

President
Mr. Roger Carroll
Town of Loomis
6140 Horseshoe Bar Road, Suite K
Loomis, CA 95650
TEL: (916) 652-1840
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Secretary
Ms. Debra Magginetti
City of Susanville
66 North Lassen Street
Susanville, CA 96130
TEL: (530) 252-5103
FAX: (530) 252-1020

SCORE

Small Cities Organized Risk Effort Board of Directors Meeting

Vice President
Mr. Kelley McKinnis
City of Weed
550 Main Street
P.O. Box 470
Weed, CA 96094
TEL: (530) 938-5027
FAX: (530) 938-5096

Treasurer
Ms. Linda Romaine
Town of Fort Jones
11960 East Street
P.O. Box 40
Fort Jones, CA 96032
TEL: (530) 468-2281

Location: **Granlibakken Conference Center**
725 Granlibakken Road
Tahoe City, CA 96145

Date/Time: **October 28, 2011 9:00 a.m. – 12:00 p.m.**

A Action
I Information

1 Attached
2 Hand Out
3 Separate Cover
4 Verbal
5 Previously Mailed

In accordance with the requirements of the Brown Act, notice of this meeting must be posted in publically accessible places, 72 hours in advance of the meeting, in each of the member agencies involved. 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.

Per Government Code 54954.2, persons requesting disability related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact Johnny Yang at Alliant Insurance at (916) 643-2712 24 hours in advance of the meeting.

- PAGE* **A. Call to Order** **A 1**
- B. Roll Call**
- C. Approval of the Agenda** **A 1**
- D. Public Comment**
This time is reserved for members of the public to address the Board of Directors on matters of SCORE 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 any item to be considered separately.
- pg. 2* 1. Board of Directors Meeting Minutes – August 26, 2011
- pg. 9* 2. Local Agency Investment Fund (LAIF) Monthly Statement of Investments – June & September 2011
- pg. 11* 3. Union Bank Account Statement – July, August & September 2011
- pg. 47* 4. Investment Statements from Chandler Asset Management: August & September 2011
- a. Account 590
- i. Portfolio Summaries
- ii. Holdings Report – Most Recent
- iii. Compliance Report
- iv. Transaction Reports

F. FINANCIAL REPORTS

- | | | | |
|---------|---|---|-----|
| pg. 63 | 1. SCORE's Quarterly Financials - June 30, 2011 and September 30, 2011
<i>Members will review the quarterly financials and take action to Accept and File or give direction.</i> | A | 1&2 |
| pg. 68 | 2. Target Equity Analysis as of June 30, 2011
<i>Members will receive a presentation from Staff reviewing the Target Equity Analysis as of 6/30/11.</i> | I | 2 |
| pg. 77 | 3. Approval of Workers' Compensation Revised Retrospective Distribution Calculation
<i>Members will receive and review and approve the revised retrospective distribution calculations.</i> | A | 1 |
| pg. 98 | 4. Declaration of Workers' Compensation Retrospective Distribution
<i>Members will review and approve the Workers' Compensation retrospective distribution.</i> | A | 1 |
| pg. 99 | 5. Approval of General Liability Revised Retrospective Distribution Calculation
<i>Members will receive and review and approve the revised retrospective distribution calculations.</i> | A | 1 |
| pg. 119 | 6. Declaration General Liability Revised Retrospective Distribution
<i>Members will approve the General Liability retrospective distribution.</i> | A | 2 |
| | 7. Financial Audit Update
<i>Staff will provide the Members with update on the status of the FYE 2011 audit. - VERBAL</i> | I | 4 |
| pg. 120 | 8. City of Tulelake Premium Payment Plan Update
<i>Members will be updated on the status of premium payments from the City of Tulelake and take action if necessary to send notice of termination from SCORE.</i> | A | 1 |
| pg. 121 | 9. Approval of Resolution regarding York signatures on Bank Signature Cards
<i>Members will be asked to approve a resolution for new signature cards at Scott Valley Bank for York to sign checks from the SCORE Trust account to pay claims.</i> | A | 1 |

G. ADMINISTRATIVE REPORTS

- | | | | |
|----|---|---|---|
| 1. | President's Report
<i>Mr. Roger Carroll will address the Board on items pertaining to SCORE. - VERBAL</i> | I | 4 |
| 2. | Alliant Update
<i>Staff will update the Board on Alliant matters pertinent to SCORE. - VERBAL</i> | I | 4 |

3. **California Association of Joint Powers Authorities (CAJPA) Reaccreditation Update** I 4
Staff will update the Board regarding the status of the CAJPA Reaccreditation - VERBAL

4. **California Joint Powers Risk Management Authority (CJPRMA) Update** I 4
Mr. Roger Carroll will update the Board regarding the Strategic Planning Session CJPRMA just held and other matters. VERBAL

H. JPA BUSINESS

- pg. 123 1. **City of Crescent City Distribution Request** A 1
Members will review, discuss and decide if they will grant City of Crescent City's request for distribution from the retrospective rating calculation.

- pg. 137 2. **Liability Claims Audit Request for Proposal** A 1
Members will take action as respects if SCORE should issue a Request for Proposal (RFP) for a claims auditor or contract with the prior claims auditor. The last claims audit was done in March 2010 by RMS.

- pg. 186 3. **Workers' Compensation Audit Request for Proposal** A 1
Members will take action as respects if SCORE should issue a Request for Proposal (RFP) for a claims auditor or contract with the prior claims auditor. The last claims audit was done in March 2010 by Nicholas Cali.

I. SAFETY AND RISK MANAGEMENT

- pg. 197 1. **TargetSolutions Usage** I 1
Staff will provide the Board with a summary of the usage by member of the online training services provided by Target Safety.

- pg. 209 2. **Insurance Requirements in Contracts** I 2
Members will receive a presentation from staff on Insurance Requirements in Contracts (IRIC) as respects transferring risk and reducing risk to the members.

- pg. 210 3. **Lexipol Fire Policy Manual** I 4
Mr. Jack Kastorff, York Risk Insurance Services, Inc., will provide the Members with an overview of this new manual for Firefighters for future consideration. VERBAL

J. INFORMATION ITEMS

1. Public Agency Risk Managers Association Conference – I 1
February 14-17, 2012 in Monterey
2. SCORE Resource Guide I 1

K. CLOSING COMMENTS

ADJOURNMENT

NEXT MEETING

January 27, 2012

Gaia Hotel

Anderson, CA

CONSENT CALENDAR

ACTION ITEM

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

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

FISCAL IMPACT: None

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

ATTACHMENT:

1. Board of Directors Meeting Minutes – August 26, 2011
2. Local Agency Investment Fund (LAIF) Monthly Statement of Investments – June 30, 2011 & September 31, 2011
3. Union Bank Account Statement – July, August, September 2011
4. Investment Statements from Chandler Asset Management: August & September 2011
 - a. Account 590
 - i. Portfolio Summaries
 - ii. Holdings Report – Most Recent
 - iii. Compliance Report
 - iv. Transaction Reports

**Small Cities Organized Risk Effort (SCORE)
Board of Directors Meeting Minutes
August 26, 2011**

Member Cities Present

Pete Carr, City of Biggs
Brenda Bains, City of Dunsmuir
Pamela Russell, City of Etna
Linda Romaine, Town of Fort Jones
Satwant Takhar, City of Live Oak
Roger Carroll, Town of Loomis
Kathy LeBlanc, City of Loyalton

Janie Sprague, City of Montague
Susan Scarlett, City of Portola
Stephanie Beauchaine, City of Rio Dell
John Duckett, City of Shasta Lake
Kelly McKinnis, City of Weed
Steve Baker, City of Yreka

Member Cities Absent

City of Colfax	City of Mount Shasta
City of Dorris	City of Susanville
City of Isleton	City of Tulelake

Consultants & Guests

Susan Adams, Alliant Insurance Services
Michael Simmons, Alliant Insurance Services
Johnny Yang, Alliant Insurance Services
Tom Baber, York Insurance
Jack Kastorff, York Insurance
Bonnie Markuson, York Insurance
Craig Wheaton, York Insurance

Leslie Cunningham, York Insurance
Cameron Dewey, York Insurance
Kevin Wong, Gilbert & Associates
Tracey Smith-Reed, Gilbert & Associates
Ken McDonald, City of Crescent City
Earl Wilson, City of Weed
Crickett Strock, Town of Loomis

A. CALL TO ORDER

Mr. Roger Carroll called the meeting to order at 9:05 a.m.

