



**Small Cities Organized Risk Effort (SCORE)
Board of Directors Meeting Minutes
March 30, 2018**

Member Cities Present:

Roger Frith, City of Biggs
Wes Heathcock, City of Colfax
Sarah Griggs, City of Etna
Robert Jankovitz, City of Isleton
Roger Carroll, Town of Loomis
Kathy LeBlanc, City of Loyalton
David Dunn, City of Montague
Muriel Howarth Terrell, City of Mt. Shasta
Robert Meacher, City of Portola

Brooke Woodcox, City of Rio Dell
John Duckett, City of Shasta Lake
Laura Redwine, City of Shasta Lake
Debi Savage, City of Susanville
Jenny Coelho, City of Tulelake
Paulette Velador, City of Tulelake
Diana Howard, City of Weed
Steve Baker, City of Yreka

Member Cities Absent:

City of Dunsmuir
Town of Fort Jones

City of Live Oak

Consultants & Guests

Marcus Beverly, Alliant Insurance Services
Michelle Minnick, Alliant Insurance Services
Jennifer Zraick, Gilbert Associates, Inc.
David Clovis, President of CAJPA

Dorienne Zumwalt, York Risk Services
Mike Harrington, Bickmore Risk Services
Stephen Horan, Porter Scott

A. CALL TO ORDER

Mr. Roger Carroll called the meeting to order at 10:04 a.m.

B. ROLL CALL

The above mentioned members were present constituting a quorum.

C. APPROVAL OF AGENDA AS POSTED

There was a request to move Item I.4.A and I.4.B to follow Item E.

A motion was made to approve the Agenda as amended.

MOTION: John Duckett

SECOND: Robert Meacher

**MOTION CARRIED
UNANIMOUSLY**



D. PUBLIC COMMENT

There was no public comment.

E. CAJPA ACCREDITATION PRESENTATION

David Clovis, President of CAJPA presented the Board with a Certificate of Accreditation with Excellence. He mentioned as a result of the participation in the Accreditation process the Department of Industrial Relations confidence that pools are being run effectively and require little overseeing.

I.4.a. Liability Actuarial Review

Mike Harrington provided a review of the Liability Actuarial Study and provide a review of Actuarial terms that are commonly used. He also noted that SCORE has seen favorable development in recent years and currently funds at the 70% Confidence Level (CL), 1.5 Discount Level rate.

- Decrease of 10.3% in prior liabilities from \$1,111,000 to \$997,000
- Combined rates have decreased from \$3.49 last year to \$2.56 this year
- Outstanding Liabilities in the Banking Layer have increased from \$262,000 to \$249,000
- Outstanding Liabilities in the Shared Layer have decreased from \$849,000 to \$748,000

Marcus Beverly noted there were some additional exhibits provided for the Board to review and noted the claims have been trending down over the last few years in the Banking Layer and stable in the Shared Layer.

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

MOTION: Roger Frith

SECOND: Kathy LeBlanc

**MOTION CARRIED
UNANIMOUSLY**

I.4.b. Workers' Compensation – Actuarial Review

Mike Harrington noted that the SCORE currently funds the Workers' Compensation program at the 75% Confidence Level (CL), 1.5 Discount Level rate and reminded members this was a change approved by the Board in 2016 as the rates had gone down. It was noted that overall the last three years have been adversely developing which is contributing to rate increases.

- Increase of 20.6% in prior liabilities from \$3,630,000 to \$4,378,000
- Combined rates have increased from \$4.50 last year to \$4.59 this year
- Outstanding Liabilities in the Banking Layer have increased from \$350,000 to \$359,000
- Outstanding Liabilities in the Shared Layer have increased from \$3,280,000 to \$4,014,000

