent of the parties for DKF to provide risk control related services to SCORE and its members. To the extent that the demand for services by SCORE should substantially increase/decrease because of an increase/decrease in the number of members, the parties agree to negotiate in good faith the scope, extent, and cost of such services.

C. PROPOSED SERVICES

Services will be coordinated with the SCORE Risk Management Committee, and will include the following services¹:

1. Review and/or update **up to 17** SCORE Members² Sanitary Sewer Overflow/Backup Response Plans (OERP). Completed OERPs will be delivered to members electronically as a secure PDF file. Members utilizing this service must agree to use the DKF OERP template and are limited to one draft review.
 - Members must submit any required document review comments and edits within 60 days.
 - If comments/edits are not received within 60 days, DKF reserves the right to finalize the last draft as the final product and be compensated accordingly.
 - Members will then be allowed up to another 30 days to submit review comments and edits without further fees, after which, additional fees at an hourly rate of \$135 will be assessed against the member.

Fee: \$14,000

(Any hardcopy deliverables are the responsibility of the individual member.)

¹ Note: With the exception of item #2, all work with individual members will be conducted electronically through email, phone and web meetings.

² Note: DKF will make up to three attempts to engage members to take advantage of this service via email and/or phone. The deadline for members to take advantage of this service is March 1, 2014.

2. Provide three (3) Sewer Overflow Volume Estimation and Overflow/Backup Response training seminars (both topics on the same day) **at 3 locations most central** to those members taking advantage of item #1, above. SCORE will arrange the location venue and coordinate registration and all other training logistics.

Fee: \$6,000

3. Perform an analysis of the last 8 years loss data effective 1/1/14 for the pooled Workers' Compensation and Liability programs for all members using data provided by York Insurance Services. SCORE will be provided with an electronic report showing the aggregate and individual member results for both programs. Each member will receive an electronic report showing how their losses compare to pool averages, along with specific risk control recommendations. SCORE will also be provided with a presentation and an electronic report summarizing the results of the analysis and recommendations for future risk control efforts to address the findings of the analysis.

Fee: \$5,000

4. Perform an analysis of each member's risk control practices using a survey format. The risk control practices reviewed will address the following areas of risk:
 - a. Workers' Compensation
 - b. CalOSHA Compliance
 - c. Sewer System Management
 - d. General Liability Issues
 - e. CJRPMA Recommendations
 - f. Contract Liability

SCORE will be provided with a presentation and an electronic report showing the average pool responses and an electronic report illustrating how each member compared to the pool averages. This presentation and report will also provide specific recommendations for future risk control efforts to address the findings of the analysis.

Fee: \$10,000

Attendance at Meetings

At least one DKF staff shall attend **up to 3 SCORE meetings** to present the findings in items #3 and #4. DKF will deliver a progress report that reflects the status of contract activities.

Coordination with other SCORE safety service providers.

DKF will coordinate training and services that are provided by other safety service providers SCORE contracts with, i.e., TargetSolutions, Lexipol, ACI, ERMA, CJPRMA, etc.

Newsletter

DKF provide the monthly *Did You Know* newsletter to all SCORE Members regarding CSRMA's Risk Control Online web resources, safety and risk management issues of importance. The newsletter will include information regarding available safety resources and tools for implementation of safety programs.

D. KEY PERSONNEL

David Patzer is the designated "Key Personnel" for SCORE for the services outlined in the contract. Prior approval by the Board of Directors is required to replace "Key Personnel".

E. TERM, TERMINATION AND BREACH

1. Term of Agreement

- a. This is six-month term Agreement that shall be in effect from December 1, 2014 through June 30, 2014.
- b. This Agreement may be extended for two additional one year extensions subject to Board action.

2. Termination

- a. SCORE shall have the right to terminate this Agreement, without cause, by giving not less than thirty (30) days written notice of termination.
- b. DKF shall have the right to terminate this Agreement, without cause, by giving not less than thirty (30) days written notice of termination.

3. Breach

SCORE shall have the same rights as DKF, if DKF breaches any of the obligations set forth above in Section E.

F. COSTS AND PAYMENT OF SERVICES

Fee Structure

1. All services identified in this agreement will be provided for the Not-to-Exceed fee of \$35,000.
2. The Consultant billing rate is \$135 per hour for on-site and other consultative services outside the scope of this agreement.
3. With the exception of Service Item #2 where travel fees are included, a travel rate of \$67.50 per hour will be charged for any requested services beyond the scope of this agreement; this rate includes mileage and all other travel expenses incurred by consultant with the exception of the following which will be billed in addition:
 - a. Lodging - \$120 maximum per day
 - b. Mileage Rate – current IRS rate
 - c. Meals - \$40/day per diem (receipt not required)
4. DKF will invoice SCORE as follows:
 - a. Service Item 1: Upon delivery of the draft OERP for the last member utilizing this service. The Invoice will illustrate those members utilizing this service, the dates the draft and final OERP, for those members returning the draft by the deadline, were delivered.
 - b. Service Item 2: Upon completion of the third training seminar.
 - c. Service Item 3: Upon delivery of the draft electronic report to SCORE.
 - d. Service Item 4: Upon delivery of the draft electronic report to SCORE.

Payment will be due to DKF by the last day of the month.

5. SCORE will be asked to reimburse DKF for any pre-approved additional expense(s) incurred that are beyond the scope of the Agreement.

G. INDEPENDENT CONTRACTOR

DKF is and at all times shall remain an independent contractor.

H. HOLD HARMLESS AND INDEMNIFICATION

DKF shall defend, indemnify and hold harmless SCORE, its officials, officers, employees, volunteers and agents from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury, to property or persons, including wrongful death, in any manner arising out of or incident to any alleged acts, omissions, negligence or willful misconduct of DKF, its officials, officers, employees, agents, sub-consultants and subcontractors arising out of or in connection with the performance of the Services, the Project or this Agreement, including without limitation the payment of all consequential damages and attorneys' fees and other related costs and expenses. DKF

shall pay and satisfy any judgment, award or decree that may be rendered against SCORE or its directors, officials, officers, employees, agents or volunteers, in any such suit, action or other legal proceeding. DKF shall reimburse SCORE and its directors, officials, officers, employees, agents and/or volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. DKF's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by SCORE, its directors, officials, officers, employees, agents or volunteers.

I. INSURANCE REQUIREMENTS

DKF and all consultants, at their expense, shall maintain general liability and automobile liability insurance in an amount no less than \$1,000,000 per occurrence (as to automobile liability said insurance to be for those vehicles owned or leased by DKF or their consultants). DKF, at its expense, shall maintain errors and omissions insurance in an amount of not less than \$1,000,000 per claim with a deductible of not more than \$25,000.

DKF, at its expense, shall maintain premises property insurance that shall include a provision to provide reimbursement for the expense of reproduction of papers that may be lost due to an insured peril. SCORE shall be named as an Additional Insured by DKF in respect to the work performed on behalf of SCORE. Upon request of SCORE, DKF shall provide SCORE with copies of any or all referenced insurance policies.

J. DISASTER RECOVERY PLAN

DKF agrees that it has disaster recovery 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, DKF 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.

K. NON-ASSIGNABILITY

This Agreement is binding upon the Parties hereto and their respective successors by merger, sale, consolidation, or reorganization. This Agreement is otherwise personal to the Parties and cannot be assigned or delegated without prior written consent of the other Party.

L. CONFLICTS OF INTEREST

DKF hereby certifies, to the best of its knowledge, that it has no conflict of interest in carrying out the provisions of this Agreement. Should any conflict, apparent or real, occur in the future, all parties to this Agreement shall be notified immediately.

M. DISCLAIMER OF GUARANTEE

DKF makes no promise or guarantee to SCORE about the outcome of services provided and nothing in this Agreement shall be construed as such a promise or guarantee.

N. ASSURANCES OF NON-DISCRIMINATION

DKF agrees that it will not discriminate in employment or provision of services on the basis of any characteristic or condition upon which discrimination is prohibited.

O. NOTICES

Except as may otherwise be required by law, any notice to be given shall be in writing and shall be personally delivered, sent by facsimile transmission, or sent by first class mail, postage pre-paid and addressed as follows:

SCORE

Mr. Michael Simmons
Alliant Insurance Services, Inc.
1792 Tribute Road, Suite 450
Sacramento, CA 95815
Fax Number: (916) 643-2750

DKF:

Mr. David Patzer
DKF Solutions Group LLC
170 Dogwood Lane
Vallejo Ca 94591
Fax Number: 707.647.7200

Notice delivered personally or successfully sent by facsimile transmission is deemed to be received upon receipt. Notice sent by first-class mail shall be deemed received on the fourth day after the date of mailing. Either party may change the address to which notice is to be given by providing written notice pursuant to this section.

P. FURTHER ASSURANCES

1. Each party agrees to execute any additional documents and to perform any further acts that may be reasonably necessary to affect the purposes of this Agreement.
2. Non-Solicitation: DKF agrees that, during the Term of this Agreement, DKF's personnel, principles and consultants shall not purposely solicit SCORE, or SCORE's current pool Members, from Programs and on which they work or worked. In addition, this paragraph shall not prohibit DKF from engaging in general advertising, or marketing campaigns. Nothing in this paragraph shall be applied in a manner that violates any state or federal law or regulation.
3. Ownership of Records: Any reports, documents, electronic records of any sort, or other materials produced in whole or in part under this Agreement shall be the property of SCORE and none shall be subject to an application for copyright by

or on behalf of DKF. With the exception that DKF Solutions Group shall retain all copyright and other intellectual property rights for the OERP template utilized in Service Item #1. Subject to its receipt of all compensation due under the Agreement, DKF Solutions Group grants those SCORE members utilizing **Service Item #1** a nonexclusive, nontransferable license, authorizing the member to use the OERP for its own purposes once payment in full is received.

Broker shall provide SCORE with copies of all products, files, records, computations, quotations, studies and other data prepared or obtained in connection with this Agreement, which copies shall become the permanent property of SCORE.

DKF will be required to maintain and store copies of the above described documents for the length of time prescribed by the laws of the State of California.

4. No provision of this Agreement shall be considered waived, unless such waiver is in writing and signed by the Party that benefits from the enforcement of such provision. No waiver of any provision in this Agreement, however, shall be deemed a waiver of a subsequent breach of such provision or a waiver of a similar provision. In addition, a waiver of any breach or a failure to enforce any term or condition of this Agreement shall not in any way affect, limit, or waive a Party's right under this Agreement at any time to enforce strict compliance thereafter with every term and condition of this Agreement.

Q. ENTIRE AGREEMENT AND GOVERNING LAW

This Agreement contains the entire agreement between DKF and SCORE. It can be amended only by a written agreement signed by both parties. If one part of this Agreement is determined to be unenforceable, the rest of the provisions of the Agreement will remain valid and enforceable. This Agreement shall be governed by the laws of the State of California without regard to any conflict of law provisions.

R. DISPUTE RESOLUTION

Any dispute arising under the terms of this Agreement which is not resolved within a reasonable period of time by authorized representatives of the DKF and SCORE shall be brought to the attention of the Chief Executive Officer (or designated representative) of the DKF and the Chair (or designee) of SCORE for joint resolution. At the request of either party, SCORE shall provide a forum for discussion of the disputed item(s). If resolution of the dispute through these means is pursued without success, such dispute may be submitted to final and binding arbitration, upon agreement of both parties, or either party may elect to and pursue any rights and remedies by legal action. In any

dispute arising out of or under the terms of this Agreement, the prevailing party shall be entitled to recover its legal fees and costs from the other party. Any such arbitration or legal action shall be venued in Sacramento County, California unless the parties mutually agree in writing to another location.

Despite an unresolved dispute, DKF shall continue without delay to perform its responsibilities under this Agreement. DKF shall keep accurate records of its Services in order to document the extent of its Service under the Scope of Services in this Agreement.

S. SUPERSESSION OF PRIOR TERMS AND CONDITIONS

This Agreement integrates all terms and conditions mentioned herein or incidental hereto and supersedes all oral negotiations and prior writings with respect to the matter hereof. In the event of conflict between terms, conditions, or provisions of this Agreement and such document or instrument, the terms and conditions of the Agreement shall prevail.

WITNESS THE EXECUTION HEREOF on the day and year first hereinabove written.

SCORE
Small Cities Organized Risk Effort JPA

By: 
Michael Simmons

Date: 12/10/13

DKF
DKF Risk Services

By: 
David Patzer

Date: 11/19/13



RMS

RISK MANAGEMENT SERVICES

8000 Old Redwood Highway • Cotati, CA 94931 • (707) 792-4980 • FAX (707) 792-4988

To: Michael Simmons

From: Kenneth R. Maiolini, ARM-P

RE: SCORE Audit Services

This memo of engagement will confirm that SCORE desires to retain Risk Management Services to conduct its Liability and Property Audits for the audit years of 2013 and 2015.

The terms are subject to the attached proposal.

Acceptance: Dated, November 22, 2013

Kenneth R. Maiolini
Risk Management Services

Michael Simmons
SCORE

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

**RESPONSE TO REQUEST FOR PROPOSAL
LIABILITY PROGRAM CLAIMS AUDIT**

Submitted by:
Kenneth R. Maiolini, ARM-P
Risk Management Services
8000 Old Redwood Highway
Cotati, CA 94931
Email: claims@rmscotati.com
(707) 792-4980 ph
(707) 792-4988 fax
October 30, 2013

CLAIMS AUDITING PHILOSOPHY

RMS takes a diverse approach to claims audits because of our background, experience, and our belief that such an approach provides the most meaningful results for our clients.

In addition to reviewing files according to Generally Accepted Claims Handling Standards (GACHS) for addressing file management, timely investigation, adequacy of reserves, liability and damage analysis, litigation management, and compliance with excess requirements and timely settlement negotiations, RMS attempts to focus on other areas that are both helpful to the client and, if applicable, the insuring entity. RMS also addresses CAJPA credentialing requirements related to Claims Administration criteria.

Because of our current hands-on claims activities, risk and loss consulting efforts, and role as a primary/excess TPA, RMS brings some unique perspectives to a claims audit. We are sensitive to the client's need to get more out of an audit than having someone upset their files for a few days. With that in mind, in the course of the audit we examine areas that can improve the client's claims handling system, trends that raise risk management issues, areas of risk transfer as it pertains to contractors, and the effectiveness of the insured's TPA or in-house claims unit. We also observe how the client's settlements compare to similar entities, make suggestions on experts that may prove beneficial to the defense, and provide assistance with politically sensitive situations.

In addition to the hard copy audit, RMS strives to do more than the traditional exit interview with the client. As logistics will allow, we attempt to speak with the client prior to the audit to check on any unusual situations or problems, and to generally discover what the client would like to accomplish in the audit.

In determining the claims sample to be audited, RMS pays close attention to the obvious indicators such as claim type, high reserves, high defense costs, etc. However, to get a feel for how claims are analyzed and handled, we also focus on recently filed claims, selected claims with no reserves, claims settling for low resolution value and claims with similar allegations having varied reserves. This practice allows us to determine trends in the claims handling that may positively or adversely affect our client.

Overall, we approach audits with a constructive and friendly attitude and provide an individualized report on each entity; we do not utilize boilerplate reporting formats. Lastly, we feel a client should finish the process with a positive feeling, having obtained new knowledge that will assist in effectively handling their claims.

PERSONNEL INFORMATION

Kenneth R. Maiolini, ARM-P

Mr. Maiolini has over 30 years experience in the handling of claims for both public and private clients. The last 20 years have been devoted to working with public entities in the area of claims administration, auditing, and loss consulting. Mr. Maiolini has served as principle auditor in over 100 public entity claims audits.

Jerry Bowen, AIC

Mr. Bowen has over 15 years of experience in handling the administration and setup of audits. Mr. Bowen is very experienced in working with claims databases and reviewing loss information in preparation of the audit.

SCOPE OF WORK

- RMS would propose to review a minimum of 25 open claims – focusing on high exposure and reserve matters and a minimum of 15 closed claims with payments, closed in the last 24 months. The review would evaluate areas of investigation, reserving, litigation management, attorney handling, liability and damage evaluation, file management and negotiation practices.
- Review of the overall claims process would include, but would not be limited to, internal controls, electronic data systems, payment and approval procedures, and member reporting.

RMS will need to be provided a current open and closed loss run; claims to be reviewed, would be selected from that loss run.

Files for review would be selected by a cross section of case type, severity, reserves/payments and department.

The selected files would be reviewed and documented on RMS's Profile Audit Review Form (EXHIBIT A).

- The Audit if possible will be conducted remotely.

REFERENCES

Martin Brady
Executive Director
Schools Insurance Authority
(916) 364-1281 ext. 224
(8 years – auditing, claims consulting)

Jack Blyskal
Chief Claims Officer
CSAC-Excess Insurance Authority
(916) 850-7300
(18 years – Claims Administrator, auditing, and Risk Management)

Jim Sessions
Risk Manager
County of Riverside
(951) 955-3511
(16 years – Claims Administrator, auditing)

Claudia Castillo Del Muro
Assistant Risk Manager
City of San Diego
(619) 236-7300
(2 years – Auditing)

(Note: RMS was recently awarded the contract to conduct the NCCSIF audit to be completed by November 30, 2013)

INSURANCE INFORMATION

Professional Liability E&O \$2M limit/\$5K deductible	U.S. Risk Underwriters, Inc.
General Liability \$1M limit	State Farm Insurance Co.
Non-Owned and Hired Auto \$1M limit	State Farm Insurance Co.
Workers' Compensation Complies with statutory requirements	State Farm Insurance Co.

Evidence of Coverage will be provided upon request.

TIME SCHEDULE AND COST OF SERVICES

The audit of the SCORE claims files would be set for up to one and a half (1 1/2) days. The audit would be completed by December 31, 2013.

Additionally, a preaudit interview with SCORE and a presentation to the appropriate SCORE Committee or Board would be included.

COSTS – The cost of services is all inclusive of the audit, preparation and expenses. The fee to perform the audit is proposed at \$2,895.00.

Should SCORE wish an audit under the same scope of work in 2015, RMS would guarantee a price of \$2,950.00.

EXHIBIT A



RMS

RISK MANAGEMENT SERVICES

**PROFILE AUDIT
REVIEW FORM**

ENTITY REVIEWED

REVIEW DATE

REVIEWED BY

FILE NAME

FILE NUMBER

FILE STATUS

DATE OF LOSS

CLAIM DATE

REJECTION DATE

LAWSUIT DATE

CLOSED DATE

TYPE OF LOSS

LIMITS(X1000)/POLICY YEAR

CASE DESCRIPTION

LIABILITY

Liability review attempts to determine, through file information, degree of liability. If no information in file, the undetermined box is checked indicating a deficiency in this area.

- CLEAR
- PROBABLE
- QUESTIONABLE
- DOUBTFUL
- UNDETERMINED
- N/A

Audit reviews the current reserves and paid amounts - if adjustments are needed, they are indicated in the recommended reserves section. Additional comments would be noted in the "Reserving" section below.

CURRENT RESERVES

PAID TO DATE

RECOMMENDED RESERVES

LOSS

LOSS

LOSS

EXPENSE

EXPENSE

EXPENSE

RATING GUIDE 1 = BELOW STANDARDS 2 = MEETS STANDARDS 3 = EXCEEDS STANDARDS

RATING **INVESTIGATION**
 Review examines the investigation process - request for information, interviews, photos, obtaining and preserving evidence, timeliness, pro-active approach, and thoroughness of the investigation are evaluated.

RATING **RESERVING**
 Review examines the timeliness and basis for file reserves. The areas of indemnity and expense are examined as to past and future costs. Litigation expenses are evaluated in respect to other factors (liability, damages, etc.).

RATING **LITIGATION MANAGEMENT/ATTORNEY HANDLING**
 Review examines the management of defense counsel and individual attorney performance. Areas such as timely assignment, reporting, case handling, and litigation strategy are reviewed.

RATING **LIABILITY/DAMAGE EVALUATION**
 Review examines basis for determining if liability exists and to what degree. Also file information on damages is reviewed, as well as, the analysis of the damage components.

RATING **FILE MANAGEMENT**
 This area includes physical file management, statutory management, risk transfer, diary, excess reporting, and overall file coordination/handling.

RATING **TIMELY NEGOTIATIONS**
 Review examines settlement practices and file resolution through the use of negotiations. Proactive use of informal negotiations and voluntary mediations are examined.

COMMENTS

N/A = NOT APPLICABLE WHEN INDICATED



November 6, 2013

Mr. Laurence Voiculescu
Account Representative
Small Cities Organized Risk Effort (SCORE)
c/o Alliant Insurance Services, Inc.
1792 Tribute Road, Suite 450
Sacramento, CA 95815

email: lvoiculescu@alliant.com

**Proposal for
Workers' Compensation Claims Audit - 2013
Small Cities Organized Risk Effort**

Dear Mr. Voiculescu:

Thank you for providing Farley Consulting Services (FCS) with the Request for Proposal for workers' compensation claims audit services. Following is FCS's proposal for the requested services. Please contact me with any questions.

Thank you for the opportunity to provide this proposal.

Sincerely,

A handwritten signature in black ink that reads "Tim Farley". The signature is written in a cursive style.

Timothy P. Farley, CPCU



**Proposal for
Workers' Compensation
Claims Audit Services – 2013**

for

**Small Cities
Organized Risk Effort
(SCORE)**

November 6, 2013

Prepared by

FARLEY CONSULTING SERVICES

P.O. Box 5928 ~ Oceanside, CA 92052

Phone: 760.435.9272 ~ Fax: 760.722.1760

farleyconsulting@cox.net

An Independent Claims Management Consulting Firm



November 6, 2013

Small Cities Organized Risk Effort
c/o Alliant Insurance Services
1792 Tribute Road, Suite 450
Sacramento, CA 95815

Attn: Mr. Laurence Voiculescu
Account Representative

Proposal for Workers' Compensation Claims Audit Services – 2013

Farley Consulting Services (FCS) is pleased to present this proposal to conduct an audit of workers' compensation claims handling for the Small Cities Organized Risk Effort (SCORE).

FCS has completed more than 700 similar audits and can provide a comparison of claims handling performance of York Insurance Services Group (York) with other claims administration arrangements. That comparison will identify areas of claims handling where York may not be complying with accepted industry standards or its own internal standards.

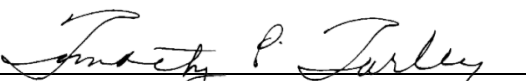
FCS will provide its insurance information to SCORE if it is selected to conduct the audit.

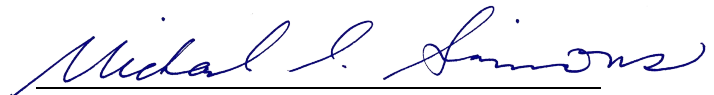
This proposal is valid for 90 days from the date on this document.

Respectfully submitted,

FARLEY CONSULTING SERVICES

AGREED AND ACCEPTED

by 
Timothy P. Farley, CPCU
President


Michael Simmons
SCORE Program Administrator

date November 11, 2013

date November 11, 2013

Contents

I.	Consultant Corporate Data.....	1
	A. FCS Qualifications.....	1
	B. Project Team.....	1
	C. References.....	1
II.	Recommendations/Scope and Approach	4
	A. Project Objective.....	4
	B. Plan of Action.....	4
	C. Timing.....	5
III.	Fees for Service.....	6
IV.	Insurance Requirements.....	7

Appendix

Resume

I. Consultant Corporate Data

A. FCS Qualifications

All activity for this project will be performed by Timothy P. Farley, CPCU.

Mr. Farley began his claims management consulting career in 1991 and formed FCS in 2000. FCS is a national, *independent* claims management consulting firm headquartered in Oceanside, California.

FCS has completed more than 700 similar audits.

B. Project Team

Mr. Farley is the sole proprietor of FCS. His responsibilities for this project will be:

- Managing the project
- Performing the audit
- Completing the report
- Presenting the report to SCORE via teleconference at a Board meeting, if requested.

Mr. Farley has an extensive claims administration background. He has been a multi-line claims adjuster and a claims supervisor. The claims unit he supervised handled high exposure workers' compensation claims.

Mr. Farley has conducted more than 700 similar audits for entities such as SCORE. His claims, legal, and risk management background enables him to take the fiscal and legislative concerns of these entities into consideration when evaluating claims administration effectiveness.

Mr. Farley's resume is in the Appendix to this proposal.

C. References

FCS has provided similar audit services to more than 200 public entities, primarily in California. FCS encourages SCORE to contact these individuals.

Bay Cities Joint Powers Insurance Authority (BCJPIA)	
Client address	Emeryville, California
Client contact	Ms. Jackie Miller
Telephone	(800) 541-4591
Type of business	California Cities Insurance Pool
Services provided	Claims audit
Date services provided	Bi-annually since 1998
Individuals involved in providing services for this client	Timothy P. Farley, CPCU President

Independent Cities Risk Management Authority	
Client address	Huntington Park, California
Client contact	Mr. Rob Kramer
Telephone	(800) 541-4591
Type of business	Municipal pooling entity
Services provided	Workers' compensation claims audit
Date services provided	Annually since 2002
Individuals involved in providing services for this client	Timothy P. Farley, CPCU President

Central San Joaquin Valley Risk Management Authority (CSJVRMA)	
Client address	Fresno, California
Client contact	Ms. Jeanette Workman
Telephone	(800) 541-4591
Type of business	California Cities Insurance Pool
Services provided	Workers' Compensation claims audit
Date services provided	Bi-annually since 1994
Individuals involved in providing services for this client	Timothy P. Farley, CPCU President

San Diego Pooled Insurance Program Authority (SANDPIPA)	
Client address	San Diego, California
Client contact	Ms. Laura Seiler
Telephone	(858) 484-8434
Type of business	Municipal pooling entity
Services provided	Workers' compensation claims audit
Date services provided	Bi-annually since 1996
Individuals involved in providing services for this client	Timothy P. Farley, CPCU President

FCS will provide additional references if requested.

II. Recommendations/Scope and Approach

A. Project Objective

SCORE seeks assurance that its workers' compensation TPA (York) is providing effective claims administration and is adhering to California workers' compensation statutory guidelines.

B. Plan of Action

Audit Sample Selection

FCS proposes the following audit sample size:

- 60 **open** active indemnity claims. At least 50% of these will have incurred costs of \$25,000 or more.
- 15 indemnity claims **closed** in the past 18 months. Again, half of these should be claims that have generated incurred costs of \$25,000 or more. The 18-month cut off point is recommended to ensure that the most *current* claims handling activity is evaluated.
- 10 **open** medical only claims

Other Audit Steps

To complete this project, FCS will:

1. Conduct an initial telephone discussion with York to review data requirements and timing of the work. During this interview, FCS will also attempt to identify specific areas of concern (not expressed in the RFP) that SCORE would like to have evaluated.
2. Receive a current loss run of open claims in Excel spreadsheet format from York from which the audit sample will be selected.
3. Develop the list of files to be reviewed and provide that list to York approximately three weeks before the start of the audit. FCS welcomes SCORE's input on the sample selection.
4. Conduct necessary telephone interviews to confirm audit timing.
5. Complete the audit. The review will be done remotely via access to York's claims information system.

6. Conduct follow-up telephone interviews with York personnel to refine the understanding of such issues as:
 - Settlement authority of York
 - Yorks's or SCORE's standards for contesting questionable claims
7. Organize, tabulate, and analyze all information received, and develop conclusions.
8. Submit a draft report of findings to SCORE. The report will be a practical, working tool that is clear and concise in setting forth study results. The assessment of York claims administration performance will be clear. Recommended action to be taken will be supported with discussion and exhibits. The draft report will be provided electronically in a PDF file.
9. Discuss the draft report with SCORE.
10. Issue the final report electronically in PDF.
11. Present the report via teleconference at a subsequent SCORE Board meeting if requested.

C. Timing

The review of 85 claims will require up to 4 days. FCS proposes to conduct the audit during the week of 2/24/14.

III. Fees for Service

FCS will complete this project for a flat fee of \$7,500. This fee includes all related expenses. There will be no additional charges. This is the guaranteed not-to-exceed fee.

An invoice will be submitted following completion of the draft report.

FCS agrees to conduct a subsequent audit in either 2015 or 2016 for the same fee, assuming there is no substantive change in the scope or size of the audit.

IV. Insurance Requirements

FCS maintains the required insurance coverage and will provide specific insurance coverage verification if awarded the project.

Resume

Timothy P. Farley, CPCU

President

EXPERIENCE

- FARLEY CONSULTING SERVICES** – 2000 to present
President and primary consultant of national, independent claims management consulting firm.
- ADVANCED RISK MANAGEMENT TECHNIQUES, INC.** – 1991 to 2000
Senior Claims Consultant. Consultant to various corporations and public agencies on risk management subjects, with an emphasis on claims audits, claims administrator selection and evaluation, and other claims management issues.
- ALEXANDER & ALEXANDER** – 1989 to 1991
Marketing Manager. Responsible for market placement of all new and renewal retail business.
- TRANSCO INSURANCE SERVICES** – 1988 to 1989
Home Office Claims Supervisor. Supervision of independent claims adjusting firms handling litigated liability claims, including products liability and construction defect claims. Duties also included reports to various members of reinsurance treaties.
- INSURANCE CO. OF THE WEST** – 1986 to 1988
Claims Supervisor. Supervision of claims unit handling liability, automobile, and workers' compensation claims.
- USF&G INSURANCE CO.** – 1983 to 1986
Claims Adjustor. Responsible for full handling of property, liability and workers' compensation claims from first report to final resolution.

ACADEMIC BACKGROUND

- University of Wisconsin – Madison, Wisconsin
Graduate level courses on risk management
- Western State University College of Law
Graduate level courses in contracts, torts, civil procedures, property and criminal law
- University of Wisconsin – La Crosse, Wisconsin
Bachelor of Science degree in Business Administration
Academic All-American
- American Institute for Property and Liability Underwriters, Inc.
Chartered Property Casualty Underwriter (CPCU) designation
Instructor CPCU 1 and 6

PROFESSIONAL SOCIETIES

- Society of Chartered Property Casualty Underwriters

SMALL CITIES ORGANIZED RISK EFFORT
Sacramento, California

FINANCIAL STATEMENTS
June 30, 2013 and 2012

SMALL CITIES ORGANIZED RISK EFFORT
Sacramento, California

FINANCIAL STATEMENTS
June 30, 2013 and 2012

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS:	
STATEMENTS OF NET POSITION	11
STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION	12
STATEMENTS OF CASH FLOWS	13
NOTES TO BASIC FINANCIAL STATEMENTS	14
REQUIRED SUPPLEMENTARY INFORMATION:	
RECONCILIATION OF CLAIMS LIABILITIES BY PROGRAM	22
CLAIMS DEVELOPMENT INFORMATION	24
SUPPLEMENTARY INFORMATION:	
COMBINING STATEMENTS OF NET POSITION	27
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION	29
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	31

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Small Cities Organized Risk Effort
Sacramento, California

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Small Cities Organized Risk Effort (the "SCORE") as of June 30, 2013 which are comprised of the statement of net position, the related statement of revenues, expenses and change in net position, statement of cash flows for the year then ended, and related notes to the financial statements for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the State Controller's Minimum Audit Requirements for California Special Districts and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the SCORE, as of June 30, 2013, and the respective changes in net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements of the SCORE as of June 30, 2012, were audited by other auditors whose report dated October 12, 2012, expressed an unqualified opinion on those statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 10, the Reconciliation of Claims Liability by Program on pages 22 and 23, and the Claims Development Information on pages 24 through 26 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on SCORE's 2013 financial statements. The 2013 Combining Statement of Net Position and 2013 Combining Statement of Revenues, Expenditures and Change in Net Position on pages 27 and 29, respectively, are presented for purposes of additional analysis and are not a required part of the financial statements. The information has not been subjected to the auditing procedures applied in the audits of the financial statements and accordingly, we do not express an opinion or provide any assurance on it. The 2012 Combining Statement of Net Position and 2012 Combining Statement of Revenues, Expenditures and Change in Net Position on pages 28 and 30, respectively, are presented for purposes of additional analysis and are not a required part of the 2012 financial statements. The 2012 information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2012 financial statements. The information has been subjected to the auditing procedures applied by other auditors in the audit of the 2012 financial statements and certain additional procedures, including comparing and reconciling other information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and whose report dated October 12, 2012 expressed an opinion that such information was fairly stated in all material respects in relation to the 2012 financial statements as a whole.

(Continued)

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2013 on our consideration of the SCORE's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the SCORE's internal control over financial reporting and compliance.

Crowe Horwath LLP

Crowe Horwath LLP

Sacramento, California
October 25, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

**SMALL CITIES ORGANIZED RISK EFFORT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2013

The following narrative provides an overview and analysis of the financial activities of Small Cities Organized Risk Effort (SCORE) for the fiscal year ending June 30, 2013. It is provided in order to enhance the information in the financial audit and should be reviewed in concert with that report. This is a combined, two year financial audit.

FINANCIAL HIGHLIGHTS, Fiscal Year Ended June 30, 2013

- Total Assets of \$12,789,870 represents a decrease of \$805,529 or 5.9% from FY ending June 30, 2012.
- Total Operating expenses decreased to \$3,692,001 which is primarily due to the fact that there was a reduction in dividends paid from both the Liability and Workers' Compensation programs.
- Investment income decreased from \$268,992 to \$18,559 due to significantly lower returns on investments resulting from the current economic environment and low interest rates.

DESCRIPTION OF THE BASIC FINANCIAL STATEMENTS

SCORE's financial statements are prepared in conformity with generally accepted accounting principles and necessarily include amounts based upon reliable estimates and judgments. The Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows are included along with Notes to Financial Statements to clarify unique accounting policies and financial information.

The *Statement of Net Position* provides information on all SCORE's program assets and liabilities, with the difference reported as Net Position. Net Position may be an indicator of the overall pool financial changes across years.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing total revenues versus total expenses and the resulting effect on Net Position.

The *Statement of Cash Flows* presents information about the cash receipts and cash payments during the year and reconciles operating income to operating cash flows.

Combined statements are provided with the supplementary information and reflect financial information separated by the specific program to which it relates. SCORE's accounting system is organized so that each program can be accounted for and evaluated independently. Separate funds are operated for four funds: Workers' Compensation (Banking Layer and Shared Risk Layer), Liability (Banking Layer and Shared Risk Layer), General Administration and Loss Control. The assets, liabilities, revenues and expenses for all funds are reported on a full accrual basis. There were no significant accounting changes during the year.

Crowe Horwath LLP, Certified Public Accountants, performed an independent audit of SCORE's financial statements and found them to be presented in accordance to generally accepted accounting principles.

**SMALL CITIES ORGANIZED RISK EFFORT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2013

SCORE'S POOL ASSETS

SCORE's total assets as of June 30, 2013 totaled \$12,789,870, which represents a decrease of \$805,529 or 5.9% from FY ending June 30, 2012. Current assets were \$4,692,075 and Non-Current assets were \$8,097,795 which represents investments (less portion maturing in one year or less) handled by Chandler Asset Management, Inc.

On November 8, 2005, SCORE entered into a contract to retain Chandler Asset Management, Inc., as their investment manager and adviser. Prior to entering into this contract, SCORE invested through the investment pool run by Local Agency Investment Fund (LAIF). The accounts receivables contribution of \$53,993 represents funds that members owed to SCORE for the workers' compensation program. This was collected shortly after the fiscal year ended.

The following chart reflects a comparison of the years ending 2013, 2012 and 2011, by type of asset:

Year Ending	SCORE'S TOTAL ASSETS		
	June 30, 2013	June 30, 2012	June 30, 2011
Cash in Bank	\$(360,212)	\$(141,181)	\$2,656,847
Accrued Interest	\$39,475	\$47,788	\$60,348
Investments maturing within one year	\$2,447,149	\$4,350,139	\$5,176,683
Contribution Receivables	\$547,952	\$576,770	\$510,664
Excess JPA's Receivables	\$53,993	\$28,167	\$190,025
Prepaid Assets	\$13,235	\$1,494	\$11,563
Investments with LAIF	\$1,897,352	\$2,489,920	\$2,479,874
Investments with Chandler	\$8,044,664	\$6,242,302	\$5,160,117
TOTAL ASSETS	\$12,789,870	\$13,595,399	\$16,246,121

SCORE'S POOL LIABILITIES

The pool liabilities consist primarily of expected future claim payments. An actuarial study is performed to determine, as accurately as possible, the liabilities expected in the future. Dividends payable to members represent amounts held by SCORE on behalf of current and former members.

The following chart reflects a comparison of SCORE's total liabilities for the years ending 2013, 2012 and 2011, by type of liability:

**SMALL CITIES ORGANIZED RISK EFFORT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2013

SCORE'S TOTAL LIABILITIES			
Year Ending	June 30, 2013	June 30, 2012	June 30, 2011
Accounts Payable	\$15,300	\$63,980	\$94,782
Unearned Revenue	\$16,610	\$41,257	\$3,664
Dividends Payable	\$596,274	\$787,953	\$230,371
Open Liability Claims	\$1,266,160	\$1,198,024	\$1,203,539
Open WC Claims	\$4,373,971	\$3,995,682	\$3,312,946
TOTAL LIABILITIES	\$6,268,315	\$6,086,806	\$4,845,302

SCORE's total liabilities from Workers' Compensation claims increased \$378,289. Liability claims also suffered a small increase by \$68,136 from 2012. Claims liabilities are incurred to each risk sharing pool, and reflected separately for Liability and Workers' Compensation.

CLAIM LIABILITIES

The following chart indicates the liability per year to the total claim liabilities for the Liability Program for years ending 2013, 2012 and 2011:

SCORE'S POOL CLAIM LIABILITIES			
Liability Program			
Year Ending	June 30, 2013	June 30, 2012	June 30, 2011
Accrued liability for unpaid reported claims	\$691,578	\$653,725	\$330,544
Accrued liability for incurred but not reported (IBNR)	\$514,289	\$687,250	\$872,995
Unallocated Loss Adjustment Expense	\$60,293	\$57,049	\$ -
TOTAL CLAIM LIABILITIES	\$1,266,160	\$1,198,024	\$1,203,539

**SMALL CITIES ORGANIZED RISK EFFORT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2013

The following chart indicates the liability per year to the total liabilities for the Workers' Compensation Program for years ending 2013, 2012 and 2011:

SCORE'S POOL CLAIM LIABILITIES			
Workers' Compensation Program			
Year Ending	June 30, 2013	June 30, 2012	June 30, 2011
Accrued liability for unpaid reported claims	\$3,006,808	\$2,393,548	\$1,586,662
Accrued liability for incurred but not reported (IBNR)	\$1,158,879	\$1,411,863	\$1,726,284
Allocated Loss Adjustment Expense	\$208,284	\$190,271	\$ -
TOTAL CLAIM LIABILITIES	\$4,373,971	\$3,995,682	\$3,312,946

NET POSITION

Net Position, as of June 30, 2013 was \$6,521,555 a decrease of \$987,038 or 13.14% from the prior year. The decrease in 2013 is due primarily to the declaration and distribution of dividends coupled with an increase in claims expense. Prior to June 25, 2011, Net Position was segregated into a Contingency Reserve, Shock Loss Reserve and Unreserved Net Position. The Contingency Reserve represented funds designated to fund an unexpected fiscal drain due to losses as well as to provide SCORE the ability to react to escalating insurance costs by increasing the amount retained in the pool.

