



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, June 27, 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 – March 28, 2014](#)

Pg.17 2. [US Bank Custodial Account Statement – March - May 2014](#)

Pg.23 3. [Treasurer’s Report and Local Agency Investment Fund \(LAIF\) Quarterly Statement of Investment – March 31, 2014](#)

Pg.25 4. [SCORE Checking Account Transaction List – March – May 2014](#)

Pg.26 5. [Investment Statements from Chandler Asset Management – March – May 2014](#)

a. [Account 590](#)

i. [Portfolio Summaries](#)

ii. [Compliance Report](#)

Pg.38 6. [Chandler Asset Management Bond Market Review Newsletter – June 2014](#)

Pg.42 7. [Target Solutions Utilization Report – May 31, 2014](#)

Pg.43 8. [ACI Utilization Report – January – March 2014](#)

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.44	F. <u>COMMITTEE REPORTS</u>	I	4
Pg.45	1. <u>ERMA Board of Directors Minutes – April 21, 2014</u>		
Pg.53	2. <u>LAWCX Executive Committee Meeting – April 29, 2014</u>		
Pg.58	3. <u>CJPRMA Board of Directors Meeting Minutes – April 24 & May 15-17, 2014</u>		
Pg.74	G. ADMINISTRATIVE REPORTS		
	1. President’s Report	I	4
	<i>Roger Carroll will address the Board on items pertaining to SCORE.</i>		
	2. Alliant Update	I	4
	<i>Marcus Beverly will update the Board on Alliant matters pertinent to SCORE.</i>		
	3. CJPRMA Update	I	4
	<i>Roger Carroll will update the Board on CJPRMA matters pertinent to SCORE.</i>		
	4. LAWCX Update	I	4
	<i>Ron Stock will update the Board on LAWCX matters pertinent to SCORE.</i>		
	5. ERMA Update	I	4
	<i>Roger Carroll will update the Board on ERMA matters pertinent to SCORE.</i>		
	H. FINANCIAL		
Pg.75	1. <u>Workers’ Compensation Shared Risk Pool Assessment</u>	I	1
	<i>The Board will be provided with an update on the development of a Pool Assessment plan that will allow the JPA to meet its benchmark reserves.</i>		
Pg.80	2. <u>Quarterly Financials for QE March 31, 2014</u>	A	2
	<i>Board Members will review the March 31, 2014 Quarterly financials and Statement of Net Assets presented by Gilbert Associates, Inc. and may take action to Accept and File or give direction.</i>		
Pg.81	3. <u>Delegation of LAIF Investment Authority to SCORE Treasurer</u>	A	1
	<i>The Board will be asked to review and approve Resolution 14-02 Authorizing Investment of Monies in LAIF.</i>		
	4. <u>Premium Payment Plan Requests for 2014/15</u>	A	
	<i>The Board has received premium payment plan requests from the cities of Isleton and Tulelake for FY 2014/15. The Board should review and approve the proposed Premium installment payment plans for these members.</i>		
Pg.83	a. City of Isleton		1
Pg.86	b. City of Tulelake		1

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I. JPA BUSINESS

Pg.89	1. <u>Gilbert Associates Fee Increase Request for 2014/15</u>	A	1
	<i>The Board will evaluate whether to grant the 2014/15 fee increase request from Gilbert Associates, SCORE's Financial Accountant.</i>		
Pg.91	2. <u>Resolution 14-01 Establishing 2014/15 Board of Directors Meeting Dates</u>	A	1
	<i>Annually, the Board adopts the next fiscal year's meeting dates and locations. The proposed schedule and list of locations is attached.</i>		
Pg.94	3. <u>CJPRMA Memorandum of Coverage Changes</u>	A	1
	<i>The Board will discuss the changes adopted by CJPRMA as respects fireworks and contractually mandated insurance coverage for Members and decide whether or not to follow the changes.</i>		
	4. <u>Memoranda of Coverage (MOC)</u>	A	
	<i>Annually, the Board reviews SCORE's Memorandums of Coverage and approves or makes changes to the current version.</i>		
Pg.97	a. <u>Liability MOC Approval</u>		1
Pg.128	b. <u>Workers' Compensation MOC Approval</u>		1
	5. <u>2014/15 Property Program Renewal</u>	A	
Pg.147	a. <u>SCORE Property Renewal Proposal</u>		1
	<i>The Board of Directors will be asked to review and approve the renewal of the 2014/15 Property coverage with Alliant Property Insurance Program.</i>		
Pg.201	b. <u>APIP Claims Reporting Acknowledgements</u>		1
	<i>The Board of Directors will be provided with an outline and be asked to acknowledge the reporting procedure guidelines that should be followed immediately after a Property, Pollution or Cyber Liability loss or incident.</i>		
Pg.214	6. <u>Outstanding Assessment Collection Plan</u>	A	1
	<i>The Board of Directors will review the Program Administrator's recommendations for collection of old year assessment balances from prior to 2012/13 that are still outstanding.</i>		
Pg.217	7. <u>Firefighter Physical Fitness Policy Revision</u>	A	1
	<i>The Board of Directors will review the Program Administrator's recommendation for amendments to SCORE's existing Fire Fighter Physical Fitness Policy.</i>		
Pg.258	8. <u>Occu-Med Service Agreement</u>	A	1
	<i>The Board of Directors will review the proposed agreement for employment related physical examinations provided through OccuMed.</i>		

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Pg.264	<u>9. ERMA Board Representative Replacement</u> <i>The Board of Directors will nominate and elect a replacement for Roger Carroll as the primary Board representative to ERMA.</i>	A 4
Pg.265	<u>10. 2013/14 Risk Survey Findings and Recommendations for 2014/15</u> <i>The Board of Directors will receive a summary of findings from the recently completed risk survey as well as service agreement options for next year from DKF Solutions and David Patzer.</i>	A 1
Pg.269	<u>11. Adoption of the 2014/15 SCORE Program Budget</u> <i>Annually, the Board reviews and adopts the Program Budget which includes Administrative Operating expenses and expense of retaining risk and risk transfer.</i>	A 1
Pg.288	<u>12. Loss Control Grant Fund Program</u> <i>The Board of Directors will receive an update on the utilization of funds from the Loss Control Grant Fund established in January 2014 and consider extending the deadline or adding funding for 2014/15.</i>	A 1
Pg.293	<u>13. Nomination and Election of SCORE Officers</u> <i>The Board of Directors will nominate and elect Executive officers for the two year term of office beginning July, 2014. All Officer Positions are up for re-election.</i>	A 1
Pg.294	<u>14. Discussion about 2014/15 Long Range Planning Topics</u> <i>Staff will request feedback from Board members as respects the 2014/15 Long Range Planning Discussion Topics.</i>	I 1
	J. TOWN HALL OPEN DISCUSSION ON MEMBER ISSUES	I 4
	K. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.95	
	**REQUESTING AUTHORITY	
	1. Liability	
	a. Schwartz vs. City of Susanville	
	b. Buckelew vs. City of Yreka	
	c. Bellamy vs. City of Isleton	
	d. Abbott vs. City of Yreka	
	e. Shivy vs. City of Weed	
	f. Larson vs. City of Isleton	
	g. Abaco vs. Town of Loomis	
	h. Sierra Landfill vs. City of Loyalton	
	i. Eriksen vs. City of Mt. Shasta	
	j. Fabbrini vs. City of Dunsmuir	
	k. Grossman vs. City of Weed**	
	l. Shivy vs. City of Weed**	

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- 2. Workers' Compensation**
 - a. SCWA-555849 City of Susanville**
 - b. SCWA-555841 vs. City of Weed**
 - c. SCWA-555835 vs. City of Weed**

L. REPORT FROM CLOSED SESSION I 4

M. INFORMATION ITEMS I

- | | | | |
|--------|----|---|---|
| Pg.296 | 1. | CAJPA Conference – September 2014 in South Lake Tahoe, CA | 1 |
| Pg.297 | 2. | SCORE Resource Contact Guide | 1 |

N. CLOSING COMMENTS

ADJOURNMENT

UPCOMING MEETING

Board of Directors Meeting – TBD

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.

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CONSENT CALENDAR

ACTION ITEM

ISSUE: Items on the Consent Calendar should be reviewed by the Board and, if there is any item requiring clarification or amendment, it should be removed 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 from 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 – March 28, 2014](#)
2. [US Bank Custodial Account Statement – March - May 2014](#)
3. [Treasurer’s Report and Local Agency Investment Fund \(LAIF\) Quarterly Statement of Investment – March 31, 2014](#)
4. [SCORE Checking Account Transaction List – March – May 2014](#)
5. [Investment Statements from Chandler Asset Management – March – May 2014](#)
 - i. [Account 590](#)
 - ii. [Portfolio Summaries](#)
 - iii. [Compliance Report](#)
6. [Chandler Asset Management Bond Market Review Newsletter – June 2014](#)
7. [Target Solutions Utilization Report – May 31, 2014](#)
8. [ACI Utilization Report – January – March 2014](#)



**Small Cities Organized Risk Effort (SCORE)
Board of Directors Meeting Minutes
March 28, 2014**

Member Cities Present:

John Busch, City of Biggs
Laurie Van Groningen, City of Colfax
Pamela Russell, City of Etna
Lori Fleck, City of Etna
Linda Romaine, Town of Fort Jones
Satwant Takhar, City of Live Oak
Roger Carroll, Town of Loomis
Ernie Teague, City of Loyalton
Janie Sprague, City of Montague

Muriel Howarth Terrell, City of Mt. Shasta
Susan Scarlett, City of Portola
John Duckett, City of Shasta Lake
Laura Redwine, City of Shasta Lake
Randolph Darrow, City of Tulelake
Ron Stock, City of Weed
Rhetta Hogan, City of Yreka

Member Cities Absent:

Brenda Bains, City of Dunsmuir
Carol McKay, City of Dorris
Robert Jankovitz, City of Isleton

Jim Stretch, City of Rio Dell
Jared Hancock, City of Susanville

Consultants & Guests

Michael Simmons, Alliant Insurance Services
Laurence Voiculescu, Alliant Insurance Services
Marcus Beverly, Alliant Insurance Services
Debra Yokota, York Risk Services
Cameron Dewey, York Risk Services

Mike Harrington, Bickmore
David Patzer, DKF Solutions
John Balestrini, DKF Solutions
Kevin Wong, Gilbert Associates, Inc.
Tracey Smith-Reed, Gilbert Associates, Inc.

A. CALL TO ORDER

Mr. Roger Carroll called the meeting to order at 10:08 a.m.

B. ROLL CALL

The above mentioned members were present constituting a quorum. Cities absent from this meeting were the City of Dunsmuir, City of Dorris, City of Isleton, City of Susanville and the City of Rio Dell.



C. APPROVAL OF AGENDA AS POSTED

A motion was made to approve the Agenda as posted.

MOTION: Ron Stock

SECOND: Pamela Russell

**MOTION CARRIED
UNANIMOUSLY**

D. PUBLIC COMMENT

There were no public comments at 10:11 am. Post closed session at 3:16 PM, the Board of Directors participated in a teleconference with Thomas Barth, the attorney retained by the City of Loyalton to dispute the preliminary coverage letter issued by SCORE's legal coverage counsel, Peter Urhausen of Gibbons and Conley Law Offices.

Mr. Beverly addressed Mr. Barth informing him that this coverage letter was only based on the information provided to SCORE by the City of Loyalton and the County of Sierra up to the point it was written. In addition, the County of Sierra (claimant) has not yet filed an official claim and was still waiting on results from the tests that were being conducted to determine the extent of the pollution condition (if any). Based on the information provided to SCORE so far, and the preliminary investigation conducted by SCORE, there are two exclusions that apply to this claim, one being an exclusion for removal or remediation of a pollution condition, and the other being that the coverage does not apply to pollution events. Similarly, the list of coverage locations present in the CSAC EIA pollution policy doesn't list the properties involved in the event. SCORE's MOC incorporates the CJPRMA MOC and the CSAC EIA Pollution Policy.

Mr. Barth addressed the Board and stated that in his opinion a claim has been formally filed and that a letter sent by Sierra County to the City of Loyalton was forwarded to Mr. Beverly outlining a demand to remove the material by the City or Property owners dated January 26, 2014. Mr. Barth also stated that at this point the City is at the mercy of the County and their investigation results since no one has investigated the claim on behalf of the City. Mr. Barth noted that this letter constitutes a formal claim and the Board should re-consider their decision.

Mr. Carroll stated that the Board cannot respond to Public Comments but will consider Mr. Barth's comments in a future session.

E. CONSENT CALENDAR

1. Board of Directors Meeting *Draft* Minutes – January 24, 2014
2. US Bank Custodial Account Statement – January & February 2014
3. SCORE Checking Account Transaction List – October – January & February 2014
4. Investment Statements from Chandler Asset Management – January & February 2014
 - a. Account 590
 - i. Portfolio Summaries



ii. Compliance Report

5. Bickmore Actuarial Services 2014-15 Engagement Letter
6. October 2014 Long Range Planning Date and Venue Ratification

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

MOTION: Linda Romaine

SECOND: Pamela Russell

**MOTION CARRIED
UNANIMOUSLY**

F. COMMITTEE REPORTS

- F1. ERMA Board of Directors Minutes – February 21, 2014**
- F2. LAWCX Executive Committee Meeting Minutes – February 25, 2014**
- F3. CJPRMA Board of Directors Meeting Minutes – December 19, 2013**

G. ADMINISTRATIVE REPORTS

G1. President’s Report

Mr. Roger Carroll reviewed the issues presented at the last CJPRMA meeting and noted that ABAG is considering joining CJPRMA but that the Executive Committee is still evaluating the prospect to ensure they are an adequate risk for CJPRMA and its current membership. There were no other issues to report as respects SCORE.

G2. Alliant Update

Mr. Marcus Beverly had nothing to report in addition to the items already on the agenda for discussion throughout the meeting.

G3. ERMA Update

As part of the ERMA update, Mr. Carroll advised that ERMA is continuing to offer AB 1825 mandatory trainings throughout Northern California. He also advised that these trainings are also available online but that Members should continuously monitor for ERMA correspondence advising of local on-site training offerings that they can participate in.

G4. LAWCX Update

Mr. Ron Stock presented the update from the last LAWCX Executive Committee Meeting where the Committee discussed a contract renewal for administration services and actuarial services. Mr. Stock related that nothing was finalized at that time. The Budget was also discussed and LAWCX is proposing funding at the 80% confidence level with a 3% discount rate for the following year. Mr.



Simmons stated that increasing the discount rate will generate a slight increase in premium for SCORE in the following year, due to the nature of Workers' Compensation claims development.

H. FINANCIAL

H.1. Notification of Shared Risk Pool Assessment

Mr. Simmons addressed the Board and stated that the Actuarial Studies were recently completed for both the Liability and Workers' Compensation programs. The results have indicated that currently the Workers' Compensation Shared Risk Layer equity falls below its pre established benchmarks of 5 times SIR (Self Insured Retention).

Mr. Simmons stated that the program is still liquid and there are sufficient funds to cover claim liabilities, however, the Equity benchmark that was put in place to shield against possible shock losses has been eroded to the point where Assessments may be prudent in order to replenish the pools equity level and bring them back in line with the benchmark.

In addition, projected liabilities calculated by the actuary have also increased significantly to the point where a policy has to be implemented that would allow Pool Layer assessments to replenish funds needed to achieve pre established benchmarks.

Mr. Simmons stated that this is an issue separate from the dividend plan that re-distributes funds from old years, whereas this issue addresses mostly future claims costs.

The Program Administrators and Accountants will develop a mechanism that will allow this repayment of funds back into the pool which will be presented at the June Board of Directors Meeting.

Mr. John Duckett asked if increased claims costs are the driver behind this trend. Mr. Simmons responded by stating that not only costs increased but claims frequency has also increased, further compounding the problem.

No motion was made as this was an information item.

H.2. Chandler Asset Management – Investment Manager's Report

Mr. Ted Piorkowski opened with a brief high level overview of the economy and the impact it has had in investment returns. Mr. Piorkowski stated that the economy has had a favorable start in the first part of 2014 with decreasing unemployment rates both nationally and in California and a 2.5% growth in the GDP for 2013.

Next, Mr. Piorkowski reviewed the investment objectives of SCORE and SCORE's portfolio strategy in accordance to SCORE's Investment Policy.



SCORE has had relatively favorable development in investment returns, with actual return values outperforming the benchmarks as indicated in the Agenda Packet investment report.

No motion was made as this was an information item.

H.3. Approval of Internal Controls and Guidelines for Investments

Mr. Piorkowski reviewed the Investment Policy and Guidelines for Investments as well as the proposed changes. The indicated changes were also vetted by Gilbert Associates and the Program Administrators for compliance with the CA Government Code and best practices and were highlighted in the red-line strike out version of the policy document in the agenda packet.

The changes suggested for this year were as follows:

- Recommended wording changes to align SCORE’s Policy with the CA Gov’t Code and industry best practices
- Modify the minimum credit quality requirement for medium-term corporate notes from AA- to A or higher, allowing for a wider investment/security selection
- Increase the maximum maturity rate from 3 years to 5 years on some securities

A motion was made to adopt the proposed changes to SCORE’s Investment Policy.

MOTION: John Duckett

SECOND: Susan Scarlett

**MOTION CARRIED
UNANIMOUSLY**

H.4. Review and Approval of the SCORE Conflict of Interest Code

Mr. Voiculescu addressed the Board and stated there were no changes to the current Conflict of Interest Code which was last amended in 2012 due to FPPC Form 700 filing requirement changes.

No changes have been implemented since but the Board of Directors reviews and approves the Conflict of Interest Code every other year as a best practice.

The Program Administrator recommended re-adopting the Conflict of Interest Code in its current format.

A motion was made to re-adopt the Conflict of Interest Code as presented in the agenda packet.

MOTION: Ron Stock

SECOND: Pamela Russell

**MOTION CARRIED
UNANIMOUSLY**



H.5. New Dividend Plans

a. Liability Dividend Calculation Methodology and MPD Changes

Mr. Kevin Wong, Gilbert Associates reviewed the figures generated by the Dividend and Assessment Plan, reviewed by the ad Hoc Committee and the Program Administrators for both the Liability and Workers' Compensation Programs.

Mr. Wong noted that there was a suggestion made by the committee to remove the ten year dividend/assessment data from the initial calculation for the current year, and gradually phase it back into the calculation beginning next year so as to not penalize or give credit for assessment or dividends generated under the old plan. In addition, claims costs shown on the spreadsheets and used in the calculation have been capped at \$100K per claims to limit large spikes in the totals from one year to another.

In order to prevent large deficit from accruing under this new plan, Members who are in a deficit Banking Layer Total Balance must pay back at least 50% of the deficit as part of their next July 1st invoice. Similarly, 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. 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.

Ms. Pamela Russell asked whether any negative balances are originating from old years. Mr. Simmons stated that yes, old claims are accounted for in this calculation and are used to calculate whether or not a member is eligible for a dividend release, and if eligible, for what amount.

Mr. Beverly addressed the Board and summarized the changes to the Master Plan Document from what the Board had already adopted at the prior Board of Directors in January 2014. The changes were outlined in the agenda item write-up and red-line strike out version of the documents provided as part of the agenda packet.

Mr. Carroll addressed the Board and noted that the ad Hoc Committee has vetted the proposed changes and the new Dividend and Assessment Plan calculations and is recommending unanimously the approval of both the MPD changes and the new Dividend and Assessment Plan.

A motion was made to approve the Liability Master Plan documents as presented in the agenda packet and to approve and implement the new Liability Dividend and Assessment Plan as presented by the Program Administrators and Gilbert Associates.

MOTION: Satwant Takhar

SECOND: John Duckett

**MOTION CARRIED
UNANIMOUSLY**



b. Workers’ Compensation Dividend Calculation Methodology and MPD Changes

Mr. Beverly started with a review of the Master Plan Document changes and noted that the Liability and Workers’ Compensation documents are nearly identical, with the exception of the Mini-Cities minimum banking layer balance of \$25,000 instead of \$12,500 for the other members.

Mr. Wong had already reviewed the example calculations as presented in the agenda packet.

A motion was made to approve the Workers’ Compensation Master Plan documents as presented in the agenda packet and to approve and implement the new Workers’ Compensation Dividend and Assessment Plan as presented by the Program Administrators and Gilbert Associates.

MOTION: Satwant Takhar **SECOND:** John Duckett **MOTION CARRIED UNANIMOUSLY**

JPA BUSINESS

I.1. Notice of SCORE Bylaws Amendments

Mr. Simmons reviewed the proposed changes to the JPA Bylaws to address the new Dividend Plan and other clean-up issues that were addressed at the same time. This item was given adequate notice at the prior Board Meeting in January 2014 and is now being brought back to the Board for adoption.

A red line strike-out and an “accepted changes” draft version have both been included again to highlight the changes being proposed.

A motion was made to approve the SCORE Bylaw Amendments as previously noticed at the January 2014 Board of Directors meeting.

MOTION: Ron Stock **SECOND:** Susan Scarlett **MOTION CARRIED UNANIMOUSLY**

I.2. Loss Control Grant Fund Program Update

Laurence Voiculescu addressed the Board and reviewed the utilization under the Loss Control Grant Fund. Utilization was low at the time of the report and members were encouraged to take advantage of the funds that are available.

Mr. Simmons reminded members that money that goes unutilized will be rolled back into the surplus equity pool.

No motion was made as this was an information item.



I.3. DKF Solutions Training Services Update

Mr. David Patzer, DKF Solutions was present and gave an overview of SCORE's loss history and made a series of recommendations to assist SCORE in reducing claims. A PowerPoint presentation was shown and materials were passed along to the Members with further analysis to be sent to each Member breaking down losses at the Member level.

Mr. Patzer also reminded the Board about the SCORE Loss Control Survey that will be sent in the following period to all SCORE Members.

No motion was made as this was an information item.

I.4. 2014-15 Actuarial Studies

a. Draft Liability Actuarial Study as of June 30, 2014

Mr. Mike Harrington attended the meeting in person and presented the 2014-15 Liability Actuarial study. Mr. Harrington noted that the Liability Program has seen unfavorable development and outstanding losses at 70% confidence level, discounted at 1.5% increased almost 55% to 1,940,000, which translates into a 7% increase for the Banking Layer and a 75% increase in the Shared Risk Layer.

In addition, expected incurred costs last year were \$593,000 while actual costs incurred were actually \$1,137,659, a significant difference of \$544,659.

As a result, actuarially determined funding rates have increased substantially for 2014-15, with a 2% increase in the Liability Banking Layer and an 11% increase in the Shared Risk Layer.

b. Draft Workers' Compensation Actuarial Study as of June 30, 2014

For the WC program, there has been extremely adverse development in both the banking and pooling layers this year, resulting in significant increases in reserves and rates for both layers.

The Banking Layer expected incurred costs have increased by \$443,000 to \$532,000 while the Shared Risk Layer has increased to \$3,794,000 representing an additional \$388,000 increase.

Funding rates have increased significantly as a result with the 2014-15 actuarially determined funding rate seeing a 6.7% increase, while the Shared Risk Layer is seeing a 19.3% increase. Combined, rates will be increasing 15% from the prior year.



Mr. Harrington also stated that at this point, the general Workers' Compensation trends are seeing an increase in both frequency and severity, driving both the average cost of claims up and the number of claims up.

A motion was made to approve actuarial studies for both the Liability and Workers' Compensation Programs as presented.

MOTION: Linda Romaine

OPPOSED: Pamela Russell

**MOTION CARRIED
UNANIMOUSLY**

I.5. FY 2014-15 Funding Rates

Mr. Beverly stated that in October 2012, the Board of Directors imposed a 3% increase cap on actuarial funding rates to be in effect for the next three years. In addition, the Board released in excess of \$5 Million dollars over the last 3 years in the form of dividends back to Members.

Unfortunately, due to the recent developments uncovered in the actuarial report, this practice may not be sustainable going forward as the difference between what is actually being charged to members, and what the funding should be will need to come from SCORE equity surplus that has now decreased substantially.

Mr. Beverly went on and stated that while using equity surplus to "smooth" out rates is typically a good use of equity surplus, the recent actuarial results indicate that claims development has eroded this surplus to a level where it would not make sense to continue the subsidy, especially in the Workers' Compensation program. Mr. Beverly reviewed the actual funding figures with the Board and advised that the Liability Program still holds sufficient surplus equity to permit another year of funding cap increases.

As such, the Program Administrators are recommending capping the Liability program funding rate increase to 3% from the prior year, and funding the Workers' Compensation program at actuarially determined rates, without capping the increase from the prior year.

Mr. Beverly noted that leaving the cap in place for this year would translate into a \$40,000 funding deficit in the Liability Program, which the Administrators advised is reasonable, even with an additional dividend release this year.

Mr. Harrington advised the Board that the concept of releasing dividends and subsidizing rates creates an issue over time and will likely not allow the pool to build a surplus since both of these are drawing funds from the already existing surplus.

For the Workers' Compensation program, Mr. Beverly noted that the Workers' Compensation program does not have the equity surplus needed to continue the rate increase cap for another year. Last year's rate cap translated into an approximately \$100,000 funding deficit. For 2014-15, capping again would result in a very significant funding deficit of \$250,000. If this were to be repeated



again for 2015-16, the net funding deficit based on this year's data, another \$300,000 would need to be subsidized from equity. The Program only has about \$584,000 in surplus this year, which would be significantly reduced by a potential \$250,000 equity subsidy.

The Program Administrator recommended not capping Workers' Compensation rates this year and funding at the actuarially determined rates (70% confidence level, 1.5% discount rate).

Mr. Stock stated that the increase is significant and some cities may not be able to sustain it all at once. Mr. Simmons stated that if the group does not take the increase this year, next year the problem will only get worse, compounding itself and the impact will be even greater.

Ms. Linda Romaine inquired on whether the current equity position in the WC program will affect SCORE's CAJPA accreditation status.

Mr. Beverly addressed Mr. Stock's question and noted that while the WC funding rate is increasing by 20%+, the overall budget will not necessarily increase by that amount overall.

Mr. Voiculescu noted that the Budget presented in the agenda packet includes the Administrators' recommended funding levels (i.e. 3% increase cap in funding for Liability program and no cap for WC).

Mr. Stock recognized that the Administrator's recommendations to keep the Liability funding rate increase cap seems reasonable and inquired on whether it would be easier to avoid a dividend distribution and perhaps split the difference on the Workers' Compensation program instead.

Mr. Simmons stated the WC Shared Risk layer does not have any assets to support an equity subsidy nor a dividend release.

Ms. Rhetta Hogan noted that she prefers taking the increase this year instead of postponing the increase for another year so as to prevent the problem from compounding itself.

Mr. Simmons indicated that the attached Budget Summary in the agenda packet, in the green column shows the recommended funding amounts with a 3% cap in the Liability Program and no cap on the Workers' Compensation Program.

Ms. Susan Scarlett, City of Portola made a motion to approve funding at the Program Administrators recommended levels, capping the Liability Program funding at a 3% increase from the prior year, and NOT CAPPING Workers' Compensation rates and funding at the actuarially determined rate.

MOTION: Susan Scarlett

SECOND: Satwant Takhar

**MOTION CARRIED
UNANIMOUSLY**

I.6. 2014-15 SCORE Preliminary Budget



Mr. Beverly reviewed the Preliminary 2014-15 Draft Budget noting that some Members are seeing significant increases due to the W.C. funding rate increases in the upcoming Program year.

In addition, Property rates have not yet been released but should hold fairly steady compared to the prior year.

Mr. Carroll inquired on what the impact would be if Loomis were to exit the Mini Cities WC Program and go in as a separate member.

Mr. Simmons stated that this would have to be thoroughly investigated to determine how it would impact the Program as a whole and how it would impact the accounting system.

This was an information item. No motions were made.

I.7. 2014 Proposed Dividend Distributions

Mr. Simmons presented the Dividend Distribution calculation prepared using the newly adopted Dividend and Assessment Plan methodology.

In the Liability Shared Risk Layer, Mr. Simmons noted that while current undesignated Net Assets were calculated at approximately \$1.4 Million, the actuarial study indicates this amount will decrease substantially due to projected outstanding liabilities. Mr. Simmons stated that the Board could, if desired withdraw the entire amount although the Program Administrators could not recommend doing so as it would deplete the entire equity surplus.

Mr. Simmons stated that staff recommendation would be to “waterfall” up to \$500,000 out of the Shared Risk Layer into the Banking Layer, and then releasing no more than \$1,000,000 from the Banking Layer.

In the Workers’ Compensation Shared Risk Layer, no funds were available for release as the Shared Risk Layer funding was below the benchmark. Mr. Simmons stated that the Program Administrators would feel comfortable with the Board releasing up to \$100,000 out of the WC Banking Layer.

Mr. Simmons also stated that some members will need to re-pay their past due amounts that have been outstanding for several years and given the chance to self correct. These funds will now become due and payable.

Mr. Carroll and Ms. Romaine inquired on whether the Members will have a choice to leave the funds in their Banking Layer. Mr. Simmons responded that the answer is yes, with the caveat that if the funds are not taken out during the fiscal year they are declared in, the Board will then need to take action allowing the Member to withdraw funds out of their Banking Layer. These funds would also need to be recorded on the Cities financial statements. The Program Administrators recommended that the funds are withdrawn at the time they are declared to avoid any confusion and also to simplify the accounting process.



Mr. Carroll inquired on whether there are any questions or suggestions for the amounts to be released.

Mr. Simmons stated that the Board will need to take action on this item in order to declare a dividend and some Members are depending on these funds to offset some of their increases.

Ms. Susan Scarlett made the motion to move \$500,000 from the Liability Shared Risk Layer into the Banking Layer and declaring a dividend of \$500,000 from the Banking Layer.

The Program Administrators calculated the dividends to show what the numbers would look like based on Mr. Scarlett's motion.

Ms. Susan Scarlett inquired if taking no action on the Workers' Compensation dividend release would essentially mean that no dividend will be declared.

Mr. Simmons stated that yes, that is correct but it was important for Members to be able to take out their own surplus funds and in the Workers' Compensation program, there are some funds shown as available for release out of the Banking Layer. Mr. Simmons also reminded Board Members that it's their responsibility to safeguard the organization but in the same time the focus of the discussion was to allow those Members that have a surplus to access at least part of their funds when the organization is clearly solvent.

The Program Administrators recommended that the Board approve a release from the Workers' Compensation Banking Layer so as to allow Members with a surplus equity to withdraw some of their money.

Mr. Carroll asked what the Program Administrators recommendation is.

Mr. Simmons stated that the Administrators cannot recommend taking out more than \$750,000 out of the Liability Program and \$100,000 out of the Workers' Compensation program.

Mr. Susan Scarlett withdrew her original motion.

Mr. Satwant Takhar, City of Live Oak made a motion to "waterfall" \$500,000 out of the Shared Risk Layer into the Banking Layer, and then releasing no more than \$1,000,000 from the Banking Layer as per the Program Administrator's maximum suggestion.

No second, therefore motion dies.

Ms. Susan Scarlett made a motion to "waterfall" \$250,000 from the Liability Shared Risk Layer into the Liability Banking Layer, and declare a total of \$750,000 out of the Liability Banking Layer.



MOTION: Susan Scarlett

SECOND: Rhett Hogan

**MOTION CARRIED
UNANIMOUSLY with
1 ABSTENTION.**

1 Abstention from Randolph Darrow at City of Tulelake due to their limited Membership history.

For the Workers' Compensation Program, there were no funds available to "waterfall" from the Shared Risk Layer, but Mr. Simmons felt that the Board should still allow Members with a surplus in the Banking Layer to retrieve some of their funds.

Mr. Ron Stock made a motion to NOT distribute any funds out of the Workers' Compensation Program.

MOTION: Susan Scarlett

SECOND: Rhett Hogan

**MOTION CARRIED
UNANIMOUSLY with
1 ABSTENTION.**

1 Abstention from Randolph Darrow at City of Tulelake due to them not being a Member of the Workers' Compensation Program.

I.8. Discussion about 2014-15 Long Range Planning Topics

Mr. Voiculescu addressed the Board and stated that the item was placed on the agenda to allow any Member suggestions for topics of interest for the Long Range Planning Meeting in October which will be held in Lake Tahoe.

This was an information item.

J. TOWN HALL OPEN DISCUSSION ON MEMBER ISSUES

Mr. John Busch, City of Biggs addressed the Board and stated that based on his experience over the years at the City of Biggs, Policies and Procedures should be put in place for day to day operations at each Member entity. Mr. Busch felt that this would be very beneficial in reducing future claims as employees would be better prepared to deal with scenarios that have the potential to eventually escalate into litigation or a claim against the City.

Mr. Carroll agreed that this would be valuable and he has emphasized the importance of written policies and procedures in his own Town, with the same goal in mind to reduce potential claims and/or exposure to Liability claims for his agency.



K. CLOSED SESSION PURSUANT TO GOVERNMENT CODE 54956.95

At 2:20 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. Caitlin vs. City of Isleton
- b. Bellamy vs. City of Isleton
- c. Buckelew vs. City of Portola
- d. Bernhardt vs. City of Susanville
- e. Shivy vs. City of Weed
- f. Abbott vs. City of Yreka
- g. Hubbard vs. City of Yreka**
MOTION: John Duckett SECOND: Pamela Russell
Motion Carried Unanimously
- h. Hoyt vs. City of Yreka
- i. Strawberry Inn vs. City of Mt. Shasta
- j. Larsen vs. City of Isleton
- k. Abaco vs. Town of Loomis
- l. *Sierra County vs. City of Loyalton – Attorney will be present.*

2. Workers' Compensation

- a. SCWA-545694 vs. City of Susanville**
MOTION: John Duckett SECOND: Muriel Howarth Terrell
Motion Carried Unanimously
- b. SCWA-83291 vs. City of Susanville**
MOTION: Pamela Russell SECOND: John Duckett
Motion Carried Unanimously
- c. SCWA-158878 vs. City of Susanville**
MOTION: Pamela Russell SECOND: John Duckett
Motion Carried Unanimously
- d. SCWA-521939 vs. City of Colfax**
MOTION: Ron Stock SECOND: Rhetta Hogan
Motion Carried Unanimously
- e. SCWA-527730 vs. City of Etna**
MOTION: John Busch SECOND: Satwant Takhar
Motion Carried Unanimously



L. REPORT FROM CLOSED SESSION

The Board returned from closed session at 3:15 PM. Mr. Carroll reported that the above closed session items were discussed and appropriate direction was given to Staff and the Claims Administrator.

M. INFORMATION ITEMS

M.1 CAJPA Conference – September 2014 in South Lake Tahoe, CA.

M.2. SCORE Resource Contact Guide

This was provided as an information item only.

N. CLOSING COMMENTS

There were no closing comments.

AJOURNMENT

The meeting was adjourned at 3:21 PM

NEXT MEETING DATE: June 27, 2014 in Shasta Lake, CA

Respectfully Submitted,

Pamela Russell, Secretary

Date



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ACCOUNT NUMBER: 001050986308
SMALL CITIES ORGANIZED RISK EFFORT

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

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

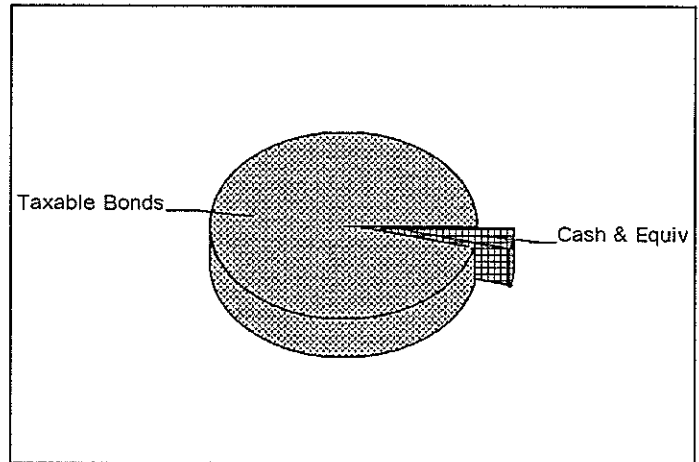
QUESTIONS?

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 03/31/14

	<u>Market Value</u>	<u>% of Total</u>	<u>Est Annual Income</u>
Taxable Bonds	\$10,435,893.05	97.8	\$168,415.76
Cash & Equivalents	\$232,965.00	2.2	\$480.55
Total Market Value	\$10,668,858.05	100.0	\$168,896.31



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						
50,000.000	F H L M C M T N 2.500 04/23/2014	3137EACB3	\$50,074.00 100.148	\$51,856.25	2.50	\$1,250.00
180,000.000	General Electric Cap Corp Medium Term Note 5.900 05/13/2014	36962G4C5	181,125.00 100.625	127,270.80	5.86	10,620.00
190,000.000	Wal Mart Stores Inc 3.200 05/15/2014	931142CQ4	190,646.00 100.340	155,436.00	3.19	6,080.00
240,000.000	Microsoft Corp 2.950 06/01/2014	594918AB0	241,003.20 100.418	204,324.00	2.94	7,080.00
260,000.000	Federal Farm Credit Bks 1.900 06/02/2014	31331JQA4	260,798.20 100.307	259,368.20	1.89	4,940.00
100,000.000	Federal Home Loan Bks 5.250 06/18/2014	3133X7FK5	101,107.00 101.107	111,171.90	5.19	5,250.00



ACCOUNT NUMBER: 001050986308
SMALL CITIES ORGANIZED RISK EFFORT

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

SALE/MATURITY SUMMARY

Trade Date	Asset	Description	Cost Basis	Proceeds	Estimated Gain/Loss
03/11/14	F H L M C M T N 2.500% 4/23/14	Sold 100,000	- 103,712.50	100,277.00	- 3,435.50
03/17/14	U S Treasury Nt 1.375% 11/30/15	Sold 125,000	- 124,512.14	127,294.50	2,782.36
03/18/14	U S Treasury Nt 1.500% 7/31/16	Sold 220,000	- 156,406.77	225,146.92	68,740.15
Total Assets Disposed			- \$384,631.41	\$452,718.42	\$68,087.01
			- Cost Basis		
			- Proceeds		
			- Estimated Gain/Loss		

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ACCOUNT NUMBER: 001050986308
SMALL CITIES ORGANIZED RISK EFFORT

This statement is for the period from
April 1, 2014 to April 30, 2014

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

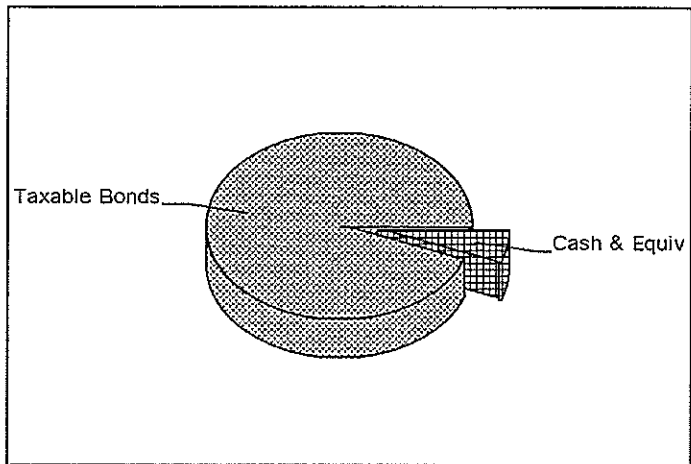
QUESTIONS?

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 04/30/14

	<u>Market Value</u>	<u>% of Total</u>	<u>Est Annual Income</u>
Taxable Bonds	\$10,192,962.69	95.4	\$163,241.19
Cash & Equivalents	\$489,718.00	4.6	\$496.32
Total Market Value	\$10,682,680.69	100.0	\$163,737.51



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						
180,000.000	General Electric Cap Corp Medium Term Note 5.900 05/13/2014	36962G4C5	\$180,223.20 100.124	\$127,270.80	5.89	\$10,620.00
190,000.000	Wal Mart Stores Inc 3.200 05/15/2014	931142CQ4	190,178.60 100.094	155,436.00	3.20	6,080.00
240,000.000	Microsoft Corp 2.950 06/01/2014	594918AB0	240,564.00 100.235	204,324.00	2.94	7,080.00
260,000.000	Federal Farm Credit Bks 1.900 06/02/2014	31331JQA4	260,413.40 100.159	259,368.20	1.90	4,940.00
100,000.000	Federal Home Loan Bks 5.250 06/18/2014	3133X7FK5	100,673.00 100.673	111,171.90	5.21	5,250.00
160,000.000	Federal Farm Credit Bks 1.625 11/19/2014	31331KHW3	161,294.40 100.809	164,560.00	1.61	2,600.00



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ACCOUNT NUMBER: 001050986308
SMALL CITIES ORGANIZED RISK EFFORT

This statement is for the period from
April 1, 2014 to April 30, 2014

SALE/MATURITY SUMMARY

Trade Date	Asset	Description	Cost Basis	Proceeds	Estimated Gain/Loss
04/02/14	F F C B Deb 3.000% 9/22/14	Sold 85,000	- 86,005.55	86,156.00	150.45
04/02/14	U S Treasury Nt 1.750% 7/31/15	Sold 25,000	- 24,785.24	25,516.52	731.28
04/15/14	John Deere Owner 0.70667% 7/15/16	Paid Down 10,669.93	- 10,658.26	10,669.93	11.67
04/15/14	Toyota Auto Rec 0.29133% 7/15/16	Paid Down 4,007.61	- 4,007.23	4,007.61	0.38
04/23/14	F H L M C M T N 2.500% 4/23/14	Matured 50,000	- 51,856.25	50,000.00	- 1,856.25
04/29/14	U S Treasury Nt 1.000% 8/31/16	Sold 200,000	- 201,352.23	201,858.71	506.48
Total Assets Disposed			- \$378,664.76	\$378,208.77	- \$455.99
			- Cost Basis		
			- Proceeds		
			- Estimated Gain/Loss		

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ACCOUNT NUMBER: 001050986308
SMALL CITIES ORGANIZED RISK EFFORT

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

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

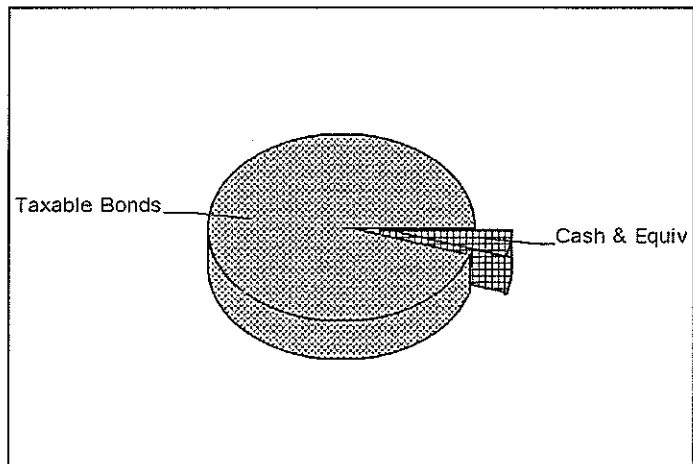
QUESTIONS?

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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 05/31/14

	<u>Market Value</u>	<u>% of Total</u>	<u>Est Annual Income</u>
Taxable Bonds	\$10,344,288.08	96.4	\$161,100.54
Cash & Equivalents	\$381,699.37	3.6	\$489.40
Total Market Value	\$10,725,987.45	100.0	\$161,589.94



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						
240,000.000	Microsoft Corp 2.950 06/01/2014	594918AB0	\$240,000.00 100.000	\$204,324.00	2.95	\$7,080.00
260,000.000	Federal Farm Credit Bks 1.900 06/02/2014	31331JQA4	260,000.00 100.000	259,368.20	1.90	4,940.00
100,000.000	Federal Home Loan Bks 5.250 06/18/2014	3133X7FK5	100,230.00 100.230	111,171.90	5.24	5,250.00
160,000.000	Federal Farm Credit Bks 1.625 11/19/2014	31331KHW3	161,124.80 100.703	164,560.00	1.61	2,600.00
225,000.000	F H L M C M T N 2.875 02/09/2015	3137EACH0	229,176.00 101.856	158,630.85	2.82	6,468.75
100,000.000	Berkshire Hathaway Inc 3.200 02/11/2015	084670AV0	102,015.00 102.015	29,975.10	3.14	3,200.00
150,000.000	Federal Farm Credit Bks 0.500 05/01/2015	3133EANJ3	150,469.50 100.313	149,853.00	0.50	750.00



ACCOUNT NUMBER: 001050986308
SMALL CITIES ORGANIZED RISK EFFORT

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

SALE/MATURITY SUMMARY

Trade Date	Asset	Description	Cost Basis	Proceeds	Estimated Gain/Loss
05/13/14	General Electric Mtn 5.900% 5/13/14	Matured 180,000	- 127,270.80	180,000.00	52,729.20
05/15/14	John Deere Owner 0.70667% 7/15/16	Paid Down 13,556.91	- 13,542.08	13,556.91	14.83
05/15/14	Toyota Auto Rec 0.29133% 7/15/16	Paid Down 7,412.11	- 7,411.41	7,412.11	0.70
05/15/14	Wal Mart Stores 3.200% 5/15/14	Matured 190,000	- 155,436.00	190,000.00	34,564.00
05/29/14	U S Treasury Nt 0.875% 11/30/16	Sold 75,000	- 75,164.31	75,609.12	444.81
Total Assets Disposed			- \$378,824.60	\$466,578.14	\$87,753.54
			- Cost Basis		
			- Proceeds		
			- Estimated Gain/Loss		

For information only. Not intended for tax purposes.

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June 19, 2014

TREASURER'S REPORT

Attached is the investment report for the period ended 3-31-2014, in accordance with Government Code §53646(b) (1) which requires the authority Treasurer to submit quarterly to the Chief Executive Officer and the legislative body (Board of Directors), a quarterly Investment Report within thirty (30) days following the end of the quarter covered by the report. The report shall contain the following elements; the type of investment, issuer, maturity, par and dollar amounts invested; for the funds managed by contracted parties including lending programs; the market value and source of valuation. The Treasurer must also include a description of the compliance with the stated investment policy. The description of the holdings and market value are not required if all of the Authority's funds are invested in LAIF or equivalent. The Treasurer must also include a statement regarding its ability to meet the next six (6) months cash expenditure requirements.

The Authority's funds are invested in LAIF and with Chandler Asset Management. The statements for those accounts are included as part of this Investment Report.

It is the belief of the Treasurer, that the funds held in liquid investments are more than sufficient to meet the Authority's cash flow needs for the following six months, and that the investment in LAIF and other securities is in keeping with the investment policy of the Authority, as duly authorized by the Board of Directors.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "L. Romaine", is written over a faint, illegible typed name.

Linda Romaine, Treasurer



JOHN CHIANG

California State Controller

LOCAL AGENCY INVESTMENT FUND REMITTANCE ADVICE

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

As of 04/15/2014, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 03/31/2014.

Earnings Ratio		.00000631639966506
Interest Rate		0.23%
Dollar Day Total	\$	98,992,712.42
Quarter End Principal Balance	\$	1,100,029.21
Quarterly Interest Earned	\$	625.28

**Small Cities Organized Risk Effort
Check Register**

March 1, 2014 - May 31, 2014

Type	Date	Num	Name	Memo	Split	Debit	Credit	Balance
0100 - CASH IN BANK								
0100-010 Scott Valley Bank								
Deposit	03/06/2014			Deposit	12000 - Undeposited Funds	2,526.50		575,135.00
Transfer	03/06/2014			Funds Transfer for 2/16/14 - 2/28/14	0106-010 Trust - Liab_SVB		16,422.93	575,135.00
Transfer	03/06/2014			Funds Transfer for 2/16/14 - 2/28/14	0106-020 Trust - WC - SVB		28,835.94	546,302.63
Transfer	03/18/2014			Funds Transfer	0106-010 Trust - Liab_SVB		21,126.28	525,176.35
Transfer	03/18/2014			Funds Transfer	0106-020 Trust - WC - SVB		44,239.78	480,936.57
Check	03/28/2014	2475	Wintu Cultural Resources Center	Meeting	0605 - B of D Activities		1,053.80	479,882.77
Check	03/28/2014	2482	Wintu Cultural Resources Center	Meeting	0605 - B of D Activities		1,053.80	478,828.97
Deposit	03/31/2014			Interest	SVB	31.01		478,859.98
Transfer	04/01/2014			Funds Transfer	0106-010 Trust - Liab_SVB		14,229.91	464,630.07
Transfer	04/01/2014			Funds Transfer	0106-020 Trust - WC - SVB		44,239.78	420,390.29
Deposit	04/02/2014			Deposit - Recovery	-SPLIT-	3,045.65		417,344.64
Deposit	04/02/2014			Deposit	12000 - Undeposited Funds	10,690.00		406,654.64
Deposit	04/03/2014			Deposit	-SPLIT-	59,408.55		347,246.09
Deposit	04/14/2014			Deposit	-SPLIT-	42,123.50		295,122.59
Deposit	04/14/2014			Deposit	-SPLIT-	74,166.58		220,956.01
Check	04/16/2014	2483	Live Oak	Dividends Payable			49,317.00	171,638.99
Check	04/16/2014	2484	Farley Consulting Services	Inv # 1469 - W/C Claims Audit	0511 - Claims Audit		7,500.00	164,138.99
Check	04/16/2014	2485	Michael Simmons	Deposit - Squaw Valley BOD Meeting Oct 2014	0174 - Prepaid Expenses		2,000.00	162,138.99
Check	04/16/2014	2486	Gilbert Associates, Inc.	February & March 2014	0505 - Accounting		8,000.00	154,138.99
Check	04/16/2014	2487	DFK Solutions Group	Inv # 11542	0507 - Consulting		19,000.00	135,138.99
Check	04/16/2014	2488	York Insurance Services	Inv # 500010431 W/C Claims Admin April	0710 - Claims Management		8,131.85	127,007.14
Check	04/16/2014	2489	York Insurance Services Group, Inc-CA	Inv # 500010432 Liab Claims Admin April	0830 - Claims Service - Vouchers		8,125.00	118,882.14
Check	04/16/2014	2490	Champion Awards	Name Plates	0640 - Meeting Expense		123.60	118,758.54
Transfer	04/22/2014			Funds Transfer	0106-010 Trust - Liab_SVB		2,437.95	116,320.59
Transfer	04/22/2014			Funds Transfer	0106-020 Trust - WC - SVB		39,732.33	76,588.26
Check	04/24/2014	2492	PARMA	Dues for 1/1/14 - 12/31/14	0615 - Dues and Subscriptions		100.00	76,488.26
Check	04/24/2014	2491	PARMA	Dues for 1/1/14 - 12/31/14	0615 - Dues and Subscriptions		100.00	76,388.26
Deposit	04/25/2014			Deposit	-SPLIT-	16,070.00		60,318.26
Deposit	04/25/2014			Deposit	-SPLIT-	68,250.09		2,068.17
Transfer	04/28/2014			Funds Transfer	0106-010 Trust - Liab_SVB		18,067.50	1,880.67
Transfer	04/28/2014			Funds Transfer	0106-020 Trust - WC - SVB		103,690.12	1,776.97
Deposit	04/30/2014			Interest	SVB	31.77		1,808.74
Transfer	05/02/2014			Funds Transfer	0106-010 Trust - Liab_SVB		12,530.53	1,796.21
Transfer	05/02/2014			Funds Transfer	0106-020 Trust - WC - SVB		15,983.47	235,819.68
Deposit	05/06/2014			Deposit	Workers' Compensation Claims	74.13		235,893.81
Transfer	05/16/2014			Funds Transfer	0106-010 Trust - Liab_SVB		2,652.90	233,240.91
Transfer	05/16/2014			Funds Transfer	0106-020 Trust - WC - SVB		171,533.66	61,707.25
Deposit	05/16/2014			Deposit	Workers' Compensation Claims	1,484.89		63,192.14
Deposit	05/20/2014			Deposit	12000 - Undeposited Funds	3,138.00		66,330.14
Check	05/29/2014	2496	Gibbons & Conley	-SPLIT-			7,888.05	58,442.09
Check	05/29/2014	2497	York Insurance Services Group, Inc-CA	Liability Claims Mgmt - May '13 Inv # 500010533	0830 - Claims Service - Vouchers		8,125.00	50,317.09
Check	05/29/2014	2498	York Insurance Services Group, Inc-CA	W/C Claims Mgmt - May '13 Inv # 500010532	0710 - Claims Management		8,131.85	42,185.24
Check	05/29/2014	2499	Gilbert Associates, Inc.	29330 ENG - April 2014	0505 - Accounting		4,000.00	38,185.24
Check	05/29/2014	2493	VOID		void	0.00		38,185.24
Check	05/29/2014	2494	VOID		void	0.00		38,185.24
Check	05/29/2014	2495	VOID		void	0.00		38,185.24
Deposit	05/29/2014			Deposit	12000 - Undeposited Funds	4,712.27		42,897.51
Deposit	05/31/2014			Interest	SVB	18.03		42,915.54
Total 0100-010 Scott Valley Bank						285,770.97	668,373.03	192,532.94
Total 0100 - CASH IN BANK						285,770.97	668,373.03	192,532.94
TOTAL						285,770.97	668,373.03	192,532.94

Monthly Account Statement

Small Cities Organized Risk Effort

March 1, 2014 through March 31, 2014

Chandler Team

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

Custodian

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

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PORTFOLIO CHARACTERISTICS

Average Duration	2.39
Average Coupon	1.59 %
Average Purchase YTM	1.33 %
Average Market YTM	0.83 %
Average S&P/Moody Rating	AA+/Aaa
Average Final Maturity	2.57 yrs
Average Life	2.42 yrs

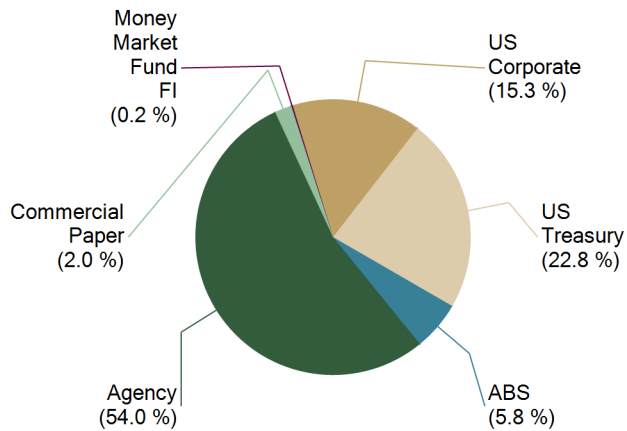
ACCOUNT SUMMARY

	Beg. Values as of 2/28/14	End Values as of 3/31/14
Market Value	10,701,944	10,668,772
Accrued Interest	39,522	41,918
Total Market Value	10,741,466	10,710,689
Income Earned	11,699	11,807
Cont/WD		-1,177
Par	10,589,205	10,608,042
Book Value	10,620,495	10,635,253
Cost Value	10,704,232	10,716,651

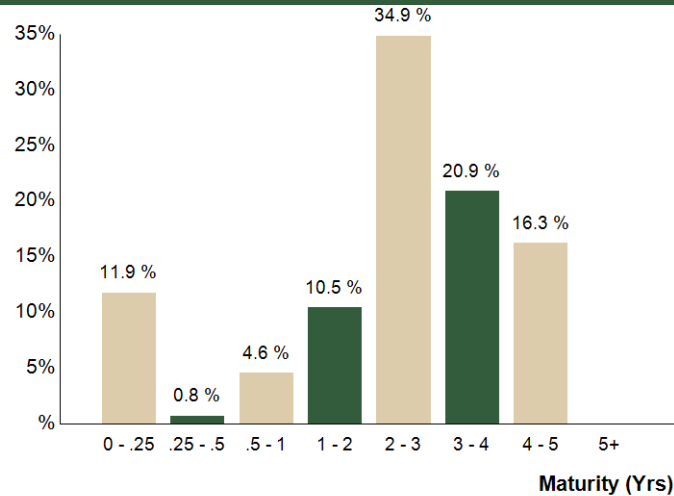
TOP ISSUERS

Issuer	% Portfolio
Government of United States	22.8 %
Federal National Mortgage Assoc	18.3 %
Federal Home Loan Bank	13.6 %
Federal Home Loan Mortgage Corp	13.2 %
Federal Farm Credit Bank	8.8 %
Procter & Gamble Company	2.5 %
Microsoft	2.3 %
Bank of Tokyo-Mit UFJ	2.0 %
Total	83.6 %

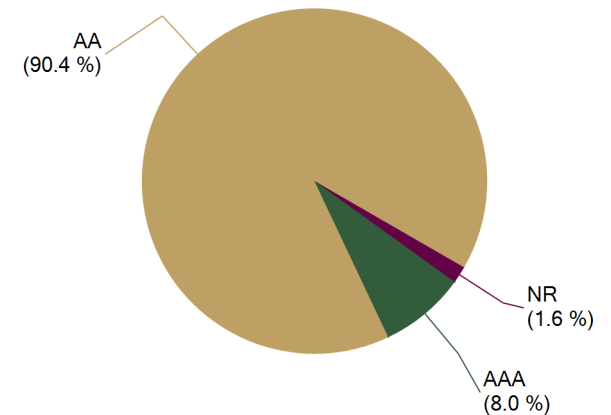
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 3/31/2014	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	-0.28 %	0.28 %	0.28 %	0.12 %	1.53 %	2.12 %	N/A	3.84 %	35.17 %
1-5 yr Govt	-0.31 %	0.26 %	0.26 %	-0.06 %	1.40 %	1.69 %	N/A	3.55 %	32.21 %
1-5 Year Govt/A Rated or better Corporate	-0.29 %	0.36 %	0.36 %	0.23 %	1.75 %	2.49 %	N/A	3.70 %	33.71 %