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

MOTION: Roger Frith

SECOND: Kathy LeBlanc

**MOTION CARRIED
UNANIMOUSLY**



F. SCORE PROGRAM COVERAGE REVIEW

F.1. ALLIANT PROPERTY INSURANCE PROGRAM

Marcus Beverly provide the Board with a review of the Summary of Insurance for the APIP Property Program – he noted this is a joint purchase program where limits are shared but not risk and is a broad form policy that is tailored for public entities. He highlighted that APIP features Time Element coverages but indicated that a member would have to have direct physical damage to a covered location (i.e. City Hall was damaged due to a fire and you have to relocate to a new facility). He mentioned some of the limits of the program and highlighted coverages available in the program such as: Rental Interruption, Tax Revenue Interruption, Business Interruption, Course of Construction (COC), unscheduled vs. scheduled landscaping, Money & Securities, unscheduled vs. scheduled Fine Arts, Accidental Contamination, Infrastructure (Tunnels, Bridges, roads, sidewalks, traffic signals, street lights). Members requested information be sent to all SCORE members with information on how to schedule larger corporate stores for tax interruption.

G. CONSENT CALENDAR

1. Board of Directors Meeting Draft Minutes – January 19, 2018
2. US Bank Custodial Account Statement – January – February 2018
3. Local Agency Investment Fund (LAIF) Quarterly Statement of Investments –December 31, 2017
4. Treasurer’s Report as of December 31, 2017
5. SCORE Checking Account Transaction List – January – February, 2018
6. Investment Statements from Chandler Asset Management – January – February 2018
7. Target Solutions Monthly Utilization Report – October – February 2018
8. FY 18/19 Service Calendar Final – Draft Approved by Board on January 19, 2018
9. Alliant Additional Commission Opt Out – signed March 16, 2018

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

MOTION: Kathy LeBlanc

SECOND: Roger Frith

**MOTION CARRIED
UNANIMOUSLY**

H. ADMINISTRATIVE REPORTS

H1. President’s Report

Mr. Roger Carroll noted that he want to PARMA and he highly recommends attending.

H2. Excess Pool Reports

H.2.a. CJPRMA Update

Mr. Roger Carroll mentioned the excess rate was going up until one city announced they were leaving the pool which brought the increase to only 4% as a result of that city leaving.



H.2.b. ERMA Update

John Duckett provided the Board of Directors with a brief update of the ERMA Santa Cruz meeting he attended. He mentioned there was a claim reported late by the City of Susanville which ERMA denied and he was able to argue to get the claim covered. As a result members were reminded to report any lawsuit or claim within 30 day as a required by ERMA's reporting policy. Marcus Beverly noted members should always report claims upon notice and highlighted that if the City or Town is not current with the AB1825 training for all city members then ERMA will give a penalty.

H.2.c. LAWCX Update

Steve Baker indicated there have been no LAWCX meetings since before the last SCORE meeting.

H.3. Alliant Update

Michelle Minnick provided an update regarding the Form 700's that are due on Monday April 2, 2018. Members were also reminded to submit their APIP Property Renewal Packets so the Alliant staff can update the Underwriters. It was also mentioned that the Alliant staff was unable to provide estimates of the property program premiums as not all members had submitted their renewal information by the deadline. Marcus Beverly also noted that the members can expect to see an increase of 10-15% in the Property Program due to losses. Lastly he mentioned that a Preliminary Property Budget will be sent out as soon as we receive the rates back from the Underwriter.

H.4. York Update

Dori Zumwalt from York Risk Services provided the Board with an update regarding staffing changes. She noted that Craig Nunn will be moving to a different department and Cameron will be back working on Liability Claims for SCORE. Lastly she mentioned Ariel will return from maternity leave in May.

I. FINANCIAL

I.1. Quarterly Financial Report – Period Ended December 31, 2017

Jennifer Zraick presented a summary of the Quarterly Financial Report for the Period Ended December 31, 2017. She mentioned that cash went up significantly as a result of member accounts receivable (approximately \$700K) and there was also a large decrease in Claims Recoverable Receivable for outstanding amounts over the SIR

-) Revenue and expense tracking similar to last year
-) Budget to Actual - ahead of expected in terms of revenues and a little behind in expenses

A motion was made to accept and file the Quarterly Financial Report for the Period Ended December 31, 2017.