The Board amended their Master Plan documents on June 25, 2011 to replace the Shock Loss Reserve with Minimum Equity Reserve of five (5) times the Self Insured Retention (SIR) applicable to both the Liability and Workers' Compensation programs. The minimum equity reserved for the Liability program is \$2,500,000 and \$1,250,000 for the Workers' Compensation program.

The ending Net Position by category was as follows for the year ending June 30, 2013, 2012 and 2011:

Net Position	June 30, 2013	June 30, 2012	June 30, 2011
Contingency Reserve	N/A	N/A	\$1,314,000
Shock Loss Reserve	\$ -	\$ -	\$2,000,000
Minimum Equity Reserve	\$3,750,000	\$3,750,000	\$ -
Unreserved	\$2,771,555	\$3,758,593	\$8,086,819
Total Net Position	\$6,512,555	\$7,508,593	\$11,400,819

**SMALL CITIES ORGANIZED RISK EFFORT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2013

REVENUES AND EXPENSES

Revenues consist primarily of member contributions, with interest and other income, which represents dividends received from CJPRMA. Operating Expenses includes all costs associated with the purchase of excess insurance and costs associated with claims handling. General and Administrative expenses consist of those expenses to run the pool. Members' dividends are returns from SCORE'S Liability and Workers' Compensation banking and shared risk layers.

SCORE REVENUES AND EXPENSES			
Year Ending	June 30, 2013	June 30, 2012	June 30, 2011
Contributions	\$2,686,404	\$3,074,727	\$4,536,450
Operating Expenses	\$2,941,997	\$3,053,279	\$2,624,547
Member Dividends	\$750,004	\$4,182,666	\$0
Investment Income	\$18,559	\$269,992	\$244,032
Change in Net Position	\$(987,038)	\$(3,892,226)	\$1,911,903
NET POSITION	\$6,521,555	\$7,508,593	\$11,400,819

Contributions for 2013 decreased \$388,323 or 12.62% due to a reduction in payroll amongst member Cities and excess pool partner dividends. Operating Expenses increased in 2013 by \$638,722 or 20.91% due to a \$446,425 increase in claims expense. Members Dividends of \$750,004 were declared in 2013. Investment Income decreased by 93.12% to \$18,559 due to record low interest rates associated with low risk investment vehicles that are mandated by SCORE's Investment Policy. Change in Net Position increased by \$2,905,188 primarily as a net result of a decrease in dividends and the reduction of contributions.

CLAIMS EXPENSES

Claims expenses for the year can be broken down into four different components:

- Actual cash payments for claims.
- Change in reserves established on known claims.
- Change in actuarially determined amounts in excess of known reserves to recognize the unanticipated changes in known claims as well as recognition of claims incurred but not yet reported (IBNR).
- Change in Unallocated Loss Adjustment Expenses (ULAE).

**SMALL CITIES ORGANIZED RISK EFFORT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2013

SCORE'S LIABILITY PROGRAM CLAIMS EXPENSE			
Year Ending	June 30, 2013	June 30, 2012	June 30, 2011
Cash Payments	\$423,621	\$385,733	\$249,108
Reserve Changes	\$237,853	\$123,181	\$101,674
IBNR Changes	(\$172,961)	(\$185,745)	(\$392,599)
ULAE Changes	3,244	57,049	\$ -

SCORE'S WORKERS' COMPENSATION PROGRAM CLAIMS EXPENSE			
Year Ending	June 30, 2013	June 30, 2012	June 30, 2011
Cash Payments	\$723,555	\$686,075	\$798,796
Reserve Changes	\$613,260	\$806,886	\$425,971
IBNR Changes	(\$252,984)	(\$314,421)	(\$223,848)
ULAE Changes	18,013	190,271	

PROGRAM STRUCTURES

The Liability program of SCORE provides coverage to its members with a self-funded banking and shared risk layer, providing total limits of coverage of \$500,000. Excess liability coverage is provided through California Joint Powers Risk Management Authority (CJPRMA) with limits of \$40,000,000 inclusive of SCORE's \$500,000 retained limit. The Banking Layer consists of an amount of all claims arising out of one occurrence or wrongful act up to \$25,000. The Shared Risk Layer consists 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.

The optional Workers' Compensation program of SCORE provides coverage with a self-funded banking and shared risk layer, providing total limits of coverage of \$250,000. Excess workers' compensation coverage is provided through Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) with limits of \$300,000,000 excess of the \$250,000 SCORE Self Insured Retention.

Other programs consist of group purchase or participation in another joint powers authority.

**SMALL CITIES ORGANIZED RISK EFFORT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

JUNE 30, 2013

The structure of the various programs is depicted by the following schedule:

Liability (Provided)	EPL (Provided)	Property (Optional)	EPLI (Optional)	Workers' Compensation (Optional)
CJPRMA \$39,500,000 excess of \$500,000 SCORE Retained Limit	CJPRMA \$8,000,000 for SCORE members who do not purchase optional coverage through ERMA	PEPIP \$1,000,000,000 XS SCORE \$5,000 Deductible	ERMA \$500,000 inclusive of a \$25,000 deductible	LAWCX Statutory limits XS \$250,000 SCORE Retained Limit
	\$500,000 Covered Party Retained Limit		\$25,000 Covered Party Retained Limit for ERMA \$500,000 Covered Party Retained Limit for CJPRMA	

Conclusion:

SCORE is funded appropriately to not only meet the requirements of expected future liabilities based on actuarial projections, but to include a safe margin of error at a minimum level of 70 percent confidence level. Management's position is that there are no anticipated external or internal events in the near future that would affect this funding in any significant manner.

BASIC FINANCIAL STATEMENTS

SMALL CITIES ORGANIZED RISK EFFORT
STATEMENTS OF NET POSITION
June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 1,590,271	\$ 2,444,553
Receivables:		
Contributions receivable	547,952	576,770
Interest	39,475	47,788
Other receivables	53,993	28,167
Investments maturing within one year (Note 2)	2,447,149	1,764,405
Prepaid Expenses	<u>13,235</u>	<u>1,494</u>
Total current assets	4,692,075	4,863,177
Investments, less portion maturing in one year (Note 2)	<u>8,097,795</u>	<u>8,732,222</u>
Total assets	<u>12,789,870</u>	<u>13,595,399</u>
LIABILITIES		
Current liabilities:		
Accounts payable	15,300	63,890
Unearned revenue	16,610	41,257
Dividend payable to members	596,274	787,953
Current portion of unpaid claims and claim adjustment expenses (Note 3)	<u>1,346,403</u>	<u>1,284,563</u>
Total current liabilities	1,974,587	2,177,663
Unpaid claims and claim adjustment expenses (Note 3)	<u>4,293,728</u>	<u>3,909,143</u>
Total liabilities	<u>6,268,315</u>	<u>6,086,806</u>
NET POSITION		
Net position - unrestricted (Note 4)	<u>\$ 6,521,555</u>	<u>\$ 7,508,593</u>

See accompanying notes to basic financial statements.

SMALL CITIES ORGANIZED RISK EFFORT
 STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
 For the Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Operating revenues:		
Member contributions	\$ 2,686,404	\$ 3,074,727
Operating expenses:		
Provision for claims and claim adjustment expenses (Note 3)	1,593,601	1,749,029
Insurance premiums	629,766	588,613
Program administration	214,750	204,526
Claims administration	222,240	242,499
Contract risk management services	68,412	97,324
Professional services	138,634	89,046
Member dividends	750,004	4,182,666
General and administrative	<u>74,594</u>	<u>82,242</u>
Total operating expenses	<u>3,692,001</u>	<u>7,235,945</u>
Operating loss	(1,005,597)	(4,161,218)
Non-operating revenues:		
Investment income	<u>18,559</u>	<u>268,992</u>
Change in net position	(987,038)	(3,892,226)
Net position, beginning of year	<u>7,508,593</u>	<u>11,400,819</u>
Net position, end of year	<u>\$ 6,521,555</u>	<u>\$ 7,508,593</u>

See accompanying notes to basic financial statements.

SMALL CITIES ORGANIZED RISK EFFORT
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Cash received from members	\$ 2,664,749	\$ 3,208,072
Cash paid for claims	(1,147,176)	(1,071,808)
Cash paid for excess insurance	(629,766)	(588,613)
Cash paid for member dividends	(941,683)	(3,625,084)
Cash paid to suppliers	<u>(681,781)</u>	<u>(674,676)</u>
Net cash used in operating activities	<u>(735,657)</u>	<u>(2,752,109)</u>
Cash flows from investing activities:		
Interest received	26,872	281,552
Purchase of investments	(3,083,604)	(5,080,873)
Proceeds from sale or maturity of investments	<u>2,938,107</u>	<u>4,721,586</u>
Net cash used in investing activities	<u>(118,625)</u>	<u>(77,735)</u>
Net change in cash and cash equivalents	(854,282)	(2,829,844)
Cash and cash equivalents, beginning of year	<u>2,444,553</u>	<u>5,274,397</u>
Cash and cash equivalents, end of year	<u>\$ 1,590,271</u>	<u>\$ 2,444,553</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (1,005,597)	\$ (4,161,218)
Adjustments to reconcile operating loss to net cash used in operating activities:		
(Increase) decrease in:		
Accounts receivable from members and others	2,992	95,752
Prepaid expense	(11,741)	10,069
(Decrease) increase in:		
Accounts payable	48,590	30,892
Dividends payable to members	(191,679)	557,582
Unearned revenues	(24,647)	37,593
Unpaid claims and claim adjustment expense	<u>446,425</u>	<u>677,221</u>
Net cash used in operating activities	<u>\$ (735,657)</u>	<u>\$ (2,752,109)</u>
Supplemental cash flow information:		
Investing activities:		
Change in fair value of investments	<u>\$ 189,832</u>	<u>\$ 244,095</u>

See accompanying notes to basic financial statements.

SMALL CITIES ORGANIZED RISK EFFORT
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2013 and 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General: Small Cities Organized Risk Effort (the "SCORE") is a Joint Powers Insurance Authority which was established to provide liability and workers' compensation insurance coverage for its member agencies. As of June 30, 2013 and 2012, the SCORE is comprised of nineteen small cities ("Member Cities") located in Northern and Central California.

Liability Program: Pursuant to a Joint Powers Agreement authorized under California Government Code sections 990, 990.4, 990.8, and 6500-6515, effective on or about July 1, 1986, between the Member Cities, the SCORE was established to provide for pooling of public liability coverage. Member Cities participate in a Banking Plan for losses up to \$25,000. Losses greater than \$25,000 and up to \$500,000 are shared among the Member Cities in the Shared Risk Pool. The SCORE participates in the California Joint Powers Risk Management Authority (CJPRMA) for the portion of losses greater than \$500,000.

Workers' Compensation Program: Pursuant to a Joint Powers Agreement authorized under California Government Code sections 990, 990.4, 990.8, and 6500-6515, effective on or about July 1, 1993 between the Member Cities, the SCORE was established to provide for pooling of public workers compensation coverage. Member Cities participate in a Shared Risk Pool for claims less than \$150,000. The SCORE participates in the Local Agencies Workers' Compensation Excess Joint Powers Authority (LAWCX) for losses greater than \$150,000.

As of June 30, 2013 and 2012, nine of the Member Cities participated in the workers' compensation pool. The ninth member, Mini-cities, was formed through a separate Joint Powers Agreement consisting of smaller cities which could not join the Workers' Compensation program individually, due to their size.

A summary of the Member Cities' participation in the Liability and Workers' Compensation programs as of June 30, 2013 and 2012 is provided below (as indicated with an "X"):

Member	Liability	Workers' Compensation	Member	Liability	Workers' Compensation
Biggs ¹	X	X	Montague ¹	X	X
Colfax ¹	X	X	Mount Shasta	X	X
Dorris ¹	X	X	Portola ¹	X	X
Dunsmuir	X	X	Rio Dell ¹	X	X
Etna ¹	X	X	Shasta Lake	X	X
Fort Jones ¹	X	X	Susanville	X	X
Isleton	X		Tulelake	X	
Live Oak	X	X	Weed	X	X
Loomis ¹	X	X	Yreka	X	X
Loyalton	X	X			

¹ These Member Cities are included in the "Mini-cities" JPA.

Other Programs: The SCORE also offers additional insurance coverage to its Member Cities including property, employment practices liability, crime, pollution liability, mobile equipment, auto physical damage, special events, employee assistance, and volunteers insurance programs. All of these additional insurance programs are fully insured by a commercial provider.

Basis of Accounting: The accompanying financial statements are presented on the accrual basis of accounting in accordance with governmental accounting principles generally accepted in the United States of America. Under the accrual basis, revenues and the related assets are recognized when earned, and expenses are recognized when the obligation is incurred.

(Continued)

SMALL CITIES ORGANIZED RISK EFFORT
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2013 and 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents: Cash and cash equivalents are investments readily convertible into known amounts of cash with original maturities at date of purchase of less than three months.

Fair Value of Pooled Investments: The SCORE records its investment in the Local Agency Investment Fund (LAIF) at fair value. Changes in fair value are reported as revenue in the statement of revenues, expenses and changes in Net Position. The fair value of investments, including the Local Agency Investment Fund as an external investment pool, at June 30, 2013 and 2012 approximated their carrying value.

Investments: Investments are reported in the accompanying statement of Net Position at fair value. Changes in fair value that occur during a fiscal year are recognized as investment earnings reported for that fiscal year. Net change in fair value of investments includes change in fair value and gains or losses realized upon the liquidation, maturity or sale of investments, if any.

Revenue Recognition: Member contributions are recognized as revenue when earned based upon the coverage period of the related insurance. Operating revenues and expenses include all activities necessary to achieve the objectives of the SCORE. Non-operating revenues include investment activities.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Provision for Unpaid Claims and Claim Adjustment Expenses: The SCORE's policy is to establish unpaid claims and claim adjustment expenses based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage, subrogation and reinsurance recoverable on unpaid claims are deducted from the liability. The SCORE increases the liability for allocated claim adjustment expenses. Because actual claim costs depend on such complex factors as inflation, changes in doctrine of legal liability, and damage awards, the process used in computing unpaid claims and claim adjustment expenses does not necessarily result in an exact amount, particularly for coverages such as general liability. Unpaid claims and claim adjustment expenses are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, other economic and social factors and estimated payment dates. Adjustments to unpaid claims and claim adjustment expenses are charged or credited to expense in the period in which they are made. The current portion of unpaid claims is based on current year payments and known claim information at the end of the period.

Member Participation: New members may be admitted by a three-quarters vote, and expelled by a two-thirds vote, of the Board. Upon entry into the SCORE, member may not voluntarily withdraw for a period of three years, but in no case before the SCORE's commitment to CJPRMA is satisfied. Members must submit six months written notice prior to voluntarily withdrawing. After withdrawal, a member may not reenter the SCORE for a period of three years.

Income Taxes: The SCORE is an organization comprised of public agencies, and is exempt from Federal income and California franchise taxes. Accordingly, no provision for Federal or State income taxes has been made in the accompanying financial statements.

(Continued)

SMALL CITIES ORGANIZED RISK EFFORT
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2013 and 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications: Some items in the prior year financial statements were reclassified to conform to the current presentation. These reclassifications had no effect on prior year ending net position or change in net position.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, cash equivalents and investments consisted of the following at June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Cash and cash equivalents:		
Cash in bank and on hand	\$ (360,212)	\$ (141,181)
Money market	53,131	95,814
Local Agency Investment Fund	<u>1,897,352</u>	<u>2,489,920</u>
Total cash and cash equivalents	1,590,271	2,444,553
Investments	<u>10,544,944</u>	<u>10,496,627</u>
Total cash, cash equivalents and investments	<u>\$ 12,135,215</u>	<u>\$ 12,941,180</u>

Custodial Credit Risk – Cash in Bank: The Fund limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2013 the bank balance of the SCORE's cash accounts were \$286,130, of which \$36,130 was uninsured, but collateralized. At June 30, 2012, all of the SCORE's cash accounts were insured through by FDIC insurance due to the Transaction Account Guarantee (TAG) program, which was effective through December 31, 2012.

Money Market: The SCORE has a portion of its cash and equivalents in a money market account at a third party custodian. The money market account is not insured by the Federal Deposit Insurance Corporation (FDIC), but is fully collateralized.

Local Agency Investment Fund: SCORE places certain funds with the State of California's Local Agency Investment Fund (LAIF). The SCORE is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the State and invests the cash. The fair value of the SCORE's investment in this pool is reported in the accompanying financial statements based upon the SCORE's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The monies held in the pooled investment funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds are accessible and transferable to the master account within twenty-four hours' notice. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by Federal agencies, government-sponsored enterprises and corporations. LAIF is administered by the State Treasurer. LAIF investments are audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall, Sacramento, California 95814. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity and yield are not jeopardized. LAIF is not currently rated for credit quality.

(Continued)

SMALL CITIES ORGANIZED RISK EFFORT
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2013 and 2012

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments Authorized by the California Government Code and SCORE's Investment Policy: SCORE is authorized by State statutes to invest in securities of the U.S. Treasury and agencies, related commercial paper, medium-term notes rated AA or better with maturities of 5 years or less, certificates of deposit, bankers' acceptances, repurchase agreements, mutual funds, and the State of California's Local Agency Investment Fund (LAIF). Additionally, security purchases and holdings shall be maintained within statutory limits imposed by the California Government Code.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. SCORE manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The SCORE monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The SCORE has no specific limitations with respect to this metric.

	June 30, 2013		
	<u>Fair Value</u>	Maturity	
		<u>Less than One Year</u>	<u>Between One and Five Years</u>
Investments maturities:			
Federal agency securities	\$ 5,641,300	\$ -	\$ 5,641,300
US Corporate notes	1,945,308	1,887,084	58,224
Commercial Paper	209,834	209,834	-
US Treasury	<u>2,748,502</u>	<u>350,231</u>	<u>2,398,271</u>
	<u>\$ 10,544,944</u>	<u>\$ 2,447,149</u>	<u>\$ 8,097,795</u>
	June 30, 2012		
	Maturity		
	<u>Fair Value</u>	<u>Less than One Year</u>	<u>Between One and Five Years</u>
Investments maturities:			
Federal agency securities	\$ 5,579,546	\$ 532,628	\$ 5,046,918
US Corporate notes	1,845,866	297,716	1,548,150
Commercial Paper	214,676	214,676	-
US Treasury	<u>2,856,539</u>	<u>719,385</u>	<u>2,137,154</u>
	<u>\$ 10,496,627</u>	<u>\$ 1,764,405</u>	<u>\$ 8,732,222</u>

(Continued)

SMALL CITIES ORGANIZED RISK EFFORT
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2013 and 2012

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Disclosures Relating to Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the entity's investment policy, or debt agreements, and the actual rating as of year-end for each investment type. The column marked "exempt from disclosure" identifies those investment types for which GASB No. 40 does not require disclosure as to credit risk:

Investment Type	Amount	Exempt From Disclosure	Ratings as of June 30, 2013			
			AAA	AA	A	Not Rated
Federal agency securities	\$ 5,641,300	\$ -	\$ -	\$ 5,641,300	\$ -	\$ -
U.S. corporate	1,945,308	-	358,632	1,586,676	-	-
Commercial paper	209,834	-	-	-	209,834	-
U.S. Treasury notes	2,748,502	2,748,502	-	-	-	-
Total	\$ 10,544,944	\$ 2,748,502	\$ 358,632	\$ 7,227,976	\$ 209,834	\$ -

Investment Type	Amount	Exempt From Disclosure	Ratings as of June 30, 2012			
			AAA	AA +/-	A +/-	Not Rated
Federal agency securities	\$ 5,579,546	\$ -	\$ -	\$ 5,579,546	\$ -	\$ -
U.S. corporate	1,845,866	-	357,682	1,488,184	-	-
Commercial paper	214,676	-	-	-	214,676	-
U.S. Treasury notes	2,856,539	2,856,539	-	-	-	-
Total	\$ 10,496,627	\$ 2,856,539	\$ 357,682	\$ 7,067,730	\$ 214,676	\$ -

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and ACCEL's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

(Continued)

SMALL CITIES ORGANIZED RISK EFFORT
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2013 and 2012

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Concentration of Investment Credit Risk: The SCORE does not place limits on the amount it may invest in any one issuer. The SCORE had the following investments which represent more than five percent of its net investments:

	<u>2013</u>	<u>2012</u>
Federal National Mortgage Association	16.4%	15.8%
Federal Home Loan Mortgage Co.	14.9%	13.1%
Federal Home Loan Bank	9.8%	12.1%
United States Treasury Notes	25.9%	27.2%
Federal Farm Credit Bank	10.0%	10.3%

NOTE 3 – UNPAID CLAIMS AND CLAIMS ADJUSTMENT EXPENSES

	<u>2013</u>	<u>2012</u>
Unpaid claims and claim adjustment expenses at beginning of fiscal year	<u>\$ 5,193,706</u>	<u>\$ 4,516,485</u>
Incurred claims and claim adjustment expenses:		
Provision for covered events of current fiscal year	1,210,339	1,281,000
Change in provision for covered events of prior fiscal years	<u>383,262</u>	<u>468,029</u>
Total incurred claims and claim adjustment expenses	<u>1,593,601</u>	<u>1,749,029</u>
Payments:		
Claims and claim adjustment expenses attributable to covered events of current fiscal year	126,661	466,456
Claims and claim adjustment expenses attributable to covered events of prior fiscal years	<u>1,020,515</u>	<u>605,352</u>
Total payments	<u>1,147,176</u>	<u>1,071,808</u>
Unpaid claims and claim adjustment expenses at end of fiscal year	<u>\$ 5,640,131</u>	<u>\$ 5,193,706</u>

(Continued)

SMALL CITIES ORGANIZED RISK EFFORT
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2013 and 2012

NOTE 3 – UNPAID CLAIMS AND CLAIMS ADJUSTMENT EXPENSES

The components of the unpaid claims and claim adjustment expenses for the SCORE as of June 30, 2013 and 2012 were as follows:

	<u>2013</u>	<u>2012</u>
Claim reserves	\$ 3,698,386	\$ 2,847,273
Claims incurred but not reported (IBNR)	1,673,168	2,099,113
Unallocated loss adjustment expenses (ULAE)	<u>268,577</u>	<u>247,320</u>
	5,640,131	5,193,706
Current portion	<u>(1,346,403)</u>	<u>(1,284,563)</u>
	<u>\$ 4,293,728</u>	<u>\$ 3,909,143</u>

NOTE 4 – NET POSITION

The SCORE's Board has established, through an amendment to the Master Plan documents, a Minimum Equity for five times the Self-Insured Retention (SIR) applicable to both the Liability and Workers' Compensation programs. The Minimum Equity Reserves are \$2,500,000 and \$1,250,000, for the for the Liability and Workers' Compensation programs, respectively. No minimum equity reserves have been established for other programs offered by the SCORE.

Designations of net position were as follows, for the years ended June 30, 2013 and 2012:

	June 30, 2013			
	Liability Program	Workers' Compensation Program	Other Programs	Total
Minimum equity reserve	\$ 2,500,000	\$ 1,250,000	\$ -	\$ 3,750,000
Undesignated	<u>2,352,756</u>	<u>431,028</u>	<u>(12,229)</u>	<u>2,771,555</u>
Total Net Position	<u>\$ 4,852,756</u>	<u>\$ 1,681,028</u>	<u>\$ (12,229)</u>	<u>\$ 6,521,555</u>

	June 30, 2012			
	Liability Program	Workers' Compensation Program	Other Programs	Total
Minimum equity reserve	\$ 2,500,000	\$ 1,250,000	\$ -	\$ 3,750,000
Undesignated	<u>2,632,626</u>	<u>1,137,991</u>	<u>(12,024)</u>	<u>3,758,593</u>
Total Net Position	<u>\$ 5,132,626</u>	<u>\$ 2,387,991</u>	<u>\$ (12,024)</u>	<u>\$ 7,508,593</u>

(Continued)

SMALL CITIES ORGANIZED RISK EFFORT
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2013 and 2012

NOTE 5 – JOINT POWERS AGREEMENT

The SCORE participates in joint ventures under Joint Powers Agreements (JPAs) with California Joint Powers Risk Management Authority (CJPRMA) and Local Agencies Workers' Compensation Excess Joint Powers Authority (LAWCX). The relationships are such that CJPRMA and LAWCX are not component units of the SCORE for financial reporting purposes.

CJPRMA arranges for and provides general liability coverage for claims over the SCORE's self-insured retention layer of \$500,000. LAWCX arranges for and provides excess workers' compensation coverage for losses in excess of \$150,000 per occurrence.

The joint powers agreements for CJPRMA and LAWCX are governed by boards of directors consisting of one representative of the member authorities. The boards control the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the member agencies beyond their representation on the boards. Each member authority pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation.

Condensed financial information for the fiscal year ended June 30, 2012 (the most current information available) is as follows:

	<u>CJPRMA</u>	<u>LAWCX</u>
Total assets	\$ 97,281,326	\$ 65,962,653
Total liabilities	<u>46,423,481</u>	<u>39,812,621</u>
Net position	<u>\$ 50,857,845</u>	<u>\$ 26,150,032</u>
Revenues	\$ 20,709,224	\$ 9,171,005
Expenses	<u>11,388,497</u>	<u>10,963,129</u>
Change in Net position	<u>\$ 9,320,727</u>	<u>\$ (1,792,124)</u>

REQUIRED SUPPLEMENTARY INFORMATION

SMALL CITIES ORGANIZED RISK EFFORT
RECONCILIATION OF CLAIMS LIABILITIES BY PROGRAM
LIABILITY PROGRAM
For the Years Ended June 30, 2013 and 2012

The schedule below presents the changes in claims liabilities for the past two years of the SCORE's Liability Program:

	<u>2013</u>	<u>2012</u>
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$ <u>1,198,024</u>	\$ <u>1,203,539</u>
Incurred claims and claim adjustment expenses:		
Provision for covered events of current fiscal year	452,597	495,000
Decrease in provision for covered events of prior fiscal years	<u>39,160</u>	<u>(114,782)</u>
Total incurred claims and claim adjustment expenses	<u>491,757</u>	<u>380,218</u>
Payments:		
Claims and claim adjustment expenses attributable to covered events of current fiscal year	52,403	266,681
Claims and claim adjustment expenses attributable to covered events of prior fiscal years	<u>371,218</u>	<u>119,052</u>
Total payments	<u>423,621</u>	<u>385,733</u>
Unpaid claims and claim adjustment expenses at end of fiscal year	\$ <u>1,266,160</u>	\$ <u>1,198,024</u>

The components of the unpaid claims and claim adjustment expenses for the Property and Liability Program as of June 30, 2013 and 2012 were as follows:

	<u>2013</u>	<u>2012</u>
Claim reserves	\$ 691,578	\$ 453,725
Claims incurred but not reported (IBNR)	514,289	687,250
Unallocated loss adjustment expenses (ULAE)	<u>60,293</u>	<u>57,049</u>
	<u>\$ 1,266,160</u>	<u>\$ 1,198,024</u>

(Continued)

SMALL CITIES ORGANIZED RISK EFFORT
RECONCILIATION OF CLAIMS LIABILITIES BY PROGRAM
WORKERS' COMPENSATION PROGRAM
For the Years Ended June 30, 2013 and 2012

The schedule below presents the changes in claims liabilities for the past two years of the Workers' Compensation Program:

	<u>2013</u>	<u>2012</u>
Unpaid claims and claim adjustment expenses at beginning of fiscal year	\$ <u>3,995,682</u>	\$ <u>3,312,946</u>
Incurred claims and claim adjustment expenses:		
Change in provision for covered events of the current fiscal year	757,742	786,000
Change in provision for covered events of prior fiscal years	<u>344,102</u>	<u>582,811</u>
Total incurred claims and claim adjustment expenses	<u>1,101,844</u>	<u>1,368,811</u>
Payments:		
Claims and claim adjustment expenses attributable to covered events of the current year	74,258	199,775
Claims and claim adjustment expenses attributable to covered events of prior fiscal years	<u>649,297</u>	<u>486,300</u>
Total payments	<u>723,555</u>	<u>686,075</u>
Unpaid claims and claim adjustment expenses at end of fiscal year	<u>\$ 4,373,971</u>	<u>\$ 3,995,682</u>

The components of the unpaid claims and claim adjustment expenses for the Workers' Compensation Program as of June 30, 2013 and 2012 were as follows:

	<u>2013</u>	<u>2012</u>
Claim reserves	\$ 3,006,808	\$ 2,393,548
Claims incurred but not reported (IBNR)	1,158,879	1,411,863
Unallocated loss adjustment expenses (ULAE)	<u>208,284</u>	<u>190,271</u>
	<u>\$ 4,373,971</u>	<u>\$ 3,995,682</u>

See Independent Auditor's Report.

SMALL CITIES ORGANIZED RISK EFFORT
CLAIMS DEVELOPMENT INFORMATION
For the Years Ended June 30, 2013 and 2012

The tables that follow illustrate how the SCORE's earned revenues (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the SCORE as of the end of each of the previous ten years for the Liability and Workers' Compensation Programs. The rows of the tables are defined as follows:

1. Total of each fiscal year's gross earned premiums and reported investment revenue, amounts of premiums ceded and net earned reported premiums and reported investment revenue.
2. Each fiscal year's other operating costs of the Program including overhead and loss adjustment expenses not allocable to individual claims.
3. Program's gross incurred losses and allocated loss adjustment expense, losses assumed by reinsurers, and net incurred losses and loss adjustment expense (both paid and accrued) as originally reported at the end of the year in which the event that triggered coverage occurred (called policy year).
4. The cumulative net amounts paid as of the end of successive years for each policy year.
5. The latest reestimated amount of losses assumed by reinsurers for each policy year.
6. Policy year's incurred net claims increased or decreased as of the end of successive years. The annual re-estimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.
7. Compares the latest reestimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

The columns of the tables show data for successive policy years.

(Continued)

SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY PROGRAM - CLAIMS DEVELOPMENT INFORMATION
June 30, 2013

	Fiscal and Policy Year Ended June 30,									
	2004*	2005*	2006*	2007*	2008*	2009*	2010*	2011*	2012*	2013
1. Premiums and investment revenue:										
Earned	\$ 1,615,000	\$ 1,733,000	\$ 1,747,000	\$ 1,842,000	\$ 2,122,000	\$ 2,203,000	\$ 2,139,000	\$ 2,481,000	\$ 1,719,000	\$ 1,153,167
Ceded	-	-	(227,000)	(243,000)	(258,000)	(157,000)	(96,000)	(61,000)	(12,000)	(17,653)
Assessments (dividends)	-	-	(303,000)	-	(659,000)	(25,000)	(984,000)	-	-	-
Net earned	<u>\$ 1,615,000</u>	<u>\$ 1,733,000</u>	<u>\$ 1,217,000</u>	<u>\$ 1,599,000</u>	<u>\$ 1,205,000</u>	<u>\$ 2,021,000</u>	<u>\$ 1,059,000</u>	<u>\$ 2,420,000</u>	<u>\$ 1,707,000</u>	<u>\$ 1,135,514</u>
2. Unallocated expenses	\$ 348,000	\$ 356,000	\$ 198,000	\$ 225,000	\$ 254,000	\$ 483,000	\$ 447,000	\$ 394,000	\$ 425,000	\$ 353,957
3. Estimated claims and expenses, end of policy year:										
Incurred	\$ 337,000	\$ 746,000	\$ 1,047,000	\$ 1,051,000	\$ 1,126,000	\$ 1,105,000	\$ 1,001,000	\$ 829,000	\$ 507,000	\$ 522,653
Ceded	-	-	(227,000)	(243,000)	(258,000)	(157,000)	(96,000)	(61,000)	(12,000)	(17,653)
Net incurred	<u>\$ 337,000</u>	<u>\$ 746,000</u>	<u>\$ 820,000</u>	<u>\$ 808,000</u>	<u>\$ 868,000</u>	<u>\$ 948,000</u>	<u>\$ 905,000</u>	<u>\$ 768,000</u>	<u>\$ 495,000</u>	<u>\$ 505,000</u>
4. Net paid (cumulative) as of:										
End of policy year	\$ 500,000	\$ 183,000	\$ 231,000	\$ 205,000	\$ 74,000	\$ 157,000	\$ 189,000	\$ 141,000	\$ 267,000	\$ 52,403
One year later	\$ 610,000	\$ 322,000	\$ 531,000	\$ 419,000	\$ 277,000	\$ 243,000	\$ 264,000	\$ 327,000	\$ 398,189	
Two years later	\$ 744,000	\$ 325,000	\$ 636,000	\$ 764,000	\$ 429,000	\$ 261,000	\$ 306,000	\$ 538,026		
Three years later	\$ 756,000	\$ 325,000	\$ 629,000	\$ 783,000	\$ 753,000	\$ 272,000	\$ 334,174			
Four years later	\$ 773,000	\$ 337,000	\$ 629,000	\$ 834,000	\$ 762,000	\$ 271,751				
Five years later	\$ 774,000	\$ 349,000	\$ 655,000	\$ 890,000	\$ 761,967					
Six years later	\$ 775,000	\$ 364,000	\$ 659,000	\$ 890,235						
Seven years later	\$ 775,000	\$ 369,000	\$ 658,845							
Eight years later	\$ 775,000	\$ 370,079								
Nine years later	\$ 775,230									
5. Re-estimated ceded claims and expenses	\$ -	\$ -	\$ 227,000	\$ 243,000	\$ 258,000	\$ 157,000	\$ 96,000	\$ 61,000	\$ 12,000	\$ 284,186
6. Re-estimated incurred claims and expenses:										
End of policy year	\$ 500,000	\$ 746,000	\$ 820,000	\$ 808,000	\$ 868,000	\$ 948,000	\$ 905,000	\$ 768,000	\$ 495,000	\$ 505,000
One year later	\$ 610,000	\$ 736,000	\$ 796,000	\$ 1,032,000	\$ 670,000	\$ 670,000	\$ 670,000	\$ 775,000	\$ 985,000	
Two years later	\$ 744,000	\$ 554,000	\$ 836,000	\$ 1,223,000	\$ 581,000	\$ 388,000	\$ 487,000	\$ 639,000		
Three years later	\$ 756,000	\$ 428,000	\$ 760,000	\$ 931,000	\$ 761,000	\$ 351,000	\$ 398,000			
Four years later	\$ 773,000	\$ 370,000	\$ 671,000	\$ 838,000	\$ 775,000	\$ 271,751				
Five years later	\$ 774,000	\$ 358,000	\$ 675,000	\$ 844,000	\$ 755,224					
Six years later	\$ 775,000	\$ 375,000	\$ 645,000	\$ 835,991						
Seven years later	\$ 775,000	\$ 541,000	\$ 645,172							
Eight years later	\$ 775,000	\$ 370,079								
Nine years later	\$ 775,230									
7. Increase (decrease) in estimated incurred claims and expenses from end of policy year	<u>\$ 438,230</u>	<u>\$ (375,921)</u>	<u>\$ (174,828)</u>	<u>\$ 27,991</u>	<u>\$ (112,776)</u>	<u>\$ (676,249)</u>	<u>\$ (507,000)</u>	<u>\$ (129,000)</u>	<u>\$ 490,000</u>	<u>\$ -</u>

* Amounts recorded prior to June 30, 2013 were reported in thousands.

(Continued)

SMALL CITIES ORGANIZED RISK EFFORT
 WORKERS' COMPENSATION PROGRAM - CLAIMS DEVELOPMENT INFORMATION
 June 30, 2013

	Fiscal and Policy Year Ended June 30,									
	2004*	2005*	2006*	2007*	2008*	2009*	2010*	2011*	2012*	2013
1. Premiums and investment revenue:										
Earned	\$ 2,275,000	\$ 2,647,000	\$ 2,231,000	\$ 2,145,000	\$ 2,173,000	\$ 2,150,000	\$ 2,056,000	\$ 1,931,000	\$ 1,322,000	\$ 1,229,856
Ceded	-	-	(342,000)	(324,000)	(416,000)	(408,000)	(315,000)	(408,000)	(284,000)	(289,969)
Assessments (dividends)	-	-	(887,000)	-	(504,000)	-	(984,000)	-	-	-
Net earned	<u>\$ 2,275,000</u>	<u>\$ 2,647,000</u>	<u>\$ 1,002,000</u>	<u>\$ 1,821,000</u>	<u>\$ 1,253,000</u>	<u>\$ 1,742,000</u>	<u>\$ 757,000</u>	<u>\$ 1,523,000</u>	<u>\$ 1,038,000</u>	<u>\$ 939,887</u>
2. Unallocated expenses	\$ 302,000	\$ 410,000	\$ 171,000	\$ 212,000	\$ 232,000	\$ 286,000	259,000	\$ 331,000	\$ 290,000	\$ 259,000
3. Estimated claims and expenses, end of policy year:										
Incurred	\$ 703,000	\$ 473,000	\$ 1,330,000	\$ 1,299,000	\$ 1,491,000	\$ 1,309,000	\$ 1,188,000	\$ 1,210,000	\$ 1,070,000	\$ 1,121,969
Ceded	-	-	(342,000)	(324,000)	(416,000)	(408,000)	(315,000)	(408,000)	(284,000)	(289,969)
Net incurred	<u>\$ 703,000</u>	<u>\$ 473,000</u>	<u>\$ 998,000</u>	<u>\$ 975,000</u>	<u>\$ 1,075,000</u>	<u>\$ 901,000</u>	<u>\$ 873,000</u>	<u>\$ 802,000</u>	<u>\$ 786,000</u>	<u>\$ 832,000</u>
4. Net paid (cumulative) as of:										
End of policy year	\$ 216,000	\$ 104,000	\$ 178,000	\$ 210,000	\$ 100,000	\$ 143,000	\$ 135,000	\$ 103,000	\$ 200,000	\$ 74,258
One year later	\$ 443,000	\$ 343,000	\$ 213,000	\$ 422,000	\$ 222,000	\$ 340,000	\$ 358,000	\$ 288,000	\$ 412,815	
Two years later	\$ 514,000	\$ 493,000	\$ 258,000	\$ 564,000	\$ 375,000	\$ 412,000	\$ 556,000	\$ 383,271		
Three years later	\$ 583,000	\$ 630,000	\$ 266,000	\$ 694,000	\$ 428,000	\$ 446,000	\$ 665,278			
Four years later	\$ 656,000	\$ 718,000	\$ 267,000	\$ 811,000	\$ 472,000	\$ 506,380				
Five years later	\$ 686,000	\$ 748,000	\$ 268,000	\$ 880,000	\$ 530,175					
Six years later	\$ 705,000	\$ 824,000	\$ 320,000	\$ 943,907						
Seven years later	\$ 712,000	\$ 882,000	\$ 321,758							
Eight years later	\$ 720,000	\$ 889,412								
Nine years later	\$ 723,745									
5. Re-estimated ceded claims and expenses	\$ -	\$ -	\$ 342,000	\$ 324,000	\$ 416,000	\$ 408,000	\$ 315,000	\$ 408,000	\$ 284,000	\$ 289,969
6. Re-estimated incurred claims and expenses:										
End of policy year	\$ 703,000	\$ 473,000	\$ 988,000	\$ 975,000	\$ 1,075,000	\$ 901,000	\$ 873,000	\$ 802,000	\$ 786,000	\$ 832,000
One year later	\$ 1,014,000	\$ 864,000	\$ 781,000	\$ 921,000	\$ 734,000	\$ 787,000	\$ 719,000	\$ 848,000	\$ 810,000	
Two years later	\$ 907,000	\$ 840,000	\$ 634,000	\$ 777,000	\$ 776,000	\$ 725,000	\$ 988,000	\$ 846,000		
Three years later	\$ 860,000	\$ 959,000	\$ 526,000	\$ 734,000	\$ 668,000	\$ 675,000	\$ 1,098,000			
Four years later	\$ 922,000	\$ 871,000	\$ 397,000	\$ 730,000	\$ 730,000	\$ 728,000	\$ 680,000			
Five years later	\$ 795,000	\$ 923,000	\$ 345,000	\$ 695,000	\$ 849,000					
Six years later	\$ 778,000	\$ 997,000	\$ 330,000	\$ 611,000						
Seven years later	\$ 693,000	\$ 1,127,000	\$ 329,000							
Eight years later	\$ 771,000	\$ 1,150,000								
Nine years later	\$ 692,000									
7. Increase (decrease) in estimated incurred claims and expenses from end of policy year	<u>\$ (11,000)</u>	<u>\$ (677,000)</u>	<u>\$ (669,000)</u>	<u>\$ (364,000)</u>	<u>\$ (226,000)</u>	<u>\$ (221,000)</u>	<u>\$ 225,000</u>	<u>\$ 44,000</u>	<u>\$ 24,000</u>	<u>\$ -</u>

* Amounts recorded prior to June 30, 2013 were reported in thousands.