B. ROLL CALL

The above mentioned members were present constituting a quorum. Cities absent were City of Colfax, City of Dorris, City of Isleton, City of Mount Shasta, City of Susanville, and City of Tulelake.

C. APPROVAL OF THE AGENDA

A motion was made to approve the Agenda as posted.

MOTION: Ted Marconi

SECOND: Kelly McKinnis

MOTION CARRIED

D. PUBLIC COMMENT

There were no public comments.

E. CONSENT CALENDAR

1. Board of Directors Meeting Minutes – June 24, 2011
2. Local Agency Investment Fund (LAIF) Quarter ending 06/30/11
3. Union Bank Account Statement – June & July 2011
4. Investment Statements from Chandler Asset Management: March, April & May 2011
 - a. Account 590
 - i. Portfolio Summaries
 - ii. Holdings Report – Most Recent
 - iii. Compliance Report
 - iv. Transaction Reports
5. SCORE Checking Account Transaction Security
6. York Risk Insurance Services Claims Bill Review – 5/1/11
7. SCORE Service Calendar

Corrections were made to the Board of Directors Meeting Minutes as follows:

Mr. Christopher Liles, City of Etna did not attend but instead Mr. David Stein was present for the City of Etna. City of Colfax was also not present at the meeting. Mr. Ken McDonald did attend the meeting.

A motion was made to approve the Consent Calendar with the changes listed above to the BOD Meeting Minutes of March 24, 2011.

MOTION: Linda Romaine

SECOND: Kathy LeBlanc

MOTION CARRIED

F. JPA BUSINESS

F1. City of Tulelake Payment of Premium

Mr. Roger Carroll reported that the City of Tulelake has currently paid \$25,000 of the \$39,721 towards their annual premium.

There was discussion on the possibility of cancelling their membership to SCORE. Mr. Michael Simmons advised the Board of the cancellation notices SCORE is bound to adhere to.

Ms. Susan Adams advised that the City of Tulelake has told Staff they will be able to make a payment in September and in October.

A motion was made to approve the City of Tulelake's Payment Plan request.

MOTION: Pamela Russell **SECOND:** Stephanie Beauchaine **MOTION CARRIED**

A motion was made to put the City of Tulelake on Notice for Termination if payment is not received in full by the next Board of Directors Meeting on October 28th, 2011.

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

F2. York Risk Insurance Services – Closing of Redding Workers’ Compensation Office

Mr. Marcus Beverly addressed the Board regarding the closing the York’s Redding Workers’ Compensation Office explaining that the claims will be transferred to the Roseville Office. Mr. Cameron Dewey will still manage the general liability claims, with Mr. Craig Wheaton as the Unit Manager. Ms. Leslie Cunningham will continue to be the Unit Manager for Workers’ Compensation claims, with Indemnity claims to be managed by Ms. Jodi Fink, a Senior Claims Examiner. Future Medical claims will be managed by Ms. Sara Marshall. Members were provided with a summary of each of their qualifications. Files are scheduled to be transferred from Bonnie Markuson to Jodi or Sara on September 12, 2011. Bonnie has agrees to work through the end of October to assist with the transition.

F3. Appointment of ERMA Alternate Representative

Susan Adams asked the Board for a volunteer to be appointed the ERMA Alternate Representative for the ERMA Board of Directors on behalf a SCORE. ERMA will reimburse one Board member from SCORE to attend the Quarterly Board Meetings. Stephanie Beauchaine volunteered to be appointed an Alternate Representative for the ERMA Board of Directors.

A motion was made to appoint Stephanie Beauchaine, City of Rio Dell, as an ERMA Alternate Representative.

MOTION: Kelly McKinnis **SECOND:** Pamela Russell **MOTION CARRIED**

G. FINANCIAL

G1. Approval of Workers’ Compensation Retrospective Adjustment Calculation

Michael Simmons explained the Retroactive Adjustment Calculations asking members to keep in mind that upon the forming SCORE there were no estimates as to what types of claims were expected to occur and so members funded conservatively. Due to conservative funding the organization’s Retained Earnings or Net Assets were higher than the ratios necessary to retain the on-going organization upon which extra money is available to be returned to members.

Michael expressed a couple items to be considered in the Adjustment Calculations: (1) Staff recommends not returning a large portion of the available funding as there are always threats of potentially severe losses in the future; (2) Having additional funding will help retain consistent premiums in the event of large loss trends.

Michael advised the board of a few decisions made at the October, 2010 Long Range Planning Meeting.

1. Funding rates were reduced to 70% confidence level from (85%).
2. SCORE developed an Equity Distribution Plan – in addition to annual retrospective rating plan distribution:
 - a. Return \$500,000 from Workers' Compensation Program
 - b. Return \$500,000 from Liability Program
 - c. Amend Master Plan Documents to document minimum equity threshold:
 - i. WC – 5 times SIR of \$250,000 = \$1,250,000. The reason we decided to use \$250,000 as the SIR is that at some time in the near future, our excess carrier will most likely as us to increase our current SIR from \$150,000 to \$250,000.
 - ii. Liability – 5 times SIR of \$500,000 = \$2,500,000

Michael noted that the Equity Distribution Plan continues until SCORE reaches the minimum equity thresholds, which replaces the “Shock Loss” Funds for WC at \$500,000 and Liability at \$1,500,000 previously established and stated in prior Financial Audits as a Liability.

Michael stated that based on the action at prior meetings, policy & procedures established as well as the retrospective calculations; \$3,436,637 is available for release.

With respects to the Workers' Compensation program, the Total Net Assets are currently at \$4.7 million which includes the prior years' dividend.

Michael advised that Staff is working to apply the retrospective plans to SCORE's financial audit, noting that with this new procedure the banking layer would be available to return \$1.8 million and \$2.8 million for the shared risk layer totaling \$4.6 million. Michael explained that the reason for this significant increase is due to the usage of all revenues in the program and in tying the retrospective plan to the financial audit a calculated rebalance increased the available balance by \$183,342 leaving a total available balance of \$4,783,483.

In the prior year members voted to disburse 50% of the available funds but staff recommends that the retrospective plan refund should be disbursed at 25% of the available refunds totaling \$1,195,871.

Michael then talked about the equity distribution of \$500,000 also available for refund to members in addition to the retrospective distribution, which are also tied to the retrospective calculations.

In reviewing the WC Distribution Analysis shows remaining assets of \$1.8 million at 25% and \$640,741 at 50%.

With respects to the Liability program, the Total Net Assets are currently at \$4.6 million which also includes the prior year's dividend. Michael noted that the Liability program has sustained higher losses due to the greater variability of liability than the Workers' Compensation program

reminding members that so long as the banking layer plan stays solvent then money can be applied to the shared risk plan.

Also in the prior year members voted to disburse 50% of the available funds but again staff recommends that the retrospective plan refund should be disbursed at 25% of the available refunds totaling \$1,240,766. Michael noted the equity distribution of \$500,000 is also available for the Liability program.

In reviewing the Liability Distribution Analysis shows remaining assets of \$370,162 at 25% and in the negative at 50% noting the Shock Loss funding of \$1,500,000 for the Liability program.

Michael explained the goals to determining the Equity Distribution plan are to create rate stability. Staff recommends to the Board to not distribute the available funds in the Equity Distribution as the retrospective calculations at 25% already include an additional \$800,000 from prior years. The reason for this suggestion are that staff believes the retrospective calculations are adequate to meet members' municipal goals and properly matches the goal of stability.

There was discussion on how members would request their available funds. Susan suggested a letter to each city, stating the amount available and the options available for their selections. Members agreed to this suggestion and staff will provide the letters upon the final calculations.