**Small Cities Organized Risk Effort
Joint Powers Authority
March 31, 2014**

COMPLIANCE WITH INVESTMENT POLICY

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

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



Reconciliation Summary

As of 3/31/2014

BOOK VALUE RECONCILIATION	
Beginning Book Value	\$10,620,494.96
Acquisition	
+ Security Purchases	\$464,474.36
+ Money Market Fund Purchases	\$239,997.48
+ Money Market Contributions	\$0.00
+ Security Contributions	\$0.00
+ Security Transfers	\$0.00
Total Acquisitions	\$704,471.84
Dispositions	
- Security Sales	\$452,718.42
- Money Market Fund Sales	\$239,983.37
- MMF Withdrawals	\$1,177.17
- Security Withdrawals	\$0.00
- Security Transfers	\$0.00
- Other Dispositions	\$0.00
- Maturities	\$0.00
- Calls	\$0.00
- Principal Paydowns	\$0.00
Total Dispositions	\$693,878.96
Amortization/Accretion	
+/- Net Accretion	(\$2,358.52)
	(\$2,358.52)
Gain/Loss on Dispositions	
+/- Realized Gain/Loss	\$6,524.02
	\$6,524.02
Ending Book Value	\$10,635,253.34

CASH TRANSACTION SUMMARY	
BEGINNING BALANCE	\$19,205.46
Acquisition	
Contributions	\$0.00
Security Sale Proceeds	\$452,718.42
Accrued Interest Received	\$1,903.69
Interest Received	\$10,040.30
Dividend Received	\$0.31
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	\$464,662.72
Disposition	
Withdrawals	\$1,177.17
Security Purchase	\$464,474.36
Accrued Interest Paid	\$174.25
Total Dispositions	\$465,825.78
Ending Book Value	\$18,042.40

Monthly Account Statement

Small Cities Organized Risk Effort

April 1, 2014 through April 30, 2014

Chandler Team

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

Custodian

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

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PORTFOLIO CHARACTERISTICS

Average Duration	2.29
Average Coupon	1.54 %
Average Purchase YTM	1.29 %
Average Market YTM	0.81 %
Average S&P/Moody Rating	AA+/Aaa
Average Final Maturity	2.48 yrs
Average Life	2.32 yrs

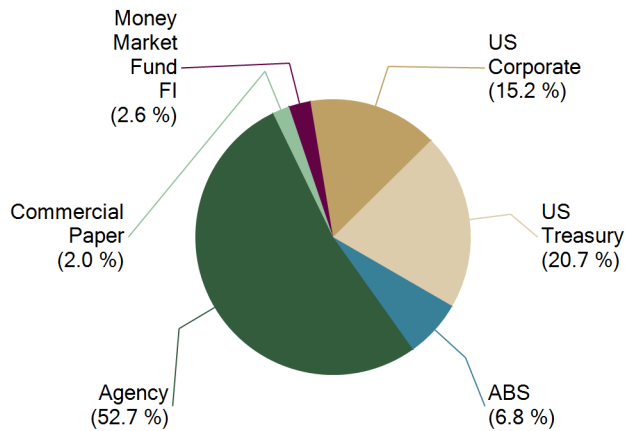
ACCOUNT SUMMARY

	Beg. Values as of 3/31/14	End Values as of 4/30/14
Market Value	10,668,772	10,682,562
Accrued Interest	41,918	51,090
Total Market Value	10,710,689	10,733,652
Income Earned	11,807	11,661
Cont/WD		-1,177
Par	10,608,042	10,615,083
Book Value	10,635,253	10,639,330
Cost Value	10,716,651	10,718,718

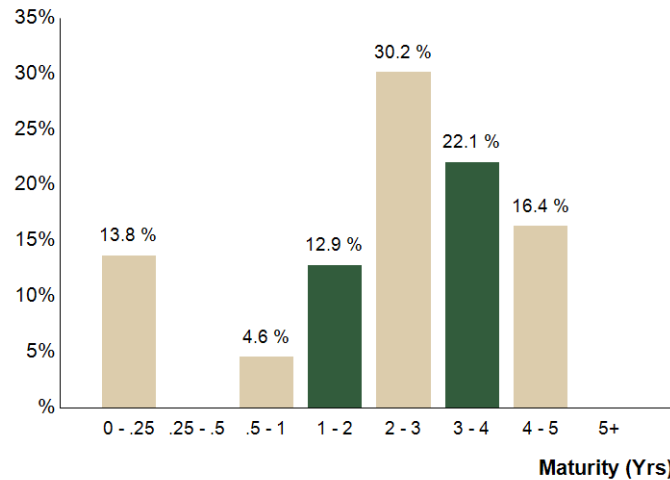
TOP ISSUERS

Issuer	% Portfolio
Government of United States	20.7 %
Federal National Mortgage Assoc	18.3 %
Federal Home Loan Bank	13.6 %
Federal Home Loan Mortgage Corp	12.7 %
Federal Farm Credit Bank	8.0 %
John Deere Security Trust	2.7 %
First American Govt Oblig Fund	2.6 %
Procter & Gamble Company	2.5 %
	81.1 %

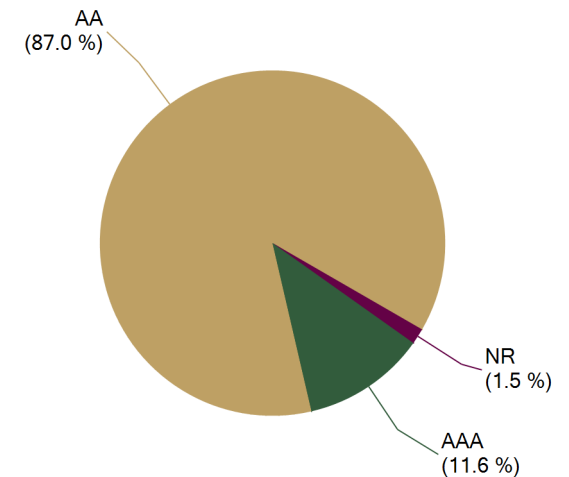
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 4/30/2014	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	0.23 %	0.10 %	0.50 %	0.14 %	1.37 %	2.11 %	N/A	3.83 %	35.48 %
1-5 yr Govt	0.25 %	0.08 %	0.51 %	-0.04 %	1.25 %	1.79 %	N/A	3.55 %	32.54 %
1-5 Year Govt/A Rated or better Corporate	0.28 %	0.17 %	0.64 %	0.24 %	1.58 %	2.48 %	N/A	3.69 %	34.08 %



**Small Cities Organized Risk Effort
Joint Powers Authority
4/30/2014**

COMPLIANCE WITH INVESTMENT POLICY

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

Category	Standard	Comment
U.S. Treasury Issues	No limitations	Complies
Government Agencies	No limitations	Complies
Municipal Securities	"A-" or better rated; 20% maximum; 5% per issuer;	Complies
Negotiable CDs	A-1, P-1 or F-1, or AA rated; 30% max.; 5 years maximum maturity; 5% per issuer	Complies
Banker's Acceptances	A1, P1 or F-1 rated; 30% maximum; 5% per issuer; <180 days	Complies
Commercial Paper	A-1, P1 or F-1 rated; 25% maximum; 5% per issuer; <270 days	Complies
Medium Term Notes	"A-" or better rated; 30% maximum; 5% per issuer;	Complies
Asset-Backed Securities	AAA/Aaa rated; 20% maximum with Mort. Pass-Throughs; 5% per issuer	Complies
Mortgage Pass-Through Securities	AAA/Aaa rated; 20% maximum with Asset Backs; 5% per issuer	Complies
Money Market Funds	AAA/Aaa rated; 20% maximum; 10% per issuer	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 4/30/2014

BOOK VALUE RECONCILIATION	
Beginning Book Value	\$10,635,253.34
Acquisition	
+ Security Purchases	\$124,979.98
+ Money Market Fund Purchases	\$382,875.75
+ Money Market Contributions	\$0.00
+ Security Contributions	\$0.00
+ Security Transfers	\$0.00
Total Acquisitions	\$507,855.73
Dispositions	
- Security Sales	\$313,531.23
- Money Market Fund Sales	\$124,979.98
- MMF Withdrawals	\$1,177.17
- Security Withdrawals	\$0.00
- Security Transfers	\$0.00
- Other Dispositions	\$0.00
- Maturities	\$50,000.00
- Calls	\$0.00
- Principal Paydowns	\$14,677.54
Total Dispositions	\$504,365.92
Amortization/Accretion	
+/- Net Accretion	(\$2,178.69)
	(\$2,178.69)
Gain/Loss on Dispositions	
+/- Realized Gain/Loss	\$2,765.56
	\$2,765.56
Ending Book Value	\$10,639,330.02

CASH TRANSACTION SUMMARY	
BEGINNING BALANCE	\$18,042.40
Acquisition	
Contributions	\$0.00
Security Sale Proceeds	\$313,531.23
Accrued Interest Received	\$484.37
Interest Received	\$4,182.35
Dividend Received	\$0.26
Principal on Maturities	\$50,000.00
Interest on Maturities	\$0.00
Calls/Redemption (Principal)	\$0.00
Interest from Calls/Redemption	\$0.00
Principal Paydown	\$14,677.54
Total Acquisitions	\$382,875.75
Disposition	
Withdrawals	\$1,177.17
Security Purchase	\$124,979.98
Accrued Interest Paid	\$0.00
Total Dispositions	\$126,157.15
Ending Book Value	\$274,761.00

Monthly Account Statement

Small Cities Organized Risk Effort

May 1, 2014 through May 31, 2014

Chandler Team

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

Custodian

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

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PORTFOLIO CHARACTERISTICS

Average Duration	2.37
Average Coupon	1.52 %
Average Purchase YTM	1.25 %
Average Market YTM	0.83 %
Average S&P/Moody Rating	AA+/Aaa
Average Final Maturity	2.58 yrs
Average Life	2.42 yrs

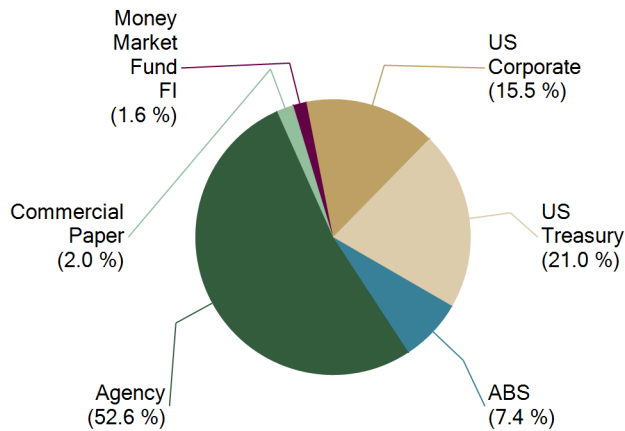
ACCOUNT SUMMARY

	Beg. Values as of 4/30/14	End Values as of 5/31/14
Market Value	10,682,562	10,728,604
Accrued Interest	51,090	43,655
Total Market Value	10,733,652	10,772,259
Income Earned	11,661	11,346
Cont/WD		-1,176
Par	10,615,083	10,613,206
Book Value	10,639,330	10,657,459
Cost Value	10,718,718	10,717,200

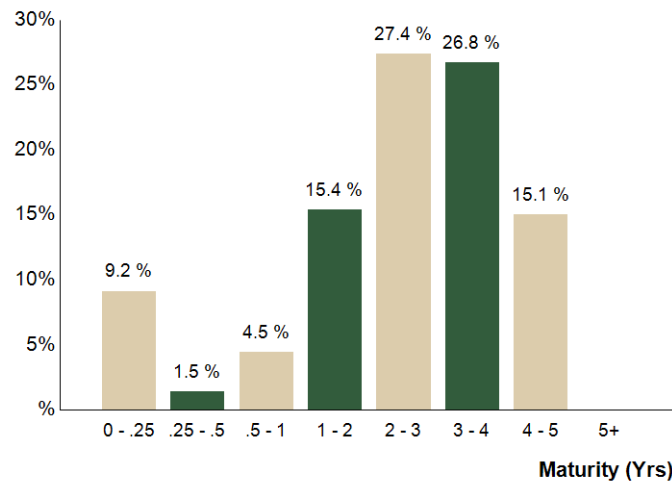
TOP ISSUERS

Issuer	% Portfolio
Government of United States	21.0 %
Federal National Mortgage Assoc	18.3 %
Federal Home Loan Bank	13.6 %
Federal Home Loan Mortgage Corp	12.7 %
Federal Farm Credit Bank	8.0 %
JP Morgan Chase & Co	2.7 %
John Deere Security Trust	2.5 %
Procter & Gamble Company	2.5 %
	81.3 %

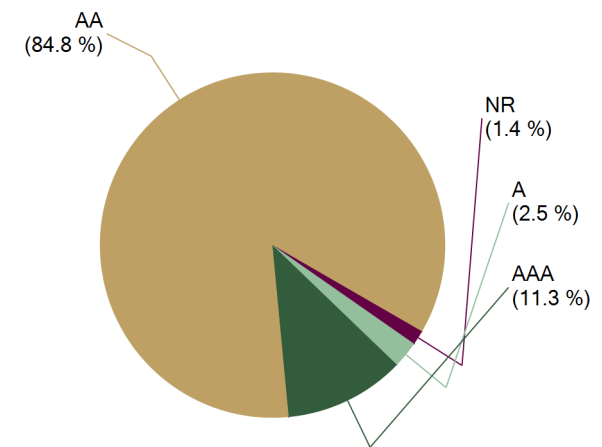
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY (S&P)



PERFORMANCE REVIEW

Total Rate of Return As of 5/31/2014	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	0.37 %	0.32 %	0.87 %	0.98 %	1.32 %	2.14 %	N/A	3.83 %	35.98 %
1-5 yr Govt	0.40 %	0.33 %	0.91 %	0.87 %	1.15 %	1.86 %	N/A	3.56 %	33.06 %
1-5 Year Govt/A Rated or better Corporate	0.43 %	0.41 %	1.07 %	1.19 %	1.49 %	2.45 %	N/A	3.71 %	34.66 %



**Small Cities Organized Risk Effort
Joint Powers Authority
May 31, 2014**

COMPLIANCE WITH INVESTMENT POLICY

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

Category	Standard	Comment
U.S. Treasury Issues	No limitations	Complies
Government Agencies	No limitations	Complies
Municipal Securities	"A-" or better rated; 20% maximum; 5% per issuer;	Complies
Negotiable CDs	A-1, P-1 or F-1, or AA rated; 30% max.; 5 years maximum maturity; 5% per issuer	Complies
Banker's Acceptances	A1, P1 or F-1 rated; 30% maximum; 5% per issuer; <180 days	Complies
Commercial Paper	A-1, P1 or F-1 rated; 25% maximum; 5% per issuer; <270 days	Complies
Medium Term Notes	"A-" or better rated; 30% maximum; 5% per issuer;	Complies
Asset-Backed Securities	AAA/Aaa rated; 20% maximum with Mort. Pass-Throughs; 5% per issuer	Complies
Mortgage Pass-Through Securities	AAA/Aaa rated; 20% maximum with Asset Backs; 5% per issuer	Complies
Money Market Funds	AAA/Aaa rated; 20% maximum; 10% per issuer	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 5/31/2014

BOOK VALUE RECONCILIATION		
Beginning Book Value		\$10,639,330.02
Acquisition		
+ Security Purchases	\$592,385.29	
+ Money Market Fund Purchases	\$417,223.39	
+ Money Market Contributions	\$0.00	
+ Security Contributions	\$0.00	
+ Security Transfers	\$0.00	
Total Acquisitions		\$1,009,608.68
Dispositions		
- Security Sales	\$75,609.12	
- Money Market Fund Sales	\$521,955.32	
- MMF Withdrawals	\$1,176.17	
- Security Withdrawals	\$0.00	
- Security Transfers	\$0.00	
- Other Dispositions	\$0.00	
- Maturities	\$370,000.00	
- Calls	\$0.00	
- Principal Paydowns	\$20,969.02	
Total Dispositions		\$989,709.63
Amortization/Accretion		
+/- Net Accretion	(\$2,294.34)	
		(\$2,294.34)
Gain/Loss on Dispositions		
+/- Realized Gain/Loss	\$524.47	
		\$524.47
Ending Book Value		\$10,657,459.20

CASH TRANSACTION SUMMARY		
BEGINNING BALANCE		\$274,761.00
Acquisition		
Contributions	\$0.00	
Security Sale Proceeds	\$75,609.12	
Accrued Interest Received	\$326.32	
Interest Received	\$26,254.07	
Dividend Received	\$0.30	
Principal on Maturities	\$370,000.00	
Interest on Maturities	\$0.00	
Calls/Redemption (Principal)	\$0.00	
Interest from Calls/Redemption	\$0.00	
Principal Paydown	\$20,969.02	
Total Acquisitions	\$493,158.83	
Disposition		
Withdrawals	\$1,176.17	
Security Purchase	\$592,385.29	
Accrued Interest Paid	\$5,505.47	
Total Dispositions	\$599,066.93	
Ending Book Value		\$168,852.90

BOND MARKET REVIEW

A MONTHLY REVIEW OF
FIXED INCOME MARKETS



WHAT'S INSIDE

Market Summary 1
Yield Curve
Current Yields

Economic Round-Up 2
Credit Spreads
Economic Indicators

Registration of 3
Municipal Advisors:
Reinforcing Fiduciary
Standards

Since 1988, Chandler Asset Management has specialized in the management of fixed income portfolios. Chandler's mission is to provide fully customizable, client-centered portfolio management that preserves principal, manages risk and generates income in our clients' portfolios.

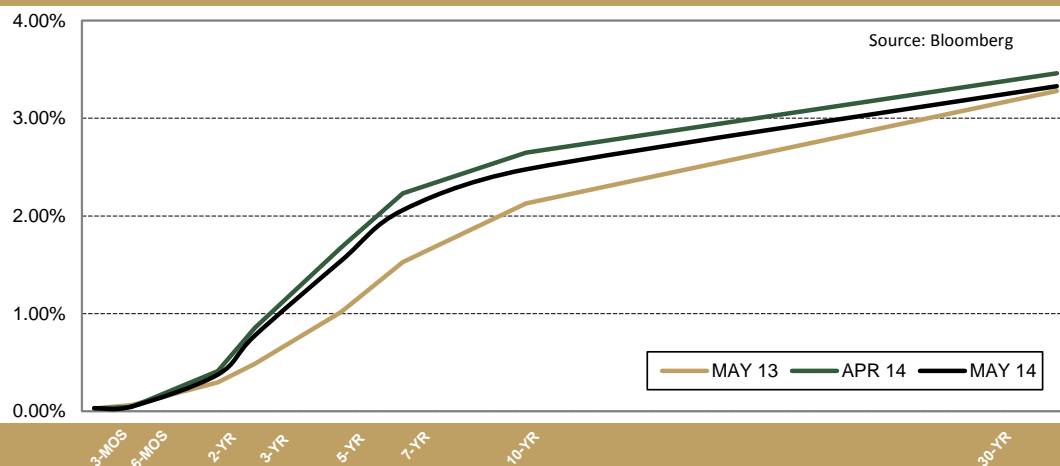
Market Summary

The economy is growing at a modest pace. According to the latest Beige Book report, which was prepared in advance of the upcoming June Federal Open Market Committee (FOMC) meeting, all 12 Federal Reserve Districts reported an expansion in economic activity during April and May. The May employment report was in line with expectations, as nonfarm payrolls grew by 217,000 versus expectations of 213,000. Over the past three months, payrolls have grown by an average of 234,000 per month. The unemployment rate was unchanged in May at 6.3%, which was a little better than expected. Meanwhile, the manufacturing sector has been showing strength and consumer data has also been favorable. Housing data remains somewhat mixed, as firm pricing and higher mortgage rates seem to be curtailing sales volume. Overall, economic activity rebounded from the weather-related slowdown in the winter.

We believe the Federal Reserve (the Fed) will leave policy rates unchanged and announce another \$10 billion reduction in asset purchases (to a level of \$35 billion from \$45 billion) at the upcoming June 17-18 FOMC meeting. We expect the process of unwinding quantitative easing will continue at a steady pace this year. The Fed will host a post-meeting press conference and is expected to update its economic projections.

The yield on the two-year Treasury note edged down further in May, likely driven by an ongoing flight to quality. We believe this has offset the upward pressure on rates driven by the unwinding of quantitative easing along with the anticipation of a potential fed funds rate hike next year.

THE YIELD CURVE FLATTENED IN MAY



During the past three months, the yield curve has flattened even as the Fed has been tapering its purchases of long-term Treasury bonds. Market participants have reacted to mixed domestic economic data, as well as fears of euro zone deflation, geopolitical tensions, and volatility in emerging markets over the past several months. These concerns have fueled a flight to quality, putting downward pressure on longer yields.

TREASURY YIELDS	5/31/2014	4/30/2014	CHANGE
3 Month	0.03	0.03	0.00
2 Year	0.38	0.41	(0.03)
3 Year	0.77	0.85	(0.08)
5 Year	1.54	1.68	(0.14)
7 Year	2.06	2.23	(0.17)
10 Year	2.48	2.65	(0.17)
30 Year	3.33	3.46	(0.13)

Source: Bloomberg

Economic Roundup

Consumer Prices

In April, overall CPI inflation increased to 2.0% on a year-over-year basis from 1.5% in March. The year-over-year Core CPI (CPI less food and energy) also increased slightly to 1.8% in April from 1.7% in March. The core inflation rate is still trending below the Fed's long-term goal of 2.0%.

Retail Sales

In April, Retail Sales rose 4.0% on a year-over-year basis versus a gain of 4.1% in March. On a month-over-month basis, Retail Sales edged up just 0.1% in April versus a gain of 1.5% in March. Overall, Retail Sales were somewhat softer than expected in April, but the trend has improved since the winter months.

Labor Market

The May employment report was in line with expectations as payrolls rose by 217,000 versus the 213,000 consensus estimate. Net revisions for job growth in April and March were -6,000. Private payrolls increased by 216,000 in May and government jobs increased by 1,000. The unemployment rate remained steady at 6.3% and the participation rate was unchanged at 62.8%.

Housing Starts

Single-family housing starts rose just 0.8% in April after rising 9.3% in March. Overall, housing starts rose 13.2% in April, but the gain was largely driven by the multifamily component.

Credit Spreads Tightened Slightly

CREDIT SPREADS	Spread to Treasuries (%)	One Month Ago (%)	Change
3-month top-rated commercial paper	0.10	0.11	(0.01)
2-year A corporate note	0.43	0.43	0.00
5-year A corporate note	0.45	0.44	0.01
5-year Agency note	0.09	0.07	0.02

Source: Bloomberg

Data as of 5/31/2014

Economic Data Is Indicative of Modest Growth

ECONOMIC INDICATOR	Current Release	Prior Release	One Year Ago
Trade Balance	(47.2) \$Bln APR 14	(44.2) \$Bln MAR 14	(40.4) \$Bln APR 13
GDP	(1.0)% MAR 14	2.6% DEC 13	1.1% MAR 13
Unemployment Rate	6.3% MAY 14	6.3% APR 14	7.5% MAY 13
Prime Rate	3.25% MAY 14	3.25% APR 14	3.25% MAY 13
CRB Index	305.48 MAY 14	309.53 APR 14	281.85 MAY 13
Oil (West Texas Int.)	\$102.71 MAY 14	\$99.74 APR 14	\$91.97 MAY 13
Consumer Price Index (y/o/y)	2.0% APR 14	1.5% MAR 14	1.1% APR 13
Producer Price Index (y/o/y)	3.1% APR 14	1.7% MAR 14	0.5% APR 13
Dollar/EURO	1.36 MAY 14	1.39 APR 14	1.30 MAY 13

Source: Bloomberg

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Registration of Municipal Advisors: Reinforcing Fiduciary Standards

Five years after the enactment of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank), lawmakers and regulators continue to deliver piecemeal financial reform. One area of focus for the Securities Exchange Commission (SEC) is the municipal securities market, which historically had been subject to lower oversight compared to other areas of the financial system. Though much smaller decades ago, municipal securities have grown into a multi-trillion dollar market. During this time, the municipal securities market created a great deal of opportunity for market participants, but not necessarily the corresponding level of oversight.

On January 13, 2014, a new rule went into effect requiring “Municipal Advisors” — a new class of market participants created by Dodd-Frank — to register with the SEC and comply with the regulations set forth by the Municipal Securities Rulemaking Board (MSRB). Furthermore, this rule also imposes a fiduciary responsibility on Municipal Advisors, requiring them to put the interests of their clients before their own. While the rule formally went into effect earlier this year, the filing requirement for those affected begins on July 1, 2014.

While it would seem obvious that those providing investment advice to their clients be held accountable as fiduciaries, that was not always the case. The financial crisis in 2008 revealed a variety of questionable and unethical practices ranging from failure to provide adequate information for client decision-making to investments in complex derivatives to more blatant abuses, such as “pay to play”, undisclosed conflicts of interest and bid-rigging schemes. In releasing its enforcement results for the 2013 fiscal year, which resulted in \$3.4 billion in sanctions overall, the SEC noted that the municipal securities market has been an area of heightened scrutiny.

There have been numerous examples of impropriety in which service providers did not act in their clients’ interests, resulting in significant fines and sanctions. Some of the actions pursued by the SEC included: a broker/dealer

making payments to local firms with connections to a public agency’s commissioners to secure underwriting and interest rate swap business; an institution selling highly leveraged derivatives not suitable to school districts without disclosing the risks of these investments; and a national bank secretly rigging over fifty bond reinvestment transactions in relation to repurchase agreements and guaranteed investment contracts. The Municipal Advisors Rule was designed to prevent such abuses in the municipal securities markets by imposing a fiduciary standard.

When it was first proposed, there was a great deal of concern regarding the rule’s potentially broad interpretation, especially since municipal advisory activities can encompass a wide range of services beyond debt issuance. Taking into consideration the hundreds of comment letters submitted, lawmakers clarified several areas of the rule — most importantly who is a “Municipal Advisor.”

According to amendments to the Securities Act, a Municipal Advisor is “a person (who is not a municipal entity or an employee of a municipal entity) that (1) provides advice to or on behalf of a municipal entity or obligated person with respect to municipal financial products or the issuance of municipal securities, including advice with respect to the structure, timing, terms and other similar matters concerning such financial products or issues or (2) undertakes the solicitation of a municipal entity.”

Along with excluding municipal employees and officials acting within the scope of their responsibilities, the rule also excludes certain market participants, such as investment advisers registered under the Investment Advisers Act of 1940, commodity trading advisers registered under the Commodity Exchange Act, both of which are registered with regulatory bodies and have to abide by a fiduciary standard. Also, excluded are broker/dealers serving as underwriters (as defined in Section 2(a)(11) of the Securities Act of 1933), and non-financial professionals, such as attorneys and engineers offering advice related to

The Municipal Advisors Rule was designed to prevent abuses in the municipal securities markets by imposing a fiduciary standard.

The rule gives municipal entities confidence in knowing that their service providers are truly accountable to them.

their respective professions. Based on the exclusion of these groups, it is apparent the rule is intended to ensure that no one exceeds the scope of their professional capacity by providing unauthorized advice to clients.

There are two additional exemptions from this rule worth noting, the “RFP Exemption” and the “Independent Registered Municipal Advisor Exemption.” Under the RFP Exemption, market participants can provide investment advice in response to a Request for Proposal (RFP) issued by a municipality (or the municipality’s registered municipal advisor), provided the RFP process is conducted on a competitive basis and meets certain criteria. The Independent Registered Municipal Advisor Exemption, on the other hand, permits a market participant to provide advice without violating the rule, so long as the municipal client has engaged an independent registered municipal advisor that meets certain requirements (e.g. the independent registered municipal advisor has not been associated with the market participant seeking to use the exemption for the past two years), along with written acknowledgment from the municipal client indicating that they will rely on their independent registered municipal advisor for advice.

While the rule and existing SEC guidance go into much further depth beyond the scope of this article, the intent of lawmakers is to put service providers on notice that any unauthorized investment advice with regards to certain funds will not be tolerated. To be clear the rule was not intended to inhibit the market for municipal underwriting, but rather to ensure that those engaged in such undertaking have a fiduciary duty to act in their clients’ best interests, as well as to provide additional transparency through registration and strengthen regulatory oversight of the municipal securities market. While the SEC has come out with guidance regarding this new rule, we believe the SEC’s actions in enforcing this rule ultimately determine whether the intended transparency and protections are actually created.

While the Municipal Advisors Rule does create additional burdens for market participants, we at Chandler believe in the importance of fiduciary standards as a matter of ensuring integrity in the financial system. The rule gives municipal entities confidence in knowing that their service providers are truly accountable to them. Though lawmakers continue to address other areas of the municipal securities market, as well as the overall financial system, we believe this rule is a positive step forward. In the meantime, we will continue to follow this rule and other regulations relevant to our industry as they emerge.

- Daniel Baig
Marketing & Communications Manager

**As a registered
investment adviser, we
have a fiduciary
responsibility to our
clients to put their
interests first.**

RISKS AND OTHER IMPORTANT CONSIDERATIONS

This report is provided for informational purposes only and should not be construed as specific investment or legal advice. The information contained herein was obtained from sources believed to be reliable as of the date of publication, but may become outdated or superseded at any time without notice. Any opinions or views expressed are based on current market conditions and are subject to change. This report may contain forecasts and forward-looking statements which are inherently limited and should not be relied upon as an indicator of future results. Past performance is not indicative of future results. This report is not intended to constitute an offer, solicitation, recommendation or advice regarding any securities or investment strategy and should not be regarded by recipients as a substitute for the exercise of their own judgment.

Fixed income investments are subject to interest, credit, and market risk. Interest rate risk: the value of fixed income investments will decline as interest rates rise. Credit risk: the possibility that the borrower may not be able to repay interest and principal. Low rated bonds generally have to pay higher interest rates to attract investors willing to take on greater risk. Market risk: the bond market in general could decline due to economic conditions, especially during periods of rising interest rates.

TARGET SOLUTIONS UTILIZATION REPORT 1-1-14 to 5-31-14

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 Activity	Custom Activities Completed-Total
City of Biggs	0	12	6	0	0	0	0
City of Colfax	0	13	10	4	5	0	0
City of Dorris	0	17	12	7	35	0	0
City of Dunsmuir	0	35	26	15	65	34	511
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	9	1	4	1	1
City of Mount Shasta	0	45	34	8	41	7	27
City of Portola	0	31	10	0	0	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	40	33	7	21	0	0
Fort Jones Volunteer Fire Department	0	38	26	4	22	1	3
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	23	14	11	41	20	372

Employee Assistance Program Utilization Report Utilization Summary and Analysis



SCORE

January 1, 2014 - March 31, 2014

Projected Annual Rate:

1.8%

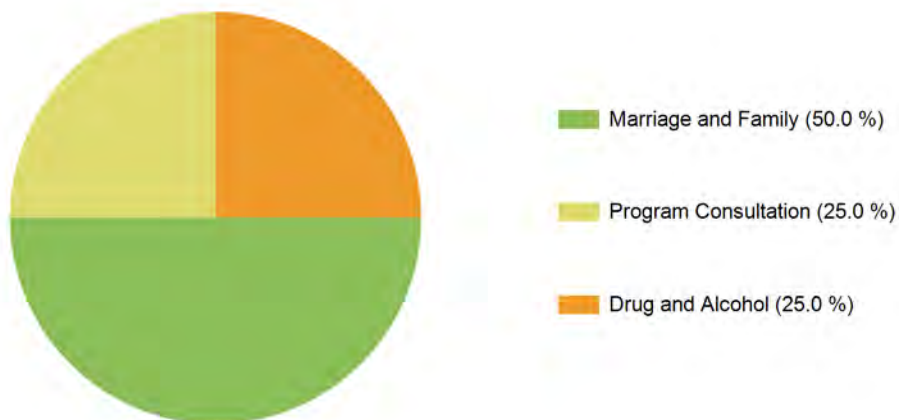
Previous Utilization Rate: 5.1%

Overall Utilization

There were 4 new contacts. 1 was referred by Human Resources, 2 were referred by Poster / Brochure, 1 had Used Before.

The presenting problems were: Alcohol, Marital / Relationship and Program Consultation.

4 new contacts were self-initiated.





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 – April 21, 2014
2. LAWCX Executive Committee Meeting – April 29, 2014
3. CJPRMA Board of Directors Meeting Minutes – April 29 & May 15-17 , 2014

1. CALL TO ORDER

The April 21, 2014, Board of Directors' meeting was called to order at 9:31 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)

Craig Downs moved to approve the agenda as posted. Seconded by Joanne Rennie. Motion passed unanimously.

4. PUBLIC COMMENTS

None.

5. CONSENT CALENDAR

Craig Downs moved to approve/accept the following items: A) Minutes of February 21, 2014, Board of Directors' Meeting; Summary of Action Items; and Minutes of March 12, 2014, Special Board of Directors' Meeting; B) Internal Financial Statements as of March 31, 2014; C) Treasurer's Report Dated March 31, 2014; D) General Warrants from February 1, 2014, through March 31, 2014; E) Claims Payments from February 1, 2014, through March 31, 2014; F) Petty Cash Statement from February 1, 2014, through March 31, 2014; and G) Investment Performance Review as of December 31, 2013. Seconded by Dave Elias. Motion passed unanimously.

6. ADMINISTRATIVE MATTERS

A. Resolution Establishing Meeting Dates for the 2014/15 Fiscal Year

Ms. Jaesa McCulligan, Board Secretary, informed the Board that generally this item would be discussed at the June Board meeting. However, staff is bringing this item forward in order to begin planning for the 15th Annual Workshop. Ms. McCulligan stated that the proposed meeting dates follow the format used in previous years. The proposed dates are: Monday, November 3, 2014; Thursday and Friday, February 19-20, 2015; Monday, April 20, 2015; and Monday, June 15, 2015.

Mr. Roger Carroll, SCORE, advised that the proposed Annual Workshop dates conflict with the Annual California Society of Municipal Finance Officers (CSMFO) conference and it also conflicted with the 2014 Annual Workshop. He noted that the SCORE alternate is also a Finance Director and would likely attend the CSMFO conference. Mr. Carroll noted that he acknowledges that most dates would conflict with something for someone on the Board but he wanted to bring this to the Board's attention so another date could potentially be

considered. Ms. McCulligan reminded the Board that the Annual Workshop was previously held a week earlier in February, but the Public Agency Risk Managers Association (PARMA) conference began moving its conference a week later, which interfered with ERMA's Annual Workshop. Therefore, the ERMA Board voted to move the 2014 Annual Workshop back one week later.

After further discussion, the Board decided to leave the Annual Workshop dates as presented due to multiple potential conflicts in moving it.

Jake O'Malley moved to approve the resolution establishing the meeting dates, as presented. Seconded by Dave Elias. Motion passed unanimously.

B. ERMA Fifteenth Annual Workshop

Ms. McCulligan reminded the Board that the 14th Annual Workshop was held at Hotel Yountville in Yountville, CA. Ms. McCulligan inquired if the Board would like to return to Hotel Yountville or if staff should bring back proposals to the June meeting from other hotels. There was some discussion amongst the Board regarding the location and the Board agreed that they would like to return to Yountville. Ms. McCulligan informed the Board that the week of the Annual Workshop is a very busy week for the Napa/Yountville area due to a large festival that same week. Ms. McCulligan explained that this provided some difficulties in cancelling and adding rooms for the 2014 Annual Workshop; therefore, an early pre-registration email would be sent to the Board in order to ensure the proper amount of rooms are booked for the 2015 Annual Workshop. The Board directed staff to begin working with Hotel Yountville for the 2015 Annual Workshop.

C. Consideration of City of Citrus Height's Letter Rescinding Notice of Withdrawal from ERMA

Mr. Kelley, Executive Director, reminded the Board that it reviewed a Notice of Withdrawal from the City of Citrus Heights at the February 21, 2014, Board of Directors' Meeting. On March 28, 2014, ERMA staff received notice from the City that they would like to rescind their Notice of Intent to Withdraw. The letter received indicated that the City Council met and unanimously elected to continue their partnership with PARSAC and are therefore requesting to continue their relationship with ERMA.

Mr. Kelley noted that the ERMA JPA Agreement states that "a notice of withdrawal shall be final and irreversible upon its receipt by the Authority unless the *Board* or Executive Committee authorizes it to be rescinded by the *Member*."

Jake O'Malley moved to accept the notice from the City of Citrus Heights and allow the City to rescind its Notice of Intent to Withdraw. Seconded by Roger Carroll. Motion passed unanimously.

7. FINANCIAL MATTERS

A. 2014 Actuarial Study and Rates for the 2014/15 Program Year

Mr. Derek Burkhalter, Bickmore, attended the meeting to present the 2014 Actuarial Study with the Board. Mr. Burkhalter reminded the Board that the actuarial analysis consists of two main components. The first component is a review of the estimates of the ultimate liabilities as of December 31, 2013, and the second is a loss forecasting analysis to determine the rates for the 2014/15 program year. Mr. Burkhalter reviewed the report and noted the following:

ERMA's Ultimate Loss and loss adjustment expenses (LAE) for all program years has decreased by 8%;

The pooling rate required to collect at the 80% confidence level (CL) for the upcoming 2014/15 program year at the \$50,000 retention is 0.442; a 3.9% decrease from the rate used in the 2013/14 Operating Budget;

At the expected confidence level, ERMA is projected to have a surplus of \$22,596,000 as of June 30, 2014;

Actual incurred development was significantly less than anticipated since the prior report in April 2013, particularly in the most recent five program years;

Estimated ultimate losses have decreased by \$2,446,449 since the April 2013 report; and

The estimate of the program's funding margin at the discounted, expected confidence level has decreased by \$1,602,000 due to the dividend payout in 2013.

Mr. Jake O'Malley, MPA, inquired why the actuarial report reflects available funding at June 30, 2014, at \$30,450,000 but the ERMA balance sheet at March 31, 2014, reflects total assets of \$33,288,000. Ms. Nancy Broadhurst, Finance Manager, explained that the balance sheet is projecting what she believes will be spent prior to the end of the program year. Mr. O'Malley inquired if this is conservative and Ms. Broadhurst confirmed that this is conservative and the amount spent could be less than what has been projected.

Judy Hayes moved to receive and file the actuarial study as presented. Seconded by Craig Downs. Motion passed unanimously.

B. Review and Approval of Administrative and Operating Budget for 2014/15

Prior to the meeting, the Board received two budget models. The first model reflects funding at the 85% confidence level and a discount factor of 2%, and the second model reflects funding at the 80% confidence model and a discount rate of 2%. Ms. Broadhurst advised that since the rates for 2014/15 have decreased, staff is recommending the higher confidence level of 85% since the overall increase in the entire budget would only be 1.5%.

Ms. Broadhurst reviewed the budget with the Board noting that funding for losses at the 85% confidence level at the actuarially determined rate of .484 per \$100 of payroll reflects a .6% increase over last year's rate at the 80% confidence level. Ms. Broadhurst advised that the

budget uses actual payroll as of December 31, 2013, and payroll decreased 1.3%.

Ms. Broadhurst noted that the budget reflects a 1.2% increase in the Administration portion of the budget. The variances include a 2.9% increase in Program Administration, including the 2% contractual increase and the increase due to the addition of new members during the 2013/14 program year; a 16.7% decrease in Claims System due to the change in providers from George Hills Company to Bickmore; a 28.6% decrease in Legal Services due to current and anticipated future activity; a 3% contractual increase for the Financial Audit; and the addition of the Claims Audit which is a biennial funded line item that was not budgeted in 2013/14.

Ms. Broadhurst reviewed the rest of the pages of the budget for the Board. Ms. Broadhurst reminded the Board that ERMA utilizes a three-tiered experience modification (ex-mod) factor calculation. The first calculates the ex-mod at the JPA level and determines each JPA's premium contribution to ERMA. The second calculation reflects the effects of each underlying member's individual loss experience in the premium each individual member pays to its JPA, as it utilizes the "pure" ex-mod, rather than the credibility factored ex-mod used in the primary JPA calculation, capped at .75 on the low end and 1.50 on the high end. A third calculation attempts to correct significant swings by capping individual ex-mod changes to .25 from the previous year's ex-mod.

Discussion ensued amongst the Board with a general consensus that since the budget at the 80% confidence level would decrease each JPA's premium from the prior year, the Board would like to continue with that confidence level.

Dave Elias moved to approve the 2014/15 Operating Budget, at the 80% confidence level and a 2% discount rate. Seconded by Joanne Rennie. Motion passed unanimously.

C. Review of Annual Retrospective Adjustment Calculation

Ms. Broadhurst reminded the Board that ERMA's Financial Stability Plan, specifically the Retrospective Adjustment Process, calls for adjusting program years that are a full five years old. She advised the Board that total equity at the 80% confidence level for these eligible program years results in a surplus of \$5,748,051.

Ms. Broadhurst reminded the Board that at the Annual Workshop in February, the Board requested to see the retrospective adjustment calculation at 90% as well. Ms. Broadhurst advised that the total equity at the 90% confidence level results in a surplus of \$5,730,555. Ms. Broadhurst noted that even after the return of equity at the 90% level, ERMA would still have \$14,700,000 in equity.

Ms. Broadhurst noted that staff is also recommending that the Board move to close program years 2004/05 and 2005/06.

Craig Downs moved to approve a dividend release in the amount of \$5,790,555 and officially close program years 2004/05 and 2005/06. Seconded by Daniel Dawson. Motion passed unanimously.

D. Consideration of Mechanisms to Receive Funds of Dividend Release

Mr. Kelley reminded the Board that at the Annual Workshop in February, the Board directed staff to bring back options of a cash payment and a rate stabilization fund for the dividend release.

Ms. Broadhurst noted that the parameters of a rate stabilization fund are identical to ERMA's historical Capital Contribution Fund (CCF), which was in existence from the inception of ERMA until June 30, 2010, when its assets were allocated to various program years as approved by the Board in April 2010. The CCF could be re-activated with a Board direction to place monies in the CCF from the dividend release if the Board is interested in this option.

It was inquired what the expectation is for the retrospective adjustment for the next few years. Ms. Broadhurst advised that both 2009/10 and 2010/11 each have over \$4 million in equity at the 90% confidence level. Ms. Broadhurst reminded the Board that premiums have been decreasing in recent years; therefore, these most recent years may not produce a large surplus like the prior years have.

After a brief discussion, the Board came to the consensus that it would prefer the dividend be released in a cash payment.

Jake O'Malley moved to distribute the dividend release in a cash payment on July 1, 2014. Seconded by Judy Hayes. Motion passed unanimously.

8. COVERAGE MATTERS

A. Proposed Amendments to Memorandum of Coverage for the 2014/15 Program Year

Mr. Kelley informed the Board that the Coverage Committee met on April 2, 2014, and reviewed the Memorandum of Coverage (MOC). The proposed changes were provided to the Board prior to the meeting in redline/strikeout. Ms. Ruth Graf-Urasaki, Litigation Manager, and Mr. Greg O'Dea, Legal Counsel, were present to discuss the proposed changes with the Board.

Ms. Graf-Urasaki advised that when she and Mr. O'Dea review the MOC annually, they keep in mind any coverage issues that may have arisen over the year to determine if any changes are necessary. Ms. Graf-Urasaki noted that there were no significant coverage issues that would require a change to the MOC but there were two substantive proposed changes that staff is recommending.

Ms. Graf-Urasaki explained the first substantive proposed change, which is the addition of language to confirm that the MOC does not provide insurance; therefore, the Members may not bring actions for breach of the implied covenant of good faith and fair dealing against ERMA. Ms. Graf-Urasaki advised that under the law, every contract carries with it the implied covenants of good faith and fair dealing, and therefore, members could potentially make a bad faith argument in connection with any dispute that may arise regarding coverage. Ms. Graf-Urasaki noted that when the Coverage Committee discussed this, there was initial concern that the addition of this language would limit the member's rights and actions that a member would be able to take in a situation where the member believes that staff failed to correctly inform them of coverage. Ms. Graf-Urasaki advised that there is additional language within the MOC that would allow a member to enter arbitration and present such a situation to the Board and then the Board would have the authority to make an accommodation if it chooses to do so.

Ms. Graf-Urasaki advised that the other significant proposed change is to add language that would exclude inmates and prisoners from coverage under the MOC. Ms. Graf-Urasaki explained that some members of the Central San Joaquin Valley Risk Management Authority (CSJVRMA) have correctional facilities and by state law, state prisoners are considered employees and are covered by workers' compensation under specific circumstances. Therefore, local prisoners or inmates are potentially covered as employees under the ERMA MOC. Staff is proposing language that would exclude coverage for inmate and prisoners.

Mr. O'Dea reviewed the proposed "clean-up" changes with the Board, advising that Ms. Graf-Urasaki had already mentioned both of the significant proposed changes.

Jake O'Malley moved to approve the Memorandum of Coverage for the 2014/15 program year with the amendments as proposed. Seconded by Joanne Rennie. Motion passed unanimously.

B. Excess Coverage Marketing Update for the 2014/15 Program Year

Mr. Seth Cole, Alliant Insurance Services (Alliant), was present to update the Board on the excess coverage marketing for 2014/15. Prior to the meeting, the Board received a letter from Mr. Cole indicating that RSUI has confirmed they will support the expiring rate and terms subject to any adverse claim development prior to the renewal.

Mr. Cole advised that RSUI has also provided a premium indication to increase the limit to \$2 million Each Claim Per Member. The premium indication for a renewal at a limit of \$1 million was \$195,541 and the premium indication for a renewal at the \$2 million limit was \$283,534. He advised the Board to contact him if any members are interested in receiving a quote for higher limits.

The Board directed Mr. Cole to continue working with RSUI and present a formal quote to the June Board of Directors' meeting.

9. LITIGATION MATTERS

A. Consideration of the Addition of Porter Scott and Carpenter, Rothans & Dumont to the ERMA Approved Defense Panel

Ms. Graf-Urasaki reminded the Board that at the February meeting, the Board recommended adding Porter Scott to the ERMA Approved Defense Panel. Ms. Graf-Urasaki advised that Porter Scott is a Sacramento firm and many members in Northern California have had a positive experience working with them. Ms. Graf-Urasaki advised that she is also recommending the addition of Carpenter, Rothans & Dumont, which is a firm in Los Angeles. She noted that in looking at the panel and the distribution of the law firm locations, it would be beneficial to add a firm in Southern California. Prior to the meeting, the Board received resumes for both firms.

Ms. Graf-Urasaki advised that both firms have employment law sub-specialties within a broader based litigation practice, and both firms have seasoned, experienced litigators who will provide additional expertise to ERMA. Ms. Graf-Urasaki noted that the addition of these two firms would still keep the panel small. She also noted that the Board can make any necessary adjustments when it reviews the panel at the next Annual Workshop.

Dave Elias moved to approve the addition of Porter Scott and Carpenter, Rothans, & Dumont to the ERMA Approved Defense Panel. Seconded by Craig Downs. Motion passed unanimously.

10. TRAINING/LOSS PREVENTION MATTERS

A. Review of Training Program for 2014/15

Ms. McCulligan reminded the Board that at the February Annual Workshop the Board directed staff to continue with the current program for the 2014/15 program year that consists of 37 workshops. Of these 37 workshops, 20 will be conducted by Bickmore under the pool administration contract, 9 paid trainings will be conducted by either Bickmore or other approved vendors, and 8 trainings will be conducted by either Jackson Lewis or Liebert Cassidy Whitmore (LCW).

Ms. McCulligan advised that the proposed training topics for the 2014/15 program year include AB1825 Prevention of Harassment, Discrimination, and Retaliation; Free Speech and the Public Sector Workplace; Social Media; Accommodating Disability; and Managing, Counseling, and Disciplining Employees.

Ms. McCulligan noted that ERMA staff will be contacting all members to solicit interest in serving as a host for the regional workshops. The 2014/15 training schedule will be posted online by July 1st. Ms. McCulligan reminded the Board that staff has established a deadline of four weeks from the point of contact to when a firm commitment is required for hosting.

11. CLOSING COMMENTS

A. Board

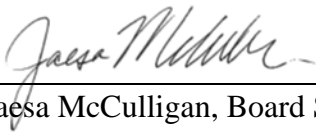
None.

B. Staff

None.

12. ADJOURNMENT

The April 21, 2014, ERMA Board of Directors' meeting adjourned at 10:50 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

MINUTES OF THE EXECUTIVE COMMITTEE MEETING
April 29, 2014

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

COMMITTEE MEMBERS PRESENT: Scott Ellerbrock, President, PERMA
Rosa Kindred-Winzer, Vice President, City of Merced
Kin Ong, Treasurer, PARSAC/City of Placentia
Celeste Garrett, City of Vacaville

COMMITTEE MEMBERS ABSENT: Joanne Rennie, Past President, PARSAC
Janet Hamilton, City of Livermore
Steve Negro, MCLAIA

OTHERS PRESENT: Beth Lyons, Executive Director
Anita Holland, Accounting Manager
Terrie Norris, Risk Manager
Tammy Vitali, Claims Manager
Adrienne Beatty, BCJPIA & CHWCA
Brian Kelley, VCJPA & FASIS
Jeanette Workman, CSJVRMA
Seth Cole, Alliant Insurance Services, Inc.

TELECONFERENCE ATTENDEES: Stephanie Wells, Recording Secretary

1. CALL TO ORDER

The meeting was called to order at 10:35 a.m. by President Scott Ellerbrock.

2. INTRODUCTIONS

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

3. PUBLIC COMMENTS

None.

4. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

Rosa Kindred-Winzer, City of Merced, moved to approve the agenda as posted, which was seconded by Celeste Garrett, City of Vacaville, and the motion passed unanimously.

5. CONSENT CALENDAR

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

- A. Summary of Action Items and Minutes from the February 25, 2014, Executive Committee Meeting
- B. Financial Statements as of March 31, 2014
- C. Projected Treasurer's Report dated March 31, 2014
- D. Warrant Listing of February and March 2014

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

6. ADMINISTRATIVE MATTERS

A. Shared Member Retained Limits

Tammy Vatali, Claims Manger, shared with the Executive Committee Members that since its last meeting in February, CSAC-EIA announced that an endorsement was approved for losses involving multiple members.

Using CSAC-EIA's language as an example, LAWCX's legal counsel proposed language for incorporation into Part Four of LAWCX'S Memorandum of Coverage (MOC). It was reviewed and an illustration of a hypothetical accident involving multiple injured employees from three covered members was discussed.

It was moved by Celeste Garrett, City of Vacaville, seconded by Rosa Kindred-Winzer, City of Merced, and unanimously passed to recommend favorable action by the Board of Directors approving the proposed language for inclusion into the MOC, as presented.

B. Proposed 2014/15 Memorandum of Coverage

Tammy Vitali, Claims Manager, reviewed the proposed amendments to the 2014/15 Memorandum of Coverage (MOC), the most notable being language clarifications to Part One, paragraph 11, page 3, to ensure comprehension; the inclusion of language in Part Four, Section A, page 4, describing the covered member's retention and the Authority's limit of liability in claims involving more than one member; addition of exclusions in Part Five, page 6, to mirror existing exclusions in the excess carrier's policy; and the addition of a claim reporting requirement for any claim likely to result in permanent disability of 50% or more.

It was moved by Rosa Kindred-Winzer, City of Merced, seconded by Kin Ong, PARSAC, and unanimously passed to recommend the Board of Directors approve the 2014/15 Memorandum of Coverage.

C. Risk Control Services Plan for Fiscal Year 2014/15

Terrie Norris, Risk Control Manager, presented the proposed LAWCX 2014/15 Risk Control Plan, summarizing the key focus areas of risk control. The 2014/15 plan includes surveying police chiefs for their specific needs and concerns, followed by initiating Police Regional Roundtable discussions, police-specific webinars and a dedicated web page, and providing Cal/OSHA compliance assistance. A return-to-work initiative will encompass all members, rolling out educational webinars and reports to emphasize the importance of modified duty.

Ensuing discussion concluded with staff being requested to provide additional information including the impact of police claims on the pool, non-police member alternative services, and the safety and risk control reimbursement program fund rollover possibility. Staff was directed to present its updated report to the Board of Directors for consideration.

D. Job Analysis Library

Beth Lyons, Executive Director, provided an update regarding the job analysis library previously discussed for member use. Based upon informal quotes from three providers, staff provided cost estimate ranges for the development of job descriptions (including physical and environmental factors) and related training and consultation. Staff also shared public resources that provide free templates to build and customize job descriptions.

The Committee discussed the various needs across the pool and directed staff to include Job Analysis information on the June 10, 2014, Board of Directors' meeting agenda for discussion and direction.

E. Mid-Layer Pool Losses and Funding

Tammy Vitali, Claims Manager, presented information regarding claims that could impact the Mid-Layer Pool. One claim has now pierced the mid-layer pool, and three others are being monitored as it is anticipated they will pierce the pool. Staff will ask the actuary to review the Mid-Layer Pool funding during the next study to ensure funding is sufficient.

F. Discussion Regarding the Discount Factor

Anita Holland, Accounting Manager, reviewed the discount factor and provided the actuary's analysis regarding an appropriate rate. Committee members discussed the information as well as the rates of similar pools.

It was moved by Kin Ong, PARSAC, seconded by Rosa Kindred-Winzer, City of Merced, and unanimously approved to recommend the Board reduce the discount rate used to value LAWCX's outstanding claims liabilities and funding rates for the 2014/15 Program Year from 3.5% to 3.0%.

G. Revised Draft Budget for Fiscal Year 2014/15

Anita Holland, Accounting Manager, discussed the revisions to the draft budget including a reduction in CSAC-EIA's previous estimate of the excess premium, a 1.63% decrease in estimated payroll, and a 1.5% decrease in administrative costs.

It was moved by Kin Ong, PARSAC, seconded by Celeste Garratt, City of Vacaville, with no members opposed, to recommend that the Board approve the 2014/15 program year budget.

H. Pool Administration and Actuarial Contract Renewal

President Ellerbrock presented the Pool Administration and Actuarial Contract Renewal report, noting that the majority of the revisions were reviewed and approved by the Executive Committee in February, with staff directed to revise the termination provisions to ensure it clearly applied to individual addendums.

President Ellerbrock summarized the termination provision, noting that addendums to the pool administration agreement are negotiated separately and are subject to the terms and conditions contained there within. He noted that staff also updated Exhibit A, page 11, Recording Secretarial Service, to reflect current requirements under the Ralph M. Brown Act for the preparation, posting, and distribution of agendas.

It was moved by Rosa Kindred-Winzer, City of Merced, seconded by Kin Ong, PARSAC, with no members opposed, to request favorable action by the Board of Directors in the approval of the Agreement for Pool Administration and Other Services between LAWCX and Bickmore for the period of July 1, 2014, to June 30, 2019.

I. Review Draft Agenda for the June 10, 2014, Board of Directors' Meeting

Beth Lyons, Executive Director, reviewed the draft agenda for the June 10, 2014, Board of Directors Meeting with the Executive Committee Members. No revisions to the draft agenda were requested.

J. Recommended Revisions to the Bylaws

Beth Lyons, Executive Director, briefed the Committee on the proposed changes to the Bylaws, which included typographical and grammatical changes, clarifications, amendments designed to reflect actual practices/processes and amendments to modernize obsolete language. The Committee provided staff with direction to include several additional revisions in the document for presentation to the Board.

It was moved by Kin Ong, PARSAC, seconded by Rosa Kindred-Winzer, City of Merced, with no members opposed, to recommend the Board of Directors approve the amendments to the Bylaws including the additional revisions recommended by the Committee.

7. CLOSING COMMENTS

A. Executive Committee

None

B. Staff

None

8. ADJOURNMENT

The April 29, 2014, Executive Committee meeting adjourned at 12:19 p.m. by general consent.

Stephanie Wells

Stephanie Wells, Recording Secretary



**CALIFORNIA JOINT POWERS
RISK MANAGEMENT AUTHORITY**

Accredited with Excellence from the California Association of Joint Powers Authorities

BOARD OF DIRECTORS MEETING

March 20, 2014 – 9:00 A.M.

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

(925) 837-0667

Minutes

I. CALL TO ORDER:

President Giles called the meeting to order at 9:03 a.m.

II. ROLL CALL

PRESENT

- | | |
|-------------------------------------|---|
| 1) Lucretia Akil, <i>Alameda</i> | 10) Mary Ann Perini, <i>San Leandro</i> |
| 2) Chris Constantin, <i>Chico</i> | 11) Deirdre Dolan, <i>San Rafael</i> |
| 3) Laura Marquez, <i>Fairfield</i> | 12) Chris Jeffery, <i>Santa Rosa</i> |
| 4) Steve Schwarz, <i>Fremont</i> | 13) Roger Carroll, <i>SCORE</i> |
| 5) Janet Hamilton, <i>Livermore</i> | 14) Tony Giles, <i>Sunnyvale</i> |
| 6) Janice Magdich, <i>Lodi</i> | 15) Celeste Garrett, <i>Vacaville</i> |
| 7) Ron Blanquie, <i>Petaluma</i> | 16) Erika Anderson, <i>Vallejo</i> |
| 8) Mark Ferguson, <i>REMIF</i> | 17) Jeff Tonks, <i>YCPARMIA</i> |
| 9) Kim Greer, <i>Richmond</i> | |

ABSENT

NCCSIF, Redding, Roseville, Stockton

OTHERS PRESENT

- | | |
|---|--------------------------------------|
| 18) Billy Deeb, <i>Aon</i> | 21) Lola Deem, <i>CJPRMA</i> |
| 19) William Dennehy, <i>Chandler Asset Mgmt</i> | 22) Saima Kumar, <i>CJPRMA</i> |
| 20) David Clovis, <i>CJPRMA</i> | 23) Craig Schweikhard, <i>CJPRMA</i> |
| 24) Byrne Conley, <i>Gibbons & Conley</i> | 26) Furah Faruqui, <i>Vallejo</i> |
| 25) Jas Sidhu, <i>Livermore</i> | |

III. PRESENTATIONS

- None

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

V. COMMUNICATIONS

- A. Board Members
- B. General Manager/Secretary
- C. Next Scheduled Meetings: Executive Committee changed to 4/24/14 at City of Redding

Board of Directors (05/13-05/15/2014) City of Lodi

VI. APPROVAL OF MINUTES

- A motion by Director Schwarz, seconded by Director Ferguson, to approve the minutes of the Board of Directors meeting held on December 19th, 2013. Directors Akil, Constantin, Marquez, Schwarz, Hamilton, Blanquie, Ferguson, Greer, Perini, Jeffery, Carroll, Giles, Garrett, Leahy and Tonks voted for the approval of the minutes. Directors Dolan, Magdich abstain from voting. Motion passes.