See Independent Auditor's Report.

SUPPLEMENTARY INFORMATION

SMALL CITIES ORGANIZED RISK EFFORT
COMBINING STATEMENTS OF NET POSITION
June 30, 2013

	<u>Liability</u>	<u>Workers' Compensation</u>	<u>Other Programs</u>	<u>Administrative</u>	<u>Total</u>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 873,125	\$ 731,234	\$ (14,088)	\$ -	\$ 1,590,271
Receivables:					
Contributions receivable	547,534	418	-	-	547,952
Interest receivable	18,996	20,479	-	-	39,475
Other receivables	-	53,993	-	-	53,993
Investments maturing within one year	1,076,596	1,370,553	-	-	2,447,149
Prepaid expenses	<u>5,688</u>	<u>5,688</u>	<u>1,859</u>	-	<u>13,235</u>
Total current assets	<u>2,521,939</u>	<u>2,182,365</u>	<u>(12,229)</u>	-	<u>4,692,075</u>
Noncurrent assets:					
Investments, less portion maturing in one year	<u>3,896,660</u>	<u>4,201,135</u>	-	-	<u>8,097,795</u>
Total assets	<u>6,418,599</u>	<u>6,383,500</u>	<u>(12,229)</u>	-	<u>12,789,870</u>
LIABILITIES					
Current liabilities:					
Accounts payable	7,650	7,650	-	-	15,300
Unearned revenue	3,100	13,510	-	-	16,610
Dividend payable to members	288,933	307,341	-	-	596,274
Current portion of unpaid claims and claims adjustment expenses	<u>550,440</u>	<u>795,963</u>	-	-	<u>1,346,403</u>
Total current liabilities	850,123	1,124,464	-	-	1,974,587
Unpaid claims and claim adjustment expenses, less current portion	<u>715,720</u>	<u>3,578,008</u>	-	-	<u>4,293,728</u>
Total liabilities	<u>1,565,843</u>	<u>4,702,472</u>	-	-	<u>6,268,315</u>
Total net position	<u>\$ 4,852,756</u>	<u>\$ 1,681,028</u>	<u>\$ (12,229)</u>	<u>\$ -</u>	<u>\$ 6,521,555</u>

See Independent Auditor's Report.

SMALL CITIES ORGANIZED RISK EFFORT
COMBINING STATEMENTS OF NET POSITION
June 30, 2012

	<u>Liability</u>	<u>Workers' Compensation</u>	<u>Other Programs</u>	<u>Administrative</u>	<u>Total</u>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,282,921	\$ 1,175,150	\$ (13,518)	\$ -	\$ 2,444,553
Receivables:					
Contributions receivable	576,770	-	-	-	576,770
Interest receivable	22,747	25,041	-	-	47,788
Other receivables	-	28,167	-	-	28,167
Investments maturing within one year	745,801	1,018,604	-	-	1,764,405
Prepaid expenses	-	-	1,494	-	1,494
	<u>2,628,239</u>	<u>2,246,962</u>	<u>(12,024)</u>	<u>-</u>	<u>4,863,177</u>
Noncurrent assets:					
Investments, less portion maturing in one year	4,156,538	4,575,684	-	-	8,732,222
	<u>6,784,777</u>	<u>6,822,646</u>	<u>(12,024)</u>	<u>-</u>	<u>13,595,399</u>
LIABILITIES					
Current liabilities:					
Accounts payable	41,356	22,534	-	-	63,890
Unearned revenue	40,580	677	-	-	41,257
Dividend payable to members	372,191	415,762	-	-	787,953
Current portion of unpaid claims and claims adjustment expenses	495,879	788,684	-	-	1,284,563
	<u>702,145</u>	<u>3,206,998</u>	<u>-</u>	<u>-</u>	<u>3,909,143</u>
Unpaid claims and claim adjustment expenses, less current portion	702,145	3,206,998	-	-	3,909,143
	<u>1,652,151</u>	<u>4,434,655</u>	<u>-</u>	<u>-</u>	<u>6,086,806</u>
Total liabilities	<u>1,652,151</u>	<u>4,434,655</u>	<u>-</u>	<u>-</u>	<u>6,086,806</u>
Total net position	<u>\$ 5,132,626</u>	<u>\$ 2,387,991</u>	<u>\$ (12,024)</u>	<u>\$ -</u>	<u>\$ 7,508,593</u>

See Independent Auditor's Report.

SMALL CITIES ORGANIZED RISK EFFORT
 COMBINING STATEMENTS OF REVENUES, EXPENSES
 AND CHANGE IN NET POSITION
 June 30, 2013

	<u>Liability</u>	<u>Workers' Compensation</u>	<u>Other Programs</u>	<u>Administrative</u>	<u>Total</u>
Operating revenues:					
Member contributions	\$ 1,144,153	\$ 1,220,217	\$ 322,034	\$ -	\$ 2,686,404
Operating expenses:					
Provisions for claims and claim adjustment expenses	491,757	1,101,844	-	-	1,593,601
Insurance premiums	17,653	289,969	322,144	-	629,766
Program administration	159,757	54,993	-	-	214,750
Claims administration	108,250	113,990	-	-	222,240
Contract risk management services	34,206	34,206	-	-	68,412
Professional services	48,500	-	-	90,134	138,634
Member dividends	500,000	250,004	-	-	750,004
General and administrative expenses	-	18,899	-	55,695	74,594
Total operating expenses	<u>1,360,123</u>	<u>1,863,905</u>	<u>322,144</u>	<u>145,829</u>	<u>3,692,001</u>
Allocation of administration expenses	72,915	72,914	-	(145,829)	-
Operating loss	(288,885)	(716,602)	(110)	-	(1,005,597)
Non-operating revenues:					
Investment income (losses)	<u>9,015</u>	<u>9,639</u>	<u>(95)</u>	<u>-</u>	<u>18,559</u>
Change in net position	(279,871)	(706,963)	(205)	-	(987,038)
Net position, beginning of year,	<u>5,132,626</u>	<u>2,387,991</u>	<u>(12,024)</u>	<u>-</u>	<u>7,508,593</u>
Net position, end of year	<u>\$ 4,852,756</u>	<u>\$ 1,681,028</u>	<u>\$ (12,229)</u>	<u>\$ -</u>	<u>\$ 6,521,555</u>

See Independent Auditor's Report.

SMALL CITIES ORGANIZED RISK EFFORT
 COMBINING STATEMENTS OF REVENUES, EXPENSES
 AND CHANGE IN NET POSITION
 June 30, 2012

	<u>Liability</u>	<u>Workers' Compensation</u>	<u>Other Programs</u>	<u>Administrative</u>	<u>Total</u>
Operating revenues:					
Member contributions	\$ 1,602,506	\$ 1,168,960	\$ 303,261	\$ -	\$ 3,074,727
Operating expenses:					
Provisions for claims and claim adjustment expenses	380,218	1,368,811	-	-	1,749,029
Insurance premiums	11,604	284,186	292,823	-	588,613
Program administration	152,152	52,374	-	-	204,526
Claims administration	130,519	111,980	-	-	242,499
Contract risk management services	65,126	32,198	-	-	97,324
Professional services	2,785	4,000	-	82,261	89,046
Member dividends	2,037,343	2,145,323	-	-	4,182,666
General and administrative expenses	-	15,150	-	67,092	82,242
Total operating expenses	<u>2,779,747</u>	<u>4,014,022</u>	<u>292,823</u>	<u>149,353</u>	<u>7,235,945</u>
Allocation of administration expenses	74,677	74,676	-	(149,353)	-
Operating (loss) income	<u>(1,251,918)</u>	<u>(2,919,738)</u>	<u>10,438</u>	<u>-</u>	<u>(4,161,218)</u>
Non-operating revenues:					
Investment income	<u>116,137</u>	<u>152,855</u>	<u>-</u>	<u>-</u>	<u>268,992</u>
Change in net position	<u>(1,135,781)</u>	<u>(2,766,883)</u>	<u>10,438</u>	<u>-</u>	<u>(3,892,226)</u>
Net position, beginning of year	<u>6,268,407</u>	<u>5,154,874</u>	<u>(22,462)</u>	<u>-</u>	<u>11,400,819</u>
Net position, end of year	<u>\$ 5,132,626</u>	<u>\$ 2,387,991</u>	<u>\$ (12,024)</u>	<u>\$ -</u>	<u>\$ 7,508,593</u>

See Independent Auditor's Report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors
Small Cities Organized Risk Effort
Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of Small Cities Organized Risk Effort, which comprise the statement of net position as of June 30, 2013, and the related statement of revenues, expenses and change in net position, statement of cash flows for the year then ended, and the related notes to the basic financial statements and have issued our report thereon dated October 25, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Small Cities Organized Risk Effort's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Small Cities Organized Risk Effort's internal control. Accordingly, we do not express an opinion on the effectiveness of Small Cities Organized Risk Effort's internal controls.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Small Cities Organized Risk Effort's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe Horwath LLP
Crowe Horwath LLP

Sacramento, California
October 25, 2013

2014 SCORE SERVICE CALENDAR

AS = Alliant Insurance Services Staff
 CA = Claims Auditor
 FA = Financial Auditor
 GB = Accounting Firm, Gilbert & Assoc.
 York = York Insurance Services Group Staff
 BD = Board of Directors

Tentative Dates	Activity	Completed by
JANUARY 2014		
01/03/2014	Obtain Electronic Loss Runs from York for Liability and Workers' Compensation	AS, York
01/04/14	Request RSVP for January BOD Meeting	AS, BD
01/05/14	Review to do list from prior Board of Directors Meeting	AS
Jan. 2014	2 nd Ad Hoc Committee Meeting for Loss Control – Finalize Grant Fund Doc.	AS, BD
01/25/14	Present the Long Range Planning derived Action Plan to Board of Directors(every other year, after LRP Meeting)	AS
01/16/14	Send Loss Runs to Gilbert Associates for review	AS
01/16/14	Confirm Attendance for BOD Meeting	AS, BD
01/03/14	Obtain Agenda items from all Vendors and Service Providers	AS
01/11/14	Staff Agenda Review	AS
01/21/14	Submit PEP/PIP Renewal Information	AS
01/22/14	Collect DE-6/9 Reports for Q4 of 2014	AS, BD
01/28/14	Obtain Draft Quarterly Financials from Gilbert Associates	GB
01/17/14	Post January BOD Meeting Agenda on SCORE Website	AS
01/17/14	BOD Agenda – send out for 01/24/14 meeting	AS
01/24/14	Board of Directors Meeting – Shasta Lake, CA	BD/AS
Mtg	4th quarter Investment Reports (as of 12/31) - submit for approval	BD
Mtg	2014 Meeting Calendar - submit for approval	BD
Mtg	2014 Service Calendar - submit for approval	BD
Mtg	Equity Distribution Plan Discussion	BD
Mtg	Investment Policy - submit for approval	BD
Mtg	Marketing Plan & Renewal Timeline: submit for approval	BD
01/25/2014	Present Claims Administration Audit agreement to Board (<i>even years ONLY</i>)	BD
Jan. 2014	Forward DE-6/9 Forms to CJPRMA for Premium Rating	AS
Jan. 2014	Submit Loss Runs, Payroll data and any options requested to Actuary for studies in W.C. & Liability	AS
Jan. 2014	File Audit Financial Statements w/ Secretary of State, Sacramento County and Members	AS
Jan. 2014	Being working on preliminary FY 2014/14 Budget	BD, AS
Jan. 2014	Form 700s - mail to BD and Committee members – deadline 03/21/14	AS
Jan. 2014	Property Program - prepare specifications	AS
Jan. 2014	Liability/WC – renewal loss information - deadline for receipt from York	AS
FEBRUARY 2014		
02/09-06/12	PARMA Annual Risk Management Conference – San Jose, California	BD/AS
Feb. 2014	Review Loss Runs for Common Loss Trends	AS

2014 SCORE SERVICE CALENDAR

AS = Alliant Insurance Services Staff
 CA = Claims Auditor
 FA = Financial Auditor
 GB = Accounting Firm, Gilbert & Assoc.
 York = York Insurance Services Group Staff
 BD = Board of Directors

Tentative Dates	Activity	Completed by
Feb. 2014	Survey Member interest in joining ERMA	AS, BD
02/14/14	Crime Program – prepare and send applications to Members	AS, BD
02/21/14	Reminder – Form 700s to Board and Alternate Members	AS, BD
02/04/14	Collect PEPiP Renewal Apps from Members and Submit to Alliant Underwriting	AS, BD
Feb 2014	Receive Dividend Calculations and Info from CJPRMA	AS, BD
02/14/14	Prepare January Board Meeting Draft Minutes	AS
02/11/14	Review To Do List from Board Meeting	AS
02/15/14	Follow up with Gilbert Associates for dividend return calculations	GB
02/19/14	Collect drafts of WC & Liability Actuarial Studies for March 2014 BOD meeting and send to Gilbert Associates	AS, Actuary
02/18/14	Request consent calendar items for March Agenda	AS
02/22/14	Request RSVP to members for March Board Meeting	AS, BD
MARCH 2014		
03/01/14	Actuarial Study - receive draft and send to Gilbert Associates	AS, Actuary
03/01/14-3/14/14	Begin work on Draft Budget and Member allocations for next Fiscal Year (Review and incorporate LAWCX, ERMA, CJPRMA & PEPiP draft members into budget)	AS
March 2014	Claims Audit – if any findings, request response from York and include in agenda packet.	AS, York
03/12/14	Submit Pollution Program Renewal Applications to Members	AS, BD
03/21/14	Board Meeting Agendas – send out for 03/28/14 meeting	AS/York
03/28/14	March Board of Directors Meeting	BD
Mtg	4 th quarter Investment Reports (as of 12/31) - submit for review	BD
Mtg	4 th quarter Financials (as of 12/31) - submit for review	BD
Mtg	Review and approve actuarial studies	BD
Mtg	Preliminary FY 2014/14 Budget - submit for review	BD
Mtg	Liability & WC Banking & Shared Layer – preliminary deposit calculation for review	BD
Mtg	Claims Auditor – Receive audit results for Both Liability and Worker’s Compensation and present to Board for review and approval	BD
Mtg	Service Provider Performance Evaluations – Submit responses for review	BD
Mtg	Actual to Budget Comparison for CY 2013-2014 – Follow up with Gilbert	AS
03/29/14	Review to do list from prior Board of Directors Meeting	AS
03/27/14	Find venue for October 2014 Training Day	BD/AS
03/28/14	Form 700s - receive from Board Members and Alternates	AS, BD
03/29/14	Renewal Certificates List to members – Deadline 30 days	AS, BD
APRIL 2014		

2014 SCORE SERVICE CALENDAR

AS = Alliant Insurance Services Staff
 CA = Claims Auditor
 FA = Financial Auditor
 GB = Accounting Firm, Gilbert & Assoc.
 York = York Insurance Services Group Staff

BD = Board of Directors

Tentative Dates	Activity	Completed by
04/01/14	Form 700s - file with FPPC	AS
04/08/14	Issue Payment for Treasurer's Bond	AS
04/10/14	Finalize March Board of Directors Draft Minutes	AS
04/30/14	CJRPMA Certificate Renewal List Due	AS
04/30/14	SCORE Certificate Renewal List Due	AS
04/11/14	Alliant begins contact with various contractors regarding renewal terms	AS
04/11/14	1 st Quarter DE-6 (as of 03/31) - request to members	AS
04/18/14	1 st quarter Losses - receive from York (as of 03/31)	GB
04/29/14	Send CJPRMA Certificate Renewal List to CJPRMA	AS
04/25/14	Update Draft Budget to include updates from the March BOD meeting	AS
04/26/14	Submit DE-6/9s to CJPRMA	AS
04/23/14	Banking Layer and Shared Risk Layer Member Allocation Calculations finalized	AS
04/30/14	Crime Renewal App to ACIP	AS
MAY 2014		
05/02/14	Annual certificate renewal reminder to members	AS, BD
05/02/14	Obtain PEPIP Renewal Proposals	AS
05/02/14	Obtain Quarterly Financials as of 3/31/2014	AS
05/06/14	Obtain Final Actuarial Reports for W.C. and Liability for June BOD Meeting	AS
05/16/14	W.C. & Liability Memorandum of Coverage FY 2014/14 – submit for approval	AS
05/29/14	Request Agenda Items from Vendors	AS
05/19/14	Send RSVP out to Board Members for June BOD Meeting	AS, BD
05/25/14	Property Renewal Status Review	AS
May 2014	Vendor contract signing and submission for approval	AS
JUNE 2014		
06/11/14	Send Bind Orders for PEPIP Program	AS
06/05/14	Insurance Certificate Renewal	AS
06/21/14	June Board of Directors Agenda - mail for 06/28/14 meeting	AS
06/27/14	June Board of Directors Meeting	BD
07/25/14	Prepare all signature items for Board President – Policies, MOCs, Summaries of Coverage, etc.	AS, BD
mtg	Approve Risk Management Budget	RM
06/06/14	Claims analysis (as of 12/31)	RM
mtg	1 st quarter Investment Reports (as of 03/31) - submit for approval	BD
mtg	1 st quarter Financials (as of 03/31) - submit for approval	BD
mtg	FY 2014/15 Budget - submit final for approval	BD

2014 SCORE SERVICE CALENDAR

AS = Alliant Insurance Services Staff
 CA = Claims Auditor
 FA = Financial Auditor
 GB = Accounting Firm, Gilbert & Assoc.
 York = York Insurance Services Group Staff

BD = Board of Directors

Tentative Dates	Activity	Completed by
mtg	Liability and WC FY 2014/15 Banking & Shared Risk Layer Program Deposits - submit final for approval	BD
mtg	Liability Memorandum of Coverage FY 2014/15 - submit for approval	BD
mtg	WC Memorandum of Coverage FY 2014/15 - submit for approval	BD
mtg	Property Program - provide report and allocations on renewal quotes	BD
mtg	Crime Program – provide report and allocations on renewal quotes	AS
06/27/14	Send certificates to Certificate Holders and Members	AS
06/25/14	Send Auto ID Cards to Members	AS
JULY 2014		
07/01/14	Send Program Invoices to ERMA, LAWCX, CJPRMA) to Gilbert Associates for payment	ALL
07/01/14	Finalize June Board of Directors draft minutes	AS
07/10/14	Follow up with President of the Board regarding items needing signatures	AS/BD
07/10/14	Finalize DE-6/9 Collection for Quarter ending 6/30/14	AS
07/15/14	Coordinate with Gilbert Associates and follow up regarding Member deposit premium payments	AS
07/15/14	Follow up with ACIP members regarding premium payments	AS
07/15/14	Property Summary – send to Members	AS
	Follow up on payments for ERMA, LAWCX, PEPPI, CJPRMA, etc	AS
7/3/14	Send Members Binders for all coverages including: WC, GL, Property, Crime, etc	
07/26/14	Request Consent Calendar items from vendors for August Board of Directors Meeting	AS
AUGUST 2014		
08/01/14	Submit LAWCX renewal apps to members in Worker’s Compensation	AS/BD
08/01/14	Send RSVP requests to members	AS/BM
08/22/14	Begin Public Self/Insurers Report with the State of California	AS
08/25/14	LAWCX Actual payroll Audit by class code	AS
08/25/14	Submit Fiscal Year Financial Information to Auditor	AS
08/23/14	Send out Agenda for Board of Directors Meeting to all members	AS
08/29/14	August Board of Directors Meeting	AS
mtg	Begin Selecting topics for Training Day Agenda	AS/BD
mtg	ACI Quarterly Utilization Reports: April 1, 2012 – June 30, 2012	AS
mtg	Quarterly Financials as of June 30 , 2012	GB
mtg	Select & Reserve October Training Day and Board meeting location	AS
SEPTEMBER 2014		
09/02/14	Review To Do list from August Board Meeting	AS
09/10/14	Finalize and email August Board Meeting draft minutes	AS

2014 SCORE SERVICE CALENDAR

AS = Alliant Insurance Services Staff
 CA = Claims Auditor
 FA = Financial Auditor
 GB = Accounting Firm, Gilbert & Assoc.
 York = York Insurance Services Group Staff
 BD = Board of Directors

Tentative Dates	Activity	Completed by
09/12/14	Begin Agenda for October Training Day	AS
09/09/14	Work with Board Members on finalizing October Training Day reservations and scheduling	AS
09/12/14	Request Consent Calendar Items from Vendors	GB
09/18-21/14	2014 CAJPA Fall Conference and Training Seminar – South Lake Tahoe	BD/AS
09/14/14	Financial Audit - review status	BD? AS
09/20/14	Retrieve Loss Run data from York and determine if loss trends exist that can be addressed through training	AS
09/24/14	Develop Loss Analysis charts showing frequency and severity of claims by department and cause of loss to present at Training Day	AS
09/30/14	Draft Program Manuals	AS
09/02/14	Select Training Material and Trainer to present at Training Day Meeting in October 2014	AS
OCTOBER 2014		
10/03/14	Public Self Insurer's Annual Report for JPA & Members - file	AS/York
10/10/14	3 rd quarter DE-6 (as of 09/30) – request from Members	AS
10/14/14	File Controllers Report with the State of California	AS
10/11/14	Obtain ACI quarterly Utilization Reports	AS
10/16/14	List PARMA Conference on Board/Training Day agenda	AS
10/17/14	Training and Board of Directors Agenda - mail for 10/10/12 meeting	AS
10/23-24/14	Training Day and Board of Directors Meeting	BD
mtg	Present Loss Analysis Data to Board for review	BD
10/31/14	3 rd quarter DE-6 Reports - send to CJPRMA (as of 09/30)	AS
10/31/14	Program Manual to Members	AS
NOVEMBER 2014		
11/14/14	Property (location schedules), Liability & WC Programs (estimated payroll) - request renewal specifications for the next fiscal year, if needed	AS, BD
11/14/14	Property Schedules to Members for review – deadline 30 days	AS, BD
11/11/14	Prepare FY 2015/16 Marketing Plan & Renewal Timeline - submit for approval	BD
11/28/14	Property (PEPIP) Policy Notebooks – prepare and send to Members	AS
11/14/14	Follow up with LAWCX regarding their W.C. Claims Audit	AS/GB
11/15/14	Finalize and send out October Training Day and Board Meeting Draft Minutes	AS
11/27/14	Send out renewal items for Property and Crime programs	AS
DECEMBER 2014		
12/02/14	Prepare 2015 Meeting Calendar – Include on agenda for January 2015 Board meeting	BD

2014 SCORE SERVICE CALENDAR

AS = Alliant Insurance Services Staff
 CA = Claims Auditor
 FA = Financial Auditor
 GB = Accounting Firm, Gilbert & Assoc.
 York = York Insurance Services Group Staff

BD = Board of Directors

Tentative Dates	Activity	Completed by
12/05/14	Prepare 2015 Service Calendar – Prepare for January 2015 Board mtg.	BD
12/10/14	Send PEPPI Policy and Post on SCORE website	BD
12/17/14	Request Agenda items for vendors to be included in the January 2014 Board of Directors Meeting	BD
12/20/14	Receive Final Audit Documents from Financial Auditor	BD
Dec 2014	Submit Audited Financials to County of Sacramento and State of California	AS
Dec 2014	Begin working with Gilbert on next year’s dividend calculations	AS, GB
12/30/14	Hold several meetings with Gilbert by this date and prior to January meeting to review draft dividend calculations	AS, GB
Dec 2014	Develop recommendation for dividend release for the Board	AS, GB
Dec 2014	Begin preparing agenda for January Board meeting	AS
12/30/14	Request documentation for January Board meeting from vendors and excess pool partners	AS
Dec 2014	Mail out Christmas Cards to Board Members	AS

COMMITTEE REPORTS

INFORMATION ITEM

ISSUE: Committee Reports are provided to the Board of Directors for their information.

RECOMMENDATION: None. This item is presented as information only.

FISCAL IMPACT: None

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

ATTACHMENTS:

1. ERMA Board of Directors Minutes – November 4, 2013
2. LAWCX Board of Directors Meeting – November 19, 2013
3. CJPRMA Executive Committee Meeting Minutes – November 5, 2013

**EMPLOYMENT RISK MANAGEMENT AUTHORITY (ERMA)
MINUTES OF THE BOARD OF DIRECTORS
MEETING OF NOVEMBER 4, 2013**

A regular meeting of the Board of Directors of ERMA was held on November 4, 2013, at the Bickmore office in Sacramento, CA.

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

BOARD MEMBERS ABSENT: René Mendez, MBASIA

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

ALTERNATE MEMBERS ABSENT: Joseph Villarreal, Housing Authority of Contra Costa Co.
Stephanie Beauchaine, SCORE
Min Lee Cheng, VCJPA
Daniel Dawson, MBASIA
Kerry Trost, PERMA

OTHERS PRESENT: Brian Kelley, Executive Director
Jaesa McCulligan, Board Secretary
Ruth Graf-Urasaki, Litigation Manager
Nancy Broadhurst, Accounting Manager
Greg O'Dea, Legal Counsel
Karim Sabuwalla, Staff Accountant (*left at 10:04 a.m.*)
Rob Kramer, BCJPIA
Adrienne Beatty, BCJPIA
Chrissy Mack, CSJVRMA
Mike Simmons, Alliant Insurance Services
Cepideh Roufougar, Jackson Lewis
Bill Patterson, Sampson, Sampson & Patterson, LLP
Dave Pischel, City of Placentia (*arrived at 10:03 a.m. and left at 10:34 a.m.*)
Kin Ong, PARSAC (*arrived at 10:03 a.m. and left at 10:34 a.m.*)

1. CALL TO ORDER

The November 4, 2013, Board of Directors' meeting was called to order at 9:30 a.m. by President Debbie Stutsman.

2. INTRODUCTIONS

A majority of the members were present constituting a quorum.

3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

John Gillison moved to approve the agenda as posted. Seconded by Judy Hayes. Motion passed unanimously.

4. PUBLIC COMMENTS

None.

5. CONSENT CALENDAR

Scott Ellerbrock moved to approve/accept the following items: A) Minutes of the June 17, 2013, Board of Directors' Meeting and Summary of Action Items and Minutes of the June 25, 2013, Special Board of Directors' Meeting; B) General Warrants from June 1, 2013, through October 15, 2013; C) Claims Payments from June 1, 2013, through October 15, 2013; D) Petty Cash Payments from June 1, 2013, through October 15, 2013; E) Treasurer's Report as of June 30, 2013, and September 30, 2013; F) Investment Performance Review as of June 30, 2013; G) Internal Financial Statements as of September 30, 2013; and H) EPL Excess Binder. Seconded by John Gillison. Motion passed unanimously.

6. FINANCIAL MATTERS

A. Draft Audited Financial Statements for the Fiscal Year Ended June 30, 2013

Prior to the meeting, the Board received the draft audited financial statements for the year ended June 30, 2013. Mr. Brian Kelley, ERMA Executive Director, introduced Mr. Bill Patterson, Sampson, Sampson & Patterson, LLP, who performed the audit and was present to review the report with the Board.

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

Mr. Patterson reviewed the 2012/13 program year highlights, noting that ERMA accepted seven new underlying members throughout the year. Mr. Patterson also noted that the Board approved ERMA's first dividend to its membership since the program began on July 1, 1999. The dividend was released in the amount of \$2,836,388.

Next, Mr. Patterson informed the Board that net assets were \$29.3 million, reflecting an increase of \$1.0 million from June 30, 2012. Mr. Patterson noted a decrease in liabilities of \$1.5 million from the prior year. Mr. Patterson informed the Board that there has been an increase of \$2.5 million in equity.

Further, Mr. Patterson reviewed the cash allocation with the Board, noting that investments in Federal Agencies decreased, there was an increase in investments in U.S. Treasury notes, and the investments in the Local Agency Investment Fund (LAIF) have decreased. It was questioned what ERMA is using for liquidity without having money in LAIF and Ms. Nancy Broadhurst, Finance Manager, informed the Board that investments in LAIF decreased drastically in the last month of the year due to the dividend that was released that month, but that the LAIF account has since been refunded with member premiums for the current year. Ms. Broadhurst noted that if there was ever a need for liquidity, they would be able to pull money from the portfolio quickly.

Mr. Patterson reviewed the claims activity, noting that there has been a significant decrease in the ultimate loss over the past two years. He informed the Board that the claims payments have also been trending down.

Lastly, Mr. Patterson reviewed the statement of net position, statement of revenues and expenses, statement of cash flows, footnotes to the financial statements, and the claims development information. Mr. Patterson noted that seven of the past nine years have had favorable claims development.

Jake O'Malley moved to receive and file the audited financial statements for the fiscal year ended June 30, 2013. Seconded by Judy Hayes. Motion passed unanimously.

B. Financial Status Report for the Fiscal Year Ended June 30, 2013

Prior to the meeting, the Board received the internal financial statements and JPA performance report for the fiscal year ended June 30, 2013, prepared by Ms. Broadhurst.

Ms. Broadhurst reviewed the balance sheet with the Board, noting that the total assets increased 3.7% over the prior year even with the cash paid out for the \$2.8 million dividend.

Ms. Broadhurst reviewed the income statement, noting that the interest income was higher in the third quarter but dropped to \$71,000 in the fourth quarter due to the rising of interest

rates; however, the September financials reflect that in the first quarter, ERMA earned \$174,000 in interest income. Ms. Broadhurst noted that the income statement reflects claims payments of \$1.6 million as of June 30, 2013. She advised that she did a comparison of the claims payments over the last ten years and noted that the average claims payments of these ten years was \$2.9 million.

Prior to the meeting, the Board also received the JPA performance report for the year ended June 30, 2013. Ms. Broadhurst reviewed the JPA performance report with the Board, making a special note that the total assets at the end of the quarter totaled \$29 million. The JPA performance report also reflects all assessments and dividends, showing both the program year being adjusted and the fiscal year in which the assessment was levied or dividend returned.

Ms. Broadhurst reviewed the program retained earnings by member spreadsheet, noting that ERMA has \$19.7 million in equity at the expected confidence level.

Scott Ellerbrock moved to approve the Internal Financial Statements for the Fiscal Year Ended June 30, 2013, and JPA Performance Report as of June 30, 2013. Seconded by Jake O'Malley. Motion passed unanimously.

7. TRAINING/LOSS PREVENTION MATTERS

A. Target Risk Appraisal Recommendations for 2013/14

Mr. Kelley reminded the Board that ERMA staff reviews its members' loss performance on an annual basis in accordance with the Resolution 2011-1. Members whose loss ratio, injury frequency rate, and/or severity rate meet two of the targets set forth in Resolution 2011-1 may be subject to further evaluation, including a comprehensive risk appraisal.

Ms. Ruth Graf-Urasaki, Litigation Manager, reviewed the target ratio calculation with the Board, noting that since ERMA has had fewer claims recently, she believes it would be beneficial to focus on cities that may have structural issues. Ms. Graf-Urasaki advised that she is recommending that the City of Point Arena, a member of PARSAC, undergo a risk assessment during the 2013/14 year. The City of Point Arena is very small and has had one significant claim in the 2008/09 program year; however, Ms. Graf-Urasaki's concern is with management issues as the claim in 2008 was from their City Administrator and Ms. Graf-Urasaki is seeing similar claims coming from their current City Administrator. Ms. Graf-Urasaki noted that she has been working with Ms. Joanne Rennie, PARSAC, they both will visit the city together upon approval by the Board. Ms. Graf-Urasaki noted a risk assessment is a proactive measure to avoid new claims and the city has been receptive to having a risk assessment conducted.

Ms. Graf-Urasaki reminded the Board that there are ongoing assessments of Desert Hot Springs and McFarland and she will present a follow-up report in June 2014 on these two cities.

It was questioned what the process of a risk assessment includes and Ms. Graf-Urasaki informed the Board that she reviews all of the city's claims and discusses them with the appropriate high-level person(s), i.e. the City Manager or City Attorney, to discuss the reasons for the claims and determine if there were certain factors that contributed to the ratios being exceeded. Ms. Graf-Urasaki explained that she also reviews their personnel policies and training procedures. If the city has a police department, Ms. Graf-Urasaki will meet with the Police Chief to discuss any issues within the department. If there is claim frequency within a certain department, Ms. Graf-Urasaki will meet with the department head. Following the meeting with the city, Ms. Graf-Urasaki prepares a report which is distributed to the Board.

Roger Carroll moved to direct the Litigation Manager to conduct a risk appraisal for the City of Point Arena and to continue to monitor the cities of Desert Hot Springs and McFarland. Seconded by John Gillison. Motion passed unanimously.

8. COVERAGE MATTERS

A. City of Placentia's Appeal of Denial of Coverage for Failure to Comply with ERMA's Claim Reporting Requirement

Prior to the meeting, the Board received a copy of ERMA staff's letter to the City of Placentia denying a claim because it was not reported within 30 days of receipt as required by the applicable 2012/13 ERMA Memorandum of Coverage (MOC). The Board also received a copy of the letter of appeal from Mr. Stephen Pischel, the Director of Administrative and Community Services for the City of Placentia.

Ms. Graf-Urasaki advised the Board that the claim involves a police officer who filed a civil lawsuit alleging discrimination and retaliation. The claimant filed a complaint with the Department of Fair Employment and Housing (DFEH) on April 9, 2013; filed her first government claim on April 27, 2013, which the city received on April 29, 2013, and rejected on May 9, 2013. The claimant then filed a second government claim on May 17, 2013, which was rejected by operation of law. She filed suit on July 22, 2013, and Carl Warren (the city's third party claims administrator) reported the claim to ERMA on July 23, 2013, and PARSAC also forwarded the lawsuit on July 24, 2013. Ms. Graf-Urasaki explained that the claim should have been reported to ERMA by no later than May 29, 2013; therefore, the claim was a month and 25 days late. Ms. Graf-Urasaki opined that nothing occurred during the time lapse that would adversely affect ERMA. Ms. Graf-Urasaki reminded the Board that since the claim falls under the 2012/13 MOC, if the Board accepts the claim then there are penalty provisions within the MOC that would be applied.

It was questioned if the City of Placentia received the complaint filed with the DFEH and Mr. Pischel confirmed that the city did not receive the complaint until the lawsuit was filed

in July 2013. Ms. Graf-Urasaki commented that it is not uncommon for a city to not receive an initial DFEH complaint since the DFEH can take up to 60 days to forward the complaint to the city.

Mr. Pischel informed the Board that the claim was forwarded to Carl Warren and he assumed that Carl Warren would then forward the claim to ERMA. He explained that the claims administrator was out on sick leave and has not returned to Carl Warren since. The city is now working with a new claims administrator but believe that the transition may have affected the claim being reported to ERMA. Mr. Pischel noted that they have since hired Mr. Scott Tiedemann with Leibert Cassidy Whitmore and Mr. Tiedemann does not believe that ERMA or the ERMA defense panel has been prejudiced by the late notification. Mr. Pischel informed the Board that the city has reviewed their processes to ensure that all future claims are properly reported to ERMA, PARSAC, and Carl Warren.

It was questioned if the city has had an ERMA claim before, and if so, what the process was for reporting it. Mr. Pischel explained that the claims were reported to PARSAC and then PARSAC provided direction on reporting to ERMA. It was also questioned if the city's service agreement with Carl Warren included a stipulation that Carl Warren report claims to ERMA. Mr. Pischel noted that at the time there was not but they have since renewed the contract and have included this stipulation. It was questioned if PARSAC requires members to report claims to PARSAC first in order to be forwarded to ERMA and Ms. Rennie informed the Board that it varies based on each city's SIR but they request that all cities send a copy, as a courtesy, of any claims or notices that may be received. PARSAC then reports the claims to ERMA to ensure that the claims are reported timely.

The Board requested clarification regarding the penalty listed in the MOC for accepting late claims. Mr. Greg O'Dea, Legal Counsel, advised that the 2012/13 MOC states that "for all late reported claims for which the Covered Party's appeal of denial of coverage is granted the Board shall increase the Covered Party's retained limit by 25%."

Upon discussion, the Board agreed to accept the claim and apply the penalty as described in the 2012/13 MOC.

Dave Elias moved to accept the City of Placentia's appeal of denial of coverage with a 25% increase to the self-insured retention (SIR) per the language in the 2012/13 MOC. Seconded by Judy Hayes. Motion passed unanimously.

9. ADMINISTRATIVE MATTERS

A. Review of 14th Annual Workshop Agenda

Prior to the meeting, the Board received a draft agenda for the 14th Annual Workshop to be held in Yountville in February 2014. Mr. Kelley reviewed the items on the draft agenda and

requested feedback from the Board. It was suggested that the Board discuss creating policy templates at the Annual Workshop. The Board directed staff to continue to work with the ERMA President to finalize the agenda.