A motion was made to approve the Workers' Compensation Retrospective Adjustment Calculations.

MOTION: Kelly McKinnis **SECOND:** Brenda Bains **MOTION CARRIED**

G2. Declaration of Workers' Compensation Retrospective Adjustment

A motion was made to declare a Workers' Compensation Retrospective Adjustment at the 25% Confidence level.

MOTION: Kelly McKinnis **SECOND:** Kathy LeBlanc **MOTION CARRIED**

G3. Approval of Liability Retrospective Adjustment Calculation

A motion was made to approve the Liability Retrospective Adjustment Calculation.

MOTION: John Duckett **SECOND:** Kelly McKinnis **MOTION CARRIED**

G4. Declaration of Liability Retrospective Adjustment

A motion was made to declare a liability Retrospective Adjustment at the 25% Confidence level.

MOTION: Pamela Russell **SECOND:** Kelly McKinnis **MOTION CARRIED**

G5. Approval of SCORE Equity Distribution and Rate Stabilization Plan Calculations

There were no motions made to approve the SCORE Equity Distribution and Rate Stabilization Plan Calculations.

G6. Declaration of Equity Distribution

There were no motions made to declare an Equity Distribution for the 2010/2011 program year.

G7. City of Crescent City Letter of August 10, 2011 requesting Distributions from Retro and Equity Disbursements

Susan advised the Mr. Ken McDonald from the City of Crescent City has sent in a letter to request the early release of distributions from Retrospective calculations and Equity disbursements.

There was discussion on the liabilities presumed by SCORE for approving the Retrospective Calculations. A finance committee will be appointed to review the possibilities regarding Crescent City's distribution.

Action was suspended and be brought back to the upcoming meeting on October 28, 2011 upon further consideration of the Board.

H. GENERAL BUSINESS

H1. SCORE Training Day and Board Meeting – October 27 – 28, 2011 – Granlibakken Conference Center

Susan reminded the Board Members who is attending the Training Day and Board Meeting on October 27 – 28, 2011 to call the Granlibakken and reserve their rooms. Rooms are guaranteed at the government rate as SCORE will pay the difference accordingly.

H2. CAJPA Conference – September 7 – 9, 2011 – So. Lake Tahoe

H3. PARMA Conference – February 14 – 17, 2012 – Monterey, CA

Members are encouraged to attend the CAJPA and PARMA Conferences reminding members that SCORE sets aside \$1,000 for Safety and Risk Management Conferences per city.

I. CLOSED SESSION

At 11:46 a.m., pursuant to Government code section 54956.95, the Board held a closed session to discuss the following claims for payment of tort liability loss or public liability loss.

1. Workers' Compensation

- a. Mt. Shasta 2011115161
- b. City of Portola 2011112213

- c. City of Crescent City 2011118748
- d. City of Crescent City 2010101505 **
- e. City of Crescent City 2008081211 **
- f. City of Portola James Murphy

2. Liability

- a. 200808767 v. City of Mt. Shasta
- b. 2011113693 v. City of Susanville
- c. 2011118215 v. City of Weed

J. REPORT FROM CLOSED SESSION

The Board returned from closed session at 12:00 p.m. Mr. Carroll reported that the above closed session items were discussed and appropriate direction was given to Staff.

K. CLOSING COMMENTS

There were no closing comments.

AJOURNMENT

The meeting was adjourned at 11:59 a.m.

NEXT MEETING DATE: Friday, October 28, 2011

Respectfully Submitted,

Debra Magginetti, Secretary

Date



JOHN CHIANG

California State Controller

**LOCAL AGENCY INVESTMENT FUND
REMITTANCE ADVICE**

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

As of 07/15/2011, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 06/30/2011.

Earnings Ratio		.00001304422399226
Interest Rate		0.48%
Dollar Day Total	\$	225,625,099.56
Quarter End Principal Balance	\$	2,479,873.40
Quarterly Interest Earned	\$	2,943.10



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 10/14/2011, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 09/30/2011.

Earnings Ratio		.00001042339247730
Interest Rate		0.38%
Dollar Day Total	\$	228,377,914.60
Quarter End Principal Balance	\$	2,482,816.50
Quarterly Interest Earned	\$	2,380.47



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

MB 02 002301 28247 H 12 A

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



Account Statement

Statement Period

July 1, 2011 through July 31, 2011

Account Number

6736301210

Account Name

SMALL CITIES ORGANIZED RISK EFFORT

Relationship Manager

CARMEN CONIENDO

415-705-7207

Online Access

unionbank.com/trustandcustody

Investment Manager
 CHANDLER LIQUID ASSET MGMT

Contents

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

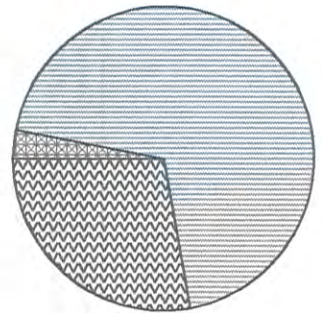
Overview of Total Account Value

Closing Value on 12/31/2010	\$10,196,231.23
Opening Value on 07/01/2011	\$10,336,801.47
Closing Value on 07/31/2011	\$10,384,712.15
Net Change For Period	\$47,910.68

Overview of Account by Investment Category

Your Current Portfolio Mix

% of Total Account	Market Value	Description	Total Account Value
3.11%	322,704.35	Cash & Cash Equivalents	\$10,384,712.15
68.98%	7,163,159.10	Government Obligations	
27.91%	2,898,848.70	Corporate Obligations	
100.00%			\$10,384,712.15





Account Number
6736301210

Account Name
SCORE

Account Statement

Statement Period

July 1, 2011 through July 31, 2011

Principal Portfolio Summary

Description	Market Value	Percentage of Portfolio	Current Yield
Cash & Cash Equivalents	322,704.35	3.11%	0.00%
Government Obligations	7,163,159.10	68.98%	2.77%
Corporate Obligations	2,898,848.70	27.91%	2.86%
Total Principal Portfolio	\$10,384,712.15	100.00%	2.71%

Unrealized Gain/Loss Summary

Description	Cost Basis	Market Value	Gain/Loss
Cash & Cash Equivalents	322,704.35	322,704.35	0.00
Government Obligations	7,014,646.55	7,163,159.10	148,512.55
Corporate Obligations	2,841,402.23	2,898,848.70	57,446.47
Total Gain/Loss	\$10,178,753.13	\$10,384,712.15	\$205,959.02

Cash Transactions Summary

Receipts	Principal Cash
Dividend	0.07
Interest	11,060.76
Maturities/Redemptions	175,000.00
Other Receipts	875.00
Total Receipts	\$186,943.83
Disbursements	
Payments to/for Beneficiaries	(1,040.00)
Fees	(875.00)
Total Disbursements	(\$1,915.00)

Cash Transactions Summary (continued)

Other Transactions	Principal Cash
Net Cash Management	(185,028.83)
Total Other Transactions	(\$185,028.83)
Total Net Transactions	\$0.00



Account Number
6736301210

Account Name
SCORE

Account Statement

Statement Period

July 1, 2011 through July 31, 2011

Asset Detail - Principal Portfolio

Cash & Cash Equivalents

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
HighMark Money Market Funds								
HIGHMARK MONEY MARKET 100% U S TREASURY FD FIDUCIARY SH ***CASH MANAGEMENT SWEEP	431114503S	322,704.350	322,704.35	322,704.35	1.0000 07/29/2011	3.11%	0.00%	8.09