VII. CONSENT CALENDAR

1. Financial Report of CJPRMA for the quarter ending September 30, 2013 (A)
 2. Additional Covered Party Certificates Approved by the General Manager (A)
- A motion by Director Constantin, seconded by Director Akil, to approve the consent calendar. Directors Akil, Constantin, Marquez, Schwarz, Hamilton, Magdich, Blanquie, Ferguson, Greer, Perini, Jeffery, Carroll, Giles, Garrett, Leahy and Tonks voted for the approval of the motion. Director Dolan, abstain from voting. Motion passes.

VIII. ACTION CALENDER (*Action Item Only*)

3. Approval of the Strategic Plan 2013-2016 (A)

The general manager presented to the Board, the Executive Debriefing Report from the Strategic Planning Retreat and the Strategic Goals 2013-2016. He explained to the Board that the Executive Committee had reviewed and discussed the proposed strategic plan at the February meeting. He said that the draft presented to the Board, has incorporated the recommended changes made by the Executive Committee. Directors Schwarz and Perini suggested blending the general manager's goals and objectives and the strategic goals together. Director Perini also asked to make the deadline for each strategic goal

clear in terms of whether it's a fiscal or calendar year. Director Tonks stated that he would like to be done with the goals and objective. He said that it looks like we are micromanaging the general manager. Director Magdich said that the goals and objectives a good measuring tool for the general manager's performance evaluation. She asked the Executive Committee reevaluate the goals and objective at its meeting in April.

- A motion by Director Carroll, seconded by Director Akil, to approve the Strategic Plan 2013-2016 with changes to the title of the document to Fiscal Year 2013-2016 with clearly labeled deadlines for each strategic goal. Directors Akil, Dolan, Constantin, Carroll, Marquez, Schwarz, Hamilton, Magdich, Blanquie, Ferguson, Greer, Perini, Jeffery, Carroll, Giles, Garrett, Leahy and Tonks voted for the approval of the motion. Motion passes.

4. Approval of General Manager's Goals and Objectives 2013-2015 (A)

The general manager presented the General Manager's Goals and Objectives for 2013-2015. Discussion carried over from Agenda Bill # 3. With Director Magdich stating the importance of having the goals and objectives as a valuable tool in evaluating the general manager, Director Ferguson also agreed. Director Carroll said that the Board no longer needs to approve the goals and objectives. Director Tonks suggested reevaluating CJPRMA governance policy to give the general manager more power. Director Magdich asked to have the goals and objectives referred back to the Executive Committee to reevaluate and revise based on the discussion at the board meeting and to give the Board a recommended action.

A motion by Director Magdich, seconded by Director Carroll to reevaluate and revise the General Manager's Goals and Objective 2013-2015. Directors Akil, Dolan, Constantin, Marquez, Schwarz, Hamilton, Magdich, Blanquie, Ferguson, Greer, Perini, Jeffery, Carroll, Giles, Garrett, Leahy and Tonks voted for the approval of the motion. Motion passes.

5. Application for membership from ABAG (A)

The general manager provided the Board with the application for membership from ABAG Pooled Liability Association Network (PLAN). He asked the Board to consider the following five objectives in evaluating ABAG's application for membership:

1. Provide the general manager direction to go on.
2. To consider a new SIR between \$1 million to \$2.5 million.
3. What additional information would the Board like?
4. What would be the impact to CJPRMA?
5. Is it worthwhile to proceed with this process?

The Board reviewed the data provided by the general manager and determined that it was insufficient to make a determination on accepting PLAN as a new member of CJPRMA. The Board of Directors and staff recommended that additional studies be performed and the data

be submitted to the Executive Committee for further review. The Board of Directors expects to receive a recommendation from the Executive Committee regarding accepting PLAN for membership to CJPRMA at May meeting.

A motion by Director Magdich, seconded by Director Akil to have the Executive Committee review data provided by ABAG and provide a recommendation to the Board of Directors at the May meeting. Directors Akil, Dolan, Constantin, Marquez, Schwarz, Hamilton, Magdich, Blanquie, Ferguson, Greer, Perini, Jeffery, Carroll, Giles, Garrett, Leahy and Tonks voted for the approval of the motion.

IX. INFORMATION CALENDAR

6. Report from Investment Manager (I)

William Dennehy, Chandler Asset Management was present to discuss the CJPRMA investment portfolio and investment strategy. He presented his investment report for period ending February 28, 2014.

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

As of February 28, 2014 the Loss Payment Account was valued at \$9,823,835. This was a decrease of \$1,991,559 from its valuation of \$11,815,394 on November 30, 2013. Two securities were purchased, one Agency and one Corporate note, to increase the duration of the portfolio. The purchased securities both had maturities in October 2016. One security was called and one matured to fund the additions to the portfolio. A \$2 million withdrawal was made from LAIF to fund the February redistribution of equity. The Loss Payment Account has sufficient funds to meet the expenditure requirements of the next six months.

As of February 28, 2014 the Long Term Growth Account was valued at \$38,761,489. This was a decrease of \$18,756,823 from its valuation of \$57,518,312 on November 30, 2013. During the quarter the portfolio implemented phase 1 of a 2 phase plan to tactically reduce the overall duration and interest rate sensitivity of the aggregate CJPRMA portfolio. The only activity in this account was transition of securities to fund the Tactical Account.

As of February 28, 2014, the Long Term Growth/Tactical Account was valued at \$40,097,174. This was an increase of \$19,422,405 from its valuation of \$20,654,769 in November 30, 2013. In January the second and final phase transition from the Long-Term Growth Account to Tactical Account was completed.

Mr. Dennehy stated in his report that there were many transactions in the portfolio, both buys and sells, to re-position the portfolio to be consistent with the shorter duration benchmark.

He said that securities were added in the Treasury, Agency, Commercial Paper and Asset backed sectors. Longer maturity securities were sold in the Treasury and agency sectors for

reposition of the portfolio.

No action required was for this item.

7. Report from Broker

Dr. William Deeb of AON presented the status of the 2014-2015 CJPRMA insurance program overviews. He said that the 2013 Property Program is currently with Munich RE America with primary property limit of \$10 million and the excess property is with XL Insurance of America with excess limits of \$290 million excess of \$10 million. He said that we are looking at a flat renewal this year for the primary property program and a potential change in carrier for the excess layer.

Dr. Deeb said that the boiler and machinery program is currently with Hartford Steam Boiler with policy limits of \$21 million and is expecting a flat renewal. The excess liability program \$20 million excess of \$5 million layer is with Munich Re America and the \$15 million excess of \$25 million layer is with SCOR Re Company. He did not expect any rate increase in rate for the excess liability program.

The auto physical damage program is currently with Hanover Insurance Company with a per occurrence limit of \$10 million. Dr. Deeb expects the rate to stay flat as well. The current office package, DIC and crime policy is also expected to stay flat. He also said that the current market for the Environmental Pollution program is good and the policy is for two years, expiring in July of 2015.

Dr. Deeb also presented new program options for CJPRMA members, which included the Builders' Risk and Cyber Liability. He said members that are interested should let the general manager know so data gathering efforts can start taking place.

No action was required for this item.

8. 2014 Business Calendar (I)

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

9. New Board Members/Alternates (I)

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

- 1) Livermore Board Director – Janet Hamilton, Risk Manager
- 2) Lodi Board Director – Janice Magdich, Interim City Attorney
Alternate – Kirk Evans, Interim Risk Manager
- 3) Richmond Board Director – Kim Greer, Risk Manager

Alternate – Shannon Moore, Assistant City Attorney

4) San Rafael Board Director – Deirdre Dolan, Human Resources Director

10. Review of Adopted Policy on Reimbursement of General Liability Training Programs (I)

The general manager asked for a review of the current adopted policy on Reimbursement of General Liability Training. He explained that a request was received from a member for reimbursement for their membership in the Liebert Cassidy Whitmore Consortium. He said based on his review of the current policy the membership in the consortium does not qualify for reimbursement. He stated that this matter was brought to the Executive Committee and their recommendation was to bring this to the full Board. The general manager asked the Board for their input. Majority of the Board Members agreed that the reimbursement policy is not to cover membership in consortiums. It was recommended by the Board to make the language clear in the policy as to what is covered for general liability training purposes. The Board referred the issue to the Executive Committee for further review and to provide a recommendation at the May annual meeting.

11. Risk Management Issues (I)

Director Blanquie asked if other members have been running into issues with vendors regarding the new insurance requirements. Director Magdich said that she has gotten some pushback. Director Blanquie suggested making a list that is user friendly.

Claims Administrator, Craig Schweikhard gave legislative update on BMX bike parks and skate park immunities.

X. CLOSED SESSION

1. Government Code Section 54956.9 (a)

Conference with Legal Counsel - Pending Litigation

Name of Case: De Campo v. City of Vallejo

Court: United States District Court, Eastern District of California

Case No.: 2:06-CV-01283-WGS-GGH

2. Government Code Section 54956.9 (a)

Conference with Legal Counsel - Pending Litigation

Name of Case: Jane Doe v. City of West Sacramento (YCPARMIA)

Court: United States District Court, Eastern District of California

Case No.: 2:13-at-01258

XI. ACTION ON CLOSED SESSION ITEMS

- A status update was provided on closed session items number one and two.

XII. ADJOURNMENT

- A motion by Director Hamilton, seconded by Director Blanquie to adjourn the meeting at 12:34 p.m.



**CALIFORNIA JOINT POWERS
RISK MANAGEMENT AUTHORITY**

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BOARD OF DIRECTORS MEETING

May 13 - 15, 2014 – 1:00 P.M.

**Wine and Roses Hotel
2505 West Turner Road
Lodi, CA 95242**

(209) 334-6988

Minutes

I. CALL TO ORDER:

President Giles called the meeting to order at 1:06 p.m. on Tuesday May 13th, 2014.
President Giles called the meeting to order at 10:47 a.m. on Thursday May 15th, 2014.

II. ROLL CALL

PRESENT

- | | |
|-------------------------------------|---------------------------------------|
| 1) Lucretia Akil, <i>Alameda</i> | 11) Kim Greer, <i>Richmond</i> |
| 2) Chris Constantin, <i>Chico</i> | 12) David Rawe, <i>Roseville</i> |
| 3) Steve Schwarz, <i>Fremont</i> | 13) Rob Epstein, <i>San Rafael</i> |
| 4) Laura Marquez, <i>Fairfield</i> | 14) Lynn Margolies, <i>Santa Rosa</i> |
| 5) Janet Hamilton, <i>Livermore</i> | 15) Roger Carroll, <i>SCORE</i> |
| 6) Janice Magdich, <i>Lodi</i> | 16) Greg Borboa, <i>Stockton</i> |
| 7) Paula Islas, <i>NCCSIF</i> | 17) Tony Giles, <i>Sunnyvale</i> |
| 8) Ron Blanquie, <i>Petaluma</i> | 18) Celeste Garrett, <i>Vacaville</i> |
| 9) Chris Carmona, <i>Redding</i> | 19) Erika Leahy, <i>Vallejo</i> |
| 10) Mark Ferguson, <i>REMIF</i> | 20) Jeff Tonks, <i>YCPARMIA</i> |

ABSENT

*San Leandro was absent: May 13th -15th, 2014
Chico and YCPARMIA were absent on May 15th, 2014*

OTHERS PRESENT

- | | |
|---|--|
| 21) Craig Bowlus, <i>Aon</i> | 27) David Clovis, <i>CJPRMA</i> |
| 22) Mujtaba Dato, <i>Aon Global Risk Cons</i> | 28) Saima Kumar, <i>CJPRMA</i> |
| 23) Robert Lowe, <i>Aon</i> | 29) Craig Schweikhard, <i>CJPRMA</i> |
| 24) Marcus Beverly, <i>Alliant</i> | 30) Lola Deem, <i>CJPRMA</i> |
| 25) Gerry Preciado, <i>JD. Bickmore</i> | 31) Joan Gladstone, <i>Gladstone International</i> |

- 26) Marty Cassell, *Chandler Asset Management*
- 33) Amber Holinsworth, *Chico*
- 34) Jas Sidhu, *Livermore*
- 35) Kirk Evans, *Lodi*
- 36) Dave Eiser, *Munich Re America*
- 37) Gary Jackson, *Munich Re America*
- 38) Christopher Jeffery, *Santa Rosa*
- 39) Bruce Scheidt, JD. *Kronich, Moskivitz, Tiedeman & Girard*

- 32) Byrne Conley, *Gibbons & Conley*
- 40) Dominique Kurihara, *Petaluma*
- 41) Andrew Walker, *UOP, McGeorge School of Law*
- 42) Katherine Walker, *UOP, McGeorge School of Law*
- 43) Brigitt Whitescarver, *Gales Creek Insurance*
- 44) Jim Hill, *ABAG*
- 45) Elena Piazzisi, *REMIF*

III. PRESENTATIONS

- None

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

V. COMMUNICATIONS

- A. Board Members
- B. General Manager/Secretary
- C. Next Scheduled Meetings: Board of Directors (6/19/2014) CJPRMA Office
Executive Committee (07/17/2014) City of Petaluma

VI. APPROVAL OF MINUTES

A motion by Director Hamilton, seconded by Director Akil, to approve the minutes of the Board of Directors meeting held on March 20, 2014. Directors Akil, Constantin, Marquez, Schwarz, Hamilton, Madgich, Islas, Blanquie, Carmona, Ferguson, Greer, Rawe, Epstein, Margolies, Carroll, Borboa, Giles, Garrett, Leahy and Tonks voted for the approval of the meeting minutes. Motion passes.

VII. CONSENT CALENDAR

1. Additional Covered Party Certificates Approved by the General Manager
2. Financial Report of CJPRMA for the quarter ending December 31,2013

A motion by Director Borboa, seconded by Director Akil, to approve the consent calendar, Directors Akil, Constantin, Marquez, Schwarz, Hamilton, Madgich, Islas, Blanquie, Carmona, Ferguson, Greer, Rawe, Epstein, Margolies, Carroll, Borboa, Giles, Garrett, Leahy and Tonks voted for the approval of the consent calendar. Motion passes.

VIII. INFORMATION CALENDER

3. New Board Members/Alternates

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

Board Director – David Rawe, City of Roseville, Risk Manager

4. Business Calendar for 2014

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

5. Report from the Investment Manager

Martin Cassell, Chandler Asset Management was present to discuss the CJPRMA investment portfolio and investment strategy. He presented his investment report for period ending April 30, 2014.

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

As of April 30, 2014 the Loss Payment Account was valued at \$9,825,161. This was a decrease of \$1,991,460 from its valuation of \$11,819,621 on January 31, 2014. Multiple securities were purchased across the Treasury, Agency, Corporate sectors, to increase the duration of the portfolio. The maturity range for the purchased securities is from June 2015 to May 2017. A portion of LAIF holdings were sold to assist the additions to the portfolio and \$2 million was withdrawn from the portfolio in February.

As of April 30, 2014 the Long Term Growth Account was valued at \$38,961,528. This was an increase of \$388,819 from its valuation of \$38,572,709 on January 31, 2014.

As of April 30, 2014, the Long Term Growth/Tactical Account was valued at \$40,124,671. This was an increase of \$99,742 from its valuation of \$40,024,929 on January 31, 2014. Mr. Cassell stated that multiple securities were purchased across the Treasury, Agency, Commercial Paper, and Asset Backed (ABS) sectors of the market to continue to reposition the portfolio to be consistent with CJPRMA's objectives for the 1-5 year investment mandate.

No action required was for this item.

6. 2014-2015 MOC Addendum

The general manager provided an update on changes to the Memorandum of Coverage that will take effect in program year 2014-2015. He reminded the Board of those two modifications that were approved by the Board. The following are the two modifications to the 2014-2015 Memorandum of Coverage:

- 1) Limitation of liability coverage limits on certificates of coverage.

Insurance Service Offices (ISO) adopted new forms effective 4/13/2013 that limits the amount of coverage based upon the specific limits identified in the contract between the parties. This limit applies specifically to all additional insured's that require coverage via a written contract and indemnification. The new ISO forms state as follows:

C. With respect to the insurance afforded to these additional insureds, the following is added to Section III – Limits Of Insurance: The most we will pay on behalf of the additional insured is the amount of insurance:

1. Required by the contract or agreement described in Paragraph A.1.; or 2. Available under the applicable Limits of Insurance shown in the Declarations; whichever is less. This endorsement shall not increase the applicable Limits of Insurance shown in the Declarations.

Added to "Section IV - the Authority's Limit of Coverage" the following as a new second paragraph:

"For any person or entity that is a covered party under Definition 8(c), or 8(c) and (d), pursuant to a certificate of coverage duly issued by the Authority, the limit of coverage will be the lower of: (1) the Limit stated in the Declarations page for the Member Entity; (2) any limit stated in the Additional Covered Party certificate or (3) the amount required to be provided by contract or agreement with the Member Entity."

Added to Definition 8(c) at the end:

"Coverage will not be broader than what the Member Entity is required by the contract or agreement to provide."

2) Fireworks display certificate of insurance requirements.

For any fireworks display or demonstration sponsored or controlled by the covered party, if the covered party has not secured an additional insured endorsement in its favor from the fireworks vendor's insurance or coverage provider with limits in an amount of at least \$5 million dedicated, project specific aggregate limit, the Retained Limit will not be satisfied by any payment by the insurance or coverage provider for the vendor (see Definition 25(d)), and must instead be paid by the covered party; and the applicable Retained Limit will be increased by 50% (fifty percent) for any claim(s) arising out of the fireworks display or demonstration.

Board Counsel recommended moving the firework display language under the retained limit definition because it would change the retained limit clause for fireworks exposure, and amend the provision on how other coverage can be used to satisfy the retained limit.

IX. ACTION CALENDAR

7. Proposed Operating Budget for 2014-2015

Financial Analyst, Lola Deem, presented the proposed administrative and direct program year budget for the 2014-2015 program year.

She stated that the approved administrative budget for fiscal year 2013-2014 was \$1,435,550. It was projected that expenditures for this budget would be approximately 4.9% under budget (\$70,440).

Ms. Deem said that the direct program budget is estimated to be 30.4% under budget (\$210,000). This is due primarily to less Outside-Legal payments (\$50,000) and Inside Legal payments (\$48,000). Claims Expenses came in \$130,000 under budget.

The proposed administrative budget for 2014-2015 increased by 2.5% (\$36,050)
\$1,471,600

The proposed budget for fiscal year 2014-2015 is as follows;

Personnel: 0.3% increase (\$2,400). Minimal line increases have been offset by reductions in other line items.

Operations/Office Expenses: 5.6% increase (\$16,400).

Operations/Professional Services: 0% no change was proposed.

Operations/Board Related Expenses: 8.5% increase (\$13,250). Due to more members electing to subscribe to CSRMA Risk Control Online. The line item budget of \$56,000 will be partially offset by member payments of \$27,000.

Operations/Building Ops: 8.9% increase (\$4,000). Due to an increase of \$12,000 in building maintenance cost. This will be partially offset by \$7,784 CAM charges paid by DaVita.

Capital Outlay: 0.0% increase. No change was proposed.

Direct Program Expenses: 0.0% increase. No change was proposed.

Funding: The Board approved the preliminary rates for PY 2014/2015 at the December 2013 meeting, which included an overhead amount of \$1,425,000.

A motion by Director Carroll, seconded by Director Epstein to approve the FY 2014-2015 administrative and direct program budgets. Directors Akil, Constantin, Marquez, Schwarz, Hamilton, Madgich, Islas, Blanquie, Carmona, Ferguson, Greer, Rawe, Epstein, Margolies, Carroll, Borboa, Giles, Garrett, Leahy and Tonks voted for the approval of FY 2014-2015 Budget. Motion passes.

8. Approve the Application for Membership from Association of Bay Area Governments' Pooled Liability Association Network (PLAN)

The general manager provided the Board with the application for membership from ABAG Pooled Liability Association Network (PLAN). He asked the Board to approve the PLAN's membership effective July 1, 2014. The general manager had Mujtuba Dattoo of Aon Risk Services, conduct an actuarial review of ABAG PLAN claims data.

Mr. Dattoo presented the following information to the Board:

In terms of loss rates including ABAG he looked at the \$2.5 million excess of \$2.5 million layer. He said based on CJPRMA's expected loss ratio for 2014/2015 in the layer \$2.5 million excess of \$2.5 million the rate would be \$0.149 per \$100 of payroll. The expected loss rate for ABAG in the same layer would be \$0.191. He said based on these indications, if ABAG were to become a member of CJPRMA, ABAG's expected loss rate for liability would be 28% higher than other CJPRMA members. The estimated rate was based on 10 years (2000/01 through 2009/10) of developed, trended pooled losses and is at the expected level, undiscounted. The loss rate for ABAG at 70% confidence level, undiscounted would be \$0.244.

The general manager discussed the benefits of having ABAG as a member of CJPRMA. He also stated the Claims Administrator, Craig Schweikhard conducted an audit of ABAG's claims. Director Blanquie asked if they were excess claims. Mr. Schweikhard stated that the audit was for claims over \$1 million. He also stated that he looked at closed claims files. Director Borboa asked if PLAN members were also ABAG members. Jim Hill, ABAG (PLAN) Risk Management Officer stated that you have to be a member of ABAG to participate in the PLAN. Director Borboa also asked Mr. Hill why ABAG wants to join CJPRMA. Mr. Hill stated that ABAG was looking at a different retention level and cost stability. He also stated that ABAG sees CJPRMA as a great risk management partner with similar philosophy.

A motion by Director Carmona, seconded by Director Borboa to approve the application for membership submitted by Pooled Liability Association Network (PLAN) effective July 1, 2014. Directors Akil, Constantin, Marquez, Schwarz, Hamilton, Madgich, Islas, Blanquie, Carmona, Ferguson, Greer, Rawe, Epstein, Margolies, Carroll, Borboa, Giles, Garrett, Leahy and Tonks voted for the approval of PLAN's membership to CJPRMA. Motion passes.

9. Reimbursement of General Liability Training Expenses Policy

The general manager presented the revised Reimbursement of General Liability Training Expenses Policy to the Board. He stated that the policy has been reviewed and approved by the Executive Committee at their April meeting. He asked the Board for their final approval and adoption of the policy. No change was recommended by the Board.

A motion by Director Greer, seconded by Director Magdich to approve the Reimbursement of General Liability Training Expenses Policy. Directors Akil, Constantin, Marquez, Schwarz, Hamilton, Madgich, Islas, Blanquie, Carmona, Ferguson, Greer, Rawe, Epstein, Margolies, Carroll, Borboa, Giles, Garrett, Leahy and Tonks voted for the approval of Reimbursement of General Liability Training Expenses Policy. Motion passes.

10. 2014 Claims Audit

The 2014 claims audit was conducted by Mr. Craig Bowlus, Managing Director of Aon Risk Services. Mr. Bowlus was present to discuss the results and recommendations arising out of his claims audit.

He examined 143 excess files during the audit that included 121 open and 22 closed files. The audit work included site visits to members, TPAs and the CJPRMA office. Mr. Craig Schweikhard, Claims Administrator, performed an audit of seven members at the primary claims level that included a review of 155 files.

Mr. Bowlus noted several positive improvements that have been made since the 2013 claims audits.

Those improvements included the following:

- The Risk Management Information System is now fully operational at the excess level for all claims functions and is nearing full operational levels with primary users.
- The emphasis on EPL reporting started in 2011 continues to show good results through 2014. Most EPL files were well documented with probable exposure at the primary level easy to evaluate. EPL frequency is down, with the excess reported count since 2012 dropping from 22 to 17 in 2013 and now at 14 open files in 2014.
- Claims count at the excess level has increased by 24%. This is largely associated with CJPRMA opening a file on a reported matter regardless of the primary reserve (44 of the files examined had incurred values of under \$50,000). The net incurred value of primary and excess reserves has remained relatively flat. There has been a 9% increase in reserves from \$29.9 million up to \$32.5 million in the past 12 months.

Mr. Bowlus also identified two recommendations. Following are the recommendations:

- Once a claim is reported and accepted as an excess file by CJPRMA, automated RMIS or excel data exchange relative to critical financial developments should be provided by all members on at least a quarterly basis.
- Reporting from some self-administered members can still use some improvement. This should include captioned reporting on a quarterly basis (at a minimum, on watch list files). Cases with incurred values of less than \$50,000 should be subject to reduced levels of oversight at CJPRMA, and should not be subject to the captioned reporting requirements.

A motion by Director Borboa, seconded by Director Akil to approve the 2014 Claims Audit. Directors Akil, Constantin, Marquez, Schwarz, Hamilton,

Madgich, Islas, Blanquie, Carmona, Ferguson, Greer, Rawe, Epstein, Margolies, Carroll, Borboa, Giles, Garrett, Leahy and Tonks voted for the approval of the 2014 Claims Audit. Motion passes.

11. Risk Management Issues

Director Giles brought information regarding FEMA Disaster Cost Recovery to share with the Board. He said that a number of people attended this workshop that was provided by the County of Santa Clara. He also provided a FEMA fact sheet to the members. Director Blanquie stated that if you have buildings in flood zone, there is no FEMA coverage. Director Garrett asked if there is flood insurance through CJPRMA. The general manager stated that CJPRMA does not provide flood insurance.

12. Casualty and Property Insurance Renewals for Fiscal Year 2014-2015

Mr. Robert Lowe of Aon was present to discuss the renewal of the casualty and property insurance programs for fiscal year 2014-2015.

Mr. Lowe explained that with regard to the property program, Aon was able to negotiate a premium for the primary property policy at \$1,770,473 and the excess property premium at \$350,000. He stated that the boiler and machinery program's annual premium would be \$282,911.

Mr. Lowe said that the 2014-2015 excess liability programs' renewal quotes were provided by two carriers. The first one from Munich Re was for \$1,665,908 and the second one from Starr for \$1,415,800. The general manager requested comments from the Board regarding a change in carriers for renewal of the program. Director Carmona suggested asking Munich Re for a discounted rate based on the quote provided by Starr.

Mr. Lowe stated the quote received from the Hanover Insurance Company for the APD program was in the amount of \$442,996. This was an exposure based increase and the rate remained at \$.173/\$100. However the carrier has asked that all the APD participants provide garaging locations for their vehicles.

The general office package annual premium would be \$6,485. The 2014 DIC program renewal is \$19,327 and the 2014 Crime Program policy is \$6,757.

Mr. Lowe also presented two new optional programs for the members to consider. These were: Builders' Risk and Cyber Liability.

A motion by Director Ferguson, seconded by Director Akil, to authorize the general manager to bind the Property Program. Directors Akil, Marquez, Schwarz, Hamilton, Madgich, Blanquie, Carmona, Ferguson, Rawe, Epstein, Borboa, Giles, Garrett, Leahy voted to authorize the general manager to bind the Property Program. Motion passes.

A motion by Director Ferguson, seconded by Director Borboa, to authorize the general manager to bind the Boiler and Machinery Program. Directors Akil, Marquez, Schwarz, Hamilton, Madgich, Blanquie, Carmona, Ferguson, Rawe, Epstein, Borboa, Giles, Garrett, Leahy voted to authorize the general manager to bind the Boiler and Machinery Program. Motion passes.

A motion by Director Borboa, seconded by Director Blanquie, to authorize the general manager to bind the Auto Physical Damage Program. Directors Akil, Schwarz, Madgich, Blanquie, Ferguson, Borboa, Giles, Garrett, Leahy voted to authorize the general manager to bind Auto Physical Damage Program. Motion passes.

A motion by Director Carmona, seconded by Director Epstein, to authorize the general manager to bind the Excess Liability Program (\$20M Xs \$5M SIR) with Starr and explore an alternative quote from Munich Re to match Starr's quote. Directors Marquez, Madgich, Islas, Blanquie, Carmona, Greer, Rawe, Epstein, Margolies, Carroll, Borboa, Giles, Garrett, Leahy voted to authorize the general manager to bind the Excess Liability Program (\$20M Xs \$5M SIR). Directors Akil, Schwarz, Hamilton and Ferguson voted no on the motion. Motion passes.

A motion by Director Magdich, seconded by Director Carroll, to authorize the general manager to bind the Excess Liability Program (\$15M Xs \$20M) with SCORE Re. Directors Akil, Marquez, Schwarz, Hamilton, Madgich, Islas, Blanquie, Carmona, Ferguson, Greer, Rawe, Epstein, Margolies, Carroll, Borboa, Giles, Garrett, Leahy voted to authorize the general manager to bind the Excess Liability Program (\$15M Xs \$20M). Motion passes.

X. CLOSED SESSION

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

Name of Case: Eaton v. City of Rocklin

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

Case No.: 07-80144

XI. ACTION ON CLOSED SESSION ITEMS

- No action was taken on the closed session item. It was provided for information only.

XII. ADJOURNMENT

- A motion by Director Blanquie, seconded by Director Carmona to adjourn the meeting at 12:32 p.m. on Thursday, May 15, 2014, passed unanimously.

Agenda Item G.

**ADMINISTRATIVE REPORTS
INFORMATION ITEM – VERBAL UPDATES**

1. President’s Report

Roger Carroll will address the Board on items pertaining to SCORE.

2. Alliant Update

Marcus Beverly will update the Board on Alliant matters pertinent to SCORE.

3. CJPRMA Update

Roger Carroll will update the Board on CJPRMA matters pertinent to SCORE.

4. LAWCX Update

Ron Stock will update the Board on LAWCX matters pertinent to SCORE.

5. ERMA Update

Roger Carroll will update the Board on ERMA matters pertinent to SCORE.

Agenda Item H.1.

**WORKERS' COMPENSATION SHARED RISK POOL ASSESSMENT
INFORMATION ITEM**

ISSUE: While SCORE continues to be financially strong, recent adverse development in the Workers' Compensation Program combined with payment of dividends and capping of loss funding increases, have reduced the Program's Net Position (Net Assets) to the point where Members need to be prepared for the possibility of a shared risk pool assessment.

In addition, with the recent revision to the Master Plan Documents (MPDs) and introduction of the new Dividend and Assessment Plan (DAP), it is time to review and revise the Target Equity/Return of Equity Policy Statement that provides the overall financial benchmarks for each Program.

The good news is that the WC Program's financial position has stabilized to the point where we are meeting or exceeding our benchmarks, so we should continue to achieve CAJPA accreditation without the need for an assessment plan, as was anticipated at the last meeting. This gives us enough time to thoughtfully consider the changes needed to align the new DAP and revised MPDs with our benchmarks.

FISCAL IMPACT: To be determined.

RECOMMENDATION: The Program Administrators recommend reviewing and adopting changes to SCORE's Target Equity Policy and MPDs at the Board retreat in October.

BACKGROUND: SCORE recently revised the MPDs for each coverage program to update the way Members calculate their financial positions and how dividends and assessments are calculated. The MPDs are tied to the Target Equity Policy and benchmarks, and the changes to the MPDs, as well as changes to GASB accounting terminology, necessitate a review and revision of the Target Equity Policy and possible revision to the MPDs.

ATTACHMENTS:

- Summary of projected Workers' Compensation Benchmarks as of June 30, 2014.
- Target Equity/Return of Equity Policy Statement

SCORE WC Program	Projected 6/30/2014
Assets	\$6,335,000
Less	
Liabilities at 50% CL	\$3,908,000
Equals	
Net Assets/Surplus	\$2,427,000

	Projected 6/30/2014
Benchmarks (Target Ratios)	
Net Assets to SIR \$250K Target > 5:1	9.7
Reserves* to Net Assets Target ≤ 4:1	1.6
Net Funding** to Net Assets Target ≤ 2.5:1	0.44

* Outstanding Liabilities at Expected CL

** Net Funding at 70% CL = \$1,070,000 for 2014-15



Target Equity/Return of Equity Policy Statement

I. PURPOSE

The purpose of this policy statement is to give guidance to the SCORE Board of Directors in making annual funding, dividend and assessment decisions for the Banking Layer and Shared Risk Layers.

The SCORE Board of Directors' acknowledge actuarial estimates are relied upon heavily when making financial decisions and that there is a high degree of uncertainty in such estimates due to the possibility of occasional catastrophic claims and inconsistent or inaccurate case reserving; therefore, the Board of Directors desires to fund the Banking Layer and Shared Risk Layer programs in a cautious and prudent manner and return equity to its members in an equally cautious and prudent manner. It is the policy of SCORE to conservatively fund its programs to maintain sufficient assets to pay all losses and avoid substantial fluctuations to contributions.

In order to fund program years in a fiscally prudent manner, the SCORE Board of Directors collects contributions at an actuarially determined confidence level as determined by the Board annually. The SCORE Board of Directors strives to annually collect at the 85% confidence level or higher as determined by the actuary.

II. DEFINITIONS

- "Claims Paid to Date" is the amount actually paid on reported claims at the date of valuation. "Claims Paid to Date" includes those amounts paid for both defense and indemnity of claims.
- "Confidence Level" is a statistical term used to express the degree to which an actuarial projection (usually "Ultimate Net Loss" or "IBNR") will be an accurate prediction of the dollar losses ultimately paid for a given program year or combination of years. The higher a "Confidence Level" the greater certainty the actuary has that losses will not exceed the dollar value used to attain that "Confidence Level".
- "Equity" is the amount of funds remaining, after deducting all administrative and excess insurance costs, available to pay claims in excess of actuarial expected losses discounted for investment income at the actuarially determined "Expected" "Confidence Level".
- "Expected" by industry standard translates roughly to the 50% to 56% "Confidence Level" as determined by the independent actuary.

- “Expected Liabilities” is the total of all “Outstanding Reserves” and “IBNR”, discounted, at the “expected” “confidence level”.
- “Incurred But Not Reported (IBNR)” is the estimate of the funds needed to pay for covered losses that have occurred but have not yet been reported to the member and/or SCORE. “IBNR” includes (a) known and unknown loss events that are expected to be claims; and (b) expected future development on claims already reported.
- “Net Contribution” includes the total contributions from members less the excess insurance cost.
- “Net Present Value” is the discounting of future cash flows to current values by taking into account the time-value of money.
- “Self Insured Retention” is the maximum amount of pooled risk retained by SCORE before any excess coverage.
- “Outstanding Reserves” are the sum total of unpaid case reserves in the Banking and Shared Risk Layers determined by the SCORE Claims Administrator.
- “Ultimate Net Loss” is the sum of “Claims Paid to Date”, “Outstanding Reserves” and “IBNR”, all within SCORE’s Banking and Shared Risk Layers. It is the estimate of the total value of all claims that will ultimately be made against members for which SCORE is responsible.

III. IMPORTANT EQUITY RATIOS

The SCORE Board of Directors will only consider returning “Equity” to the members after evaluating and concluding the following ratios remain appropriate for the group prior to and following any potential return of “Equity”:

☞ **“Net Contribution” to “Equity” ratio:** **Target $\leq 2.5:1$**

This ratio is a measure of how “Equity” is leveraged against possible pricing inaccuracies. A low ratio is desirable.

☞ **“Outstanding Reserves” to “Equity” ratio:** **Target $\leq 4:1$**

This ratio is a measure of how “Equity” is leveraged against possible reserve inaccuracies. A low ratio is desirable.

☞ **“Equity” to “Self Insured Retention” ratio:** **Target $\geq 5:1$**

This ratio is a measure of the maximum amount that “Equity” could decline due to a single loss. A high ratio is desirable.

☞ **Reserve Development:**

Target \leq 20%

This is a measure of the change in aggregate ultimate losses from one valuation period to the prior valuation(s). Generally, the one-year and two-year reserve development to “Equity” threshold should be less than 20%.

☞ **Change in Equity:**

Target \geq -10%

This ratio measures if a decline in equity in excess of 10% warrants an increase in annual contribution or an assessment.

- IV. **ANNUAL ACTUARIAL STUDY.** SCORE will conduct an annual actuarial analysis to assist the Board of Directors in making funding decisions on a prospective and retrospective basis.
- V. **RETROSPECTIVE RETURN OF EQUITY CRITERIA.** After annual review of the “Equity” portion of the program as a whole, the program years to be adjusted and the important ratios, the Board of Directors will determine whether it is desirable to increase, decrease, or stabilize “Equity”. If the Board desires to decrease “Equity”, by return “Equity to the members, it will not return funds from any given program years that will cause the given program year to fall below a 85% “Confidence Level”, or the funding of the program as a whole to fall below the 85% “Confidence Level” and the Board of Directors will only consider returning “Equity” to the members after evaluating and concluding the Equity Ratios remain appropriate for the group prior to and following any potential return of “Equity”.

Return of “Equity” may be available from the “closing” of a program year in accordance with the Master Plan Documents (Bylaws).



**Small Cities Organized Risk Effort
Board of Directors Meeting
June 27, 2014**

Agenda Item H.2.

QUARTERLY FINANCIALS FOR QE MARCH 31, 2014

ACTION ITEM

ISSUE: The Board of Directors receives a quarterly report on the financial status of SCORE. Gilbert Associates will present SCORE's Financials for Quarter ending March 31, 2014 to the Board of Directors for their review.

RECOMMENDATION: Receive and file the Quarterly Financials 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.

ATTACHMENT(S): Quarterly Financial Reports as of 03/31/14 - *Handout*



**DELEGATION OF LAIF INVESTMENT AUTHORITY TO SCORE'S
TREASURER**

ACTION ITEM

ISSUE: The Board will be asked to review and approve Resolution 14-01 authorizing the Treasurer to order the deposit or withdrawal of LAIF monies.

RECOMMENDATION: The Program Administrators recommend the Board delegate investment authority to the Treasurer by approving Resolution 14-02.

FISCAL IMPACT: None

BACKGROUND: Government Code 53607 provides for delegation of the authority of the legislative body of a local agency to invest funds to the Treasurer. However, such delegation cannot exist beyond one year. Thus, the Board will need to authorize the elected appointed Treasurer to invest the funds for SCORE.

ATTACHMENTS: SCORE Resolution 14-02



RESOLUTION 14-02

**RESOLUTION AUTHORIZING INVESTMENT OF MONIES IN
THE LOCAL AGENCY INVESTMENT FUND**

WHEREAS, Pursuant to Chapter 730 of the statutes of 1976 Section 16429.1 was added to the California Government Code to create a Local Agency Investment Fund in the State Treasury for the deposit of money of a local agency for purposes of investment by the State Treasurer, and

WHEREAS, The Small Cities Organized Risk Effort (SCORE) Board of Directors does hereby find that the deposit and withdrawal of money in the Local Agency Investment Fund in accordance with the provisions of Section 16429.1 of the Government Code for the purposes of investment stated therein is in the best interest of Small Cities Organized Risk Effort.

NOW THEREFORE, BE IT RESOLVED, that the SCORE Board of Directors does hereby authorize the deposit and withdrawal of Small Cities Organized Risk Effort monies in the Local Agency Investment Fund in the State Treasury in accordance with the provisions of Section 16428.1 of the Government Code for the purpose of investment as stated therein, and verification by the State Treasurer’s Office of all banking information provided in that regard.

BE IT FURTHER RESOLVED, that the following Small Cities Organized Risk Effort officers or their successors in office shall be authorized to order the deposit or withdrawal of monies in the Local Agency Investment Fund effective immediately:

- SCORE Treasurer – Linda Romaine

I hereby certify that the foregoing is a full, true and correct copy of Resolution No. 14-02 duly and regularly adopted and passed at a regular meeting of the Board of Directors of the Small Cities Organized Risk Effort held on the 27th day of June 2014, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

SCORE President

SCORE Secretary



CITY OF ISLETON PREMIUM PAYMENT PLAN REQUEST FOR 2014/15

ACTION ITEM

ISSUE: The City of Isleton has provided a written notice to the SCORE Program Administrators requesting an installment payment plan for the 2014/15 contributions.

RECOMMENDATION: If the Board agrees to the installment plan, the Program Administrators recommend collecting the equivalent of two (2) installments up front on July 1st, followed by 10 equal installments as outlined in the attached payment plan.

FISCAL IMPACT: If paid in full, the total premium for the City of Isleton is \$25,040.

BACKGROUND: The City of Isleton has requested in writing to maintain their current payment arrangement for the 2014/15 fiscal year. The City of Isleton has paid their installments timely during the past year.

ATTACHMENTS: City of Isleton Payment Plan Request
Proposed Payment Plan Statement



City of Isleton

101 Second Street

P.O. Box 716

Isleton, Sacramento Co., California 95641

Tel: 916-777-7770 Fax: 916-777-7775

April 23, 2014

Mr. Laurence Voiculescu
Account Representative
Alliance Insurance Services, Inc.
1792 Tribute Rd.
Suite 450
Sacramento, CA 95815

RE: Payment Plan for Isleton

The City of Isleton would like to have a monthly payment plan for our next year's premium.

We will pay the \$12, 873 by July 1, 2014.

Thank you,

Dan Hinrichs
City Manager

Small Cities Organized Risk Effort
 Premium Installment Schedule for Fiscal Year 2014/15

Member: CITY OF ISLETON

Total Premium	\$25,091
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Down Payment	\$4,182.00	Due Date 7/1/2014
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Remaining Balance	\$20,909
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Installment 1	\$2,090.90	Due Date 8/1/13
Installment 2	\$2,090.90	Due Date 9/1/13
Installment 3	\$2,090.90	Due Date 10/1/13
Installment 4	\$2,090.90	Due Date 11/1/13
Installment 5	\$2,090.90	Due Date 12/1/13
Installment 6	\$2,090.90	Due Date 1/1/14
Installment 7	\$2,090.90	Due Date 2/1/14
Installment 8	\$2,090.90	Due Date 3/1/14
Installment 9	\$2,090.90	Due Date 4/1/14
Installment 10	\$2,090.90	Due Date 5/1/14

Total Paid	\$25,091.00
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CITY OF TULELAKE PREMIUM PAYMENT PLAN REQUEST FOR 2014/15

ACTION ITEM

ISSUE: The City of Tulelake has provided a written notice to the SCORE Program Administrators requesting an installment payment plan for the 2014/15 contributions.

RECOMMENDATION: If the Board agrees to the installment plan, the Program Administrators recommend collecting the equivalent of two (2) installments up front on July 1st, followed by 10 equal installments as outlined in the attached payment plan.

FISCAL IMPACT: If paid in full, the total premium for the City of Tulelake is \$34,599.

BACKGROUND: The City of Tulelake joined SCORE in 2011 and has paid their premiums in full. They have requested an installment premium payment plan for the 2013/14 fiscal year which the Board approved at the June 2014 meeting. They are asking for a similar arrangement in 2014/15.

ATTACHMENTS: City of Tulelake Payment Plan Request
Proposed Payment Plan Statement



CITY OF TULELAKE

591 Main Street
P. O. Box 847, Tulelake, CA 96134
Phone 530-667-5522 - FAX 530-667-5351
cityoftulelake@cot.net



April 14, 2014

Mr. Laurence Voiculescu
Alliant Insurance Services, Inc.
1792 Tribute Road, Suite 450
Sacramento, CA 95825

Subject: Request to make monthly premium payments for the 2014-2015 fiscal year.

Dear Laurence,

The City of Tulelake would like to make monthly insurance payments for the fiscal year 2014-2015 rather than do a one-time annual payment. We are a small city and paying for an annual payment all at once impacts our cash flow for our regular operating expenses. The City of Tulelake would like to be on the agenda for this request at the next scheduled meeting in June. We would greatly appreciate the S.C.O.R.E Board of Directors consideration for this requested payment schedule. Thank you.

Sincerely,

Randy Darrow
Mayor
City of Tulelake

**Small Cities Organized Risk Effort
 Premium Installment Schedule for Fiscal Year 2014/15**

Member: CITY OF TULELAKE

Total Premium	\$34,652
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Down Payment	\$5,775.00	Due Date 7/1/2014
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Remaining Balance	\$28,877
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Installment 1	\$2,887.70	Due Date 8/1/13
Installment 2	\$2,887.70	Due Date 9/1/13
Installment 3	\$2,887.70	Due Date 10/1/13
Installment 4	\$2,887.70	Due Date 11/1/13
Installment 5	\$2,887.70	Due Date 12/1/13
Installment 6	\$2,887.70	Due Date 1/1/14
Installment 7	\$2,887.70	Due Date 2/1/14
Installment 8	\$2,887.70	Due Date 3/1/14
Installment 9	\$2,887.70	Due Date 4/1/14
Installment 10	\$2,887.70	Due Date 5/1/14

Total Paid	\$34,652.00
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Agenda Item I.1.

GILBERT ASSOCIATES FEE INCREASE REQUEST FOR 2014/15

ISSUE: The accounting firm that prepares SCORE's financial reports is requesting an increase in the fees charged for their services, from \$4,000 to \$4,250 per month, an increase of 6.25%. The Board is asked to consider approval of this request. This is the first increase request in the four years that they have provided services. The Program Administrators have reviewed the Scope of Services provided, and the ongoing commitment that the firm has achieved when working with SCORE during this time period.

RECOMMENDATION: The Program Administrator recommends approving the increase, based on the length of time since the fee was increased, the quality of work product and the breadth of services provided. Some of these services, most notably the calculation of member banking layer balances, were not anticipated when first hired and have increased the amount of time dedicated to SCORE.

FISCAL IMPACT: Increase in the cost of accounting services of \$250 per month, or \$3,000 per year.

BACKGROUND: Gilbert Associates have served as SCORE's accounting firm since July 2010, and since that time they have greatly improved the timeliness and accuracy of SCORE's financial reporting. This includes many hours of work in researching and correcting past accounting practices and deficiencies. They also worked to update and improve the historical records of Member contributions, assessments, and dividends and successfully proposed a new methodology for calculating dividends and assessments.

They were selected through a significant RFP process, and vetted by a SCORE Ad Hoc committee of Finance Directors from Member Cities. As part of their commitment they assumed the responsibility of automating our 'retro problem', and through that process assisted in modifying its structure - - all as part of the basic project fee.

ATTACHMENTS: Letter of June 12, 2014, from Gilbert Associates



June 12, 2014

Board of Directors
Small Cities Organized Risk Effort
c/o Alliant Insurance Services, Inc.
1792 Tribute Road, Suite 450
Sacramento, California 95815

It has been a privilege to serve as SCORE's accounting firm since July 2010. In the Board's role as SCORE's governing body, it is important that decisions are based upon accurate, timely financial data. We appreciate the trust that SCORE has placed in us to provide this information. As you may recall, at the time we took over the accounting duties, the following conditions existed:

- 2008 audit issued more than two years after year-end
- Eleven significant accounting and financial reporting deficiencies identified in the audit, including five classified as material weaknesses
- Extended issuance dates for quarterly financial statements
- Retrospective rating calculation spreadsheet contained many formula errors and did not tie to audited financial statement data
- Accounting records were "out of balance", with unresolved issues dating back to 2005.

Over time, we have worked hard to provide accurate and timely financial data to the Board, as well as implement efficiencies and best practices into the process. This year, our accounting service accomplishments included the following:

- Audit documentation was prepared within two months of year-end, enabling the audit report to be issued within four months of year-end.
- No findings resulted from the audit
- Quarterly financial statements usually issued within a month of each quarter close
- Redesigned dividend spreadsheet, which ties to audited financial statements
- Created banking layer financial statements that are now presented quarterly on a by-member basis

During our tenure as SCORE's accounting firm, our services have been charged at the rate of \$4,000 per month. The banking layer financial statements have increased the amount of work performed on a quarterly basis. In addition, cost of living increases have ranged from 1-2% annually over the last four years. Accordingly, we hereby request that the board approve an increase in our monthly rate to \$4,250 per month for the period July 1, 2014 to June 30, 2015.

We appreciate your consideration of our request.

Sincerely,

GILBERT ASSOCIATES, INC.
CPAs and Advisors

Kevin S. Wong, CPA
Shareholder



**RESOLUTION 14-01 ESTABLISHING FISCAL YEAR 2014/15
BOARD OF DIRECTORS MEETING DATES**

ACTION ITEM

ISSUE: The SCORE Board of Directors is asked to review and adopt a resolution setting forth the meeting dates and locations for the 2014/15 program year for the JPA.

RECOMMENDATION: Program Administrators recommend approval of Resolution 14-01 as presented.

FISCAL IMPACT: None

BACKGROUND: Annually the Program Administrators presents a resolution to the Board with proposed dates of Board meetings and locations. Under the Brown Act, Government Code Section 54954(a), a regular meeting of the governing Board of a local agency is one where the date is established by ordinance or resolution.

SCORE has an attendance policy that will impose penalties for repeated non-attendance by a member.

ATTACHMENTS:

1. Resolution 14-01, Establishing Meeting Dates for 2014/15 Program Year
2. SCORE Attendance Policy

RESOLUTION NO. 14-01

**RESOLUTION OF THE BOARD OF DIRECTORS
SMALL CITIES ORGANIZED RISK EFFORT (SCORE)
ESTABLISHING MEETING DATES FOR THE PROGRAM YEAR 2014/15**

BE IT RESOLVED THAT:

The following meeting dates are hereby established for the 2014/15 Program Year:

Friday, August 22, 2014 commence at 10:00 a.m. *	<i>* As Needed - Teleconference</i>
Thursday, October 16, 2014 commence at 10:00 a.m.	Lake Tahoe, CA
Friday, October 17, 2014 commence at 9:30 a.m.	Lake Tahoe, CA
Friday, January 23, 2015 commence at 10:00 a.m.	Shasta Lake, CA
Friday, March 27, 2015 commence at 10:00 a.m.	Shasta Lake, CA
Friday, June 26, 2015 commence at 10:00 a.m.	Shasta Lake, CA

This Resolution was adopted by the Board of Directors at a regular meeting of the Board held on June 27, 2014 in Shasta County, California, by the following vote:

AYES: _____

ATTEST:

NOES: _____

ABSTAIN: _____

Roger Carroll, SCORE President

ABSENT: _____

**SMALL CITIES ORGANIZED RISK EFFORT (SCORE)
BOARD OF DIRECTORS
MEETING ATTENDANCE POLICY**

To ensure the unimpeded conduct of Board meetings, each SCORE Member City shall make a good faith effort to have either its designated representative, designated alternate or both in attendance at all meetings of the Board.

It is the responsibility of the representative or alternate to notify the Program Administrator of SCORE within twenty-four (24) hours of the scheduled Board meeting if neither a designated representative nor alternate from a Member City is able to attend a Board meeting.

An "Excused Absence" shall be automatically granted provided the above notice is given to the Program Administrator of SCORE within twenty-four (24) hours of the Board meeting.

If a Member City does not have either a designated representative or alternate present at a meeting of the Board, and fails to provide the proper notice, such Member City shall incur an "Unexcused Absence".

Any "Unexcused Absence", or more than two "Excused Absences" at Board of Directors meetings during a calendar year regardless of cause, shall result in a penalty fee of \$500. All penalty fees collected under this policy shall be placed into a fund and used as a credit against SCORE's general administration expenses.

This policy shall be put into full force and become **effective as of June 26, 1999**.

Agenda Item I.3.

CJPRMA MEMORANDUM OF COVERAGE CHANGES

ACTION ITEM

ISSUE: The California Joint Powers Risk Management Authority (CJPRMA) provides excess liability coverage above the \$500,000 SCORE limit of liability. The SCORE Liability Memorandum of Coverage (MOC) is an ‘underlying’ coverage to the CJPRMA MOC. This means that the SCORE coverage is the same as provided by CJPRMA with the exception of any amending terms that are included, or excluded, in the SCORE Liability MOC. On an annual basis we review our coverage as compared to coverage provided by CJPRMA, as well as other pools in California, and make recommendations regarding potential changes.

This year CJPRMA has approved two changes to their coverage that will be effective July 1, 2014:

- The first change limits the coverage provided to any additional covered party to the amount specified in the contract. This amount is likely to be in excess of the coverage provided by SCORE and therefore SCORE should not follow this language.
- The second change is with respect to coverage provided for fireworks displays or demonstrations “sponsored or controlled” by a Member. The new language states that in the event of a fireworks loss, any Member of CJPRMA that did not require the fireworks vendor to provide evidence of coverage and additional insured status with a limit of liability of at least \$5,000,000 on a project specific basis will have to pay 150% of their retained limit for that loss. In addition, the retained limit cannot be satisfied by the vendor’s insurance, as would normally be the case.

SCORE will be subject to a retained limit of \$750,000 in the event of a fireworks loss where the fireworks vendor was NOT required to provide additional insured coverage with a \$5,000,000 limit on a project specific basis.

For example, if a fireworks display resulted in a \$2 million claim and the vendor had only \$1 million in coverage, currently the vendor’s insurance would pay \$1 million and CJPRMA would pay \$1 million, since the vendor’s insurance would satisfy SCORE’s \$500,000 SIR. Under the new language, the vendor would pay \$1 million, SCORE would pay \$750,000, and CJPRMA would pay only \$250,000.

The question for SCORE is whether or not to follow these changes.

FISCAL IMPACT: If the new CJPRMA provision applies to a claim, the SCORE Member will be subject to their Banking Layer of \$25,000 (or 150% of that layer if the Board agrees to follow form) and SCORE’s limit of liability will increase to \$750,000 for that loss.

RECOMMENDATION:

- The Program Administrators recommend that SCORE NOT follow the limitation of coverage provided by SCORE to any additional covered party to the amount specified in the contract. This is because almost all contracts require limits in excess of the limits provided by SCORE. Our limit of liability is \$500,000 and most contracts require a minimum of \$1,000,000. Because we have a separate section in our MOC for the SCORE Limit of Liability we are not subject to the CJPRMA MOC language and no change is required.
- The Program Administrators recommend that SCORE follow the CJPRMA language with respect to fireworks vendors, but only as respects the increase on the Banking Layer. This is due to the fact that SCORE will be penalized \$750,000 from the Shared Risk Fund in the event of a fireworks loss where a SCORE Member does not require the proper coverage. Having a 50% increase in the Banking Layer could be an incentive to SCORE Members to vigorously pursue the higher limits being required by CJPRMA.

If approved, the SCORE MOC would be endorsed to add the subject language, per the attached sample endorsement.

If the Board does not agree to go forward with this second limitation, then the SCORE Memorandum of Coverage would not need to be changed.

BACKGROUND: On an annual basis we review our coverage as compared to coverage provided by CJPRMA, as well as other pools in California, and make recommendations regarding potential changes. Regarding the new fireworks language, the following explanatory language was provided by David Clovis, the Executive Director for CJPRMA.

Fireworks display certificate of insurance requirements.

CJPRMA receives numerous requests annually for certificates of coverage for activities related to 4th of July fireworks displays. These displays are primarily provided under contract with firms that specialize in fireworks displays. A number of CJPRMA members have adopted a minimum coverage limit to be provided by the vendor of five million dollars. Other members continue to obtain minimum limits of one to two million dollars of coverage.

CJPRMA continues to recommend that the pyrotechnic firms provide a minimum of five million dollars of coverage for the exposures. Members that do not utilize this current process expose other members to a risk that can be readily transferred through effective “Risk Transfer”. This addendum would provide a financial incentive to members that utilize effective risk transfer and would provide a negative financial impact to members that fail to effectively transfer the risk. The approved language is added to the 2014-2015 Memorandum of Coverage.

ATTACHMENT: Sample Endorsement Regarding Pyrotechnic Displays

SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY
AMENDMENT TO MEMORANDUM OF COVERAGE
FORM NO. LIAB-15

ENDORSEMENT NO. 9

It is understood and agreed that the coverage provided under Form No LIAB-15 to the member of Small Cities Organized Risk Effort is amended, effective as shown below, as follows:

Pyrotechnics Display

For any fireworks display or demonstration sponsored or controlled by the Member Entity, if the Member Entity has not secured an additional insured endorsement in its favor from the fireworks vendor's insurance or coverage provider with limits in an amount of at least \$5 million dedicated, project specific aggregate limit, the Member Entity's Banking Layer contribution to the payment of any claim arising from the fireworks display or demonstration shall be increased by 50% (fifty percent), from \$25,000 to \$37,500.

Mr. Roger Carroll, President

Date



MEMORANDUM OF COVERAGE (MOC) APPROVAL - LIABILITY

ACTION ITEM

ISSUE: SCORE's Liability coverage is provided by a Memorandum of Coverage (MOC). The Board annually reviews and adopts or makes changes to the Memorandum.

RECOMMENDATION: The Program Administrators recommend that the Board continue the current Memorandum of Coverage as written. The addition of an endorsement regarding insurance requirements for fireworks displays depends on the action taken in the previous agenda item.

FISCAL IMPACT: None

BACKGROUND: SCORE's Liability coverage is provided by a Memorandum of Coverage (MOC). SCORE's MOC incorporates the CJPRMA Memorandum of Coverage form but with exclusion for Employment Practices Liability and inclusion of the CSAC-EIA Group Purchase Pollution Liability policy.

A new Declarations page will be issued for the new program year to each of the members separately.

ATTACHMENTS: SCORE's 2014/15 Liability Memorandum of Coverage and Declaration Pages



SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY
UNDERLYING MEMORANDUM OF COVERAGE
FORM NO. LIAB-15

1. INSURING AGREEMENT

In consideration of the payment of the required deposit and subject to all the terms of this Memorandum of Coverage, Small Cities Organized Risk Effort (SCORE) agrees to pay on behalf of the Member City Loss resulting from any occurrence covered by the terms of the California Joint Powers Risk Management Authority Memorandum of Coverage or the CSAC-EIA Group Purchase Pollution Liability Policy, as that Policy applies to SCORE, effective concurrently with the period stated on the declarations, except as amended by the following provisions:

2. LIMITS OF LIABILITY

The Limits of Liability stated under Item 3a of the Declarations applies to each occurrence covered by the terms and conditions incorporated from the California Joint Powers Risk Management Authority Memorandum of Coverage.