B. Consideration of a Return of Contribution to the City of Pleasanton

Mr. Kelley advised the Board that the City of Pleasanton, a member of BCJPIA, has participated with the City of Livermore in a joint exercise of powers agreement to operate the Livermore-Pleasanton Fire Department (LPFD) for numerous years. Prior to this program year, the City of Pleasanton has covered the entirety of the LPFD through BCJPIA (and subsequently ERMA) by submitting annually the "total" payroll for LPFD, which includes both Pleasanton and Livermore payroll combined. The City of Livermore has administratively assisted with the cost of coverage by reimbursing the City of Pleasanton for its share (48.32% of the payroll contributed to the joint effort).

Recently, the two cities have reviewed their joint exercise of powers agreement and have determined that each participant in the LPFD should be responsible for their own tort liability. Therefore, the City of Livermore is now reporting their payroll and being covered for general liability and employment practices liability coverage purposes by the California Joint Powers Risk Management Authority (CJPRMA).

The City of Pleasanton is requesting to reduce the payroll submitted to ERMA to the amount specifically related to its own participation in the LPFD. They are requesting a return of contribution in the amount of \$25,536.

It was noted that prior to the meeting, the Board received a copy of the joint exercise of powers agreement along with a copy of the ERMA 2013/14 budget reflecting the reduced payroll and deposit premium for Pleasanton Fire.

Mr. Jake O'Malley, MPA, advised that CARMA approved the return of contribution to Pleasanton at their January Board meeting.

Jake O'Malley moved to approve the adjustment to contribution for the City of Pleasanton and BCJPIA. Seconded by Scott Ellerbrock. Motion passed unanimously.

C. Resolution 2005-2 Regarding Non-ERMA Members at ERMA Trainings

Mr. Kelley advised the Board that ERMA currently has a resolution in place that allows non-ERMA members to attend ERMA trainings for a fee. The resolution was passed in 2005 and the original intent was to market the ERMA program. The resolution states that non-ERMA members can attend an ERMA training for \$40 per employee. Staff no longer believes that this resolution benefits ERMA from a marketing stand point and is recommending the Board cancel the resolution.

Florice Lewis moved to cancel Resolution 2005-2. Seconded by Scott Ellerbrock. Motion passed unanimously.

D. Review of Claims Management System

Mr. Kelley informed the Board that since inception, ERMA has contracted with George Hills Company (GHC) to utilize their claims management system (iVOS) to track and store ERMA claims expense and indemnity payments, and to run relevant reports and loss runs utilized by both ERMA staff and ERMA members. The current contract with GHC is for July 1, 2012, through June 30, 2015. The contract provides that it may be cancelled upon 60-days notice. GHC notified Bickmore on September 30, 2013, that it was cancelling the contract and that services under the contract would end on December 1, 2013.

Mr. Kelley informed the Board that Bickmore's Litigation Management Department is in the process of implementing a replacement claims management system with enhanced capabilities. The system is expected to be in place prior to December 1, 2013, and the data from GHC will be transferred prior to this date. With respect to cost, the GHC contract provided for a monthly maintenance fee of \$130 per month plus \$50 per claim entered into the system. This has historically cost ERMA approximately \$5,000 per program year. Mr. Kelley advised that a cost to use Bickmore's new system had not been established at the time of the agenda mailing but in order to simplify the transition, Bickmore is proposing to take on this responsibility for a flat fee of \$5,000 per year.

Mr. Rob Kramer, Bickmore, was in attendance to address any questions from the Board. He noted that there are over 500 ERMA claims in the system. This large number of claims makes a claims management system a necessary tool. Bickmore has purchased a risk management system and the cost to Bickmore is \$47,000; Bickmore is requesting that ERMA pay what would have been paid to GHC (\$5,000 per year) and this will be put towards the purchase of the new system.

Jake O'Malley moved to have Bickmore undertake the claims management system at a cost of \$5,000 per year. Seconded by Dave Elias. Motion passed unanimously.

10. MEMBERSHIP MATTERS

A. Prospective New Member – San Diego Regional Training Center (PERMA)

Mr. Kelley advised that the San Diego Regional Training Center (SDRTC) is applying to ERMA through the PERMA. Mr. Kelley noted that PERMA approved SDRTC as a member at their October 15, 2013, Board of Directors' meeting. The ERMA Underwriting Committee is recommending approval to the Board.

Mr. Kelley noted the entity has two pending claims from 2012, one of which was rejected by their current insurance carrier. Ms. Graf-Urasaki discussed the claims with the Executive Director of SDRTC, Mr. Mike Gray, as well as with the President of the SDRTC Board of Directors since the lawsuits included allegations against Mr. Gray. The President confirmed that the lawsuits do not have merit and Ms. Graf-Urasaki received a letter confirming such, which was included in the agenda packet.

Mr. Kelley noted that based on a \$25,000 SIR, SDRTC's estimated deposit premium for 2013/14 is \$3,687.

John Gillison moved to approve the San Diego Regional Training Center (PERMA) as a member of ERMA at a \$25,000 SIR effective November 4, 2013. Seconded by Dave Elias. Motion passed unanimously.

B. Prospective New Member – SunLine Transit Agency (PERMA)

Mr. Kelley informed the Board that SunLine Transit Agency is applying to ERMA through PERMA. Due to the timing of staff's receipt of this application, this potential new member has not been reviewed by the Underwriting Committee. Based on their payroll of \$12,203,731, their estimated deposit premium for 2013/14 at a \$50,000 SIR is \$79,005.

Mr. Kelley advised that the agency has had four claims since 2006. Mr. Donald Bradburn, SunLine's Human Resources Director, provided staff with an addendum with an explanation of each claim as well as the monetary loss amounts. Ms. Graf-Urasaki noted that none of the claims are lawsuits and they have all been resolved or are in the process of being resolved.

Dave Elias moved to approve the SunLine Transit Agency (PERMA) as a member of ERMA at a \$50,000 SIR effective November 4, 2013. Seconded by Judy Hayes. Motion passed unanimously.

11. CLAIMS MATTERS

The Board decided they did not need to discuss the claim listed on the agenda in closed session.

12. CLOSING COMMENTS

A. Plaque Presentation Honoring Mr. Jake O'Malley

Mr. Kelley presented Mr. O'Malley, former ERMA President, with a plaque to express staff's and the Board's appreciation for his 14 years of service to ERMA as President. Mr. Kelley reviewed some of the major accomplishments that ERMA had during Mr. O'Malley's terms as President and thanked him for all of his contributions to the pool.

Mr. O'Malley thanked staff and the Board for their years of support and assistance in making ERMA the pool it is today.

B. Board

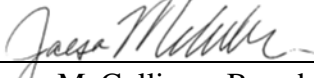
None.

C. Staff

None.

13. ADJOURNMENT

The November 4, 2013, ERMA Board of Directors' meeting adjourned at 11:07 a.m. by general consent.



Jaesa McCulligan, Board Secretary

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

BOARD OF DIRECTORS MEETING
November 19, 2013

A meeting of the Board of Directors of the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) was held at the Westin Hotel, 4800 Riverside Boulevard, Sacramento, California.

BOARD MEMBERS

PRESENT:

Scott Ellerbrock, President, PERMA
Rosa Kindred Winzer, Vice President, City of Merced
Lucretia Akil, City of Alameda
Charles Francis, BCJPIA
Anne Cardwell, City of Benicia
Kathy Casenave, CCCTA
Wendy Silva, CSJVRMA
Robert Ford, City of Clovis
Jace Schwarm, City of Encinitas
Glen Weeks, FASIS
Steven Negro, MCLAIA
Joanne Rennie, PARSAC and South Lake Tahoe
Clark Cashmore, City of Santa Maria
Jodene Dunphy, City of Santee
Ray Waletzko, VCJPA
Dolores Gascon, City of Vista

ALTERNATES PRESENT:

James Hill, ABAG
Margee Fallert, CSJVRMA
Wes Weir, CHWCA
Janice Magdich, City of Lodi
Jennifer Callaway, Town of Los Gatos
Vicki Scopesi, City of Vallejo

BOARD MEMBERS

ABSENT:

Leslie Suelter, City of Coronado
LeeAnn McPhillips, City of Gilroy
Bill Henderson, City of Livermore
Tina Reza, City of Morgan Hill
Sandy Abe, City of Newark
Stephen Pischel, City of Placentia
Debra Gill, City of Pleasanton
Lisa Achen, City of Roseville
Emily Hung, City of San Leandro
Ron Stock, SCORE
Scott Corey, City of Suisun City
Celeste Garrett, City of Vacaville

OTHERS PRESENT: Beth Lyons, Executive Director
Anita Holland, Accounting Manager
Terrie Norris, Risk Control Manager
Stephanie Wells, Recording Secretary
Tammy Vitali, Claims Manager
Richard Shanahan, Legal Counsel, Bartkiewicz, Kronick & Shanahan
John Alltop, Bickmore, Actuarial Services
Rob Kramer, BCJPIA
Adrienne Beatty, BCJPIA & CHWCA
Jeannette Workman, CSJVRMA
Brian Kelley, FASIS & VCJPA
Seth Cole, Alliant Insurance Services
Mike Simmons, Alliant Insurance Services
Carlos Oblites, PFM
Bill Patterson, Sampson, Sampson & Patterson

1. **CALL TO ORDER**

The meeting was called to order at 10:33 a.m. by President Scott Ellerbrock.

2. **INTRODUCTIONS**

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

3. **PUBLIC COMMENTS**

None.

4. **APPROVAL OF AGENDA AS POSTED (OR AMENDED)**

President Ellerbrock noted two changes to the agenda. 5.B. of the Consent Calendar stated the September 30, 2013 internal financial statements were included in the agenda, however they were not and thus were removed from the agenda. Item 8.B. noted the Investment Policy was to be adopted as presented, however the item included recommended changes.

Jace Schwarm, City of Encinitas, moved to approve the agenda as amended, which was seconded by Robert Ford, City of Clovis, and the motion passed unanimously.

5. **CONSENT CALENDAR**

Jace Schwarm, City of Encinitas, moved approve/accept the items on the Consent Calendar, which was seconded by Robert Ford, City of Clovis, and the motion passed unanimously. The Consent Calendar consisted of the following:

- A. Summary of Action Items and Minutes from the June 11, 2013, Board of Directors' Meeting
- B. Internal Financial Statements as of June 30, 2013
- C. Treasurer's Report as of June 30, 2013
- D. Status Update Regarding the 2011-2013 Goals and Objectives
- E. Actuarial Update of the Excess Workers' Compensation Program Premiums and Fees
- F. Status of 2013 Member Payments
- G. CSAC-EIA's 2013-2014 Excess Workers' Compensation Program Premiums and Fees
- H. Appointment of Treasurer

6. **WORKERS' COMPENSATION MATTERS**

A. 2013 Compliance Survey Results

Tammy Vitali summarized the claims administration standards as set-forth in Resolution 3-2007, Establishing a Claims Management Policy for Members. All members submitted a compliance survey and all were found to currently be in compliance.

7. **RISK CONTROL MATTERS**

A. Risk Control Services Update

Terri Norris noted that the 2013/14 service plan provides members with four days of risk control services and unlimited access to Bickmore's technology-based resources. Ms. Norris summarized the services provided to date, including member site-based visits, webinars, and website resources.

8. **FINANCIAL MATTERS**

A. Discussion and Update Regarding Investment Portfolio

Anita Holland introduced Carlos Oblites, PFM, who distributed the Third Quarter 2013 Investment Review to attendees as a supplement to the PowerPoint presentation he narrated, including:

- Interest rates remaining below historic levels
- Steepening of U.S. Treasury yield curve as longer-term rates rise
- Portfolio Summary
- Economic Update

B. Annual Review of Investment Policy

Carlos Oblites, PFM, briefed the Board on PFM's recommendations for the Investment Policy, with primary focus on A) changing the credit rating requirement for California municipals securities from AAA to A, and for medium term notes and negotiable Certificates of Deposit (NCDs) from AA to A; B) changing the per issuer requirements

on NCDs, bankers' acceptances, CP, repurchase agreements, and medium-term notes from \$1 million to five percent regardless of sector; C) update language to reflect current change in Code which would expand the list of permitted NCDs for further diversification and value enhancement; D) updating the maturity limit on NCDs from 3 to 5 years to match the requirement in Code; E) augmenting the requirements for commercial paper (CP) issuers to match Code's current language; and F) removing the FDIC's current insurance limit is \$100,000 per deposit from the Glossary. The new limit is \$250,000, but as this limit can be changed in the future, stating the current limit is not recommended.

The Board noted that section 8.3 needs to be amended to reflect the rating category of "A" rather than "AAA" and also discussed LAWCX's ability to invest in pension obligation funds.

It was moved by Charles Frances, BCJPIA, seconded by Joanne Rennie, PARSAC, and unanimously passed by voice vote to adopt the Authority's Investment Policy as recommended, with the amendment to section 8.3, ... which are rated "~~AAA~~" "A"... , and the addition of language preventing investment in pension obligation funds.

C. Audited Financial Statements for Fiscal Year Ended June 30, 2013

Anita Holland introduced Bill Patterson of Sampson, Sampson & Patterson, LLP, CPAs, who presented the draft audit. Financial highlights, as of June 30, 2013, include an increase of 13%, or \$1.1 million, in total revenues over the prior year; a decrease of 10% in expenses since 2012; a 9% increase in total assets (\$5.8 million); and a \$5.4 million increase in total claims liabilities, primarily as a result of recognition of the claim liability for insured events attributable to the current fiscal year.

It was moved by Robert Ford, City of Clovis, seconded by Rosa Kindred-Winzer, City of Merced, and the motion passed unanimously to receive and file the audited financial statements as presented and to direct staff to work with the auditor to finalize the audit.

D. Experience Modification Calculation Study

Beth Lyons stated that the LAWCX Board approved the first experience modifier (ex-mod) beginning with the 2004-2005 program year. In February 2013, the Executive Committee approved a study to determine if the ex-mod calculation methodology is accomplishing its intent to allocate costs fairly among the members. While options were reviewed, it was the actuary's and staff's conclusion that the current methodology is appropriate in deriving member experience modifications.

Staff recommended, however, that policy language be revised to reflect the use of historical "unadjusted" premium. Ms. Lyons confirmed that the recommended amendment to the policy is language clarification of actual practice only.

It was moved by Jace Schwarm, City of Encinitas, seconded by Rosa Kindred-Winzer, City of Merced, and unanimously passed by voice vote to continue utilizing the current

LAWCX experience modification methodology to adjust members' premiums, and approve staff's update to the policy to reflect use of the term "historical unadjusted premium."

E. Actuarial Study as of June 30, 2013

Beth Lyons introduced John Alltop, Bickmore, who briefed the Board on the draft actuarial study results including:

- Projected liability for outstanding claims is \$47,848,000, as of June 30, 2013, which is an increase of \$5.4 million over the prior study
- The overall projected funding rates have increased by 12.3%
- Senate Bill No. 863 increased workers' compensation benefits effective January 1, 2013, and January 1, 2014

While projected liabilities continue to increase, Mr. Alltop opined a contributing factor could be more conservative TPA reserving.

Ms. Lyons stated members can have a positive impact on the pool's loss experience by properly screening employees before hire and appropriately training employees post-hire. Additionally, members should implement effective safety policies and programs and ensure injuries are promptly reported.

It was moved by Jace Schwarm, City of Encinitas, seconded by Ray Waletzko, VCJPA, and the motion unanimously passed to receive and file the draft 2013 LAWCX Actuarial study and direct staff to work with the actuary to finalize the report.

F. Review of Annual Target Equity Ratios

Anita Holland presented the Review of Annual Target Equity Ratios report, briefing the Board on the contents including:

- Adopted in November 2006 to ensure future financial stability, the policy was amended in 2011 to require review every three years, with the next review scheduled for November 2014
- LAWCX's Policy includes five ratios which are calculated annually
- Target equity analysis results provide LAWCX with valuable information for use in establishing contributions, self-insured retentions, dividends or assessments

G. Discount Factor and Confidence Level Funding for 2014/2015 Program Year

Beth Lyons noted that LAWCX began funding the pool at an 80% confidence level in 2002/2003. LAWCX has also used various discount rates during the past decade: 5% from 2002/2003 – 2011/2012, 4.5% in 2012/2013, and 3.5% in 2013/2014.

Operating budget estimates for the 2014/2015 program year were presented for discussion at the 80% confidence level, with discount rate assumptions between 2.5% and 4.5%.

Following discussion with the Board, staff was requested to prepare the 2014/2015 budget using a 3.5% and 3.0% interest rate for comparison. The Board also asked that staff explore the use of surplus funds to lessen the impact of premium increases and to present discount factors other excess pools are using.

9. **CLOSING COMMENTS**

Joanne Rennie announced a free PARSAC-sponsored seminar will be held at the Westin Hotel in Sacramento on Wednesday, December 4, 2013, from 10:00 a.m. – 4:00 p.m. Ten spaces are available to interested LAWCX members in the training, entitled “Baby Boomer/Disability Management in a Shrinking Economy.”

10. **ADJOURNMENT**

At 12:33 p.m., the meeting was adjourned by President Scott Ellerbrock to June 10, 2014, at 10:30 a.m., at the Westin Hotel, 4800 Riverside Boulevard, Sacramento, CA

Stephanie Wells

Stephanie Wells, Recording Secretary



CALIFORNIA JOINT POWERS RISK MANAGEMENT AUTHORITY

EXECUTIVE COMMITTEE MEETING

November 05, 2013 – 10:00A.M.

Sonoma Valley Fire & Rescue Authority
630 Second Street West
Sonoma, CA 95476

(707) 996-2102

MINUTES

I. CALL TO ORDER:

- Vice President Carmona called the meeting to order at 10:16 a.m.

II. ROLL CALL

PRESENT

- | | |
|-------------------------------------|-------------------------------------|
| 1) Bill Henderson, <i>Livermore</i> | 4) Lynn Margoles, <i>Santa Rosa</i> |
| 2) Ron Blanquie, <i>Petaluma</i> | 5) Mark Ferguson, <i>REMIF</i> |
| 3) Chris Carmona, <i>Redding</i> | 6) Anthony Giles, <i>Sunnyvale</i> |

ABSENT

None

OTHERS PRESENT

- | | |
|--|---------------------------------|
| 7) Byrne Conley, <i>Gibbons & Conley</i> | 11) David Clovis, <i>CJPRMA</i> |
| 8) Dr. William Deeb, <i>Aon</i> | 12) Saima Kumar, <i>CJPRMA</i> |
| 9) Craig, Schweikhard, <i>CJPRMA</i> | 13) Janet Hamilton, <i>Lodi</i> |
| 10) Anna Santos, <i>REMIF</i> | |

III. APPROVAL OF MINUTES

- A motion by Director Henderson, seconded by Director Ferguson, to approve the minutes of the Executive Committee meeting held on August 29, 2013, passed unanimously.

IV. COMMUNICATIONS

A. Executive Committee Members

B. General Manager/Secretary

C. Next Scheduled Meetings: Board of Directors (12/19/2013) CJPRMA Main Office
Executive Committee (01/16/2013) 2014 City of Lodi

V. CONSENT CALENDAR

- None

VI. THIS TIME IS RESERVED FOR MEMBERS OF THE PUBLIC TO ADDRESS THE EXECUTIVE COMMITTEE ON MATTERS OF EXECUTIVE COMMITTEE BUSINESS

VII. ACTION CALENDAR

1. Business Calendar for 2013

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

No action was required on this item.

2. Status Update on General Manager's Goals and Objectives

The general manager provided a status update on the following list of keys items:

- Monitoring and control of significant litigation issues
- Completion of purchase of CJPRMA office with rental income
- Implementation of Risk Console System -
- Placement and processing of 2013-2014 Commercial Insurance Programs
- 2013 Claims Audit
- 2013-2014 data gathering
- Preparation and distribution of annual billing statements
- Implementation of pollution program
- Presentation of annual meeting
- Property appraisal update process
- Modifications of bylaws and memorandum of coverage
- Board member orientation
- Delivery of member risk console training
- Working with multiple members on risk management issues, coverage issues etc.
- Created agreement with Sacramento Safety Council for delivery of programs at CJPRMA headquarters and reduce costs for members
- Work with Bob Marshburn on updating insurance language and scheduling of training for members
- Schedule the ARM- P course for member
- Presentation at SCORE annual meeting
- Finalization of all ongoing Risk Console implementation issues

He said that there were a number of key items that were completed this year. New goals and objectives will be worked on after the general manager's performance evaluation is conducted by the Executive Committee.

No action was required on this item.

3. Proposed Modifications to the CJPRMA Bylaws

The general manager brought back the proposed modification to the CJPRMA Bylaws that was discussed at the August Executive Committee meeting. He said that the recommendation was also provided to the Board of Directors at the October board meeting. It was the Board's recommendation to have the committee further evaluate the proposed change.

The revised bylaws would state as follows:

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

It was recommended to change "probability" to "possibility" to conform to the changes made to the Memorandum of Coverage in 2000. A motion was made to insert "available" and approved by" after recommended by Authority's General Manager and Executive Committee.

It was discussed that whether or not to describe in more detail when a settlement is "available", board counsel stated that it means there is an actual demand on the table, communicated by the plaintiff's counsel or through a mediator, which is available to accept that would conclude the case.

A motion by Director Henderson seconded by Director Hamilton to change "probability" to "possibility" and insert "available" and approved by" to the proposed modifications to the CJPRMA Bylaws, passed unanimously.

4. Strategic Plan

The status update on strategic plan review was tabled for discussion until January 2014 Executive Committee meeting. The executive summary from the strategic planning session was not available for review.

No action was taken on this item.

5. Status Update on Risk Console

The general manager provided a status update on Risk Console. He said since the October board meeting Aon eSolutions send out Ms. Marissa Moscovitz, program implementation manager to CJPRMA. Ms. Moscovitz conducted a field by field module review to confirm that the system is fully

functioning. She worked with staff to make the necessary changes to modules as required. He said that once all the open items have been resolved than the final module left to address will be MMSEA. The general manager also stated that the City of Stockton is reviewing a proposal from eSolutions to convert their existing claims data into risk console. The estimated date of completion for this process will be around three months.

6. Risk Management Issues

Director Blanquie brought up information regarding City of Irwindale's.

Director Ferguson said a number of his cities have been making BMX bike parks. He's concern was the potential exposure arising from the use of the park.

Director Giles shared information regarding Education Code Section 49475 on "Concussion Management in Recreation Programs" which states that school districts who participate in athletic programs shall comply with the following:

(1) An athlete who is suspected of sustaining a concussion or head injury in an athletic activity shall be immediately removed from the athletic activity for the remainder of the day, and shall not be permitted to return to the athletic activity until he or she is evaluated by a licensed health care provider who is trained in the management of concussions and is acting within the scope of his or her practice. The athlete shall not be permitted to return to the athletic activity until he or she receives written clearance to return to the athletic activity from that licensed health care provider.

(2) On a yearly basis, a concussion and head injury information sheet shall be signed and returned by the athlete and the athlete's parent or guardian before the athlete initiates practice or competition.

Director Henderson asked if there are insurance programs for small construction jobs. Dr. William Deeb said that Sparta, SCOPE and Evanston brokerage provide insurance for small construction jobs.

Director Carmona asked if there should be training offered for excess force to educate the departments.

Director Ferguson said that he's police chief's forum in April is a great resource. The general manager stated the he will work with Director Ferguson in providing a similar training for our members.

VIII. CLOSED SESSION

1. Government Code Section 54957

Public Employee Performance Evaluation

Title: General Manager

IX. ACTION ON CLOSED SESSION ITEMS

- The Executive Committee conducted the general manager's performance evaluation.

X. ADJOURNMENT

- The meeting was adjourned at 3:38 p.m.

DRAFT



Small Cities Organized Risk Effort
Board of Directors Meeting
January 24, 2014

Agenda Item H.1

QUARTERLY FINANCIALS FOR PERIOD ENDING DECEMBER 31, 2013

ACTION ITEM

ISSUE: Members receive quarterly reports on the financial status of SCORE. Gilbert Associates will present the SCORE's Financial Statements for the Quarter ending December 31, 2013 to the Board of Directors for their review.

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

FISCAL IMPACT: Unknown

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

ATTACHMENTS:

1. Quarterly Financial Statements as of December 31, 2013 - *Handout*



BANKING LAYER INDIVIDUAL MEMBER FINANCIAL DATA

INFORMATION ITEM

ISSUE: Gilbert Associates will present the Banking Layer Individual Member Financial Data to the Board for review. This restructuring of the accounting system was a ‘first step’ in revamping SCORE’s Dividend Plan Calculation methodology. It offers the ability to track individual member banking layer balances by program.

RECOMMENDATION: None.

FISCAL IMPACT: Unknown

BACKGROUND: To allow for tracking individual Member’s banking layer account balances, changes needed to be made to SCORE’s accounting system. Dividend returns will be based on the now available banking layer balances, as each Member will be required to maintain a minimum balance on account with SCORE to ensure adequate funding is retained in the organization to cover the cost of future claims. The shared risk layer will continue to be tracked as a single combined fund for each Program. This was needed as the new dividend return calculation method uses a “rolling” 10-yr time frame instead of the old method which used cumulative data, dating back to 1986.

ATTACHMENTS:

1. Banking Layer Individual Member Financial Data as of 12/31/13 - *Handout*

NEW DIVIDEND CALCULATION METHODOLOGY

ACTION ITEM

ISSUE: The Board will review the draft calculations for both the Liability and Workers' Compensation programs, and have an opportunity to discuss the mechanics of the new Dividend Plan. In comparison to the old plan, the new plan will use a 10 Year rolling time frame for the calculation of dividends and will directly tie into the annual Audited Financial Report. As discussed in the past, this is a significant change to SCORE's prior "Program Year" accounting.

RECOMMENDATION: Staff recommends that the Board moves forward to adopt the new Dividend Calculation methodology for the following reasons:

- a) It will annually tie to the audited June 30 financial statements, by program
- b) It will be easier to calculate
- c) It will provide members an easy and accurate accounting of their Banking Layer balances
- d) It will provide for flexibility with the amount of member's draw from their Banking Layer balances and fairly distribute the Shared Risk Layer available net assets

FISCAL IMPACT: Unknown

BACKGROUND: SCORE's current Retrospective Rating Plan (RRP) has been utilized since inception in 1986. It annually calculates the amount available for return to member cities and towns. It was originally introduced in the form of a paper ledger and it gradually evolved into the set of Excel spreadsheets that are being used today. Since taking over SCORE's accounting on July 1, 2010, substantial time and effort has been spent by Gilbert Associates, Inc. staff to correct the spreadsheet's formulas and data input errors from prior years. In addition, in 2012 the spreadsheet data was changed from utilizing data inputs as of December 31 to utilizing data inputs as of June 30. This effort was based on the goal to tie-out SCORE's net assets from the spreadsheets to the audited financial statements.

The change to utilizing June 30 data revealed significant differences between the spreadsheets and SCORE's audited financial statement net asset balances. Since the spreadsheets contain data input as far back as 1986, and prior calculations were based on December 31 valuation data, it was unclear where the current differences originated from. Gilbert and Associates and Staff eventually identified the errors and provided the Board with an illustration of the reconciliation process used to correct the errors identified in the current retrospective rating spreadsheets, as well as the framework for the New Dividend Calculation methodology at the SCORE October 2013 Board of Directors meeting.



**Small Cities Organized Risk Effort
Board of Directors Meeting
January 24, 2014**

After further review of the materials presented, the Board decided in favor of approving the concepts of the newly presented dividend calculation process, directing staff to continue examining the new plan and features, ensuring that they will work as expected. In the event that the decision is made to move forward with the new dividend calculation method, SCORE will need to take Board action to amend its Master Plan Documents (MPDs) to reflect the change. Amending the MPDs requires a 2/3rds vote of the Board. *There are also changes necessary to be made to the By Laws. This will be addressed in a following item.*

ATTACHMENTS:

- 1) Liability Spreadsheet: New Dividend Calculation
- 2) Workers' Compensation Spreadsheet: New Dividend Calculation

SHARED LAYER **BANKING LAYER**

CITY	STARTING POINT			DATA INPUTS									"Waterfall" To Banking	6/30/2013							
	6/30/2013	6/30/2013	AUDITED	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)		BANKING	SHARED RISK	BANKING	Banking	Max Dist	Min Bal	Permitted	
	BANKING	SHARED RISK	6/30/2013	Premiums	Assess/(Div)	Claims	10 year	10 year	10 year	Net	Alloc %	Distrib.		BALANCE	DISTRIB	BALANCE	Alloc %	Avail	Reqmt*	Distrib	
	BALANCE	PLAN	Last 10 years				Avg Prem	Avg A/(D)	Avg Claims												
	TOTAL	TOTAL																			
BIGGS	24,786			108,808	39,322	-	10,881	3,932	-	14,813	4.22%	42,178	----->	BIGGS	24,786	42,178	66,964	3.55%	17,733	12,500	17,733
COLFAX	12,246			146,723	235,787	-	14,672	23,579	-	38,251	10.89%	108,914	----->	COLFAX	12,246	108,914	121,160	6.42%	32,084	12,500	32,084
CRESCENT CITY	51,497			587,542	(150,383)	234,665	58,754	(15,038)	23,467	20,249	5.77%	57,657	----->	CRESCENT CITY	51,497	57,657	109,154	5.78%	28,905	15,903	28,905
DORRIS	10,696			42,242	(14,442)	-	4,224	(1,444)	-	2,780	0.79%	7,916	----->	DORRIS	10,696	7,916	18,612	0.99%	4,929	12,500	4,929
DUNSMUIR	3,165			160,764	412,870	254,980	16,076	41,287	25,498	31,865	9.07%	90,732	----->	DUNSMUIR	3,165	90,732	93,897	4.97%	24,865	20,051	24,865
ETNA	(9,543)			89,543	(1,317)	-	8,954	(132)	-	8,823	2.51%	25,121	----->	ETNA	(9,543)	25,121	15,578	0.83%	4,125	12,500	3,078
FORT JONES	19,413			39,073	(46,803)	-	3,907	(4,680)	-	0.00%	-	-	----->	FORT JONES	19,413	-	19,413	1.03%	5,141	12,500	5,141
IONE	93,053			201,556	259,069	-	20,156	25,907	-	46,063	13.12%	131,156	----->	IONE	93,053	131,156	224,209	11.87%	59,372	12,500	59,372
ISLETON	(24,829)			143,220	(43,156)	332,228	14,322	(4,316)	33,223	(23,216)	0.00%	-	----->	ISLETON	(24,829)	-	(24,829)	0.00%	-	12,500	-
LIVE OAK	64,114			290,786	(77,036)	70,883	29,079	(7,704)	7,088	14,287	4.07%	40,679	----->	LIVE OAK	64,114	40,679	104,793	5.55%	27,750	12,500	27,750
LOOMIS	40,555			209,090	(7,747)	-	20,909	(775)	-	20,134	5.73%	57,329	----->	LOOMIS	40,555	57,329	97,884	5.18%	25,921	12,500	25,921
LOYALTON	17,141			56,699	(64,241)	-	5,670	(6,424)	-	(754)	0.00%	-	----->	LOYALTON	17,141	-	17,141	0.91%	4,539	12,500	4,539
MONTAGUE	15,342			71,598	(42,508)	-	7,160	(4,251)	-	2,909	0.83%	8,283	----->	MONTAGUE	15,342	8,283	23,625	1.25%	6,256	12,500	6,256
MOUNT SHASTA	(18,332)			545,748	(76,215)	369,547	54,575	(7,622)	36,955	9,999	2.85%	28,469	----->	MOUNT SHASTA	(18,332)	28,469	10,137	0.54%	2,684	40,893	-
PORTOLA	87,955			163,878	173,728	10,000	16,388	17,373	1,000	32,761	9.33%	93,281	----->	PORTOLA	87,955	93,281	181,236	9.60%	47,993	12,500	47,993
RIO DELL	51,685			166,970	(51,246)	-	16,697	(5,125)	-	11,572	3.30%	32,951	----->	RIO DELL	51,685	32,951	84,636	4.48%	22,412	12,500	22,412
SHASTA LAKE	204,150			950,032	(320,170)	45,338	95,003	(32,017)	4,534	58,452	16.64%	166,434	----->	SHASTA LAKE	204,150	166,434	370,584	19.63%	98,134	17,041	98,134
SUSANVILLE	120,723			892,234	(511,684)	168,729	89,223	(51,168)	16,873	21,182	6.03%	60,313	----->	SUSANVILLE	120,723	60,313	181,036	9.59%	47,940	21,390	47,940
Tule Lake	7,355			27,633	-	-	2,763	-	-	2,763	0.79%	7,868	----->	Tule Lake	7,355	7,868	15,223	0.81%	4,031	12,500	2,723
WEED	43,658			495,003	8,636	647,837	49,500	864	64,784	(14,420)	0.00%	-	----->	WEED	43,658	-	43,658	2.31%	11,561	36,997	6,661
WILLIAMS	45,445			279,266	(79,053)	57,204	27,927	(7,905)	5,720	14,301	4.07%	40,720	----->	WILLIAMS	45,445	40,720	86,165	4.56%	22,817	12,500	22,817
YREKA	13,188			810,784	(366,938)	603,293	81,078	(36,694)	60,329	(15,945)	0.00%	-	----->	YREKA	13,188	-	13,188	0.70%	3,492	41,806	-
	<u>873,463</u>	<u>3,979,293</u>	<u>4,852,756</u>							<u>296,096</u>		<u>1,000,000</u>			<u>873,463</u>	<u>1,000,000</u>	<u>1,873,463</u>				<u>489,253</u>

860,309

351,204

check

-

2,684

Amount available for shared layer distribution:

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

Example Distribution: \$ 1,000,000

Amount available for banking distribution:

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

Example Distribution: 500,000

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

SHARED LAYER **BANKING LAYER**

STARTING POINT

CITY	6/30/2013	6/30/2013	6/30/2013
	BANKING	SHARED RISK	PLAN
	BALANCE	BALANCE	TOTAL
CRESCENT CITY	(2,390)		
DUNSMUIR	26,963		
IONE	17,464		
LIVE OAK	68,957		
MOUNT SHASTA	(24,871)		
SHASTA LAKE	203,111		
SUSANVILLE	204,860		
WEED	(9,305)		
WILLIAMS	53,759		
YREKA	129,419		
MINICITIES	(3,002)		
Total	664,965	1,016,063	1,681,028

DATA INPUTS

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Last 10 years			10 year	10 year	10 year	(4)+(5)-(6)	(7)/Total	(8)*Total
	Premiums	Assess/(Div)	Claims	Avg Prem	Avg A/(D)	Avg Claims	Net	Alloc %	Distrib.
CRESCENT CITY	892,809	(232,584)	554,186	89,281	(23,258)	55,419	10,604	5.40%	-
DUNSMUIR	162,568	(18,076)	92,410	16,257	(1,808)	9,241	5,208	2.65%	-
IONE	262,094	(111,080)	136,483	26,209	(11,108)	13,648	1,453	0.74%	-
LIVE OAK	185,825	(12,404)	-	18,583	(1,240)	-	17,342	8.83%	-
MOUNT SHASTA	578,804	(89,133)	378,814	57,880	(8,913)	37,881	11,086	5.64%	-
SHASTA LAKE	772,002	(406,699)	158,166	77,200	(40,670)	15,817	20,714	10.55%	-
SUSANVILLE	1,578,437	(155,264)	917,834	157,844	(15,526)	91,783	50,534	25.73%	-
WEED	494,909	(174,277)	266,255	49,491	(17,428)	26,626	5,438	2.77%	-
WILLIAMS	478,433	(76,577)	523,165	47,843	(7,658)	52,317	(12,131)	0.00%	-
YREKA	1,202,644	(140,421)	570,475	120,264	(14,042)	57,048	49,175	25.04%	-
MINICITIES	955,425	(366,034)	340,710	95,543	(36,603)	34,071	24,868	12.66%	-
Total	184,290	Total	Total	Total	Total	Total	Total	Total	Total

Total w/out negative balances 196,421

MINICITIES	Alloc %	Distrib
BIGGS	10.24%	-
COLFAX	14.32%	-
DORRIS	3.88%	-
ETNA	7.49%	-
FORT JONES	3.68%	-
LOOMIS	19.72%	-
LOYALTON	1.13%	-
MONTAGUE	4.62%	-
PORTOLA	16.23%	-
RIO DELL	18.69%	-

Amount available for shared layer distribution:

Shared Risk Layer Net Assets:	1,016,063
Min Equity Reserve (\$225,000 x 5):	(1,125,000)
70% Confidence Level Adjustment for Claims Liabilities:	(308,000)
Safety Grant Fund:	(50,000)
Undesignated Net Assets	(466,937)

Distribution: -

"Waterfall" To Banking	CITY	6/30/2013	BANKING		Banking Alloc %	Max Dist Avail	Min Bal Reqmt*	Permitted Distrib
		BANKING BALANCE	SHARED RISK DISTRIB	BANKING BALANCE TOTAL				
CRESCENT CITY		(2,390)	-	(2,390)	0.00%	-	96,558	-
DUNSMUIR		26,963	-	26,963	3.83%	3,827	12,500	3,827
IONE		17,464	-	17,464	2.48%	2,479	13,799	2,479
LIVE OAK		68,957	-	68,957	9.79%	9,788	12,500	9,788
MOUNT SHASTA		(24,871)	-	(24,871)	0.00%	-	39,634	-
SHASTA LAKE		203,111	-	203,111	28.83%	28,829	12,500	28,829
SUSANVILLE		204,860	-	204,860	29.08%	29,077	26,609	29,077
WEED		(9,305)	-	(9,305)	0.00%	-	22,395	-
WILLIAMS		53,759	-	53,759	7.63%	7,630	19,751	7,630
YREKA		129,419	-	129,419	18.37%	18,369	46,260	18,369
MINICITIES		(3,002)	-	(3,002)	0.00%	-	69,007	-
Total		664,965	-	664,965		100,000		99,999

CHECK -
Total w/out negative balances 704,533

Amount available for banking distribution:

Banking Net Assets + Shared Distribution Available:	664,965
Min Banking Reserve (example 10 x \$25k):	(250,000)
70% Confidence Level Adjustment for Claims Liabilities:	(47,000)
Undesignated Net Assets	367,965

Distribution: 100,000

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

AMENDED SCORE MASTER PLAN DOCUMENTS - LIABILITY

ACTION ITEM

ISSUE: The Board will review the proposed changes to SCORE's Master Plan Documents to address the new Dividend Plan and as well as other clean-up issues that were addressed at the same time. Critical points to observe in the revised documentation are outlined below:

- 1) The New Dividend Return Plan is going to move away from the old concept of using historical data dating back to 1986 and instead will use a 10 YR "rolling" time window for calculating surplus equity.
- 2) The Minimum Equity threshold that needs to be maintained on account in the Shared Risk Layer is \$2,375,000 for the Liability Program (5 x S.I.R. less the banking layer).
- 3) The Minimum Banking Layer balance for each Member has been established at \$12,500 or the average 5 YR cost of claims, whichever is greater.
- 4) Dividends are not released unless there are sufficient funds in the program to cover liabilities at the 70th percentile confidence level, including IBNR.
- 5) Net Assets in the Program are determined based on the prior year's Audited Financial Statements.
- 6) The 5 Yr anniversary condition for release of funds no longer applies.
- 7) Withdrawn Members will continue to maintain 50% of their available return funds on account for additional 5 years from the date they are released.
- 8) If a Member is in a deficit Banking Layer Total Balance, the Member must pay back at least 50% of the deficit as part of their next July 1st invoice.
- 9) If a Member is in a Shared Risk Layer Net deficit, at least 50% of any negative is due as an assessment on their next July 1 invoice.
- 10) For the purpose of Member deficit balances in the Banking or Shared Risk Layers, the Liability and Workers' Compensation Programs will be linked and deficit positions in one Program will need to be paid before the Member is eligible to receive a Dividend.
- 11) Returned funds will "flow" from the Shared Risk Layer into the Banking Layer that is now being tracked individually for each member.