Total Cash & Cash Equivalents

\$322,704.35 \$322,704.35 3.11% 0.00% \$8.09

Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
US Treasury								
UNITED STATES TREAS NTS 4.6250% 2/29/2012	912828GK0	155,000.000	163,549.80	158,941.65	102.5430 07/29/2011	1.53%	4.51%	7,168.75
UNITED STATES TREAS NTS 4.2500% 9/30/2012	912828HE3	120,000.000	120,253.13	125,498.40	104.5820 07/29/2011	1.21%	4.06%	5,100.00
UNITED STATES TREAS NTS 3.8750% 10/31/2012	912828HG8	350,000.000	357,396.48	365,641.50	104.4690 07/29/2011	3.52%	3.71%	13,562.50
UNITED STATES TREAS NTS 3.3750% 11/30/2012	912828HK9	365,000.000	367,036.33	379,913.90	104.0860 07/29/2011	3.65%	3.24%	12,318.75
UNITED STATES TREAS NTS 2.5000% 3/31/2013	912828HV5	125,000.000	128,154.72	129,497.50	103.5980 07/29/2011	1.25%	2.41%	3,125.00
UNITED STATES TREAS NTS 2.7500% 10/31/2013	912828J04	125,000.000	129,633.79	131,582.50	105.2660 07/29/2011	1.27%	2.61%	3,437.50
UNITED STATES TREAS NTS 1.7500% 7/31/2015	912828NP1	225,000.000	223,067.16	232,173.00	103.1880 07/29/2011	2.24%	1.70%	3,937.50



Account Number
6736301210

Account Name
SCORE

Account Statement

Statement Period

July 1, 2011 through July 31, 2011

Asset Detail - Principal Portfolio (continued)

Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
US Treasury								
UNITED STATES TREAS NTS 1.3750% 11/30/2015	912828PJ3	250,000.000	249,024.28	253,067.50	101.2270 07/29/2011	2.44%	1.36%	3,437.50
Federal Govt Agency								
TENNESSEE VALLEY AUTH 6.7900% 5/23/2012	880591DT6	215,000.000	234,715.95	226,182.15	105.2010 07/29/2011	2.18%	6.45%	14,598.50
FEDERAL HOME LOAN BANK BONDS DTD 06/18/2010 0.875% 08/22/2012	3133XYWB7	55,000.000	55,184.25	55,297.55	100.5410 07/29/2011	0.53%	0.87%	481.25
FEDERAL HOME LOAN BANKS 3.6250% 5/29/2013	3133X0U34	200,000.000	197,247.00	211,582.00	105.7910 07/29/2011	2.04%	3.43%	7,250.00
FEDERAL HOME LN BKS 3.8750% 6/14/2013	31339X2M5	200,000.000	200,403.10	212,744.00	106.3720 07/29/2011	2.05%	3.64%	7,750.00
FEDERAL NATL MTG ASSN 3.8750% 7/12/2013	313398ASD5	40,000.000	40,384.56	42,668.40	106.6710 07/29/2011	0.41%	3.63%	1,550.00
FEDERAL HOME LN MTG CORP 4.5000% 7/15/2013	3134A4T27	25,000.000	25,878.25	26,972.75	107.8910 07/29/2011	0.26%	4.17%	1,125.00
TENNESSEE VALLEY AUTH 4.7500% 8/1/2013	880591DW9	230,000.000	242,426.00	249,067.00	108.2900 07/29/2011	2.40%	4.39%	10,925.00
FEDERAL FARM CR BKS 0.9800% 9/23/2013	31331KET3	115,000.000	114,683.05	115,938.20	100.8680 07/29/2011	1.12%	0.97%	1,127.00
FEDERAL NATL MTGE ASSN NOTES 1.200% 09/27/2013	31398A4A7	205,000.000	205,000.00	205,225.50	100.1100 07/29/2011	1.88%	1.20%	2,460.00
FEDERAL HOME LOAN BANKS 3.6250% 10/18/2013	3133XSAE8	250,000.000	258,142.75	266,750.00	106.7000 07/29/2011	2.57%	3.40%	9,062.50



Account Number
6736301210

Account Name
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July 1, 2011 through July 31, 2011

Asset Detail - Principal Portfolio (continued)

Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
Federal Govt Agency								
FEDERAL HOME LOAN MTGE CORP NOTES 1.400% 11/18/2013	3134G1PP3	110,000,000	110,456.50	110,046.20	100.0420 07/29/2011	1.06%	1.40%	1,540.00
FEDERAL NATL MTG ASSN DTD 12/11/2008 2.875% 12/11/2013	31398AUJ9	100,000,000	101,696.10	105,305.00	105.3050 07/29/2011	1.01%	2.73%	2,875.00
FEDERAL HOME LOAN MTG CORP NOTES DTD 01/08/2009 2.50% 01/07/2014	3137EABX6	35,000,000	34,625.96	36,579.55	104.5130 07/29/2011	0.95%	2.39%	875.00
FEDERAL NATL MTG ASSN NTS DTD 03/13/2009 2.750% 03/13/2014	31398AVZ2	95,000,000	96,665.83	100,079.65	105.3470 07/29/2011	0.96%	2.61%	2,612.50
FEDERAL FARM CR BKS GLOBAL BDS DTD 04/17/2009 2.625% 04/17/2014	31331GTJ8	205,000,000	216,410.30	215,174.15	104.9630 07/29/2011	2.07%	2.50%	5,381.25
FEDL HOME LOAN MTG CORP NOTES DTD 04/24/2009 2.50% 04/23/2014	3137EACB3	150,000,000	155,568.75	157,155.00	104.7700 07/29/2011	1.51%	2.39%	3,750.00
FEDERAL FARM CREDIT BANK BONDS 1.620% 04/25/2014	31331KHFO	205,000,000	204,979.50	206,478.05	100.7210 07/29/2011	1.99%	1.61%	3,321.00
FEDERAL NATL MTG ASSN NOTES DTD 05/15/2009 2.500% 05/15/2014	31398AXJ6	300,000,000	301,178.80	314,097.00	104.6990 07/29/2011	3.01%	2.39%	7,500.00
FEDERAL FARM CR BKS CONS 1.9000% 6/2/2014	31331J0A4	260,000,000	259,368.20	267,956.00	103.0600 07/29/2011	2.58%	1.84%	4,940.00
FEDERAL HOME LN BKS 5.2500% 6/18/2014	3133X7FK5	100,000,000	111,171.90	112,911.00	112.9110 07/29/2011	1.09%	4.65%	5,250.00
FEDERAL FARM CREDIT BANK BONDS 3.000% 09/22/2014	31331GL80	245,000,000	250,663.60	260,841.70	106.4660 07/29/2011	2.51%	2.82%	7,350.00





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July 1, 2011 through July 31, 2011

Asset Detail - Principal Portfolio (continued)

Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Date Priced	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
Federal Govt Agency									
FEDERAL HOME LN MTG CORP 2.0000% 1/13/2015	3134G2DN9	265,000,000	264,523.00	266,746.35	100.6590	07/29/2011	2.57%	1.99%	5,300.00
FEDERAL HOME LOAN MTG CORP NOTES DTD 01/07/2010 2.875% 02/09/2015	3137EACH0	250,000,000	256,160.83	265,612.50	106.2450	07/29/2011	2.56%	2.71%	7,187.50
FEDERAL HOME LN BKS 2.8750% 6/12/2015	3133XWNB1	265,000,000	279,807.14	281,983.85	106.4090	07/29/2011	2.72%	2.70%	7,618.75
FEDERAL NATL MTG ASSN 2.3750% 7/28/2015	31398AU34	275,000,000	283,288.50	287,677.50	104.6100	07/29/2011	2.77%	2.27%	6,531.25
FEDERAL NATL MTG ASSN 1.8500% 9/9/2015	3136FPEQ6	105,000,000	104,816.25	105,181.65	100.1730	07/29/2011	1.01%	1.85%	1,942.50
FEDERAL FARM CR BKS 2.3500% 12/22/2015	31331J6C2	120,000,000	120,434.40	124,516.80	103.7640	07/29/2011	1.20%	2.26%	2,820.00
FEDERAL NATL MTG ASSN 2.3750% 4/11/2016	3135G0BA0	275,000,000	282,544.63	285,161.25	103.6950	07/29/2011	2.75%	2.29%	6,531.25
FEDERAL HOME LN MTG CORP 2.5000% 5/27/2016	3137EACT4	260,000,000	268,105.76	270,852.40	104.1740	07/29/2011	2.61%	2.40%	6,500.00
Total Government Obligations			\$7,014,646.55	\$7,163,159.10			68.98%	2.77%	\$198,242.75