The Limits of Liability stated under Item 3b of the Declarations applies to each occurrence covered by the terms and conditions incorporated from the CSAC-EIA Group Purchase Pollution Liability Policy.

3. COVERAGE PERIOD

The Coverage Period of this Memorandum is as stated under Item 2 of the Declarations.

4. AMENDMENTS

A. Exclusion #4 and Endorsement #1 of the California Joint Powers Risk Management Authority Memorandum of Coverage do not apply to this Memorandum of Coverage and the following exclusion is effective:

This Memorandum of Coverage does not apply to claims by a potential, present or former employee arising out of employment-related practices, policies, acts or omissions, including any violation of civil rights, termination, coercion, demotion, evaluation, reassignment, discipline, defamation, sexual harassment, harassment, humiliation or discrimination directed at that person. This exclusion extends to claims of the spouse, child, unborn child or fetus, parent, brother or sister of that person as a consequence of injury to the person at whom any of the employment-related practices, policies, acts or



omissions described above are directed. This exclusion applies to claims of negligent supervision and/or claims of failure to prevent such employment-related practices, policies, acts or omissions.

- B. This Memorandum of Coverage does not apply to claims arising out of skateboard parks.
- C. Exclusion #14 of the California Joint Powers Risk Management Authority Memorandum of Coverage includes the following:

This exclusion shall not apply to inverse condemnation liability arising from accidentally caused physical injury to or destruction of tangible property, including all resulting loss of use of such property, for which the *covered party* may be legally responsible.

- D. This Memorandum of Coverage does not apply to claims arising out of paintball courses owned, operated or maintained by the member city or claims arising out of paintball parks existing on property owned or leased to the member city.

5. GLOSSARY

The conditions of this Memorandum of Coverage shall be applied as if the glossary of words listed below had been included with the word or words each time they appear in this Memorandum of Coverage.

LOSS-means the ultimate net loss as defined in the Memorandum of Coverage issued by CJPRMA for this period concurrent with the period stated in the declarations and amended by the Memorandum.

MEMBER CITY OR MEMBER ENTITY- a signatory to the Joint Powers Agreement forming the Small Cities Organized Risk Effort Joint Powers Authority. This meaning shall apply to the term Member City or Member Entity notwithstanding any other definition to the contrary in, or any document incorporated into, this Memorandum.

6. OTHER INSURANCE

The coverage afforded by the Memorandum of Coverage shall be excess over any other valid and collectible insurance or coverage available to the Member City and applicable to any part of the ultimate net loss, whether such other insurance or coverage is stated to be primary, excess, contingent or otherwise, unless such other insurance or coverage specifically applies as excess insurance or coverage over the limits provided in this Memorandum of Coverage.

7. NOTICE OF OCCURRENCE



Upon the happening of any occurrence likely to involve SCORE under this Memorandum of Coverage, the Member City shall give notice, either written or oral, as soon as practicable to the Claims Administrator of SCORE. Such notice shall contain particulars sufficient to identify the Member City and fullest information obtainable at the time. If legal proceedings are begun, the Member City shall forward to the SCORE Claims Administrator each paper therein, or a copy thereof, received by the Member City or the Member City's representative, together with copies of reports or investigations with respect to such claim proceedings.

8. DEFENSE

SCORE shall assume charge of the investigation, settlement or defense of any claims made, or suits brought, or proceedings instituted against the Member City, which in the opinion of SCORE may create liability on the part of SCORE under the terms of this Memorandum of Coverage.

9. PAYMENT OF LOSS

Upon final determination of loss, SCORE will promptly pay on behalf of the Member City the amount of loss falling within the terms of this Memorandum of Coverage.

10. SUBROGATION

In the event of any payment under this Memorandum of Coverage, SCORE will be subrogated to all the Member City's rights of recovery against any person or organization and SCORE shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights.

The amount recovered as subrogation shall be apportioned in the inverse order of payment of the loss to the extent of the actual payment. The expenses of all such recovery proceedings shall be apportioned in the ratio of the respective recoveries.

11. CANCELLATION

This Memorandum of Coverage may be canceled in accordance with the terms of the JPA Agreement and Bylaws of SCORE.

To be valid, this agreement must be signed by either the President or Vice-President of SCORE. The Agreement will be issued by the Program Administrator.

Mr. Roger Carroll, President

Date



SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY
AMENDMENT TO MEMORANDUM OF COVERAGE
FORM NO. LIAB-15

ENDORSEMENT NO. 1

It is understood and agreed that the coverage provided under Form No LIAB-15 to the member of Small Cities Organized Risk Effort is amended, effective as shown below, as follows:

Notwithstanding anything to the contrary, Amendment 4.B of the Memorandum of Coverage, excluding coverage for skateboard parks, does not apply to the skateboard park in Loyalton, California.

Mr. Roger Carroll, President

Date



SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY
AMENDMENT TO MEMORANDUM OF COVERAGE
FORM NO. LIAB-15

ENDORSEMENT NO. 2

It is understood and agreed that the coverage provided under Form No LIAB-15 to the member of Small Cities Organized Risk Effort is amended, effective as shown below, as follows:

Notwithstanding anything to the contrary, Amendment 4.B of the Memorandum of Coverage, excluding coverage for skateboard parks, does not apply to the skateboard park in the Miner Street Park located in Yreka, California

Mr. Roger Carroll, President

Date



SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY
AMENDMENT TO MEMORANDUM OF COVERAGE
FORM No. LIAB-15

ENDORSEMENT NO. 3

It is understood and agreed that the coverage provided under Form No LIAB-15 to the member of Small Cities Organized Risk Effort is amended, effective as shown below, as follows:

Notwithstanding anything to the contrary, Amendment 4.B of the Memorandum of Coverage, excluding coverage for skateboard parks, does not apply to the skateboard park located at 441 South Gulling Street in Portola, California.

Mr. Roger Carroll, President

Date



SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY
AMENDMENT TO MEMORANDUM OF COVERAGE
FORM NO. LIAB-15

ENDORSEMENT NO. 5

It is understood and agreed that the coverage provided under Form No LIAB-15 to the member of Small Cities Organized Risk Effort is amended, effective as shown below, as follows:

Notwithstanding anything to the contrary, Amendment 4.B of the Memorandum of Coverage, excluding coverage for skateboard parks, does not apply to the skateboard park at 1200 North Street in Susanville, California.

Mr. Roger Carroll, President

Date



SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY
AMENDMENT TO MEMORANDUM OF COVERAGE
FORM NO. LIAB-15

ENDORSEMENT NO. 6

It is understood and agreed that the coverage provided under Form No LIAB-15 to the member of Small Cities Organized Risk Effort is amended, effective as shown below, as follows:

Notwithstanding anything to the contrary, Amendment 4.B of the Memorandum of Coverage, excluding coverage for skateboard parks, does not apply to the skateboard park at 1525 Median in Shasta Lake, California.

Mr. Roger Carroll, President

Date



SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY
AMENDMENT TO MEMORANDUM OF COVERAGE
FORM NO. LIAB-15

ENDORSEMENT NO. 7

It is understood and agreed that the coverage provided under Form No LIAB-15 to the member of Small Cities Organized Risk Effort is amended, effective as shown below, as follows:

Notwithstanding anything to the contrary, Amendment 4.B of the Memorandum of Coverage, excluding coverage for skateboard parks, does not apply to the skateboard park at 9th and B Streets in Biggs, California.

Mr. Roger Carroll, President

Date



SMALL CITIES ORGANIZED RISK EFFORT
LIABILITY
AMENDMENT TO MEMORANDUM OF COVERAGE
FORM NO. LIAB-15

ENDORSEMENT NO. 8

It is understood and agreed that the coverage provided under Form No LIAB-15 to the members of Small Cities Organized Risk Effort is amended, effective as shown below, as follows:

ARBITRATION OF COVERAGE DISPUTES

(a) Coverage Determinations

The Administrator, in conjunction with the claims adjuster, shall make the initial determination whether to deny coverage on all or part of a claim, or to reserve the *Authority's* right to deny coverage on all or part of a claim, if a loss subsequently exceeds the *retained limit*.

A decision by the Administrator to deny coverage can be appealed to the Board of Directors. Notice of such appeal shall be submitted in writing to the administrator within thirty (30) calendar days of the date of the Administrator's written notice of decision.

The appeal shall be considered by the Board of Directors at the next regular or special meeting following receipt of the written appeal; if the appeal is received too late for inclusion in the agenda packet, it can be postponed to the next following Board meeting. The Administrator, in conjunction with the claims adjuster, and the *covered party* will have the right to submit written materials and present oral argument to the Board, subject to reasonable time constraints. Any dispute concerning a decision by the Board to deny coverage for all or part of a claim shall not be subject to any court action, but may instead be submitted to binding arbitration in accordance with the procedures set forth below. Notice of a request for binding arbitration by the *covered party* must be submitted to the administrator within thirty (30) calendar days from the date of the noticed decision by the Board of Directors.

(a) Arbitration Procedures for Resolving Disputes

1) Selection of Arbitrators

If an appeal of a Board decision is submitted to arbitration, each side shall, within ten (10) calendar days, select one (1) arbitrator and submit his or her name in writing to the other side. Within ten (10) calendar days after their selection, these two arbitrators shall select a third independent arbitrator. If the two sides cannot

agree on the selection of the third arbitrator within ten (10) calendar days, either side may petition the Sacramento County Superior Court for the appointment of the third arbitrator pursuant to the provisions of section 1281.6 of the California Code of Civil Procedure. The third arbitrator shall be an attorney and preside as the Chairperson of the arbitration panel. No arbitrator shall be employed or affiliated with the *Authority* or the *covered party or parties*.

The arbitration hearing shall commence within forty-five (45) calendar days from the date of the selection of the Chairperson, unless both sides agree to an extension or chairperson grants an extension.

Each side shall pay the cost of its selected arbitrator and one-half of the cost of the third selected arbitrator. In addition, each side shall be responsible for its own cost and expense of arbitration.

Except for notification of appointment and as provided in the California Code of Civil Procedure, there shall be no communication between either side and the arbitrator(s) relating to the subject of the arbitration other than at oral hearings.

2) **Discovery**

The procedures set forth in Code of Civil Procedure section 1283.05 relating to depositions and discovery shall apply to any arbitration pursuant to this paragraph (b).

3) **Testimony Under Oath**

The testimony of witnesses shall be given under oath.

4) **Length of Hearing**

The panel will endeavor to confine the length of the hearing to two (2) days. A decision of the panel shall be reported in writing. The written decision of the panel shall be given to both sides within thirty (30) calendar days of the close of the hearing.

5) **Certified Shorthand Reporter**

Either side wishing a certified shorthand reporter record shall make arrangements directly with a certified shorthand reporter and notify the other side of such arrangements in advance of the hearing. The requesting side shall pay the cost of recording the hearing if no transcript is ordered. If a transcript is ordered, the cost of the transcript and of recording the hearing shall be prorated equally among the parties ordering copies.



(b) **Funding of Defense and Payment of Claims Pending Resolution of Dispute**

If the duty to defend is at issue, during the course of the arbitration proceedings provided herein, the *covered party* will be responsible for all fees and expenses for investigation, defense or litigation of a claim or lawsuit. In the event the arbitration panel determines that coverage applies for such *defense costs*, the *Authority* will reimburse the *covered party* as directed by the panel.

(c) **Effects of Arbitration Decisions**

All decisions on appeals, whether by the Board of Directors (after the time to request arbitration has expired) or by the arbitration panel, shall be final and binding upon the parties and shall not be subject to any further appeal or court action, except as provided in Code of Civil Procedures sections 1286.2 and 1286.4 (relating to fraud or corruption, etc.).

(d) **General Law**

Except as provided otherwise above, arbitration shall be conducted as provided in Title 9 of the Code of Civil Procedure (commencing with section 1280).

Mr. Roger Carroll, President

Date

SMALL CITIES ORGANIZED RISK EFFORT

LIABILITY UNDERLYING MEMORANDUM OF COVERAGE DECLARATIONS

MEMORANDUM No: SCOLI 001-14

1. **MEMBER ENTITY:** City of Biggs
PO Box 307
465 "C" Street
Biggs, CA 95917

2. **COVERAGE PERIOD:** July 1, 2014 through June 30, 2015

3. **LIMITS OF LIABILITY:**
 - a. Liability Coverage \$500,000 Each Occurrence
 - b. Pollution Liability \$100,000 Each Condition

FORMS AND ENDORSEMENTS: LIAB-15
FORMING PART OF THE POLICY AT INCEPTION

President, Roger Carroll

Date

It is agreed that these Declarations and the Memorandum of Coverage together with any endorsements that may be added thereto constitutes the entire coverage agreement.

SMALL CITIES ORGANIZED RISK EFFORT

LIABILITY UNDERLYING MEMORANDUM OF COVERAGE DECLARATIONS

MEMORANDUM No: SCOLI 002-14

- 1. MEMBER ENTITY:** City of Colfax
PO Box 702
33 South Main Street
Colfax, CA 95713

- 2. COVERAGE PERIOD:** July 1, 2014 through June 30, 2015

- 3. LIMITS OF LIABILITY:**
 - a. Liability Coverage \$500,000 Each Occurrence
 - b. Pollution Liability \$100,000 Each Condition

FORMS AND ENDORSEMENTS: LIAB-15
FORMING PART OF THE POLICY AT INCEPTION

President, Roger Carroll

Date

It is agreed that these Declarations and the Memorandum of Coverage together with any endorsements that may be added thereto constitutes the entire coverage agreement

SMALL CITIES ORGANIZED RISK EFFORT

LIABILITY UNDERLYING MEMORANDUM OF COVERAGE DECLARATIONS

MEMORANDUM No: SCOLI 004-14

- 1. MEMBER ENTITY:** City of Dunsmuir
5915 Dunsmuir Avenue
Dunsmuir, CA 96025

- 2. COVERAGE PERIOD:** July 1, 2014 through June 30, 2015

- 3. LIMITS OF LIABILITY:**
 - a. Liability Coverage \$500,000 Each Occurrence
 - b. Pollution Liability \$100,000 Each Condition

FORMS AND ENDORSEMENTS: LIAB-15
FORMING PART OF THE POLICY AT INCEPTION

President, Roger Carroll

Date

It is agreed that these Declarations and the Memorandum of Coverage together with any endorsements that may be added thereto constitutes the entire coverage agreement.

SMALL CITIES ORGANIZED RISK EFFORT

LIABILITY UNDERLYING MEMORANDUM OF COVERAGE DECLARATIONS

MEMORANDUM No: SCOLI 005-14

- 1. MEMBER ENTITY:** City of Etna
PO Box 460
425 Main Street
Etna, CA 96027

- 2. COVERAGE PERIOD:** July 1, 2014 through June 30, 2015

- 3. LIMITS OF LIABILITY:**
 - a. Liability Coverage \$500,000 Each Occurrence

FORMS AND ENDORSEMENTS: LIAB-15
FORMING PART OF THE POLICY AT INCEPTION

President, Roger Carroll

Date

It is agreed that these Declarations and the Memorandum of Coverage together with any endorsements that may be added thereto constitutes the entire coverage agreement.

SMALL CITIES ORGANIZED RISK EFFORT

LIABILITY UNDERLYING MEMORANDUM OF COVERAGE DECLARATIONS

MEMORANDUM No: SCOLI 006-14

- 1. MEMBER ENTITY:** Town of Fort Jones
PO Box 40
11960 East Street
Fort Jones, CA 96032

- 2. COVERAGE PERIOD:** July 1, 2014 through June 30, 2015

- 3. LIMITS OF LIABILITY:**
 - a. Liability Coverage \$500,000 Each Occurrence
 - b. Pollution Liability \$100,000 Each Condition

FORMS AND ENDORSEMENTS: LIAB-15
FORMING PART OF THE POLICY AT INCEPTION

President, Roger Carroll

Date

It is agreed that these Declarations and the Memorandum of Coverage together with any endorsements that may be added thereto constitutes the entire coverage agreement

SMALL CITIES ORGANIZED RISK EFFORT

LIABILITY UNDERLYING MEMORANDUM OF COVERAGE DECLARATIONS

MEMORANDUM No: SCOLI 007-14

1. **MEMBER ENTITY:** City of Isleton
PO Box 716
101 2nd Street
Isleton, CA 95641

2. **COVERAGE PERIOD:** July 1, 2014 through June 30, 2015

3. **LIMITS OF LIABILITY:**
 - a. Liability Coverage \$500,000 Each Occurrence

FORMS AND ENDORSEMENTS: LIAB-15
FORMING PART OF THE POLICY AT INCEPTION

President, Roger Carroll

Date

It is agreed that these Declarations and the Memorandum of Coverage together with any endorsements that may be added thereto constitutes the entire coverage agreement.

SMALL CITIES ORGANIZED RISK EFFORT

LIABILITY UNDERLYING MEMORANDUM OF COVERAGE DECLARATIONS

MEMORANDUM No: SCOLI 008-14

1. **MEMBER ENTITY:** City of Live Oak
9955 Live Oak Boulevard
Live Oak, CA 95953

2. **COVERAGE PERIOD:** July 1, 2014 through June 30, 2015

3. **LIMITS OF LIABILITY:**
 - a. Liability Coverage \$500,000 Each Occurrence
 - b. Pollution Liability \$100,000 Each Condition

FORMS AND ENDORSEMENTS: LIAB-15
FORMING PART OF THE POLICY AT INCEPTION

President, Roger Carroll

Date

It is agreed that these Declarations and the Memorandum of Coverage together with any endorsements that may be added thereto constitutes the entire coverage agreement.

SMALL CITIES ORGANIZED RISK EFFORT

LIABILITY UNDERLYING MEMORANDUM OF COVERAGE DECLARATIONS

MEMORANDUM No: SCOLI 009-14

1. **MEMBER ENTITY:** Town of Loomis
3665 Taylor Road
Loomis, CA 95650
2. **COVERAGE PERIOD:** July 1, 2014 through June 30, 2015
3. **LIMITS OF LIABILITY:**
- a. Liability Coverage \$500,000 Each Occurrence
 - b. Pollution Liability \$100,000 Each Condition

FORMS AND ENDORSEMENTS: LIAB-15
FORMING PART OF THE POLICY AT INCEPTION

President, Roger Carroll

Date

It is agreed that these Declarations and the Memorandum of Coverage together with any endorsements that may be added thereto constitutes the entire coverage agreement.

SMALL CITIES ORGANIZED RISK EFFORT

LIABILITY UNDERLYING MEMORANDUM OF COVERAGE DECLARATIONS

MEMORANDUM No: SCOLI 010-14

- 1. MEMBER ENTITY:** City of Loyalton
PO Box 128
210 Front Street
Loyalton, CA 96118
- 2. COVERAGE PERIOD:** July 1, 2014 through June 30, 2015
- 3. LIMITS OF LIABILITY:**
- a. Liability Coverage \$500,000 Each Occurrence
 - b. Pollution Liability \$100,000 Each Condition

FORMS AND ENDORSEMENTS: LIAB-15
FORMING PART OF THE POLICY AT INCEPTION

President, Roger Carroll

Date

It is agreed that these Declarations and the Memorandum of Coverage together with any endorsements that may be added thereto constitutes the entire coverage agreement.

SMALL CITIES ORGANIZED RISK EFFORT

LIABILITY UNDERLYING MEMORANDUM OF COVERAGE DECLARATIONS

MEMORANDUM No: SCOLI 011-14

1. **MEMBER ENTITY:** City of Montague
PO Box 428
230 S. 13th Street
Montague, CA 96064

2. **COVERAGE PERIOD:** July 1, 2014 through June 30, 2015

3. **LIMITS OF LIABILITY:**
 - a. Liability Coverage \$500,000 Each Occurrence
 - b. Pollution Liability \$100,000 Each Condition

FORMS AND ENDORSEMENTS: LIAB-15
FORMING PART OF THE POLICY AT INCEPTION

President, Roger Carroll

Date

It is agreed that these Declarations and the Memorandum of Coverage together with any endorsements that may be added thereto constitutes the entire coverage agreement.

SMALL CITIES ORGANIZED RISK EFFORT

LIABILITY UNDERLYING MEMORANDUM OF COVERAGE DECLARATIONS

MEMORANDUM No: SCOLI 012-14

1. **MEMBER ENTITY:** City of Mount Shasta
305 North Shasta Boulevard
Mount Shasta, CA 96067

2. **COVERAGE PERIOD:** July 1, 2014 through June 30, 2015

3. **LIMITS OF LIABILITY:**
 - a. Liability Coverage \$500,000 Each Occurrence
 - b. Pollution Liability \$100,000 Each Condition

FORMS AND ENDORSEMENTS: LIAB-15
FORMING PART OF THE POLICY AT INCEPTION

President, Roger Carroll

Date

It is agreed that these Declarations and the Memorandum of Coverage together with any endorsements that may be added thereto constitutes the entire coverage agreement.

SMALL CITIES ORGANIZED RISK EFFORT

LIABILITY UNDERLYING MEMORANDUM OF COVERAGE DECLARATIONS

MEMORANDUM No: SCOLI 013-14

1. **MEMBER ENTITY:** City of Portola
PO Box 1225
35 3rd Street
Portola, CA 96112

2. **COVERAGE PERIOD:** July 1, 2014 through June 30, 2015

3. **LIMITS OF LIABILITY:**
 - a. Liability Coverage \$500,000 Each Occurrence
 - b. Pollution Liability \$100,000 Each Condition

FORMS AND ENDORSEMENTS: LIAB-15
FORMING PART OF THE POLICY AT INCEPTION

President, Roger Carroll

Date

It is agreed that these Declarations and the Memorandum of Coverage together with any endorsements that may be added thereto constitutes the entire coverage agreement.

SMALL CITIES ORGANIZED RISK EFFORT

LIABILITY UNDERLYING MEMORANDUM OF COVERAGE DECLARATIONS

MEMORANDUM No: SCOLI 014-14

1. **MEMBER ENTITY:** City of Rio Dell
675 Wildwood Avenue
Rio Dell, CA 95562

2. **COVERAGE PERIOD:** July 1, 2014 through June 30, 2015

3. **LIMITS OF LIABILITY:**
 - a. Liability Coverage \$500,000 Each Occurrence
 - b. Pollution Liability \$100,000 Each Condition

FORMS AND ENDORSEMENTS: LIAB-15
FORMING PART OF THE POLICY AT INCEPTION

President, Roger Carroll

Date

It is agreed that these Declarations and the Memorandum of Coverage together with any endorsements that may be added thereto constitutes the entire coverage agreement.

SMALL CITIES ORGANIZED RISK EFFORT

LIABILITY UNDERLYING MEMORANDUM OF COVERAGE DECLARATIONS

MEMORANDUM No: SCOLI 015-14

- 1. MEMBER ENTITY:** City of Shasta Lake
PO Box 777
1650 Stanton Drive
Shasta Lake, CA 96019

- 2. COVERAGE PERIOD:** July 1, 2014 through June 30, 2015

- 3. LIMITS OF LIABILITY:**
 - a. Liability Coverage \$500,000 Each Occurrence
 - b. Pollution Liability \$100,000 Each Condition

FORMS AND ENDORSEMENTS: LIAB-15
FORMING PART OF THE POLICY AT INCEPTION

President, Roger Carroll

Date

It is agreed that these Declarations and the Memorandum of Coverage together with any endorsements that may be added thereto constitutes the entire coverage agreement.

SMALL CITIES ORGANIZED RISK EFFORT

LIABILITY UNDERLYING MEMORANDUM OF COVERAGE DECLARATIONS

MEMORANDUM No: SCOLI 016-14

1. **MEMBER ENTITY:** City of Susanville
66 North Lassen Street
Susanville, CA 96130

2. **COVERAGE PERIOD:** July 1, 2014 through June 30, 2015

3. **LIMITS OF LIABILITY:**
 - a. Liability Coverage \$500,000 Each Occurrence
 - b. Pollution Liability \$100,000 Each Condition

FORMS AND ENDORSEMENTS: LIAB-15
FORMING PART OF THE POLICY AT INCEPTION

President, Roger Carroll

Date

It is agreed that these Declarations and the Memorandum of Coverage together with any endorsements that may be added thereto constitutes the entire coverage agreement.

SMALL CITIES ORGANIZED RISK EFFORT

LIABILITY UNDERLYING MEMORANDUM OF COVERAGE DECLARATIONS

MEMORANDUM No: SCOLI 017-14

- 1. MEMBER ENTITY:** City of Weed
PO Box 470
550 Main Street
Weed, CA 96094

- 2. COVERAGE PERIOD:** July 1, 2014 through June 30, 2015

- 3. LIMITS OF LIABILITY:**
 - a. Liability Coverage \$500,000 Each Occurrence
 - b. Pollution Liability \$100,000 Each Condition

FORMS AND ENDORSEMENTS: LIAB-15
FORMING PART OF THE POLICY AT INCEPTION

President, Roger Carroll

Date

It is agreed that these Declarations and the Memorandum of Coverage together with any endorsements that may be added thereto constitutes the entire coverage agreement.

SMALL CITIES ORGANIZED RISK EFFORT

LIABILITY UNDERLYING MEMORANDUM OF COVERAGE DECLARATIONS

MEMORANDUM No: SCOLI 018-14

1. **MEMBER ENTITY:** City of Yreka
701 4th Street
Yreka, CA 96097

2. **COVERAGE PERIOD:** July 1, 2014 through June 30, 2015

3. **LIMITS OF LIABILITY:**
 - a. Liability Coverage \$500,000 Each Occurrence

FORMS AND ENDORSEMENTS: LIAB-15
FORMING PART OF THE POLICY AT INCEPTION

President, Roger Carroll

Date

It is agreed that these Declarations and the Memorandum of Coverage together with any endorsements that may be added thereto constitutes the entire coverage agreement.

SMALL CITIES ORGANIZED RISK EFFORT

LIABILITY UNDERLYING MEMORANDUM OF COVERAGE DECLARATIONS

MEMORANDUM No: SCOLI 019-14

1. **MEMBER ENTITY:** City of Tulelake
PO Box 847
Tulelake, CA 96134

2. **COVERAGE PERIOD:** July 1, 2014 through June 30, 2015

3. **LIMITS OF LIABILITY:**
 - a. Liability Coverage \$500,000 Each Occurrence

FORMS AND ENDORSEMENTS: LIAB-15
FORMING PART OF THE POLICY AT INCEPTION

President, Roger Carroll

Date

It is agreed that these Declarations and the Memorandum of Coverage together with any endorsements that may be added thereto constitutes the entire coverage agreement.



**SCORE MEMORANDUM OF COVERAGE (MOC) APPROVAL
WORKERS' COMPENSATION**

ACTION ITEM

ISSUE: SCORE's Workers' Compensation insurance coverage is provided by a Memorandum of Coverage (MOC). The SCORE Workers' Compensation Memorandum of Coverage is reviewed on an annual basis and updated, if needed. The Board annually adopts the Workers' Compensation MOC pending any changes.

RECOMMENDATION: The Program Administrators recommend that the Board of Directors continue the current Memorandum of Coverage as written.

FISCAL IMPACT: None

BACKGROUND: SCORE's MOC incorporates the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) Memorandum of Coverage form. LAWCX's MOC in turn incorporates the terms and conditions of the CSAC-EIA Excess Workers' Compensation MOC. SCORE does amend the adopted wording from LAWCX to exclude coverage for Labor Code Section 4850 benefits.

A Declarations page will be issued for the new program year, for each participating member separately.

ATTACHMENTS: SCORE's 2014/15 Workers' Compensation Memorandum of Coverage and Declaration Pages.



SMALL CITIES ORGANIZED RISK EFFORT
WORKERS' COMPENSATION
UNDERLYING MEMORANDUM OF COVERAGE
FORM NO. WCOM-14

1. INSURING AGREEMENT

In consideration of the payment of the required deposit and subject to all the terms of this Memorandum of Coverage, SCORE agrees to pay on behalf of the Member City loss resulting from any accident or disease covered by the terms of the Local Agency Workers' Compensation Excess Joint Powers Authority Memorandum of Coverage effective for the Coverage Period shown under Item 2 of the Declarations to this Memorandum, except as amended by the following provisions:

2. LIMITS OF LIABILITY

The Limits of Liability applicable to this Memorandum of Coverage are as stated under Items 3a and 3b of the Declarations. This Memorandum of Coverage does not include a self-insured retention.

3. EXCLUSIONS

This Memorandum of Coverage shall not apply to benefits due to any Member City employee or volunteer under Labor Code Section 4850.

4. GLOSSARY

The conditions of this Memorandum of Coverage shall be applied as if the glossary of words listed below had been included with the word or words each time they appear in this Memorandum of Coverage.

LOSS-means the ultimate net loss as defined in the Memorandum of Coverage issued by LAWCX for this period concurrent with the period stated in the declarations and amended by the Memorandum.

MEMBER CITY OR MEMBER ENTITY- a signatory to the Joint Powers Agreement forming the Small Cities Organized Risk Effort Joint Powers Authority. This meaning shall apply to the term Member City or Member Entity notwithstanding any other definition to the contrary in, or any document incorporated into, this Memorandum.



5. OTHER INSURANCE

The coverage afforded by this Memorandum of Coverage shall be excess over any other valid and collectible insurance or coverage available to the Member City and applicable to any part of the ultimate net loss, whether such other insurance or coverage is stated to be primary, excess, contingent or otherwise, unless such other insurance or coverage specifically applies as excess insurance or coverage over the limits provided in this Memorandum of Coverage.

6. NOTICE OF LOSS

Upon the happening of any occurrence likely to involve SCORE under this Memorandum of Coverage, the Member City shall give notice as soon as practicable to the Claims Administrator of SCORE. Such notice shall contain particulars sufficient to identify the Member City and provide fullest information obtainable at the time. The Member City shall forward to SCORE Claims Administrator all written notices, demands or legal papers received by the Member City or the Member City's representative, together with copies of reports or investigations, with respect to such loss.

7. DEFENSE

SCORE shall assume charge of the investigation, settlement or defense of any claims made, or suits brought, or proceedings instituted against the Member City, which in the opinion of SCORE may create liability on the part of SCORE under the terms of this Memorandum of Coverage.

8. PAYMENT OF LOSS

Upon final determination of loss, SCORE will promptly pay on behalf of the Member City the amount of loss falling within the terms of this Memorandum of Coverage.

9. CANCELLATION

This Memorandum of Coverage may be canceled in accordance with the terms of the JPA Agreement and Bylaws of SCORE.

To be valid, this agreement must be signed by either the President or Vice-President of SCORE. The Agreement will be issued by the Program Administrator.

Mr. Roger Carroll, President

Date

SMALL CITIES ORGANIZED RISK EFFORT

**WORKERS' COMPENSATION
UNDERLYING MEMORANDUM OF COVERAGE
DECLARATIONS**

MEMORANDUM NO: SCOWC 009-14

- 1. MEMBER ENTITY:** City of Biggs
PO Box 307
465 "C" Street
Biggs, CA 95917
- 2. COVERAGE PERIOD:** July 1, 2014 through June 30, 2015
- 3. COVERAGE LIMITS:**
a. Workers Compensation \$250,000 Each Occurrence

FORMS AND ENDORSEMENTS: WCOM-14
FORMING PART OF THE POLICY AT INCEPTION

SCORE President, Roger Carroll

Date

Coverage afforded to the Member Entity stated above shall be the same as that provided under the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) Memorandum of Coverage effective July 1, 2010 except as this Memorandum is endorsed or any conflicts with the Joint Powers Agreement, Bylaws or Resolutions of the Small Cities Organized Risk Effort.

SMALL CITIES ORGANIZED RISK EFFORT

**WORKERS' COMPENSATION
UNDERLYING MEMORANDUM OF COVERAGE
DECLARATIONS**

MEMORANDUM No: SCOWC 009-14

- 1. MEMBER ENTITY:** City of Colfax
PO Box 702
33 South Main Street
Colfax, CA 95713
- 2. COVERAGE PERIOD:** July 1, 2014 through June 30, 2015
- 3. COVERAGE LIMITS:**
a. Workers Compensation \$250,000 Each Occurrence

FORMS AND ENDORSEMENTS: WCOM-14
FORMING PART OF THE POLICY AT INCEPTION

SCORE President, Roger Carroll

Date

Coverage afforded to the Member Entity stated above shall be the same as that provided under the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) Memorandum of Coverage effective July 1, 2010 except as this Memorandum is endorsed or any conflicts with the Joint Powers Agreement, Bylaws or Resolutions of the Small Cities Organized Risk Effort.

SMALL CITIES ORGANIZED RISK EFFORT

**WORKERS' COMPENSATION
UNDERLYING MEMORANDUM OF COVERAGE
DECLARATIONS**

MEMORANDUM No: SCOWC 001-14

- 1. MEMBER ENTITY:** City of Dunsmuir
5915 Dunsmuir Ave
Dunsmuir, CA 96025

- 2. COVERAGE PERIOD:** July 1, 2014 through June 30, 2015

- 3. COVERAGE LIMITS:**
 - a. Workers Compensation \$250,000 Each Occurrence

FORMS AND ENDORSEMENTS: WCOM-14
FORMING PART OF THE POLICY AT INCEPTION

SCORE President, Roger Carroll

Date

Coverage afforded to the Member Entity stated above shall be the same as that provided under the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) Memorandum of Coverage effective July 1, 2010 except as this Memorandum is endorsed or any conflicts with the Joint Powers Agreement, Bylaws or Resolutions of the Small Cities Organized Risk Effort.

SMALL CITIES ORGANIZED RISK EFFORT

**WORKERS' COMPENSATION
UNDERLYING MEMORANDUM OF COVERAGE
DECLARATIONS**

MEMORANDUM NO: SCOWC 009-14

- 1. MEMBER ENTITY:** City of Etna
PO Box 460
422 Main Street
Etna, CA 96027
- 2. COVERAGE PERIOD:** July 1, 2014 through June 30, 2015
- 3. COVERAGE LIMITS:**
a. Workers Compensation \$250,000 Each Occurrence

FORMS AND ENDORSEMENTS: WCOM-14
FORMING PART OF THE POLICY AT INCEPTION

SCORE President, Roger Carroll

Date

Coverage afforded to the Member Entity stated above shall be the same as that provided under the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) Memorandum of Coverage effective July 1, 2010 except as this Memorandum is endorsed or any conflicts with the Joint Powers Agreement, Bylaws or Resolutions of the Small Cities Organized Risk Effort.

SMALL CITIES ORGANIZED RISK EFFORT

**WORKERS' COMPENSATION
UNDERLYING MEMORANDUM OF COVERAGE
DECLARATIONS**

MEMORANDUM NO: SCOWC 009-14

- 1. MEMBER ENTITY:** Town of Fort Jones
PO Box 40
11960 East Street
Fort Jones, CA 96032
- 2. COVERAGE PERIOD:** July 1, 2014 through June 30, 2015
- 3. COVERAGE LIMITS:**
a. Workers Compensation \$250,000 Each Occurrence

FORMS AND ENDORSEMENTS: WCOM-14
FORMING PART OF THE POLICY AT INCEPTION

SCORE President, Roger Carroll

Date

Coverage afforded to the Member Entity stated above shall be the same as that provided under the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) Memorandum of Coverage effective July 1, 2010 except as this Memorandum is endorsed or any conflicts with the Joint Powers Agreement, Bylaws or Resolutions of the Small Cities Organized Risk Effort.

SMALL CITIES ORGANIZED RISK EFFORT
WORKERS' COMPENSATION
UNDERLYING MEMORANDUM OF COVERAGE
DECLARATIONS

MEMORANDUM No: SCOWC 002-14

- 1. MEMBER ENTITY:** City of Live Oak
9955 Live Oak Blvd
Live Oak, CA 95953
- 2. COVERAGE PERIOD:** July 1, 2014 through June 30, 2015
- 3. COVERAGE LIMITS:**
a. Workers Compensation \$250,000 Each Occurrence

FORMS AND ENDORSEMENTS: WCOM-14
FORMING PART OF THE POLICY AT INCEPTION

SCORE President, Roger Carroll

Date

Coverage afforded to the Member Entity stated above shall be the same as that provided under the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) Memorandum of Coverage effective July 1, 2010 except as this Memorandum is endorsed or any conflicts with the Joint Powers Agreement, Bylaws or Resolutions of the Small Cities Organized Risk Effort.

SMALL CITIES ORGANIZED RISK EFFORT

**WORKERS' COMPENSATION
UNDERLYING MEMORANDUM OF COVERAGE
DECLARATIONS**

MEMORANDUM No: SCOWC 009-14

- 1. MEMBER ENTITY:** Town of Loomis
3665 Taylor Rd
Loomis, CA 95650

- 2. COVERAGE PERIOD:** July 1, 2014 through June 30, 2015

- 3. COVERAGE LIMITS:**
 - a. Workers Compensation \$250,000 Each Occurrence

FORMS AND ENDORSEMENTS: WCOM-14
FORMING PART OF THE POLICY AT INCEPTION

SCORE President, Roger Carroll

Date

Coverage afforded to the Member Entity stated above shall be the same as that provided under the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) Memorandum of Coverage effective July 1, 2010 except as this Memorandum is endorsed or any conflicts with the Joint Powers Agreement, Bylaws or Resolutions of the Small Cities Organized Risk Effort.

SMALL CITIES ORGANIZED RISK EFFORT

**WORKERS' COMPENSATION
UNDERLYING MEMORANDUM OF COVERAGE
DECLARATIONS**

MEMORANDUM NO: SCOWC 009-14

- 1. MEMBER ENTITY:** City of Loyalton
210 Front Street
Loyalton, CA 96118

- 2. COVERAGE PERIOD:** July 1, 2014 through June 30, 2015

- 3. COVERAGE LIMITS:**
 - a. Workers Compensation \$250,000 Each Occurrence

FORMS AND ENDORSEMENTS: WCOM-14
FORMING PART OF THE POLICY AT INCEPTION

SCORE President, Roger Carroll

Date

Coverage afforded to the Member Entity stated above shall be the same as that provided under the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) Memorandum of Coverage effective July 1, 2010 except as this Memorandum is endorsed or any conflicts with the Joint Powers Agreement, Bylaws or Resolutions of the Small Cities Organized Risk Effort.

SMALL CITIES ORGANIZED RISK EFFORT

**WORKERS' COMPENSATION
UNDERLYING MEMORANDUM OF COVERAGE
DECLARATIONS**

MEMORANDUM No: SCOWC 009-14

- 1. MEMBER ENTITY:** City of Montague
PO Box 428
230 S. 13th Street
Montague, CA 96064
- 2. COVERAGE PERIOD:** July 1, 2014 through June 30, 2015
- 3. COVERAGE LIMITS:**
a. Workers Compensation \$250,000 Each Occurrence

FORMS AND ENDORSEMENTS: WCOM-14
FORMING PART OF THE POLICY AT INCEPTION

SCORE President, Roger Carroll

Date

Coverage afforded to the Member Entity stated above shall be the same as that provided under the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) Memorandum of Coverage effective July 1, 2010 except as this Memorandum is endorsed or any conflicts with the Joint Powers Agreement, Bylaws or Resolutions of the Small Cities Organized Risk Effort.

SMALL CITIES ORGANIZED RISK EFFORT

**WORKERS' COMPENSATION
UNDERLYING MEMORANDUM OF COVERAGE
DECLARATIONS**

MEMORANDUM NO: SCOWC 003-14

- 1. MEMBER ENTITY:** City of Mount Shasta
305 North Shasta Blvd
Mount Shasta, CA 96067

- 2. COVERAGE PERIOD:** July 1, 2014 through June 30, 2015

- 3. COVERAGE LIMITS:**
 - a. Workers Compensation \$250,000 Each Occurrence

FORMS AND ENDORSEMENTS: WCOM-14
FORMING PART OF THE POLICY AT INCEPTION

SCORE President, Roger Carroll

Date

Coverage afforded to the Member Entity stated above shall be the same as that provided under the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) Memorandum of Coverage effective July 1, 2010 except as this Memorandum is endorsed or any conflicts with the Joint Powers Agreement, Bylaws or Resolutions of the Small Cities Organized Risk Effort.

SMALL CITIES ORGANIZED RISK EFFORT

**WORKERS' COMPENSATION
UNDERLYING MEMORANDUM OF COVERAGE
DECLARATIONS**

MEMORANDUM NO: SCOWC 009-14

- 1. MEMBER ENTITY:** City of Portola
PO Box 1225
35 3rd Street
Portola, CA 96112
- 2. COVERAGE PERIOD:** July 1, 2014 through June 30, 2015
- 3. COVERAGE LIMITS:**
a. Workers Compensation \$250,000 Each Occurrence

FORMS AND ENDORSEMENTS: WCOM-14
FORMING PART OF THE POLICY AT INCEPTION

SCORE President, Roger Carroll

Date

Coverage afforded to the Member Entity stated above shall be the same as that provided under the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) Memorandum of Coverage effective July 1, 2010 except as this Memorandum is endorsed or any conflicts with the Joint Powers Agreement, Bylaws or Resolutions of the Small Cities Organized Risk Effort.

SMALL CITIES ORGANIZED RISK EFFORT

**WORKERS' COMPENSATION
UNDERLYING MEMORANDUM OF COVERAGE
DECLARATIONS**

MEMORANDUM No: SCOWC 009-14

- 1. MEMBER ENTITY:** City of Rio Dell
675 Wildwood Ave
Rio Dell, CA 95562

- 2. COVERAGE PERIOD:** July 1, 2014 through June 30, 2015

- 3. COVERAGE LIMITS:**
 - a. Workers Compensation \$250,000 Each Occurrence

FORMS AND ENDORSEMENTS: WCOM-14
FORMING PART OF THE POLICY AT INCEPTION

SCORE President, Roger Carroll

Date

Coverage afforded to the Member Entity stated above shall be the same as that provided under the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) Memorandum of Coverage effective July 1, 2010 except as this Memorandum is endorsed or any conflicts with the Joint Powers Agreement, Bylaws or Resolutions of the Small Cities Organized Risk Effort.

SMALL CITIES ORGANIZED RISK EFFORT
WORKERS' COMPENSATION
UNDERLYING MEMORANDUM OF COVERAGE
DECLARATIONS

MEMORANDUM No: SCOWC 004-14

- 1. MEMBER ENTITY:** City of Shasta Lake
PO Box 777
1650 Stanton Drive
Shasta Lake, CA 96019
- 2. COVERAGE PERIOD:** July 1, 2014 through June 30, 2015
- 3. COVERAGE LIMITS:**
a. Workers Compensation \$250,000 Each Occurrence

FORMS AND ENDORSEMENTS: WCOM-14
FORMING PART OF THE POLICY AT INCEPTION

SCORE President, Roger Carroll

Date

Coverage afforded to the Member Entity stated above shall be the same as that provided under the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) Memorandum of Coverage effective July 1, 2010 except as this Memorandum is endorsed or any conflicts with the Joint Powers Agreement, Bylaws or Resolutions of the Small Cities Organized Risk Effort.

SMALL CITIES ORGANIZED RISK EFFORT

**WORKERS' COMPENSATION
UNDERLYING MEMORANDUM OF COVERAGE
DECLARATIONS**

MEMORANDUM NO: SCOWC 005-14

- 1. MEMBER ENTITY:** City of Susanville
66 North Lassen Street
Susanville, CA 96130

- 2. COVERAGE PERIOD:** July 1, 2014 through June 30, 2015

- 3. COVERAGE LIMITS:**
 - a. Workers Compensation \$250,000 Each Occurrence

FORMS AND ENDORSEMENTS: WCOM-14
FORMING PART OF THE POLICY AT INCEPTION

SCORE President, Roger Carroll

Date

Coverage afforded to the Member Entity stated above shall be the same as that provided under the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) Memorandum of Coverage effective July 1, 2010 except as this Memorandum is endorsed or any conflicts with the Joint Powers Agreement, Bylaws or Resolutions of the Small Cities Organized Risk Effort.

SMALL CITIES ORGANIZED RISK EFFORT

**WORKERS' COMPENSATION
UNDERLYING MEMORANDUM OF COVERAGE
DECLARATIONS**

MEMORANDUM NO: SCOWC 006-14

- 1. MEMBER ENTITY:** City of Weed
PO Box 470
550 Main Street
Weed, CA 96094
- 2. COVERAGE PERIOD:** July 1, 2014 through June 30, 2015
- 3. COVERAGE LIMITS:**
a. Workers Compensation \$250,000 Each Occurrence

FORMS AND ENDORSEMENTS: WCOM-14
FORMING PART OF THE POLICY AT INCEPTION

SCORE President, Roger Carroll

Date

Coverage afforded to the Member Entity stated above shall be the same as that provided under the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) Memorandum of Coverage effective July 1, 2010 except as this Memorandum is endorsed or any conflicts with the Joint Powers Agreement, Bylaws or Resolutions of the Small Cities Organized Risk Effort.

SMALL CITIES ORGANIZED RISK EFFORT

**WORKERS' COMPENSATION
UNDERLYING MEMORANDUM OF COVERAGE
DECLARATIONS**

MEMORANDUM NO: SCOWC 007-14

- 1. MEMBER ENTITY:** City of Yreka
701 4th Street
Yreka, CA 96097

- 2. COVERAGE PERIOD:** July 1, 2014 through June 30, 2015

- 3. COVERAGE LIMITS:**
 - a. Workers Compensation \$250,000 Each Occurrence

FORMS AND ENDORSEMENTS: WCOM-14
FORMING PART OF THE POLICY AT INCEPTION

SCORE President, Roger Carroll

Date

Coverage afforded to the Member Entity stated above shall be the same as that provided under the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) Memorandum of Coverage effective July 1, 2010 except as this Memorandum is endorsed or any conflicts with the Joint Powers Agreement, Bylaws or Resolutions of the Small Cities Organized Risk Effort.



2014/15 PROPERTY PROGRAM RENEWAL

ACTION ITEM

ISSUE: The Board of Directors is asked to review and approve the 2014/15 Property Program renewal.

The SCORE Property Program is currently placed through the Alliant Property Insurance Program (APIP) which renews July 1, 2014. Total Insurable Values increased 0.75% as indicated below. The total premium decreased 1.48% or approximately \$4,000 from last year, mainly due to a 2.22% decrease in the rate and a slight reduction in total insurable values. In addition to our efforts on the premium reduction, we have worked hard to continue to improve the coverage form, with highlighted changes on the attached Executive Summary document. Below is a summary of value and coverage changes for 2014/15.

<u>Small Cities Organized Risk Effort (SCORE)</u>	<u>2013/14</u>	<u>2014/15</u>	<u>Variance</u>
Total Insurable Values:	\$ 263,275,851	\$ 265,257,366	0.75%
Account Rate (per hundred dollars):	0.1115356	0.1091832	-2.22%
Total Annual Premium:	\$ 293,646.40	\$ 289,616.61	-1.48%

As evidenced above, the property market at the end of 2013 had rates generally lower, with underwriters willing to give decreases based on favorable loss history. As we enter the 2014/15 APIP renewal, most APIP insureds will see rates decrease; however, for those insureds with significant loss history rates have increased.

In addition, all new for 2014/15 is a Cyber Privacy Notification cost coverage enhancement that would replace the monetary limit already offered of \$500,000 (or \$1 Million if a Beazley approved vendor is used) for Privacy notification costs with a person limit (i.e. the carrier will pay to notify up to 50,000 people affected by the breach). Given SCORE's size and revenue, this coverage would translate into an additional cost of \$968 for 50,000 people and \$1,452 for 100,000 people. **This is not included in the figures shown above.*



Other Enhancements included for 2014/15:

1. Unscheduled infrastructure Sublimit increased to \$2,000,000 from \$500,000
2. Cyber Liability – 3rd party Liability limit of \$2,000,000 expanded to each Member of a JPA
3. Pollution Coverage – Fungi & Legionella sublimit increased to \$1,000,000 from \$200,000
4. Pollution Coverage – BI limit increased to \$1,000,000 from \$0

RECOMMENDATION: The Program Administrators recommend approval of the 2014/15 Property Insurance Renewal as per the APIP quote, and the 2014/15 Property Premium Deposit Calculations.

FISCAL IMPACT: The projected total premium of \$289,617 is based on total insured values of \$263,275,851.

BACKGROUND: SCORE provides optional property insurance for their members through the Alliant Property Insurance Program. This is a joint purchase insurance program currently providing members up to \$1,000,000,000 in all risk limits. Premiums are based on each member's exposures which are provided via a schedule of insured locations.

ATTACHMENT(S):

1. Property Deposit Calculations
2. SCORE Property Proposal
3. SCORE Boiler and Machinery Proposal
4. SCORE Pollution Liability Proposal
5. List of Named Insureds
6. TRIA Selection
7. Surplus Lines Disclosure
8. Claims Acknowledgement and Procedures

**SMALL CITIES ORGANIZED RISK EFFORT
PROPERTY PROGRAM
July 1, 2014 to June 30, 2015**

Member Entity	Property Deductible	Boiler & Machinery Deductible	Real Property Values	Personal Property Values	Income/Rents	Contractor's Equipment	Total Values	Property Premium	Excess Premium and Fees	Excess Property Premium	Automobile Physical Damage Deductible	Automobile Physical Damage Values	Physical Damage Premium	SL Taxes & Fees	ABS Fees	Total Deposit	Last Year's Premium	Difference
Biggs	\$5,000	\$5,000	\$5,352,511	\$1,214,386	\$0	\$91,665	\$6,658,562	\$4,890	\$1,413	\$1,048	\$5,000	\$397,393	\$2,525	\$188	\$177	\$8,828	\$8,664	2%
Colfax	\$5,000	\$5,000	\$9,122,319	\$3,314,333	\$0	\$162,027	\$12,598,679	\$9,253	\$2,627	\$1,936	\$5,000	\$442,059	\$2,809	\$356	\$335	\$14,689	\$14,575	1%
Dunsmuir	\$5,000	\$5,000	\$12,297,251	\$1,063,862	\$18,000	\$0	\$13,379,113	\$9,826	\$2,720	\$1,986				\$378	\$356	\$12,547	\$12,425	1%
Etna	\$5,000	\$5,000	\$5,512,931	\$452,574	\$8,000	\$0	\$5,973,505	\$4,387	\$1,271	\$943	\$5,000	\$381,388	\$2,423	\$169	\$159	\$8,082	\$7,855	3%
Fort Jones	\$5,000	\$5,000	\$2,826,248	\$1,450,885	\$7,000	\$0	\$4,284,133	\$3,147	\$944	\$709	\$5,000	\$491,000	\$3,120	\$121	\$114	\$7,210	\$7,166	1%
Live Oak	\$5,000	\$5,000	\$23,426,353	\$10,542,221	\$131,000	\$0	\$34,099,574	\$25,045	\$6,971	\$5,100	\$5,000	\$255,000	\$1,620	\$963	\$908	\$33,636	\$31,795	6%
Loomis	\$5,000	\$5,000	\$1,576,944	\$230,230	\$0	\$0	\$1,807,174	\$1,327	\$412	\$313	\$5,000	\$299,269	\$1,902	\$51	\$48	\$3,641	\$3,801	-4%
Loyalton	\$5,000	\$5,000	\$5,218,835	\$1,883,277	\$11,000	\$229,393	\$7,342,505	\$5,393	\$1,770	\$1,367	\$5,000	\$1,866,662	\$11,862	\$207	\$195	\$19,024	\$18,126	5%
Montague	\$5,000	\$5,000	\$7,276,709	\$2,290,471	\$0	\$194,260	\$9,761,440	\$7,169	\$2,133	\$1,598	\$5,000	\$1,000,000	\$6,354	\$276	\$260	\$15,657	\$14,354	9%
Mt. Shasta	\$5,000	\$5,000	\$8,177,375	\$2,001,421	\$35,000	\$0	\$10,213,796	\$7,502	\$2,077	\$1,516				\$288	\$272	\$9,578	\$9,484	1%
Portola	\$5,000	\$5,000	\$5,372,612	\$1,142,061	\$0	\$0	\$6,514,673	\$4,785	\$1,343	\$985	\$5,000	\$121,929	\$775	\$184	\$173	\$6,902	\$6,802	1%
Rio Dell	\$5,000	\$5,000	\$6,009,756	\$3,601,974	\$5,000	\$186,812	\$9,803,542	\$7,200	\$2,030	\$1,492	\$5,000	\$246,966	\$1,569	\$277	\$261	\$10,800	\$12,123	-11%
Shasta Lake	\$5,000	\$5,000	\$43,737,457	\$6,427,397	\$0	\$160,455	\$50,325,309	\$36,962	\$10,394	\$7,634	\$10,000	\$1,092,500	\$5,408	\$1,421	\$1,340	\$52,764	\$56,075	-6%
Susanville	\$5,000	\$5,000	\$18,038,987	\$5,694,681	\$144,000	\$58,800	\$23,936,468	\$17,580	\$4,914	\$3,601	\$5,000	\$318,414	\$2,023	\$676	\$637	\$24,518	\$24,127	2%
Tulelake	\$5,000	\$5,000	\$4,336,195	\$692,125	\$0	\$0	\$5,028,320	\$3,693	\$1,043	\$767	\$5,000	\$138,491	\$880	\$142	\$134	\$5,616	\$6,940	-19%
Weed	\$5,000	\$5,000	\$8,439,355	\$1,249,803	\$50,826	\$26,033	\$9,766,017	\$7,173	\$1,986	\$1,450				\$276	\$260	\$9,158	\$9,048	1%
Yreka	\$5,000	\$5,000	\$30,909,378	\$10,695,217	\$257,300	\$4,090,189	\$45,952,084	\$33,750	\$9,456	\$6,935	\$10,000	\$761,401	\$3,769	\$1,298	\$1,223	\$46,975	\$46,310	1%
Total:			\$197,631,216	\$53,946,918	\$667,126	\$5,199,634	\$257,444,894	\$189,082		\$39,380		\$7,812,472	\$47,040	\$7,270	\$6,853	\$289,625	\$289,669	-0.02%

ALLIANT PROPERTY INSURANCE PROGRAM (APIP)

July 1, 2014 – July 1, 2015 Small Cities Organized Risk Effort EXECUTIVE SUMMARY

We are pleased to provide you with the 2014–2015 Alliant Property Insurance Program (APIP) attached renewal material.

“APIP” is the umbrella name which encompasses the Alliant property insurance programs known as “PEPIP”, “HARPP” and “SPIP”. As membership in these programs continues to expand, the acronym “APIP” more correctly depicts the membership of the occupancies within the program. Please note the manuscript policy form utilized will continue to be referred to as “PEPIP USA”, unless a more specific program name is indicated.

The property market at the end of 2013 had rates generally lower, with underwriters willing to give decreases based on favorable loss history. As we enter the 2014/15 APIP renewal, most APIP insureds will see rates decrease; however, for those insureds with significant loss history rates will increase. For all insureds, we expect the rate change, whether up or down, will be well below the general commercial market

The primary \$2.5M layer will continue to be placed with our long-term partner, Lexington (Best Rated A XV), and Lexington will also continue to provide the majority of capacity in the \$22.5M x/s \$2.5M layer, with Lloyd’s of London (Best Rated A XV) as its quota-share partner. Excess limits will be placed with London, Bermudian, European and U.S. Domestic markets (Best Rated minimum of A- VII) up to a limit of \$1,000,000,000. Members should note several key highlights for this year’s renewal:

- Boiler & Machinery for participating members of the APIP Boiler Program maintained
- Cyber (Privacy Liability) Coverage for both 1st and 3rd parties from the Beazley Syndicate at Lloyd’s (for those members eligible) with some improvements in coverage as outlined on the following summary
- Pollution Liability Coverage from Illinois Union Insurance Company (for those members eligible) with some improvements in coverage as outlined on the following summary

Alliant Business Services (ABS) will continue to play a significant role not only in providing various types of loss control services, but also in providing appraisal services. For the 2014-2015 policy year property valuations will continue to be a key focus. As a reminder, it is underwriters’ intent to have all buildings with a scheduled value of \$5,000,000 or more appraised once every five years. The cost of this service is included in the total annual cost. Members may also choose to have lower valued buildings appraised. The cost to have all or specific buildings appraised between \$25,000 and \$5,000,000 will be quoted at the time the request is made.

Year-over-Year Rate and Premium Comparison

<u>Small Cities Organized Risk Effort</u>	<u>13-14</u> (at 12/05/2013)	<u>14-15</u>	<u>Variance</u>
Total Insurable Values:	\$ 263,275,851	\$ 265,257,366	0.75%
Account Rate (per hundred dollars):	0.1116599	0.1091832	-2.22%
Earthquake TIV:	\$ 0	\$ 0	N/A
Earthquake Limit:	Not Covered	Not Covered	N/A
*Total Annual Cost:	\$ 293,973.55	\$ 289,616.61	-1.48%

* TOTAL COST includes: all premiums, underwriting fees, commissions, loss control expenses, program administration charges and applicable taxes.

2014-2015 Proposed Coverage Sub-Limit Changes effective 7/01/2014			
<u>Item</u>	<u>13-14 Coverage or Sublimit Per Occurrence</u>	<u>14-15 Coverage or Sublimit Per Occurrence</u>	<u>Pending</u>
Unscheduled Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets, Sidewalks, Culverts, Street Lights and Traffic Signals unless specific values for such items have been declared (excluding Earthquake Shock and excluding F.E.M.A. and/or Office of Emergency Services declared disasters)	\$500,000	\$2,000,000	Enhancement
Per Occurrence and in the Annual Aggregate as respects the peril of Earthquake Shock for Licensed Vehicles, Unlicensed Vehicles, Contractors Equipment and Fine Arts combined, for all Member(s) / Entity(ies) of this Declaration combined that do not purchase optional dedicated Earthquake Shock coverage, and/or where specific values for such items are not covered for optional dedicated Earthquake Shock coverage as part of the Member(s) / Entity(ies) schedule of values held on file with Alliant Insurance Services, Inc.	\$5,000,000	\$5,000,000 per occurrence per member subject to an Annual Aggregate of \$10,000,000 per declaration.	Enhancement
Per Occurrence and in the Annual Aggregate as respects the peril of Flood for Licensed Vehicles, Unlicensed Vehicles, Contractors Equipment and Fine Arts combined, for all Member(s) / Entity(ies) of this Declaration combined that do not purchase optional dedicated Flood coverage, and/or where specific values for such items are not covered for optional dedicated Flood coverage as part of the Member(s) / Entity(ies) schedule of values held on file with Alliant Insurance Services, Inc.	\$5,000,000	\$5,000,000 per occurrence per member subject to an Annual Aggregate of \$10,000,000 per declaration.	Enhancement
Scheduled Landscaping, tees, sand traps, greens and athletic fields and further subject to \$25,000 / 25 gallon maximum per item.	\$5,000,000	\$5,000,000 or 110% of Scheduled Landscaping values, whichever is greater for	Enhancement
Cyber Liability Coverage	A Summary of Changes for Cyber Liability is included with the Coverage Proposal		Enhancement
Pollution Liability	A Summary of Changes for Pollution Liability is included with the Coverage Proposal		Enhancement

Thank you for your continued support of APIP. We look forward to working with you this next year. Please let us know if you have any questions about your Renewal Proposal.