**Small Cities Organized Risk Effort
Board of Directors Meeting
January 24, 2014**

RECOMMENDATION: The Program Administrator recommends approval of this document.

FISCAL IMPACT: Unknown

BACKGROUND: The Master Plan Documents (MPDs) contain specifics as to how the Dividend Return Plan determines the amount of surplus equity funds eligible for return to Members. During the recent restructuring of the Calculation process, it was apparent that the Master Plan Documents addressing the procedure needed to be amended to reflect the new Minimum Balance requirements as well as the different parameters for determining the amount of funds that are deemed eligible for return to Members in the form of dividends. The documents were also amended to align the terminology used with SCORE's other Governing Documents. The accepted changes version of the document attached below shows the final draft version while the red-line strike-out version shows in detail where changes were made and what those changes are. Given the complex nature of the content and the large size of the MPDs, and we advise that you spend more time looking at the finished product to make sure you are comfortable with the content. The red-line strike out can be hard to follow as some of the sections have also been moved from their original location.

In Addition, several sections of the Master Plan Document were edited to better mimic terminology used throughout SCORE's Governing Documents. A red line strike-out and an "accepted changes" draft version have both been included to highlight the changes being proposed.

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

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

**EFFECTIVE JUNE 16, 2006
AS AMENDED JUNE 25, 2010
AS AMENDED JUNE 24, 2011
AS AMENDED JANUARY 25, 2013
AS AMENDED JANUARY 24, 2014**

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. FINANCING THE PROGRAM

A. DEPOSIT PREMIUMS

The Administrator, in conjunction with an actuary, shall prepare rates and "deposit premiums" to adequately fund the actuarially determined losses in the shared risk and banking layers of the Liability Program, including attorney fees and other claims related

costs, the cost of excess coverage, and the projected administrative costs of the Liability Program. These rates and “deposit premiums” shall be approved by the Board as part of SCORE’s annual budget.

B. ACTUARIALLY SOUND PROGRAM YEARS

- 1) To assure each "Program Year" is "actuarially sound" as a separate unit, the Liability Program shall charge each “Participating Member” a "deposit premium" based on an actuarial projection of losses for the year and the exposure of loss presented by each “Participating Member”.
- 2) To maintain actuarial soundness, the Liability Program shall have actuarial studies done annually and take appropriate action if the Program becomes actuarially deficient. For such actions, please see Article III – Premiums, Rates and *Pool* Assessments.

C. DIVIDEND RETURNS

1) SHARED RISK LAYER DIVIDENDS

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

- a. the total claims liabilities at the 70th percentile confidence level, including the actuarially determined IBNR, plus;
- b. the Minimum Equity threshold of \$2,375,000 (5 times the anticipated retained limit of \$500,000, less the banking layer retention of \$25,000 per occurrence).

2) BANKING LAYER DIVIDENDS

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

- a. There are sufficient funds in the Program to cover the total claims liabilities for all members at the 70th percentile confidence level, including the actuarially determined IBNR, plus;
- b. Releasing an amount that will retain no less than each Member’s **average** 5 year cost of claims but still maintaining a minimum balance of \$12,500 for each member

3) EXCESS INSURANCE OR REINSURANCE DIVIDENDS AND ASSESMENTS

All dividend returns made to SCORE by its excess insurance partners shall be accounted for as follows:

- a. Dividends will be credited to the Shared Risk Layer which will then re-allocate funding based on annual contributions for the corresponding dividend year, and;
- b. The funds will then transfer into the Banking Layer balances for each member, and be eligible for release; or

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

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

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

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

Member Assessments will also be levied and due as specified in the SCORE Master Plan Documents for each Coverage Program as follows:

1. If a Member is in a deficit Banking Layer Total Balance, the Member must pay back at least 50% of the deficit as part of their next July 1st invoice
2. If a Member is in a Shared Risk Layer Net deficit, at least 50% of any negative is due as an assessment on their next July 1st invoice,
3. For the purpose of Member deficit balances in the Banking or Shared Risk Layers, the Liability and Workers' Compensation Programs will be linked and deficit positions in one Program will need to be paid before the Member is eligible to receive a Dividend.
4. The same rules apply for all prior members subject to the conditions of the New Dividend Plan.

4) TIMING

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

not release funds in excess of the constraints outlined in Sections I, II, and III above,.

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

5) DISTRIBUTION

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

6) CLOSING OF PROGRAM YEARS

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

D. POOL ASSESSMENTS

Pool 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 funds are less than an amount of expected outstanding claims liabilities, calculating expected interest earnings at a rate no higher than the prevailing rates at the time of the assessment.

3. AMENDMENTS TO THIS PLAN

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

ARTICLE II - COVERAGE

1. GENERAL DESCRIPTION

A. COVERAGE PROVIDED

- 1) The Board of Directors shall approve this document which shall provide the means for the members of SCORE to pool their resources to pay for General Liability, Automobile Liability, Public Officials Errors and Omissions claims and other public liability claims as deemed appropriate and for which coverage is extended to the “Participants” of this Liability Program. An account shall be established from which losses and expenses of the Liability Program shall be paid.
- 2) SCORE shall provide another document, separate and apart from this document, which shall be entitled the Liability Memorandum of Coverage (LMOC). This Memorandum of Coverage shall provide for the indemnification of the covered parties for liability because of General Liability, Automobile Liability, Public Officials Errors and Omissions and other public liabilities as the Board of Directors deems appropriate, subject to any exclusions of coverage stated in the LMOC. The LMOC may provide coverage by incorporation of other documents with or without amendments. Those express provisions in the LMOC shall supersede any provision of a document that has been incorporated into the LMOC that is inconsistent with those express provisions.
- 3) The LMOC shall be adopted by the majority of the directors at a SCORE Board of Directors meeting. The Board of Directors may amend the LMOC at any time in the same manner and restrictions as imposed upon the adoption of the LMOC.

B. LIMITS OF COVERAGE

- 1) This Liability Program shall provide a self-funded banking and shared risk layer, where economically practical, with total "limits of coverage" of at least \$500,000 per occurrence.
- 2) The Banking Layer shall consist of that amount of all claims arising out of one occurrence or wrongful act up to \$25,000.
- 3) The Shared Risk Layer shall consist of that amount of all claims arising out of one occurrence that exceeds the amount within the Banking Layer to the extent the claims are retained by SCORE.
- 4) The Liability Program may obtain for its “Participating Members” and SCORE limits in excess of the self-funded coverage through the purchase of excess insurance, reinsurance, or participation in a joint powers agreement or other self-insurance plans.

C. POLICY TERM, RENEWAL, AND CANCELLATION

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

2. AUTHORITY TO ALTER COVERAGE AND CONTRACT FOR EXCESS COVERAGE

- A. The Board of Directors may, from time to time, alter the coverage provided in the Memorandum of Coverage based on the needs of the "Participating Members", costs, the funds available, insurance available and other factors.
- B. Only the Board of Directors may purchase excess insurance, reinsurance, and participate in other pooling arrangements as authorized by the Government Code Section 6500 et seq. or other self-insurance plan.

3. DISTRIBUTION

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

ARTICLE III – PREMIUMS, RATES, AND *POOL* ASSESSMENTS

1. DEPOSIT PREMIUM CALCULATIONS

- A. The annual "deposit premium" for each "Participating Member" shall be calculated utilizing:
 - 1) a deposit for the "Banking Layer" using an actuarially determined expected loss rate at an 70 percent confidence level,
 - 2) a deposit for the "Shared Risk Layer" using an actuarially determined expected loss rate at an 70 percent confidence level,
 - 3) a charge for excess coverage and
 - 4) A charge for the "Administrative Expenses" of the Liability Program as adopted by the Board of Directors.

- 5) The above-mentioned deposits may be determined at a confidence level greater or less than 70 percent only by a two-thirds vote of the Directors.
- B. The deposit for the “Banking Layer” shall be determined by multiplying the “Participating Member’s” projected payroll for the “Program Year” by the rate determined by the actuary.
- C. The deposit for the “Shared Risk Layer” shall be determined by multiplying the “Participating Member’s” projected payroll for the “Program Year” by an experience modification factor times the rate determined by the actuary.
 - 1) The Experience Modification Factor for the member shall be determined by:
 - i. Dividing the member’s losses for the five (5) years immediately preceding the one for which the deposit is being calculated not to exceed \$50,000 any one occurrence by the payroll for the same period. This calculates the member’s Loss Rate.
 - ii. Then dividing the member’s loss rate by the loss rate for SCORE as a whole during the same period using the total losses and payroll for all the members, calculating a Relative Loss Rate for the member.
 - iii. This Relative Loss Rate will be multiplied by a Credibility Factor to which one minus the Relative Loss Rate will be added. This sum will be the Experience Modification Factor.
 - iv. A Credibility Factor will be calculated by dividing the member’s payroll by the member’s payroll plus a constant (i.e. member’s payroll/ (member’s payroll + constant)). The constant will be one times the largest member’s payroll.
- D. The cost of excess coverage shall be charged to each “Participating Member” in the same proportion as the projected payroll is to the total payroll.
- E. The "Administrative Expenses" charged to each "Participating Member" is calculated by:
 - 1) Multiplying fifty (50) percent of the “Administrative Expenses” by a factor derived by dividing the “Participating Member’s” projected payroll for the “Program Year” by the total projected payroll of all “Participating Members”; plus
 - 2) A share of the remaining “Administrative Expenses” that is equal among all the members.
- F. Notwithstanding the super-majority vote under 1.A. of this Article, the Board of Directors may impose a minimum and/or a maximum deposit. Should that be the case, the portion of the deposit premium that is for the banking layer shall be adjusted accordingly.

2. ADJUSTMENTS TO ACCOUNT BALANCES

A. POOL ASSESSMENTS

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

- 1) Each "Participating Member" of "Program with a deficit balance shall be assessed to the extent that the "Participating Member" has a deficit balance using the calculation of account balances as described in the "Dividend Returns" Section below. However, such calculation shall use funding at an actuarially expected loss level.
- 2) If the funds collected from assessing in any given year under A.1., above, are insufficient to fund the Program above a deficit balance, the next earliest "Program Year" 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 Liability Program are still responsible for assessments as detailed in Article V. – Participation, Section 2.b. of this document.

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 "Dividend Returns" and/or "Assessments" for prior "Program Years", and rates and "deposit premiums" for each new "Program Year" are calculated in the manner described 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.

2. ELIGIBILITY AND APPLICATION

A. WHO MAY PARTICIPATE IN THE LIABILITY PROGRAM

- 1) All "Entities" which are members of SCORE may participate in the Liability Program after review and a vote by two-thirds of the Board of Directors.
- 2) New agencies applying for membership in this Liability Program shall submit an application for participation. A history of liability claims for at least five (5) years must be presented for review.

B. DATE OF MEMBERSHIP

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

ARTICLE V - PARTICIPATION

1. ELIGIBILITY AND APPLICATION

A. ELIGIBILITY

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

B. APPROVAL OF APPLICATION

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

2. PARTICIPANTS' DUTIES

A. PROVIDE UNDERWRITING CRITERIA

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

B. PAYMENT OF PREMIUMS AND OTHER CHARGES

- 1) Each year, on or around July 1st, SCORE shall invoice "Participating Members" for a Liability "Deposit Premium" for the next "Program Year". The annual invoice shall be due and payable on July 1st, and shall be delinquent if not paid on or before the last working day in July.
- 2) A "Participating Member" may be invoiced an additional amount because of assessments to bring a "Program Year" into a state of actuarial soundness or a surcharge arising out of a "Pool Assessment". This invoicing is due and payable upon receipt and delinquent if not paid on or before thirty (30) calendar days after receipt. The date of receipt shall be determined as the date the billing was presented in person to a representative of the "Entity", or three (3) days after posting the billing in the U.S. Mail.
- 3) "Entities" which have formerly participated in the Liability Program, but have since withdrawn as a participant, shall be required to pay all applicable billings for the "Program Years" in which they participated. Delinquent billings shall be treated in the same manner as set forth above as if the "Entity" were still a "Participant".
- 4) Failure to pay billings, penalties, or the accrued interest shall be considered grounds for removal of the "Participant" from the Liability Program and may result in the expulsion of the "Participant" from SCORE.
- 5) Failure to pay billings, penalties, or accrued interest thereon shall constitute a breach of the agreement between the former "Participating Member" and SCORE. The former "Participating Member" shall be liable for the billings, penalties, accrued interest, and all costs incurred by SCORE in the enforcement of all provisions set forth in this document.

3. TERMINATION OF PARTICIPATION

- A. A "Participating Member" in one "Program Year" shall participate in the next "Program Year" unless:
 - 1) A request to terminate participation is received from the "Participating Member" at least six (6) months prior to the inception of the next "Program Year",
 - 2) A termination notice from the President advising the Board of Directors that action to expel the "Participating Member" has been sent to the "Participating Member", or
 - 3) The "Participant" is no longer a "Member Entity".
- B. Termination of participation in future "Program Years" does not relieve the terminated "Entity" of any benefits or obligations of those "Program Years" in which the "Entity"

participated. These obligations include payment of assessments, "Dividend Returns", or any other amounts due and payable.

- C. The Board of Directors may terminate future participation by an "Entity" for the following reasons:
- 1) Declination to cover the "Entity" by the organization providing excess coverage;
 - 2) Nonpayment of past billings, assessments, surcharges, or other charges;
 - 3) Habitual late payment of billings, assessments, surcharges, and/or other charges, or habitual late response in submitting data required by the Liability Program;
 - 4) Failure to provide underwriting information;
 - 5) Development of an extraordinarily poor loss history;
 - 6) A substantial change in exposures that are not acceptable in this program; and/or
 - 7) Financial impairment that is likely to jeopardize this Program's ability to collect amounts due in the future.

ARTICLE VI – CLAIMS ADMINISTRATION

1. SELECTION OF ADJUSTOR

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

2. CLAIMS ADJUSTING SERVICE

The claims adjusting company shall:

- A. Accept notices or reports of claims on behalf of the "Participating Members" and SCORE;
- B. Maintain a complete and separate file for each claim reported, including actions taken, amounts reserved, and amounts paid by date;
- C. Report claims as needed to the excess coverage provider, document amounts due from the excess coverage and follow through with collection of such amounts,
- D. Make available for inspection and review by SCORE or its agents any and all claims files, provided reasonable notice of inspection and reasonable time and place is set for review;

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

3. CLAIMS PROCEDURES MANUAL

- A. A Liability Claims Procedures Manual, including reporting procedures, forms, and other vital information shall be adopted by the Board of Directors and provided to all "Participants".
- B. The Board of Directors may adopt amendments to the Liability Claims Procedures Manual. Any amendments shall not be effective for fifteen (15) days after distribution of the amendments to the "Member Entities".
- C. All "Participating Members" shall be held accountable for understanding and abiding by the procedures stated in this Manual, as well as any changes thereto.

4. DUTY TO REPORT CLAIM

- A. Timely reporting of claims is essential to efficient claims management. Thus, any claim shall be reported to the Claims Adjustor immediately, as set forth in the Claims Procedures Manual.
- B. The Liability Claims Procedures Manual shall include forms and detailed procedures for claims reporting. It is the responsibility of each "Participating Member" to ensure that the persons handling claims at the "Participant's" place of business knows the claims procedures set forth in the Manual.

5. CLAIMS AUDIT

- A. At least once every two (2) years, the adequacy of claims adjusting shall be examined by an independent auditor who specializes in claims auditing.
- B. The Board of Directors shall direct the Administrator to obtain the services of a claims auditor chosen by the Board and present the finding of the audit to the Board of Director.
- C. The claims audit report shall address the issues of adequacy of claims procedures, the implementation of the litigation management procedures and the accuracy of claims data.

6. SETTLEMENT AUTHORITY

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

- C. The Claims Adjuster shall have authority up to \$5,000 in excess of that which has already been paid or authorized to settle claims.
- D. The Board of Directors retains unto itself the authority to approve settlement of all other claims.
- E. If a settlement of a claim requires approval by the Board, except for the fact that the Board will not have a regularly scheduled Board meeting sufficiently early enough to take action on a settlement offer, the Executive Committee may authorize settlement, but only after the President determines that the settlement opportunity will not exist until the next regularly scheduled Board meeting and the settlement is not sufficiently controversial to justify the time and expense required to call a special Board Meeting. Such action by the Executive Committee will be reported at the next Board meeting.

7. DISPUTES REGARDING MANAGEMENT OF A CLAIM

- A. Any matter in dispute between a "Participating Member" and the Claims Adjustor shall be called to the attention of the Program Administrator who shall bring it to the Board of Directors or, if the matter must be resolved prior to the next regularly scheduled Board meeting, the Administrator shall bring it to the attention of the Executive Committee.
- B. The decision of the Board of Directors or Executive Committee shall be final and not appealable to a higher authority.

ARTICLE VII - DEFINITIONS

1. **“Actuarially sound”** means that the “Program Year” has sufficient funds to pay the expected cost of claims as determined by a certified actuary and the “Administrative Expenses” for the “Program Year”.
2. **“Administrative Expenses”** means those expenses incurred by the Liability Program that are not incurred due to any specific claim and does not constitute a reserve for future expected changes in the size of existing claims or discovery of previously unknown claims. “Administrative Expenses” shall include expenses of the Authority that are allocated to the Liability Program.
3. **“Banking Layer”** shall be that amount of all claims arising out of one occurrence where 100 percent of the claims will be charged against the “Participant’s” account.
4. **“Claim”** means, if not otherwise defined within the context, to be all demands for compensation by third party claimants against a covered party arising out of one occurrence.
5. **“Entity”** means a governmental body, including any commissions, agencies, districts, authorities, boards, or other similar government body under the direct control of the governmental body which is eligible to participate in a Joint Powers Authority. A “Member Entity” is one who has been accepted into SCORE.

6. **“Limits of Coverage”** means the maximum amount of financial protection afforded any “Member Entity” or “entities”.
7. **“Obligated Reserves”** means reserves for expected claims expenses, determined by an actuarial study, not attributable to any known claim. This is sometimes called IBNR.
8. **“Participant”** or **“Participating Member”** is a “Member Entity” that participates in the Liability Program.
9. **“Program Year”** means the period of coverage from July 1st of any one year to July 1st of the next year as provided by the Memorandum of Coverage.
10. **“Share Risk Layer”** means the amount of all claims from one occurrence exceeding the “Banking Layer” but not more than the total amount retained by SCORE.
11. **“Programs”** means Liability or Workers’ Compensation Programs.
12. “Minimum Equity” means the minimum equity threshold of \$2,375,000 (5 times the anticipated retained limit of \$500,000, less the banking layer retention of \$25,000 per occurrence).

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

**EFFECTIVE JUNE 16, 2006
AS AMENDED JUNE 25, 2010
AS AMENDED JUNE 24, 2011
AS AMENDED JANUARY 25, 2013
AS AMENDED JANUARY 24, 2014**

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/Dividends/Returns” and/or “Assessments” 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.A. 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.~~

3.2. FINANCING THE PROGRAM

A. DEPOSIT PREMIUMS

The Administrator, in conjunction with an actuary, shall prepare rates and “deposit premiums” ~~to~~ adequately ~~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.

~~C.B. ACTUARIALLY SOUND PROGRAM YEARS~~

- ~~3) 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”.~~
- ~~4) To maintain actuarial soundness, the Liability Program shall have actuarial studies done annually and take appropriate action if the “Program Year” Program becomes should be deficient actuarially deficient. For such actions, please see Article III – Premiums, Rates and Pool Assessments.~~

B. ~~RETROSPECTIVE ADJUSTMENTS/DIVIDEND RETURNS~~

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

I. SHARED RISK LAYER DIVIDENDS

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

- ~~a. the total claims liabilities at the 70th percentile confidence level, including the actuarially determined IBNR, plus;~~
- ~~b. the Minimum Equity threshold of \$2,375,000 (5 times the anticipated retained limit of \$500,000, less the banking layer retention of \$25,000 per occurrence).~~

II. BANKING LAYER DIVIDENDS

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

- ~~a. There are sufficient funds in the Program to cover the total claims liabilities for all members at the 70th percentile confidence level, including the actuarially determined IBNR, plus;~~
- ~~b. Releasing an amount that will retain no less than each Member's average 5 year cost of claims but still maintaining a minimum balance of \$12,500 for each member~~

III. EXCESS INSURANCE OR REINSURANCE DIVIDENDS AND ASSESMENTS

~~All dividend returns made to SCORE by its excess insurance partners shall be accounted for as follows:~~

- ~~a. Dividends will be credited to the Shared Risk Layer which will then re-allocate funding based on annual contributions for the corresponding dividend year, and;~~
- ~~b. The funds will then transfer into the Banking Layer balances for each member, and be eligible for release; or~~
- ~~c. The Board of Directors, at their discretion may direct Staff to apply the entire amount of dividend receivables as a credit to the following year's Excess Premiums.~~

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

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

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

Member Assessments will also be levied and due as specified in the SCORE Master Plan Documents for each Coverage Program as follows:

1. If a Member is in a deficit Banking Layer Total Balance, the Member must pay back at least 50% of the deficit as part of their next July 1st invoice
2. If a Member is in a Shared Risk Layer Net deficit, at least 50% of any negative is due as an assessment on their next July 1 invoice.
3. For the purpose of Member deficit balances in either the Banking or Shared Risk Layers, the Liability and Workers' Compensation Programs will be linked and deficit positions in one Program will need to be paid before the Member is eligible to receive a Dividend.
4. The same rules apply for all prior members subject to the conditions of the New Dividend Plan.

IV. TIMING

- a. While a "Dividend Return" shall be calculated for potential distribution or Member Assessment. The Board of Directors has full discretion in returning any amount deemed as "available" for release but may not release funds in excess of the constraints outlined in Sections I, II, and III above.,
- b. Banking Layer – a "Dividend Return" shall be calculated at the end of the "Program Year" for potential distributions or ~~Member Assessment~~ Member Assessment/surcharge. The Board of Directors has full discretion in returning any amount deemed as "available" for release but may not release funds in excess of the constraints outlined in Sections I, II, and III above.,
- 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~~ Liability Program funded below the 70 percent confidence level. This waiver may apply to the shared risk or the banking layer separately or both and shall be done for a period of no more than one Program Year at a time.

V. DISTRIBUTION

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

VI. CLOSING OF PROGRAM YEARS

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

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.

C. POOL ASSESSMENTS

Pool 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~~ funds are less than an amount of expected outstanding claims liabilities, calculating expected interest earnings at a rate no higher than the prevailing rates at the time of the assessment.

4.3. AMENDMENTS TO THIS PLAN

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

ARTICLE II - COVERAGE

1. GENERAL DESCRIPTION

A. COVERAGE PROVIDED

- 1) The Board of Directors shall approve this document which shall provide the means for the members of SCORE to pool their resources to pay for General Liability, Automobile Liability, Public Officials Errors and Omissions claims and other public liability claims as deemed appropriate and for which coverage is extended to the "Participants" of this Liability Program. An account shall be established from which losses and expenses of the Liability Program shall be paid.
- 2) SCORE shall provide another document, separate and apart from this document, which shall be entitled the Liability Memorandum of Coverage (LMOC). This Memorandum of Coverage shall provide for the indemnification of the covered parties for liability because of General Liability, Automobile Liability, Public Officials Errors and Omissions and other public liabilities as the Board of Directors deems appropriate, subject to any exclusions of coverage stated in the LMOC. The LMOC may provide coverage by incorporation of other documents with or without amendments. Those express provisions in the LMOC shall supersede any provision of a document that has been incorporated into the LMOC that is inconsistent with those express provisions.
- 3) The LMOC shall be adopted by the majority of the directors at a SCORE Board of Directors meeting. The Board of Directors may amend the LMOC at any time in the same manner and restrictions as imposed upon the adoption of the LMOC.

B. LIMITS OF COVERAGE

- 1) This Liability Program shall provide a self-funded banking and shared risk layer, where economically practical, with total "limits of coverage" of at least \$500,000 per occurrence.
- 2) The Banking Layer shall consist of that amount of all claims arising out of one occurrence or wrongful act up to \$25,000.
- 3) The Shared Risk Layer shall consist of that amount of all claims arising out of one occurrence that exceeds the amount within the Banking Layer to the extent the claims are retained by SCORE.
- 4) The Liability Program may obtain for its "Participating Members" and SCORE limits in excess of the self-funded coverage through the purchase of excess insurance, reinsurance, or participation in a joint powers agreement or other self-insurance plans.

C. POLICY TERM, RENEWAL, AND CANCELLATION

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

2. AUTHORITY TO ALTER COVERAGE AND CONTRACT FOR EXCESS COVERAGE

- A. The Board of Directors may, from time to time, alter the coverage provided in the Memorandum of Coverage based on the needs of the "Participating Members", costs, the funds available, insurance available and other factors.
- B. Only the Board of Directors may purchase excess insurance, reinsurance, and participate in other pooling arrangements as authorized by the Government Code Section 6500 et seq or other self-insurance plan.

3. DISTRIBUTION

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

ARTICLE III – PREMIUMS, RATES, AND POOL ASSESSMENTS

1. DEPOSIT PREMIUM CALCULATIONS

- A. The annual "deposit premium" for each "Participating Member" shall be calculated utilizing:
 - 1) a deposit for the "Banking Layer" using an actuarially determined expected loss rate at an 70 percent confidence level,
 - 2) a deposit for the "Shared Risk Layer" using an actuarially determined expected loss rate at an 70 percent confidence level,
 - 3) a charge for excess coverage and
 - 4) A charge for the "Administrative Expenses" of the Liability Program as adopted by the Board of Directors.
 - 5) The above-mentioned deposits may be determined at a confidence level greater or less than 70 percent only by a two-thirds vote of the Directors.
- B. The deposit for the "Banking Layer" shall be determined by multiplying the "Participating Member's" projected payroll for the "Program Year" by the rate determined by the actuary.

- C. The deposit for the “Shared Risk Layer” shall be determined by multiplying the “Participating Member’s” projected payroll for the “Program Year” by an experience modification factor times the rate determined by the actuary.
- 1) The Experience Modification Factor for the member shall be determined by:
 - i. Dividing the member’s losses for the five (5) years immediately preceding the one for which the deposit is being calculated not to exceed \$50,000 any one occurrence by the payroll for the same period. This calculates the member’s Loss Rate.
 - ii. Then dividing the member’s loss rate by the loss rate for SCORE as a whole during the same period using the total losses and payroll for all the members, calculating a Relative Loss Rate for the member.
 - iii. This Relative Loss Rate will be multiplied by a Credibility Factor to which one minus the Relative Loss Rate will be added. This sum will be the Experience Modification Factor.
 - iv. A Credibility Factor will be calculated by dividing the member’s payroll by the member’s payroll plus a constant (i.e. member’s payroll/ (member’s payroll + constant)). The constant will be one times the largest member’s payroll.
- D. The cost of excess coverage shall be charged to each “Participating Member” in the same proportion as the projected payroll is to the total payroll.
- E. The "Administrative Expenses" charged to each "Participating Member" is calculated by:
- 1) Multiplying fifty (50) percent of the “Administrative Expenses” by a factor derived by dividing the “Participating Member’s” projected payroll for the “Program Year” by the total projected payroll of all “Participating Members”; plus
 - 2) A share of the remaining “Administrative Expenses” that is equal among all the members.
- F. Notwithstanding the super-majority vote under 1.A. of this Article, the Board of Directors may impose a minimum and/or a maximum deposit. Should that be the case, the portion of the deposit premium that is for the banking layer shall be adjusted accordingly.

2. ADJUSTMENTS TO ACCOUNT BALANCES

A. POOL ASSESSMENTS

If the Liability Program as a whole is not actuarially sound, that is where the funds for losses are less than the expected losses as determined by the actuary, 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~~ “Dividend Returns” Section below. However, such calculation shall use funding at an actuarially expected loss level.
- 2) If the funds collected from assessing ~~the in any given~~ year under A.1., 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 Liability Plan Program~~ are still responsible for assessments as detailed in Article V. – Participation, Section 2.b. of this document.

~~B.—RETROSPECTIVE ADJUSTMENT~~

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

~~Effective July 1, 2011, “Participants” that withdraw from SCORE’s Workers’ Compensation plan, agree that any available funds² 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 “Participating Member” 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 70 percent confidence level. This waiver may apply to the shared risk or the banking layer separately or together.~~
- ~~d.—The Board of Directors need not declare a dividend or may declare a dividend that is something less than the “Retrospective Adjustment” calculates.~~

~~2)—CALCULATION OF ACCOUNT BALANCES—SHARED RISK~~

- ~~a.—Each “Participating Member” will be credited for their “deposit premiums” paid to the Shared Risk Layer and any assessments paid for the “Program Year”. Allocated interest for the year will be added to the amount determined above. This amount will~~

~~constitute the Total Revenues credited to the "Entity's" Shared Risk account for the "Program Year".~~

~~b. From the amount calculated in 2a, above, the cost of claims shall be subtracted:~~

~~i. If the "Program Year" adjusted is the Program Year 2002-2003, then the total claims and IBNR in the shared risk layer for the shared risk layer shall be allocated based on an Adjusted Exposure Base calculated by:~~

~~○ 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.~~

~~○ 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.~~

~~○ 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.~~

~~○ The Adjusted Exposure Base is calculated by multiplying the four (4) years of deposits calculated earlier by the Experience Modification Factor.~~

~~ii. If the "Program Year" is the Program Year 2003-2004 or later, then the Adjusted Exposure Base is the Shared Risk deposit for the "Program Year" divided by the total of all members' Shared Risk deposit for the year.~~

~~c. The total amount of incurred claims within the share risk layer plus the IBNR at the 70 percent confidence level, plus the MINIMUM EQUITY threshold of \$2,500,000 (5 times the anticipated retained limit of \$500,000) as determined by the Board of Directors is distributed to the members in proportion to their Adjusted Exposure Base is to the total Adjusted Exposure Base for SCORE as a whole. This amount will be the Total Claims Costs for the member.~~

~~d. The Funds in Excess of Costs is determined by subtracting the Total Claims Costs from the Total Revenues.~~

~~e. The Account Balance for the member in any "Program Year" is the Funds in Excess of Costs less any prior returns plus any prior surcharges. This amount, or any portion of this amount, may be distributed to the member after approval from the~~

~~Board and only if the "Program Year" is at least five (5) years old and the Program as a whole will not be under a 70 percent confidence level after the return or dividend.~~

~~3) CALCULATION OF ACCOUNT BALANCE – BANKING LAYER~~

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

~~4) DISTRIBUTION~~

~~Upon completion of the calculation described above, if there is a net negative balance in the individual accounts, the "Participant" shall not receive a refund for that "Program Year". Participants with a negative balance may apply monies from its other program that have a positive balance as payment against the negative balance. "Participants" with~~

~~positive balances may receive a refund, as determined by the Board of Directors. However, the total refunds for any one "Program Year" shall not exceed the actuarially determined surplus for that year. Further, the total refunds for any one "Program Year" shall be limited to the actuarially determined surplus for the Liability Program as a whole less any refunds granted from prior "Program Year's".~~

~~C. CLOSING OF PROGRAM YEARS~~

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

ARTICLE IV - ADMINISTRATION

1. ORGANIZATION AND RESPONSIBILITIES

A. RELATION TO SCORE STRUCTURE

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

B. BOARD OF DIRECTORS' RESPONSIBILITIES

The Board of Directors shall:

- 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 Adjustment~~ "Dividend Returns" and/or "Assessments" for ~~previous prior~~ "Program Years", and rates and "deposit premiums" for each new "Program Year" are calculated in the manner described in Article II;
- 11) Present the findings of the actuarial studies to the Board of Directors and recommend actions where "Program Years" are, or are likely to be, in the near future actuarially unsound;

- 12) Ensure that all "Participating Members" are invoiced for "deposit premiums" and other amounts due; and
- 13) Ensure that timely quarterly and annual financial statements describing the financial condition of the Liability Program is presented to the Board of Directors.

~~D. SAFETY/RISK ANALYST~~

~~The Risk Analyst shall:~~

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

2. ELIGIBILITY AND APPLICATION

A. WHO MAY PARTICIPATE IN THE LIABILITY PROGRAM

- 1) All "Entities" which are members of SCORE may participate in the Liability Program after review and a vote by two-thirds of the Board of Directors.
- 2) New agencies applying for membership in this Liability Program shall submit an application for participation. A history of liability claims for at least five (5) years must be presented for review.

B. DATE OF MEMBERSHIP

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 an ~~"Retrospective Adjustment"~~ "Pool Assessment". This invoicing is due and payable upon receipt and delinquent if not paid on or before thirty (30) calendar days after receipt. The date of receipt shall be determined as the date the billing was presented in person to a representative of the "Entity", or three (3) days after posting the billing in the U.S. Mail.
- 3) "Entities" which have formerly participated in the Liability Program, but have since withdrawn as a participant, shall be required to pay all applicable billings for the "Program Years" in which they participated. Delinquent billings shall be treated in the same manner as set forth above as if the "Entity" were still a "Participant".
- 4) Failure to pay billings, penalties, or the accrued interest shall be considered grounds for removal of the "Participant" from the Liability Program and may result in the expulsion of the "Participant" from SCORE.
- 5) Failure to pay billings, penalties, or accrued interest thereon shall constitute a breach of the agreement between the former "Participating Member" and SCORE. The former "Participating Member" shall be liable for the billings, penalties, accrued interest, and all costs incurred by SCORE in the enforcement of all provisions set forth in this document.

3. TERMINATION OF PARTICIPATION

- A. A "Participating Member" in one "Program Year" shall participate in the next "Program Year" unless:
 - 1) A request to terminate participation is received from the "Participating Member" at least six (6) months prior to the inception of the next "Program Year",
 - 2) A termination notice from the President advising the Board of Directors that action to expel the "Participating Member" has been sent to the "Participating Member", or
 - 3) The "Participant" is no longer a "Member Entity".
- B. Termination of participation in future "Program Years" does not relieve the terminated "Entity" of any benefits or obligations of those "Program Years" in which the "Entity"

participated. These obligations include payment of assessments, "~~Retrospective Adjustments~~ ~~Dividend Returns~~", 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.
12. “Minimum Equity” means the minimum equity threshold of \$2,375,000 (5 times the anticipated retained limit of \$500,000, less the banking layer retention of \$25,000 per occurrence).

AMENDED SCORE MASTER PLAN DOCUMENTS – WC

ACTION ITEM

ISSUE: The Board will review the proposed changes to SCORE’s Master Plan Documents (MPDs) to address the new Dividend Plan and as well as other clean-up issues that were addressed at the same time. Critical points to observe in the revised documentation are outlined below:

- 1) The New Dividend Return Plan is going to move away from the old concept of using historical data dating back to 1986 and instead will use a 10 YR “rolling” time window for calculating surplus equity.
- 2) The Minimum Equity threshold that needs to be maintained on account in the Shared Risk Layer is \$1,125,000 for the Workers’ Compensation Program (5 x S.I.R. less the banking layer).
- 3) The Minimum Banking Layer balance for each Member has been established at \$12,500 or the average 5 YR cost of claims, whichever is greater. For the Mini-Cities Pool, this minimum is the % Yr average cost of claims, or \$25,000, whichever is greater.
- 4) Dividends are not released unless there are sufficient funds in the program to cover liabilities at the 70th percentile confidence level, including IBNR.
- 5) Net Assets in the Program are determined based on the prior year’s Audited Financial Statements.
- 6) The 5 Yr anniversary condition for release of funds no longer applies.
- 7) Withdrawn Members will continue to maintain 50% of their available return funds on account for additional 5 years from the date they are released.
- 8) If a Member is in a deficit Banking Layer Total Balance, the Member must pay back at least 50% of the deficit as part of their next July 1st invoice.
- 9) If a Member is in a Shared Risk Layer Net deficit, at least 50% of any negative is due as an assessment on their next July 1 invoice.
- 10) For the purpose of Member deficit balances in the Banking or Shared Risk Layers, the Liability and Workers’ Compensation Programs will be linked and deficit positions in one Program will need to be paid before the Member is eligible to receive a Dividend.
- 11) Returned funds will “flow” from the Shared Risk Layer into the Banking Layer that is now being tracked individually for each member.



RECOMMENDATION: The Program Administrator recommends approval of this document.

FISCAL IMPACT: Unknown

BACKGROUND: The Master Plan Documents (MPDs) contain specifics as to how the Dividend Return Plan determines the amount of surplus equity funds eligible for return to Members. During the recent restructuring of the Calculation process, it was apparent that the Master Plan Documents addressing the procedure needed to be amended to reflect the new Minimum Balance requirements as well as the different parameters for determining the amount of funds that are deemed eligible for return to Members in the form of dividends. The documents were also amended to align the terminology used with SCORE's other Governing Documents. The accepted changes version of the document attached below shows the final draft version while the red-line strike-out version shows in detail where changes were made and what those changes are. Given the complex nature of the content and the large size of the MPDs, and we advise that you spend more time looking at the finished product to make sure you are comfortable with the content. The red-line strike out can be hard to follow as some of the sections have also been moved from their original location.

In Addition, several sections of the Master Plan Document were edited to better mimic terminology used throughout SCORE's Governing Documents. A red line strike-out and an "accepted changes" draft version have both been included to highlight the changes being proposed.