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Asset Detail - Principal Portfolio (continued)

Corporate Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
Corporate Bonds								
US BANCORP DTD 03/13/2009 2.250% 03/13/2012	91160HAA5	160,000,000	159,980.80	162,012.80	101.2580 07/29/2011	1.56%	2.22%	3,600.00
BANK OF AMERICA FDIC GTD TLG 3.1250% 6/15/2012	06050BAA9	60,000,000	62,176.80	61,472.40	102.4540 07/29/2011	0.59%	3.05%	1,875.00
GOLDMAN SACHS GP INC FDIC TL 3.2500% 6/15/2012	38146FAA9	280,000,000	284,814.50	287,106.40	102.5380 07/29/2011	2.76%	3.17%	9,100.00
WELLS FARGO & COMPANY DTD 03/30/2009 2.1250% 06/15/2012	94974AAC0	290,000,000	290,859.44	294,526.90	101.5610 07/29/2011	2.84%	2.09%	6,162.50
PNC FUNDING CORP NOTES DTD 12/22/2008 2.300% 06/22/2012	69351CAC7	290,000,000	294,515.30	295,263.50	101.8150 07/29/2011	2.84%	2.26%	6,670.00
JPMORGAN CHASE & CO DTD 04/06/2009 2.1250% 12/26/2012	481247AM6	295,000,000	295,914.50	302,147.85	102.4230 07/29/2011	2.91%	2.07%	6,268.75
WAL MART STORES INC 4.2500% 4/15/2013	931142CL5	45,000,000	48,179.25	47,809.80	106.2440 07/29/2011	0.46%	4.00%	1,912.50
XTO ENERGY INC 4.9000% 2/1/2014	98385XAD8	100,000,000	109,638.00	109,975.00	109.9750 07/29/2011	1.06%	4.46%	4,900.00
CHEVRON CORPORATION SR NOTES DTD 03/03/2009 3.95% 03/03/2014	166751AH0	190,000,000	200,126.65	205,559.10	108.1890 07/29/2011	1.98%	3.65%	7,505.00
GENL ELEC CAP CORP NOTES 5.900% 05/13/2014	36962G4C5	180,000,000	194,130.80	201,726.00	112.0700 07/29/2011	1.94%	5.26%	10,620.00
WAL MART STORES INC NOTES DTD 05/21/2009 3.200% 05/15/2014	931142CC4	190,000,000	197,746.80	201,899.70	106.2630 07/29/2011	1.94%	3.01%	6,080.00





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July 1, 2011 through July 31, 2011

Asset Detail - Principal Portfolio (continued)

Corporate Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Date Priced	Price/ of Portfolio	Percentage of Portfolio	Current Yield	Estimated Annual Income
Corporate Bonds									
MICROSOFT CORP NT DTD 05/18/2009 2.950% 06/01/2014	594918AB0	240,000.000	246,233.20	254,952.00	106.2300 07/29/2011	2.46%	2.46%	2.78%	7,080.00
BERKSHIRE HATHAWAY INC 3.200% 02/11/2015	084670AV0	195,000.000	198,471.25	206,413.35	105.8530 07/29/2011	1.99%	1.99%	3.02%	6,240.00
PROCTER & GAMBLE CO DTD 11/18/2010 1.80% 11/15/2015	742718DS5	265,000.000	258,615.14	267,983.90	101.1260 07/29/2011	2.58%	2.58%	1.78%	4,770.00
Total Corporate Obligations			\$2,841,402.23	\$2,898,848.70		27.91%	27.91%	2.86%	\$82,783.75
Total Principal Portfolio			\$10,176,753.13	\$10,384,712.15		100.00%	100.00%	2.71%	\$281,034.59
Total Account Values			\$10,176,753.13	\$10,384,712.15		100.00%	100.00%	2.71%	\$281,034.59



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Statement Period

July 1, 2011 through July 31, 2011

Maturity Summary

	Face Value	Par Value	Cost Basis	Market Value	Percentage of Market Value
2011					
2012		2,635,000.000	2,686,397.28	2,714,005.00	26.97%
2013		1,770,000.000	1,802,265.07	1,855,248.85	18.44%
2014		2,495,000.000	2,578,528.09	2,645,383.90	26.29%
2015		2,215,000.000	2,238,207.95	2,291,356.40	22.77%
2016		535,000.000	550,650.39	556,013.65	5.53%
2017					
2018					
2019					
2020					
Ten-to-Fourteen Years					
Fifteen-to-Nineteen Years					
Twenty Years and Over					
Total	\$0.00	9,650,000.000	\$9,856,048.78	\$10,062,007.80	100.00%

Transaction Detail

Date	Activity Description	CUSIP	Principal Cash	Cost Basis
Beginning Balance			\$0.00	\$10,177,198.33
07/01/11	Dividend CASH RECEIPT OF DIVIDEND EARNED ON HIGHMARK 100% US TREASURY MONEY MKT ONE MONTH YIELD (ANNUALIZED)0%	431114503S	0.07	
07/07/11	Payments to/for Beneficiaries CASH DISBURSEMENT PAID TO CHANDLER ASSET MANAGEMENT INC. PAYMENT PER REQUEST R/T 286 MGMT FEE FOR PERIOD ENDING JUNE 30, 2011 INVOICE #9840		(1,040.00)	
07/07/11	Interest CASH RECEIPT OF INTEREST EARNED ON FHLMC NTS 2.500% 1/07/14 0.0125/\$1 PV ON 35,000 PAR VALUE DUE 7/7/2011	3137EABX6	437.50	



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Transaction Detail (continued)

Date	Activity Description	CUSIP	Principal Cash	Cost Basis
07/12/11	Interest CASH RECEIPT OF INTEREST EARNED ON FNMA NOTES 3.875% 7/12/13 0.019375/\$1 PV ON 40,000 PARVALUE DUE 7/12/2011	31398ASD5	775.00	
07/13/11	Interest CASH RECEIPT OF INTEREST EARNED ON FHLMC NTS 2.000% 1/13/15 0.005/\$1 PV ON 265,000 PARVALUE DUE 7/13/2011	3134G2DN9	1,325.00	
07/15/11	Interest CASH RECEIPT OF INTEREST EARNED ON FHLMC 4.500% 7/15/13 0.0225/\$1 PV ON 25,000 PARVALUE DUE 7/15/2011	3134A4TZ7	562.50	
07/18/11	Maturities/Redemptions MATURED 175,000 PARVALUE OF FFCB BDS 5.375% 7/18/11 LT CAPITAL LOSS OF (\$8,474.03) TRADE DATE 07/18/11 175,000 PARVALUE AT 100 %	31331VJ80	175,000.00	(183,474.03)
07/18/11	Interest CASH RECEIPT OF INTEREST EARNED ON FFCB BDS 5.375% 7/18/11 0.026875/\$1 PV ON 175,000 PARVALUE DUE 7/18/2011	31331VJ80	4,703.13	
07/19/11	Other Receipts CASH RECEIPT PAYMENT OF FEES For Period Ending 20110228		875.00	
07/19/11	Fees UB FEE COLLECTED For Period Ending 20110228		(875.00)	
07/28/11	Interest CASH RECEIPT OF INTEREST EARNED ON FNMA NTS 2.375% 7/28/15 0.011875/\$1 PV ON 275,000 PARVALUE DUE 7/28/2011	31398AU34	3,265.63	



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Statement Period

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Transaction Detail (continued)

Date	Activity Description	CUSIP	Principal Cash	Cost Basis
	Net Cash Management	431114503S	(185,028.83)	185,028.83
	TOTAL ACTIVITY FOR HIGHMARK 100% US TREASURY MONEY MKT FROM 07/01/11 TO 07/31/11			
	Net Activity		\$0.00	\$1,554.80
	Ending Balance		\$0.00	\$10,178,753.13