**ALLIANT INSURANCE SERVICES, INC.
ALLIANT PROPERTY INSURANCE PROGRAM (APIP)**

PROPERTY PROPOSAL

TYPE OF INSURANCE: Insurance Reinsurance

NAMED INSURED: Small Cities Organized Risk Effort

DECLARATION: 4-Cities 4

POLICY PERIOD: July 1, 2014 to July 1, 2015

COMPANIES: See Attached List of Companies

**TOTAL INSURED
VALUES:** \$ 265,257,366 as of May 23, 2014

**ALL RISK
COVERAGES &
LIMITS:**

\$	1,000,000,000	Per Occurrence: All Perils, Coverages (subject to policy exclusions) and Insureds/Members combined, subject to the following per occurrence and/or aggregate sub-limits as noted.
	Not Covered	Flood Limit - Per Occurrence and in the Annual Aggregate (for those Members(s)/Entity(ies) that purchase this optional dedicated coverage)
	Not Covered	Per Occurrence and in the Annual Aggregate for all locations in Flood Zones A & V (inclusive of all 100 year exposures). This Sublimit does not increase the specific flood limit of liability for those Members(s)/Entity(ies) that purchase this optional dedicated coverage.
	Not Covered	Earthquake Shock - Per Occurrence and in the Annual Aggregate (for those Members(s)/Entity(ies) that purchase this optional dedicated coverage)
\$	100,000,000	Combined Business Interruption, Rental Income and Tax Revenue Interruption and Tuition Income (and related fees). However, if specific values for such coverage have not been reported as part of the Member(s)/Entity(ies) schedule of values held on file with Alliant Insurance Services, Inc., this sublimit amount is limited to \$500,000 per Member/Entity subject to maximum of \$2,500,000 Per Occurrence for Business Interruption, Rental Income and Tuition Income combined, and \$5,000,000 per occurrence for Tax Revenue Interruption. Coverage for power generating plants is excluded, unless otherwise specified.
\$	50,000,000	Extra Expense

2014-2015 Alliant Property Insurance Program (APIP) Property Proposal
 Small Cities Organized Risk Effort

\$	25,000,000	Miscellaneous Unnamed Locations for existing Members Excluding Earthquake coverage for Alaska and California Members. If Flood coverage is purchased for all scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V.
	180 Days	Extended Period of Indemnity
See Policy Provisions	\$25,000,000	Automatic Acquisition up to \$100,000,000 or a member's Policy Limit of Liability if less than \$100,000,000 for 90 days excluding licensed vehicles for which a sublimit of \$10,000,000 applies per policy Automatic Acquisition and Reporting Condition. Additionally a sublimit of \$2,500,000 applies for Tier 1 Wind Counties, Parishes and Independent Cities for 60 days for the states of Virginia, North Carolina, South Carolina, Georgia, Alabama, Mississippi, Louisiana, Texas and/or situated anywhere within the states of Florida and Hawaii. The peril of EQ is excluded for the states of Alaska and California. If Flood coverage is purchased for all scheduled locations, this extension will extend to include Flood coverage for any location not situated in Flood Zones A or V.
\$	1,000,000	Unscheduled Landscaping, tees, sand traps, greens and athletic fields and further subject to \$25,000 / 25 gallon maximum per item
\$	5,000,000	Scheduled Landscaping, tees, sand traps, greens and athletic fields and further subject to \$25,000 / 25 gallon maximum per item. Higher limits available for members with scheduled values greater than \$5,000,000 for an additional premium with underwriting approval
\$	50,000,000	Errors & Omissions - This extension does not increase any more specific limit stated elsewhere in this policy or Declarations.
\$	25,000,000	Course of Construction and Additions (including new) for projects with completed values not exceeding the sublimit shown. Projects valued between \$25,000,001 and \$50,000,000 can be added for an additional premium with underwriting approval
\$	2,500,000	Money & Securities for named perils only as referenced within the policy
\$	2,500,000	Unscheduled Fine Arts
\$	250,000	Accidental Contamination per occurrence and annual aggregate per member with \$500,000 annual aggregate for all insureds / members per declaration
\$	500,000	Unscheduled Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets, Sidewalks, Culverts, Street Lights and Traffic Signals unless a specific value has been declared (excluding coverage for the peril of Earthquake Shock, and excluding Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters)

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\$	25,000,000	Increased Cost of Construction due to the enforcement of building codes/ ordinance or law (includes All Risk and Boiler & Machinery)
\$	25,000,000	Transit
\$	2,500,000	Unscheduled Animals; not to exceed \$50,000 per Animal, per Occurrence
\$	2,500,000	Unscheduled Watercraft up to 27 feet
	Included	Per Occurrence for Off Premises Vehicle Physical Damage
\$	25,000,000	Off Premises Services Interruption including Extra Expense resulting from a covered peril at non-owned/operated locations
\$	5,000,000	Per Occurrence and Annual Aggregate for Earthquake shock on Licensed Vehicles, Unlicensed Vehicles, Contractor's Equipment and Fine Arts for all insured/members in this declaration combined that do not purchase Earthquake coverage
\$	5,000,000	Per Occurrence and Annual Aggregate for Flood on Licensed Vehicles, Unlicensed Vehicles, Contractor's Equipment and Fine Arts for all insured/members in this declaration combined that do not purchase Flood coverage
\$	3,000,000	Contingent Business Interruption, Contingent Extra Expense, Contingent Rental Values and Contingent Tuition Income separately
\$	500,000	Jewelry, Furs, Precious Metals and Precious Stones Separately
\$	1,000,000	Claims Preparation Expenses
\$	50,000,000	Expediting Expenses
\$	1,000,000	Personal Property Outside of the USA
\$	100,000,000	Per Member/Entity Per Occurrence subject to \$200,000,000 Annual Aggregate of Declarations 1-14, 18-21, 25-30 and 32-34 combined as respects Property Damage, Business Interruption, Rental Income and Extra Expense Combined for Terrorism (Primary Layer)
\$	300,000,000	Per Member/Entity for Terrorism (Excess Layer) subject to;
\$	800,000,000	Per Occurrence, All Members combined in Declarations 1-9, 11-14, 18-21, 25-30 and 32-34 for Terrorism (Excess Layer) subject to;
\$	800,000,000	Annual Aggregate shared by all Members/Entities combined in Declarations 1-9, 11-14, 18-21, 25-30 and 32-34, as respects Property Damage, Business Interruption, Rental Income and Extra Expense combined for Terrorism (Excess Layer)
	Not Covered	Per Occurrence Per Declaration Upgrade to Green Coverage subject to the lesser of, the cost of upgrade, an additional 25% of the applicable limit of liability shown in the schedule of values or this sub limit.

Included Information Security & Privacy Insurance with Electronic

Media Liability Coverage. See Cyber Coverage Summary for details of coverage terms, limits and deductibles

Included See Alliant Property Insurance Program (APIP) Pollution Liability Insurance Summary for applicable limits and deductibles

- VALUATION:**
- Repair or Replacement Cost
 - Actual Loss Sustained for Time Element Coverages
 - Contractor’s Equipment / either Replacement Cost or Actual Cash Value (ACV) as declared by each member. If not declared, valuation will default to Actual Cash Value (ACV)

**EXCLUSIONS
 (Including but not limited to):**

- Seepage & Contamination
- Cost of Clean-up for Pollution
- Mold

Deductibles: If two or more deductible amounts provided in the Declaration Page apply for a single occurrence the total to be deducted shall not exceed the largest per occurrence deductible amount applicable. (The Deductible amounts set forth below apply Per Occurrence unless indicated otherwise).

**“ALL RISK”
 DEDUCTIBLE:** \$ 5000 Per Occurrence, which to apply in the event a more specific deductible is not applicable to a loss

**DEDUCTIBLES FOR
 SPECIFIC PERILS
 AND COVERAGES:**

Not Covered All Flood Zones Per Occurrence excluding Flood Zones A & V

Not Covered Per Occurrence for Flood Zones A & V (inclusive of all 100 year exposures)

Not Covered Earthquake Shock: If the stated deductible is a flat dollar amount, the deductible will apply on a Per Occurrence basis, unless otherwise stated. If the stated deductible is on a percentage basis, the deductible will apply Per Occurrence on a Per Unit basis, as defined in the policy form, subject to the stated minimum.

\$ 1,000 Per Occurrence for Specially Trained Animals

\$ 500,000 Per Occurrence for Unscheduled Tunnels, Bridges, Dams, Catwalks (except those not for public use), Roadways, Highways, Streets, Sidewalks, Culverts, Street Lights and Traffic Signals unless a specific value has been declared (excluding coverage for the peril of Earthquake Shock, and excluding Federal Emergency Management Agency (FEMA) and/or Office of Emergency Services (OES) declared disasters)

\$ 10,000 Minimum subject to \$100,000 Maximum per Vehicle or Item for Licensed Vehicles, Unlicensed Vehicles and Contractors Equipment Per Occurrence and Annual Aggregate and shared by all members of this Declaration for the peril of Earthquake for members who do not purchase dedicated Earthquake limits

\$ 50,000 Per Occurrence and Annual Aggregate and shared by all

		members of this Declaration for Fine Arts for the peril of Earthquake for members who do not purchase dedicated Earthquake limits
\$	10,000	Minimum subject to \$100,000 Maximum per Vehicle or Item for Licensed Vehicles, Unlicensed Vehicles and Contractor's Equipment Per Occurrence and Annual Aggregate and shared by all members of this Declaration for the peril of Flood for members who do not purchase dedicated Flood limits
\$	50,000	Per Occurrence and Annual Aggregate and shared by all members of this Declaration for Fine Arts for the peril of Flood for members who do not purchase dedicated Flood limits
	24 Hour Waiting Period	for Service Interruption for All Perils and Coverages
	2.5% of Annual Tax Value	per Location for Tax Interruption
\$	5,000	except for \$10,000 for City of Shasta Lake and City of Yreka. Per Occurrence for Off Premises Vehicle Physical Damage. If Off-Premises coverage is included/purchased, the stated deductible will apply to vehicle physical damage both on and off-premises on a Per Occurrence basis, unless otherwise stated. If Off-Premises coverage is not included, On-Premises/In-Yard coverage is subject to the All Risk (Basic) deductible.
	ACV	Vehicle Valuation Basis
\$	5,000	Per Occurrence for Contractor's Equipment
\$	5,000	Per Occurrence for Primary Terrorism
\$	500,000	Per Occurrence for Excess Terrorism (Applies only if the Primary Terrorism Limit is exhausted)
	Included	Information Security & Privacy Insurance with Electronic Media Liability Coverage. See Cyber Coverage Summary for details of coverage terms, limits and deductibles. (Cyber Liability)

TERMS & CONDITIONS:

25% Minimum Earned Premium and cancellations subject to 10% penalty

Except Cyber Liability Premium is 100% Earned at Inception

Except Pollution Liability Premium is 100% Earned at Inception

NOTICE OF CANCELLATION:

90 Days except 10 Days for non-payment of premium

	Annual Cost*
Total Property Premium:	\$ 269,799.00
Excess Boiler:	\$ 3,092.00
ABS Fee:	\$ 7,975.00
SLT&F's (Estimate)	\$ 8,750.61
Broker Fee:	\$ 0.00
TOTAL COST †: (Including Taxes and Fees)	\$ 289,616.61
*Premiums are based on valid selectable options and the TIV's above. Changes in TIV's will require a premium adjustment.	
† TOTAL COST includes: all premiums, , underwriting fees, commissions, loss control expenses, program administration charges, and applicable taxes	

IMPORTANT NOTICE: THE NONADMITTED & REINSURANCE REFORM ACT (NRRA) WENT INTO EFFECT ON JULY 21, 2011. ACCORDINGLY, SURPLUS LINES TAX RATES AND REGULATIONS ARE SUBJECT TO CHANGE WHICH COULD RESULT IN AN INCREASE OR DECREASE OF THE TOTAL SURPLUS LINES TAXES AND/OR FEES OWED ON THIS PLACEMENT. IF A CHANGE IS REQUIRED, WE WILL PROMPTLY NOTIFY YOU. ANY ADDITIONAL TAXES AND/OR FEES OWED MUST BE PROMPTLY REMITTED TO ALLIANT INSURANCE SERVICES, INC.

QUOTE VALID

UNTIL: July 1, 2014

BROKER: ALLIANT INSURANCE SERVICES, INC.

License No. 0C36861

Marcus Beverly
 Vice President

Laurence Voiculescu
 Assistant Account Representative

NOTES:

- Major pending and approved changes to the APIP Program are described in the Executive Summary.
- Change in Total Insurable Values will result in adjustment in premium
- Some coverage, sublimits, terms and conditions could change until negotiations with the insurance carriers have been finalized
- Coverage outlined in this Proposal is subject to the terms and conditions set forth in the policy. Please refer to Policy for specific terms, conditions and exclusions

This proposal of insurance is provided as a matter of convenience and information only. All information included in this proposal, including but not limited to personal and real property values, locations, operations, products, data, automobile schedules, financial data and loss experience, is based on facts and representations supplied to Alliant Insurance Services, Inc. by you. This proposal does not reflect any independent study or investigation by Alliant Insurance Services, Inc. or its agents and employees.

Please be advised that this proposal is also expressly conditioned on there being no material change in the risk between the date of this proposal and the inception date of the proposed policy (including the occurrence of any claim or notice of circumstances that may give rise to a claim under any policy which the policy being proposed is a renewal or replacement). In the event of such change of risk, the insurer may, at its sole discretion, modify, or withdraw this proposal whether or not this offer has already been accepted.

This proposal is not confirmation of insurance and does not add to, extend, amend, change, or alter any coverage in any actual policy of insurance you may have. All existing policy terms, conditions, exclusions, and limitations apply. For specific information regarding your insurance coverage, please refer to the policy itself. Alliant Insurance Services, Inc. will not be liable for any claims arising from or related to information included in or omitted from this proposal of insurance

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at www.alliant.com. For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations. Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at www.ambest.com. For additional information regarding insurer financial strength ratings visit Standard and Poor's website at www.standardandpoors.com.

Our goal is to procure insurance for you with underwriters possessing the financial strength to perform. Alliant does not, however, guarantee the solvency of any underwriters with which insurance or reinsurance is placed and maintains no responsibility for any loss or damage arising from the financial failure or insolvency of any insurer. We encourage you to review the publicly available information collected to enable you to make an informed decision to accept or reject a particular underwriter. To learn more about companies doing business in your state, visit the Department of Insurance website for that state.

NY Regulation 194 Disclosure and General Broker Compensation Disclosure

Alliant Insurance Services, Inc. is an insurance producer licensed by the State of New York and other States. Insurance producers are authorized by their license to confer with insurance purchasers about the benefits, terms and conditions of insurance contracts; to offer advice concerning the substantive benefits of particular insurance contracts; to sell insurance; and to obtain insurance for purchasers. The role of the producer in any particular transaction typically involves one or more of these activities.

Compensation will be paid to the producer, based on the insurance contract the producer sells. Depending on the insurer(s) and insurance contract(s) the purchaser selects, compensation will be paid by the insurer(s) selling the insurance contract or by another third party. Such compensation may vary depending on a number of factors, including the insurance contract(s) and the insurer(s) the purchaser selects. In some cases, other factors such as the volume of business a producer provides to an insurer or the profitability of insurance contracts a producer provides to an insurer also may affect compensation.

The insurance purchaser may obtain information about compensation expected to be received by the producer based in whole or in part on the sale of insurance to the purchaser, and (if applicable) compensation expected to be received based in whole or in part on any alternative quotes presented to the purchaser by the producer, by requesting such information from the

*2014-2015 Alliant Property Insurance Program (APIP) Property Proposal
Small Cities Organized Risk Effort*

producer.



Alliant Property Insurance Program (APIP)

CYBER COVERAGE PROPOSAL

TYPE OF INSURANCE:

Insurance Reinsurance

TYPE OF COVERAGE:

Information Security & Privacy Insurance with Electronic Media Liability Coverage

PROGRAM:

Alliant Property Insurance Program (APIP) inclusive of Public Entity Property Insurance Program (PEPIP), and Hospital All Risk Property Program (HARPP)

NAMED INSURED:

Any member(s), entity (ies), agency(ies), organizations(s), enterprise(s) and/or individuals(s) attached to each Declaration insured as per schedule on file with Insurer.

DECLARATION:

Various Declarations as on file with Insurer

POLICY PERIOD:

July 1, 2014 to July 1, 2015

TERRITORY:

WORLD-WIDE

RETROACTIVE DATE:

APIP/PEPIP

For new members – the retro active date will be the date of addition

July 1, 2013 For existing members included on the July 1, 2013/14 policy

July 1, 2012 For existing members included on the July 1, 2012/13 policy

July 1, 2011 For existing members included on the July 1, 2011/12 policy

July 1, 2010 For existing members included on the July 1, 2010/11 policy

HARPP

For new members – the retro active date will be the date of addition

July 1, 2009 For members endorsed onto the July 1, 2009/10 policy at a \$500,000 limit except for those members who did not provide a “No Known Losses Letter” then the retro date is the date that the member was added

July 1, 2010 For \$1,500,000 excess \$500,000

CSU

July 1, 2008 California State University and CSU Auxiliary Organizations

COMPANIES:

Lloyd’s of London - Beazley Syndicate:
Syndicates 2623 - 623 - 100%

COVERAGES & LIMITS:

THIRD PARTY LIABILITY

Ai. \$ 25,000,000 Annual Policy and Program Aggregate Limit of Liability (subject to policy exclusions) for all Insureds/Members combined (Aggregate for all coverages combined, including Claims Expenses), subject to the following sub-limits as noted.

THIRD PARTY LIABILITY
(Continued)

- Aii. \$ 2,000,000 **Annual Aggregate Limit of Liability** for each Insured/Member for **Information Security & Privacy Liability**. Each Member of a JPA will have a **\$2,000,000 Limit Each** (Aggregate for all coverages combined, including Claim Expenses) but sublimited to:
- B. \$ 500,000 **Annual Policy Aggregate Limit of Liability** for each Insured/Member **Privacy Notification Costs** coverage. Limit is \$1,000,000 if Beazley vendor services are used.
- C. \$ 2,000,000 **Annual Policy Aggregate Limit of Liability** for each Insured/Member for all Claims Expenses and **Penalties for Regulatory Defense and Penalties PCI Fines and Penalties** coverage added with sub-limit of \$100,000.
- D. \$ 2,000,000 **Annual Policy Aggregate Limit of Liability** for each Insured/Member for all Damages and Claims Expenses for **Website Media Content Liability** (Occurrence Based)

FIRST PARTY COMPUTER SECURITY

- E. \$ 2,000,000 **Policy Aggregate Sublimit of Liability** for each Insured/Member for **Cyber Extortion Loss**
- F. \$ 2,000,000 **Policy Aggregate Sublimit of Liability** for each Insured/Member for **Data Protection Loss and Business Interruption Loss**
- G. **First Party Business Interruption Sub-Limits of Liability** for each Insured/Member
 - \$ 50,000 1) Hourly Sublimit
 - \$ 50,000 2) Forensic Expense Sublimit
 - \$ 150,000 3) Dependent Business Interruption Sublimit.

The sub-limits of liability displayed above in Items B, C and D are part of, and not in addition to, the overall Annual Aggregate Limit of Liability for each Insured/Member (Item Aii)

RETENTION:

- \$ 25,000 CSU Auxiliary Organizations only
- \$ 50,000 Per Occurrence for each Insured/Member with TIV up to \$500,000,000 at the time of loss
 - 8 Hour waiting period for first party claims
- \$ 100,000 Per Occurrence for each Insured/Member with TIV greater than \$500,000,000 at time of loss
 - 8 Hour waiting period for first party claims

NOTICE:

Policy coverage sections I.A - Information Security & Privacy Liability, I.B.- Privacy Notification Costs and I.C.-Regulatory Defense & Penalties of this policy provide coverage on a claims made and reported basis; except as otherwise provided, coverage under these insuring agreements applies only to claims first made against the insured and reported to underwriters during the policy period. Claims expenses shall reduce the applicable limit of liability and are subject to the applicable retention.

**EXTENDED
REPORTING PERIOD:**

For First Named Insured - To be determined at the time of election (additional premium will apply)

**SPECIFIC
COVERAGE
PROVISIONS:**

- A. Information Security and Privacy Liability** pays on behalf of the Insured/Member damages and claims expenses excess of the retention which the Insured/Member shall become legally obligated to pay because of any claim, including a claim for violation of a privacy law first made against the Insured/Member and reported to underwriters during the policy period for
- theft, loss or unauthorized disclosure of personally identifiable non-public information or third party corporate information that is in the care, custody or control of the Insured/Member, or an independent contractor that is holding, processing or transferring such information on behalf of the Insured/Member.
 - Acts or incidents that directly result from the failure of computer security to prevent a security breach including
 - Alteration, corruption, destruction, deletion, or damage to a data asset stored on computer systems
 - Failure to prevent transmission of malicious code from computer systems to third party computer systems
 - Participation in a denial of service attack directed against a third party computer system
 - The failure to timely disclose any of the above in violation of any breach notice law
 - The failure to comply with a privacy policy involving the disclosure, sharing or selling of personally identifiable non-public information
 - The failure to administer an identity theft prevention program
- B. Privacy Notification Costs** pay the Insured/Member for reasonable and necessary costs to comply with a breach notice law because of an incident that first takes place on or after the retroactive date and before the end of the policy period. Privacy Notification Costs means costs incurred within one year of the reporting of the incident or suspected incident to the Underwriters:
- To hire security experts;
 - Notification provisions,
 - Public relations mitigation up to \$50,000 subject to Nil coinsurance
 - Credit monitoring for the purpose of mitigating potential damages and are subject to Nil coinsurance
 - Credit file monitoring,
 - Mailing and third party administrative costs

To provide notification to:

- (a) Individuals who are required to be notified by the **Insured Organization** under the applicable **Breach Notice Law**; and
- (b) In the Underwriters' discretion, to individuals affected by an incident in which their **Personally Identifiable Non-Public Information** has been subject to theft, loss, or Unauthorized Disclosure in a manner which compromises the security or privacy of such individual by posing a significant risk of financial, reputational or other harm to the individual.

**SPECIFIC
COVERAGE
PROVISIONS:
(Continued)**

- C. Regulatory Defense and Penalties** pays on behalf of the Insured/Member claims expenses and penalties which the Insured/Member shall become legally obligated to pay because of any claim in the form of a regulatory proceeding resulting from a violation of a privacy law and caused by an incident described under certain sections of the information security and privacy liability section of the policy.

**SPECIFIC
COVERAGE
PROVISIONS:
(Continued)**

- D. Website Media Content Liability** (occurrence based) days on behalf of the insured damages and claims expenses resulting from any claim made against the Insured/Member for one or more of the following acts committed in the course of covered media activities:
- Defamation, libel, slander, trade libel
 - Privacy violation
 - Invasion or interference with publicity
 - Plagiarism, piracy, misappropriation of ideas under implied contract
 - Infringement of copyright
 - Infringement of domain name, trademark
 - Improper deep-linking or framing within electronic content
- E. Cyber Extortion** indemnifies the Insured/Member for costs incurred as a result of an extortion threat by a person other than employees, directors, officers, principals, trustees, governors, managers, members, etc.
- F. First Party Data Protection** indemnifies the Insured/Member for data protection loss as a result of alteration, corruption, destruction, deletion, damage or inability to access data assets.
- G. First Party Network Business Interruption** indemnifies the Insured/Member for business interruption loss as a direct result of the actual and necessary interruption or suspension of computer systems and is directly caused by a failure of computer security to prevent a security breach.

**EXCLUSIONS
(Including but not
limited to):**

Coverage does not apply to any claim or loss from

- Bodily Injury or Property Damage
- Any employer-employee relations, policies, practices
- Contractual Liability or Obligation
- Any actual or alleged act, error or omission or breach of duty by any director, officer, manager if claim is brought by principals, officers, directors, stockholders and the like
- Anti-Trust violations
- Unfair trade practices
- Unlawful collection or acquisition of Personally Identifiable Non-Public Information
- Distribution of unsolicited e-mails, facsimile, audio or video recording
- Prior knowledge or previously reported incidents
- Incidents occurring prior to retroactive date/continuity date
- Any act, error, omission, of computer security if occurred prior to policy inception
- Collusion
- Securities Act Violations
- Fair Labor Act Violations
- Discrimination
- Intentional Acts with regard to Privacy and Security Breach
- Infringement - Patent and Copyright
- Federal Trade Commission and related state, federal, local and foreign governmental activities
- Insured vs. Insured
- Money/Securities/Funds Transfer
- Broadcasting, Publications and Advertising
- War and Terrorism
- Pollution
- Nuclear Incident
- Radioactive Contamination

NOTICE OF CLAIM:

- **IMMEDIATE NOTICE** must be made to Beazley NY of all potential claims and circumstances (assistance, and cooperation clause applies)
- Claim notification under this policy is to:
Beazley Group
Attn: Beth Diamond
1270 Avenue of the Americas
New York, NY 10020
tmbclaims@beazley.com

NOTICE OF CANCELLATION: 10 days for non-payment of premium

REINSTATEMENT PROVISIONS: Optional reinstatement at 125% of the annual premium

CYBER COST: Cost is included in Total Property Premium
100% Earned Premium at Inception

OTHER SERVICES Unlimited Access to e-Place Solutions as per attached brochure.

QUOTE VALID UNTIL: July 1, 2014

BROKER: **ALLIANT INSURANCE SERVICES, INC.**
License No. 0C36861

NOTES: Coverage outlined in this Summary is subject to the terms and conditions set forth in the policy. Please refer to Policy for specific terms, conditions and exclusions.

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This proposal is not confirmation of insurance and does not add to, extend, amend, change, or alter any coverage in any actual policy of insurance you may have. All existing policy terms, conditions, exclusions, and limitations apply. For specific information regarding your insurance coverage, please refer to the policy itself. Alliant Insurance Services, Inc. will not be liable for any claims arising from or related to information included in or omitted from this proposal of insurance

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at www.alliant.com. For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations. Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at www.ambest.com. For additional information regarding insurer financial strength ratings visit Standard and Poor's website at www.standardandpoors.com.

Our goal is to procure insurance for you with underwriters possessing the financial strength to perform. Alliant does not, however, guarantee the solvency of any underwriters with which insurance or reinsurance is placed and maintains no responsibility for any loss or damage arising from the financial failure or insolvency of any insurer. We encourage you to review the publicly available information collected to enable you to make an informed decision to accept or reject a particular underwriter. To learn more about companies doing business in your state, visit the Department of Insurance website for that state.

NY Regulation 194 Disclosure and General Broker Compensation Disclosure

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Compensation will be paid to the producer, based on the insurance contract the producer sells. Depending on the insurer(s) and insurance contract(s) the purchaser selects, compensation will be paid by the insurer(s) selling the insurance contract or by another third party. Such compensation may vary depending on a number of factors, including the insurance contract(s) and the insurer(s) the purchaser selects. In some cases, other factors such as the volume of business a producer provides to an insurer or the profitability of insurance contracts a producer provides to an insurer also may affect compensation.

The insurance purchaser may obtain information about compensation expected to be received by the producer based in whole or in part on the sale of insurance to the purchaser, and (if applicable) compensation expected to be received based in whole or in part on any alternative quotes presented to the purchaser by the producer, by requesting such information from the producer.

NEW SERVICES INCLUDE

- Training and Awareness Programs
- Animated Staff Training Programs
- Expanded HIPAA Compliance Tools

DATA SECURITY RISK MANAGEMENT

NoDataBreach.com provides risk management policies, procedures, training, and other tools to help insureds prevent a breach of confidential data.

As a Beazley Breach Response® policyholder, you have unlimited access to:

ON-LINE COMPLIANCE MATERIALS

Federal and state compliance materials regarding data security, data breaches, and data privacy, including:

- Quick Tips on many subjects; Summaries of federal/state laws
- Links to statutes & regulations; Sample policies & procedures
- Continuing updates and electronic notification of significant changes to the on-line materials

QUARTERLY NEWSLETTER & "INSTANT ALERTS"

Sent by email, learn about changes in federal and state laws regarding data security, data breach, and data privacy issues; Instant Alerts sent by email for events require immediate attention.

EXPERT SUPPORT ON-LINE

Experts support from consultants/attorneys on data security issues; including:

- Health care & HIPAA compliance issues
- Data breach prevention issues
- Data Security best practices
- Computer forensic issues

STEP-BY-STEP PROCEDURES TO LOWER RISK

Procedures and on-line forms help you:

- Understand the scope of "personal information" ("PI")
- Determine where PI is stored
- Collect and/or retain the minimum amount of PI as required for business needs
- Properly destroy PI that is no longer needed
- Implement an Incident Response Plan

TRAINING MODULES

- Comic Strip training
- Online training programs; Employee training bulletins
- Webinars for privacy compliance and IT staff
- Audio and PodCast training for managers and/or employees

HANDLING DATA BREACHES

Guidance provided to:

- Help prevent data security incidents
- Respond to a data breach



NoDataBreach.com

Powered by ePlace Solutions, Inc.

Proposed Changes for 2014-2015 Policy Term

The following items are to be revised for the 2014-2015 policy term.

Coverage	2013-2014 Cyber Liability		2014-2015 Cyber Liability	
Third Party Liability Ai.:	\$20,000,000	Annual Policy and Program Aggregate Limit of Liability (subject to policy exclusions) for all Insureds/Members combined (Aggregate for all coverages combined, including Claims Expenses), subject to the following sub-limits as noted.	\$ <u>25,000,000</u>	Annual Policy and Program Aggregate Limit of Liability (subject to policy exclusions) for all Insureds/Members combined (Aggregate for all coverages combined, including Claims Expenses), subject to the following sub-limits as noted.
Third Party Liability Aii.:	\$2,000,000	Annual Aggregate Limit of Liability for each Insured/Member for Information Security & Privacy Liability (Aggregate for all coverages combined, including Claim Expenses) but sublimited to:	\$2,000,000	Annual Aggregate Limit of Liability for each Insured/Member for Information Security & Privacy Liability. <u>Each Member of a JPA will have a \$2,000,000 Limit Each</u> (Aggregate for all coverages combined, including Claim Expenses) but sublimited to:
Coinsurance clause	10%	For Public Relations Consultancy	Deleted	For Public Relations Consultancy
Coinsurance clause:	10%	For Credit File Monitoring	Deleted	For Credit File Monitoring
B. Privacy Notification Cost:	Public relations mitigation up to \$50,000 subject to 10% coinsurance		Public relations mitigation up to \$50,000 subject to <u>Nil</u> coinsurance	
B. Privacy Notification Cost:	Credit monitoring for the purpose of mitigating potential damages and are subject to 10% coinsurance		Credit monitoring for the purpose of mitigating potential damages and are subject to <u>Nil</u> coinsurance	
Notice of Cancellation:	60 days except 10 days for non-payment of premium		10 days for non-payment of premium	

**ALLIANT INSURANCE SERVICES, INC.
ALLIANT PROPERTY INSURANCE PROGRAM (APIP)**

BOILER & MACHINERY PROPOSAL

NAMED INSURED: Small Cities Organized Risk Effort

POLICY PERIOD: July 1, 2014 to July 1, 2015

COMPANIES: See Attached List of Companies

TOTAL INSURED VALUES: \$ 261,631,435 as of May 23, 2014

STATUS/RATING: See Attached List of Companies

COVERAGES & LIMITS:

\$	100,000,000	Boiler Explosion and Machinery Breakdown, (for those Member(s)/Entity(ies) that purchase this optional dedicated coverage) as respects Combined Property Damage and Business Interruption/Extra Expense (Including Bond Revenue Interest Payments where Values Reported and excluding Business Interruption for power generating facilities unless otherwise specified). Limit includes loss adjustment agreement and electronic computer or electronic data processing equipment with the following sub-limits:
	Included	Jurisdictional and Inspections
\$	10,000,000	Per Occurrence for Service/Utility/Off Premises Power Interruption
	Included	Per Occurrence for Consequential Damage/Perishable Goods/Spoilage
\$	10,000,000	Per Occurrence for Electronic Data Processing Media and Data Restoration
\$	2,000,000	Per Occurrence, Per Member/Entity and in the Annual Aggregate per declaration for Earthquake Resultant Damage for Members who purchase Dedicated Earthquake Coverage
\$	10,000,000	Per Occurrence for Hazardous Substances/ Pollutants/Decontamination
	Included	Per Occurrence for Machine or Apparatus used for Research, Diagnosis, Medication, Surgical, Therapeutic, Dental or Pathological Purposes

NAMED INSURED CLAUSE: Named Insured covers entities you acquire or in which you have 50% or more ownership or contractual control prior to loss

NEWLY ACQUIRED

LOCATIONS: \$ 25,000,000 Automatic Acquisition for Boiler & Machinery values at newly acquired locations. Values greater than \$25,000,000 or Power Generating Facilities must be reported within 90 days and must have prior underwriting approval prior to binding

VALUATION: Repair or Replacement except Actual Loss sustained for all Time Element coverages

EXCLUSIONS

- (Including but not limited to):**
- Testing
 - Explosion, except for steam or centrifugal explosion
 - Explosion of gas or unconsumed fuel from furnace of the boiler

OBJECTS EXCLUDED:

- (Including but not limited to):**
- Insulating or refractory material
 - Buried Vessels or Piping
 - Furnace, Oven, Stove, Incinerator, Pot Kiln

NOTICE OF

CANCELLATION: 90 days except 10 days for non-payment of premium

- DEDUCTIBLES:**
- \$ 5,000 Except as shown for Specific Objects or Perils
 - \$ 5,000 Electronic Data Processing Media
 - \$ 5,000 Consequential Damage
 - \$ 5,000 Objects over 200 hp, 1,000 KW/KVA/Amps or Boilers over 5,000 square feet of heating surface
 - \$ 50,000 Objects over 350 hp, 2,500 KW/KVA/Amps or Boilers over 10,000 square feet of heating surface
 - \$ 100,000 Objects over 500 hp, 5,000 KW/KVA/Amps or Boilers over 25,000 square feet of heating surface
 - \$ 250,000 Objects over 750 hp, 10,000 KW/KVA/Amps or Boilers over 75,000 square feet of heating surface
 - \$ 350,000 Objects over 25,000 hp, 25,000 KW/KVA/Amps or Boilers over 250,000 square feet of heating surface

\$ 10 per foot / \$2,500 Minimum Deep Water Wells

24 Hours Business Interruption/Extra Expense Except as noted below

30 Days Business Interruption – Revenue Bond

24 Hour Waiting Period – Utility Interruption

5 x 100% of Daily Value – Business Interruption – All Objects over 750 hp or 10,000 KW/KVA/Amps or 10,000 Square feet Heating Surface

5 x 100% of Daily Value – Business Interruption – All Objects at Waste Water Treatment Facilities and All Utilities

	Annual Cost*
COST:	Cost is included on Property Proposal

BROKER: **ALLIANT INSURANCE SERVICES, INC.**
License No. 0C36861

Marcus Beverly
Vice President

Laurence Voiculescu
Assistant Account Representative

NOTES:

- *Major pending and approved changes to the APIP Program are described in the Executive Summary.*
- *Change in Total Insurable Values will result in adjustment in premium*
- *Some coverage, sublimits, terms and conditions could change until negotiations with the insurance carriers have been finalized*
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This proposal is not confirmation of insurance and does not add to, extend, amend, change, or alter any coverage in any actual policy of insurance you may have. All existing policy terms, conditions, exclusions, and limitations apply. For specific information regarding your insurance coverage, please refer to the policy itself. Alliant Insurance Services, Inc. will not be liable for any claims arising from or related to information included in or omitted from this proposal of insurance

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at www.alliant.com. For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

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A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at www.ambest.com. For additional information regarding insurer financial strength ratings visit Standard and Poor's website at www.standardandpoors.com.

Our goal is to procure insurance for you with underwriters possessing the financial strength to perform. Alliant does not, however, guarantee the solvency of any underwriters with which insurance or reinsurance is placed and maintains no responsibility for any loss or damage arising from the financial failure or insolvency of any insurer. We encourage you to review the publicly available information collected to enable you to make an informed decision to accept or reject a particular underwriter. To learn more about companies doing business in your state, visit the Department of Insurance website for that state.

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**ALLIANT INSURANCE SERVICES, INC.
ALLIANT PROPERTY INSURANCE PROGRAM (APIP)**

BOILER & MACHINERY PROPOSAL

NAMED INSURED: Small Cities Organized Risk Effort

POLICY PERIOD: July 1, 2014 to July 1, 2015

COMPANIES: See Attached List of Companies

TOTAL INSURED VALUES: \$ 261,631,435 as of May 23, 2014

STATUS/RATING: See Attached List of Companies

COVERAGES & LIMITS: \$ 100,000,000 Boiler Explosion and Machinery Breakdown, (for those Member(s)/Entity(ies) that purchase this optional dedicated coverage) as respects Combined Property Damage and Business Interruption/Extra Expense (Including Bond Revenue Interest Payments where Values Reported and excluding Business Interruption for power generating facilities unless otherwise specified). Limit includes loss adjustment agreement and electronic computer or electronic data processing equipment with the following sub-limits:

- Included Jurisdictional and Inspections
- \$ 10,000,000 Per Occurrence for Service/Utility/Off Premises Power Interruption
 - Included Per Occurrence for Consequential Damage/Perishable Goods/Spoilage
- \$ 10,000,000 Per Occurrence for Electronic Data Processing Media and Data Restoration
- \$ 2,000,000 Per Occurrence, Per Member/Entity and in the Annual Aggregate per declaration for Earthquake Resultant Damage for Members who purchase Dedicated Earthquake Coverage
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LOCATIONS: \$ 25,000,000 Automatic Acquisition for Boiler & Machinery values at newly acquired locations. Values greater than \$25,000,000 or Power Generating Facilities must be reported within 90 days and must have prior underwriting approval prior to binding

VALUATION: Repair or Replacement except Actual Loss sustained for all Time Element coverages

EXCLUSIONS

(Including but not limited to):

- Testing
- Explosion, except for steam or centrifugal explosion
- Explosion of gas or unconsumed fuel from furnace of the boiler

OBJECTS EXCLUDED:

(Including but not limited to):

- Insulating or refractory material
- Buried Vessels or Piping
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DEDUCTIBLES:

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10 per foot / \$2,500 Minimum Deep Water Wells

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	Annual Cost*
COST:	Cost is included on Property Proposal

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Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at www.alliant.com. For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

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Our goal is to procure insurance for you with underwriters possessing the financial strength to perform. Alliant does not, however, guarantee the solvency of any underwriters with which insurance or reinsurance is placed and maintains no responsibility for any loss or damage arising from the financial failure or insolvency of any insurer. We encourage you to review the publicly available information collected to enable you to make an informed decision to accept or reject a particular underwriter. To learn more about companies doing business in your state, visit the Department of Insurance website for that state.

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producer.

Alliant Property Insurance Program (APIP)
POLLUTION LIABILITY COVERAGE PROPOSAL

TYPE OF INSURANCE: Insurance Reinsurance

TYPE OF COVERAGE: Claims Made and Reported Pollution Liability

PROGRAM: Alliant Property Insurance Program (APIP)

NAMED INSURED: Any member(s), entity(ies), agency(ies), organization(s), enterprise(s), pool(s), Joint Powers Authority(ies) and/or individual(s) attached to each Declaration insured as per schedule on file with Insurer, listed below.

POLICY PERIOD: July 1, 2014 to July 1, 2015

RETROACTIVE DATE: July 1, 2011 for existing members included on the 2011-2012 policy at inception; For all other members the Retroactive date is the date of addition to the Program.

COMPANY: Illinois Union Insurance Company

A.M. BEST INSURANCE RATING:: A+, Superior, Financial Category XV
(\$2 Billion or greater)
Effective June 14, 2013

STANDARD & POORS RATING: AA- (Very Strong) *Pulled as of March 11, 2014*

ADMITTED STATUS: Non-Admitted in all states except Illinois

POLICY NUMBER: PPE G24544837 004

COVERAGE LOCATION: Per the following SOVs submitted on 6/30/2014:

1. PEPIC DEC 1 – SOVs
2. PEPIC DEC 2 – SOVs
3. PEPIC DEC 3 – SOVs
4. PEPIC DEC 4 – SOVs
5. PEPIC DEC 5 – SOVs
6. PEPIC DEC 8 – SOVs (Excludes SPIP)
7. PEPIC DEC 11 – SOVs
8. PEPIC DEC 12 – SOVs
9. PEPIC DEC 19 – SOVs
10. PEPIC DEC 20 – SOVs
11. PEPIC DEC 21 – SOVs
12. PEPIC DEC 25 – SOVs
13. PEPIC DEC 26 – SOVs
14. PEPIC DEC 27 – SOVs
15. PEPIC DEC 28 – SOVs
16. PEPIC DEC 30 – SOVs
17. PEPIC DEC 33 – SOVs
18. PEPIC DEC 34 – SOVs

Any properly permitted and licensed non-owned disposal sites that has not been identified by the United States EPA National Priorities List, CERCLIS list or any functional equivalent of those listings, and is not undergoing voluntary or regulatory required remediation at the time the waste was received for disposal.

COVERAGES & LIMITS:

\$ 1,000,000 **Per Pollution Condition**
\$ 1,000,000 Per Member Aggregate
\$ 1,000,000 Per Pool Member
\$ 2,000,000 Per Pool Aggregate

\$ 1,000,000 Fungi & Legionella Sublimit
\$ 1,000,000 Business Income & Extra Expense

\$25,000,000 **Policy Aggregate**

**EXTENDED
REPORTING PERIOD:**

For First Named Insured - To be determined at the time of election (additional premium can apply); Ninety (90) day basic extended reporting period available without additional premium

**SPECIFIC
COVERAGE
PROVISIONS:**

CLAIMS MADE AND REPORTED

Coverage A – New Pollution Conditions:

Third party bodily injury and property damage, first party and third party remediation costs and associated legal defense expense arising out of a pollution condition on, at, under, or migrating from a covered location, provided that the pollution condition commences on or after the retroactive date.

Coverage B – New Pollution Conditions From Covered Operations:

Third party bodily injury, property damage, remediation costs and associated legal defense expense resulting from a covered operation, provided that the pollution condition commences on or after the retroactive date.

Covered operations means (1) transportation and (2) street construction and repair services, utility construction and repair services, refuse collection, and spraying operations, including but not limited to the application of pesticides, herbicides or fertilizers in liquid or dry form, which are performed by or on behalf of a “named insured” outside the physical boundaries of a covered location.

Blanket Non-Owned Disposal Site (NODS) coverage, third party trigger only.

First and third party transportation of waste coverage

Illicit Abandonment has been added to the definition of pollution condition

Defense Costs and Expenses are within Limits of Liability

The insurance afforded by this Policy shall apply in excess of and shall not contribute with any other such insurance.

Loss covered pursuant to a Federal, State, County or Municipality administered underground storage tank fund, or any functional equivalent to such fund, shall be considered primary insurance, to which the coverage afforded pursuant to this Policy shall only apply in excess. *This includes storage tank pollution liability insurance.*

Underlying SIR shall erode the SIR on this policy, in the event there is an underlying policy where the SIR is paid and limits are exhausted there would be no SIR in order to access the PEP/IP coverage limits.

Jurisdiction and Venue and Choice of Law Condition has been deleted

**SPECIFIC
COVERAGE
PROVISIONS (cont.):**

Coverage for mid-term transactions for values that are less than \$25,000,000, shall automatically be added as a covered location.

Automatic Acquisition and Due Diligence – Property purchased in the amount of or in excess of \$25,000,000 need to be reported within 90 days, along with a Phase I Environmental Site Assessment, or two (2) years of property insurance loss runs or a completed, signed application

Solely with respect to “fungi”, the definition of “remediation costs” shall not include restoration costs

**EXCLUSIONS
(Including but not
limited to):**

Coverage does not apply to any claim or loss from:

- Asbestos and Lead Based Paint. *This exclusion does not apply to Third-party claims for Bodily Injury, Property Damage (non-governmental claims for property damage only) and any associated legal defense costs. Also does not apply to remediation costs for asbestos or lead-based paint discovered in soil or groundwater (not arising out of a water storage tank).*
- Contractual Liability
- Divested Property
- Employer’s Liability
- Fines and Penalties
- First Party Property Damage – *Does not apply to remediation costs*
- Fraud or Misrepresentation
- Insured’s Internal Expenses
- Insured vs. Insured
- Intentional Non-Compliance
- Landfills, Recycling Facilities, or Oil and/or Gas Producing or Refining Facilities
- Ports – *defined as a location on the coast or any other body of water where ships or watercraft can dock and transfer cargo to or from land and engages in the business of importing/exporting of goods*
- Airports – *defined as a location whereby enplanement occurs and/or cargo is transported for a fee and the following operations are conducted: storage, transportation and dispensing of fuel and/or de-icing solutions*
- Material Change in Risk
- Naturally Occurring Materials
- Pre-Existing Conditions
- Products Liability. *Does not apply to pollution conditions directly related to reclaimed or recycled water processed at any covered location that is also a wastewater treatment plant.*
- Professional Liability
- Regulatory Compliance
- Work Product
- Use, maintenance or operation of an automobile, aircraft, watercraft or other conveyance beyond the boundaries of a covered location. *This exclusion does not apply to transportation and the loading/unloading of an automobile.*
- War or Terrorism

RETENTION:

\$ 75,000	Per Pollution Condition
\$750,000	Underground Storage Tanks Specific
\$10,000	In the event that a loss concurrently triggers both, the Insured’s Property policy and this Premises Pollution Liability policy, then a \$10,000 SIR for “fungi” shall apply. If the Property policy is NOT triggered, then the standard insured-specific SIR, as identified on the Dec Page, shall apply.
10 Day	Waiting Period for Business Income and Extra Expense

LOSS REPORTING REQUIREMENTS:	Written notice of any claim or pollution condition, within seven (7) days of discovery for pollution conditions requiring immediate emergency response. Concurrently, please send to: 1) ACE Environmental Risk Claims Manager ACE USA Claims P.O. Box 5103 Scranton, PA 18505-0510 Environmental Emergency: 888-310-9553 (800) 951-4119(Fax) CasualtyRiskEnvironmentalFirstNotice@acegroup.com 2) Robert Frey Alliant Insurance Services, Inc. 100 Pine Street, 11th Floor San Francisco, CA 94111-5101 415-403-1445 415-402-0773 – fax rfrey@alliantinsurance.com
NOTICE OF CANCELLATION:	60 days except 15 days for non-payment of premium
REINSTATEMENT PROVISIONS:	Not Provided.
POLLUTION LIABILITY COST:	Cost is included in Total Property Premium 100% Earned Premium at Inception
OTHER SERVICES:	Value-Added Engineering Package: <ul style="list-style-type: none">○ <u>Mold Awareness Training</u><ul style="list-style-type: none">○ ACE will offer a single Mold Awareness Training Presentation, provided by ACE ESIS personnel, for little or no additional cost. Must be held at one central location or online.○ <u>Due Diligence Program Overview</u><ul style="list-style-type: none">○ ACE will provide up to 50 First Search Reports of government environmental databases for no additional charge○ <u>Asbestos-Containing Materials (ACM)/Lead Based Paint (LBP) Plan</u><ul style="list-style-type: none">○ ACE will assist the member in the creation of a single ACM/LBP plan for a minimal additional cost○ <u>Mold Operations & Maintenance (O&M) Plan</u><ul style="list-style-type: none">○ ACE will assist the member in the creation of a single Mold O&M plan for a minimal additional cost

QUOTE VALID UNTIL: July 1, 2014

BROKER: **ALLIANT INSURANCE SERVICES, INC.**
License No. 0C36861

NOTES: *Coverage outlined in this Proposal is subject to the terms and conditions set forth in the policy. Please refer to Policy for specific terms, conditions and exclusions.*

IMPORTANT NOTICE: *THE NONADMITTED & REINSURANCE REFORM ACT (NRRRA) WENT INTO EFFECT ON JULY 21, 2011. ACCORDINGLY, SURPLUS LINES TAX RATES AND REGULATIONS ARE SUBJECT TO CHANGE WHICH COULD RESULT IN AN INCREASE OR DECREASE OF THE TOTAL SURPLUS LINES TAXES AND/OR FEES OWED ON THIS PLACEMENT. IF A CHANGE IS REQUIRED, WE WILL PROMPTLY NOTIFY YOU. ANY ADDITIONAL TAXES AND/OR FEES OWED MUST BE PROMPTLY REMITTED TO ALLIANT INSURANCE SERVICES, INC.*

This Proposal of insurance is provided as a matter of convenience and information only. All information included in this Proposal, including but not limited to personal and real property values, locations, operations, products, data, automobile schedules, financial data and loss experience, is based on facts and representations supplied to Alliant Insurance Services, Inc. by you. This proposal does not reflect any independent study or investigation by Alliant Insurance Services, Inc. or its agents and employees.

Please be advised that this proposal is also expressly conditioned on there being no material change in the risk between the date of this proposal and the inception date of the proposed policy (including the occurrence of any claim or notice of circumstances that may give rise to a claim under any policy which the policy being proposed is a renewal or replacement). In the event of such change of risk, the insurer may, at its sole discretion, modify, or withdraw this proposal whether or not this offer has already been accepted.

This proposal is not confirmation of insurance and does not add to, extend, amend, change, or alter any coverage in any actual policy of insurance you may have. All existing policy terms, conditions, exclusions, and limitations apply. For specific information regarding your insurance coverage, please refer to the policy itself. Alliant Insurance Services, Inc. will not be liable for any claims arising from or related to information included in or omitted from this proposal of insurance

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant may earn on a placement, are available on our website at www.alliant.com. For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations. Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at www.ambest.com. For additional information regarding insurer financial strength ratings visit Standard and Poor's website at www.standardandpoors.com.

Our goal is to procure insurance for you with underwriters possessing the financial strength to perform. Alliant does not, however, guarantee the solvency of any underwriters with which insurance or reinsurance is placed and maintains no responsibility for any loss or damage arising from the financial failure or insolvency of any insurer. We encourage you to review the publicly available information collected to enable you to make an informed decision to accept or reject a particular underwriter. To learn more about companies doing business in your state, visit the Department of Insurance website for that state.

NY Regulation 194 Disclosure and General Broker Compensation Disclosure

Alliant Insurance Services, Inc. is an insurance producer licensed by the State of New York and other States. Insurance producers are authorized by their license to confer with insurance purchasers about the benefits, terms and conditions of insurance contracts; to offer advice concerning the substantive benefits of particular insurance contracts; to sell insurance; and to obtain insurance for purchasers. The role of the producer in any particular transaction typically involves one or more of these activities.

Compensation will be paid to the producer, based on the insurance contract the producer sells. Depending on the insurer(s) and insurance contract(s) the purchaser selects, compensation will be paid by the insurer(s) selling the insurance contract or by another third party. Such compensation may vary depending on a number of factors, including the insurance contract(s) and the insurer(s) the purchaser selects. In some cases, other factors such as the volume of business a producer provides to an insurer or the profitability of insurance contracts a producer provides to an insurer also may affect compensation.

The insurance purchaser may obtain information about compensation expected to be received by the producer based in whole or in part on the sale of insurance to the purchaser, and (if applicable) compensation expected to be received based in whole or in part on any alternative quotes presented to the purchaser by the producer, by requesting such information from the producer.

Proposed Changes for 2014-2015 Policy Term

The following items are to be revised for the 2014-2015 policy term.

Coverage	2013-2014 Pollution Coverage	2014-2015 Pollution Coverage
Fungi & Legionella Sublimit	\$ 200,000 Fungi & Legionella Sublimit	\$ 1,000,000 Fungi & Legionella Sublimit
Business Income & Extra Expense	(Not Covered)	\$ 1,000,000 Business Income & Extra Expense – subject to a 10 day waiting period



ALLIANT PROPERTY INSURANCE PROGRAM (APIP)

2014-2015

NAMED INSURED

AS OF 05/23/2014

MEMBER: Small Cities Organized Risk Effort
1792 Tribute Rd, Ste. 450
Sacramento, CA 95815

NAMED INSURED:

Small Cities Organized Risk Effort	City of Mt. Shasta
City of Portola	City of Rio Dell
City of Montague	City of Shasta Lake
City of Biggs	City of Susanville
City of Colfax	City of Tulelake
City of Dorris	City of Weed
City of Dunsmuir	City of Yreka
City of Etna	Town of Fort Jones
City of Live Oak	Town of Loomis
City of Loyalton	

First Named Insured Member shall be deemed the sole agent of each and every named insured for the purpose of:

- (1) Giving notice of cancellation,
- (2) Giving instructions for changes in the Policy and accepting changes in this Policy
- (3) The payment of assessments / premiums or receipt of return assessments / premiums.



ALLIANT INSURANCE SERVICES

**POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM
INSURANCE COVERAGE**

May 23, 2014

Member: **Small Cities Organized Risk Effort**

We are required to send you this notice pursuant to federal legislation concerning terrorism insurance.

You are hereby notified that under the Terrorism Risk Insurance Act of 2002, as amended ("TRIA"), that you now have a right to purchase insurance coverage for losses arising out of acts of terrorism, as defined in Section 102(1) of the Act, as amended: The term "act of terrorism" means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States-to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion. Any coverage you purchase for "acts of terrorism" shall expire at 12:00 midnight December 31, 2014, the date on which the TRIA Program is scheduled to terminate or the expiry date of the policy whichever occurs first, and shall not cover any losses or events which arise after the earlier of these dates.

YOU SHOULD KNOW THAT COVERAGE PROVIDED BY THIS POLICY FOR LOSSES CAUSED BY CERTIFIED ACTS OF TERRORISM IS PARTIALLY REIMBURSED BY THE UNITED STATES UNDER A FORMULA ESTABLISHED BY FEDERAL LAW. HOWEVER, YOUR POLICY MAY CONTAIN OTHER EXCLUSIONS WHICH MIGHT AFFECT YOUR COVERAGE, SUCH AS AN EXCLUSION FOR NUCLEAR EVENTS. UNDER THIS FORMULA, THE UNITED STATES PAYS 85% OF COVERED TERRORISM LOSSES EXCEEDING THE STATUTORILY ESTABLISHED DEDUCTIBLE PAID BY THE INSURER(S) PROVIDING THE COVERAGE. YOU SHOULD ALSO KNOW THAT THE TERRORISM RISK INSURANCE ACT, AS AMENDED, CONTAINS A \$100 BILLION CAP THAT LIMITS U.S. GOVERNMENT REIMBURSEMENT AS WELL AS INSURERS' LIABILITY FOR LOSSES RESULTING FROM CERTIFIED ACTS OF TERRORISM WHEN THE AMOUNT OF SUCH LOSSES IN ANY ONE CALENDAR YEAR EXCEEDS \$100 BILLION. IF THE AGGREGATE INSURED LOSSES FOR ALL INSURERS EXCEED \$100 BILLION, YOUR COVERAGE MAY BE REDUCED.

THE PREMIUM CHARGED FOR THIS COVERAGE IS PROVIDED BELOW AND DOES NOT INCLUDE ANY CHARGES FOR THE PORTION OF LOSS COVERED BY THE FEDERAL GOVERNMENT UNDER THE ACT.



ALLIANT INSURANCE SERVICES

**POLICYHOLDER DISCLOSURE
NOTICE OF TERRORISM
INSURANCE COVERAGE**

SELECTION OR REJECTION OF TERRORISM INSURANCE COVERAGE

WHAT YOU NEED TO DO NOW:

PLEASE "X" ONE OF THE BOXES BELOW AND RETURN THIS FORM TO YOUR INSURANCE BROKER.

<input type="checkbox"/>	I am interested in receiving a quote for Terrorism coverage as required to be offered under the Act. Please provide me with a quote.
<input type="checkbox"/>	I decline to purchase the Terrorism coverage as required to be offered under the Act.