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

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

**SMALL CITIES ORGANIZED RISK EFFORT
MASTER PLAN DOCUMENT
FOR THE
WORKERS' COMPENSATION PROGRAM
(ALSO KNOWN AS THE PROGRAM BYLAWS)**

**EFFECTIVE JUNE 27, 2003
AS AMENDED JUNE 25, 2010
AS AMENDED JUNE 24, 2011
AS AMENDED JANUARY 25, 2013
AS AMENDED JANUARY 2014**

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. FINANCING THE PROGRAM

A. DEPOSIT PREMIUMS

The Administrator, in conjunction with an actuary, shall prepare rates and "deposit premiums" adequate to fund the actuarially determined losses in the shared risk and banking layers of the Workers' Compensation Program, including attorney fees and other claims

related costs, the cost of excess coverage, and the projected administrative costs of the Workers' Compensation Program. These rates and "deposit premiums" shall be approved by the Board of Directors as part of SCORE's annual budget.

B. ACTUARIALLY SOUND PROGRAM YEARS

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

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

3. DIVIDEND RETURNS

A. SHARED RISK LAYER DIVIDENDS

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

- a. the total claims liabilities at the 70th percentile confidence level, including the actuarially determined IBNR, PLUS;
- b. the Minimum Equity threshold of \$1,125,000 (5 times the anticipated retained limit of \$250,000, less the banking layer retention of \$25,000 per occurrence).

B. BANKING LAYER DIVIDENDS

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

- a. There are sufficient funds in the Program to cover the total claims liabilities for all members at the 70th percentile confidence level, including the actuarially determined IBNR, plus;
- b. Releasing an amount that will retain no less than each Member's average 5 year cost of claims and still maintaining a minimum balance of \$12,500 for each member, (*with Mini-Cities having a combined total balance of \$25,000*).

C. EXCESS INSURANCE OR REINSURANCE DIVIDENDS AND ASSESSMENTS

All dividend returns made to SCORE by its excess insurance partners shall be accounted for as follows:

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

- b. The funds will then transfer into the Banking Layer balances for each member, and be eligible for release; or
- c. The Board of Directors, at their discretion may direct Staff to apply the entire amount of dividend receivables as a credit to the following year's Excess Premiums.

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

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

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

Member Assessments will also be levied and due as specified in the SCORE Master Plan Documents for each Coverage Program as follows:

1. If a Member is in a deficit Banking Layer Total Balance, the Member must pay back at least 50% of the deficit as part of their next July 1st invoice
2. If a Member is in a Shared Risk Layer Net deficit, at least 50% of any negative is due as an assessment on their next July 1st invoice.
3. For the purpose of Member deficit balances in the Banking or Shared Risk Layers, the Liability and Workers' Compensation Programs will be linked and deficit positions in one Program will need to be paid before the Member is eligible to receive a Dividend.
4. The same rules apply for all prior members subject to the conditions of the New Dividend Plan.

D. TIMING

- a. While a "Dividend Return" shall be calculated for potential distribution or assessment/surcharge. , the Board of Directors has full discretion in returning any amount deemed as "available" for release but may not release funds in excess of the constraints outlined in Sections I, II, and III above,.
- b. Banking Layer – a "Dividend Return" shall be calculated at the end of the "Program Year" for potential distribution or Member Assessment. The Board of Directors has full discretion in returning any amount deemed as "available" for release but may not release funds in excess of the constraints outlined in Sections I, II, and III above,.
- c. The Board of Directors may waive the collection of all members having a negative net balance or a net surcharge, provided the waiver will not leave the Workers' Compensation Program funded below the 70 percent confidence level. This waiver may apply to the shared risk or the banking layer separately or both and shall be done for a period of no more than one Program Year at a time.

E. DISTRIBUTION

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

3. CLOSING OF PROGRAM YEARS

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

4. POOL ASSESSMENTS

Pool 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 funds are less than an amount of

expected outstanding claims liabilities, calculating expected interest earnings at a rate no higher than the prevailing rates at the time of the assessment.

5. AMENDMENTS TO THIS PLAN

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

ARTICLE II - COVERAGE

1. GENERAL DESCRIPTION

A. COVERAGE PROVIDED

- 1) The Board of Directors shall approve this document which shall provide the means for the members of SCORE to pool their resources to pay for workers' compensation and employer's liability claims and for which coverage is extended to the "Participants" of this Workers' Compensation Program. An account shall be established from which losses and expenses of the Workers' Compensation Program shall be paid.
- 2) SCORE shall provide another document, separate and apart from this document, which shall be entitled the Workers' Compensation Memorandum of Coverage (WCMOC). This Memorandum of Coverage shall provide for the indemnification of the covered parties for liability because of bodily injury to employees, as the Board of Directors deems appropriate, subject to any exclusions of coverage stated in the WCMOC. The WCMOC may provide coverage by incorporation of other documents with or without amendments. Those express provisions in the WCMOC shall supersede any provision of a document that has been incorporated, whether such document is the Labor Code or otherwise, into the WCMOC that is inconsistent with those express provisions.
- 3) The WCMOC shall be adopted by the majority of the directors at a SCORE Board of Directors meeting. The Board of Directors may amend the WCMOC at any time in the same manner and restrictions as imposed upon the adoption of the WCMOC.

B. LIMITS OF COVERAGE

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

- 2) The Banking Layer shall consist of that amount of all claims arising out of one occurrence up to \$25,000.
- 3) The Shared Risk Layer shall consist of that amount of all claims arising out of one occurrence that exceeds the amount within the Banking Layer to the extent the claims are retained by SCORE.
- 4) The Workers' Compensation Program may obtain for its participating members and SCORE limits in excess of the self-funded coverage through the purchase of excess insurance, reinsurance, or participation in a joint powers agreement or other self-insurance plans.

C. POLICY TERM, RENEWAL, AND CANCELLATION

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

2. AUTHORITY TO ALTER COVERAGE AND CONTRACT FOR EXCESS COVERAGE

- A. The Board of Directors may, from time to time, alter the coverage provided in the Memorandum of Coverage based on the needs of the "Participating Members", costs, the funds available, insurance available and other factors.
- B. Only the Board of Directors may purchase excess insurance, purchase reinsurance, participate in other pooling arrangements as authorized by the Government Code Section 6500 et seq. or other self-insurance plan.

3. DISTRIBUTION

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

ARTICLE III – PREMIUMS, RATES AND *POOL* ASSESSMENTS

1. MINI-CITIES POOL

A "Mini-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. Dividends or Member Assessments for the "Mini-Cities" pool, as calculated under Section 3 below, shall be distributed to its members in the proportion the member's deposit premium for the appropriate "Program Year" was to the deposit premium for the "Mini-Cities" pool as a whole.
- C. The Board of Directors will establish rules for admission to the Mini-Cities Pool.

2. DEPOSIT PREMIUM CALCULATIONS

- A. The annual "deposit premium" for each "Participating Member" shall be calculated utilizing:
 - 1) a deposit for the "Banking Layer" using an actuarially determined expected loss rate at an 70 percent confidence level,
 - 2) a deposit for the "Shared Risk Layer" using an actuarially determined expected loss rate at an 70 percent confidence level,
 - 3) a charge for excess coverage and
 - 4) a charge for the "Administrative Expenses" of the Workers' Compensation Program as adopted by the Board of Directors.

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

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

- 1) The Experience Modification Factor for the member shall be determined by:
 - i. Dividing the member's losses for the four (4) years immediately preceding the one for which the deposit is being calculated not to exceed \$50,000 any one occurrence by the payroll for the same period. This calculates the member's Loss Rate.
 - ii. Then dividing the member's loss rate by the loss rate for SCORE as a whole during the same period using the total losses and payroll for all the members, calculating a Relative Loss Rate for the member.
 - iii. This Relative Loss Rate will be multiplied by a Credibility Factor to which one minus the 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. POOL ASSESSMENTS

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

- 1) Each "Participating Member" of Program with a deficit balance shall be assessed to the extent that the participating Member has a deficit balance using the calculation of

account balances as described in "Dividend Returns" Section below. However, such calculation shall use funding at an actuarially expected loss level.

- 2) If the funds collected from assessing in any given year under a. above is insufficient to fund the Program above a deficit balance, the next earliest "Program Year:" 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.

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.

2. ELIGIBILITY AND APPLICATION

A. WHO MAY PARTICIPATE IN THE WORKERS' COMPENSATION PROGRAM

- 1) All "Entities" which are members of SCORE may participate in the Workers' Compensation Program after review and a vote by two-thirds of the Board.
- 2) New agencies applying for membership in this Workers' Compensation Program shall submit an application for participation. A history of liability claims for at least five (5) years must be presented for review.

B. DATE OF MEMBERSHIP

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

ARTICLE V - PARTICIPATION

1. ELIGIBILITY AND APPLICATION

A. ELIGIBILITY

- 1) To participate in the Workers' Compensation Program, the "Entity" must be a member of SCORE. Participation in the Workers' Compensation Program is voluntary.
- 2) The "Entity" must initially commit to at least three (3) full "Program Years" of participation in the Workers' Compensation Program.
- 3) The "Entity" must apply for participation by providing a completed and signed resolution obligating the "Entity" to participate for the required three (3) years and accepting the rules and regulations set forth in this document. The "Entity" requesting to participate in the Workers' Compensation Program shall submit five (5) years of

Workers' Compensation loss experience, complete an Exposure Analysis Questionnaire and/or payroll by classification codes, and provide copies of the last four (4) quarterly DE-6 reports.

- 4) The "Entity" should provide the resolution form, the experience information, and the DE-9 reports at least sixty (60) days prior to the inception of the "Program Year" in which they will commence participation, or the date the "Entity" desires coverage to begin.

B. APPROVAL OF APPLICATION

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

2. PARTICIPANTS' DUTIES

A. PROVIDE UNDERWRITING CRITERIA

- 1) Each participant shall provide copies of the DE-9 report quarterly within fifteen (15) days after filing with the State.
- 2) Each participant shall, upon request, complete an exposure questionnaire.
- 3) Each participant shall cooperate with SCORE in the claim management, loss control, underwriting, and actuarial activities of SCORE.

B. PAYMENT OF PREMIUMS AND OTHER CHARGES

- 1) Each year, on or around July 1st, SCORE shall invoice "Participating Members" for a Workers' Compensation "Deposit Premium" for the next "Program Year". The deposit invoice shall be due and payable on the first day of each quarter, and shall be delinquent if not paid on or before the 30th day after the due date.
- 2) A "Participating Member" may be invoiced an additional amount because of assessments to bring a "Program Year" into a state of actuarial soundness or a surcharge arising out of a "Pool Assessment". This invoicing is due and payable upon receipt and delinquent if not paid on or before thirty (30) calendar days after receipt. The date of receipt shall be determined as the date the billing was presented in person to a representative of the "Entity", or three (3) days after posting the billing in the U.S. Mail.

- 3) "Entities" which have formerly participated in the Workers' Compensation Program, but have since withdrawn as a participant, shall be required to pay all applicable billings for the "Program Years" in which they participated. Delinquent billings shall be treated in the same manner as set forth above as if the "Entity" were still a "Participant".
- 4) Failure to pay billings, penalties, or the accrued interest shall be considered grounds for removal of the "Participant" from the Workers Compensation Program and may result in the expulsion of the "Participant" from SCORE.
- 5) Failure to pay billings, penalties, or accrued interest thereon shall constitute a breach of the agreement between the former "Member Entity" and SCORE. The former "Member Entity" shall be liable for the billings, penalties, accrued interest, and all costs incurred by SCORE in the enforcement of all provisions set forth in this document.

3. TERMINATION OF PARTICIPATION

- A. A "Participating Member" in one "Program Year" shall participate in the next "Program Year" unless:
 - 1) a request to terminate participation is received from the "Participating Member" at least six (6) months prior to the inception of the next "Program Year",
 - 2) a termination notice from the President advising of the Board of Directors that action to expel the "Participating Member" has been sent to the "Participating Member", or
 - 3) The "Participant" is no longer a "Member Entity".
- B. Termination of participation in future "Program Years" does not relieve the terminated "Entity" of any benefits or obligations of those "Program Years" in which the "Entity" participated. These obligations include payment of assessments, "Equity Allocation 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 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.
- 12) **“Minimum Equity”** means the minimum equity threshold of \$1,125,000 (5 times the anticipated retained limit of \$250,000, less the banking layer retention of \$25,000 per occurrence) that needs to remain in the Workers' Compensation Program after releasing any dividends.

**SMALL CITIES ORGANIZED RISK EFFORT
MASTER PLAN DOCUMENT
FOR THE
WORKERS' COMPENSATION PROGRAM
(ALSO KNOWN AS THE PROGRAM BYLAWS)**

**EFFECTIVE JUNE 27, 2003
AS AMENDED JUNE 25, 2010
AS AMENDED JUNE 24, 2011
AS AMENDED JANUARY 25, 2013
AS AMENDED JANUARY 2014**

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/Dividend Returns" may be made declared annually, subject to criteria set forth in this Workers' Compensation Master Plan Document (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 of Directors as part of SCORE's annual budget.

B. ACTUARIALLY SOUND PROGRAM YEARS

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

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

RETROSPECTIVE ADJUSTMENTS

DIVIDEND RETURNS

I. SHARED RISK LAYER DIVIDENDS

Shared Risk Layer "Dividends" for a "Program Year" may be made declared and paid into the Banking Layer provided that a reserve surplus exists which exceeds in excess of the following:

- a. reserve requirement established by the total -claims liabilities at the 70th percentile confidence level, calculating expected interest earnings at a rate no higher than the prevailing rates at the time of the distribution-, including the actuarially determined IBNR, PLUS;
- b. The Workers' Compensation program will also maintain at the Minimum Equity threshold of \$1,250,000 (5 times the anticipated retained limit of \$250,000, less the banking layer retention of \$25,000 per occurrence). 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".

II. BANKING LAYER DIVIDENDS

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

- a. There are sufficient funds in the Program to cover the total claims liabilities for all members at the 70th percentile confidence level, including the actuarially determined IBNR, plus;
- b. Releasing an amount that will retain no less than each Member's average 5 year cost of claims and still maintaining a minimum balance of \$12,500 for each member, (with Mini-Cities having a combined total balance of \$25,000).

III. EXCESS INSURANCE OR REINSURANCE DIVIDENDS AND ASSESMENTS

All dividend returns made to SCORE by its excess insurance partners shall be accounted for as follows:

- a. Dividends will be credited to the Shared Risk Layer which will then re-allocate funding based on annual contributions for the corresponding dividend year, and;
- b. The funds will then transfer into the Banking Layer balances for each member, and be eligible for release; or
- c. The Board of Directors, at their discretion may direct Staff to apply the entire amount of dividend receivables as a credit to the following year's Excess Premiums.

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

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

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

Member Assessments will also be levied and due as specified in the SCORE Master Plan Documents for each Coverage Program as follows:

1. If a Member is in a deficit Banking Layer Total Balance, the Member must pay back at least 50% of the deficit as part of their next July 1st invoice
2. If a Member is in a Shared Risk Layer Net deficit, at least 50% of any negative is due as an assessment on their next July 1st invoice.
3. For the purpose of Member deficit balances in either the Banking or Shared Risk Layers, the Liability and Workers' Compensation Programs will be linked and deficit positions in one Program will need to be paid before the Member is eligible to receive a Dividend.
4. The same rules apply for all prior members subject to the conditions of the New Dividend Plan.

A. 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.~~

~~===== (Continued on next page)~~

~~IV.~~ TIMING

- ~~a.~~ Shared Risk Layer – five (5) years after the end of the "Program Year", ~~While a "Retrospective Adjustment~~ Dividend Return" shall be calculated for potential distribution or ~~assessment/surcharge.~~ Every year after the first "Retrospective Adjustment", there shall be additional adjustments until the "Program Year" is closed, the Board of Directors has full discretion in returning any amount deemed as "available" for release but may not release funds in excess of the constraints outlined in Sections I, II, and III above.
- ~~a.~~
- ~~b.~~ Banking Layer – a "Retrospective Adjustment ~~Dividend Return" shall be calculated at the end of the "Program Year" for potential distribution or Member Assessment/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~~ has full discretion in returning any amount deemed as "available" for release but may not release funds in excess of the constraints outlined in Sections I, II, and III above.~~
- ~~c.~~ The Board of Directors may waive the collection of all members having a negative net balance or a net surcharge, provided the waiver will not leave the Workers' Compensation Program funded below the 70 percent confidence level. This waiver may apply to the shared risk or the banking layer separately or both and shall be done for a period of no more than one Program Year at a time.
- ~~d.~~ The Board of Directors need not declare a dividend or may declare a dividend that is something less than the "Retrospective Adjustment" calculates.

~~1)~~ CALCULATION OF ACCOUNT BALANCES – SHARED RISK

- ~~a.~~ Each "Participating Member" will be credited for their "deposit premiums" paid to the Shared Risk Layer and any assessments paid for the program year. Allocated interest for the year will be added to the amount determined above. This amount will constitute the Total Revenues credited to the "Entity's" Shared Risk account for the "Program Year".
- ~~b.~~ From the amount calculated in 2a, above, the cost of claims shall be subtracted:
 - ~~i.~~ The cost of claims constitutes the total of incurred claims within the share risk layer plus the IBNR at the 70 percent confidence level, plus any amounts reserved for shock losses as determined by the Board of Directors.
 - ~~ii.~~ The costs of claims are allocated to the members in the same proportion as their Shared Risk Deposit is to the total Shared Risk Deposit for the Participating Members as a whole.

- ~~e. 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 a 70 percent confidence level after the return or dividend.~~

~~2) 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 a 70 percent confidence level plus any amount for shock losses the Board of Directors determines should be withheld for financial security. The amount to be deducted from the member shall be the same proportion as the member's Banking Layer deposit is to the total Banking Layer deposits of all the members. The result will be the Funds in Excess of Costs.~~
- ~~e. Any excess funds charged, or shortage of funds, for administrative expenses at the beginning of the "Program Year" for the Workers' Compensation Program shall be added to, or subtracted from, the Funds in Excess of Costs, allocating such administrative expenses half by payroll for the period and half equally among the members.~~
- ~~f. Finally, any prior returns, or prior surcharges shall be subtracted from, or credited to, the Funds in Excess of Costs.~~
- ~~g. The result of the above calculation will provide the ending account balance for the Banking Layer of which the Board may return all or any portion of the excess funds~~

~~provided such return will not leave the Workers' Compensation Program, or the "Program Year", below a 70 percent confidence level.~~

H.V. -DISTRIBUTION

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

B.A. 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)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.~~

C. POOL ASSESSMENTS

Pool 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 funds~~ are less than an amount of expected outstanding claims liabilities, calculating expected interest earnings at a rate no higher than the prevailing rates at the time of the assessment.

4. AMENDMENTS TO THIS PLAN

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

ARTICLE II - COVERAGE

1. GENERAL DESCRIPTION

A. COVERAGE PROVIDED

- 1) The Board of Directors shall approve this document which shall provide the means for the members of SCORE to pool their resources to pay for workers' compensation and employer's liability claims and for which coverage is extended to the "Participants" of this Workers' Compensation Program. An account shall be established from which losses and expenses of the Workers' Compensation Program shall be paid.
- 2) SCORE shall provide another document, separate and apart from this document, which shall be entitled the Workers' Compensation Memorandum of Coverage (WCMOC). This Memorandum of Coverage shall provide for the indemnification of the covered parties for liability because of bodily injury to employees, as the Board of Directors deems appropriate, subject to any exclusions of coverage stated in the WCMOC. The WCMOC may provide coverage by incorporation of other documents with or without amendments. Those express provisions in the WCMOC shall supersede any provision of a document that has been incorporated, whether such document is the Labor Code or otherwise, into the WCMOC that is inconsistent with those express provisions.
- 3) The WCMOC shall be adopted by the majority of the directors at a SCORE Board of Directors meeting. The Board of Directors may amend the WCMOC at any time in the same manner and restrictions as imposed upon the adoption of the WCMOC.

B. LIMITS OF COVERAGE

- 1) This Workers' Compensation Program shall provide a self-funded banking and shared risk layer, where economically practical, with total "limits of coverage" of at least ~~\$1~~\$250,000 per occurrence.
- 2) The Banking Layer shall consist of that amount of all claims arising out of one occurrence up to \$25,000.
- 3) The Shared Risk Layer shall consist of that amount of all claims arising out of one occurrence that exceeds the amount within the Banking Layer to the extent the claims are retained by SCORE.
- 4) The Workers' Compensation Program may obtain for its participating members and SCORE limits in excess of the self-funded coverage through the purchase of excess insurance, reinsurance, or participation in a joint powers agreement or other self-insurance plans.

C. POLICY TERM, RENEWAL, AND CANCELLATION

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

2. AUTHORITY TO ALTER COVERAGE AND CONTRACT FOR EXCESS COVERAGE

- A. The Board of Directors may, from time to time, alter the coverage provided in the Memorandum of Coverage based on the needs of the "Participating Members", costs, the funds available, insurance available and other factors.
- B. Only the Board of Directors may purchase excess insurance, purchase reinsurance, participate in other pooling arrangements as authorized by the Government Code Section 6500 et seq or other self-insurance plan.

3. DISTRIBUTION

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

ARTICLE III – PREMIUMS, RATES AND POOL ASSESSMENTS

1. MINI-CITIES POOL

A "Mini-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~~ or Member Assessments for the "Mini-Cities" pool, as calculated under Section 3 below, shall be distributed to its members in the proportion the member's deposit premium for the appropriate "Program Year" was to the deposit premium for the "Mini-Cities" pool as a whole.
- C. The Board of Directors will establish rules for admission to the Mini-Cities Pool.

2. DEPOSIT PREMIUM CALCULATIONS

- A. The annual "deposit premium" for each "Participating Member" shall be calculated utilizing:
- 1) a deposit for the "Banking Layer" using an actuarially determined expected loss rate at an 70 percent confidence level,
 - 2) a deposit for the "Shared Risk Layer" using an actuarially determined expected loss rate at an 70 percent confidence level,
 - 3) a charge for excess coverage and
 - 4) a charge for the "Administrative Expenses" of the Workers' Compensation Program as adopted by the Board of Directors.

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

- B. The deposit for the "Banking Layer" shall be determined by multiplying the "Participating Member's" projected payroll for the "Program Year" by the rate determined by the actuary.
- C. The deposit for the "Shared Risk Layer" shall be determined by multiplying the "Participating Member's" projected payroll for the "Program Year" by experience modification factor times the rate determined by the actuary.
- 1) The Experience Modification Factor for the member shall be determined by:
 - i. Dividing the member's losses for the four (4) years immediately preceding the one for which the deposit is being calculated not to exceed \$50,000 any one occurrence by the payroll for the same period. This calculates the member's Loss Rate.
 - ii. Then dividing the member's loss rate by the loss rate for SCORE as a whole during the same period using the total losses and payroll for all the members, calculating a Relative Loss Rate for the member.
 - iii. This Relative Loss Rate will be multiplied by a Credibility Factor to which one minus the Relate Loss Rate will be added. This sum will be the Experience Modification Factor.

- iv. A Credibility Factor will be calculated by dividing the member's payroll by the members' payroll plus a constant, i.e. member's payroll (member's payroll + constant). The constant will be one times the largest member's payroll.
- D. The cost of excess coverage shall be charged to each "Participating Member" in the same proportion as the projected payroll is to the total payroll.
- E. The "Administrative Expenses" charged to each "Participating Member" is calculated by:
 - 1) multiplying 50 percent of the "Administrative Expenses" by a factor derived by dividing the "Participating Member's" projected payroll for the Program Year by the total projected payroll of all "Participating Members"; plus
 - 2) A share of the remaining "Administrative Expenses" that is equal among all the members.
- F. Notwithstanding the super-majority vote under 2.A of this Article, the Board of Directors may impose a minimum and/or a maximum deposit. Should that be the case, the portion of the deposit premium that is for the banking layer shall be adjusted accordingly.

3. ADJUSTMENTS TO ACCOUNT BALANCES

~~C.B.~~ POOL ASSESSMENTS

If the Workers' Compensation Program as a whole is not actuarially sound, that is where the funds for losses are less than the expected losses as determined by the actuary, 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.~~ Dividend Returns Section below. However, such calculation shall use funding at an actuarially expected loss level.
- 2) If the funds collected from assessing ~~in any given 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.

~~D.C. 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.~~

~~(Continued on next page)~~

~~III.VI. TIMING~~

- ~~e.d. 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.~~
- ~~f.c. 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.~~
- ~~g.f. The Board of Directors may waive the collection of all members having a negative net balance or a net surcharge, provided the waiver will not leave the Workers' Compensation Program funded below the 70 percent confidence level. This waiver may apply to the shared risk or the banking layer separately or both.~~
- ~~h.g. The Board of Directors need not declare a dividend or may declare a dividend that is something less than the "Retrospective Adjustment" calculates.~~

~~IV.VII. CALCULATION OF ACCOUNT BALANCES—SHARED RISK~~

- ~~e.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".~~
- ~~f.b. From the amount calculated in 2a, above, the cost of claims shall be subtracted:~~
- ~~i. The cost of claims constitutes the total of incurred claims within the share risk layer plus the IBNR at the 70 percent confidence level, plus any amounts reserved for shock losses as determined by the Board of Directors.~~
 - ~~ii. The costs of claims are allocated to the members in the same proportion as their Shared Risk Deposit is to the total Shared Risk Deposit for the Participating Members as a whole.~~
- ~~g.c. The Funds in Excess of Costs is determined by subtracting the Total Claims Costs from the Total Revenues.~~
- ~~h.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 a 70 percent confidence level after the return or dividend.~~

~~V.VIII. CALCULATION OF ACCOUNT BALANCE—BANKING LAYER~~

~~h.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".~~

~~i.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".~~

~~j.c. From the amount calculated in 3a, above, the cost of claims incurred within the Banking Layer by the member shall be subtracted.~~

~~k.d. In addition, an amount shall be deducted for IBNR at a 70 percent confidence level plus any amount for shock losses the Board of Directors determines should be withheld for financial security. The amount to be deducted from the member shall be the same proportion as the member's Banking Layer deposit is to the total Banking Layer deposits of all the members. The result will be the Funds in Excess of Costs.~~

~~i.c. 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.~~

~~m.f. Finally, any prior returns, or prior surcharges shall be subtracted from, or credited to, the Funds in Excess of Costs.~~

~~n.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 a 70 percent confidence level.~~

~~VI.IX. 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.~~

~~E.D. CLOSING OF PROGRAM YEARS~~

~~4)3) The Board of Directors may close a "Program Year" as described in Article I Section 2.A.~~

~~5)4) 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~~

~~6)5) The Board of Directors retains the right to assess any and all "Member Entities" including Member Entities that have withdrawn from the Plan participating in a closed "Program Year", if such "Program Year" should incur additional expenses after closure.~~

ARTICLE IV - ADMINISTRATION

1. ORGANIZATION AND RESPONSIBILITIES

A. RELATION TO SCORE STRUCTURE

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

B. BOARD OF DIRECTORS' RESPONSIBILITIES

The Board of Directors shall:

- 1) Adopt this document and make changes to it as seen appropriate,
- 2) Adopt a Memorandum of Coverage and Declarations page where appropriate,
- 3) Review applications to participate in the Workers' Compensation Program from other agencies and determine their acceptability to the Program,

- 4) Approve budgets, rates, assessments, dividends and surcharges, and closures of "Program Years".
- 5) Approve all contracts for services for one (1) year or more. However, contracts for the Board of Directors need not approve legal representation provided to a covered party under the Memorandum of Coverage.
- 6) Meet at least annually to review the developments and performance of this program. This duty is fulfilled by discussion of developments and performance of this program as a part of a general or special Board of Directors meeting.

C. ADMINISTRATORS DUTIES AND RESPONSIBILITIES

The Program Administrator shall:

- 1) Use their best efforts to administer the Workers' Compensation Program such as to achieve the objectives and goals of the Program and SCORE.
- 2) Shall administer the Workers' Compensation Program in a manner that will provide claim and cost accountability for each "Program Year", separate apart from all other "Program Years", and from other programs of SCORE.
- 3) Act as an arbitrator where disputes arise between an "Participant" and the Claims Adjuster;
- 4) Provide the members with ongoing review of coverage's provided by this Workers' Compensation Program including any excess coverage; and
- 5) Maintain and distribute to the members the documents of this Program;
- 6) Assist in the selection of a Claims Adjusting company, including evaluation of quality and price of service in both the claims handling and reporting services;
- 7) Oversee performance of the Claims Adjuster with special emphasis on the handling of "open claims";
- 8) Present claims audits to the Board of Directors, with recommendations of changes in claims procedures where appropriate.
- 9) Prepare a budget for each "Program Year" for approval by the Board of Directors before the "Program Year";
- 10) Ensure that "Retrospective Adjustments" for previous "Program Years", and rates and "deposit premiums" for each new "Program Year" are calculated in the manner described in Article II;

- 11) Present the findings of the actuarial studies to the Board of Directors and recommend actions where "Program Years" are, or are likely to be, in the near future actuarially unsound;
- 12) Ensure that all "Participating Members" are invoiced for "deposit premiums" and other amounts due; and
- 13) Ensure that timely quarterly and annual financial statements describing the financial condition of the Workers' Compensation Program is presented to the Board of Directors.

~~D. SAFETY/RISK ANALYST~~

~~The Safety Analyst shall:~~

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

2. ELIGIBILITY AND APPLICATION

A. WHO MAY PARTICIPATE IN THE WORKERS' COMPENSATION PROGRAM

- 1) All "Entities" which are members of SCORE may participate in the Workers' Compensation Program after review and a vote by two-thirds of the Board.
- 2) New agencies applying for membership in this Workers' Compensation Program shall submit an application for participation. A history of liability claims for at least five (5) years must be presented for review.

B. DATE OF MEMBERSHIP

It is desirable that new agencies enter the Workers' Compensation Program at the commencement of a new "Program Year". If the new applicant enters at any other time, the "deposit premium" may be prorated for the remainder of the "Program Year", and covered losses of the new applicant which occur on or after the date of membership will be paid;

however, the new applicant shall be required to share losses for the pool for the entire year, just as if it had begun its membership in the pool at the beginning of the "Program Year".

ARTICLE V - PARTICIPATION

1. ELIGIBILITY AND APPLICATION

A. ELIGIBILITY

- 1) To participate in the Workers' Compensation Program, the "Entity" must be a member of SCORE. Participation in the Workers' Compensation Program is voluntary.
- 2) The "Entity" must initially commit to at least three (3) full "Program Years" of participation in the Workers' Compensation Program.
- 3) The "Entity" must apply for participation by providing a completed and signed resolution obligating the "Entity" to participate for the required three (3) years and accepting the rules and regulations set forth in this document. The "Entity" requesting to participate in the Workers' Compensation Program shall submit five (5) years of ~~w~~Workers' ~~e~~Compensation loss experience, complete an Exposure Analysis Questionnaire and/or payroll by classification codes, and provide copies of the last four (4) quarterly DE-6 reports.
- 4) The "Entity" should provide the resolution form, the experience information, and the DE-9 reports at least sixty (60) days prior to the inception of the "Program Year" in which they will commence participation, or the date the "Entity" desires coverage to begin.

B. APPROVAL OF APPLICATION

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

2. PARTICIPANTS' DUTIES

A. PROVIDE UNDERWRITING CRITERIA

- 1) Each participant shall provide copies of the DE-9 report quarterly within fifteen (15) days after filing with the State.

- 2) Each participant shall, upon request, complete an exposure questionnaire.
- 3) Each participant shall cooperate with SCORE in the claim management, loss control, underwriting, and actuarial activities of SCORE.

B. PAYMENT OF PREMIUMS AND OTHER CHARGES

- 1) Each year, on or around July 1st, SCORE shall invoice "Participating Members" for a Workers' Compensation "Deposit Premium" for the next "Program Year". The deposit invoice shall be due and payable on the first day of each quarter, and shall be delinquent if not paid on or before the 30th day after the due date.
- 2) A "Participating Member" may be invoiced an additional amount because of assessments to bring a "Program Year" into a state of actuarial soundness or a surcharge arising out of a "~~Retrospective Adjustment~~Pool Assessment". This invoicing is due and payable upon receipt and delinquent if not paid on or before thirty (30) calendar days after receipt. The date of receipt shall be determined as the date the billing was presented in person to a representative of the "Entity", or three (3) days after posting the billing in the U.S. Mail.
- 3) "Entities" which have formerly participated in the Workers' Compensation Program, but have since withdrawn as a participant, shall be required to pay all applicable billings for the "Program Years" in which they participated. Delinquent billings shall be treated in the same manner as set forth above as if the "Entity" were still a "Participant".
- 4) Failure to pay billings, penalties, or the accrued interest shall be considered grounds for removal of the "Participant" from the Workers Compensation Program and may result in the expulsion of the "Participant" from SCORE.
- 5) Failure to pay billings, penalties, or accrued interest thereon shall constitute a breach of the agreement between the former "Member Entity" and SCORE. The former "Member Entity" shall be liable for the billings, penalties, accrued interest, and all costs incurred by SCORE in the enforcement of all provisions set forth in this document.

3. TERMINATION OF PARTICIPATION

- A. A "Participating Member" in one "Program Year" shall participate in the next "Program Year" unless:
 - 1) a request to terminate participation is received from the "Participating Member" at least six (6) months prior to the inception of the next "Program Year",
 - 2) a termination notice from the President advising of the Board of Directors that action to expel the "Participating Member" has been sent to the "Participating Member", or
 - 3) The "Participant" is no longer a "Member Entity".

- B. Termination of participation in future "Program Years" does not relieve the terminated "Entity" of any benefits or obligations of those "Program Years" in which the "Entity" participated. These obligations include payment of assessments, "Equity Allocation 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 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.

11)12) "Minimum Equity" means the minimum equity threshold of \$1,125,000 (5 times the anticipated retained limit of \$250,000, less the banking layer retention of \$25,000 per occurrence) that needs to remain in the Workers' Compensation Program after releasing any dividends.

PROPOSED DIVIDEND CALCULATIONS

ACTION ITEM

ISSUE: The Board will review the actual *calculations* combining both the Liability and Workers' Compensation Programs based on the new dividend plan presented by Gilbert Associates. At its discretion, the Board may also choose to approve the draft calculations and authorize the release of dividends and/or the collection of assessments based on the numbers generated under the new plan. The data presented is derived from the June 30, 2013 Audited Financial Statements.

RECOMMENDATION: None.

FISCAL IMPACT: None.

BACKGROUND: SCORE has previously reviewed New Dividend Calculations in draft format prior to the June Board of Directors meeting when dividends are typically declared back to Members. At that meeting, the Board approved the 'concept' presented and tasked Program Administration to work with Gilbert Associates in further vetting the mechanics of the new dividend return plan to ensure the new program is adequate. In addition, the Board requested that a draft set of calculations is created by Gilbert Associates for both the Liability and Workers' Compensation Programs to show individual member dividend return amounts.

The numbers presented are based on a *rolling 10-yr calculation model*, with additional accounting for the overall Shared Risk Layer experience and historical member premiums. The plan also takes into account the amount of dividends previously issued or collected from members in the last 10 year period as well as the incurred cost of claims during this time. The new dividend plan mandates a minimum balance be kept on account to offset the cost of future banking layer claims, allowing anything in excess of the calculated minimum to be released back to Members into their newly established Member level balance sheets.

Important: Note that some Members have balances of 'funds on account' that were previously declared, but neither taken as payments, nor used to offset future Deposits. Both Live Oak (\$49,317) and Montague (\$61,849) have funds. In addition, both Crescent City and Williams also have funds that they will be eligible for, but cannot yet receive in full since our current policy restricts the release.

ATTACHMENTS: 2013-14 Combined Dividend Draft Calculation

SCORE 2013-2014 Proposed Dividend Distribution

CITY	LIABILITY PROGRAM				W/C PROGRAM				Net Combined DISTRIBUTION/ (ASSESSMENT)
	(A)	(B)	(C)	(A)+(B)+(C)	(a)	(b)	(c)	(a)+(b)+(c)	
	Permitted Distribution	Shared 10yr Neg. Net	Banking Neg. Bal	Net Distr/(Neg)	Permitted Distribution	Shared 10yr Neg. Net	Banking Neg. Bal	Net Distr/(Neg)	
BIGGS*	17,733	-	-	17,733	-	-	(307)	(307)	17,426
COLFAX*	32,084	-	-	32,084	-	-	(430)	(430)	31,654
CRESCENT CITY	28,905	-	-	28,905	-	-	(2,390)	(2,390)	26,515
DORRIS*	4,929	-	-	4,929	-	-	(116)	(116)	4,813
DUNSMUIR	24,865	-	-	24,865	3,827	-	-	3,827	28,692
ETNA*	3,078	-	-	3,078	-	-	(225)	(225)	2,853
FORT JONES*	5,141	(773)	-	4,368	-	-	(111)	(111)	4,257
IONE	59,372	-	-	59,372	2,479	-	-	2,479	61,851
ISLETON	-	(23,216)	(24,829)	(48,045)					(24,023)
LIVE OAK	27,750	-	-	27,750	9,788	-	-	9,788	37,538
LOOMIS*	25,921	-	-	25,921	-	-	(592)	(592)	25,329
LOYALTON*	4,539	(754)	-	3,785	-	-	(34)	(34)	3,751
MONTAGUE*	6,256	-	-	6,256	-	-	(139)	(139)	6,117
MOUNT SHASTA	-	-	-	-	-	-	(24,871)	(24,871)	(12,436)
PORTOLA*	47,993	-	-	47,993	-	-	(487)	(487)	47,506
RIO DELL*	22,412	-	-	22,412	-	-	(561)	(561)	21,851
SHASTA LAKE	98,134	-	-	98,134	28,829	-	-	28,829	126,963
SUSANVILLE	47,940	-	-	47,940	29,077	-	-	29,077	77,017
TULE LAKE	2,723	-	-	2,723					2,723
WEED	6,661	(14,420)	-	(7,759)	-	(12,131)	(9,305)	(21,436)	(14,597)
WILLIAMS	22,817	-	-	22,817	7,630	-	-	7,630	30,447
YREKA	-	(15,945)	-	(15,945)	18,369	-	-	18,369	2,424
	489,253	(55,108)	(24,829)	409,316	99,999	(12,131)	(39,568)	48,300	508,672

*Minicities W/C Allocation

Notes:

Banking activity - 6/30/12 ending RRP Spreadsheet Balances, plus Premiums less Claims Incurred for 2013

Shared layer - Audited program balance at 6/30/13 less total of all Banking Layer balances

This calculation nets each program's Permitted Distribution amount vs. negative 10 year net and banking balances

Finally, Liability and W/C amounts netted together to arrive at total combined Distribution/(Assessment)

Minimum assessment due: 50%



Small Cities Organized Risk Effort
Board of Directors Meeting
January 24, 2014

Agenda Item I.1.

NOTICE OF SCORE BYLAWS AMENDMENT

INFORMATION ITEM

ISSUE: The Board of Directors will review the proposed changes to the JPA Bylaws to address the new Dividend Plan and other clean-up issues that were addressed at the same time. Several sections of the Bylaws document were edited to better mimic terminology used throughout SCORE's JPA Agreement and Master Plan Documents. A red line strike-out and an "accepted changes" draft version have both been included to highlight the changes being proposed. This item will also serve as the 30 day "Notice of Intent" to amend the document as mandated in the SCORE Bylaws.