Realized Gain/Loss Summary

Sale Date	Asset Name	CUSIP	Share	Cost	Proceeds	Gain / Loss Amount
						Short Long
07/18/11	FFCB BDS	31331VJ80	175,000.00	183,474.03	175,000.00	0.00 (8,474.03)
	TOTAL			\$183,474.03	\$175,000.00	\$0.00 (\$8,474.03)
	SUMMARY			DISTRIBUTIONS	REALIZED	TOTAL
	Short Term Capital Gain / Loss			\$0.00	\$0.00	\$0.00
	Long Term Capital Gain / Loss			\$0.00	(\$8,474.03)	(\$8,474.03)

Disclaimer

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





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

MB 02 002182 44854 H 12 A

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



Account Statement

Statement Period

August 1, 2011 through August 31, 2011

Account Number

6736301210

Account Name

SMALL CITIES ORGANIZED RISK EFFORT

Relationship Manager

CARMEN CONIENDO

415-705-7207

Online Access

unionbank.com/trustandcustody

Investment Manager
 CHANDLER LIQUID ASSET MGMT

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Account Summary

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

Overview of Total Account Value

Closing Value on 12/31/2010	\$10,196,231.23
Opening Value on 08/01/2011	\$10,384,712.15
Closing Value on 08/31/2011	\$10,443,210.91
Net Change For Period	\$58,498.76

Overview of Account by Investment Category

Your Current Portfolio Mix



% of Total Account	Market Value	Description
1.48%	154,886.21	Cash & Cash Equivalents
71.50%	7,467,031.80	Government Obligations
27.02%	2,821,292.90	Corporate Obligations
100.00%	\$10,443,210.91	Total Account Value





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Statement Period

August 1, 2011 through August 31, 2011

Principal Portfolio Summary

Description	Market Value	Percentage of Portfolio	Current Yield
Cash & Cash Equivalents	154,886.21	1.48%	0.00%
Government Obligations	7,467,031.80	71.50%	2.71%
Corporate Obligations	2,821,292.90	27.02%	2.87%
Total Principal Portfolio	\$10,443,210.91	100.00%	2.71%

Unrealized Gain/Loss Summary

Description	Cost Basis	Market Value	Gain/Loss
Cash & Cash Equivalents	154,886.21	154,886.21	0.00
Government Obligations	7,278,677.62	7,467,031.80	188,354.18
Corporate Obligations	2,768,411.23	2,821,292.90	54,881.67
Total Gain/Loss	\$10,199,975.06	\$10,443,210.91	\$243,235.85

Cash Transactions Summary

Receipts	Principal Cash
Dividend	0.45
Interest	21,190.01
Accrued Interest Received	660.94
Sales	185,909.75
Other Receipts	875.00
Total Receipts	\$208,636.15
Disbursements	
Accrued Interest Paid	(49.72)
Purchases	(374,487.57)
Payments to/for Beneficiaries	(1,042.00)
Fees	(875.00)
Total Disbursements	(\$376,454.29)

Cash Transactions Summary (continued)

Other Transactions	Principal Cash
Net Cash Management	167,818.14
Total Other Transactions	\$167,818.14
Total Net Transactions	\$0.00



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Asset Detail - Principal Portfolio

Cash & Cash Equivalents

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
HighMark Money Market Funds								
HIGHMARK MONEY MARKET 100% U S TREASURY FD FIDUCIARY SH ***CASH MANAGEMENT SWEEP	431114503S	154,886.210	154,886.21	154,886.21	1,0000 08/31/2011	1.48%	0.00%	3.84
Total Cash & Cash Equivalents			\$154,886.21	\$154,886.21		1.48%	0.00%	\$3.84

Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
US Treasury								
UNITED STATES TREAS NTS 4.6250% 2/29/2012	912828GK0	155,000,000	163,549.80	150,512.30	102.2680 08/31/2011	1.52%	4.52%	7,168.75
UNITED STATES TREAS NTS 4.2500% 9/30/2012	912828HE3	120,000,000	120,253.13	125,316.00	104.4300 08/31/2011	1.20%	4.07%	5,100.00
UNITED STATES TREAS NTS 3.8750% 10/31/2012	912828HG8	350,000,000	357,396.48	365,148.00	104.3280 08/31/2011	3.50%	3.71%	13,562.50
UNITED STATES TREAS NTS 3.3750% 11/30/2012	912828HK9	365,000,000	367,036.33	379,614.60	104.0040 08/31/2011	3.64%	3.25%	12,318.75
UNITED STATES TREAS NTS 2.5000% 3/31/2013	912828HV5	125,000,000	128,154.72	129,560.00	103.6480 08/31/2011	1.24%	2.41%	3,125.00
UNITED STATES TREAS NTS 2.7500% 10/31/2013	912828JQ4	125,000,000	129,633.79	131,826.25	105.4610 08/31/2011	1.26%	2.61%	3,437.50
UNITED STATES TREAS NTS 1.7500% 7/31/2015	912828NP1	225,000,000	223,067.16	235,107.00	104.4920 08/31/2011	2.25%	1.67%	3,937.50



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Asset Detail - Principal Portfolio (continued)

Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Date Priced	Price/ of Portfolio	Current Yield	Estimated Annual Income
US Treasury								
UNITED STATES TREAS NTS 1.3750% 11/30/2015	912828PJ3	250,000.000	249,024.28	257,050.00	102.8200 08/31/2011	2.46%	1.34%	3,437.50
UNITED STATES TREAS NTS 1.5000% 7/31/2016	912828OX1	370,000.000	374,487.57	380,289.70	102.7810 08/31/2011	3.64%	1.46%	5,550.00
Federal Govt Agency								
TENNESSEE VALLEY AUTH 6.7900% 5/23/2012	880591DT6	215,000.000	234,715.95	224,997.50	104.6500 08/31/2011	2.15%	6.49%	14,598.50
FEDERAL HOME LOAN BANK BONDS DTD 06/18/2010 0.875% 08/22/2012	3133XYWB7	55,000.000	55,184.25	55,330.55	100.6010 08/31/2011	0.53%	0.87%	481.25
FEDERAL HOME LOAN BANKS 3.6250% 5/29/2013	3133XQU34	200,000.000	197,247.00	211,438.00	105.7190 08/31/2011	2.02%	3.43%	7,250.00
FEDERAL HOME LN BKS 3.8750% 6/14/2013	31339X2M5	200,000.000	200,403.10	212,576.00	106.2880 08/31/2011	2.04%	3.65%	7,750.00
FEDERAL NATL MTG ASSN 3.8750% 7/12/2013	31398ASD5	40,000.000	40,384.56	42,649.20	106.6230 08/31/2011	0.41%	3.63%	1,550.00
FEDERAL HOME LN MTG CORP 4.5000% 7/15/2013	3134A4T7	25,000.000	25,878.25	26,949.25	107.7970 08/31/2011	0.26%	4.17%	1,125.00
TENNESSEE VALLEY AUTH 4.7500% 8/1/2013	880591DW9	230,000.000	242,426.00	248,825.50	108.1850 08/31/2011	2.38%	4.39%	10,925.00
FEDERAL FARM CR BKS 0.9800% 9/23/2013	31331KET3	115,000.000	114,663.05	116,283.40	101.1160 08/31/2011	1.11%	0.97%	1,127.00
FEDERAL NATL MTGE ASSN NOTES 1.200% 09/27/2013	31398A4A7	205,000.000	205,000.00	205,112.75	100.0550 08/31/2011	1.96%	1.20%	2,460.00



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Asset Detail - Principal Portfolio (continued)

Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
Federal Govt Agency								
FEDERAL HOME LOAN BANKS 3.6250% 10/18/2013	3133XSAE8	250,000.000	258,142.75	267,010.00	106.8040 08/31/2011	2.56%	3.39%	9,062.50
FEDERAL NATL MTG ASSN DTD 12/11/2008 2.875% 12/11/2013	31398AUJ9	100,000.000	101,696.10	105,592.00	105.5920 08/31/2011	1.01%	2.72%	2,875.00
FEDERAL HOME LOAN MTG CORP NOTES DTD 01/08/2009 2.50% 01/07/2014	3137EABX6	35,000.000	34,625.96	36,702.05	104.8630 08/31/2011	0.35%	2.38%	875.00
FEDERAL NATL MTG ASSN NTS DTD 03/13/2009 2.750% 03/13/2014	31398AVZ2	95,000.000	96,665.83	100,510.95	105.8010 08/31/2011	0.96%	2.60%	2,612.50
FEDERAL FARM CR BKS GLOBAL BDS DTD 04/17/2009 2.625% 04/17/2014	31331GTJ8	205,000.000	216,410.30	216,008.50	105.3700 08/31/2011	2.07%	2.49%	5,381.25
FEDL HOME LOAN MTG CORP NOTES DTD 04/24/2009 2.50% 04/23/2014	3137EACB3	150,000.000	155,568.75	157,951.50	105.3010 08/31/2011	1.51%	2.37%	3,750.00
FEDERAL FARM CREDIT BANK BONDS 1.620% 04/25/2014	31331KHF0	205,000.000	204,979.50	206,490.35	100.7270 08/31/2011	1.98%	1.61%	3,321.00
FEDERAL NATL MTG ASSN NOTES DTD 05/15/2009 2.500% 05/15/2014	31398AXJ6	300,000.000	301,178.80	315,864.00	105.2880 08/31/2011	3.03%	2.37%	7,500.00
FEDERAL FARM CR BKS CONS 1.9000% 6/2/2014	31331JQA4	260,000.000	259,368.20	269,315.80	103.5830 08/31/2011	2.58%	1.83%	4,940.00
FEDERAL HOME LN BKS 5.2500% 6/18/2014	3133X7FK5	100,000.000	111,171.90	113,310.00	113.3100 08/31/2011	1.09%	4.63%	5,250.00
FEDERAL FARM CREDIT BANK BONDS 3.000% 09/22/2014	31331GL80	245,000.000	250,683.60	262,380.30	107.0940 08/31/2011	2.51%	2.80%	7,350.00





Account Number
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Account Name
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Account Statement

Statement Period

August 1, 2011 through August 31, 2011

Asset Detail - Principal Portfolio (continued)

Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
Federal Govt Agency								
FEDERAL HOME LN MTG CORP 2.0000% 1/13/2015	3134G2DN9	265,000,000	264,523.00	266,534.35	100.5790 08/31/2011	2.55%	1.99%	5,300.00
FEDERAL HOME LOAN MTG CORP NOTES DTD 01/07/2010 2.875% 02/09/2015	3137EACH0	250,000,000	256,160.83	268,405.00	107.3620 08/31/2011	2.57%	2.68%	7,187.50
FEDERAL HOME LN BKS 2.8750% 6/12/2015	3133XWNB1	265,000,000	279,807.14	284,345.00	107.3000 08/31/2011	2.72%	2.68%	7,618.75
FEDERAL NATL MTG ASSN 2.3750% 7/28/2015	31398AU34	275,000,000	283,288.50	291,720.00	106.0800 08/31/2011	2.79%	2.24%	6,531.25
FEDERAL NATL MTG ASSN 1.8500% 9/9/2015	3136FPEQ6	105,000,000	104,816.25	105,033.60	100.0320 08/31/2011	1.01%	1.85%	1,942.50
FEDERAL FARM CR BKS 2.3500% 12/22/2015	31331J6C2	120,000,000	120,434.40	126,092.40	105.0770 08/31/2011	1.21%	2.24%	2,820.00
FEDERAL NATL MTG ASSN 2.3750% 4/11/2016	3135G0BA0	275,000,000	282,544.63	290,488.00	105.6320 08/31/2011	2.78%	2.25%	6,531.25
FEDERAL HOME LN MTG CORP 2.5000% 5/27/2016	3137EACT4	260,000,000	268,105.76	276,692.00	106.4200 08/31/2011	2.65%	2.35%	6,500.00
Total Government Obligations			\$7,278,677.62	\$7,467,031.80		71.50%	2.71%	\$202,252.75



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Account Name
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August 1, 2011 through August 31, 2011

Asset Detail - Principal Portfolio (continued)

Corporate Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
Corporate Bonds								
US BANCORP DTD 03/13/2009 2.250% 03/13/2012	91160HAA5	85,000,000	84,989.80	85,890.80	101.0480 08/31/2011	0.82%	2.23%	1,912.50
BANK OF AMERICA FDIC GTD TLG 3.1250% 6/15/2012	06050BAA9	60,000,000	62,176.80	61,323.00	102.2050 08/31/2011	0.59%	3.06%	1,875.00
GOLDMAN SACHS GP INC FDIC TL 3.2500% 6/15/2012	38146FAA9	280,000,000	284,814.50	286,448.40	102.3030 08/31/2011	2.74%	3.18%	9,100.00
WELLS FARGO & COMPANY DTD 03/30/2009 2.1250% 06/15/2012	94974AAC0	290,000,000	290,859.44	294,149.90	101.4310 08/31/2011	2.82%	2.10%	6,162.50
PNC FUNDING CORP NOTES DTD 12/22/2008 2.300% 06/22/2012	69351CAC7	290,000,000	294,515.30	294,637.10	101.5990 08/31/2011	2.82%	2.26%	6,670.00
JPMORGAN CHASE & CO DTD 04/06/2009 2.1250% 12/26/2012	481247AM6	295,000,000	295,914.50	300,935.40	102.0120 08/31/2011	2.90%	2.08%	6,268.75
WAL MART STORES INC 4.2500% 4/15/2013	931142CL5	45,000,000	48,179.25	47,702.70	106.0060 08/31/2011	0.46%	4.01%	1,912.50
XTO ENERGY INC 4.9000% 2/1/2014	98385XAD8	100,000,000	109,638.00	109,949.00	109.9490 08/31/2011	1.05%	4.46%	4,900.00
CHEVRON CORPORATION SR NOTES DTD 03/03/2009 3.95% 03/03/2014	166751AH0	190,000,000	200,126.65	205,196.20	107.9980 08/31/2011	1.96%	3.66%	7,505.00
GENL ELEC CAP CORP NOTES 5.900% 05/13/2014	36962G4C5	180,000,000	194,130.60	199,683.00	110.9350 08/31/2011	1.91%	5.32%	10,620.00
WAL MART STORES INC NOTES DTD 05/21/2009 3.200% 05/15/2014	931142CD4	190,000,000	197,746.80	201,846.50	106.2350 08/31/2011	1.93%	3.01%	6,080.00





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August 1, 2011 through August 31, 2011

Asset Detail - Principal Portfolio (continued)

Corporate Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
Corporate Bonds								
MICROSOFT CORP NT DTD 05/18/2009 2.950% 08/01/2014	594918AB0	240,000.000	246,233.20	255,849.60	106.6040 08/31/2011	2.45%	2.77%	7,080.00
BERKSHIRE HATHAWAY INC 3.200% 02/11/2015	084670AV0	195,000.000	198,471.25	205,687.95	105.4810 08/31/2011	1.97%	3.03%	6,240.00
PROCTER & GAMBLE CO DTD 11/18/2010 1.80% 11/15/2015	742718DS5	265,000.000	258,615.14	271,993.35	102.6390 08/31/2011	2.60%	1.75%	4,770.00
Total Corporate Obligations			\$2,766,411.23	\$2,821,292.90		27.02%	2.87%	\$81,096.25
Total Principal Portfolio			\$10,199,975.06	\$10,443,210.91		100.00%	2.71%	\$283,352.84
Total Account Values			\$10,199,975.06	\$10,443,210.91		100.00%	2.71%	\$283,352.84



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Maturity Summary

	Face Value	Par Value	Cost Basis	Market Value	Percentage of Market Value
2011					
2012		2,560,000.000	2,611,406.28	2,632,303.55	25.59%
2013		1,660,000.000	1,691,808.57	1,745,525.05	16.97%
2014		2,495,000.000	2,578,528.09	2,651,057.75	25.76%
2015		2,215,000.000	2,238,207.95	2,311,968.65	22.47%
2016		905,000.000	925,137.96	947,469.70	9.21%
2017					
2018					
2019					
2020					
Ten-to-Fourteen Years					
Fifteen-to-Nineteen Years					
Twenty Years and Over					
Total	\$0.00	9,835,000.000	\$10,045,088.85	\$10,288,324.70	100.00%