Policyholder/applicant signature

Print Name

Date

Small Cities Organized Risk Effort

NOTICE:

- 1. THE INSURANCE POLICY THAT YOU ARE APPLYING TO PURCHASE IS BEING ISSUED BY AN INSURER THAT IS NOT LICENSED BY THE STATE OF CALIFORNIA. THESE COMPANIES ARE CALLED “NONADMITTED” OR “SURPLUS LINE” INSURERS.**
- 2. THE INSURER IS NOT SUBJECT TO THE FINANCIAL SOLVENCY REGULATION AND ENFORCEMENT THAT APPLY TO CALIFORNIA LICENSED INSURERS.**
- 3. THE INSURER DOES NOT PARTICIPATE IN ANY OF THE INSURANCE GUARANTEE FUNDS CREATED BY CALIFORNIA LAW. THEREFORE, THESE FUNDS WILL NOT PAY YOUR CLAIMS OR PROTECT YOUR ASSETS IF THE INSURER BECOMES INSOLVENT AND IS UNABLE TO MAKE PAYMENTS AS PROMISED.**
- 4. THE INSURER SHOULD BE LICENSED EITHER AS A FOREIGN INSURER IN ANOTHER STATE IN THE UNITED STATES OR AS A NON-UNITED STATES (ALIEN) INSURER. YOU SHOULD ASK QUESTIONS OF YOUR INSURANCE AGENT, BROKER, OR “SURPLUS LINE” BROKER OR CONTACT THE CALIFORNIA DEPARTMENT OF INSURANCE AT THE FOLLOWING TOLL-FREE TELEPHONE NUMBER: 1-800-927-4357. ASK WHETHER OR NOT THE INSURER IS LICENSED AS A FOREIGN OR NON-UNITED STATES (ALIEN) INSURER AND FOR ADDITIONAL INFORMATION ABOUT THE INSURER. YOU MAY ALSO CONTACT THE NAIC’S INTERNET WEB SITE AT WWW.NAIC.ORG**
- 5. FOREIGN INSURERS SHOULD BE LICENSED BY A STATE IN THE UNITED STATES AND YOU MAY CONTACT THAT STATE’S DEPARTMENT OF INSURANCE TO OBTAIN MORE INFORMATION ABOUT THAT INSURER.**
- 6. FOR NON-UNITED STATES (ALIEN) INSURERS, THE INSURER SHOULD BE LICENSED BY A COUNTRY OUTSIDE OF THE UNITED STATES AND SHOULD BE ON THE NAIC’S INTERNATIONAL**

INSURERS DEPARTMENT (IID) LISTING OF APPROVED NONADMITTED NON-UNITED STATES INSURERS. ASK YOUR AGENT, BROKER, OR “SURPLUS LINE” BROKER TO OBTAIN MORE INFORMATION ABOUT THAT INSURER.

7. CALIFORNIA MAINTAINS A LIST OF APPROVED SURPLUS LINE INSURERS. ASK YOUR AGENT OR BROKER IF THE INSURER IS ON THAT LIST, OR VIEW THAT LIST AT THE INTERNET WEB SITE OF THE CALIFORNIA DEPARTMENT OF INSURANCE: WWW.INSURANCE.CA.GOV.

8. IF YOU, AS THE APPLICANT, REQUIRED THAT THE INSURANCE POLICY YOU HAVE PURCHASED BE BOUND IMMEDIATELY, EITHER BECAUSE EXISTING COVERAGE WAS GOING TO LAPSE WITHIN TWO BUSINESS DAYS OR BECAUSE YOU WERE REQUIRED TO HAVE COVERAGE WITHIN TWO BUSINESS DAYS, AND YOU DID NOT RECEIVE THIS DISCLOSURE FORM AND A REQUEST FOR YOUR SIGNATURE UNTIL AFTER COVERAGE BECAME EFFECTIVE, YOU HAVE THE RIGHT TO CANCEL THIS POLICY WITHIN FIVE DAYS OF RECEIVING THIS DISCLOSURE. IF YOU CANCEL COVERAGE, THE PREMIUM WILL BE PRORATED AND ANY BROKER’S FEE CHARGED FOR THIS INSURANCE WILL BE RETURNED TO YOU.

Date: _____

Insured: _____

D-1 (Effective July 21, 2011)

ALLIANT INSURANCE SERVICES

APIP Claims Reporting Acknowledgement(s) Receipt Form

The Claims Reporting Forms are being included with your packet to ensure claims reporting procedures are known and available for future reference. Please review the information. We ask that you share these critical documents with all members of your team (and Pool Members and their staffs where applicable.)

We request that you review the items indicated attached, then complete the bottom portion, sign and submit to your Alliant Insurance Services representative either by a scanned email or mail to have it be included in your insurance records.

APIP Property Claims Reporting

Cyber Claims Reporting (*this is a claims made policy*) if coverage is purchased

Pollution Liability Claims Reporting (*this is a claims made policy*) if coverage is purchased

Acknowledgement for Claims reporting procedures under Alliant Property Insurance Programs

In effect: July 1, 2014 until further notice

I have read and been informed about these separate reporting requirements under the coverage parts that apply to our entity as indicated above and provided through APIP by Alliant.

Insured Entity Name: Small Cities Organized Risk Effort

Authorized Signature: _____

Print Name

Date

Title



ALLIANT INSURANCE SERVICES, INC.
ALLIANT PROPERTY INSURANCE PROGRAM SUMMARY OF CLAIMS REPORTING

I. First Notice of Claim should be reported to Alliant Insurance Services via telephone, fax, mail or e-mail to our San Francisco Office:

Bob Frey First Vice President, Claims Manager Voice: (415) 403-1445 Email: rfrey@alliant.com Cell: (415) 518-8490 <i>After hours claims reporting number</i>	Diana Walizada Assistant Vice President Voice: (415) 403-1453 Email: dwalizada@alliant.com
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Address: Alliant Insurance Services, Inc.
100 Pine St, 11th Floor
San Francisco CA 94111
Toll Free Voice: (877) 725-7695 Fax: (415) 403-1466

Please be sure to copy APIP's Claim Administrator on all Claims correspondence:

Cathryn O'Meara
McLaren's
1301 Dove St., Suite 200
Newport Beach, CA 92660
Voice: (949) 757-1413 Fax: (949) 757-1692
Email: cathryn.omeara@mclarens.com

II. Cyber Carrier Beazley NY needs to also be provided with Notice of Claim immediately (If coverage applies):

Bob Frey First Vice President, Claims Manager Voice: (415) 403-1445 Cell: (415) 518-8490 After hours Email: rfrey@alliant.com	Beth Diamond Beazley Group 1270 Avenue of the America's, Suite 1200 New York, NY 10020 Telephone: (646) 943-5900 Fax: (546) 378-4039 Email: tmbclaims@beazley.com
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Elaine G. Kim, CISR
Claims Advocate, Alliant Insurance Services, Inc.
100 Pine Street, 11th Floor
San Francisco, CA 94111-5101
Voice: (415) 403-1458 Fax: (415) 403-1466
Email: ekim@alliant.com

III. Pollution Liability Carrier ACE Environmental, Risk Claims Manger (if coverage applies):

Bob Frey First Vice President, Claims Manager Voice: (415) 403-1445 Cell: (415) 518-8490 After hours Email: rfrey@alliant.com	ACE USA Claims PO Box 5103 Scranton, PA 18505-0510 Environmental Emergency: (888) 310-9553 Fax: (800) 951-4119 Email: CasualtyRiskEnvironmentalFirstNotice@acegroup.com
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Diana Walizada
Assistant Vice President
100 Pine Street, 11th Floor
San Francisco, CA 94111-5101
Voice: (415) 403-1453 Fax: (415) 403-1466
Email: dwalizada@alliant.com

PROPERTY LOSS REPORTING:

1) Follow your organization's procedures for reporting and responding to an incident

2) Alert local emergency authorities, as appropriate

3) Report the incident to Alliant Insurance Services immediately at:

877-725-7695

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

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

4) Report the incident to McLarens AND your Alliant representative



PROPERTY FIRST NOTICE OF LOSS FORM

SEND TO: Alliant Insurance Services, Inc.

BY MAIL: 100 Pine Street, 11th Floor, San Francisco, CA 94111

BY FAX: (415) 403-1466

BY EMAIL: dwalizada@alliant.com

COPY APIP Claims Administrator: cathryn.omeara@mclarens.com and your Alliant representative

Today's Date: _____

Type of Claim: (check all that apply)

Real Property

Vehicles

Personal Property

Boiler & Machinery

Other

Insured's Name & Contact Information

Company Name: _____
Point of Contact: _____
Phone #: _____
Address: _____

Broker/Agent's Name & Contact Information

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

Address: 100 Pine Street, 11th Floor, San Francisco, CA 94111

Phone #: 1-877-725-7695

Fax #: 415-403-1466

Policy Information

Policy Number: _____ Policy Period: 07/01/2014 to 07/01/2015

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

Loss Information

Date of Incident/Claim: _____ Location: _____

Description of Loss: _____

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

Name of Person Completing This Form: _____ **Signature:** _____



CYBER LOSS REPORTING:

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

646-943-5900

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

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

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

SPECIAL NOTE REGARDING PRIVACY NOTIFICATION COSTS:

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

Please contact Beazley for a list of approved vendors.

SEND TO: Beazley Group

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

BY FAX: (546) 378-4039

BY EMAIL: tmbclaims@beazley.com

CC Alliant Claims Department: ekim@alliant.com And your Alliant representative

Today's Date: _____

Insured's Name & Contact Information

Company Name: _____ **Point of Contact:** _____

Address: _____

Phone #: _____

Broker/Agent's Name & Contact Information

Company Name: Alliant Insurance Services - Claims **Point of Contact:** Elaine G. Kim, CISR

Address: 100 Pine Street, 11th Floor, San Francisco, CA 94111

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

Policy Information

Policy Number: _____ **Policy Period:** 7/1/14 to 7/1/15

Limits of Liability: _____ per _____ agg **Self-Insured Retention/Deductible** _____

Loss Information

Date of Incident/Claim: _____ **Location:** _____

Description of Loss: _____

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

Name of Person Completing This Form: _____ **Signature:** _____

CYBER LOSS REPORTING

A. REFER TO YOUR POLICY FOR COMPLETE CLAIM REQUIREMENTS

B. IMPORTANT POLICY LANGUAGE REGARDING:

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

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

Any subsequent **Claim** made against the **Insured** arising out of such circumstance which is the subject of the written notice will be deemed to have been made at the time written notice complying with the above requirements was first given to the Underwriters.

4. A **Claim** or legal obligation under section X.A.1 or X.A.2 above shall be considered to be reported to the Underwriters when written notice is first received by Underwriters in the form of a telecopy, or express or certified mail or email through persons named in Item 9.A. of the Declarations of the **Claim** or legal obligation, or of an act, error, or omission, which could reasonably be expected to give rise to a **Claim** if provided in compliance with sub-paragraph X.A.3. above.

POLLUTION CLAIMS REPORTING



Environmental Risk

IN THE EVENT OF AN ENVIRONMENTAL EMERGENCY:

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

888-310-9553

All pollution incidents must be reported within 7 days of discovery

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

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

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

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



ACE ENVIRONMENTAL RISK FIRST NOTICE OF LOSS FORM

SEND TO: ACE Environmental Risk Claims Manager

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

BY FAX: (800) 951-4119

BY EMAIL: CasualtyRiskEnvironmentalFirstNotice@acegroup.com

CC Alliant Insurance: dwalizada@alliant.com And your Alliant representative

Today's Date: _____

Notice of: (check all that apply)

- Pollution Incident
- Potential Claim
- Other _____
- Third-Party Claim
- Litigation Initiated

Insured's Name & Contact Information

Company Name: _____ Point of Contact: _____

Address: _____

Phone #: _____

Broker/Agent's Name & Contact Information

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

Address: 100 Pine Street, 11th Floor, San Francisco, CA 94111

Phone #: 415) 403-1453

Policy Information

Policy Number: _____ Policy Period: 7/1/14 to 7/1/15

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

Loss Information

Date of Incident/Claim: _____ Location: _____

Claimant Name/Address: _____

Description of Loss: _____

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

Name of Person Completing This Form: _____ Signature: _____

A. REFER TO YOUR POLICY FOR COMPLETE CLAIM REQUIREMENTS

B. IMPORTANT POLICY LANGUAGE REGARDING:

VII. REPORTING AND COOPERATION

A. The “insured” must see to it that the Insurer receives written notice of any “claim” or “pollution condition”, as soon as practicable, at the address identified in Item 7.a. of the Declarations to this Policy. Notice should include reasonably detailed information as to:

1. The identity of the “insured”, including contact information for an appropriate person to contact regarding the handling of the “claim” or “pollution condition”;
2. The identity of the “covered location” or “covered operations”;
3. The nature of the “claim” or “pollution condition”; and
4. Any steps undertaken by the “insured” to respond to the “claim” or “pollution condition”. In the event of a “pollution condition”, the “insured” must also take all reasonable measures to provide immediate verbal notice to the Insurer.

B. The “insured” must:

1. As soon as practicable, send the Insurer copies of any demands, notices, summonses or legal papers received in connection with any “claim”;
2. Authorize the Insurer to obtain records and other information;
3. Cooperate with the Insurer in the investigation, settlement or defense of the “claim”;
4. Assist the Insurer, upon the Insurer’s request, in the enforcement of any right against any person or organization which may be liable to the “insured” because of “bodily injury”, “property damage”, “remediation costs” or “legal defense expense” to which this Policy may apply; and
5. Provide the Insurer with such information and cooperation as it may reasonably require.

C. No “insured” shall make or authorize an admission of liability or attempt to settle or otherwise dispose of any “claim” without the written consent of the Insurer. **Nor shall any “insured” retain any consultants or incur any “remediation costs” without the prior express written consent of the Insurer, except in the event of an “emergency response”. (Emergency Response coverage is limited to the first 7 days)**

D. Upon the discovery of a “pollution condition”, the “insured” shall make every attempt to mitigate any loss and comply with applicable “environmental law”. The Insurer shall have the right, but not the duty, to mitigate such “pollution conditions” if, in the sole judgment of the Insurer, the “insured” fails to take reasonable steps to do so. In that event, any “remediation costs” incurred by the Insurer shall be deemed incurred by the “insured”, and shall be subject to the “self-insured retention” and Limits of Liability identified in the Declarations to this Policy.

SUMMARY OF VALUES
AS OF MAY 23, 2014

Filter: Selected records

Trended Values
Not Trended

MEMBER	REAL PROPERTY	PERSONAL PROPERTY	BI / RENTS	VEHICLES	MOBILE EQUIPMENT	FINE ARTS	TAX INTERRUPTION	TOTAL VALUES	EARTHQUAKE	FLOOD
SMALL CITIES ORGANIZED RISK EFFORT										
CITY OF BIGGS	\$5,352,511	\$1,214,386	\$0	\$397,393	\$91,665	\$0	\$0	\$7,055,955	\$0	\$0
CITY OF COLFAX	\$9,122,319	\$3,314,333	\$0	\$442,059	\$162,027	\$0	\$0	\$13,040,738	\$0	\$0
CITY OF DUNSMUIR	\$12,297,251	\$1,063,862	\$18,000	\$0	\$0	\$0	\$0	\$13,379,113	\$0	\$0
CITY OF ETNA	\$5,512,931	\$452,574	\$8,000	\$381,388	\$0	\$0	\$0	\$6,354,893	\$0	\$0
TOWN OF FORT JONES	\$2,826,248	\$1,450,885	\$7,000	\$491,000	\$0	\$0	\$0	\$4,775,133	\$0	\$0
CITY OF LIVE OAK	\$23,426,353	\$10,542,221	\$131,000	\$255,000	\$0	\$0	\$0	\$34,354,574	\$0	\$0
TOWN OF LOOMIS	\$1,576,944	\$230,230	\$0	\$299,269	\$0	\$0	\$0	\$2,106,443	\$0	\$0
CITY OF LOYALTON	\$5,218,835	\$1,883,277	\$11,000	\$1,866,662	\$229,393	\$0	\$0	\$9,209,167	\$0	\$0
CITY OF MONTAGUE	\$7,276,709	\$2,290,471	\$0	\$1,000,000	\$194,260	\$0	\$0	\$10,761,440	\$0	\$0
CITY OF MOUNT SHASTA	\$8,177,375	\$2,001,421	\$35,000	\$0	\$0	\$0	\$0	\$10,213,796	\$0	\$0
CITY OF PORTOLA	\$5,372,612	\$1,142,061	\$0	\$121,929	\$0	\$0	\$0	\$6,636,602	\$0	\$0
CITY OF RIO DELL	\$6,009,756	\$3,601,974	\$5,000	\$246,966	\$186,812	\$0	\$0	\$10,050,508	\$0	\$0
CITY OF SHASTA LAKE	\$43,737,457	\$6,427,397	\$0	\$1,092,500	\$160,455	\$0	\$0	\$51,417,809	\$0	\$0
CITY OF SUSANVILLE	\$18,038,987	\$5,694,681	\$144,000	\$318,414	\$58,800	\$0	\$0	\$24,254,882	\$0	\$0
CITY OF TULE LAKE	\$4,336,195	\$692,125	\$0	\$138,491	\$0	\$0	\$0	\$5,166,811	\$0	\$0
CITY OF WEED	\$8,439,355	\$1,249,803	\$50,826	\$0	\$26,033	\$0	\$0	\$9,766,017	\$0	\$0
CITY OF YREKA	\$30,909,378	\$10,695,217	\$257,300	\$761,401	\$4,090,189	\$0	\$0	\$46,713,485	\$0	\$0
SMALL CITIES ORGANIZED RISK EFFORT TOTALS:	\$197,631,216	\$53,946,918	\$667,126	\$7,812,472	\$5,199,634	\$0	\$0	\$265,257,366	\$0	\$0
GRAND TOTALS:	\$197,631,216	\$53,946,918	\$667,126	\$7,812,472	\$5,199,634	\$0	\$0	\$265,257,366	\$0	\$0



2014/15 APIP CLAIMS REPORTING ACKNOWLEDGEMENTS

ACTION ITEM

ISSUE: The Alliant Property Insurance Program (APIP or PEPiP) requires its members to sign the Acknowledgement Form which outlines the steps that should be taken at the time a property, cyber liability or pollution loss occurs to assure that the claim is managed effectively from the start. **The notice requirements must be met to be sure that insurance coverage available through APIP remains in force and available for claims payment.** The Board is asked to acknowledge receipt of the Claims Reporting Information and Requirements.

FISCAL IMPACT: None.

RECOMMENDATION: None.

BACKGROUND: The Alliant Property Insurance Program (APIP or PEPiP) includes property coverage for Member owned locations, Cyber Liability coverage and Pollution coverage. This Program has developed APIP Claims Reporting Procedures for Property, Cyber Liability and Pollution claims. These Reporting Requirements, as well as the applicable disclosures and signature forms, have been distributed to Members in advance of this meeting for their review. Members were instructed to retain these documents in their records so as to assist them in the event that a claim needs to be filed. The Administrators have asked that each Member sign and return the signature forms indicating that they acknowledge receipt of the information.

ATTACHMENT(S): APIP Claims Reporting Information and Acknowledgement(s) Forms



ALLIANT INSURANCE SERVICES

APIP Claims Reporting Acknowledgement(s) Receipt Form

The Claims Reporting Forms are being included with your packet to ensure claims reporting procedures are known and available for future reference. Please review the information. We ask that you share these critical documents with all members of your team (and Pool Members and their staffs where applicable.)

We request that you review the items indicated attached, then complete the bottom portion, sign and submit to your Alliant Insurance Services representative either by a scanned email or mail to have it be included in your insurance records.

APIP Property Claims Reporting

Cyber Claims Reporting (*this is a claims made policy*) if coverage is purchased

Pollution Liability Claims Reporting (*this is a claims made policy*) if coverage is purchased

Acknowledgement for Claims reporting procedures under Alliant Property Insurance Programs

In effect: July 1, 2014 until further notice

I have read and been informed about these separate reporting requirements under the coverage parts that apply to our entity as indicated above and provided through APIP by Alliant.

Insured Entity Name: SMALL CITIES ORGANIZED RISK EFFORT

Authorized Signature: _____

Print Name

Date

Title

MEMBER CITY:



ALLIANT INSURANCE SERVICES, INC.
ALLIANT PROPERTY INSURANCE PROGRAM SUMMARY OF CLAIMS REPORTING

I. First Notice of Claim should be reported to Alliant Insurance Services via telephone, fax, mail or e-mail to our San Francisco Office:

Bob Frey First Vice President, Claims Manager Voice: (415) 403-1445 Email: rfrey@alliant.com Cell: (415) 518-8490 <i>After hours claims reporting number</i>	Diana Walizada Assistant Vice President Voice: (415) 403-1453 Email: dwalizada@alliant.com
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Address: Alliant Insurance Services, Inc.
100 Pine St, 11th Floor
San Francisco CA 94111
Toll Free Voice: (877) 725-7695 Fax: (415) 403-1466

Please be sure to copy APIP's Claim Administrator on all Claims correspondence:

Cathryn O'Meara
McLaren's
1301 Dove St., Suite 200
Newport Beach, CA 92660
Voice: (949) 757-1413 Fax: (949) 757-1692
Email: cathryn.omeara@mclarens.com

II. Cyber Carrier Beazley NY needs to also be provided with Notice of Claim immediately (If coverage applies):

Bob Frey First Vice President, Claims Manager Voice: (415) 403-1445 Cell: (415) 518-8490 After hours Email: rfrey@alliant.com	Beth Diamond Beazley Group 1270 Avenue of the America's, Suite 1200 New York, NY 10020 Telephone: (646) 943-5900 Fax: (546) 378-4039 Email: tmbclaims@beazley.com
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Elaine G. Kim, CISR
Claims Advocate, Alliant Insurance Services, Inc.
100 Pine Street, 11th Floor
San Francisco, CA 94111-5101
Voice: (415) 403-1458 Fax: (415) 403-1466
Email: ekim@alliant.com

III. Pollution Liability Carrier ACE Environmental, Risk Claims Manger (if coverage applies):

Bob Frey First Vice President, Claims Manager Voice: (415) 403-1445 Cell: (415) 518-8490 After hours Email: rfrey@alliant.com	ACE USA Claims PO Box 5103 Scranton, PA 18505-0510 Environmental Emergency: (888) 310-9553 Fax: (800) 951-4119 Email: CasualtyRiskEnvironmentalFirstNotice@acegroup.com
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Diana Walizada
Assistant Vice President
100 Pine Street, 11th Floor
San Francisco, CA 94111-5101
Voice: (415) 403-1453 Fax: (415) 403-1466
Email: dwalizada@alliant.com

PROPERTY LOSS REPORTING:

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

877-725-7695

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

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

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



PROPERTY FIRST NOTICE OF LOSS FORM

SEND TO: Alliant Insurance Services, Inc.

BY MAIL: 100 Pine Street, 11th Floor, San Francisco, CA 94111

BY FAX: (415) 403-1466

BY EMAIL: dwalizada@alliant.com

COPY APIP Claims Administrator: cathryn.omeara@mclarens.com and your Alliant representative

Today's Date: _____

Type of Claim: (check all that apply)

Real Property

Vehicles

Personal Property

Boiler & Machinery

Other

Insured's Name & Contact Information

Company Name: _____
Point of Contact: _____
Phone #: _____
Address: _____

Broker/Agent's Name & Contact Information

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

Address: 100 Pine Street, 11th Floor, San Francisco, CA 94111

Phone #: 1-877-725-7695

Fax #: 415-403-1466

Policy Information

Policy Number: _____ Policy Period: 07/01/2014 to 07/01/2015

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

Loss Information

Date of Incident/Claim: _____ Location: _____

Description of Loss: _____

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

Name of Person Completing This Form: _____ **Signature:** _____

CYBER LOSS REPORTING:

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

646-943-5900

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

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

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

SPECIAL NOTE REGARDING PRIVACY NOTIFICATION COSTS:

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

Please contact Beazley for a list of approved vendors.

CYBER FIRST NOTICE OF LOSS FORM

SEND TO: Beazley Group

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

BY FAX: (546) 378-4039

BY EMAIL: tmbclaims@beazley.com

CC Alliant Claims Department: ekim@alliant.com And your Alliant representative

Today's Date: _____

Insured's Name & Contact Information

Company Name: _____ **Point of Contact:** _____

Address: _____

Phone #: _____

Broker/Agent's Name & Contact Information

Company Name: Alliant Insurance Services - Claims **Point of Contact:** Elaine G. Kim, CISR

Address: 100 Pine Street, 11th Floor, San Francisco, CA 94111

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

Policy Information

Policy Number: _____ **Policy Period:** 7/1/14 to 7/1/15

Limits of Liability: _____ per _____ agg **Self-Insured Retention/Deductible** _____

Loss Information

Date of Incident/Claim: _____ **Location:** _____

Description of Loss: _____

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

Name of Person Completing This Form: _____ **Signature:** _____

CYBER LOSS REPORTING

A. REFER TO YOUR POLICY FOR COMPLETE CLAIM REQUIREMENTS

B. IMPORTANT POLICY LANGUAGE REGARDING:

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

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

Any subsequent **Claim** made against the **Insured** arising out of such circumstance which is the subject of the written notice will be deemed to have been made at the time written notice complying with the above requirements was first given to the Underwriters.

4. A **Claim** or legal obligation under section X.A.1 or X.A.2 above shall be considered to be reported to the Underwriters when written notice is first received by Underwriters in the form of a telecopy, or express or certified mail or email through persons named in Item 9.A. of the Declarations of the **Claim** or legal obligation, or of an act, error, or omission, which could reasonably be expected to give rise to a **Claim** if provided in compliance with sub-paragraph X.A.3. above.

POLLUTION CLAIMS REPORTING



Environmental Risk

IN THE EVENT OF AN ENVIRONMENTAL EMERGENCY:

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

888-310-9553

All pollution incidents must be reported within 7 days of discovery

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

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

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

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

POLLUTION CLAIMS REPORTING



ACE ENVIRONMENTAL RISK FIRST NOTICE OF LOSS FORM

SEND TO: ACE Environmental Risk Claims Manager

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

BY FAX: (800) 951-4119

BY EMAIL: CasualtyRiskEnvironmentalFirstNotice@acegroup.com

CC Alliant Insurance: dwalizada@alliant.com And your Alliant representative

Today's Date: _____

Notice of: (check all that apply)

- Pollution Incident Potential Claim Other _____
- Third-Party Claim Litigation Initiated

Insured's Name & Contact Information

Company Name: _____ Point of Contact: _____

Address: _____

Phone #: _____

Broker/Agent's Name & Contact Information

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

Address: 100 Pine Street, 11th Floor, San Francisco, CA 94111

Phone #: 415) 403-1453

Policy Information

Policy Number: _____ Policy Period: 7/1/14 to 7/1/15

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

Loss Information

Date of Incident/Claim: _____ Location: _____

Claimant Name/Address: _____

Description of Loss: _____

POLLUTION CLAIMS REPORTING

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

Name of Person Completing This Form: _____ Signature: _____

A. REFER TO YOUR POLICY FOR COMPLETE CLAIM REQUIREMENTS

B. IMPORTANT POLICY LANGUAGE REGARDING:

VII. REPORTING AND COOPERATION

A. The “insured” must see to it that the Insurer receives written notice of any “claim” or “pollution condition”, as soon as practicable, at the address identified in Item 7.a. of the Declarations to this Policy. Notice should include reasonably detailed information as to:

1. The identity of the “insured”, including contact information for an appropriate person to contact regarding the handling of the “claim” or “pollution condition”;
2. The identity of the “covered location” or “covered operations”;
3. The nature of the “claim” or “pollution condition”; and
4. Any steps undertaken by the “insured” to respond to the “claim” or “pollution condition”. In the event of a “pollution condition”, the “insured” must also take all reasonable measures to provide immediate verbal notice to the Insurer.

B. The “insured” must:

1. As soon as practicable, send the Insurer copies of any demands, notices, summonses or legal papers received in connection with any “claim”;
2. Authorize the Insurer to obtain records and other information;
3. Cooperate with the Insurer in the investigation, settlement or defense of the “claim”;
4. Assist the Insurer, upon the Insurer’s request, in the enforcement of any right against any person or organization which may be liable to the “insured” because of “bodily injury”, “property damage”, “remediation costs” or “legal defense expense” to which this Policy may apply; and
5. Provide the Insurer with such information and cooperation as it may reasonably require.

C. No “insured” shall make or authorize an admission of liability or attempt to settle or otherwise dispose of any “claim” without the written consent of the Insurer. **Nor shall any “insured” retain any consultants or incur any “remediation costs” without the prior express written consent of the Insurer, except in the event of an “emergency response”. (Emergency Response coverage is limited to the first 7 days)**

D. Upon the discovery of a “pollution condition”, the “insured” shall make every attempt to mitigate any loss and comply with applicable “environmental law”. The Insurer shall have the right, but not the duty, to mitigate such “pollution conditions” if, in the sole judgment of the Insurer, the “insured” fails to take reasonable steps to do so. In that event, any “remediation costs” incurred by the Insurer shall be deemed incurred by the “insured”, and shall be subject to the “self-insured retention” and Limits of Liability identified in the Declarations to this Policy.

NOTICE:

- 1. THE INSURANCE POLICY THAT YOU ARE APPLYING TO PURCHASE IS BEING ISSUED BY AN INSURER THAT IS NOT LICENSED BY THE STATE OF CALIFORNIA. THESE COMPANIES ARE CALLED “NONADMITTED” OR “SURPLUS LINE” INSURERS.**
- 2. THE INSURER IS NOT SUBJECT TO THE FINANCIAL SOLVENCY REGULATION AND ENFORCEMENT THAT APPLY TO CALIFORNIA LICENSED INSURERS.**
- 3. THE INSURER DOES NOT PARTICIPATE IN ANY OF THE INSURANCE GUARANTEE FUNDS CREATED BY CALIFORNIA LAW. THEREFORE, THESE FUNDS WILL NOT PAY YOUR CLAIMS OR PROTECT YOUR ASSETS IF THE INSURER BECOMES INSOLVENT AND IS UNABLE TO MAKE PAYMENTS AS PROMISED.**
- 4. THE INSURER SHOULD BE LICENSED EITHER AS A FOREIGN INSURER IN ANOTHER STATE IN THE UNITED STATES OR AS A NON-UNITED STATES (ALIEN) INSURER. YOU SHOULD ASK QUESTIONS OF YOUR INSURANCE AGENT, BROKER, OR “SURPLUS LINE” BROKER OR CONTACT THE CALIFORNIA DEPARTMENT OF INSURANCE AT THE FOLLOWING TOLL-FREE TELEPHONE NUMBER: 1-800-927-4357. ASK WHETHER OR NOT THE INSURER IS LICENSED AS A FOREIGN OR NON-UNITED STATES (ALIEN) INSURER AND FOR ADDITIONAL INFORMATION ABOUT THE INSURER. YOU MAY ALSO CONTACT THE NAIC’S INTERNET WEB SITE AT WWW.NAIC.ORG**
- 5. FOREIGN INSURERS SHOULD BE LICENSED BY A STATE IN THE UNITED STATES AND YOU MAY CONTACT THAT STATE’S DEPARTMENT OF INSURANCE TO OBTAIN MORE INFORMATION ABOUT THAT INSURER.**
- 6. FOR NON-UNITED STATES (ALIEN) INSURERS, THE INSURER SHOULD BE LICENSED BY A COUNTRY OUTSIDE OF THE UNITED STATES AND SHOULD BE ON THE NAIC’S INTERNATIONAL**

**INSURERS DEPARTMENT (IID) LISTING OF APPROVED
NONADMITTED NON-UNITED STATES INSURERS. ASK YOUR
AGENT, BROKER, OR “SURPLUS LINE” BROKER TO OBTAIN MORE
INFORMATION ABOUT THAT INSURER.**

**7. CALIFORNIA MAINTAINS A LIST OF APPROVED SURPLUS
LINE INSURERS. ASK YOUR AGENT OR BROKER IF THE
INSURER IS ON THAT LIST, OR VIEW THAT LIST AT THE
INTERNET WEB SITE OF THE CALIFORNIA DEPARTMENT OF
INSURANCE: WWW.INSURANCE.CA.GOV.**

**8. IF YOU, AS THE APPLICANT, REQUIRED THAT THE
INSURANCE POLICY YOU HAVE PURCHASED BE BOUND
IMMEDIATELY, EITHER BECAUSE EXISTING COVERAGE WAS
GOING TO LAPSE WITHIN TWO BUSINESS DAYS OR BECAUSE
YOU WERE REQUIRED TO HAVE COVERAGE WITHIN TWO
BUSINESS DAYS, AND YOU DID NOT RECEIVE THIS DISCLOSURE
FORM AND A REQUEST FOR YOUR SIGNATURE UNTIL AFTER
COVERAGE BECAME EFFECTIVE, YOU HAVE THE RIGHT TO
CANCEL THIS POLICY WITHIN FIVE DAYS OF RECEIVING THIS
DISCLOSURE. IF YOU CANCEL COVERAGE, THE PREMIUM WILL
BE PRORATED AND ANY BROKER’S FEE CHARGED FOR THIS
INSURANCE WILL BE RETURNED TO YOU.**

Date: _____

Insured: _____

MEMBER CITY:

D-1 (Effective July 21, 2011)

Agenda Item I.6

OUTSTANDING ASSESSMENT COLLECTION PLAN

ACTION ITEM

ISSUE: Some Member Funds due as ‘receivables’ for assessments from years prior to June 30, 2012 remain unpaid. In order to ensure recovery for these assessments a repayment plan is being proposed. The Board is asked to review and discuss the plan proposed by the Program Administrators and take necessary action to implement a plan.

RECOMMENDATION: The Program Administrators recommend adopting an Assessment Repayment Plan that will provide a timetable for collection of past due assessments.

FISCAL IMPACT: Collection of \$436,011 in projected outstanding receivables.

BACKGROUND: At the Board meetings on 3/26/10 and 6/25/10 discussions were held regarding the treatment of the dividends and negative balances generated for each member under the old Retrospective Rating Plan (RRP), and a decision was reached to treat the negative balances as assessments. Invoices for the assessments were issued but the Board postponed their collection at the request of at least one member and with the hope that the amounts would ‘self-correct’ over time.

Since then, all four of the Members who were invoiced for assessments have seen credits for payments or dividends applied to their balances, with one member now in a positive balance position. However, the remaining three Members have projected balances as of 6/30/14 totaling \$436,011. In addition, the potential for the assessments to self-correct has decreased due to previous years’ dividends that have reduced SCORE’s surplus. Given this, and the length of time the balances have been outstanding, it is appropriate to address the issue of repayment.

The recently passed Dividend Assessment Plan (DAP) that replaces the RRP addresses current activity that leads to a negative balance in a member’s banking or shared risk layers (requires 50% of the deficit to be paid on their next July 1 invoice). It does not address the collection of past due assessments from prior years. The Program Administrators are proposing an Assessment Repayment Plan (ARP) to provide a timetable for collection to allow members to budget for them and to provide SCORE a reasonable assurance they will be paid.

ATTACHMENTS:

- Outstanding Assessment Balances
- Assessment Repayment Plan Proposal

SCORE

Member Assessments Receivable

Balance as of 3/31/14 (Prior to any current year distributions)

	<u>Date</u>	<u>Invoice Amount</u>	<u>Payments / Dividends Applied</u>	<u>Balance Due For Assessments Prior to 7/1/13</u>	<u>3/28/14 Dividends</u>	<u>Remaining after 3/28/14 Dividends</u>	<u>Prior Assessments Balance Due 6/30/14</u>	<u>Portion Due in 14/15</u>
City of Colfax	7/1/2010	263,126.00	(144,357.00)	118,769.00	7,451.00	111,318.00	111,318.00	11,131.80
City Of Dunsmuir	11/16/2011	347,045.00	(51,482.00)	295,563.00	(4,711.00)	300,274.00	295,563.00	29,556.30
City of Ione	2/23/2011	120,923.00	(42,994.00)	77,929.00				
	11/16/2011	27,553.00	-	27,553.00				
		<u>148,476.00</u>	<u>(42,994.00)</u>	<u>105,482.00</u>	67,306.00	38,176.00	38,176.00	3,817.60
City of Portola	7/2/2010	141,265.00	(113,545.00)	27,720.00	61,820.00	(34,100.00)		
Total		<u>899,912.00</u>	<u>(352,378.00)</u>	<u>547,534.00</u>		<u>449,768.00</u>	<u>445,057.00</u>	<u>44,505.70</u>

Balance Due subject of Repayment Plan

50% assesment due

Assessment Repayment Plan

The following repayment plan is recommended for the collection of assessments that were declared prior to July 1, 2013, and for the Balance Due as of July 1, 2014.

Payment of each year's amount due can be paid in two equal installments, on December 31 and June 30.

1st Year, 2014-15 = 10% of Balance Due

2nd Year, 2015-16 = 15% of Balance Due

3rd Year, 2016-17 = 20% of Balance Due

4th Year, 2017-18 = 25% of Balance Due

5th Year, 2018-19 = 30% of Balance Due

The assessments will not accrue interest as long as the repayment plan is being followed. If not, interest will begin to accrue after the first missed payment at a rate of 4% per year.

Any dividends declared and available to a member with a Balance Due will first be applied to the Balance Due.

Half of any negative balances that accrue in either the banking or shared risk layers after the approval of the Repayment Plan will be due on July 1 of the following fiscal year, per the Dividend Assessment Plan.

A member who leaves SCORE with a Balance Due must repay the entire amount due on June 30 of the last year of participation.

Once the Balance Due is \$30,000 or less all of the amount shall be payable by the next June 30 installment.

FIREFIGHTER PHYSICAL FITNESS AND DRIVING POLICY REVISION

ACTION ITEM

ISSUE: The Board of Directors is asked to review proposed changes to the Fire Fighter Physical Fitness Policy and the newly developed Driving policy and take action to approve as needed.

RECOMMENDATION: The Program Administrators recommend adopting and implementation of the newly developed policy.

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 Administrators were 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 Program Administrators reached out to a few other similar-sized pools and found that some consider the best practice to be annual physicals for all firefighting 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. In addition, the Program Administrator also reached out to LAWCX, our excess Workers' Compensation Pool partner and inquired on whether there are any loss control or training credits that SCORE could apply towards the cost of developing a new or updated Fire Fighter Physical Fitness Policy. The Program Administrators worked with Bickmore to research what other Fire departments are doing and were able to come up with a set of requirements that better met the needs of SCORE while also incorporating an updated Driving Standards Policy.

ATTACHMENT(S): Fire Fighter Physical Fitness and Driving Policy – REDLINE STRIKEOUT
Sample Physical Testing Procedures
Bickmore Policy Research Packet

S.C.O.R.E SCORE
POLICY AND PROCEDURE #WC-2

SUBJECT: Fire Fighter Physical Fitness and Driving Policy

EFFECTIVE DATE: ~~December 1, 1999~~ June 28, 2014

Policy Statement:

The practice of fire fighting 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 and the California Department of Motor Vehicles (DMV).

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.

ALSO RECOMMENDED:

4. Physical ability and dexterity exam (Sample 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/annual regular basis *as a condition of employment, continuation of employment and/or continuation of active volunteer status, ~~regardless of age~~ in accordance to the provisions established by this policy.*

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.

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.~~

Two types of exams are conducted, according to the Routine Exam Schedule shown below:

A. Baseline (A) exam is conducted as pre-placement physical

B. Full Exam (B) is conducted routinely after hire

The **Full Exam (B)** includes:

- Blood test
- Pulmonary Function Test
- Vision
- Physical exam

The **Baseline (A)** exam includes:

All that is included in the **Full Exam (B)** plus:

- EKG with stress test
- Chest x-ray
- Flexibility/strength assess

Routine Exam Schedule:

- Under the age of 40 - Biennially **Full Exam (B)**
- Under the age of 40 - Complete the Medical Questionnaire from California Code of Regulations, Title 8, Section 5144 on the off year from the **Full Exam (B)**.
- HazMat Response team members has **Full Exam (B)** annually regardless of age
- Over the age of 40 – annual exam alternating between **Full Exam (B)** and **Baseline (A)** exams.
- Over the age of 50 – annual **Baseline (A)** exam

Annual Vaccinations and Disease Tests

- EMT and Paramedics – annual TB tests and flu vaccines.

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~~

2. Self Contained Breathing Apparatus (SCBA) Certification and Examination:

California Code of Regulations, Title 8, Section 5144 – Respiratory Protection applies to all employers that require the use of respiratory protection devices to protect its employees to develop a respiratory protection program that includes medical evaluations and fit testing for tight-fitting respirators.

a. Medical Evaluation:

The employer is required to conduct a medical evaluation to determine the employee's ability to use a respirator before the employee is fit tested or required to use the respirator in the workplace. The employer is required to identify a physician or other licensed health care professional (PLHCP) to perform medical evaluations using a medical questionnaire or an initial medical examination that obtains the same information as the medical questionnaire (See attached *Mandatory Medical Evaluation Questionnaire*).

Follow-up medical examination is required when an employee gives a positive response to any question among questions 1 through 8 in Section 2, Part A of the attached *Mandatory Medical Evaluation Questionnaire* or whose initial medical examination demonstrates the need for a follow-up medical examination. The follow-up medical examination shall include any medical tests, consultations, or diagnostic procedures that the PLHCP deems necessary to make a final determination.

SCORE 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.

b. Fit Testing:

Before an employee may be required to use any respirator with a negative or positive pressure tight-fitting facepiece, the employee must be fit tested with the same make, model, style, and size of respirator that will be used. The employer is required to ensure that employees using a tight-fitting facepiece respirator pass an appropriate qualitative fit test (QLFT) or quantitative fit test (QNFT) prior to initial use of the respirator, whenever a different respirator facepiece (size, style, model or make) is used, and at least annually thereafter.

~~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 (where applicable) 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.~~

3. FIREFIGHTER DRIVING POLICY AND STANDARDS

Firefighter Endorsement for Driver Licenses

Changes to the California Vehicle Code (CVC) §12804.11(a) that went into effect on January 1, 2011. These changes required an individual who has a noncommercial driver license or a commercial Class C and operates firefighting equipment, including a tiller operator, to have a firefighter endorsement "F." The State of California no longer issues restricted commercial firefighter driver licenses.

Firefighters, both employees and volunteers, who hold a current restricted commercial firefighter driver license, may continue to use that license until renewal. At renewal, they will be required to obtain an original firefighter endorsement.

Firefighters, whether an employee or volunteer, with a current Class A or B commercial driver license do not have to add the "F" endorsement to continue to operate firefighting equipment, as long as they have the appropriate endorsements for the vehicles operated.

Obtaining an Original Firefighter Endorsement:

Applicants for an original firefighter endorsement must:

1. Have a commercial or non-commercial A, B, or C driver license.
2. Apply in person at their local DMV office.
3. Submit an "Original Firefighter Employment and Training Verification" letter, on fire department letterhead containing:
 - Certification of employment as a firefighter or proof of registration as a volunteer firefighter.
 - Certification of completion of fire equipment operator training.
 - Signature of the fire chief or designee.
4. Successfully pass the written firefighter endorsement test.
5. Submit a completed:
 - Medical Examination Report (DL-51) form for commercial driver license holders, or
 - Health Questionnaire (DL 546) form for non-commercial driver license holders.

Downgrading From a CDL (commercial driver license) To a Non-Commercial Class C Driver License With a Firefighter Endorsement:

To downgrade from a CDL to non-commercial Class C driver license, applicants must:

1. Obtain and complete a Driver License or Identification Card Application (DL44) form (this form is not available online).
2. Have:
 - the comment "firefighter endorsement" on your driver record, or
 - provide a completed Firefighter Endorsement Card (DL88) form, or

- provide an Original Firefighter Employment and Training verification letter on fire department letterhead and signed by the Chief or designee

3. Have a valid DL 51 for DL 546 form completed or on your driver license record.

4. Pass any required knowledge test(s).

5. Pay the fee.

Downgrading From a Restricted Firefighter Driver License To a Non-commercial Class C Driver License With a Firefighter Endorsement:

To downgrade from a restricted firefighter driver license to a non-commercial Class C driver license with a firefighter endorsement, applicants must:

1. Obtain and complete a Driver License or Identification Card Application (DL44) form (this form is not available online).

2. Submit a valid DL 546.

3. Pass any required knowledge test(s).

4. Pay the fee.

Upgrading To a Full Commercial Driver License From a Restricted Firefighter Driver License:

To upgrade to a full commercial driver license from a restricted firefighter driver license, applicants must:

1. Have:

- the comment “firefighter endorsement” on your driver record, or
- an “F” firefighter endorsement on your driver record, or
- provide a completed Firefighter Endorsement Card (DL88) form, or
- provide an Original Firefighter Employment and Training verification letter on fire department letterhead and signed by the Chief or designee

2. Obtain and complete a Driver License or Identification Card Application (DL44) form (this form is not available online).

3. Submit a valid DL51.

4. Pass any required knowledge test for the unrestricted commercial class license.

5. Take the driving test if applying for a higher class unrestricted commercial driver license.

6. Pay the fee.

Medical Reports

The California Department of Motor Vehicles requires Medical Examination Reports (DL 51 rev. date of 1/2014 and later) for drivers holding Commercial driver licenses and requires Medical Health Questionnaires(DL546) of certain holders of non-commercial licenses with special endorsements, such as firefighter.

Commercial Drivers

All commercial drivers must submit medical reports to the department on an original application form for initial application and at least every two years thereafter. The report must be provided to the department on form DL 51. Only this form will be accepted.

The medical examination report must be completed and signed by a health care professional who is licensed, certified, or registered in accordance with applicable state laws and regulations to practice medicine and perform physical examinations in the United States. Health care professionals are doctors of medicine, doctors of osteopathy, physician's assistants, and advanced practice nurses, or doctors of chiropractic who are clinically competent to perform the examination. An optometrist (O.D.) may perform the vision portion of the exam.

Non-Commercial Drivers

Certain holders of California non-commercial licenses, upon application and every two years thereafter may certify they meet the medical standards by completing a Health Questionnaire (DL 546). This report is permitted for the following three groups of drivers:

- Firefighters
- Hazardous Agriculture Materials (HAM)
- Class A Recreational Vehicles

Sample 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" hose 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 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.

~~The physical exam required by the OSHA respirator standard and the ability test must be accomplished by October 1, 2000 and then retested annually therefore. Time limits for the subsequent tests are also included in the Standard.~~ Documentation of the test results will be kept for comparison purposes as well as review by the SCORE Board of Directors and **Risk Manager**Program Administrator.

The Board of Directors ~~has agreed~~can ~~to~~ review alternative physical fitness standards that a city may prefer over the SCORE Policy. Such alternative physical fitness standard must be submitted to the SCORE ~~Risk Manager~~Program Administrator who will review for adequacy and it and present it to the Board of Directors for acceptance. Such alternative physical standard shall be in writing and, at a minimum, include the OSHA respirator standard and the frequency of the tests, as outlined above. These standards should be sent to:

SCORE ~~Risk Manager~~Program Administrator
c/o ~~Bragg & Associates, Inc.~~Alliant Insurance Services
~~One Sierra Gate Plaza, Suite 345B~~1792 Tribute Rd Ste 450
~~Roseville, CA 95678~~Sacramento, CA 95815
(916) ~~783-0100~~643-2700
FAX (916) ~~783-7245~~643-2750

ADOPTED BY BOARD ACTION: ~~JANUARY 28, 2000.~~June 27, 2014

To the employer: Answers to questions in Section 1, and to question 9 in Section 2 of Part A, do not require a medical examination.

To the employee:

Can you read (circle): Yes / No

Your employer must allow you to answer the questionnaire during normal working hours, or at a time and place that is convenient to you. To maintain your confidentiality, your employer or supervisor must not look at or review your answers, and your employer must tell you how to deliver or send this questionnaire to the health care professional who will review it.

Part A. Section 1. (Mandatory) The following information must be provided by every employee who has been selected to use any type of respirator (please print).

1. Today's date: _____
2. Your name: _____
3. Your age (to nearest year): _____
4. Sex (circle one): Male / Female
5. Your height: _____ ft. _____ in.
6. Your weight: _____ lbs.
7. Your job title: _____
8. A phone number where you can be reached by the health care professional who reviews this questionnaire (include the Area Code): _____
9. The best time to phone you at this number: _____
10. Has your employer told you how to contact the health care professional who will review this questionnaire (circle one): Yes / No
11. Check the type of respirator you will use (you can check more than one category):
 - a. ___ N, R, or P disposable respirator (filter-mask, non-cartridge type only)
 - b. ___ Other type (for example, half- or full-facepiece type, powered-air purifying, supplied-air, self-contained breathing apparatus)
12. Have you worn a respirator (circle one): Yes / No
If "yes," what type(s): _____

Part A. Section 2. (Mandatory) Questions 1 through 9 below must be answered by every employee who has been selected to use any type of respirator (please circle “yes” or “no”).

1. Do you currently smoke tobacco, or have you smoked tobacco in the last month: Yes / No

2. Have you ever had any of the following conditions?

Condition	Yes	No
a. Seizures:		
b. Diabetes (sugar disease):		
c. Allergic reactions that interfere with your breathing:		
d. Claustrophobia (fear of closed-in places):		
e. Trouble smelling odors:		

3. Have you ever had any of the following pulmonary or lung problems?

Pulmonary or Lung Problem	Yes	No	Pulmonary or Lung Problem	Yes	No
a. Asbestosis:			g. Silicosis:		
b. Asthma:			h. Pneumothorax (collapsed lung):		
c. Chronic bronchitis:			i. Lung cancer:		
d. Emphysema:			j. Broken ribs:		
e. Pneumonia:			k. Any chest injuries or surgeries:		
f. Tuberculosis:			l. Any other lung problem that you've been told about:		

4. Do you currently have any of the following symptoms of pulmonary or lung illness?

Pulmonary or Lung Illness	Yes	No	Pulmonary or Lung Illness	Yes	No
a. Shortness of breath:			h. Coughing that wakes you early in the morning:		
b. Shortness of breath when walking fast on level ground or walking up a slight hill or incline:			i. Coughing that occurs mostly when you are lying down:		
c. Shortness of breath when walking with other people at an ordinary pace on level ground:			j. Coughing up blood in the last month:		
d. Have to stop for breath when walking at your own pace on level ground:			k. Wheezing:		
e. Shortness of breath when washing or dressing yourself:			l. Wheezing that interferes with your job:		
f. Shortness of breath that interferes with your job:			m. Chest pain when you breathe deeply:		
g. Coughing that produces phlegm (thick sputum):			n. Any other symptoms that you think may be related to lung problems:		

5. Have you ever had any of the following cardiovascular or heart problems?

Cardiovascular or Heart Problems	Yes	No
a. Heart attack:		
b. Stroke:		
c. Angina:		
d. Heart failure:		
e. Swelling in your legs or feet (not caused by walking):		
f. Heart arrhythmia (heart beating irregularly):		
g. High blood pressure:		
h. Any other heart problem that you've been told about:		

6. Have you ever had any of the following cardiovascular or heart symptoms?

Cardiovascular or Heart Symptoms	Yes	No
a. Frequent pain or tightness in your chest:		
b. Pain or tightness in your chest during physical activity:		
c. Pain or tightness in your chest that interferes with your job:		
d. In the past two years, have you noticed your heart skipping or missing a beat:		
e. Heartburn or indigestion that is not related to eating:		
f. Any other symptoms that you think may be related to heart or circulation problems:		

7. Do you currently take medication for any of the following problems?

Problems	Yes	No
a. Breathing or lung problems:		
b. Heart trouble:		
c. Blood pressure:		
d. Seizures (fits):		

8. If you've ever used a respirator, have you ever had any of the following problems? (If you've never used a respirator, check the following space and go to question 9:)

Problems	Yes	No
a. Eye irritation:		
b. Skin allergies or rashes:		
c. Anxiety:		
d. General weakness or fatigue:		
e. Any other problem that interferes with your use of a respirator:		

9. Would you like to talk to the health care professional who will review this questionnaire about your answers to this questionnaire: Yes / No

Questions 10 to 15 below must be answered by every employee who has been selected to use either a full-facepiece respirator or a self-contained breathing apparatus (SCBA). For employees who have been selected to use other types of respirators, answering these questions is voluntary.

10. Have you ever lost vision in either eye (temporarily or permanently): Yes / No

11. Do you currently have any of the following vision problems?

Vision Problems	Yes	No
a. Wear contact lenses:		
b. Wear glasses:		
c. Color blind:		
d. Any other eye or vision problem:		

12. Have you ever had an injury to your ears, including a broken ear drum: Yes / No

13. Do you currently have any of the following hearing problems?

Hearing Problems	Yes	No
a. Difficulty hearing:		
b. Wearing a hearing aid:		
c. Any other hearing or ear problem:		

14. Have you ever had a back injury: Yes / No

15. Do you currently have any of the following musculoskeletal problems?

Musculoskeletal Problems	Yes	No
a. Weakness in any of your arms, hands, legs, or feet:		
b. Back pain:		
c. Difficulty fully moving your arms and legs:		
d. Pain and stiffness when you lean forward or backward at the waist:		
e. Difficulty fully moving your head up or down:		
f. Difficulty fully moving your head side to side:		
g. Difficulty bending at your knees:		
h. Difficulty squatting to the ground:		
i. Climbing a flight of stairs or a ladder carrying more than 25 lbs.:		
j. Any other muscle or skeletal problem that interferes with using a respirator:		

Part B. Any of the following questions, and other questions not listed, may be added to the questionnaire at the discretion of the health care professional who will review the questionnaire.

1. In your present job, are you working at high altitudes (over 5,000 feet) or in a place that has lower than normal amounts of oxygen: Yes / No

If “yes,” do you have feelings of dizziness, shortness of breath, pounding in your chest, or other symptoms when you're working under these conditions: Yes / No

2. At work or at home, have you ever been exposed to hazardous solvents, hazardous airborne chemicals (e.g., gases, fumes, or dust), or have you come into skin contact with hazardous chemicals: Yes / No

If “yes,” name the chemicals if you know them: _____, _____,
 _____, _____.

3. Have you ever worked with any of the materials, or under any of the conditions, listed below:

Material or Conditions	Yes	No
a. Asbestos:		
b. Silica (e.g., in sandblasting):		
c. Tungsten/cobalt (e.g., grinding or welding this material):		
d. Beryllium:		
e. Aluminum:		
f. Coal (for example, mining):		
g. Iron:		
h. Tin:		
i. Dusty environments:		
j. Any other hazardous exposures:		

If “yes,” describe these exposures: _____

4. List any second jobs or side businesses you have: _____

5. List your previous occupations: _____

6. List your current and previous hobbies: _____

7. Have you been in the military services? Yes / No

If “yes,” were you exposed to biological or chemical agents (either in training or combat): Yes / No

8. Have you ever worked on a HAZMAT team? Yes / No

9. Other than medications for breathing and lung problems, heart trouble, blood pressure, and seizures mentioned earlier in this questionnaire, are you taking any other medications for any reason (including over-the-counter medications): Yes / No

If “yes,” name the medications if you know them: _____

10. Will you be using any of the following items with your respirator(s)?

Items with respirator	Yes	No
a. HEPA Filters:		
b. Canisters (for example, gas masks):		
c. Cartridges:		

11. How often are you expected to use the respirator(s) (circle “yes” or “no” for all answers that apply to you)?

How often are you expected to the respirator(s)	Yes	No
a. Escape only (no rescue):		
b. Emergency rescue only:		
c. Less than 5 hours per week:		
d. Less than 2 hours per day:		
e. 2 to 4 hours per day:		
f. Over 4 hours per day:		

12. During the period you are using the respirator(s), is your work effort:

a. Light (less than 200 kcal per hour): Yes / No

If “yes,” how long does this period last during the average shift: ____ hrs. ____ mins.

Examples of a light work effort are sitting while writing, typing, drafting, or performing light assembly work; or standing while operating a drill press (1-3 lbs.) or controlling machines.

b. Moderate (200 to 350 kcal per hour): Yes/No

If “yes,” how long does this period last during the average shift: ____ hrs. ____ mins.

Examples of moderate work effort are sitting while nailing or filing; driving a truck or bus in urban traffic; standing while drilling, nailing, performing assembly work, or transferring a moderate load (about 35 lbs.) at trunk level; walking on a level surface about 2 mph or down a 5-degree grade about 3 mph; or pushing a wheelbarrow with a heavy load (about 100 lbs.) on a level surface.

c. Heavy (above 350 kcal per hour): Yes/No

If “yes,” how long does this period last during the average shift: ____ hrs. ____ mins.

Examples of heavy work are lifting a heavy load (about 50 lbs.) from the floor to your waist or shoulder; working on a loading dock; shoveling; standing while bricklaying or chipping castings; walking up an 8- degree grade about 2 mph; climbing stairs with a heavy load (about 50 lbs.).

13. Will you be wearing protective clothing and/or equipment (other than the respirator) when you're using the respirator: Yes/No

If “yes,” describe this protective clothing and/or equipment: _____

_____.

14. Will you be working under hot conditions (temperature exceeding 77 deg. F): Yes / No

15. Will you be working under humid conditions: Yes / No

16. Describe the work you'll be doing while you're using your respirator(s):

17. Describe any special or hazardous conditions you might encounter when you're using your respirator(s) (for example, confined spaces, life-threatening gases):

18. Provide the following information, if you know it, for each toxic substance that you'll be exposed to when you're using your respirator(s):

- A. Name of first toxic substance: _____
 - a. Estimated maximum exposure level per shift: _____
 - b. Duration of exposure per shift: _____
- B. Name of second toxic substance: _____
 - a. Estimated maximum exposure level per shift: _____
 - b. Duration of exposure per shift: _____
- C. Name of third toxic substance: _____
 - a. Estimated maximum exposure level per shift: _____
 - b. Duration of exposure per shift: _____

D. The name of any other toxic substances that you'll be exposed to while using your respirator:

19. Describe any special responsibilities you'll have while using your respirator(s) that may affect the safety and well-being of others (for example, rescue, security): _____



Firefighter Routine Physical Examination Practices April 2014

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Firefighter Routine Physical Examination Practices

Preface

Research was conducted to identify what should be included in the firefighter physical examination, and how frequently the physical examinations should be conducted. The research for this project was conducted through interviews with other risk control consultants, cities, and fire districts within the state of California. Additional research was conducted via the internet to identify California legislation, regulations, and standards, as well as, industry guidelines that apply to routine firefighter physical examinations. The research was focused on the routine physical examination conducted throughout the course of a firefighter's employment rather than on pre-placement physical examinations or return-to-work physical examinations.

Regulations

California Code of Regulations, Title 24, Part 9

California Code of Regulations, Title 24, Part 9, contains the California Fire Code. This regulation has incorporated some NFPA[®] standards¹, but does not include NFPA 1582 – Comprehensive Occupational Medical Program for Fire Departments.

California Government Code Section 12940(f)(2)

California Government Code Section 12940(f)(2) permits employers to require "any examinations or inquiries that it can show to be job-related and consistent with business necessity." Many California fire departments follow the recommendations for firefighter occupational medical evaluations outlined in NFPA 1582, Section 7.4, which recommends that annual physical examinations be completed.