FISCAL IMPACT: None.

RECOMMENDATION: Staff recommends the Board review the proposed changes to the Bylaws and provide notice of intent to amend at the next scheduled Board of Directors meeting.

BACKGROUND: The SCORE Bylaws document contains several references to the Dividend Calculation process and the return of surplus equity funds to Members. It also addresses the issue of withdrawn members and the need to further retain part of their funds on account to offset the costs of open claims as well as claims that have been incurred but not yet reported. The Bylaws also include specifics on how Pool and Member assessments are to be levied in the event that any of SCORE's Programs are found to be insufficiently funded actuarially. During recent reviews of the document, it was also found that some of the terms were not consistent with SCORE's other Governing Documents and as such corrections in terminology were made to align the document with the remaining governing documents. In some areas, further clarification was added to help in making the content easier to read and understand.

ATTACHMENTS:

1. SCORE JPA Bylaws "Accepted Changes" Draft
2. SCORE JPA Bylaws Red-Line Strikeout Version

SMALL CITIES ORGANIZED RISK EFFORT

(SCORE)

BYLAWS

AMENDED

JULY 1, 2000

JANUARY 26, 2007

JUNE 24, 2011

JANUARY 24, 2014

BYLAWS

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

ARTICLE I **DEFINITIONS**

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

- A. “Agreement” shall mean the Joint Powers “Agreement” creating the Small Cities Organized Risk Effort Joint Powers “Authority.”
- B. The “Authority” shall mean the Small Cities Organized Risk Effort (SCORE).
- C. “Assessments” are charges levied upon the members by the Board of Directors that are intended to raise the funding of the “Authority” to a level above the minimum solvency level when the normal budgeting and member contributions are insufficient to maintain such a level of funding. “Mandatory Programs” are programs for which participation by all members is required.
- D. “Master Plan Document” shall mean a governing document that defines the procedures of a “Coverage Program.”
- E. “Memorandum of Coverage” shall be the governing document issued by the “Authority” to Member Entities specifying the type and amount of pooled coverage provided to each member by the “Authority.”
- F. “Coverage Program” shall mean a formal plan or procedure adopted by the Board of Directors to provide coverage against the possibility of loss or reduce the chance of loss.
- G. “Voluntary Program” shall mean a “Coverage Program” for which participation is merely voluntary by the members.
- H. “Member Entity” shall mean any of the public entities which are a party to this “Agreement”

ARTICLE II **OFFICES**

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

ARTICLE III

BOARD OF DIRECTORS

Section 1 – Governing Board

In accordance with Article X of the “Agreement,” the Board of Directors shall be the governing body of the “Authority.” Each Member’s governing board shall appoint, by resolution, a director and an alternate to the Board of Directors of the “Authority.” Such appointment shall not take effect until such notice is received by the “Authority” at its executive office as defined in Article II above. Voting members shall be the Directors, or in the case of their absence, their Alternates.

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

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

Section 2 – Meetings

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

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

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

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

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

ARTICLE IV

OFFICERS OF THE AUTHORITY

Section 1 - Election

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

Section 2- Term

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

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

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

Section 3- Duties

President – The President shall preside over all meetings of the Board of Directors. The President shall execute documents on behalf of the "Authority" as authorized by the Board and serve as the primary liaison between this "Authority" and any other organization. Jointly with the Vice-

President, Secretary, or Treasurer, the President shall have authority to approve payments of warrants. The President shall have such other powers and duties as the Board of Directors may prescribe from time to time.

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

Secretary – The duties of the Secretary shall be to cause minutes to be kept and distributed as specified in the “Agreement,” to maintain or cause to be maintained documents pursuant to a record retention policy adopted by the Board of Directors, and to perform such other duties as the Board may specify. Jointly with the President, Vice-President, or Treasurer, the Secretary shall have authority to approve payments of warrants.

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

Section 4 – Other Officers

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

ARTICLE V **COMMITTEES**

Section 1 – Executive Committee

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

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

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

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

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

Section 2 – Finance Committee

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

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

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

Section 3 – Other Standing Committees

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

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

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

Section 4 – Ad Hoc Committees

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

ARTICLE VI **MEMBERS' RESPONSIBILITIES**

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

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

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

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

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

ARTICLE VII **NEW MEMBERS**

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

ARTICLE VIII **WITHDRAWAL**

Member Entities that have withdrawn from SCORE’s Liability and/or Worker’s Compensation Programs, agree that fifty (50%) percent of their available return funds will be held by SCORE in trust, for five(5) additional years before being released.

Member Assessments will also be levied and due as specified in the SCORE Master Plan Documents for each Coverage Program.

ARTICLE XI **PROGRAMS**

Section 1- Formation of Programs

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

Section 2 – Administration of Programs

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

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

Notwithstanding anything to the contrary, the budget, “Assessments,” and Dividend Returns for each “Program” shall be approved by the Board of Directors.

Section 3 – Liability Program

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

ARTICLE IX **ADMINISTRATION**

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

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

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

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

ARTICLE X **BUDGET**

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

The budget shall separately show the following:

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

ARTICLE XI **ASSESSMENTS**

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

~~AAA~~ "Pool Assessment" shall be directed only to those members or former members that participated in the pooled "Coverage Program" during the program year in which the covered loss, causing the Pool assessment, was incurred.

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

ARTICLE XII **RECEIPT AND DISBURSEMENT OF FUNDS**

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

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

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

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

ARTICLE XIII

FINANCIAL AUDITS

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

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

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

ARTICLE XIV **EXECUTION OF CONTRACTS**

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

ARTICLE XV **NOTICES**

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

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

ARTICLE XVI **EFFECTIVE DATE**

The effective date of these amended Bylaws shall be when adopted by the Board unless specifically identified as another date. The adoption of these amended Bylaws shall supersede any prior Bylaws or amended Bylaws. These Bylaws shall supersede any resolution or any other document, other than the “Agreement” form this “Authority,” to the extent that such resolution or document is inconsistent with the Bylaws or the “Agreement.”

ARTICLE XVII **AMENDMENTS**

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

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

APPENDIX A

PRINCIPAL EXECUTIVE OFFICE

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

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

SMALL CITIES ORGANIZED RISK EFFORT

(SCORE)

BYLAWS

AMENDED

JULY 1, 2000

JANUARY 26, 2007

JUNE 24, 2011

JANUARY 24, 2014

BYLAWS

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

ARTICLE I DEFINITIONS

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

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

ARTICLE II OFFICES

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

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 ~~M~~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-notice~~ is received by the “Authority” at its executive office as defined in Article II above. Voting members shall be the Directors, or in the case of their absence, their Alternates.

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

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

Section 2 – Meetings

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

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

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

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

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

ARTICLE IV

OFFICERS OF THE AUTHORITY

Section 1 - Election

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

Section 2- Term

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

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

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

Section 3- Duties

President – The President shall preside over all meetings of the Board of Directors. The President shall execute documents on behalf of the "Authority" as authorized by the Board and serve as the primary liaison between this "Authority" and any other organization. Jointly with the Vice-

President, Secretary, or Treasurer, the President shall have authority to approve payments of warrants. The President shall have such other powers and duties as the Board of Directors may prescribe from time to time.

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

Secretary – The duties of the Secretary shall be to cause minutes to be kept and distributed as specified in the “Agreement,” to maintain or cause to be maintained documents pursuant to a record retention policy adopted by the Board of Directors, and to perform such other duties as the Board may specify. Jointly with the President, Vice-President, or Treasurer, the Secretary shall have authority to approve payments of warrants.

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

Section 4 – Other Officers

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

ARTICLE V **COMMITTEES**

Section 1 – Executive Committee

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

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

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

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

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

Section 2 – Finance Committee

The Finance Committee shall consist of five members including the Treasurer. The Treasurer will act as Chair of the committee. It is desired that one member of the committee shall be a finance or assistant finance officer of a Member AgencyEntity. 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 eEntity 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~~ has approved its admission to the “Authority” with a three fourth vote of the entire Board of Directors.

ARTICLE VIII WITHDRAWAL

~~Member Agencies-Entities that have withdrawn from SCORE’s Liability and/or Worker’s Compensation plansPrograms, agree that any available funds’ allocated to them in the Shared Risk Layer, will remain with SCORE until such time as the “Program Year” is closed. This includes funds allocated to them via the “Retrospective Adjustment” or any other manner of distribution other than the declaration of a dividend by the Board or in accordance with distribution described in the Joint Powers Agreement upon the dissolution of SCORE. Funds available from the Banking Layer to these Members are available for distribution. fifty (50%) percent of their available return funds will be held by SCORE in trust, for five(5) additional years before being released.~~

Member Assesments will also be levied and due as specified in the SCORE Master Plan Documents for each Coverage Program.

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

ARTICLE XI PROGRAMS

Section 1- Formation of Programs

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

Section 2 – Administration of Programs

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

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

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

Section 3 – Liability Program

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

ARTICLE IX ADMINISTRATION

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

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

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

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

ARTICLE X BUDGET

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

The budget shall separately show the following:

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

ARTICLE XI ASSESSMENTS

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

An “~~Cash~~ Pool Assessment” shall be directed only to those members or former members that participated in the pooled ~~e~~“Coverage “Program” during the “~~Program~~”program year in which the covered loss, causing the Pool assessment, was incurred.

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

ARTICLE XII RECEIPT AND DISBURSEMENT OF FUNDS

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

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

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

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

ARTICLE XIII **FINANCIAL AUDITS**

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

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

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

ARTICLE XIV **EXECUTION OF CONTRACTS**

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

ARTICLE XV **NOTICES**

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

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

|

ARTICLE XVI
EFFECTIVE DATE

The effective date of these amended Bylaws shall be when adopted by the Board unless specifically identified as another date. The adoption of these amended Bylaws shall supersede any prior Bylaws or amended Bylaws. These Bylaws shall supersede any resolution or any other document, other than the “Agreement” forming 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

LOSS CONTROL GRANT FUND PROGRAM

ACTION ITEM

ISSUE: The SCORE Board will have the opportunity to review and discuss the implementation of a Loss Control Grant Fund Program to be effective immediately. The content of the attached framework document has been vetted by Program Administration and the Ad Hoc Committee on Loss Control as directed by the Board at the October 2013 meeting. The funding levels have been established at \$50,000 from equity for each the Liability and Workers' Compensation Program. The grant's intent is to provide members with funds to be used for loss control services, training and other risk control needs as well as to provide funding for items or services that will offer a long term benefit to each Member. Funds will be available to members by submitting a request on City Letterhead detailing the scope of the Loss Control services being provided.

RECOMMENDATION: The Program Administrator recommends approval of the framework document and initial implementation of the Program, with an expiration date of June 30, 2015.

FISCAL IMPACT: Will vary.

BACKGROUND: During the Ad Hoc Loss Control Committee meetings, discussions were held regarding the loss control needs of SCORE and its members. Given the input from the Committee, Staff recognized and suggested a Loss Control Grant Fund that can be implemented to assist members in better addressing their loss exposures by granting financial assistance to assist in mitigating losses. At the September 23, 2013 Board Meeting, the Board expressed that the item should be brought back to the October meeting with a tentative framework document outlining the program. In October, the Board further reviewed the concepts presented and decided to delegate authority to the Ad Hoc Committee on Loss Control for further refining the Program. Program Administration and the ad Hoc Committee have met over the last few months and were able to agree on a format that will adequately serve the needs of the JPA and provide financial assistance to both small and large members.

The attached document is a *final draft*. The Board may still modify the document if they feel it can be improved upon. The funding has been provided from the Pool's surplus equity, before the distribution of any dividends. Members of each Program will be allocated an amount directly related to their percentage contribution into that Program, subject to a minimum of \$1,000 per Program for each participating Member. The funds will be available for use on a combined basis. Projects can also span over multiple years although the disbursement of monies will be limited to the member's annual allocation in any given year.

ATTACHMENTS: *Draft* Loss Control Grant Fund Policy and Procedure Document



ADMINISTRATIVE POLICY AND PROCEDURE

SUBJECT: LOSS CONTROL GRANT FUNDS

Policy Statement:

This policy is effective when adopted by the Board of Directors and expires June 30, 2015, unless renewed on an annual basis by the Board of Directors. It shall be the policy of the Small Cities Organized Risk Effort to establish a “Loss Control Grant Fund” to reimburse members for costs of activities undertaken to:

- Bring member facilities into compliance with Americans with Disabilities Act (ADA) standards,
- Purchase equipment that promotes employee or premises safety,
- Purchase equipment, materials, training and professional services that facilitate OSHA or other regulatory compliance,
- Address other top frequency and/or severity risk management issues as needed.

Within the Loss Control Services (previously Safety Services) annual budget, a line item will contain the total amount of funds available for Loss Control Grants.

1. Funding will be secured from the Liability and Workers’ Compensation program’s equity. As such, members of the Liability Program will share the annual allocation for that program, and members of the Workers’ Compensation Program will share the allocation for that program. The Authority will adopt the amount of funds available for this budgeted line item on an annual basis.
2. Allocation of funds will be based on percentage of contributions annually made by members to each program, with a minimum of \$1,000 per program for each member.
3. The funds will be available for use on a combined basis.
4. Projects can span multiple years as long as approved in advance and funds continue to be available.
5. A Member may make up to three (3) requests per year, and each request needs to be comprehensive - - specifically stating how funds will be used to the benefit of the Member to achieve a reduction in losses.

6. Any unused funds will ultimately be rolled back into available equity for the Program where the fund allocation originated from. The deadline for submitting a request for reimbursement shall be **June 15th** of each fiscal year.
7. In addition, the Program Administrator shall monitor the use of grant funds throughout the year and present a usage summary to the Board of Directors on a quarterly basis.

Funding that is converted to this program shall be secured from surplus available equity, prior to declaration and distribution of dividends. (*Unused funds ultimately return to Members' Equity in each of the programs*).

Procedure:

A Member Agency may apply for Loss Control Grant Funds by following these procedures:

1. A Member will write a request to the Program Administrators for the use of grant funds involving an expenditure. The Request will:
 - a. Include a justification of the funds, and
 - b. How these funds will lead to the reduction of frequency or severity or will mitigate liability risks of the Member Agency.
 - c. State the specific amount needed and not just request their full allocation.
2. The Program Administrator will determine if the funding request is within the member's fund allocation for the program year and facilitates the return of money to another good purpose – that of reducing future claims. If the requested amount is determined to fall within the member's grant fund allocation, the administrator and Board President (or the Executive Committee if requested or if the President has a conflict) will review each request and, if found to be appropriate and consistent with the purpose of the Grant Program, will approve the request and funds will be disbursed to the member agency. ***If funds requested exceed a member's allocation, continue to #3 below, otherwise move on to #4.***
3. In the event that the requested amount exceeds the member's total or remaining allocated grant funds, the Administrator will contact the Member to advise them that their request exceeds their allocation and ask if they:
 4. Wish to submit a revised request; or
 5. Request that SCORE consider payment over multiple years as outlined in the Policy Item #4 above.
6. Once approved, the Member Agency will become eligible for reimbursement by SCORE upon submitting the supplier or service provider invoice to the Program Administrator.

7. The Program Administrator will submit the reimbursement request and appropriate documentation to SCORE's accountant and/or treasurer.
8. SCORE's accountant and/or Treasurer will reimburse the Member up to the maximum allowable amount and debit the reimbursement expense from the Grant Program Budget within the Loss Control Services Budget.
 - a. If a request exceeds the grant funds available to a member, only the amount available for reimbursement will be paid.
9. If any request is denied as part of this procedure, the member may submit a new or amended request, or appeal the denial to the Board of Directors, which will make the final determination on whether the request should be granted. The Board decision shall be final.
10. After the funds are put to use, the Member should provide a brief verbal report to the Board (as agendaized) confirming this and relaying any information that may be helpful to the Board, so that it can monitor the Grant Program and consider the merits of future additions of funds.

The Loss Control Grant Fund Program will begin as a standalone program, with no matching contribution required from the requesting Member. Its composition may change, at the Board's discretion, to include a requirement for the requesting Member to co-finance or share the cost of the good or service being reimbursed.

Adopted on: January 24, 2013
Effective Date: January 24, 2013

CITY OF CRESCENT CITY DIVIDEND RELEASE REQUEST

ACTION ITEM

ISSUE: Pursuant to our policy requirement from prior Members, SCORE has received formal written request from the City of Crescent City asking for the release of any funds due to them from surplus equity and dividend distributions back to Members. During the June, 2013 meeting when discussion took place to change the Retrospective Rating Plan occurred, it was agreed that no release should be entertained. Now that the New Dividend plan is in place we, 1) Have in excess of \$150,000 ‘on account’ of their declared money that needed to be held back five additional years, and 2) the new plan suggests that they should be eligible for a New Dividend Calculation of \$26, 515 ‘combined programs’.

They budgeted about \$65,000 in their FY 13/14 year. We declare Dividends in June but they do not get paid until July (or credited to Members’ next years’ premiums).

RECOMMENDATION: the Program Administrators recommend the Board to adhere to the SCORE Master Plan Documents and Bylaws as respects this request and issue distributions, and within the constraints of the new dividend plan methodology. Doing so, still allows us to achieve the following:

- 1) Authorize a release of funds NOW to Crescent City of \$65,000 (their budgeted amount).
- 2) Authorize a release of funds and payment in July of \$38,257 (This is a combination of \$25,000 of OLD money ‘on account’, plus 50% of New Dividend Funds (of \$26,515) therefore equaling \$13,257.

FISCAL IMPACT: TBD once the Board makes a decision on the amount of the refund.

BACKGROUND: This item was discussed during the January 25, 2013 Board Meeting and again at the March 22, 2013 Board Meeting. Due to several errors uncovered in the Since then, Program Administration has also been contacted by Emily Boyd at the City of Crescent City who has inquired on the status of any planned release of surplus equity funds due to Crescent City. Given the errors in the old retrospective rating spreadsheets, the Board did not feel comfortable allowing dividend returns for departed Member Cities. Under the new dividend plan, the balances will be readily available for review at the March 2013 Board meeting, at which time and under the constraints of the SCORE Master Plan Documents, the Board may consider allowing for a redistribution of surplus equity for the City of Crescent City.

ATTACHMENTS: City of Crescent City Retro Distribution Request Letter



377 J STREET CRESCENT CITY, CALIFORNIA 95531-4025

Administration/Finance:
Utilities:

707-464-7483
707-464-6517

Public Works/Planning:
FAX:

707-464-9506
707-465-4405

December 3, 2013

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

Via email and US mail

Subject: City of Crescent City -- Request for release of funds and disbursement of equity/dividends due

Dear President Carroll and SCORE Board of Directors:

The City of Crescent City would like to respectfully request from the Board of Directors a release of all funds due the City of Crescent City from any reduction in equity, retrospective calculations or dividends that are being returned to all members of the JPA within the Shared risk layers. I would like to respectfully request that the Board consider our request at the next meeting.

Additionally, the City of Crescent City would like to request that all Banking layer amounts be remitted to the City.

The City continues to support the SCORE Board and reiterates our commitment to assist with any claims above and will immediately pay any amounts or assessments due to SCORE if the occasion should arise.

If you have any questions, please feel free to contact Finance Director Emily Boyd at (707) 464-7483, extension 224 or myself at extension 232.

Sincerely,

Eugene M. Palazzo
City Manager



**Small Cities Organized Risk Effort
Board of Directors Meeting
January 24, 2014**

Agenda Item I.4.

MEMBER AT LARGE NOMINATION AND APPOINTMENT

ACTION ITEM

ISSUE: The Board of Directors must nominate and appoint a replacement Member at Large to replace Mr. Ted Marconi who has retired effective July 1, 2013. The SCORE Bylaws Document requires that the Board of Directors appoint a Member at Large to serve on the Executive Committee as needed.

RECCOMENDATION: Staff recommends that the Board appoints a replacement Member at Large as required by the SCORE Bylaws.

FISCAL IMPACT: None.

BACKGROUND: The SCORE Governing Documents and the JPA Bylaws require that the Board of Directors appoint a Member at Large to serve on the Executive Committee as needed. Mr. Ted Marconi, City of Mt. Shasta has served as SCORE's Member at Large previously but he has retired vacating the position of Member at Large on the Executive Committee.

ATTACHMENTS: By-Laws (lasted revised: March 23, 2012)

SMALL CITIES ORGANIZED RISK EFFORT

(SCORE)

BYLAWS

AMENDED

JULY 1, 2000

JANUARY 26, 2007

JUNE 24, 2011

MARCH 23, 2012

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.”
 - 6) Authorize release of funds at the request of a Member Agency that has withdrawn from the “Authority”.
- C. By a simple majority of Directors voting at a regular or special meeting:
 - 1) Adopt an operating budget for each of the “Authority’s” fiscal years; or
 - 2) Authorize payment of a dividend, or charge 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 – 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, a Member that has withdrawn from the “Authority” may annually, in writing, request a early release of their funds for consideration by the Board of Directors. This action will require a 2/3 approval of the Board of Directors as specified in the JPA Bylaws, Article III, Section 1, paragraph B.6.

ARTICLE XI **PROGRAMS**

Section 1- Formation of Programs

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

Section 2 – Administration of Programs

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

The Board of Directors may delegate authority for the establishment of policies and operations of a “Program” to a committee consisting of the Board Representative from each of the participating members or, in the case of an absence by a Board Representative, the Alternate for the participating

member. Such delegation may be part of the “Master Plan Document” for the “Program,” or where such document does not exist, by resolution of the Board.

Notwithstanding anything to the contrary, the budget, “Cash Assessments,” and retrospective adjustments or 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. Disbursements from other than the Claims Trust Accounts, in the amount of \$5,000 or more must have approval of the signature of two individuals holding the above referenced offices. Disbursements from other than the Claims Trust Accounts that are less than \$5,000 and disbursement of funds payable to SCORE’s Claims Administer, only require one signature holding the above referenced offices. Claim Trust Accounts must have the approval of two signatures from the Claims Third Party Administrator.

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

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

ARTICLE XIII **FINANCIAL AUDITS**

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

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

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

ARTICLE XIV **EXECUTION OF CONTRACTS**

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

ARTICLE XV **NOTICES**

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

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

ARTICLE XVI **EFFECTIVE DATE**

The effective date of these amended Bylaws shall be when adopted by the Board unless specifically identified as another date. The adoption of these amended Bylaws shall supersede any prior Bylaws or amended Bylaws. These Bylaws shall supersede any resolution or any other document, other than the “Agreement” form this “Authority,” to the extent that such resolution or document is inconsistent with the Bylaws or the “Agreement.”

ARTICLE XVII **AMENDMENTS**

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

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

APPENDIX A

PRINCIPAL EXECUTIVE OFFICE

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

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



SCORE POOL PARTNER BOARD REPRESENTATIVE APPOINTMENTS

ACTION ITEM

ISSUE: The Board of Directors must appoint a replacement Alternate Board member to ERMA to replace Stephanie Beauchaine who has left the City of Rio Dell. A matrix of SCORE's current Board Members and Alternates to CJPRMA, ERMA and LAWCX has been included in the Resource Contact Guide located at the end of the Agenda Packet

RECOMMENDATION: Staff recommends that the Board nominate and appoint a replacement Alternate Board Member to ERMA to replace Ms. Stephanie Beauchaine.

FISCAL IMPACT: None.

BACKGROUND: ERMA requires that each member entity designates two representatives to the ERMA Board of Directors; one primary and one alternate. One of the members is required to attend all ERMA Board meetings that are scheduled throughout each Fiscal Year. Ms. Stephanie Beauchaine, City of Rio Dell has served as the Alternate Board member for SCORE with Mr. Roger Carroll, Town of Loomis serving as the primary Board Member. Ms. Beauchaine has recently left the City of Rio Dell and the SCORE Board will need to appoint a replacement Alternate Board Member to ERMA.

ATTACHMENT(S): None.



Small Cities Organized Risk Effort
Board of Directors Meeting
January 24, 2014

Agenda Item I.8.

DKF SOLUTIONS TRAINING SERVICES TIMELINE UPDATE

INFORMATION ITEM

ISSUE: The Board will have the opportunity to review the tentative 2014 Timeline of Services for provided by Mr. David Patzer of DKF Solutions.

RECOMMENDATION: None. This item is offered as information only.

BACKGROUND: SCORE has entered into a Training Service Agreement with DKF Solutions and David Patzer for Sanitary Sewer Management and Waste Water Treatment Plant Operations. The contract is scheduled to be executed during the 2013-14 Fiscal Year with Member and Board of Directors deliverables due in June of 2014.

FISCAL IMPACT: \$35,000, on a not to exceed basis.

ATTACHMENT(S): DKF Solutions 2013-14 Agreement
DKF Solutions Timeline of Services

**AGREEMENT FOR RISK CONTROL SERVICES
BETWEEN THE SMALL CITIES ORGANIZED RISK EFFORT
and DKF Solutions Group, LLC**

This Agreement, made and entered into this 1st day of December 2013, by and between Small Cities Organized Risk Effort (hereinafter SCORE), and DKF Solutions Group LLC, a California Corporation (hereinafter DKF).

A. SCOPE OF AGREEMENT

SCORE enters into this Agreement with DKF for the purpose of having DKF provide risk control services to SCORE as identified in PROPOSED SERVICES.

B. INTENT OF AGREEMENT

It is the intent of the parties for DKF to provide risk control related services to SCORE and its members. To the extent that the demand for services by SCORE should substantially increase/decrease because of an increase/decrease in the number of members, the parties agree to negotiate in good faith the scope, extent, and cost of such services.

C. PROPOSED SERVICES

Services will be coordinated with the SCORE Risk Management Committee, and will include the following services¹:

1. Review and/or update **up to 17** SCORE Members² Sanitary Sewer Overflow/Backup Response Plans (OERP). Completed OERPs will be delivered to members electronically as a secure PDF file. Members utilizing this service must agree to use the DKF OERP template and are limited to one draft review.
 - Members must submit any required document review comments and edits within 60 days.
 - If comments/edits are not received within 60 days, DKF reserves the right to finalize the last draft as the final product and be compensated accordingly.
 - Members will then be allowed up to another 30 days to submit review comments and edits without further fees, after which, additional fees at an hourly rate of \$135 will be assessed against the member.

Fee: \$14,000

(Any hardcopy deliverables are the responsibility of the individual member.)

¹ Note: With the exception of item #2, all work with individual members will be conducted electronically through email, phone and web meetings.

² Note: DKF will make up to three attempts to engage members to take advantage of this service via email and/or phone. The deadline for members to take advantage of this service is March 1, 2014.

2. Provide three (3) Sewer Overflow Volume Estimation and Overflow/Backup Response training seminars (both topics on the same day) **at 3 locations most central** to those members taking advantage of item #1, above. SCORE will arrange the location venue and coordinate registration and all other training logistics.

Fee: \$6,000

3. Perform an analysis of the last 8 years loss data effective 1/1/14 for the pooled Workers' Compensation and Liability programs for all members using data provided by York Insurance Services. SCORE will be provided with an electronic report showing the aggregate and individual member results for both programs. Each member will receive an electronic report showing how their losses compare to pool averages, along with specific risk control recommendations. SCORE will also be provided with a presentation and an electronic report summarizing the results of the analysis and recommendations for future risk control efforts to address the findings of the analysis.

Fee: \$5,000

4. Perform an analysis of each member's risk control practices using a survey format. The risk control practices reviewed will address the following areas of risk:
 - a. Workers' Compensation
 - b. CalOSHA Compliance
 - c. Sewer System Management
 - d. General Liability Issues
 - e. CJRPMA Recommendations
 - f. Contract Liability

SCORE will be provided with a presentation and an electronic report showing the average pool responses and an electronic report illustrating how each member compared to the pool averages. This presentation and report will also provide specific recommendations for future risk control efforts to address the findings of the analysis.

Fee: \$10,000

Attendance at Meetings

At least one DKF staff shall attend **up to 3 SCORE meetings** to present the findings in items #3 and #4. DKF will deliver a progress report that reflects the status of contract activities.

Coordination with other SCORE safety service providers.

DKF will coordinate training and services that are provided by other safety service providers SCORE contracts with, i.e., TargetSolutions, Lexipol, ACI, ERMA, CJPRMA, etc.

Newsletter

DKF provide the monthly *Did You Know* newsletter to all SCORE Members regarding CSRMA's Risk Control Online web resources, safety and risk management issues of importance. The newsletter will include information regarding available safety resources and tools for implementation of safety programs.

D. KEY PERSONNEL

David Patzer is the designated "Key Personnel" for SCORE for the services outlined in the contract. Prior approval by the Board of Directors is required to replace "Key Personnel".

E. TERM, TERMINATION AND BREACH

1. Term of Agreement

- a. This is six-month term Agreement that shall be in effect from December 1, 2014 through June 30, 2014.
- b. This Agreement may be extended for two additional one year extensions subject to Board action.

2. Termination

- a. SCORE shall have the right to terminate this Agreement, without cause, by giving not less than thirty (30) days written notice of termination.
- b. DKF shall have the right to terminate this Agreement, without cause, by giving not less than thirty (30) days written notice of termination.

3. Breach

SCORE shall have the same rights as DKF, if DKF breaches any of the obligations set forth above in Section E.

F. COSTS AND PAYMENT OF SERVICES

Fee Structure

1. All services identified in this agreement will be provided for the Not-to-Exceed fee of \$35,000.
2. The Consultant billing rate is \$135 per hour for on-site and other consultative services outside the scope of this agreement.
3. With the exception of Service Item #2 where travel fees are included, a travel rate of \$67.50 per hour will be charged for any requested services beyond the scope of this agreement; this rate includes mileage and all other travel expenses incurred by consultant with the exception of the following which will be billed in addition:
 - a. Lodging - \$120 maximum per day
 - b. Mileage Rate – current IRS rate
 - c. Meals - \$40/day per diem (receipt not required)
4. DKF will invoice SCORE as follows:
 - a. Service Item 1: Upon delivery of the draft OERP for the last member utilizing this service. The Invoice will illustrate those members utilizing this service, the dates the draft and final OERP, for those members returning the draft by the deadline, were delivered.
 - b. Service Item 2: Upon completion of the third training seminar.
 - c. Service Item 3: Upon delivery of the draft electronic report to SCORE.
 - d. Service Item 4: Upon delivery of the draft electronic report to SCORE.

Payment will be due to DKF by the last day of the month.

5. SCORE will be asked to reimburse DKF for any pre-approved additional expense(s) incurred that are beyond the scope of the Agreement.

G. INDEPENDENT CONTRACTOR

DKF is and at all times shall remain an independent contractor.

H. HOLD HARMLESS AND INDEMNIFICATION

DKF shall defend, indemnify and hold harmless SCORE, its officials, officers, employees, volunteers and agents from any and all claims, demands, causes of action, costs, expenses, liability, loss, damage or injury, to property or persons, including wrongful death, in any manner arising out of or incident to any alleged acts, omissions, negligence or willful misconduct of DKF, its officials, officers, employees, agents, sub-consultants and subcontractors arising out of or in connection with the performance of the Services, the Project or this Agreement, including without limitation the payment of all consequential damages and attorneys' fees and other related costs and expenses. DKF

shall pay and satisfy any judgment, award or decree that may be rendered against SCORE or its directors, officials, officers, employees, agents or volunteers, in any such suit, action or other legal proceeding. DKF shall reimburse SCORE and its directors, officials, officers, employees, agents and/or volunteers, for any and all legal expenses and costs incurred by each of them in connection therewith or in enforcing the indemnity herein provided. DKF's obligation to indemnify shall not be restricted to insurance proceeds, if any, received by SCORE, its directors, officials, officers, employees, agents or volunteers.

I. INSURANCE REQUIREMENTS

DKF and all consultants, at their expense, shall maintain general liability and automobile liability insurance in an amount no less than \$1,000,000 per occurrence (as to automobile liability said insurance to be for those vehicles owned or leased by DKF or their consultants). DKF, at its expense, shall maintain errors and omissions insurance in an amount of not less than \$1,000,000 per claim with a deductible of not more than \$25,000.

DKF, at its expense, shall maintain premises property insurance that shall include a provision to provide reimbursement for the expense of reproduction of papers that may be lost due to an insured peril. SCORE shall be named as an Additional Insured by DKF in respect to the work performed on behalf of SCORE. Upon request of SCORE, DKF shall provide SCORE with copies of any or all referenced insurance policies.

J. DISASTER RECOVERY PLAN

DKF agrees that it has disaster recovery 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, DKF 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.

K. NON-ASSIGNABILITY

This Agreement is binding upon the Parties hereto and their respective successors by merger, sale, consolidation, or reorganization. This Agreement is otherwise personal to the Parties and cannot be assigned or delegated without prior written consent of the other Party.

L. CONFLICTS OF INTEREST

DKF hereby certifies, to the best of its knowledge, that it has no conflict of interest in carrying out the provisions of this Agreement. Should any conflict, apparent or real, occur in the future, all parties to this Agreement shall be notified immediately.

M. DISCLAIMER OF GUARANTEE

DKF makes no promise or guarantee to SCORE about the outcome of services provided and nothing in this Agreement shall be construed as such a promise or guarantee.

N. ASSURANCES OF NON-DISCRIMINATION

DKF agrees that it will not discriminate in employment or provision of services on the basis of any characteristic or condition upon which discrimination is prohibited.

O. NOTICES

Except as may otherwise be required by law, any notice to be given shall be in writing and shall be personally delivered, sent by facsimile transmission, or sent by first class mail, postage pre-paid and addressed as follows:

SCORE

Mr. Michael Simmons
Alliant Insurance Services, Inc.
1792 Tribute Road, Suite 450
Sacramento, CA 95815
Fax Number: (916) 643-2750

DKF:

Mr. David Patzer
DKF Solutions Group LLC
170 Dogwood Lane
Vallejo Ca 94591
Fax Number: 707.647.7200

Notice delivered personally or successfully sent by facsimile transmission is deemed to be received upon receipt. Notice sent by first-class mail shall be deemed received on the fourth day after the date of mailing. Either party may change the address to which notice is to be given by providing written notice pursuant to this section.

P. FURTHER ASSURANCES

1. Each party agrees to execute any additional documents and to perform any further acts that may be reasonably necessary to affect the purposes of this Agreement.
2. **Non-Solicitation:** DKF agrees that, during the Term of this Agreement, DKF's personnel, principles and consultants shall not purposely solicit SCORE, or SCORE's current pool Members, from Programs and on which they work or worked. In addition, this paragraph shall not prohibit DKF from engaging in general advertising, or marketing campaigns. Nothing in this paragraph shall be applied in a manner that violates any state or federal law or regulation.
3. **Ownership of Records:** Any reports, documents, electronic records of any sort, or other materials produced in whole or in part under this Agreement shall be the property of SCORE and none shall be subject to an application for copyright by

or on behalf of DKF. With the exception that DKF Solutions Group shall retain all copyright and other intellectual property rights for the OERP template utilized in Service Item #1. Subject to its receipt of all compensation due under the Agreement, DKF Solutions Group grants those SCORE members utilizing **Service Item #1** a nonexclusive, nontransferable license, authorizing the member to use the OERP for its own purposes once payment in full is received.

Broker shall provide SCORE with copies of all products, files, records, computations, quotations, studies and other data prepared or obtained in connection with this Agreement, which copies shall become the permanent property of SCORE.

DKF will be required to maintain and store copies of the above described documents for the length of time prescribed by the laws of the State of California.

4. No provision of this Agreement shall be considered waived, unless such waiver is in writing and signed by the Party that benefits from the enforcement of such provision. No waiver of any provision in this Agreement, however, shall be deemed a waiver of a subsequent breach of such provision or a waiver of a similar provision. In addition, a waiver of any breach or a failure to enforce any term or condition of this Agreement shall not in any way affect, limit, or waive a Party's right under this Agreement at any time to enforce strict compliance thereafter with every term and condition of this Agreement.

Q. ENTIRE AGREEMENT AND GOVERNING LAW

This Agreement contains the entire agreement between DKF and SCORE. It can be amended only by a written agreement signed by both parties. If one part of this Agreement is determined to be unenforceable, the rest of the provisions of the Agreement will remain valid and enforceable. This Agreement shall be governed by the laws of the State of California without regard to any conflict of law provisions.

R. DISPUTE RESOLUTION

Any dispute arising under the terms of this Agreement which is not resolved within a reasonable period of time by authorized representatives of the DKF and SCORE shall be brought to the attention of the Chief Executive Officer (or designated representative) of the DKF and the Chair (or designee) of SCORE for joint resolution. At the request of either party, SCORE shall provide a forum for discussion of the disputed item(s). If resolution of the dispute through these means is pursued without success, such dispute may be submitted to final and binding arbitration, upon agreement of both parties, or either party may elect to and pursue any rights and remedies by legal action. In any

dispute arising out of or under the terms of this Agreement, the prevailing party shall be entitled to recover its legal fees and costs from the other party. Any such arbitration or legal action shall be venued in Sacramento County, California unless the parties mutually agree in writing to another location.

Despite an unresolved dispute, DKF shall continue without delay to perform its responsibilities under this Agreement. DKF shall keep accurate records of its Services in order to document the extent of its Service under the Scope of Services in this Agreement.

S. SUPERSESION OF PRIOR TERMS AND CONDITIONS

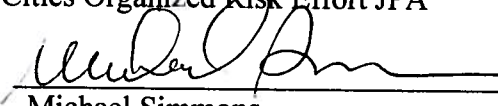
This Agreement integrates all terms and conditions mentioned herein or incidental hereto and supersedes all oral negotiations and prior writings with respect to the matter hereof. In the event of conflict between terms, conditions, or provisions of this Agreement and such document or instrument, the terms and conditions of the Agreement shall prevail.

WITNESS THE EXECUTION HEREOF on the day and year first hereinabove written.

SCORE

Small Cities Organized Risk Effort JPA

By:


Michael Simmons

Date:

12/10/13

DKF

DKF Risk Services

By:


David Patzer

Date:

11/19/13

DKF SOLUTIONS SERVICE TIMELINE

January:

- Contact members:
 - Announce the risk control surveys and the process, what to expect, timeline
 - Announce a risk control survey webinar to review the risk control survey form, topics covered, how to get help, timeline, answer questions, etc
 - 2/4 9am
 - 2/11 230pm (repeat)
 - Announce the sewer overflow plan (OERP) update offer and solicit participation (email will be repeated every 2 weeks until the end of February)

February:

- Send out risk control survey form to each member
- follow up every 3 weeks on the risk control survey to ensure it doesn't get sidelined and to offer assistance completing it
- Schedule web meetings with interested members to update OERPs

March:

- follow up every 3 weeks on the risk control survey to ensure it doesn't get sidelined and to offer assistance completing it
- Schedule web meetings with interested members to update OERPs

April:

- follow up every 3 weeks on the risk control survey to ensure it doesn't get sidelined and to offer assistance completing it
- Schedule web meetings with interested members to update OERPs

May:

- Risk Control Survey forms due
- Announce OERP training for June (**3 locations will be scheduled on the following dates for OERP and Volume Estimation training workshops: 6/3, 6/4 and 6/5 9am-12pm, and 1PM-3PM at each location? We will reach out to you to determine the best location for offering these on-site training sessions.**)

June:

- Send out Risk Control Survey results to members
- Provide Risk Control Survey analysis to SCORE Board
- Provide 3 training workshops on completed OERPs and Volume Estimation



CITY OF DORRIS NOTICE OF INTENT TO WITHDRAW

INFORMATION ITEM

ISSUE: The Board will review the Notice of Intent to Withdraw from SCORE submitted by the City of Dorris. The Notice conforms to the JPA Agreement which requires six (6) months advance notice for withdrawal from any of SCORE's Programs.