MOTION: John Duckett

SECOND: Robert Meacher

**MOTION CARRIED
UNANIMOUSLY**

Absent: Carroll



I.2. Investment Policy

Marcus Beverly presented the Investment Policy and mentioned it had been reviewed by Chandler Investment – he noted there were no recommended changes. Kevin Wong also reviewed the policy prior to the meeting and noted that the SCORE policy is more conservative than the government code.

A motion was made to approve the Investment Policy as presented in the agenda.

MOTION: Roger Frith

SECOND: John Duckett

**MOTION CARRIED
UNANIMOUSLY**

Absent: Carroll

I.3. Crowe Horwath Proposed Financial Audit for YE June 30, 2018

Marcus Beverly presented the Board the proposed Crowe Horwath Financial Audit for the YE June 30, 2018. It was also mentioned that Crowe Horwath did not increase their fee for five consecutive years and this year we are seeing an increase of 5.9% in their fee from \$20,300 last year to \$21,500 this year. There was a question regarding how often SCORE goes out to market for this service and it was noted there are limited vendors who provide services for JPA's—SCORE could consider having a different partner at Crowe Horwath perform the audit or could consider a RFP for a new Financial Auditor for the next fiscal year (FY 19/20).

A motion was made to approve Crowe Horwath Proposed Financial Audit for YE June 30, 2018.

MOTION: Muriel Howarth

SECOND: Jenny Coelho

**MOTION CARRIED
UNANIMOUSLY**

Absent: Carroll

I.6. Bill.com – Account Payable Service

Marcus Beverly noted that Gilbert uses this account payable service for other clients and offered the idea of an online bill payment service. It was noted the process of collecting invoices, generating checks and sending them to the appropriate parties for signature and distribution is a process that takes a significant amount of time which could be streamlined. Jennifer Zraick provided a brief overview of the process indicated that Bill.com actually pays the bill for you and then SCORE would pay Bill.com.

A motion was made to approve Gilbert's use of Bill.com for accountant payable.

MOTION: John Duckett

SECOND: Wes Heathcock

**MOTION CARRIED
UNANIMOUSLY**

Absent: Carroll



J. JPA BUSINESS

J.1. Creation of Nomination Committee for Election of SCORE Officer Positions

Marcus Beverly noted that every position is up for re-election this year and noted that at least one position will not be returning as a result of upcoming retirements. The Nomination Committee will present their nominations to the Board at the June meeting.

Nomination Committee Members: John Duckett, Robert Meacher

J.2. SCORE Workers' Compensation Claims Audit

Marcus Beverly noted that every other year we have an audit of WC program (and Liability on the other year) and presented the Workers' Compensation Claims Audit. Overall performance meets or exceeds standards and he mentioned that reserves are accurate, benefits are calculated correctly and timely, but the auditor noted under quality of investigation that there was a lack of documentation as to the rationale of the reserves set (no calculation included in notes). Dori Zumwalt provided a verbal York rebuttal to the Audit and noted that reserve information is well documented but not on the reports that are provided to members.

A motion was made to accept and file the Farley Workers' Compensation Claims Audit.

MOTION: Roger Frith

**SECOND: Muriel Howarth
Terrell**

**MOTION CARRIED
UNANIMOUSLY**

Absent: Carroll

J.3. Loss Control Grant Fund Program

Marcus Beverly noted that this is a program that we have been funding this program with \$50,000 from the Liability program and \$50,000 from the Workers' Compensation Program and the Board reviews this annually to determine if they would like to fund the program for another year. It was mentioned that members often stack a couple years of funding together to help complete a large project. Members were encouraged to use the money to help with ADA transition plans, sidewalk repair and/or anything that can help to reduce exposure to losses.

A motion was made to approve the Loss Control Grant Funds for FY 18/19.