California Code of Regulations, Title 8, Section 5097 – Control of Noise Exposure

Section 5097 requires employers to maintain a noise exposure control program whenever employee noise exposures equal or exceed an 8-hour time-weighted average sound level (TWA) of 85 decibels measured on the A-scale (slow response) or, equivalently, a dose of fifty percent. Subsection (c) requires the establishment of a baseline audiogram at hire, and an annual audiogram thereafter.

California Code of Regulations, Title 8, Section 5144 – Respiratory Protection

Section 5144 – Respiratory Protection applies to all employers that require the use of respiratory protection devices to protect its employees to develop a respiratory protection program that includes medical evaluations and fit testing for tight-fitting respirators.

Medical Evaluation:

The employer is required to conduct a medical evaluation to determine the employee's ability to use a respirator before the employee is fit tested or required to use the respirator in the workplace. The employer is required to identify a physician or other licensed health care professional (PLHCP) to perform medical evaluations using a medical questionnaire or an initial medical examination that obtains the same information as the medical questionnaire (See Appendix B).

Follow-up medical examination is required when an employee gives a positive response to any question among questions 1 through 8 in Section 2, Part A of the medical questionnaire or whose initial medical examination demonstrates the need for a follow-up medical examination. The follow-up medical examination shall include any medical tests, consultations, or diagnostic procedures that the PLHCP deems necessary to make a final determination.

¹ NFPA[®] codes, standards, recommended practices, and guides ("NFPA Documents") are developed through a consensus standards development process approved by the American National Standards Institute. NFPA does not independently test, evaluate, or verify the accuracy of any information or the soundness of any judgments contained in NFPA Documents. Anyone using NFPA documents are encouraged to rely on his or her own independent judgment or, as appropriate, seek the advice of a competent professional in determining the exercise of reasonable care in any given circumstances.

Fit Testing:

Before an employee may be required to use any respirator with a negative or positive pressure tight-fitting facepiece, the employee must be fit tested with the same make, model, style, and size of respirator that will be used.

The employer is required to ensure that employees using a tight-fitting facepiece respirator pass an appropriate qualitative fit test (QLFT) or quantitative fit test (QNFT) prior to initial use of the respirator, whenever a different respirator facepiece (size, style, model or make) is used, and at least annually thereafter.

California Code of Regulations, Title 8, Section 5193 – Bloodborne Pathogens Exposure Control

Section 5193 applies to fire department personnel who can be anticipated to have an occupational exposure to blood and other potentially infectious materials. It requires the employer to offer Hepatitis B vaccinations at hire, and to provide the vaccinations at a later point for those employees who turned down the initial offer. It also required post-exposure screening for bloodborne pathogens and immediate treatment with prophylaxis medications.

California Code of Regulations, Title 8, Section 5199 – Aerosol Transmissible Disease

Paramedics and firefighters who perform emergency medical services are covered by this standard. Medical services must be provided including annual TB tests and influenza inoculations.

California Code of Regulations, Title 8, Section 6053 – Medical Requirements for Dive Teams

Fire departments and districts with dive teams are covered by Section 6053. It requires that the employer provide medical examinations:

Frequency of Medical Examinations. Medical examinations shall be provided:

1. Before an employee may dive, unless an equivalent medical examination has been given within the preceding 12 months and the employer has obtained the results of the examination and an opinion from the examining physician of the employee's medical fitness to dive.
2. At one year intervals from the date of initial examination or last equivalent examination; and
3. After an injury or illness requiring hospitalization of more than twenty-four (24) hours.
4. After an episode of unconsciousness related to diving activity.

The medical exams conducted initially and annually must include:

1. General medical history;
2. Diving-related medical history;
3. Basic physical examination;
4. The tests required by Table I; and
5. Any additional tests the physician considers necessary.

Table I. Tests for Diving Medical Examination Initial Annual

Test	Initial Examination	Annual Re-Examination
Chest x-ray	X	X(b)
Visual acuity	X	X
Color blindness	X	
Master’s Step Test (or equivalent)	X	X(a)
Hearing Test	X	X
Hematocrit or hemoglobin	X	X
Sickle cell index	X	X
White cell count	X	X
Urinalysis	X	X

(a) for those age 35 or older

(b) every 2 years

California Department of Motor Vehicles

Firefighter Endorsement for Driver Licenses

Changes to the *California Vehicle Code (CVC) §12804.11(a)* that went into effect on January 1, 2011. These changes required an individual who has a noncommercial driver license or a commercial Class C and operates firefighting equipment, including a tiller operator, to have a firefighter endorsement “F.” The State of California no longer issues restricted commercial firefighter driver licenses.

Firefighters, both employees and volunteers, who hold a current restricted commercial firefighter driver license, may continue to use that license until renewal. At renewal, they will be required to obtain an original firefighter endorsement.

Firefighters, whether an employee or volunteer, with a current Class A or B commercial driver license do not have to add the “F” endorsement to continue to operate firefighting equipment, as long as they have the appropriate endorsements for the vehicles operated.

Obtaining an Original Firefighter Endorsement:

Applicants for an original firefighter endorsement must:

1. Have a commercial or non-commercial A, B, or C driver license.
2. Apply in person at their local DMV office.
3. Submit an "Original Firefighter Employment and Training Verification" letter, on fire department letterhead containing:
 - Certification of employment as a firefighter or proof of registration as a volunteer firefighter.
 - Certification of completion of fire equipment operator training.
 - Signature of the fire chief or designee.
4. Successfully pass the written firefighter endorsement test.
5. Submit a completed:
 - Medical Examination Report (DL-51) form for commercial driver license holders, or
 - Health Questionnaire (DL 546) form for non-commercial driver license holders.

Downgrading From a CDL (commercial driver license) To a Non-Commercial Class C Driver License With a Firefighter Endorsement:

To downgrade from a CDL to non-commercial Class C driver license, applicants must:

1. Obtain and complete a Driver License or Identification Card Application (DL44) form (this form is not available online).
2. Have:
 - the comment “firefighter endorsement” on your driver record, or
 - provide a completed Firefighter Endorsement Card (DL88) form, or
 - provide an Original Firefighter Employment and Training verification letter on fire department letterhead and signed by the Chief or designee
3. Have a valid DL 51 for DL 546 form completed or on your driver license record.
4. Pass any required knowledge test(s).
5. Pay the fee.

Downgrading From a Restricted Firefighter Driver License To a Non-commercial Class C Driver License With a Firefighter Endorsement:

To downgrade from a restricted firefighter driver license to a non-commercial Class C driver license with a firefighter endorsement, applicants must:

1. Obtain and complete a Driver License or Identification Card Application (DL44) form (this form is not available online).
2. Submit a valid DL 546.
3. Pass any required knowledge test(s).
4. Pay the fee.

Upgrading To a Full Commercial Driver License From a Restricted Firefighter Driver License:

To upgrade to a full commercial driver license from a restricted firefighter driver license, applicants must:

1. Have:
 - the comment “firefighter endorsement” on your driver record, or
 - an “F” firefighter endorsement on your driver record, or
 - provide a completed Firefighter Endorsement Card (DL88) form, or
 - provide an Original Firefighter Employment and Training verification letter on fire department letterhead and signed by the Chief or designee
2. Obtain and complete a Driver License or Identification Card Application (DL44) form (this form is not available online).
3. Submit a valid DL51.
4. Pass any required knowledge test for the unrestricted commercial class license.
5. Take the driving test if applying for a higher class unrestricted commercial driver license.
6. Pay the fee.

Medical Reports

The California Department of Motor Vehicles requires medical reports for drivers holding Commercial driver licenses and requires medical questionnaires of certain holders of non-commercial licenses with special endorsements, such as firefighter.

Medical examination reports must meet the requirements of [391.41-49 FMCSR](#). The departmental form, [DL 51, Medical Examination Report](#), includes a Medical Examiner's Certificate that is signed by a health care professional, when the driver meets the federal requirements.

Effective January 1, 2014, DMV will accept only a [Medical Examination Report \(DL 51\)](#) with a revision date of 1/2014 or later.

Commercial Drivers

All commercial drivers must submit medical reports to the department on an original application form for initial application and at least every two years thereafter. The report must be provided to the department on form [DL 51](#). Only this form will be accepted.

Effective January 1, 2014, DMV will accept only a [Medical Examination Report \(DL 51\)](#) with a revision date of 1/2014 or later.

The medical examination report must be completed and signed by a health care professional who is licensed, certified, or registered in accordance with applicable state laws and regulations to practice medicine and perform physical examinations in the United States. Health care professionals are doctors of medicine, doctors of osteopathy, physician's assistants, and advanced practice nurses, or doctors of chiropractic who are clinically competent to perform the examination. An optometrist (O.D.) may perform the vision portion of the exam.

Non-Commercial Drivers

Certain holders of California non-commercial licenses, upon application and every two years thereafter may certify they meet the medical standards by completing a Health Questionnaire (DL 546). This report is permitted for the following three groups of drivers:

- Firefighters
- Hazardous Agriculture Materials (HAM)
- Class A Recreational Vehicles

Guidelines

NFPA 1582 – Comprehensive Occupational Medical Program for Fire Departments

Section 7.4 through 7.7

NFPA 1582, Section 7.4 contains the recommended components of an annual occupational medical evaluation for firefighters. The evaluation recommendation includes:

- Medical history (including exposure history)
- Physical examination (see below)
- Blood Tests
- Urinalysis
- Vision Tests
- Audiograms
- Spirometry
- Chest X-ray (baseline at hire, and every five years or as medically indicated)
- ECG
- Cancer Screening (Mammography annually for those over 40 years old; Colon cancer screen annual for those over 40 years old – earlier if clinically indicated; Prostate cancer beginning at age 50 and then annually.)
- Immunizations
- Infectious disease screening:
 - TB baseline (annually if indicated by Aerosol Disease Transmission control program ATD); Influenza vaccine annually
 - Hepatitis C (baseline and following occupational exposure)
 - Hepatitis B (offered at hire and after exposure if not taken at hire)
 - Tetanus (booster every 10 years)
 - Measles, mumps, rubella (as indicated by medical history)
 - Polio vaccine (single booster for members traveling to endemic areas in the line of duty)
 - Hepatitis A
 - Varicella Vaccine (offered to non-immune personnel).

The physical examination shall include:

- | | |
|--|-------------------|
| • Vital signs | • Genitourinary |
| • Head, eyes, ears, nose, and throat | • Hernia |
| • Neck | • Lymph nodes |
| • Cardiovascular | • Neurological |
| • Pulmonary | • Musculoskeletal |
| • Breast | • Skin |
| • Gastrointestinal with digital rectal examine if clinically indicated | • Vision |

Appendices

Appendix A – Medical Examination Matrix

Physical Exam or Testing Component	Cal-OSHA 5097 Noise Exposure Control	Cal-OSHA 5144 Respiratory Protection	Cal-OSHA 5193 Bloodborne Pathogens Exposure Control	Cal-OSHA 5199 Aerosol Transmissible Disease	Cal-OSHA 6053 Medical Requirements for Dive Team	DMV-51 Class C License	DMV-546 Health Questionnaire Class A & B License	NFPA-1582, Section 7 Occupational Medical Program
Medical Questionnaire		I & MI					BA	
Audiogram	I & A				I & A	BA Optional		BL & A
Forced Whisper Test						BA	BA	
Health History		I & MI			I & A	BA	BA	BL & A
Diving-related medical history					I & A			
Physical Examination								
• Vital Signs					I & A	BA		A
• Head, eyes, ears, nose, and throat					I & A	BA		A
• Neck					I & A	BA		A
• Cardiovascular					I & A	BA		A
• Pulmonary					I & A	BA		A
• Breast								A
• Gastrointestinal								A
• Genitourinary								A
• Hernia					I & A	BA		A
• Lymph nodes								A
• Neurological					I & A	BA		A
• Musculoskeletal					I & A	BA		A
• Skin								A
• Vision					I & A	BA	BA	A
• Color blindness		I			I & A	BA	BA	A
• Limb Impairment					I & A	BA	BA	A
Urinalysis					I & A	BA		A
Blood Tests					I & A			A
Hematocrit or hemoglobin					I & A			
Sickle cell index					I & A			
White Cell count					I & A			
Spirometry (Pulmonary function testing)		MI						A
Chest Radiographs					I & A			BL & 5 yrs. intervals
Electrocardiograms (ECG)		MI						BL & A
Electrocardiogram with stress test		MI						MI
Master's Step Test					I & A			
Mammography (female only)								A over 40 yrs. old
Immunizations and Infectious Disease								

I=Initial A= Annual BA=Every 2 years BL=Baseline EI=After exposure incident MI=Medically Indicated

Appendix A – Medical Examination Matrix

Physical Exam or Testing Component	Cal-OSHA 5097 Noise Exposure Control	Cal-OSHA 5144 Respiratory Protection	Cal-OSHA 5193 Bloodborne Pathogens Exposure Control	Cal-OSHA 5199 Aerosol Transmissible Disease	Cal-OSHA 6053 Medical Requirements for Dive Team	DMV-51 Class C License	DMV-546 Health Questionnaire Class A & B License	NFPA-1582, Section 7 Occupational Medical Program
Screening								
• TB Tests				I & A				A
• Influenza vaccination				I & A				A
• Hepatitis B vaccination & titers			I & EI					CDC Guidelines & EI
• Hepatitis A vaccination								I
• Hepatitis C screening								BL & EI
• Tetanus / Diphtheria								Booster 10 yr. intervals
• Measles, mumps, rubella vaccine (not previously immunized)								BL
• Polio vaccination (when traveling to endemic areas in the line of duty)								Booster
• Varicella vaccination (not previously immunized)								BL
• HIV Screening			EI					EI
• Bloodborne pathogens screening			EI					EI
• Biological threat agents – pre-screening and immunization								CDC Guidelines
Heavy Metal Evaluation (Known or anticipated exposure)								BL & EI
Colon Cancer Screening – Fecal occult blood testing								A at 40 yrs. old
Colon Cancer Screening – Colonoscopy recommended								1 st at 40 yrs. old and MI
Prostate Cancer – Prostate-specific antigen test								A at 50 yrs. old

I=Initial A= Annual BA=Every 2 years BL=Baseline EI=After exposure incident MI=Medically Indicated

To the employer: Answers to questions in Section 1, and to question 9 in Section 2 of Part A, do not require a medical examination.

To the employee:

Can you read (circle): Yes / No

Your employer must allow you to answer the questionnaire during normal working hours, or at a time and place that is convenient to you. To maintain your confidentiality, your employer or supervisor must not look at or review your answers, and your employer must tell you how to deliver or send this questionnaire to the health care professional who will review it.

Part A. Section 1. (Mandatory) The following information must be provided by every employee who has been selected to use any type of respirator (please print).

1. Today's date: _____
2. Your name: _____
3. Your age (to nearest year): _____
4. Sex (circle one): Male / Female
5. Your height: _____ ft. _____ in.
6. Your weight: _____ lbs.
7. Your job title: _____
8. A phone number where you can be reached by the health care professional who reviews this questionnaire (include the Area Code): _____
9. The best time to phone you at this number: _____
10. Has your employer told you how to contact the health care professional who will review this questionnaire (circle one): Yes / No
11. Check the type of respirator you will use (you can check more than one category):
 - a. ___ N, R, or P disposable respirator (filter-mask, non-cartridge type only)
 - b. ___ Other type (for example, half- or full-facepiece type, powered-air purifying, supplied-air, self-contained breathing apparatus)
12. Have you worn a respirator (circle one): Yes / No
If "yes," what type(s): _____

Part A. Section 2. (Mandatory) Questions 1 through 9 below must be answered by every employee who has been selected to use any type of respirator (please circle “yes” or “no”).

1. Do you currently smoke tobacco, or have you smoked tobacco in the last month: Yes / No

2. Have you ever had any of the following conditions?

Condition	Yes	No
a. Seizures:		
b. Diabetes (sugar disease):		
c. Allergic reactions that interfere with your breathing:		
d. Claustrophobia (fear of closed-in places):		
e. Trouble smelling odors:		

3. Have you ever had any of the following pulmonary or lung problems?

Pulmonary or Lung Problem	Yes	No	Pulmonary or Lung Problem	Yes	No
a. Asbestosis:			g. Silicosis:		
b. Asthma:			h. Pneumothorax (collapsed lung):		
c. Chronic bronchitis:			i. Lung cancer:		
d. Emphysema:			j. Broken ribs:		
e. Pneumonia:			k. Any chest injuries or surgeries:		
f. Tuberculosis:			l. Any other lung problem that you've been told about:		

4. Do you currently have any of the following symptoms of pulmonary or lung illness?

Pulmonary or Lung Illness	Yes	No	Pulmonary or Lung Illness	Yes	No
a. Shortness of breath:			h. Coughing that wakes you early in the morning:		
b. Shortness of breath when walking fast on level ground or walking up a slight hill or incline:			i. Coughing that occurs mostly when you are lying down:		
c. Shortness of breath when walking with other people at an ordinary pace on level ground:			j. Coughing up blood in the last month:		
d. Have to stop for breath when walking at your own pace on level ground:			k. Wheezing:		
e. Shortness of breath when washing or dressing yourself:			l. Wheezing that interferes with your job:		
f. Shortness of breath that interferes with your job:			m. Chest pain when you breathe deeply:		
g. Coughing that produces phlegm (thick sputum):			n. Any other symptoms that you think may be related to lung problems:		

5. Have you ever had any of the following cardiovascular or heart problems?

Cardiovascular or Heart Problems	Yes	No
a. Heart attack:		
b. Stroke:		
c. Angina:		
d. Heart failure:		
e. Swelling in your legs or feet (not caused by walking):		
f. Heart arrhythmia (heart beating irregularly):		
g. High blood pressure:		
h. Any other heart problem that you've been told about:		

6. Have you ever had any of the following cardiovascular or heart symptoms?

Cardiovascular or Heart Symptoms	Yes	No
a. Frequent pain or tightness in your chest:		
b. Pain or tightness in your chest during physical activity:		
c. Pain or tightness in your chest that interferes with your job		
d. In the past two years, have you noticed your heart skipping or missing a beat:		
e. Heartburn or indigestion that is not related to eating:		
f. Any other symptoms that you think may be related to heart or circulation problems:		

7. Do you currently take medication for any of the following problems?

Problems	Yes	No
a. Breathing or lung problems:		
b. Heart trouble:		
c. Blood pressure:		
d. Seizures (fits):		

8. If you've ever used a respirator, have you ever had any of the following problems? (If you've never used a respirator, check the following space and go to question 9:)

Problems	Yes	No
a. Eye irritation:		
b. Skin allergies or rashes:		
c. Anxiety:		
d. General weakness or fatigue:		
e. Any other problem that interferes with your use of a respirator:		

9. Would you like to talk to the health care professional who will review this questionnaire about your answers to this questionnaire: Yes / No

Questions 10 to 15 below must be answered by every employee who has been selected to use either a full-facepiece respirator or a self-contained breathing apparatus (SCBA). For employees who have been selected to use other types of respirators, answering these questions is voluntary.

10. Have you ever lost vision in either eye (temporarily or permanently): Yes / No

11. Do you currently have any of the following vision problems?

Vision Problems	Yes	No
a. Wear contact lenses:		
b. Wear glasses:		
c. Color blind:		
d. Any other eye or vision problem:		

12. Have you ever had an injury to your ears, including a broken ear drum: Yes / No

13. Do you currently have any of the following hearing problems?

Hearing Problems	Yes	No
a. Difficulty hearing:		
b. Wearing a hearing aid:		
c. Any other hearing or ear problem:		

14. Have you ever had a back injury: Yes / No

15. Do you currently have any of the following musculoskeletal problems?

Musculoskeletal Problems	Yes	No
a. Weakness in any of your arms, hands, legs, or feet:		
b. Back pain:		
c. Difficulty fully moving your arms and legs:		
d. Pain and stiffness when you lean forward or backward at the waist:		
e. Difficulty fully moving your head up or down:		
f. Difficulty fully moving your head side to side:		
g. Difficulty bending at your knees:		
h. Difficulty squatting to the ground:		
i. Climbing a flight of stairs or a ladder carrying more than 25 lbs.:		
j. Any other muscle or skeletal problem that interferes with using a respirator:		

Part B. Any of the following questions, and other questions not listed, may be added to the questionnaire at the discretion of the health care professional who will review the questionnaire.

1. In your present job, are you working at high altitudes (over 5,000 feet) or in a place that has lower than normal amounts of oxygen: Yes / No

If “yes,” do you have feelings of dizziness, shortness of breath, pounding in your chest, or other symptoms when you're working under these conditions: Yes / No

2. At work or at home, have you ever been exposed to hazardous solvents, hazardous airborne chemicals (e.g., gases, fumes, or dust), or have you come into skin contact with hazardous chemicals: Yes / No

If “yes,” name the chemicals if you know them: _____, _____,
 _____, _____.

3. Have you ever worked with any of the materials, or under any of the conditions, listed below:

Material or Conditions	Yes	No
a. Asbestos:		
b. Silica (e.g., in sandblasting):		
c. Tungsten/cobalt (e.g., grinding or welding this material):		
d. Beryllium:		
e. Aluminum:		
f. Coal (for example, mining):		
g. Iron:		
h. Tin:		
i. Dusty environments:		
j. Any other hazardous exposures:		

If “yes,” describe these exposures: _____

4. List any second jobs or side businesses you have: _____

5. List your previous occupations: _____

6. List your current and previous hobbies: _____

7. Have you been in the military services? Yes / No

If “yes,” were you exposed to biological or chemical agents (either in training or combat): Yes / No

8. Have you ever worked on a HAZMAT team? Yes / No

9. Other than medications for breathing and lung problems, heart trouble, blood pressure, and seizures mentioned earlier in this questionnaire, are you taking any other medications for any reason (including over-the-counter medications): Yes / No

If “yes,” name the medications if you know them: _____

10. Will you be using any of the following items with your respirator(s)?

Items with respirator	Yes	No
a. HEPA Filters:		
b. Canisters (for example, gas masks):		
c. Cartridges:		

11. How often are you expected to use the respirator(s) (circle “yes” or “no” for all answers that apply to you)?

How often are you expected to the respirator(s)	Yes	No
a. Escape only (no rescue):		
b. Emergency rescue only:		
c. Less than 5 hours per week:		
d. Less than 2 hours per day:		
e. 2 to 4 hours per day:		
f. Over 4 hours per day:		

12. During the period you are using the respirator(s), is your work effort:

a. Light (less than 200 kcal per hour): Yes / No

If “yes,” how long does this period last during the average shift: ____ hrs. ____ mins.

Examples of a light work effort are sitting while writing, typing, drafting, or performing light assembly work; or standing while operating a drill press (1-3 lbs.) or controlling machines.

b. Moderate (200 to 350 kcal per hour): Yes/No

If “yes,” how long does this period last during the average shift: ____ hrs. ____ mins.

Examples of moderate work effort are sitting while nailing or filing; driving a truck or bus in urban traffic; standing while drilling, nailing, performing assembly work, or transferring a moderate load (about 35 lbs.) at trunk level; walking on a level surface about 2 mph or down a 5-degree grade about 3 mph; or pushing a wheelbarrow with a heavy load (about 100 lbs.) on a level surface.

c. Heavy (above 350 kcal per hour): Yes/No

If “yes,” how long does this period last during the average shift: ____ hrs. ____ mins.

Examples of heavy work are lifting a heavy load (about 50 lbs.) from the floor to your waist or shoulder; working on a loading dock; shoveling; standing while bricklaying or chipping castings; walking up an 8- degree grade about 2 mph; climbing stairs with a heavy load (about 50 lbs.).

13. Will you be wearing protective clothing and/or equipment (other than the respirator) when you're using the respirator: Yes/No

If “yes,” describe this protective clothing and/or equipment: _____

_____.

14. Will you be working under hot conditions (temperature exceeding 77 deg. F): Yes / No

15. Will you be working under humid conditions: Yes / No

16. Describe the work you'll be doing while you're using your respirator(s):

17. Describe any special or hazardous conditions you might encounter when you're using your respirator(s) (for example, confined spaces, life-threatening gases):

18. Provide the following information, if you know it, for each toxic substance that you'll be exposed to when you're using your respirator(s):

- A. Name of first toxic substance: _____
 - a. Estimated maximum exposure level per shift: _____
 - b. Duration of exposure per shift: _____
- B. Name of second toxic substance: _____
 - a. Estimated maximum exposure level per shift: _____
 - b. Duration of exposure per shift: _____
- C. Name of third toxic substance: _____
 - a. Estimated maximum exposure level per shift: _____
 - b. Duration of exposure per shift: _____

D. The name of any other toxic substances that you'll be exposed to while using your respirator:

19. Describe any special responsibilities you'll have while using your respirator(s) that may affect the safety and well-being of others (for example, rescue, security): _____

Appendix C – DMV Forms

http://apps.dmv.ca.gov/pubs/brochures/fast_facts/ffdl42.pdf - Firefighter Endorsement Training Requirements (Rev. 2/2013)

<http://apps.dmv.ca.gov/forms/dl/dl51.pdf> - For commercial license holders; must be completed every two years.

<http://apps.dmv.ca.gov/forms/dl/dl546.pdf> - For non-commercial license holders with a firefighter endorsement; must be completed every two years.

http://www.dmv.ca.gov/pubs/cdl_htm/lic_chart.htm?lang=en – California Commercial Driver License Handbook
California Driver License Classes

Appendix D – Routine Medical Examination Practices of Various Fire Districts and Departments

Fire District Serving Four Towns – Total Population² 1,580

- Safety personnel under the age of 40 receive a physical every other year with no EKG³
- Ages 40 to 50 receive a physical every other year with an EKG and
- Over age 50 receive a physical every year with an EKG

Fire District Serving Two Towns (Policy Circa 2003) – Total Population 32,000 (night time per District website)

- Bi-annual physicals for safety personnel maintaining a Class “B” or higher-class driver’s license or any special endorsement requiring medical evaluation.
- Bi-annual Physicals are intended to be an employee wellness promotion service.
- Bi-annual Medical Evaluations will be communicated directly to the employee. The results of the evaluation shall be in writing. The employee must submit these results to the Assistant Fire Chief.
- The Medical Evaluator will also document these [physical exam] results on the appropriated Department of Motor Vehicles Form.

University Fire Department – Population 16,753 (per university website)

- Two types of exams are conducted:
 - Baseline exam is conducted as pre-placement physical
 - Full exam is conducted routinely after hire
- Full exam includes:
 - Blood test
 - Pulmonary Function Test
 - Vision
 - Physical exam
- Baseline exam includes:
 - All that is included in the full plus:
 - EKG with stress test
 - Chest x-ray
 - Flexibility/strength assess
- Routine Exam:
 - Under the age of 40 - Biennially full exam
 - Under the age of 40 - Complete the Medical Questionnaire from California Code of Regulations, Title 8, Section 5144 on the off year from the full exam
 - HazMat Response team members has full exam annually regardless of age
 - Over the age of 40 – annual exam alternating between full and baseline exams.
 - Over the age of 50 – annual baseline exam
- Annual Vaccinations and Disease Tests
 - EMT and Paramedics – annual TB tests and flu vaccines.

² Population unless otherwise noted were derived from Suburban Stats for 2013-2014 <http://suburbanstats.org/population/how-many-people-live-in-california>

³ EKG and ECG both are used as acronyms for electrocardiogram.

Appendix D – Routine Medical Examination Practices of Various Fire Districts and Departments

Southern California City – Population 19,506

- All employees covered by this agreement shall be provided with a complete physical exam on a biennial schedule.
- The physical exam includes the following procedures as medically indicated:
 1. Physician systemic examination
 2. Audiometry
 3. Occult Blood
 4. Comprehensive Blood Panel and Urinalysis
 5. Exercise prescription/Physician Consultation

Additional procedures such as tonometry, spirometry, chest x-ray, body composition analysis, resting 12-lead electrocardiogram, maximal exercise stress test, oxygen uptake analysis, and strength and flexibility testing may be performed as medically appropriate.

California City – Population 9,932

- All Emergency Response and Haz Mat personnel less than 40-years receive biennial examination by the department's physician.
- All Emergency Response and Haz Mat personnel 40-years and older receive annual examination by the department's physician.
- Medical evaluation includes:
 - Complete medical history.
 - Occupational history with review of personal exposure records.
 - Physical examination.
 - Laboratory tests:
 - Urinalysis
 - Chemistry panel
 - Blood count
 - Occult blood test
 - PSA for male employees over 50 (optional)
 - Pap smear for female employees over 50 (optional)
 - Spirometry, pulmonary function
 - All members using SCBA are medically certified by a physician on an annual basis, and are regularly trained, tested, and certified in the safe and proper use of this equipment.
 - Audiometry
 - Vision screening
 - Evaluation of musculoskeletal system
 - Health promotion
 - Required driver's license medical exams

California City – Population 16,654

- Firefighters over the age of 35 are examined annually by a local medical doctor selected by the City.
- Firefighters under 35 years of age, who are examined every two years.
- The City did not share its physical exam requirements.

California City (Policy circa 1994) – Population 111,772

- Fire safety personnel under the age of 45 are scheduled for a physical exam every three years.
- Fire safety personnel age 45 to 50 are scheduled for a physical exam every other year.
- Fire safety personnel over the age of 50 are scheduled for a physical exam every year.
 - Exception: Personnel between the ages of 50 and 55 may elect to take a physical every other year or until they reach the age of 55.

Appendix D – Routine Medical Examination Practices of Various Fire Districts and Departments

California City (Policy circa 1998) – Population 111,772

- All fire safety personnel are required to participate in an annual medical examination program.
- The medical examination consists of:
 - Pre-examination packet sent to and completed by fire safety personnel approximately 30 days prior to visit with department selected physician:
 - Health History
 - DMV Medical Examination Report
 - Cal-OSHA Health Questionnaire
 - Examination by Department selected physician including:
 - Total body and system physical examination including vital signs, weight, height.
 - Monitored tests:
 - EKG
 - Vision
 - Spirometry
 - Audiometry
 - Body composition
 - Chest x-ray, stroke screen when deemed medically indicated
 - Laboratory tests:
 - CBC
 - Bio-chemistry
 - Coronary risk
 - Occult blood
 - Urinalysis
 - P.S.A. (for firefighters over 40 years old)
 - Screening, evaluation and immunization, when appropriate for:
 - Flu
 - TB
 - HIV
 - Hepatitis A, B, and C
 - Measles/Mumps/Rubella
 - Tetanus/Diphtheria

Appendix E – Example of Managing Physical Examinations for a Group of Small Entities

The following information is in regard to how a risk sharing pool of fire protection districts manages the provision of routine firefighter physicals. The Fire Agencies Self-Insurance System (FASIS) is a workers' compensation risk sharing pool for approximately 200 fire districts located throughout California. Members of FASIS share in all workers' compensation risks, as well as enjoy the benefits of reduced workers' compensation costs for providing pooled coverage for injured employees.

To help its members manage and afford firefighter physical examinations, FASIS established a contract with Occu-Med which is a company that provides pre-placement, routine, and return-to-work physical examinations. The following categories describe the physical examination levels negotiated between FASIS and Occu-Med.

Category 1

- General medical exam including vision, hearing, blood pressure, general back exam
- Lab work – blood, urine, drug screen
- Respiratory Protection Questionnaire Review

Category 2

- Includes all of Category 1, plus:
 - Pulmonary function test
 - EKG
 - Complete blood count
 - Hepatitis B and C virus screening
 - Chest X-Rays
 - Audiogram in OSHA sound booth

Category 3

- Includes all of Category 1 and 2, plus:
 - Treadmill Stress Test

FASIS benefits from the agreements Occu-Med has negotiated with many of the providers in remote areas throughout the state. Occu-med works with the member agencies to determine the best provider for their use and to determine the testing that is necessary and feasible (financially) for them. Most small clinics make their profit from their own labs, and there is no choice of who to use. Occu-Med makes arrangements where the local clinic collects the sample and then sends the samples to an Occu-Med lab where the analysis is completed at a lower cost. The cost is lower because Occu-Med gets a volume discount that they pass on to their clients. Occu-Med has obtained huge discounts for some FASIS members by changing the labs. Occu-med also saved the FASIS members money by dictating the testing to eliminate unnecessary tests. In some cases, the local clinics previously used by FASIS members were doing a lot of unnecessary testing which really added to the cost.

With the contract arranged by FASIS, members are subsidized to do testing one level up from what their previous practice was. FASIS chose to take this route rather than to write a pool-wide policy since each member is in a unique position when it comes to the feasibility of implementation. FASIS may incorporate the physical examination categories into a guidance document at some future point. Often small entities need more help with implementation than policy writing.

Each entity's situation is different, but all can benefit from working with Occu-Med or a similar company that could work with them to implement a physical examination program at a reduced cost.

Disclaimer

This document is not based on exhaustive research. Nothing in this report shall be considered the legal advice of counsel. Any such questions should be directed to your own legal counsel. The purpose of this material is to help educate employers, employees, and others on how to control risk. The principals and employees of Bickmore assume no liability for any use of this information. This information is considered reliable, but we cannot assume its effectiveness or that all potential hazards are addressed. This information does not ensure compliance with federal, state, or local regulations. Your use of this information is not a guarantee that losses will be prevented or reduced, nor is this information a substitute for your responsibility to administer your safety program.



OCCU-MED SERVICE AGREEMENT PROPOSAL

ACTION ITEM

ISSUE: The Board is being asked to review and consider approving a service agreement with Occu-Med for employment related medical examinations and services.

RECOMMENDATION: Will be discussed at the meeting.

FISCAL IMPACT: This agreement does not carry an annual service fee in addition to the costs included in the SCORE Fees and Charges schedule.

BACKGROUND: In the process of revising the current Fire Fighter Physical Fitness Policy and Procedure, the Program Administrators reached out to Occu-Med, a known employment related medical services provider to analyze any potential cost savings for SCORE Member Cities. Typically, employers can take advantage of lower costs by using medical providers that have pre negotiated rates for employment related medical procedures and testing. Occu-Med has several in-network service providers who have agreed to provide specific medical evaluations/testing at the rates provided in the attached schedule. Occu-Med will continue to expand its network over time, to encompass more service providers in the Yreka/Shasta region.

ATTACHMENTS: Occu-Med Service Proposal
SCORE Fees and Charges Schedule



Occu-Med Service Proposal for SCORE

Occu-Med is pleased to submit this proposal to provide complete medical services to Alliant Insurance Services for use its SCORE risk pool (SCORE) . Our services will benefit SCORE and its members by instituting a legally defensible and cost-effective methodology for evaluating prospective employees to assure that they are able to safely, efficiently and productively perform the essential duties of the job classes into which they are being placed.

I. Implementation

The Occu-Med System of Medical Evaluations will be implemented for participating members of SCORE. This service will benefit SCORE's members by instituting a cost-effective and legally defensible methodology for evaluating prospective employees to assure that they can safely, efficiently and productively perform the essential duties of the job classes into which they are being placed, as well as for evaluating employees to assure that they can continue to safely, efficiently and productively perform the essential duties of their existing jobs.

A. Client Implementation Services: The implementation of the Occu-Med System will begin with adequate Client Orientation to the laws governing employment medical testing, the manner in which the Occu-Med System fulfills these legal requirements, the goals of Occu-Med's service, the provision of assistance to participating SCORE members in the establishment of appropriate policies and procedures to authorize the appropriate medical review of employment examinations, and the training of selected staff in the manner in which this process is delivered.

B. Job Analysis: The firefighter job class has been analyzed by Occu-Med, as well as the National Fire Protection Administration, more than 100 times; and, this wealth of job information will be utilized in the examination and evaluation of SCORE's member agencies. Furthermore, Occu-Med, as needed in the evaluation of SCORE-member applicants and employees, will request additional job information from the respective SCORE-member Fire Chief or his or her delegate.

C. Medical Network: A final aspect of the implementation phase of Occu-Med's work is to provide access to the Occu-Med Network of Medical Providers to applicants for jobs with participating SCORE members. The Occu-Med Network currently has gaps in coverage by virtue of what Occu-Med considers an unacceptable driving distance (from the respective SCORE member to the Occu-Med Network medical provider). With this in mind, Occu-Med has submitted a geographically-limited proposal, offering services only the areas where Occu-Med has an existing, reliable, qualified and Occu-Med-trained medical provider. If awarded a contract by SCORE, Occu-Med will expand its Network to include providers within a reasonable driving distance, as is available within the medical community, for each SCORE member.

Additionally, Occu-Med will promptly schedule medical examinations for applicants for jobs with medical providers within Occu-Med's network pursuant to the following criteria:

a) Occu-Med initiates contact with applicant within two (2) business hours of receipt of Medical Exam Request; b) applicant must establish contact with Occu-Med within 48 hours of receipt of directive to schedule an examination from SCORE; and, c) applicant must schedule Medical Exam within two (2) days of accepting job offer take place within five (5) days of accepting job offer (or as otherwise directed by the respective SCORE member agency).

II. *QA*²

*QA*² is the scheduling and on-going review of all medical examinations for applicants for jobs with participating SCORE member agencies. This service includes exam reviews for pre-placement exams, the further investigation of medical conditions identified during these exams (through the "RDQA" service--see description below), the preparation of letters to applicants who are determined to be Medically Disqualified for the job for which they applied, an analysis of Reasonable Accommodation for each individual Medically Disqualified, and the preparation of periodic (daily, when useful) production / performance / status reports.

A. Schedule Medical Exams: Occu-Med will obtain from each participating SCORE member agency a listing of applicants who have been offered positions (conditionally upon passing a medical examination demonstrating the ability to perform the essential duties of the job safely) with the respective SCORE member. Occu-Med will then immediately (within two business hours from the time of request receipt) schedule medical examinations for each of these applicants at medical clinics in the general geographic areas of the applicants. For all Occu-Med exams, the goals of scheduled exams by the next business day and submission of completed medical exams within three to four additional business days will be followed faithfully. Occu-Med will immediately contact any clinic that fails to meet these performance goals to assure that the processing and placement of participating SCORE members' applicants is achieved as efficiently as is possible.

B. EXAMQA: Analyze Medical Exams: The overriding activity of EXAMQA is the determination of whether applicants for jobs are able to perform those jobs safely, with or without reasonable accommodation. That is to say, the purpose of EXAMQA is to identify any medical or physical conditions that might interfere with the safe performance of the essential tasks of the job applied for. Occu-Med will review each examination performed for timeliness, accuracy of medical components performed, thoroughness of medical information provided, correctness in the performance of medical testing, and completeness. If any problem is identified (such as the omission by the clinic of a required exam component), Medical Exam Intake Specialists will fax or telephone the appropriate point of contact (at the respective SCORE member and/or the examining medical facility) immediately (within one hour of identifying any problem). Occu-Med has institutionalized within its Medical Provider Network a goal of one to two days for the submission of a complete and accurate medical exam for Occu-Med review (exams requiring PPD testing have a goal of three to four days).

When the exam is deemed complete, it is forwarded for medical review. This review takes place by identifying any medical or physical conditions present (as documented by the medical history and medical exam) and comparing those conditions with the physical demands of the job (as documented by the Job Profile). Occu-Med will review all complete exams submitted before 4:00 PM (PST) on the same day as received.

If the demands of the essential functions of the job are too great for the existing medical or physical condition, then Occu-Med will recommend that placement may be inappropriate. Occu-Med's recommendation will be communicated by email to the designated SCORE members' staff also on the same day that the exam is received. That communication is submitted in the form of a written report for each exam.

When the Occu-Med recommendation is that an applicant may only be placed with work restrictions or accommodations (that is, when the applicant is "Conditionally Qualified"—or "CQ"—under Occu-Med terminology), Occu-Med will prepare an Employment Agreement for the employee to sign agreeing to abide by the necessary restrictions. When appropriate, Occu-Med will also provide for the employee's supervisor to sign the document acknowledging the agreement.

When the Occu-Med recommendation is that a decision be delayed until certain medical information can be further explored (that is, when the applicant is classified as "Recommendation Delayed for Qualification"—or "RDQ"—under Occu-Med terminology), Occu-Med will submit that report as well as an additional report when the requested additional information is received and Occu-Med is able to offer a conclusive placement recommendation. Since the law permits making "further medical inquiry" into medical conditions that could pose a direct threat of injury from the performance of the job's essential duties, it is necessary to notify the applicant of the specific findings as well as the information that will be necessary to submit in order to be cleared for the job. Since SCORE member staff may not have the time or the medical expertise to contact each of these applicants to describe in detail the medical findings and to answer their questions about the medical information needed for clearance to be approved, Occu-Med staff communicates directly with these applicants. Further, there is also a growing fear by employers that they may be receiving medical information about job applicants from medical examinations in violation of state and federal laws relating to such information (specifically, when the medical condition being investigated more fully pursuant to an "RDQ" designation is found to be benign in relation to the job's essential duties). For these reasons Occu-Med has developed—and will institute as part of this contract—a service designated as "RDQA." Under RDQA Occu-Med corresponds directly with job applicants to discuss the medical findings, to answer any questions about the medical condition or the process being employed, and to describe any medical records or documentation required for clearance. Applicants will have 5 days to respond to Occu-Med and 10 days to provide further information. SCORE member staff will simply be notified that such a review has been initiated, and the SCORE member agency will be informed on a weekly basis on the status of each RDQ. Then, when the requested information is submitted, Occu-Med will prepare the appropriate clearance report.

Finally, for any medical examination that results in a Medical Disqualification (that is, where there is a finding that the applicant is unable to safely perform the essential duties of the job in question, with or without reasonable accommodation), Occu-Med will prepare a report for use by the respective SCORE member in notifying the applicant of this placement recommendation. This report will document the specific justifications for the recommendation to disqualify and will also document the fact that Occu-Med has guided SCORE member staff through a discussion of "reasonable accommodation," as required by law. Specific reasons why reasonable accommodation is not feasible will be included in the report. The respective SCORE member agency will send this report to the applicant directly.

C. QA Reporting: Occu-Med will, upon request, provide an updated Status Report of all work performed, either for SCORE's internal operation or for any of its members, on each day that exams are processed or advances are made in the processing of applicants for placement.

This Status Report will permit SCORE, and its members', staff to monitor the processing of applicants for the entire project as well as the work performed in any given period of time. Further, customized reports documenting any aspects of the processing of applicants will be provided immediately (within 24 hours) upon request.

D. Electronic Medical Records: Occu-Med retains all resulting medical records electronically (in .pdf format), in accordance with DoD, HIPAA, and OSHA regulations. Additionally, all electronic records are stored within Occu-Med's database accompanied by all relevant examination and evaluation data. This information is available at the request of the client.

III. FEES & CHARGES

See attached SCORE FEES & CHARGES document.

	Clinic Location	Susanville, CA	Blairseden-Graeagle, CA	Eureka, CA	Yuba City, CA	Yuba City, CA (Alternate Provider)	Bieber, Burney, Doris, Falls River and Tulelake, CA	Rocklin, CA	Redding, CA	Redding, CA (Alternate Provider)	Auburn, CA
	Exam Component										
Full Exam / Baseline Exam	Occu-Med QA2 Charge	\$70.00	\$70.00	\$70.00	\$70.00	\$70.00	\$70.00	\$70.00	\$70.00	\$70.00	\$70.00
Full Exam / Baseline Exam	Physical Examination	\$78.75	\$85.05	\$89.25	\$84.00	\$136.50	\$102.90	\$68.25	\$63.00	\$78.75	\$136.50
Full Exam / Baseline Exam	Vision	Included w/Exam	Included w/Exam	Included w/Exam	Included w/Exam	Included w/Exam	Included w/Exam	Included w/Exam	Included w/Exam	Included w/Exam	Included w/Exam
Full Exam / Baseline Exam	Venipuncture	\$3.15	\$26.25	\$26.25	\$23.10	\$15.75	\$26.25	\$23.10	\$21.00	\$26.25	\$15.75
Full Exam / Baseline Exam	Blood Tests - Includes Comprehensive Metabolic Panel and Complete Blood Count	\$45.00	\$45.00	\$45.00	\$45.00	\$45.00	\$45.00	\$45.00	\$45.00	\$45.00	\$45.00
Full Exam / Baseline Exam	Pulmonary Function Test	\$36.75	Not Available	\$42.00	\$42.00	\$26.25	\$94.50	\$42.00	\$42.00	\$42.00	\$26.25
Baselin Exam	EKG with Stress Test	Not Available	\$273.00	\$231.00	\$210.00	\$236.25	No Price	Not Available	\$210.00	\$193.73	\$236.25
Baseline Exam	Chest X-Ray (PA & LAT views)	Not Available	\$414.75	Not Available	\$78.75	\$78.75	No Price	\$78.75	\$96.60	\$78.75	\$78.75
A-La-Carte Services	A-La-Carte Services										
PPD (TB Skin) Test	PPD (TB Skin) Test	\$7.35	\$75.60	\$12.60	\$26.25	\$18.90	\$20.00	\$26.25	\$15.75	\$18.90	\$18.90
Audiogram	Audiogram	\$21.00	\$47.25	\$36.75	\$36.75	\$31.50	\$45.00	\$31.50	\$21.00	\$21.00	\$31.50
OSHA Respirator Medical Evaluation	OSHA Respirator Medical Evaluation	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00
Full Exam Total Cost		\$233.65	Not Available	\$272.50	\$264.10	\$293.50	\$338.65	\$248.35	\$241.00	\$262.00	\$293.50
Baseline Exam Total Cost		Not Available	Not Available	Not Available	\$552.85	\$608.50	Not Available	Not Available	\$547.60	\$534.48	\$608.50



ERMA BOARD REPRESENTATIVE REPLACEMENT

ACTION ITEM

ISSUE: The Board of Directors is asked to nominate and appoint a new Board member to ERMA, replacing Mr. Roger Carroll.

RECOMMENDATION: The Program Administrators recommend that the Board nominate and appoint a replacement Board Member to ERMA to replace Roger Carroll.

FISCAL IMPACT: None.

BACKGROUND: ERMA requires that each member entity designates two representatives to the ERMA Board of Directors; one primary and one alternate. The current alternate is John Duckett.

One of the representatives is required to attend all ERMA Board meetings that are scheduled throughout the year. It is also recommended that the representative attending most meetings is the one that attends the ERMA Annual Retreat, which is typically held the third week of February. The next retreat is February 19 & 20, 2015, in Yountville, CA. The next regular Board meeting is November 3, 2014, in Sacramento.

ATTACHMENT(S): None



2013/14 RISK SURVEY FINDINGS AND RECOMMENDATIONS FOR 2014/15

ACTION ITEM

ISSUE: John Balestrini, DKF Solutions will be in attendance presenting the 2013/14 Risk Survey findings and recommendations for 2014/15.

RECOMMENDATION: To be discussed at the meeting.

FISCAL IMPACT: To be determined.

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 as well as developing and distributing a Risk Survey to all SCORE Member Cities that will identify and analyze the various risks that exist among the Membership. The survey was distributed electronically and most members responded timely. DKF received responses from 17 of the 19 member cities. The information that was collected has been analyzed and will be presented today, along with recommendations for services in the following year. Individual Member results have also been distributed to each Member in advance of the meeting.

ATTACHMENT(S): DKF Solutions Risk Control Options Proposal



170 Dogwood Lane
Vallejo, CA 94591-8056
www.dkfsolutions.com

February 14, 2014

TO: Marcus Beverly

SUBJECT: Risk control recommendations for SCORE based on loss analysis and risk control survey results

Marcus:

Attached are recommendations for risk control measures we believe will help reduce member and pool losses in SCORE's workers compensation and liability programs. We base these recommendations on the following:

1. Results of analyzing eight year's loss data from both programs.
2. Results of the completed risk control surveys.

The risk control recommendations are not intended to be all inclusive, but reflects those efforts we believe hold the greatest potential for reducing losses that may fit SCORE's annual risk control budget.

Please contact me if you would like to discuss the risk control recommendations.

Thank you for the opportunity to provide services to SCORE.

David Patzer
DKF Solutions Group, LLC
dpatzer@dkfsolutions.com
707.373.9709 cell
707.647.7200 fax

CC: Laurence Voiculescu

Loss and Survey Based Risk Control Recommendations for SCORE to Undertake in FY 2014/15

Program	Recommendation	Justification	Approximate Cost
WC	Provide ergonomics/biomechanics training on site at each member location for police, fire and public works on the biomechanical and ergonomic principles relevant to the job tasks these work groups perform.	SCORE's workers comp losses overwhelmingly involve strain-related injuries to soft tissues. Research shows that reduction of these types of injuries can be obtained through targeted training on the biomechanical principles and ergonomic risk factors involved in workers' job tasks.	\$27,000
WC	Develop a standardized Workers' Compensation Claims Management and Return to Work Program designed for small employers with few claims and provide web based training on its implementation.	SCORE's loss history point to possible cost reductions in the indemnity portion of its claims through the use of return to work programs. Standardizing claims management and return to work efforts across the pool will help reduce the risk of mismanagement of claims and return to work efforts at the member level.	\$10,000
WC	Develop standardized CalOSHA policies and companion computer based training modules for 12 of the CalOSHA regulations requiring a written policy or procedure that impact all members.	The results of the Risk Control Survey illustrate that members are struggling with having the required CalOSHA safety policies/procedures. Developing standardized safety policies will allow tailoring of those policies/procedures to be accomplished in an extremely cost effective manner and reduce the risk of employee injury by not having correct safety procedures in place. A further benefit is a reduction in the risk of regulatory fines for noncompliance with CalOSHA requirements.	\$36,000
WC	Provide My Safety Officer subscription based services for all members.	The results of the Risk Control Survey demonstrate the difficulty members have with basic CalOSHA compliance. My Safety Officer is a subscription based service that provides CalOSHA compliance services for small employers. The service will: <ul style="list-style-type: none"> • Identify the required CalOSHA training requirements • Provide training resources • Track employee training • Provide CalOSHA/general risk control hotline services • Provide CalOSHA policy/procedure development services 	\$51,000
GL	Perform an audit of those members with the largest systems and highest SSO frequency (up to 5 members) Sanitary Sewer Management Plan (SSMP) with accompanying report and provide 2 workshops on areas for improvement in terms	Loss data results clearly demonstrate that sewers are a significant source of loss. Risk control survey results show many areas for improvement in terms of sewer system management and maintenance practices, which have a high probability of translating into reduced losses and improved regulatory compliance.	\$30,000

	of regulatory compliance and improved sewer system management and maintenance practices.	This recommendation is intended to provide each member with a blueprint for specific actions that will improve sewer system reliability and reduce the risks involved with sewer system operation, such as backups damaging private property, Clean Water Act lawsuits and regulatory fines.	
GL	Provide 3 workshops on sewer system cleaning, repair and replacement practices.	The risk control survey results indicate a need for training on state of the art sewer system maintenance and scheduling practices. The primary means of preventing sewer overflows and backups impacting private property are through preventive maintenance practices. These workshops will provide methods and examples from award winning sewer systems with low incident histories.	\$15,000
TOTAL			\$169,000

ADOPTION OF THE 2014/15 SCORE PROGRAM BUDGET

ACTION ITEM

ISSUE: The Board of Directors must adopt a budget for each fiscal year prior to the commencement of that year. The Preliminary Budget presented in March has been updated to reflect final values for:

- 1) 2014/15 Property Premiums,
- 2) LAWCX Premium and Refunds, and
- 3) Administrative changes to the chart of accounts and their respective budgets in order to allow for “Budget to Actual” type reporting starting in July.

The Administrative Costs are discussed in more detail below.

ADMINISTRATIVE EXPENSES

1. **Financial Audit** will remain the same, matching the Financial Audit contract price of \$20,300 with Crowe Horwath.
2. **Actuarial Services** will remain the same at \$5,000 for Liability and \$5,000 for W.C.
3. **Risk Control and Safety Services** remains the same at a budgeted \$75,000 allowing the Board to identify and target training according to the needs of the JPA. *This amount may change based on Board action at the June 27, 2014 meeting as respects the Loss Control recommendations made by DKF Solutions.*
4. **CAJPA Accreditation** costs have been included at a cost of \$4,850. This is done every 3 years.
5. **Online Risk Management/Training** Services for Target Solutions remain the same at \$25,125.
6. **State Funding/Fraud Assessment** has been increased 10% from \$20,000 to \$22,000 due to the increase in claims activity/costs which is likely to generate a projected 10% fee increase for next year.
7. **Program Administration** services provided by Alliant decreased from \$230,856 to \$225,811 due to the City of Dorris leaving the JPA effective 7/1/14.



**Small Cities Organized Risk Effort
Board of Directors Meeting
June 27, 2014**

FISCAL IMPACT: The 2014/15 budget is \$3,097,794. Compared to last year, the budget has increased by 13.7%, mainly due to increased Workers' Compensation Program funding. Administration costs have increased approximately 3.9% from the prior year due to the addition of non-recurring costs that are expected in 2014/15 and the addition of a \$10,000 budget for legal services.

BACKGROUND: The budget uses estimates of payroll, property values and auto values, where appropriate, to calculate premium and expenses for SCORE member cities. The budget also recognizes the calculation of experience modification factors as adopted by the program's Master Plan Documents. In addition, at the October 2012 LRP meeting, the Board decided to implement a 3% cap on actuarial rate increases used in the premium calculations for the Liability and Workers' Compensation programs. At the March 28, 2014 Board of Directors meeting, the Administrators recommended not capping the Workers' Compensation funding as the actuarial study for that Program indicated adverse claims development and the need for an increase in funding greater than 3%. The Program Administrators recommended capping the Liability Program funding for 2014/15 as the Program still had sufficient surplus to sustain the cap. The Board adopted the recommendations for both Programs.

The format of the budget discloses both administrative expense and also the loss funding charges for the banking and shared risk layers, as well as the excess insurance for liability and worker's compensation coverage. It includes other group purchase programs, i.e. the Property (APIP) program, Employee Assistance Program, Employment Practices Liability coverage, and Pollution liability program.