RECOMMENDATION: None.

FISCAL IMPACT: TBD.

BACKGROUND: Preceding the October 2013 Board of Directors, Program Administration has received notice of the City of Dorris's Intent to Withdraw from SCORE. Program Administration contacted Ms. Carol McKay, City Administrator at the City of Dorris to inquire on whether this was indeed their intent. Ms. McKay stated that the Dorris City Council intends to discuss the matter at their next scheduled City Council Meeting. Wanting to provide more information and ensure the City Council has the opportunity to receive answers to any potential questions involving SCORE, Mr. Michael Simmons and Mr. Laurence Voiculescu traveled to the City of Dorris on November 4, 2013 and attended the City Council Meeting.

Mr. Simmons provided an overview of the SCORE Program and allowed Council members to ask any questions they felt were necessary. The Council tabled the discussion at that time and requested that SCORE Administration provide a more detailed cost break down of services and insurance programs. This was provided to the City of Dorris on November 12, 2013 along with a letter from Roger Carroll containing a brief historical background of SCORE as well as references from other nearby Member Cities that were willing to share their research on GSRMA, the JPA that solicited the City of Dorris to join their program. The City Administrator received the materials and presented them to the Council at their Dec 16, 2013 meeting. On or around January 2nd, 2014, the Program Administrator received a notice from the City of Dorris announcing their intent to withdraw from the JPA.

ATTACHMENT(S): City of Dorris Notice of Intent to Withdraw Letter
City of Dorris Letter from SCORE President
Side to side comparison of SCORE vs. GSRMA

City of Dorris

P.O. Box 768 ~ Dorris, CA 96023
Ph: 530-397-3511 ~ Fax: 530-397-8831

December 27, 2013

Small Cities Organized Risk Effort (SCORE)
c/o Alliant Insurance Services
1792 Tribute Rd. Suite 450
Sacramento, CA 95815

To Whom It May Concern:

Pursuant to the Small Cities Organized Risk Effort (SCORE) Joint Powers Agreement (the Agreement), please accept this letter as notice of intent to withdraw as a party to the Agreement. This notice is given with the understanding that rescission of this notice must be approved by the SCORE board of directors.

This notice of intent is to withdraw as a party to the Agreement for all programs of the SCORE Joint Powers Authority, effective July 1, 2014.

Please acknowledge this notice and respond in regards to its sufficiency.

Sincerely,



Carol McKay
City Administrator



November 12, 2013

Ms. Carol McKay
City of Dorris
307 S Main St
Dorris, CA 96023

CITY OF DORRIS' POTENTIAL NOTICE TO WITHDRAW FROM SCORE

Dear Carol,

Thank you for meeting with our representatives, Michael Simmons and Laurence Voiculescu last week, and allowing them the opportunity to address the City Council on behalf of Small Cities Organized Risk Effort (SCORE).

The reason we wanted them to speak to the Council prior to any action being taken was so that we can ensure you and the Council are fully aware how much SCORE values its relationship with its Members; an organization that was formed to serve a smaller market niche – that of smaller sized Northern California Cities. SCORE has had enormous success since formed in 1986, both retaining our membership and providing a level of service that has not just met, but continuing to exceed participants' expectations.

SCORE's Membership make-up is exclusively Northern California Cities. We believe this is one of our strongest points when comparing our organization to others; this exclusivity allows us to direct our Program and Services to be only the best – meeting the ever changing needs of our Members. In addition, all Member cities sit as the Board of Directors, guiding our organizational needs.

As they discussed in person, comparing the 'costs' associated with a self-funded insurance pool is both difficult and complex; it requires evaluating all the services and those they are directed at mitigating losses so that cost in future years don't increase. SCORE has done that well; returning an average of \$16,000 to the City of Dorris in the past 12 year window. As City Council is now aware, SCORE's approach to funding is to charge higher contributions for future years so that Members are not ever placed in the situation of being assessed when high claims do exceed expectations. The dividends are then returned to offset these new years' contributions from successful older Program Years.



As Mike and Laurence committed, we have prepared a very detailed, but easy to understand, **Summary Comparison** for Council to review at their November 18th meeting. We believe this letter, and the attachment document, clearly represent the benefits of Dorris remaining a valuable Member of SCORE. If they have follow-up questions that you'd like addressed in writing we can respond, or, if you would like Mike and Laurence could attend your Dec 2, 2013 City Council Meeting to address any concerns.


In addition to all the reasons the **Summary Comparison** demonstrates why SCORE is the best fit for Dorris, we felt it was important for SCORE to verbally present several key points that should be considered prior to giving notice of intent to leave. I understand that Mike Simmons spent some time explaining how the Notice of Intent to Withdraw works. First, is that it must occur by December 31st for the following July 1st Program Year, and second is that SCORE's Board of Directors would have to vote the City of Dorris back into SCORE if you later decided not to leave, having learned more about other organizations you were considering.

Finally, we encourage you to contact other SCORE Members near you that may have evaluated similar opportunities. The City of Weed has explored GSRMA, and their City Administrator, Ron Stock or Finance Director, Kelly McKinnis would be happy to provide their input their conclusions. We understand that their evaluation made SCORE the clear leader as a secure home for self-funding both Liability and Workers' Compensation, and they continue to remain one of our valued Members. One concern was that this other pool had a large number of small members, and even with three city insureds, historically only one of them, Orland has ever had representation on the Board of Directors. Should you decide to seek out Mr. Stock's input, you may reach him by phone at 530-938-5020 or by email at stock@ci.weed.ca.us. Kelly McKinnis, City of Weed's Finance Director can also be reached at 530-938-5020 or, by email at mckinnis@ci.weed.ca.us.

Sincerely,

Roger Carroll, SCORE President

Cc: Michael Simmons, Vice Chairman Public Entities, Alliant
Laurence Voiculescu, Alliant
Ron Stock, City of Weed
Kelly McKinnis, City of Weed

	City of Dorris Comparison Summary*	GOLDEN STATE RISK MANAGEMENT AUTHORITY	 Small Cities Organized Risk Effort	IMPORTANT CONSIDERATIONS
	Estimated Contribution*	\$ 23,000		
	Average Annual Contribution (last 10 yrs)		\$ 34,723	
	Average Annual Dividend Returns (over 15 years)		<\$15,713>	
	Member Conference & Travel Budget		<\$1,000>	
	Member Loss Control Allocation		<\$1,000>	
	Net Average Annual Contribution (past 10 years)		\$17,010	
	Additional Safety Funds		PLUS \$2,000 - \$3,000 for each Member budgeted for Group Safety	
1	Workers Compensation Coverage	<ul style="list-style-type: none"> • Statutory limits • \$5,000,000 Employers Liability limits • Phone-in claims reporting system with injury triage • In-house, decision-making claims examiners • Customized return-to work programs available 	<ul style="list-style-type: none"> • Statutory limits • \$1,000,000 \$5,000,000 Employers Liability limits • Paper claims reporting • Claims administrated by York Third-Party Administrator 	<p>It's important to note that ALL Workers' Compensation claims are 'unlimited'. This Employers Liability (EL) limit listed is for very unusual circumstances, and to our knowledge there has never been an EL claim for a City in California. This limit is not important to your program.</p> <p>SCORE Members have full access to York's ClaimsConnect on-line portal for real time claims information. Also, Phone-in and / or Paper claims reporting are available.</p> <p>York Risk Services brings unsurpassed claims management expertise with over 25 years of public entity experience managing claims for California Cities.</p> <p>SCORE and York facilitate ongoing communication with injured employees and their Cities.</p> <p>Return-to-work programs are utilized to manage claims costs and improve recovery after work related injuries.</p>

2	General Liability (GL) Program	<ul style="list-style-type: none"> \$50,000,000 per occurrence limits No aggregate limit 	<ul style="list-style-type: none"> \$40,000,000 per occurrence limits \$6,000,000 \$8,000,000 per occurrence for EPLI claims Aggregate limits apply to certain losses. No aggregate limit applies 	<p>To our knowledge, there has been only one insurable Municipal Liability Claim above \$30,000,000 in California, EVER;</p> <p>The City of Dana Point claim in 2006 that was a \$45,000,000 'Policy Limit Loss' claim- - this is the reason why many City Attorney sight that they are not in favor of City purchasing extremely high limits; Plaintiffs just demand the maximum for settlement.</p> <p>Our records show that the majority of California cities purchase less than \$35,000,000 in limits.</p> <p>SCORE carries an \$8,000,000 limit for Employment Practices Liability. To date, no California City has had a loss that approaches that limit.</p> <p>SCORE does NOT have an aggregate limit for this coverage.</p>
3	Trustees/ Officers Errors & Omissions	<ul style="list-style-type: none"> \$50,000,000 per occurrence limits No aggregate limit 	<ul style="list-style-type: none"> \$40,000,000 per occurrence limits No aggregate limit 	Please see above comment in #2.
4	Automobile Liability	<ul style="list-style-type: none"> \$50,000,000 per occurrence limits No aggregate limit "Any Auto" coverage 	<ul style="list-style-type: none"> \$40,000,000 per occurrence limits "Any Auto" coverage No aggregate limit 	See above comment in #2.
5	Employment (EPL) Practices Coverage	<ul style="list-style-type: none"> Included in GL coverage \$50,000,000 limits 	<ul style="list-style-type: none"> Buy back through ERMA program \$6,000,000 \$8,000,000 in limits 	<p>Employment Practices Liability Coverage is offered through the Employment Risk Management Authority (ERMA) program.</p> <p>SCORE carries \$8,000,000 in limit for this coverage. To date, no SCORE member has had a claim that approached that limit.</p>

6	Property Coverage	<ul style="list-style-type: none"> • \$610,000,000 limits per loss • Real and personal property • All-risk, full replacement cost coverage including flood and earthquake • Deductible \$1,000 	<ul style="list-style-type: none"> • \$1 Billion limits per occurrence • Real and personal property • All-risk, replacement cost coverage flood and earthquake excluded • Deductible \$5,000 	<p>SCORE offers up to (\$1 Billion) coverage limit per occurrence because they are part of the PEP/IP program where Insureds are larger than Dorris.</p> <p><i>The Deductible is the most appropriate for a City with Dorris' experience - - you have had no claims in the past ten years, so a lower Deductible would have cost more with no benefit.</i></p> <p>SCORE covers real and personal property and All-risk, replacement cost coverage.</p> <p>Flood and earthquake available by member request.</p> <p>Alliant's PEP/IP (Public Entity Property Insurance Program) is the largest single property insurance placement in the world, with 7,000 participating entities in 40 States and more than \$325 Billion in Total Insurable Values.</p> <p>Coverage does not have to be limited to a schedule; rather the policy can provide coverage for all property of every description of an insurable nature.</p>
7	Automobile Physical Damage	<ul style="list-style-type: none"> • Included on all vehicles • ACV (replacement cost optional) • Deductibles \$250/\$500 	<ul style="list-style-type: none"> • Actual Cash Value (ACV) or Replacement Cost Coverage, depending on member preference. • Deductible \$5,000 	<p>Replacement Cost coverage is available at competitive rates.</p> <p>Most California Municipalities carry a \$5,000 or \$10,000 deductible. This is because losses are infrequent and thus the higher deductible allows for lower premiums.</p> <p>Alliant's Mobile Equipment Program is also available to Members requiring a lower deductible alternative.</p>
8	Mobile Equipment	<ul style="list-style-type: none"> • ACV (replacement cost available) • Deductible \$1,000 	<ul style="list-style-type: none"> • ACV or Replacement Cost Coverage, depending on member preference. • Deductible \$5,000 	<p>See comments in #7 above.</p>

9	Boiler & Machinery	<ul style="list-style-type: none"> Automatically covered in property program 	<ul style="list-style-type: none"> Automatically covered in property program 	
10	Crime/Bond Coverage	<ul style="list-style-type: none"> \$10,000,000 / Occurrence Coverage is for entire entity 	<ul style="list-style-type: none"> \$250,000 for listed employees \$1,000,000 coverage per occurrence for all employees and volunteers. 	Higher limits are available, but SCORE Members felt that \$1,000,000 is adequate for a smaller City and their typical exposures. Coverage up to \$10,000,000 per occurrence is available but for the average SCORE cities, this would not be justifiable and would only result in over-insurance. SCORE does not encourage over insurance (a situation where the coverage exceeds the actual cash value of the risk insured).
11	Human Resources Legal Assistance Program	<ul style="list-style-type: none"> Provided by Hunt & Jeppson, LLP Call-in legal advice regarding employment related issues at no additional cost to the member agency Dedicated toll-free phone number Reduces City's employment-related losses Provides peace of mind when making difficult employment decisions 	<ul style="list-style-type: none"> No, this is an exclusive GSRMA program Legal assistance and other Loss Control services are available to members on demand 	This is covered by the Members Loss Control allocation (currently at \$1,000 per year).

12	Safety Program & Services	<ul style="list-style-type: none"> GSRMA has on-staff, dedicated safety consultants and support Complete Target Solutions online program suite including new Law Enforcement program Fire, water and wastewater CE classes included at no extra charge Mandated training included Tools to track and validate all of your district's training On-site Cal-OSHA compliance inspections Numerous live trainings available Train-the trainer support for your safety officer Injury & illness prevention program (IIPP) support 	<ul style="list-style-type: none"> SCORE provides safety loss prevention services from several highly qualified safety consultants Limited Unlimited Target Solutions program is included. entire suite available at additional cost to City 	<p>Unlimited Target Solutions program included for all Member cities with the tools to track and validate training including Fire Fighting module.</p> <p>Numerous live trainings available throughout the year and Injury & illness prevention program (IIPP) support.</p> <p>Sanitary Sewer Management and Waste Water Treatment Plant specialized training. As well as Sanitary Sewer Overflow/Backup Response Plans (OERP) Development and Updating offered this year.</p> <p>Loss analysis of each member's risk control practices using a survey format. The risk control practices reviewed will address an number of ongoing risks. <i>The City of Dorris should be signed up.</i></p>
----	--------------------------------------	--	---	---

13	Safety Incentive Program	<ul style="list-style-type: none"> • Up to 10% contribution rebate • Promotes a safer workplace • Assists with compliance • Reduces loss exposure 	<ul style="list-style-type: none"> • None In addition to the \$1,000 for individual Member specific use indicated above, SCORE budgets approximately \$2,000 - \$3,000 for each Member annually to be involved Safety Initiatives. 	<p>Safety is rewarded through Deposit Calculation methodology(i.e. low claims activity = noticeable lower premiums)</p> <p>Significant dividends awarded regularly to members that have low losses(Dorris has been receiving an average of approx. \$16,000 a year dividends)</p>
14	Subsidy Fund Grants	<ul style="list-style-type: none"> • Grants available for training • May be used for conference expenses 	<ul style="list-style-type: none"> • None SCORE New Grant Fund Program was discussed at 10/25/13 meeting to be launched in January. Note above the additional \$1,000 available for Conferences & Board Travel 	<p>Grants available for loss control expenses that will mitigate risks for the City.</p> <p>Member can select to purchase any goods or services that will reduce the City's risk.</p> <p>May also be used for conference expenses</p>
15	Annual Member Training	<ul style="list-style-type: none"> • All costs provided by GSRMA • High quality program • Impressive keynote speakers • Forum to share ideas /concerns 	<ul style="list-style-type: none"> • Unknown See comments. 	<p>All costs provided by SCORE.</p> <p>ALL Member agencies have decision making power and have ONE Board of Directors Representative</p> <p>Member interaction is encouraged and City officials can share common concerns, ask questions, and learn about innovative approaches to risk management.</p>
16	WeTip Crime Hotline	<ul style="list-style-type: none"> • Anonymous crime hotline for any negative activities at or against your district • Up to \$1,000 reward for tips 	Unknown	<p>Since SCORE's Membership is exclusively Cities and not small miscellaneous districts, this function is managed elsewhere.</p>
17	Quarterly Newsletter	<ul style="list-style-type: none"> • Timely information related to public entity risk management • Highlights member agencies accomplishments, Q&A, guest articles from industry experts, updates on GSRMA programs 	<ul style="list-style-type: none"> • Unknown Quarterly Newsletters were provided through July. 	<p>SCORE is re-evaluating this program and these Newsletters as an effective loss reducer; if valuable these will be re-introduced.</p>

**This comparison is not an offer of coverage. The comparison information and costs are based on data that has not been verified. A final proposal will require verification of payroll, property values, loss history al/d other pertinent information. This proposal is based on current GSRMA rates for the coverage described.*

SCORE FIRE FIGHTER PHYSICAL FITNESS POLICY

ACTION ITEM

ISSUE: The Board of Directors will review the current Fire Fighter Physical Fitness Policy implemented on December 1, 1999 and evaluate the need to revise the physical fitness and medical evaluation standards that are mandated in the document.

RECOMMENDATION: None

FISCAL IMPACT: TBD

BACKGROUND: SCORE's current Fire Fighter Physical Fitness Policy was implemented effective December 1, 1999 and mandates *annual* comprehensive physical examinations for volunteer and employee fire fighters over the age of 35. For fire fighter personnel under the age of 35, the medical and physical examinations are only required every two years. The Program Administrator was recently contacted by the City of Montague who inquired on whether this policy is still in place and also if there is a way to reduce the frequency requirement of the examination as the current format has a high cost of compliance to the City. The Administrator reached out to a few other similar sized pools and determined that the current best practice is in fact to require annual physicals for all fire fighting personnel. That said, there is no CalOSHA requirement that mandates annual physical and medical evaluations so this matter is now being presented to the Board for consideration. The administrator has also reached out to LAWCX, our excess Workers' Compensation Pool partner and inquired on whether there any loss control or training credits that SCORE could apply towards the cost of developing a new or updated Fire Fighter Physical Fitness Policy to better match the needs of the JPA.

ATTACHMENT(S): SCORE's Fire Fighter Physical Fitness Policy and Board of Directors Resolution

RESOLUTION NO. 99-7

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
SMALL CITIES ORGANIZED RISK EFFORT (SCORE)
ESTABLISHING A FIRE FIGHTERS PHYSICAL FITNESS POLICY

WHEREAS, fire fighting is a major purpose and function of some of the member cities of SCORE;

WHEREAS, such fire fighting activities are inherently hazardous and stressful to the fire fighters;

WHEREAS, such hazardous activities create a large potential for severe losses to SCORE and the member cities;

WHEREAS, the Board of Directors would like to reduce the risk of loss to SCORE and the member cities;

WHEREAS, the Board of Directors believes that a physical fitness policy for the fire fighters of the member cities would substantially reduce the risk of loss to both SCORE and the member cities,

NOW, THEREFORE, BE IT RESOLVED, THAT:

SCORE adopts the attached Policy and Procedure #WC-2, establishing a Fire Fighter Physical Fitness Policy, effective December 1, 1999.

This Resolution was adopted by the Board of Directors at a regular meeting of the Board held on January 28, 2000, at the Bridge Bay Resort, California by the following vote:

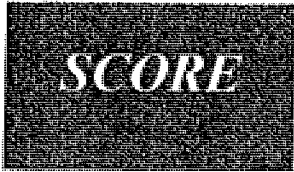
AYES	<u>20</u>
NOES	<u>0</u>
ABSTAIN	<u>0</u>
ABSENT	<u>0</u>



PRESIDENT

ATTEST:





Small Cities Organized Risk Effort

Claims and Risk Control Services
by Gregory B. Bragg & Associates, Inc.
P.O. Box 619058

Roseville, CA 95661-9058

Switchboard: 916 783-0100 Direct: 916 960-0931 Fax: 916 783-9938

SCORE

Firefighter Physical Fitness Policy
December 1, 1999

The practice of firefighting is inherently hazardous and stressful, and we have both a moral and legal obligation to protect our firefighters to the greatest extent feasible.

It is inarguable that physical fitness of firefighters is an intrinsic part of acceptable department operations.

Therefore, SCORE requires that all departments of member cities implement a minimum physical fitness standard for City fire departments. This physical fitness standard is based upon Federal and State Occupational Safety and Health Administration (OSHA) and National Fire Protection Association (NFPA) requirements, with additional input from the International Fire Chiefs Association and the International Association of Firefighters.

This minimum standard includes:

1. Mandatory Medical Evaluation Questionnaire (Appendix C 29 CFR 1910.134, attached).
2. Initial and annual comprehensive medical examination.
3. SCBA use certification.
4. Physical ability and dexterity exam (Attached).
5. Ongoing wellness and fitness program.

Expected benefits include:

1. More physically fit firefighters.
2. Early diagnosis of heart and other ailments.
3. Better quality of life both on and off duty.
4. Compliance with 29 CFR 1910.134 respiratory requirements.
5. Reduction of potentially discriminatory practices.
6. Reduced workers compensation losses.

This standard ensures that all personnel are appropriately fit for duty and that the medical examinations, medical evaluations, and physical ability evaluations be completed on an annual basis *as a condition of employment and/or continuation of active volunteer status*, regardless of age.

Current and future firefighters, both paid and volunteer, must complete the Mandatory OSHA Respirator Medical Evaluation Questionnaire (Appendix C 29 CFR 1910.134, attached). Information provided must be treated as confidential medical records and cannot be released without signed authorization. However, a complete copy must be provided to the medical examiner for use in conducting the medical examination. File copies must be maintained for the duration of service, plus seven years.

Small Cities Organized Risk Effort is a Public Agency

Biggs • Colfax • Crescent City • Dorris • Dunsmuir • Etna • Fort Jones • Lone • Isleton • Live Oak • Loomis
Loyalton • Montague • Mt. Shasta • Portola • Rio Dell • Shasta Lake • Susanville • Weed • Williams • Yreka

Current and future firefighters, both paid and volunteer, must pass a comprehensive, job-relevant, medical examination and medical evaluation. Personnel successfully completing all portions of examination will be allowed to respond as volunteer firefighters and will be certified to use SCBA's. In addition to providing a baseline, this medical exam and evaluation will allow the department to ensure that personnel are certified, as required by 29 CFR, to use respiratory equipment.

Upon successful completion of the medical and physical examinations, personnel must successfully complete a physical ability examination and dexterity test. Medical examinations, medical evaluations and physical ability examinations will be repeated annually. Personnel under age 35 need only be medically examined every two years, but must successfully complete the medical evaluation and physical ability on an annual basis.

Departments must require a minimum level of participation in training and other activities. Records of such participation must be maintained for the duration of service, plus seven years.

The department must select a licensed health care professional to conduct the medical examinations. JPA staff can assist in locating a suitable medical provider, who must become familiar with firefighter respiratory requirements. The purpose of the evaluation is to ensure that the firefighter can tolerate the physiological burdens associated with the use of an SCBA. These burdens include isolation; claustrophobia; additional weight; breathing resistance; lack of range of motion; and limitations in auditory, visual and odor sensations.

The examination must include the following areas:

1. Completion of the Medical History Questionnaire
2. Hands-On Physical

Including:

- Vital signs
- Examination of head, eyes, ears, nose and throat
- Neck
- Cardiovascular
- Pulmonary
 - Spirometry
 - Spirogram
- Gastrointestinal
- Genitourinary
- Rectal
- Lymph Nodes
- Neurological
- Musculoskeletal
- Laboratory Tests

Pulmonary
EKG
Cancer Screening

Upon completion, the licensed medical professional will make a determination as to the medical fitness of the candidate. The physician must determine if he/she feels that the candidate is capable of wearing respiratory equipment and is physically able to undertake the stresses of performing as a firefighter. If the physician feels that the candidate is suitable, the physician will provide the candidate with a "Respiratory Medical Examiner's Certificate."

The certificate must include the following: "I certify that I have examined (name) in accordance with OSHA regulations and find him/her qualified under the regulations to wear respiratory protective equipment. A completed examination for this person is on file and available in my office at (office address)." The certificate shall contain the name, address and signature of the examining doctor, the date of examination, and the date of expiration of the certification.

Upon successful completion of the physical and respiratory examinations, personnel must satisfactorily complete the physical ability examination. This physical ability examination is based on job related basic activities that include lifting, carrying and pulling. These activities have been developed into a job-related examination. The examination should be completed by all personnel and an acceptable time is completion in less than six minutes. Documentation of exam results must be maintained for the duration of service plus seven years.

After successful completion of the physical ability examination, the candidate will be fit tested for proper SCBA mask fit.

Only after successful completion of the medical evaluation, medical examination, physical ability examination, and SCBA fit testing will the candidate be considered medically acceptable as a firefighter.

The department must encourage fitness and wellness, and include warming-up and stretching as a component of fireground training exercises. Training sessions should be conducted on nutrition, lifting and pulling techniques, and fireground safety. These topics should be included at least quarterly.

Initial testing must be completed by October 1, 2000. While the six minute requirement is an integral part of this policy, no existing firefighter will fail during calendar year 2000 due to inability to complete the test within six minutes. During calendar 2001 and 2002, firefighters who have not completed the test within six minutes will be required to better their previous year's time. Failure to improve, or complete the test within six minutes, will be considered a failure. In calendar 2003, all firefighters will be required to complete the test within six minutes.

JKK/bjf-C:\DATA\speel\SCORE Firefighter Physical Fitness Policy.wpd

Firefighter Physical Ability Examination

In addition to structural fire helmet, coat and gloves, this physical ability examination requires the following:

- 3 story drill tower type facility (or equivalent)
- Hose Bundle: 200 feet of 1½" or 1¾" hose
- Standard issue engine company tool box (with tools)
- 24' extension ladder
- 200 foot liveline (rear mount or crosslay) with nozzle
- 2½" male outlets
- 2 sections 2½" or 3" with nozzle
- Pack frame from a standard issue breathing apparatus with bottle.

The candidate is equipped with a turnout coat, gloves, helmet and the pack frame from a standard issue breathing apparatus with bottle. The candidate is required to wear long trousers and non-slip shoes of the candidate's choice during the examination. Tennis shoes and work boots or shoes are acceptable. Sandals are not allowed.

Candidate will position him/herself at the designated start line with all issued protective clothing in place. During the examination the candidate will be required to walk at a fast rate but not run. Proctors will warn the candidates if they are walking at too fast a pace (running). Candidates will be allowed two warnings; a third will eliminate the candidate from competition. This is a timed examination. The passing time is 6 minutes or less.

A five-second penalty will be assessed for each abuse of equipment. A five-second penalty will also be assessed if a step is missed or skipped while climbing or descending stairs.

At the command of the examination proctor, the candidate will pick up the hose pack provided at the start line and carry it 100 feet and up to the third floor of the tower. The candidate must use every step when climbing and descending the stairs. The candidate must place the hose pack on a designated spot on the third floor. After placing the hose pack on this spot, the candidate shall proceed back down the tower and return to the start line.

If the hose pack is dropped, a five-second penalty will be assessed for each incident.

After returning to start line, the candidate will find a toolbox. The toolbox is to be picked up and carried 100 feet to the tower. There will be a spot to place the toolbox. After leaving the toolbox, the candidate will proceed to the ladder removal station.

If the toolbox is dropped, a five-second penalty will be assessed for each incident.

The ladder removal station is designed to test upper body strength by removing a 24' extension ladder from the side of a standard engine. The ladder is to be removed by using only the center two rungs. (The center two rungs must be differentiated with markings of a contrasting color.) The

candidate must remove the ladder without striking the apparatus or the ground and step back behind a line painted on the ground 3' from apparatus. The entire ladder must be placed completely behind the line. The ladder must not touch the ground prior to being placed on the ground.

A five second penalty will be assessed each time the ladder touches the ground on the engine side of the line. A five-second penalty will be assessed if the ladder is dropped.

The candidate will then proceed to the Engine Company located no farther than 30 feet from the ladder removal station. The candidate will proceed to the tailboard of the Engine Company and be directed to the 2½" liveline (200'). The candidate will grab the nozzle and the designated loop and pull the liveline from the apparatus. The object of this task is to get the liveline nozzle over the line 150 feet from the tailboard with NO hose remaining in the hosebed. After completion of this station, the candidate will proceed to the 4 rolls of 3" hose laying on the ground behind the Engine Company.

A five-second penalty will be assessed if the nozzle is dropped or if hose is left in the tray.

The candidate will be required to place each of the rolls of hose on the tailboard, one at a time. Then the candidate will be directed to place them back on the ground on the pavement behind the line. (3' from tailboard) . A five-second penalty will be assessed for each incident of dropped hose.

After this station is complete, the timed portion of the examination is complete.

The candidate will be allowed 30 seconds rest before starting the manual dexterity portion of the exam. Protective clothing is not to be removed. The candidate will find a hydrant with a cap on the 2½" outlet, two sections of 2½" hose and a nozzle. (A pump panel can be substituted for a hydrant). The candidate will be required to remove the cap, connect the line to the discharge, connect the hoses together, and place the nozzle on the end. The candidate will then disconnect the hose from the discharge, replace cap, disconnect the hoses, and remove the nozzle, returning pieces to original position. Candidate will have two minutes (not part of the previous six minutes) to complete this sequence of events.

Candidates who do not meet the six minute and two minute time requirements will be allowed one additional attempt for each event.

Agenda Item J.

CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.95

ACTION ITEM

ISSUE: Pursuant to Government Code Section 54956.95, the Board will hold a Closed Session to discuss the following claims for payment of a tort liability loss or a public liability loss:

**Request for Authority

1. Liability

- a. Caitlin/Silva vs. City of Isleton
- b. Bellamy vs. City of Isleton
- c. Buckelew vs. City of Portola
- d. Bernhardt vs. City of Susanville
- e. Shivy vs. City of Weed
- f. Abbott vs. City of Yreka**
- g. Hubbard vs. City of Yreka

2. Workers' Compensation

- a. SCWA-555814 vs. City of Yreka**
- b. SCWA-554520 vs. City of Yreka**
- c. SCWA-553785 vs. City of Mt. Shasta**

FISCAL IMPACT: Unknown

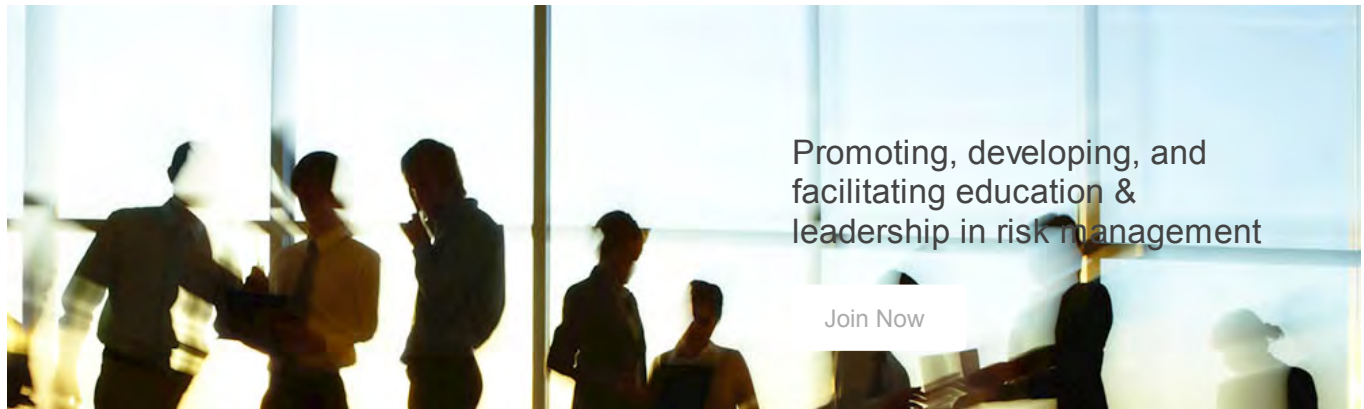
RECOMMENDATION: The Program Administrator cannot make a recommendation at this time, as the subject matter is confidential.

BACKGROUND: Confidential

ATTACHMENTS: None



[Home](#)
[About Us](#)
[Community](#)
[Individual Directory](#)
[Organization Directory](#)
[Events](#)
[Store](#)
[Job Postings](#)
[Contact Us](#)
[Login](#)



PARMA 2014 CONFERENCE REGISTRATION IS NOW OPEN

New at PARMA

PARMA SCHOLARSHIPS FOR THE ANNUAL CONFERENCE

If you would like to attend the PARMA Conference, February 9-12, 2014 in San Jose, CA, but your entity does not have the funding to allow it, consider applying for a PARMA Scholarship. Information on how to apply can be found in the PARMA Community. Just log in with your email address and passcode, go to the Resource Pages and download an application. Don't miss out on a fabulous educational opportunity - let us help you get there!

To find the Resource pages simple look on the left side of the PARMA Community pages for Resources. Click on that link and then scroll down to find the PARMA Conference Scholarship Application. Click on that link and then download the application by clicking on the green Download Resource Button on the right side of the page. Open the document, print it out and fill in the application. Instructions on where to send it are on the form.

REGISTER FOR THE PARMA GOLF TOURNAMENT

You can register for the annual PARMA Golf Tournament to be held at the Coyote Creek Golf Course in Morgan Hill, CA on Sunday, February 9, 2014. Just go to www.parma.com and click on Events. Then close the 2014 PARMA Golf Tournament, log in and follow the prompts. No need to be a good golfer - you just need to want to have fun!

If you want to sponsor a tee box you can click on the PARMA Store and choose the event you would like to sponsor by clicking on it and adding it to your shopping cart. A receipt will be sent to you once you have paid for it.

NEW FOR THE 2014 CONFERENCE

PARMA is offering Continuing Education Certificates and MCLE Credits for Attorneys and Paralegals for attending selected sessions. These sessions are noted with a comment in the title field, so be sure to look for these when you register. This is part of PARMA's Strategic Plan to address requests from and meet the needs of its members.

EVENTS WORTH NOTING

Attendees at the 2014 PARMA Conference are in for a real treat this year. They will be hosted for a networking opportunity at the San Jose Tech Museum on Monday evening from 6-10 pm thanks to the sponsorship from Alliant Insurance Services and Carl Warren & Company. For those without plans for later in the evening the IMAX Theater at the Museum will have an 8 pm showing of the movie "Everest". All attendees are welcome to attend this event.

A 40th Anniversary deserves a special celebration and PARMA's banquet intends to be just that. This is that event where you can dress up -

bring along the cocktail dress and guys, wear a jacket. Of course you can come in business attire if you prefer but be a part of this Ruby Celebration. With a menu of Surf & Turf, dancing with your favorite band from last year and prizes generously sponsored by Mullen & Filippi, you can be guaranteed an evening to remember.

PARMA EXHIBIT BOOTH INFORMATION

Exhibit booths are available for sale for the PARMA Conference. The exposition will be at the San Jose Convention Center with set up on Sunday, February 9 from 1-6pm. The show is Monday, February 10 from 7:30 - 4:00 pm and Tuesday, February 11 from 7:30 - 1:30pm. Tear down can begin at 1:45 following lunch which will be served both days in the exhibit hall. For a booth contract please click [HERE](#). For a diagram of the expo hall, please click [HERE](#). Please note that there are a large number of booths already sold for this show. For an updated list of booth availability please email exhibit@parma.com and request a listing so you do not choose booths that are already sold.

PARMA COMMUNITY

The Community is a place to find not only chapter information for PARMA, updates about the conference and resources to make your life easier, but also a place to allow other PARMA members to post their meetings and white papers. Speakers can promote the sessions they will be presenting at both Chapter Meetings and the Annual Conference, AND it will be easier than before to actually reach out and make connections with other PARMA members. It also provides a forum for group discussions, news feeds and messaging.

PARMA Members have full access to everything in the Community. You can post meetings, make contacts, participate in group discussions, send/receive messages, take surveys and access/download/post resources. Non Members can view posted meetings, group discussions, resources and surveys. Non Members can view posted meetings, group discussions, resources and surveys.

What to do First?

Click on the Community link, log in and create a profile for yourself. Then explore. Look up other members with the search box and invite them to link to you. Set your permissions so that you have set up when you want to get notifications. This is the NEW LOOK of PARMA!

Membership: PARMA's membership runs from January 1 - December 31 each year. For public agency employees the cost is \$100 for an entity and for associates/non-public agency employees the cost is \$275. Your employer/agency becomes the member and covers as many people from your location as would like to be a PARMA member. (If you have additional branches each must become their own member but will also have the ability to have multiple employees under the umbrella of the membership.)

Our Platinum Sponsors



PARMA 2014 Annual Conference

February 9-12, 2014
San Jose, CA Convention Center



PARMA Chapters

Bay Area
Sacramento

[Southern California](#)

[Central Valley](#)

[Gold Coast](#)

[San Diego](#)

SCORE RESOURCE CONTACT GUIDE

January 2014

CLAIMS ADMINISTRATION
 York Risk Services Group, Inc.
www.yorkrsg.com
 P.O. Box 619058
 Roseville, CA 95661-9058
 Main: (800) 922-5020 Fax: (800) 921-7683

SUBJECT	MAIN CONTACT
ADMINISTRATIVE ISSUES - annual contracts for services, IT issues, reports, service issues	Tom Baber
SUPERVISORIAL ISSUES – liability claims administration management, oversight of safety & loss control services	Tom Baber - Liability
CLAIMS ISSUES – <i>LIABILITY</i> <i>All Members</i>	Angela Salsbury – Unit Manager Cameron Dewey – Unit Manager
CLAIMS ISSUES – <i>WORKERS’ COMPENSATION</i> <i>All Members</i>	Debra Yokota – VP, WC Trisha Engle – Claims Manager Jodi Fink – Claims Examiner
COMPUTER SERVICES TRUST ACCOUNT SERVICES – loss runs, special reports, check registers, bank reconciliations	Ben Burg (916) 960-0946

Tom Baber	(916) 746-8834	Tom.Baber@yorkrsg.com
<u>Liability Claims</u>		
Cameron Dewey	(530) 243-3249	Cameron.Dewey@yorkrsg.com
Angela Salsbury	(916) 746-8850	Angela.Salbury@yorkrsg.com
<u>Workers’ Compensation Claims</u>		
Jodi Fink	(916) 580-2437	Jodi.Fink@yorkrsg.com
Tricia Ingles	(916) 580-2437	Tricia.Ingles@yorkrsg.com
Debra Yokota	(916) 580-5570	Debra.Yokota@yorkrsg.com