MOTION: Robert Meacher

SECOND: Jenny Coelho

**MOTION CARRIED
UNANIMOUSLY**

Absent: Carroll

J.4.a. FY 18/19 Funding Rates – Liability

Marcus Beverly noted the Liability Program funding rates decreased from the prior year—the current combine rate at the 70% Confidence Level (CL) is \$3.12 a decrease from the prior year's rate of \$3.49. As a result of the rates decreasing the Program Administration recommended increasing the CL from 70% to 75% in the Liability Program for FY 18/19. Marcus Beverly reviewed the formula for the



preliminary funding and noted that SCORE will not be receiving a CJPRMA refund this year. He also reviewed the Experience Modification (ExMod) formula and noted that if your ExMod is above one you will traditionally pay more, conversely an ExMod less than one you will traditionally pay less. There was a discussion of the variables included in the formula and what Confidence Level the Board would prefer – after discussion it was determined increasing to a 75% CL may not be feasible at this time given that SCORE is well funded and members may be seeing increasing CalPERS.

A motion was made to accept the 70% Confidence Level Liability Program Funding Rates as presented in the agenda – Banking Layer Rate \$1.25 and Shared Layer Rate \$1.87.

MOTION: Debi Savage

**SECOND: Muriel Howarth
Terrell**

**MOTION CARRIED
UNANIMOUSLY**

Absent: Carroll

J.4.b. FY 18/19 Funding Rates – Workers’ Compensation

Marcus Beverly presented the Board with the funding rates and noted that the Mini-Cities composition changed since last year (treated as one member) and is based on the actuary report presented this morning. Members were reminded that the Administrative Funding has changed from last year—previously Administrative Funding FY 17/18 was 30% fixed and 70% based on payroll and for FY 18/19 this will be 40% fixed and 60% based on payroll.

A motion was made to accept the 75% CL rates Workers’ Compensation Program Funding Rates as set by the actuary – Banking Layer Rate \$1.66 and Shared Layer Rate \$4.20.

MOTION: Roger Frith

SECOND: Jenny Coelho

**MOTION CARRIED
UNANIMOUSLY**

Absent: Carroll, LeBlanc

J.5. FY 18/19 SCORE Preliminary Budget

Marcus Beverly presented the Board with the Preliminary Administrative Budget and mentioned that is presented for information purposes only to help with members setting their preliminary budgets. It was noted that some numbers were presented in red text as the numbers have not been finalized. There are no ExMods in the Property Program but it was noted that loss experience has been factored into this Property Budget calculations. The Program Administration also noted that we will be seeking a few deductible options to review at the next Board meeting to help members keep their costs down.

J.6. SCORE Training Day

It was mentioned that the Board will need to revisit the DAP formula given the changes to the Mini-Cities composition in FY 17/18. Topics related to Labor Relations and changes in Employment Practices is helpful.



I. CLOSED SESSION PURSUANT TO GOVERNMENT CODE 54956.95

At 2:25 P.M, pursuant to Government code section 54956.95, the Board held a closed session to discuss the following claims for payment of tort liability loss or public liability loss.

- 1. Workers' Compensation**
 - a. SCWA-556013 v. Susanville*

K. REPORT FROM CLOSED SESSION

The Board returned from closed session at 2:30 P.M. Mr. Baker reported that the above closed session items were discussed and appropriate direction was given to Staff and the Claims Administrator.

M. INFORMATION ITEMS

M1. FY 17/18 Resource Contact Guide

This was provided as an information item only.

M2. Glossary of Terms

This was provided as an information item only.

M3. SCORE Travel Reimbursement Form

This was provided as an information item only.

N. TOWN HALL OPEN DISCUSSION ON MEMBER ISSUES

There were no discussion items.

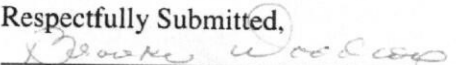
O. CLOSING COMMENTS


There were no closing comments.

P. AJOURNMENT

The meeting was adjourned at 2:31 P.M.

NEXT MEETING DATE: June 15, 2018 in Anderson, CA

Respectfully Submitted,

 Brooke Woodcox, Secretary
 8/20/18
 Date


 Steve Baker, President
 8/23/18
 Date