ATTACHMENTS: SCORE 2014/15 Operating Budget

SMALL CITIES ORGANIZED RISK EFFORT
SUMMARY OF DEPOSITS BY CITY
July 1, 2014 to June 30, 2015

Member Entity	Liability Program Contribution	EPLI Coverage	Workers' Compensation Contribution	Property Premium	EAP	Total Deposit for Prior Year	TOTAL DEPOSIT WITH 3% CAP ON LIABILITY	Percentage Change	Deposit Due July 1, 2014	WC Quarterly Installments
Biggs	\$ 30,675	\$ -	\$ 31,832	\$ 8,828	\$ 243	\$ 64,697	\$ 71,578	10.64%	\$ 47,704	\$ 7,958
Colfax	\$ 37,064	\$ 3,549	\$ 41,379	\$ 14,689	\$ 270	\$ 80,320	\$ 96,952	20.71%	\$ 65,917	\$ 10,345
Dunsmuir	\$ 44,266	\$ -	\$ 61,504	\$ 12,547	\$ 270	\$ 104,370	\$ 118,587	13.62%	\$ 72,459	\$ 15,376
Etna	\$ 29,159	\$ -	\$ 31,120	\$ 8,082	\$ 189	\$ 53,773	\$ 68,550	27.48%	\$ 45,210	\$ 7,780
Fort Jones	\$ 23,682	\$ -	\$ 20,415	\$ 7,210	\$ -	\$ 41,005	\$ 51,308	25.13%	\$ 35,997	\$ 5,104
Isleton	\$ 24,956	\$ -	\$ -	\$ -	\$ 135	\$ 25,265	\$ 25,091	-0.69%	\$ 25,091	\$ -
Live Oak	\$ 62,845	\$ 5,398	\$ 100,775	\$ 33,636	\$ 540	\$ 187,185	\$ 203,194	8.55%	\$ 127,613	\$ 25,194
Loomis	\$ 44,383	\$ 3,023	\$ 58,738	\$ 3,641	\$ 216	\$ 91,436	\$ 110,002	20.30%	\$ 65,948	\$ 14,685
Loyalton	\$ 20,000	\$ -	\$ 12,731	\$ 19,024	\$ 135	\$ 45,715	\$ 51,890	13.51%	\$ 42,342	\$ 3,183
Montague	\$ 27,240	\$ -	\$ 26,495	\$ 15,657	\$ -	\$ 57,854	\$ 69,392	19.94%	\$ 49,521	\$ 6,624
Mt. Shasta	\$ 109,516	\$ 6,819	\$ 178,773	\$ 9,578	\$ 918	\$ 283,654	\$ 305,605	7.74%	\$ 171,525	\$ 44,693
Portola	\$ 44,634	\$ 2,783	\$ 54,082	\$ 6,902	\$ 297	\$ 91,657	\$ 108,698	18.59%	\$ 68,137	\$ 13,521
Rio Dell	\$ 55,167	\$ 4,022	\$ 78,154	\$ 10,800	\$ -	\$ 130,871	\$ 148,142	13.20%	\$ 89,527	\$ 19,539
Shasta Lake	\$ 130,765	\$ 13,654	\$ 188,042	\$ 52,764	\$ 1,215	\$ 347,009	\$ 386,440	11.36%	\$ 245,409	\$ 47,011
Susanville	\$ 164,852	\$ 15,136	\$ 277,865	\$ 24,518	\$ 1,674	\$ 385,176	\$ 484,044	25.67%	\$ 275,646	\$ 69,466
Tulelake	\$ 28,604	\$ -	\$ -	\$ 5,616	\$ 432	\$ 37,659	\$ 34,652	-7.98%	\$ 34,652	\$ -
Weed	\$ 98,018	\$ -	\$ 154,094	\$ 9,158	\$ 810	\$ 234,371	\$ 262,080	11.82%	\$ 146,510	\$ 38,523
Yreka	\$ 173,493	\$ 12,337	\$ 267,461	\$ 46,975	\$ 1,323	\$ 423,792	\$ 501,588	18.36%	\$ 300,993	\$ 66,865
Total:	\$ 1,149,319	\$ 66,721	\$ 1,583,461	\$ 289,625	\$ 8,667	\$ 2,685,808	\$ 3,097,794	15.34%	\$ 1,910,198	\$ 395,865

SMALL CITIES ORGANIZED RISK EFFORT

BUDGET

July 1, 2014 to June 30, 2015

CATEGORY	PRIOR YEAR	TOTAL	WORKERS' COMP.	LIABILITY	EPLI	PROPERTY
Chart of Acc't						
REVENUES:						
400 Program Administration	\$214,745	\$225,811	\$58,823	\$166,988		
400 Claims Administration	\$192,240	\$195,082	\$97,582	\$97,500		
400 Other Expenses	\$1,156,004	\$350,369	\$179,538	\$170,832		
400 Banking Layer Deposit	\$536,487	\$624,941	\$330,746	\$294,196		
400 Shared Risk Layer Deposit	\$710,623	\$1,111,850	\$703,364	\$408,486		
400 Excess Coverage Deposit (LAWCX and CJPRMA)	\$350,155	\$282,891	\$217,432	\$65,459		
400 Group Purchase Coverage	\$326,649	\$367,146		\$10,800	\$66,721	\$289,625
499 Reimbursement from CJPRMA for Liability Safety Training	\$0	\$0		\$0		
Total Revenues	\$3,486,902	\$3,158,091	\$1,587,484	\$1,214,260	\$66,721	\$289,625
EXPENSES:						
710 Program Administration	\$214,745	\$221,818	\$59,123	\$162,695		
720 Claims Administration (Unallocated Claims Expense)	\$192,240	\$195,082	\$97,582	\$97,500		
Claims Administration (ULAE) Per Member Annual Fee	\$30,000	\$26,000	\$8,000	\$18,000		
Other Expenses						
505 Treasury Services (provided by Fort Jones)	\$1,000	\$1,000	\$500	\$500		
505 Accounting Services	\$48,000	\$51,000	\$25,500	\$25,500		
Investment Management Fees	\$13,000	\$13,000	\$6,500	\$6,500		
Custodial Account Bank Fees	\$12,000	\$1,100	\$550	\$550		
Checking Account Bank Fees	\$500	\$500	\$250	\$250		
699 CA DIR OSIP Self Insurance Assessment	\$20,000	\$22,000	\$22,000	\$0		
506 Financial Audit	\$20,300	\$20,300	\$10,150	\$10,150		
507 Actuarial Review and Studies	\$10,000	\$10,000	\$5,000	\$5,000		
675 Loss Control Services	\$75,000	\$75,000	\$37,500	\$37,500		
Lexipol Law Enforcement Policy Manual	\$25,000	\$25,000	\$5,000	\$15,000		
675 Target Solutions	\$25,000	\$25,000	\$12,500	\$12,500		
610 Member Conference Reimbursements	\$19,000	\$19,000	\$9,500	\$9,500		
670 CAJPA Accreditation	\$0	\$4,850	\$2,425	\$2,425		
Property Appraisals (every 6 Years)	\$0	\$0	\$0	\$0		
506 Claims Audit	\$8,000	\$0	\$0	\$0		
625 Employee Dishonesty Insurance/Bonds	\$500	\$500	\$250	\$250		
640 Board Meeting Expenses	\$15,000	\$5,000	\$2,500	\$2,500		
Company Nurse	\$1,000	\$1,000	\$500	\$500		
615 Association Memberships - CAJPA and PARMA	\$1,000	\$1,000	\$500	\$500		
Website	\$0	\$0	\$0	\$0		
Rating Plan Database	\$0	\$0	\$0	\$0		
LRP and Training Day Meeting Expenses	\$0	\$20,000	\$10,000	\$10,000		
Miscellaneous Expenses	\$1,000	\$1,000	\$500	\$500		
Legal Expenses	\$0	\$10,000	\$5,000	\$5,000		
690 Contingent Reserve	\$10,000	\$25,000	\$12,500	\$12,500		
Total Administration Expenses	\$742,285	\$774,150	\$333,830	\$435,320		
875 Excess Coverage (LAWCX and CJPRMA)	\$350,155	\$282,891	\$217,432	\$65,459		
875 Group Purchase Coverage	\$326,649	\$367,146		\$10,800	\$66,721	\$289,625
810 Expected Loss Costs for the FY	\$1,247,110	\$1,736,791	\$1,034,109	\$702,682		
Total Expenses	\$2,666,199	\$3,160,978	\$1,585,371	\$1,214,260	\$66,721	\$289,625
REVENUES IN EXCESS OF EXPENSES:	\$820,703	(\$2,887)	\$2,113	\$0	\$0	\$0
Total Administrative Expenses:	\$497,540	\$526,332				

SMALL CITIES ORGANIZED RISK EFFORT
ADMINISTRATION ALLOCATION
July 1, 2014 to June 30, 2015

Total Administrative Expenses	\$774,150	Liability Participants	18
Liability Administrative Expenses	\$435,320	Workers' Comp Participants	8
W.C. Administrative Expenses	\$333,830	Regular Pool	7
		Mini-cities	9

Member Entity	DE6 Payroll Inflated	Percentage of Total	Expense Allocated By Payroll	Expense Allocated Equally	Liability Administration Expense
Biggs	\$394,636	1.98%	\$4,306	\$12,092	\$16,398
Colfax	\$513,001	2.57%	\$5,597	\$12,092	\$17,689
Dunsmuir	\$550,538	2.76%	\$6,006	\$12,092	\$18,099
Etna	\$385,811	1.93%	\$4,209	\$12,092	\$16,301
Fort Jones	\$253,100	1.27%	\$2,761	\$12,092	\$14,854
Isleton	\$243,885	1.22%	\$2,661	\$12,092	\$14,753
Live Oak	\$1,300,474	6.52%	\$14,188	\$12,092	\$26,281
Loomis	\$728,213	3.65%	\$7,945	\$12,092	\$20,037
Loyalton	\$157,834	0.79%	\$1,722	\$12,092	\$13,814
Montague	\$328,474	1.65%	\$3,584	\$12,092	\$15,676
Mt. Shasta	\$1,642,931	8.24%	\$17,925	\$12,092	\$30,017
Portola	\$670,488	3.36%	\$7,315	\$12,092	\$19,407
Rio Dell	\$968,920	4.86%	\$10,571	\$12,092	\$22,663
Shasta Lake	\$3,289,614	16.49%	\$35,890	\$12,092	\$47,982
Susanville	\$3,646,602	18.28%	\$39,785	\$12,092	\$51,877
Tulelake	\$315,029	1.58%	\$3,437	\$12,092	\$15,529
Weed	\$1,588,266	7.96%	\$17,328	\$12,092	\$29,420
Yreka	\$2,972,369	14.90%	\$32,429	\$12,092	\$44,521
Mini Cities					
Total:	\$19,950,185	100.00%	\$217,660	\$217,660	\$435,320

Workers' Compensation DE6 Payroll	Percentage of Total	Expense Allocated By Payroll	Expense Allocated Equally	Workers' Compensation Expense	Total Administration Expenses
					\$16,398
					\$17,689
\$550,538	2.84%	\$4,739	\$21,128	\$25,867	\$43,966
					\$16,301
					\$14,854
					\$14,753
\$1,300,474	6.71%	\$11,194	\$21,128	\$32,323	\$58,603
					\$20,037
					\$13,814
					\$15,676
\$1,642,931	8.47%	\$14,142	\$21,128	\$35,270	\$65,287
					\$19,407
					\$22,663
\$3,289,614	16.96%	\$28,316	\$21,128	\$49,445	\$97,427
\$3,646,602	18.81%	\$31,389	\$21,128	\$52,517	\$104,395
\$1,588,266	8.19%	\$13,671	\$21,128	\$34,800	\$64,220
\$2,972,369	15.33%	\$25,585	\$21,128	\$46,714	\$91,235
\$4,400,477	22.69%	\$37,878	\$21,128	\$59,007	\$59,007
\$19,391,271	100.00%	\$166,915	\$169,028	\$335,943	\$755,733

SMALL CITIES ORGANIZED RISK EFFORT

LIABILITY PROGRAM

July 1, 2014 to June 30, 2015

Funding Confidence Level:	0% Confidence Level	Banking Layer Rate:	1.47	2014/2015	1.44
Minimum Deposit:	\$20,000	Shared Risk Rate	2.05		1.96
Maximum Deposit:	\$250,000	CJPRMA Rate:			
Number of Member Entities:	18	Combined Rate	3.522188		3.40
Payroll Inflation Factor	3.00%	CSAC/CPEIA Pollution Coverage	\$10,800		
		Total Administrative Expense:	\$435,320		

CSAC EIA Member Total Payroll	\$19,005,460
CSAC EIA Pollution Rate per \$100 of payr	0.000568258

Member Entity	Banking Layer Deposit	Shared Risk Layer Deposit	CJPRMA Premium	CSAC/CPEIA Pollution Coverage	Admin Expense	Total Deposit	Total Deposit Last Year	Percentage Change	Minimum Deposit	Payroll Adjusted for Ex. Mod.	DE6 Payroll Inflated	DE6 Payroll Used Last Year	Change in Payroll
Biggs	\$5,884	\$8,169	\$1,249	\$224	\$16,398	\$30,675	\$29,711	3%	30,450	398,977	\$394,636	\$404,123	-2%
Colfax	\$7,990	\$11,094	\$1,624	\$292	\$17,689	\$37,064	\$33,609	10%	36,773	541,811	\$513,001	\$451,759	14%
Dunsmuir	\$10,825	\$15,030	\$1,743	\$313	\$18,099	\$44,266	\$41,302	7%	43,953	734,049	\$550,538	\$512,711	7%
Etna	\$5,383	\$7,475	\$1,221		\$16,301	\$29,159	\$24,587	19%	29,159	365,049	\$385,811	\$310,093	24%
Fort Jones	\$3,636	\$5,049	\$801	\$144	\$14,854	\$23,682	\$20,277	17%	23,539	246,580	\$253,100	\$208,998	21%
Isleton	\$4,272	\$5,931	\$772		\$14,753	\$24,956	\$25,130	-1%	24,956	289,671	\$243,885	\$281,196	-13%
Live Oak	\$14,999	\$20,826	\$4,117	\$739	\$26,281	\$62,845	\$67,422	-7%	62,106	1,017,138	\$1,300,474	\$1,284,556	1%
Loomis	\$10,020	\$13,912	\$2,305	\$414	\$20,037	\$44,383	\$41,113	8%	43,969	679,474	\$728,213	\$673,118	8%
Loyalton	\$2,336	\$3,243	\$500	\$90	\$13,814	\$20,000	\$20,000	0%	20,000	158,409	\$157,834	\$116,995	35%
Montague	\$4,764	\$6,614	\$1,040	\$187	\$15,676	\$27,240	\$24,781	10%	27,054	323,029	\$328,474	\$289,312	14%
Mt. Shasta	\$32,893	\$45,672	\$5,201	\$934	\$30,017	\$109,516	\$105,756	4%	108,583	2,230,594	\$1,642,931	\$1,603,103	2%
Portola	\$10,402	\$14,443	\$2,123	\$381	\$19,407	\$44,634	\$38,994	14%	44,253	705,398	\$670,488	\$659,378	2%
Rio Dell	\$13,378	\$18,575	\$3,067	\$551	\$22,663	\$55,167	\$52,108	6%	54,616	907,184	\$968,920	\$967,050	0%
Shasta Lake	\$33,876	\$47,037	\$10,414	\$1,869	\$47,982	\$130,765	\$123,387	6%	128,896	2,297,242	\$3,289,614	\$3,094,845	6%
Susanville	\$46,432	\$64,470	\$11,544	\$2,072	\$51,877	\$164,852	\$140,061	18%	162,780	3,148,678	\$3,646,602	\$3,437,547	6%
Tulelake	\$5,474	\$7,601	\$3,301		\$15,529	\$28,604	\$30,293	-6%	28,604	371,214	\$315,029	\$330,610	-5%
Weed	\$28,342	\$39,353	\$5,028	\$903	\$29,420	\$98,018	\$107,369	-9%	97,115	1,921,958	\$1,588,266	\$1,545,965	3%
Yreka	\$53,290	\$73,992	\$9,409	\$1,689	\$44,521	\$173,493	\$151,663	14%	171,804	3,613,731	\$2,972,369	\$2,875,980	3%
Total:	\$294,196	\$408,486	\$65,459	\$10,800	\$435,320	\$1,149,319	\$1,077,563	7%	1,138,609	\$19,950,185	\$19,950,185	\$19,047,339	4.74%

2012/2013	\$267,857	\$371,916	\$30,816	\$14,820	\$451,792	\$1,107,475		-57%	1,092,773	\$19,270,263	\$19,270,263	\$19,869,093	-3.01%
<i>Difference</i>	<i>\$26,339</i>	<i>\$36,570</i>	<i>\$34,643</i>	<i>(\$4,020)</i>	<i>(\$16,472)</i>	<i>\$41,844</i>			<i>\$45,837</i>	<i>\$679,922</i>	<i>\$679,922</i>	<i>(\$821,754)</i>	<i>\$0</i>

Note: The Deposit Premium and the Shared Risk Deposit is calculated off of the Adjusted Payroll.

SMALL CITIES ORGANIZED RISK EFFORT
Liability Experience Modification Calculation
July 1, 2014 to June 30, 2015

Member Entity	LOSSES AS OF 12/31/13					Total
	PROGRAM YEARS					
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	
Biggs	553	24,233	0	0	0	24,787
Colfax	24,780	6,923	13,076	1,366	0	46,145
Dunsmuir	8,187	13,478	58,244	38,983	6,660	125,553
Etna	0	0	0	1,017	0	1,017
Fort Jones	0	0	0	0	0	0
Isleton	0	1,201	93	101,185	2,558	105,036
Live Oak	2,893	824	1,344	250	8	5,319
Loomis	4,062	3,568	10,006	6,084	8	23,727
Loyalton	1,950	0	0	0	0	1,950
Montague	3,693	0	1,669	2,022	0	7,384
Mt. Shasta	61,362	65,623	71,748	57,353	19,014	275,100
Portola	2,359	2,642	603	1,012	54,362	60,977
Rio Dell	3,272	18,118	880	1,822	15,147	39,238
Shasta Lake	9,253	10,734	39,392	15,352	6,112	80,844
Susanville	5,323	55,147	7,239	72,242	52,000	191,950
Tulelake	0	31,866	15,690	50,000	35,000	132,556
Weed	14,009	38,662	63,339	57,184	50,000	223,194
Yreka	22,450	4,873	5,620	228,421	20,001	281,365
Total:	\$164,145	\$277,891	\$288,942	\$634,294	\$260,869	\$1,626,141

DE6 PAYROLL					
PROGRAM YEARS					
2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	Total
451,835	480,243	431,019	445,766	377,297	2,186,160
656,193	580,511	436,657	395,698	482,475	2,551,534
431,426	464,934	515,786	512,461	538,031	2,462,638
337,779	312,373	291,684	279,923	332,071	1,553,830
141,416	166,009	167,341	188,617	217,023	880,406
632,996	477,817	328,653	327,778	228,795	1,996,039
1,219,689	1,227,755	1,313,687	1,297,193	1,267,402	6,325,726
877,950	863,045	745,098	738,259	687,491	3,911,843
264,734	267,592	205,921	162,672	132,357	1,033,276
267,335	290,496	271,962	286,650	295,950	1,412,393
1,945,079	1,786,481	1,633,025	1,581,096	1,609,249	8,554,930
802,305	749,429	614,214	681,724	676,909	3,524,581
850,004	874,079	1,005,352	979,793	951,737	4,660,965
3,283,054	3,441,569	3,220,301	3,214,474	3,140,551	16,299,949
3,810,263	3,500,852	3,574,246	3,635,582	3,417,528	17,938,471
312,738	390,023	406,311	438,041	1,529,535	3,076,648
1,514,614	1,496,349	1,531,847	1,547,554	2,860,588	8,950,952
3,176,508	3,007,604	3,185,014	2,912,309	322,798	12,604,233
20,975,918	20,377,161	19,878,118	19,625,590	19,067,787	99,924,574

Experience Modification Factor						
Loss Rate	Relative	2012-2013	Credibility	Experience	Payroll times	Adjusted
Per \$100	Loss Rate	Payroll	Factor	Modification	Ex.Mod.	Payroll
\$1.13	0.70	\$394,636	9.77%	0.97	\$382,948	\$398,977
\$1.81	1.11	\$513,001	12.33%	1.01	\$520,044	\$541,811
\$5.10	3.13	\$550,538	13.12%	1.28	\$704,559	\$734,049
\$0.07	0.04	\$385,811	9.57%	0.91	\$350,383	\$365,049
\$0.00	0.00	\$253,100	6.49%	0.94	\$236,673	\$246,580
\$5.26	3.23	\$243,885	6.27%	1.14	\$278,033	\$289,671
\$0.08	0.05	\$1,300,474	26.29%	0.75	\$976,274	\$1,017,138
\$0.61	0.37	\$728,213	16.65%	0.90	\$652,176	\$679,474
\$0.19	0.12	\$157,834	4.15%	0.96	\$152,045	\$158,409
\$0.52	0.32	\$328,474	8.26%	0.94	\$310,051	\$323,029
\$3.22	1.98	\$1,642,931	31.06%	1.30	\$2,140,981	\$2,230,594
\$1.73	1.06	\$670,488	15.53%	1.01	\$677,059	\$705,398
\$0.84	0.52	\$968,920	20.99%	0.90	\$870,738	\$907,184
\$0.50	0.30	\$3,289,614	47.43%	0.67	\$2,204,951	\$2,297,242
\$1.07	0.66	\$3,646,602	50.00%	0.83	\$3,022,180	\$3,148,678
\$4.31	2.65	\$315,029	7.95%	1.13	\$356,301	\$371,214
\$2.49	1.53	\$1,588,266	30.34%	1.16	\$1,844,744	\$1,921,958
\$2.23	1.37	\$2,972,369	44.91%	1.17	\$3,468,550	\$3,613,731
\$1.63	1.00	\$19,950,185			\$19,148,689	\$19,950,185

City	Number of employees indicated by Board Member	Rate per month per employee	Total Rate per month	Total number of months	2014-2015 Premium
Biggs	9	\$2.25	\$20.25	12	\$243.00
Colfax	10	\$2.25	\$22.50	12	\$270.00
Dunsmuir	10	\$2.25	\$22.50	12	\$270.00
Etna	7	\$2.25	\$15.75	12	\$189.00
Ft. Jones	0	\$2.25	\$0.00	12	\$0.00
Isleton	5	\$2.25	\$11.25	12	\$135.00
Live Oak	20	\$2.25	\$45.00	12	\$540.00
Loomis	8	\$2.25	\$18.00	12	\$216.00
Loyalton	5	\$2.25	\$11.25	12	\$135.00
Montague	0	\$2.25	\$0.00	12	\$0.00
Mount Shast	34	\$2.25	\$76.50	12	\$918.00
Portola	11	\$2.25	\$24.75	12	\$297.00
Rio Dell	0	\$2.25	\$0.00	12	\$0.00
Shasta Lake	45	\$2.25	\$101.25	12	\$1,215.00
Susanville	62	\$2.25	\$139.50	12	\$1,674.00
Tulelake	16	\$2.25	\$36.00	12	\$432.00
Weed	30	\$2.25	\$67.50	12	\$810.00
Yreka	49	\$2.25	\$110.25	12	\$1,323.00
TOTAL	321				\$8,667.00

EMPLOYMENT PRACTICE LIABILITY
July 1, 2014 to June 30, 2015

Member Entity	Projected Payroll	Last Year's Payroll	Percentage Increase in Payroll	Deductible	Assessment	Premiums	Premium Last Year	2014/2015 Premium & Assessments
Biggs								
Colfax	\$ 498,059	\$ 451,759	10.25%	25,000	-	\$ 3,549	\$ 2,570	\$ 3,549
Dunsmuir								
Etna								
Fort Jones								
Isleton								
Live Oak	\$ 1,262,596	\$ 1,284,556	-1.71%	25,000	-	\$ 5,398	\$ 5,481	\$ 5,398
Loomis	\$ 707,003	\$ 673,118	0.00%	25,000	-	\$ 3,023	\$ 2,872	\$ 3,023
Loyalton								
Montague								
Mt. Shasta	\$ 1,595,079	\$ 1,603,103	-0.50%	25,000	-	\$ 6,819	\$ 9,121	\$ 6,819
Portola	\$ 650,959	\$ 659,378	-1.28%	25,000	-	\$ 2,783	\$ 2,814	\$ 2,783
Rio Dell	\$ 940,699	\$ 967,050	-2.72%	25,000	-	\$ 4,022	\$ 4,126	\$ 4,022
Shasta Lake	\$ 3,193,800	\$ 3,094,845	3.20%	25,000	-	\$ 13,654	\$ 13,206	\$ 13,654
Susanville	\$ 3,540,390	\$ 3,437,547	2.99%	25,000	-	\$ 15,136	\$ 14,668	\$ 15,136
Tulelake								
Weed								
Yreka	\$ 2,885,795	\$ 2,875,980	0.34%	25,000	-	\$ 12,337	\$ 12,272	\$ 12,337
Total:	\$ 15,274,380	\$ 15,047,336	1.51%		-	\$ 66,721	\$ 67,130	\$ 66,721

SMALL CITIES ORGANIZED RISK EFFORT WORKERS' COMPENSATION PROGRAM July 1, 2014 to June 30, 2015

Funding Confidence Level:	70% LAWCX Premium:	\$217,432
Banking Layer Funding	\$1.77 Administrative Expenses:	\$335,943
Shared Risk Layer Funding	\$3.73 LAWCX Refund	\$15,990

Experience Rating Losses Capped at \$50,000

MEMBER ENTITY	BANKING LAYER	SHARED RISK	LAWCX PREMIUM (1)	ADMIN. EXPENSE	LAWCX Refund	LAWCX 14-15 Assesment	TOTAL DEPOSIT	LAST YEAR'S DEPOSIT	PERCENTAGE CHANGE	Payroll	Adjusted Payroll
Biggs											
Colfax											
Dunsmuir	9,468	19,986	6,178	\$25,867	\$454	\$458	\$61,504	\$50,391	22.05%	\$550,538	\$535,246
Etna											
Fort Jones											
Isleton											
Live Oak	18,424	38,890	12,022	\$32,323	\$884	\$0	\$100,775	\$81,988	22.91%	\$1,300,474	\$1,041,513
Loomis											
Loyalton											
Montague											
Mt. Shasta	38,250	80,739	24,959	\$35,270	\$1,835	\$1,390	\$178,773	\$158,388	12.87%	\$1,642,931	\$2,162,263
Portola											
Rio Dell											
Shasta Lake	36,663	77,389	23,923	\$49,445	\$1,759	\$2,382	\$188,042	\$153,189	22.75%	\$3,289,614	\$2,072,540
Susanville	59,687	125,987	38,947	\$52,517	\$2,864	\$3,591	\$277,865	\$204,677	35.76%	\$3,646,602	\$3,374,049
Tulelake					\$0						
Weed	31,767	67,054	20,728	\$34,800	\$1,524	\$1,269	\$154,094	\$117,156	31.53%	\$1,588,266	\$1,795,764
Yreka	58,641	123,779	38,264	\$46,714	\$2,814	\$2,877	\$267,461	\$212,282	25.99%	\$2,972,369	\$3,314,912
Mini-Cities	77,844	169,540	52,410	\$59,007	\$3,854	\$0	\$354,947	\$274,184	29.46%	\$4,400,477	\$4,540,446
Total	\$330,746	\$703,364	\$217,432	\$335,943	\$15,990	\$11,967	\$1,583,461	\$1,252,255	26.45%	\$19,391,271	\$18,836,732

**SMALL CITIES ORGANIZED RISK EFFORT
Workers' Compensation Experience Modification Calculation**

Member Entity	LOSSES AS OF 12/31/13					
	PROGRAM YEARS					
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	Total
Biggs					-	
Colfax						
Dunsmuir	-	-	45,743	-	-	\$45,743
Etna						
Fort Jones						
Isleton						
Live Oak	18,295	2,872	255	-	2,450	\$23,872
Loomis						
Loyalton	-	-	-	-		
Montague						
Mt. Shasta	1,194	123,517	150,084	68,322	61,137	404,254
Portola						
Rio Dell					9,844	
Shasta Lake	51,348	-	-	2,669	-	54,017
Susanville	2,612	8,600	92,733	50,739	173,565	\$328,249
Tulelake						
Weed	36,337	3,591	54,204	53,462	146,865	\$294,459
Yreka	5,980	68,353	35,917	181,582	61,842	\$353,674
Mini Cities	10,831	148,446	35,188	200,007	108,029	\$502,502
Total:	\$126,596	\$355,379	\$414,126	\$556,781	\$563,732	\$2,006,770

Member Entity	DE6 PAYROLL					
	PROGRAM YEARS					
	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	Total
Biggs						
Colfax						
Dunsmuir	431,426	464,934	515,786	512,461	538,031	2,462,638
Etna						
Fort Jones						
Isleton						
Live Oak	1,219,689	1,227,755	1,313,687	1,297,193	1,267,402	6,325,726
Loomis						
Loyalton						
Montague						
Mt. Shasta	1,945,079	1,786,481	1,633,025	1,581,096	1,609,249	8,554,930
Portola						
Rio Dell						
Shasta Lake	3,283,054	3,441,569	3,220,301	3,214,474	3,140,551	16,299,949
Susanville	3,810,263	3,500,852	3,574,246	3,635,582	3,417,528	17,938,471
Tulelake						
Weed	1,514,614	1,496,349	1,531,847	1,547,554	2,860,588	8,950,952
Yreka	3,176,508	3,007,604	3,185,014	2,912,309	322,798	12,604,233
Mini Cities	4,649,551	4,583,777	4,169,248	4,159,102	4,153,310	21,714,988
Total:	20,030,184	19,509,321	19,143,154	18,859,771	17,309,458	94,851,888

Member Entity	Experience Modification Factor						
	Loss Rate Per \$100	Relative Loss Rate	Payroll	Credibility Factor	Experience Modification	Payroll times Ex.Mod.	Adjusted Payroll
	Biggs						
Colfax							
Dunsmuir	1.86	0.88	550,538	0.11	0.99	543,067	535,246
Etna							
Fort Jones							
Isleton							
Live Oak	0.38	0.18	1,300,474	0.23	0.81	1,056,732	1,041,513
Loomis							
Loyalton							
Montague							
Mt. Shasta	4.73	2.23	1,642,931	0.27	1.34	2,193,860	2,162,263
Portola							
Rio Dell							
Shasta Lake	0.33	0.16	3,289,614	0.43	0.64	2,102,826	2,072,540
Susanville	1.83	0.86	3,646,602	0.45	0.94	3,423,353	3,374,049
Tulelake							
Weed	3.29	1.55	1,588,266	0.27	1.15	1,822,005	1,795,764
Yreka	2.81	1.33	2,972,369	0.40	1.13	3,363,353	3,314,912
Mini Cities	2.31	1.09	4,400,477	0.50	1.05	4,606,795	4,540,446
Total:	2.12	1.00	\$19,391,271			\$19,111,991	\$18,836,732

SMALL CITIES ORGANIZED RISK EFFORT
Mini-City Pool Allocation of Costs
July 1, 2014 to June 30, 2015

ALLOCATION OF COSTS TO MEMBERS - with Experience Modification

COSTS TO BE ALLOCATED:			
BANKING LAYER	77,844	LAWCX REFUND	\$3,854.26
SHARED RISK	169,540		
EXCESS WC	52,410		
ADMINISTRATION	59,007		
TOTAL	358,802		

Member	Payroll	Percentage	Banking	Shared Risk	Excess WC	Admin	LAWCX Refund	Total	Last Year's	%Change
Biggs	\$383,142	8.97%	\$ 6,981	\$ 15,204	\$ 4,700	\$ 5,292	\$346	\$ 31,832	\$ 26,087	22%
Colfax	\$498,059	11.66%	\$ 9,075	\$ 19,765	\$ 6,110	\$ 6,879	\$449	\$ 41,379	\$ 29,313	41%
Dunsmuir										
Etna	\$374,574	8.77%	\$ 6,825	\$ 14,864	\$ 4,595	\$ 5,173	\$338	\$ 31,120	\$ 20,097	55%
Fort Jones	\$245,728	5.75%	\$ 4,477	\$ 9,751	\$ 3,014	\$ 3,394	\$222	\$ 20,415	\$ 13,567	50%
Isleton										
Live Oak										
Loomis	\$707,003	16.55%	\$ 12,882	\$ 28,056	\$ 8,673	\$ 9,765	\$638	\$ 58,738	\$ 43,437	35%
Loyalton	\$153,237	3.59%	\$ 2,792	\$ 6,081	\$ 1,880	\$ 2,116	\$138	\$ 12,731	\$ 7,463	71%
Montague	\$318,907	7.46%	\$ 5,811	\$ 12,655	\$ 3,912	\$ 4,405	\$288	\$ 26,495	\$ 18,730	41%
Mt. Shasta										
Portola	\$650,959	15.24%	\$ 11,861	\$ 25,832	\$ 7,986	\$ 8,991	\$587	\$ 54,082	\$ 42,759	26%
Rio Dell	\$940,699	22.02%	\$ 17,140	\$ 37,330	\$ 11,540	\$ 12,992	\$849	\$ 78,154	\$ 62,529	25%
Shasta Lake										
Susanville										
Tulelake										
Weed										
Yreka										
Total	4,272,308	100.00%	\$ 77,844	\$ 169,540	\$ 52,410	\$ 59,007	\$3,854.26	\$ 354,947	\$ 263,982	34%

**SMALL CITIES ORGANIZED RISK EFFORT
PROPERTY PROGRAM
July 1, 2014 to June 30, 2015**

Member Entity	Property Deductible	Boiler & Machinery Deductible	Real Property Values	Personal Property Values	Income/Rents	Contractor's Equipment	Total Values	Property Premium	Excess Premium and Fees	Excess Property Premium	Automobile Physical Damage Deductible	Automobile Physical Damage Values	Physical Damage Premium	SL Taxes & Fees	ABS Fees	Total Deposit	Last Year's Premium	Difference
Biggs	\$5,000	\$5,000	\$5,352,511	\$1,214,386	\$0	\$91,665	\$6,658,562	\$4,890	\$1,413	\$1,048	\$5,000	\$397,393	\$2,525	\$188	\$177	\$8,828	\$8,664	2%
Colfax	\$5,000	\$5,000	\$9,122,319	\$3,314,333	\$0	\$162,027	\$12,598,679	\$9,253	\$2,627	\$1,936	\$5,000	\$442,059	\$2,809	\$356	\$335	\$14,689	\$14,575	1%
Dunsmuir	\$5,000	\$5,000	\$12,297,251	\$1,063,862	\$18,000	\$0	\$13,379,113	\$9,826	\$2,720	\$1,986				\$378	\$356	\$12,547	\$12,425	1%
Etna	\$5,000	\$5,000	\$5,512,931	\$452,574	\$8,000	\$0	\$5,973,505	\$4,387	\$1,271	\$943	\$5,000	\$381,388	\$2,423	\$169	\$159	\$8,082	\$7,855	3%
Fort Jones	\$5,000	\$5,000	\$2,826,248	\$1,450,885	\$7,000	\$0	\$4,284,133	\$3,147	\$944	\$709	\$5,000	\$491,000	\$3,120	\$121	\$114	\$7,210	\$7,166	1%
Live Oak	\$5,000	\$5,000	\$23,426,353	\$10,542,221	\$131,000	\$0	\$34,099,574	\$25,045	\$6,971	\$5,100	\$5,000	\$255,000	\$1,620	\$963	\$908	\$33,636	\$31,795	6%
Loomis	\$5,000	\$5,000	\$1,576,944	\$230,230	\$0	\$0	\$1,807,174	\$1,327	\$412	\$313	\$5,000	\$299,269	\$1,902	\$51	\$48	\$3,641	\$3,801	-4%
Loyalton	\$5,000	\$5,000	\$5,218,835	\$1,883,277	\$11,000	\$229,393	\$7,342,505	\$5,393	\$1,770	\$1,367	\$5,000	\$1,866,662	\$11,862	\$207	\$195	\$19,024	\$18,126	5%
Montague	\$5,000	\$5,000	\$7,276,709	\$2,290,471	\$0	\$194,260	\$9,761,440	\$7,169	\$2,133	\$1,598	\$5,000	\$1,000,000	\$6,354	\$276	\$260	\$15,657	\$14,354	9%
Mt. Shasta	\$5,000	\$5,000	\$8,177,375	\$2,001,421	\$35,000	\$0	\$10,213,796	\$7,502	\$2,077	\$1,516				\$288	\$272	\$9,578	\$9,484	1%
Portola	\$5,000	\$5,000	\$5,372,612	\$1,142,061	\$0	\$0	\$6,514,673	\$4,785	\$1,343	\$985	\$5,000	\$121,929	\$775	\$184	\$173	\$6,902	\$6,802	1%
Rio Dell	\$5,000	\$5,000	\$6,009,756	\$3,601,974	\$5,000	\$186,812	\$9,803,542	\$7,200	\$2,030	\$1,492	\$5,000	\$246,966	\$1,569	\$277	\$261	\$10,800	\$12,123	-11%
Shasta Lake	\$5,000	\$5,000	\$43,737,457	\$6,427,397	\$0	\$160,455	\$50,325,309	\$36,962	\$10,394	\$7,634	\$10,000	\$1,092,500	\$5,408	\$1,421	\$1,340	\$52,764	\$56,075	-6%
Susanville	\$5,000	\$5,000	\$18,038,987	\$5,694,681	\$144,000	\$58,800	\$23,936,468	\$17,580	\$4,914	\$3,601	\$5,000	\$318,414	\$2,023	\$676	\$637	\$24,518	\$24,127	2%
Tulelake	\$5,000	\$5,000	\$4,336,195	\$692,125	\$0	\$0	\$5,028,320	\$3,693	\$1,043	\$767	\$5,000	\$138,491	\$880	\$142	\$134	\$5,616	\$6,940	-19%
Weed	\$5,000	\$5,000	\$8,439,355	\$1,249,803	\$50,826	\$26,033	\$9,766,017	\$7,173	\$1,986	\$1,450				\$276	\$260	\$9,158	\$9,048	1%
Yreka	\$5,000	\$5,000	\$30,909,378	\$10,695,217	\$257,300	\$4,090,189	\$45,952,084	\$33,750	\$9,456	\$6,935	\$10,000	\$761,401	\$3,769	\$1,298	\$1,223	\$46,975	\$46,310	1%
Total:			\$197,631,216	\$53,946,918	\$667,126	\$5,199,634	\$257,444,894	\$189,082		\$39,380		\$7,812,472	\$47,040	\$7,270	\$6,853	\$289,625	\$289,669	-0.02%

SCORE INPUT SHEET
July 1, 2014 to June 30, 2015

Liability 5 Year Claim History

Valuation Date: 12/31/2013

Member Entity	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	Total
	Year -5	Year -4	Year -3	Year -2	Year -1	
Biggs, City of	\$553	\$24,233	\$0	\$0	\$0	\$24,787
Colfax, City of	\$24,780	\$6,923	13076.28	1366.19	\$0	\$46,145
Dunsmuir, City of	\$8,187	\$13,478	\$58,244	\$38,983	\$6,660	\$125,553
Etna, City of	\$0	\$0	\$0	1017.38	\$0	\$1,017
Fort Jones, Town of	\$0	\$0	\$0	\$0	\$0	\$0
Isleton, City of	\$0	\$1,201	\$93	101184.68	2557.84	\$105,036
Live Oak, City of	\$2,893	\$824	\$1,344	\$250	\$8	\$5,319
Loomis, Town of	\$4,062	\$3,568	10006.09	6083.6	\$8	\$23,727
Loyalton, City of	\$1,950	\$0	\$0	\$0	\$0	\$1,950
Montague, City of	\$3,693	\$0	\$1,669	\$2,022	\$0	\$7,384
Mt. Shasta, City of	\$61,362	\$65,623	\$71,748	57353.1	19014.02	\$275,100
Portola, City of	\$2,359	\$2,642	\$603	\$1,012	\$54,362	\$60,977
Rio Dell, City of	\$3,272	\$18,118	\$880	\$1,822	\$15,147	\$39,238
Shasta Lake, City of	\$9,253	10734.41	\$39,392	\$15,352	\$6,112	\$80,844
Susanville, City of	\$5,323	\$55,147	\$7,239	72241.7	\$52,000	\$191,950
Tulelake, City of	\$0	\$31,866	\$15,690	\$50,000	\$35,000	\$132,556
Weed, City of	\$14,009	\$38,662	\$63,339	57184.28	\$50,000	\$223,194
Yreka, City of	\$22,450	\$4,873	\$5,620	228420.73	\$20,001	\$281,365
Total/Number	\$164,145	\$277,891	\$288,942	\$634,294	\$260,869	\$1,626,141

Workers' Comp 5 Year Claim History

Valuation Date: 12/31/2013

ADD CLAIMS HISTORY FOR FIVE YEARS BY HAND FOR THOSE NOT IN THE POOL FOR THE FULL FIVE YEARS

Member Entity	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	Total
	Year -5	Year -4	Year -3	Year -2	Year -1	
Biggs, City of			\$167			\$167
Colfax, City of	\$	56,458		\$ 984		\$57,442
Dunsmuir, City of			\$ 45,743			\$45,743
Etna, City of	\$	51,914	\$ 75			\$51,989
Fort Jones, Town of	\$	11,524			\$ 50,000	\$61,524
Isleton, City of						\$0
Live Oak, City of	\$ 18,295	\$ 2,872	\$ 255		\$ 2,450	\$23,872
Loomis, Town of	\$	295				\$295
Loyalton, City of						\$0
Montague, City of	\$	-		\$ 112,743	\$ 845	\$113,587
Mt. Shasta, City of	\$ 1,194	\$ 123,517	\$ 150,084	\$ 68,322	\$ 61,137	\$404,254
Portola, City of	\$ 838	\$ 177	\$ 34,746	\$ 86,280	\$ 50,000	\$172,041
Rio Dell, City of	\$ 9,993	\$ 28,078	\$ 201		\$ 7,185	\$45,457
Shasta Lake, City of	\$ 51,348			\$ 2,669		\$54,017
Susanville, City of	\$ 2,612	\$ 8,600	\$ 92,733	\$ 50,739	\$ 173,565	\$328,249
Tulelake, City of						\$0
Weed, City of	\$ 36,337	\$ 3,591	\$ 54,204	\$ 53,462	\$ 146,865	\$294,459
Yreka, City of	\$ 5,980	\$ 68,353	\$ 35,917	\$ 181,582	\$ 61,842	\$353,674
Total	\$126,596	\$355,379	\$414,126	\$556,781	\$553,888	\$2,006,770

SCORE INPUT SHEET
July 1, 2014 to June 30, 2015

Member Entity	Property Deductibles	Boiler & Machinery Deductible	Real Property Values	Income/Rents	Personal Property Values	Contractor's Equipment	Automobile Physical Damage Deductible	Automobile Physical Damage Values
Biggs	\$5,000	\$5,000	\$5,352,511	\$0	\$1,214,386	\$91,665	\$5,000	\$397,393
Colfax	\$5,000	\$5,000	\$9,122,319	\$0	\$3,314,333	\$162,027	\$5,000	\$442,059
Dunsmuir	\$5,000	\$5,000	\$12,297,251	\$18,000	\$1,063,862	\$0		
Etna	\$5,000	\$5,000	\$5,512,931	\$8,000	\$452,574	\$0	\$5,000	\$381,388
Fort Jones	\$5,000	\$5,000	\$2,826,248	\$7,000	\$1,450,885	\$0	\$5,000	\$491,000
Live Oak	\$5,000	\$5,000	\$23,426,353	\$131,000	\$10,542,221	\$0	\$5,000	\$255,000
Loomis	\$5,000	\$5,000	\$1,576,944	\$0	\$230,230	\$0	\$5,000	\$299,269
Loyalton	\$5,000	\$5,000	\$5,218,835	\$11,000	\$1,883,277	\$229,393	\$5,000	\$1,866,662
Montague	\$5,000	\$5,000	\$7,276,709	\$0	\$2,290,471	\$194,260	\$5,000	\$1,000,000
Mt. Shasta	\$5,000	\$5,000	\$8,177,375	\$35,000	\$2,001,421	\$0		
Portola	\$5,000	\$5,000	\$5,372,612	\$0	\$1,142,061	\$0	\$5,000	\$121,929
Rio Dell	\$5,000	\$5,000	\$6,009,756	\$5,000	\$3,601,974	\$186,812	\$5,000	\$246,966
Shasta Lake	\$5,000	\$5,000	\$43,737,457	\$0	\$6,427,397	\$160,455	\$10,000	\$1,092,500
Susanville	\$5,000	\$5,000	\$18,038,987	\$144,000	\$5,694,681	\$58,800	\$5,000	\$318,414
Tulelake	\$5,000	\$5,000	\$4,336,195	\$0	\$692,125	\$0	\$5,000	\$138,491
Weed	\$5,000	\$5,000	\$8,439,355	\$50,826	\$1,249,803	\$26,033		
Yreka	\$5,000	\$5,000	\$30,909,378	\$257,300	\$10,695,217	\$4,090,189	\$10,000	\$761,401
Total			\$197,631,216	\$667,126	\$53,946,918	\$5,199,634		\$7,812,472

ERMA Premiums and Deductibles

Member Entity	Deductible	Premium
Biggs		
Colfax	25,000	3,549
Dunsmuir		
Etna		
Fort Jones		
Live Oak	25,000	5,398
Loomis	25,000	3,023
Loyalton		
Montague		
Mt. Shasta	25,000	6,819
Portola	25,000	2,783
Rio Dell	25,000	4,022
Shasta Lake	25,000	13,654
Susanville	25,000	15,136
Weed		
Yreka	25,000	12,337
Total		\$66,721

SMALL CITIES ORGANIZED RISK EFFORT
Budget Parameters
July 1, 2014 to June 30, 2015

General Parameters

Payroll Inflation Factor	1.03
Accounting Services Provided by Fort Jones	\$0
Accounting Management	\$50,000
Financial Audit	\$20,300
Conferences	\$19,000
CAJPA Accreditation	\$0
Property Appraisal	\$0
Employee Dishonesty	\$500
Board Expense	\$15,000
Membership	\$1,000
Contingent Reserve	\$10,000

Liability Parameters

ADMINISTRATION EXPENSES

Program Administration per member	\$9,039
Claims Adjusting (ULAE) per member	1,000
Claims Administration (ULAE) Flat Fee	97,500
Actuarial Review	5,000
Liability Safety Training Expenses	25,000
Claims Audit	4,000

CLAIMS EXPENSES

Banking Layer Rate per \$100 payroll	1.475	70% Confidence Level	1.43
Shared Risk Rate per \$100 payroll	2.048	70% Confidence Level	1.99
CJPRMA Rate:	0.753		
CSAC/CPEIA Pollution Coverage	10,800		

Minimum Deposit:	25,000
Maximum Deposit:	250,000

ERMA Payroll rate per \$100 payroll

**SMALL CITIES ORGANIZED RISK EFFORT
Budget Parameters
July 1, 2014 to June 30, 2015**

Workers' Compensation

ADMINISTRATION EXPENSES

Program Administration per member	5,906	
Program Administration per member - Mini Cities	1,778	
Claims Administration (ULAE) per member	1,000	Previous year(\$1,000 per member) + annual increase of 3% c
Claims Adjusting Services (ULAE) Flat Fee per month (\$750)	97,582	
User Funding Assessment	17,000	
Actuarial Review	5,000	
WC Safety Training Expense		
Claims Audit	4,000	
SCORE Website	0	

CLAIMS EXPENSES

Banking Layer Rate per \$100 payroll	\$1.769	70%
Shared Risk Rate per \$100 payroll	\$3.734	70%
LAWCX Non-safety rate per \$100 payroll	1.233	
LAWCX safety rate per \$100 payroll	2.316	
LAWCX Premium	\$217,432	15902

Minimum Deposit:

Maximum Deposit:

Property Rates

ALL RISK DEDUCTIBLES Per \$100 Value With 15% increase from prior year				
	\$1,000			0.07173
	\$2,500			0.001343
	\$5,000	0.0701493	0.0734456	0.0005562
	\$10,000			0.000477
	\$25,000			0.074106
EXCESS PROPERTY RATE				
		0.0125407	0.0148461	
BOILER DEDUCTIBLES				
	\$1,000			
	\$2,500			
	\$5,000	0.001221	0.001243	
	\$10,000			
	\$25,000			
AUTO PHYS DAM DEDUCTIBLES				
	\$1,000			
	\$2,500			
	\$5,000	0.5408	0.63544	
	\$10,000	0.3657	0.4950048	
	\$25,000			
	SLT&F	\$7,270	\$7,811	

CJPRMA Premium Calculation

Member	Payroll	Less 13/14			2014/2015			
		2014/2015 Premium	% of Premium	Investment Income	Add Excess Loss Fund	Less Deferred Redistribution	Net Liability Premium	
	\$ 0.81							
	19,369,112	0.81446	\$ 157,754	\$ 76,026	\$ 29,808	\$ 48,381	\$ 65,555	
Biggs	\$383,142	0.81446	\$ 3,121	1.98%	\$ 1,504	\$ 590	\$ 957	\$ 1,249
Colfax	\$498,059	0.81446	\$ 4,056	2.57%	\$ 1,955	\$ 766	\$ 1,244	\$ 1,624
Dunsmuir	\$534,503	0.81446	\$ 4,353	2.76%	\$ 2,098	\$ 823	\$ 1,335	\$ 1,743
Etna	\$374,574	0.81446	\$ 3,051	1.93%	\$ 1,470	\$ 576	\$ 936	\$ 1,221
Fort Jones	\$245,728	0.81446	\$ 2,001	1.27%	\$ 965	\$ 378	\$ 614	\$ 801
Isleton	\$236,782	0.81446	\$ 1,928	1.22%	\$ 929	\$ 364	\$ 591	\$ 772
Live Oak	\$1,262,596	0.81446	\$ 10,283	6.52%	\$ 4,956	\$ 1,943	\$ 3,154	\$ 4,117
Loomis	\$707,003	0.81446	\$ 5,758	3.65%	\$ 2,775	\$ 1,088	\$ 1,766	\$ 2,305
Loyalton	\$153,237	0.81446	\$ 1,248	0.79%	\$ 601	\$ 236	\$ 383	\$ 500
Montague	\$318,907	0.81446	\$ 2,597	1.65%	\$ 1,252	\$ 491	\$ 797	\$ 1,040
Mt. Shasta	\$1,595,079	0.81446	\$ 12,991	8.24%	\$ 6,261	\$ 2,455	\$ 3,984	\$ 5,201
Portola	\$650,959	0.81446	\$ 5,302	3.36%	\$ 2,555	\$ 1,002	\$ 1,626	\$ 2,123
Rio Dell	\$940,699	0.81446	\$ 7,662	4.86%	\$ 3,692	\$ 1,448	\$ 2,350	\$ 3,067
Shasta Lake	\$3,193,800	0.81446	\$ 26,012	16.49%	\$ 12,536	\$ 4,915	\$ 7,978	\$ 10,414
Susanville	\$3,540,390	0.81446	\$ 28,835	18.28%	\$ 13,896	\$ 5,448	\$ 8,843	\$ 11,544
Tulelake	\$305,853	0.81446	\$ 2,491	1.58%	\$ 1,201	\$ 471	\$ 764	\$ 3,397
Weed	\$1,542,006	0.81446	\$ 12,559	7.96%	\$ 6,053	\$ 2,373	\$ 3,852	\$ 5,028
Yreka	\$2,885,795	0.81446	\$ 23,504	14.90%	\$ 11,327	\$ 4,441	\$ 7,208	\$ 9,409
TOTAL	\$19,369,112		\$ 157,754	100.00%	\$ 76,026	\$ 29,808	\$ 48,381	\$ 65,555

LOSS CONTROL GRANT FUND PROGRAM

ACTION ITEM

ISSUE: The SCORE Board will hear a verbal update of how the Loss Control Grant Fund Program has been progressing since it was implemented in January 24, 2014. The Board will also discuss and decide whether to extend the deadline for submitting requests as well as adding additional funding for the next fiscal year.

RECOMMENDATION: The Program Administrators recommend extending the deadline for submitting grant fund requests until June 30, 2015. Additional funding can also be added, depending on Board consensus.

FISCAL IMPACT: Will vary based on outstanding grants that haven't been used and/or Board action.

BACKGROUND: At the January 24, 2014 Board meeting, SCORE implemented a Loss Control Grant Fund in the amount of \$100,000; \$50,000 for each of the Liability and Workers' Compensation programs. The funding has been provided from the Pool's net assets, before the distribution of any dividends. Members of each Program were allocated an amount directly related to their percentage contribution into that Program, subject to a minimum of \$1,000 per Program for each participating Member. The funds are available for use on a combined basis. Projects can also span over multiple years although the disbursement of monies will be limited to the member's annual allocation in any given year and the continuation of the Loss Control Grant Program by the Board. The deadline for submitting reimbursement requests is June 15 of every Fiscal Year. To date, the Cities of Colfax, Weed, Etna, Portola, Dunsmuir, Mount Shasta, Susanville, Yreka and Live Oak have all filed requests for grant fund utilization. The Program is set to run until June 30, 2015.

ATTACHMENTS: Loss Control Grant Fund Policy and Procedure Document
Loss Control Grant Fund Utilization Report



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:
 - a) Wish to submit a revised request; or
 - b) Request that SCORE consider payment over multiple years as outlined in the Policy Item #4 above.
4. Once approved, the Member Agency will become eligible for reimbursement by SCORE upon submitting the supplier or service provider invoice to the Program Administrator.
5. The Program Administrator will submit the reimbursement request and appropriate documentation to SCORE's accountant and/or treasurer.
6. SCORE's accountant and/or Treasurer will reimburse the Member up to the maximum allowable amount and debit the reimbursement expense from the Grant Program Budget within the Loss Control Services Budget.

- a) If a request exceeds the grant funds available to a member, only the amount available for reimbursement will be paid.
7. If any request is denied, the member may submit a new or amended request, or appeal the denial to the Board of Directors, which will make the final determination on whether the request should be granted. The Board decision shall be final.
8. After the funds are put to use, the Member should provide a brief verbal report to the Board (as agenda item) confirming this and relaying any information that may be helpful to the Board, so that it can monitor the Grant Program and consider the merits of future additions of funds.

The Loss Control Grant Fund Program will begin as a standalone program, with no matching contribution required from the requesting Member. Its composition may change, at the Board's discretion, to include a requirement for the requesting Member to co-finance or share the cost of the good or service being reimbursed.

Adopted on: January 24, 2014
Effective Date: January 24, 2014

**SCORE LOSS CONTROL GRANT FUND PROGRAM
UTILIZATION BY MEMBER**

Member Entity	Liability Program Contribution	Liability Program Percentage of Total Contribution	Worker's Compensation Contribution	Workers' Comp Percentage of Total Contribution	Liability Grant Fund Allocation	Work Comp Grant Fund Allocation	Initial Total Grant Fund Allocation	UNUTILIZED GRANT FUNDS
Biggs *	\$29,711	2.71%	\$26,087	2.08%	\$1,353	\$1,042	\$2,395	\$2,395
Colfax *	\$33,609	3.06%	\$29,313	2.34%	\$1,531	\$1,170	\$2,701	-\$580
Dorris *	\$20,000	1.82%	\$10,201	0.81%	\$1,000	\$1,000	\$2,000	
Dunsmuir	\$41,302	3.76%	\$50,391	4.02%	\$1,882	\$2,012	\$3,894	\$39
Etna *	\$24,587	2.24%	\$20,097	1.60%	\$1,120	\$1,000	\$2,120	\$77
Fort Jones *	\$20,277	1.85%	\$13,567	1.08%	\$1,000	\$1,000	\$2,000	\$692
Isleton	\$25,130	2.29%		0.00%	\$1,145		\$1,145	\$1,145
Live Oak	\$67,422	6.14%	\$81,988	6.55%	\$3,071	\$3,274	\$6,345	-\$8,151
Loomis *	\$41,113	3.75%	\$43,437	3.47%	\$1,873	\$1,734	\$3,607	\$3,607
Loyalton *	\$20,000	1.82%	\$7,463	0.60%	\$1,000	\$1,000	\$2,000	\$2,000
Montague *	\$24,781	2.26%	\$18,730	1.50%	\$1,129	\$1,000	\$2,129	\$2,129
Mt. Shasta	\$105,756	9.64%	\$158,388	12.65%	\$4,818	\$6,324	\$11,142	\$0
Portola *	\$38,994	3.55%	\$42,759	3.41%	\$1,776	\$1,707	\$3,484	\$0
Rio Dell *	\$52,108	4.75%	\$62,529	4.99%	\$2,374	\$2,497	\$4,870	\$4,870
Shasta Lake	\$123,387	11.24%	\$153,189	12.23%	\$5,621	\$6,117	\$11,737	\$0
Susanville	\$140,061	12.76%	\$204,677	16.34%	\$6,381	\$8,172	\$14,553	\$53
Tulelake	\$30,293	2.76%		0.00%	\$1,380		\$1,380	\$1,380
Weed	\$107,369	9.78%	\$117,156	9.36%	\$4,891	\$4,678	\$9,569	\$569
Yreka	\$151,663	13.82%	\$212,282	16.95%	\$6,909	\$8,476	\$15,385	\$0
Total:	\$1,097,564	100.00%	\$1,252,255	100.00%	\$50,254	\$52,203	\$102,457	\$10,226

* Mini-Cities

Liability Allocation	\$50,000
Workers' Compensation Allocation	\$50,000

Values adjusted to meet the minimum of \$1,000 per member in each program.

*City opted to use on multi year project.



NOMINATION AND ELECTION OF SCORE OFFICERS

ACTION ITEM

ISSUE: The Board of Directors will nominate and elect Executive officers for the two-year term of office beginning July 1, 2014.

RECOMMENDATION: None

FISCAL IMPACT: None

BACKGROUND: Currently, Mr. Roger Carroll holds the office of the President of SCORE, Mr. Kelly McKinnis holds the office of Vice-President, Ms. Pamela Russell holds the office of Secretary, Ms. Linda Romaine holds the office of Treasurer and Mr. John Duckett holds the office of Executive Committee Member-At-Large. The President, Vice President, Secretary, Treasurer and Member-At Large are elected in each even numbered year and serve for a term of two years, beginning in July of the year elected. This year is an election year for SCORE officers.

The Program Administrators sent requests to the Board for nominations and recommendations and/or suggestions for officer positions. Mr. Roger Carroll, Ms. Pamela Russell, Ms. Linda Romaine and Mr. John Duckett have graciously offered to continue in their current roles, subject to Board approval. Mr. McKinnis has indicated he will not run for re-election and intends to vacate this position as of July 1, 2014. As such, there is at least one officer vacancy that needs to be filled.

Members are welcome to nominate anyone from the Board at this time.

ATTACHMENT: None



DISCUSSION ABOUT 2014-15 LONG RANGE PLANNING TOPICS

ACTION ITEM

ISSUE: The Program Administrators are requesting Board input on topics for the **bi-annual Long Range Planning Meeting** which will be held on October 16, 2014 followed by the Board of Directors Meeting on October 17, 2014.

RECOMMENDATION: None

FISCAL IMPACT: Not to exceed \$20,000.

BACKGROUND: Every other year, SCORE holds a Long Range Planning Meeting to provide Board members with an opportunity to discuss the coverage programs, risk management and loss control services available to members as well as any topics that Members may want to address. Presentations will also be provided by the Program Administrators and SCORE partners. The Village at Squaw Valley was selected as the destination for this year's Long Range Planning meeting and the meeting dates have been established as October 16 & 17, 2014.

ATTACHMENTS: None

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:

**Request for Authority

1. Liability

- a. Schwartz vs. City of Susanville
- b. Buckelew vs. City of Yreka
- c. Bellamy vs. City of Isleton
- d. Abbott vs. City of Yreka
- e. Shivy vs. City of Weed
- f. Larson vs. City of Isleton
- g. Abaco vs. Town of Loomis
- h. Sierra Landfill vs. City of Loyalton
- i. Eriksen vs. City of Mt. Shasta
- j. Fabbrini vs. City of Dunsmuir
- k. Grossman vs. City of Weed**
- l. Shivy vs. City of Weed**

2. Workers' Compensation

- a. SCWA-555849 City of Susanville**
- b. SCWA-555841 vs. City of Weed**
- c. SCWA-555835 vs. City of Weed**

FISCAL IMPACT: Unknown

RECOMMENDATION: The Program Administrator cannot make a recommendation at this time, as the subject matter is confidential.

BACKGROUND: Confidential

ATTACHMENTS: None

From: vgonzales@cajpa.org on behalf of [CAJPA](#)
To: [Laurence Voiculescu](#)
Subject: Room Blocks Now Available for CAJPA 2014 Annual Conference!
Date: Thursday, February 06, 2014 9:33:48 AM

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2014 Room Blocks Now Available for Reservations!

Room reservations are now open at the Lake Tahoe Resort, Harrah's and Harvey's for the 2014 CAJPA Conference.

Information is available on our website at:
www.cajpa.org

Check the website for more information on links to reserve your room, room types and room rates at all three hotels. More information will be posted on our website as it becomes available for speakers, session information and conference registration!

Look forward to seeing you in Lake Tahoe this Fall!

Building Your Bench: Teamwork, Tools and Tactics
South Lake Tahoe, California
September 16-19, 2014



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SCORE RESOURCE CONTACT GUIDE

March 2014

CLAIMS ADMINISTRATION York Risk Services Group, Inc. www.yorkrsg.com P.O. Box 619058 Roseville, CA 95661-9058 Main: (800) 922-5020 Fax: (800) 921-7683		
SUBJECT	MAIN CONTACT	
ADMINISTRATIVE ISSUES - annual contracts for services, IT issues, reports, service issues	Tom Baber	
SUPERVISORIAL ISSUES – liability claims administration management, oversight of safety & loss control services	Tom Baber - Liability	
CLAIMS ISSUES – LIABILITY <i>All Members</i>	Cameron Dewey – Unit Manager	
CLAIMS ISSUES – WORKERS’ COMPENSATION <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