Transaction Detail

Date	Activity Description	CUSIP	Principal Cash	Cost Basis
Beginning Balance				
08/01/11	Interest CASH RECEIPT OF INTEREST EARNED ON US TREAS NTS 1.750% 7/31/15 0.00875/\$1 PV ON 225,000 PAR VALUE DUE 7/31/2011	912828NP1	\$0.00	\$10,178,753.13
08/01/11	Interest CASH RECEIPT OF INTEREST EARNED ON TVA SER C 4.750% 8/01/13 0.02375/\$1 PV ON 230,000 PAR VALUE DUE 8/1/2011	880591DW9	1,968.75	
08/01/11	Interest CASH RECEIPT OF INTEREST EARNED ON XTO ENERGY INC NTS 4.900% 2/01/14 0.0245/\$1 PV ON 100,000 PAR VALUE DUE 8/1/2011	98385XAD8	5,462.50	
			2,450.00	



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Statement Period

August 1, 2011 through August 31, 2011

Transaction Detail (continued)

Date	Activity Description	CUSIP	Principal Cash	Cost Basis
08/01/11	Dividend CASH RECEIPT OF DIVIDEND EARNED ON HIGHMARK 100% US TREASURY MONEY MKT ONE MONTH YIELD (ANNUALIZED) 0%	431114503S	0.45	
08/03/11	Payments to/for Beneficiaries CASH DISBURSEMENT PAID TO HANDLER ASSET MANAGEMENT INC. PAYMENT PER REQUEST R/T 286 MGMT FEE FOR PERIOD ENDING JULY 31, 2011 INVOICE 9963		(1,042.00)	
08/03/11	Purchases PURCHASED 260,000 PAR VALUE OF US TREAS NTS 0.000% 7/31/16 TRADE DATE 08/02/11 PURCHASED THROUGH CREDIT SUISSE 260,000 PAR VALUE AT 101.17221 %	9128280X1	(263,047.75)	263,047.75
08/03/11	Accrued Interest Paid PAID ACCRUED INTEREST ON PURCHASE OF US TREAS NTS 0.000% 7/31/16	9128280X1	(31.79)	
08/04/11	Sales SOLD 75,000 PAR VALUE OF US BANCORP MTN 2.250% 3/13/12 LT CAPITAL GAIN OF \$918.75 TRADE DATE 08/03/11 SOLD THROUGH SBC WARBURG INC. 75,000 PAR VALUE AT 101.213 %	91160HAA5	75,909.75	(74,991.00)
08/04/11	Accrued Interest Received RECEIVED ACCRUED INTEREST ON SALE OF US BANCORP MTN 2.250% 3/13/12	91160HAA5	660.94	
08/04/11	Purchases PURCHASED 110,000 PAR VALUE OF US TREAS NTS 0.000% 7/31/16 TRADE DATE 08/03/11 PURCHASED THROUGH DEUTSCHE BANC-ALEX BROWN 110,000 PAR VALUE AT 101.308929 %	9128280X1	(111,439.82)	111,439.82
08/04/11	Accrued Interest Paid PAID ACCRUED INTEREST ON PURCHASE OF US TREAS NTS 0.000% 7/31/16	9128280X1	(17.93)	



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Statement Period

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Transaction Detail (continued)

Date	Activity Description	CUSIP	Principal Cash	Cost Basis
08/09/11	Interest CASH RECEIPT OF INTEREST EARNED ON FHLMC NTS 2.875% 2/09/15 0.014375/\$1 PV ON 250,000 PARVALUE DUE 8/9/2011	3137EACH0	3,593.75	
08/11/11	Interest CASH RECEIPT OF INTEREST EARNED ON BERKSHIRE HATH 3.200% 2/11/15 0.016/\$1 PV ON 195,000 PARVALUE DUE 8/11/2011	084670AV0	3,120.00	
08/18/11	Sales FULL CALL 110,000 PARVALUE OF FHLMC NTS 1.400% 11/18/13 ST CAPITAL LOSS OF (\$456.50) TRADE DATE 08/18/11 FULL CALL	3134G1PP3	110,000.00	(110,456.50)
08/18/11	Interest CASH RECEIPT OF INTEREST EARNED ON FHLMC NTS 1.400% 11/18/13 0.007/\$1 PV ON 110,000 PARVALUE DUE 8/18/2011	3134G1PP3	770.00	
08/22/11	Interest CASH RECEIPT OF INTEREST EARNED ON FHLB BDS 0.875% 8/22/12 0.004375/\$1 PV ON 55,000 PARVALUE DUE 8/22/2011	3133XYWB7	240.63	
08/26/11	Other Receipts CASH RECEIPT PAYMENT OF FEES For Period Ending 20110630		875.00	
08/26/11	Fees UB FEE COLLECTED For Period Ending 20110630		(875.00)	
08/31/11	Interest CASH RECEIPT OF INTEREST EARNED ON US TREAS NTS 4.625% 2/29/12 0.023125/\$1 PV ON 155,000 PARVALUE DUE 8/31/2011	912828GK0	3,584.38	





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Statement Period

August 1, 2011 through August 31, 2011

Transaction Detail (continued)

Date	Activity Description	CUSIP	Principal Cash	Cost Basis
	Net Cash Management	431114503S	167,818.14	(167,818.14)
	TOTAL ACTIVITY FOR HIGHMARK 100% US TREASURY MONEY MKT FROM 08/01/11 TO 08/31/11			
	Net Activity		\$0.00	\$21,221.93
	Ending Balance		\$0.00	\$10,199,975.06

Realized Gain/Loss Summary

Sale Date	Asset Name	CUSIP	Share	Cost	Proceeds	Gain / Loss Amount
						Short Long
08/04/11	US BANCORP MTN 2.250% 3/13/12	91160HAA5	75,000.00	74,991.00	75,909.75	0.00 918.75
08/18/11	FHLMC NTS 1.400% 11/18/13	3134G1PP3	110,000.00	110,456.50	110,000.00	(456.50) 0.00
	TOTAL			\$185,447.50	\$185,909.75	(\$456.50) \$918.75

SUMMARY

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

DISTRIBUTIONS	REALIZED	TOTAL
	\$0.00	(\$456.50)
	\$0.00	\$918.75

Disclaimer

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



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

MB 02 002270 61266 H 12 A

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



Account Statement

Statement Period

September 1, 2011 through September 30, 2011

Account Number

6736301210

Account Name

SMALL CITIES ORGANIZED RISK EFFORT

Relationship Manager

CARMEN CONIENDO

415-705-7207

Online Access

unionbank.com/trustandcustody

Investment Manager
 CHANDLER LIQUID ASSET MGMT

Overview of Total Account Value

Closing Value on 12/31/2010 \$10,196,231.23
 Opening Value on 09/01/2011 \$10,443,210.91
 Closing Value on 09/30/2011 \$10,427,113.77
Net Change For Period (\$16,097.14)

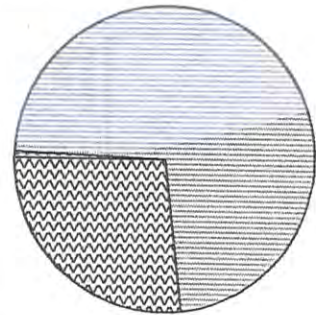
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- Account Summary
- Principal Portfolio Summary
- Unrealized Gain/Loss Summary
- Cash Transactions Summary
- Asset Detail
- Maturity Summary
- Transaction Detail
- Realized Gain/Loss Summary

Overview of Account by Investment Category

Your Current Portfolio Mix

% of Total Account	Market Value	Description
0.71%	74,130.82	Cash & Cash Equivalents
72.30%	7,539,120.05	Government Obligations
26.99%	2,813,862.90	Corporate Obligations
100.00%	\$10,427,113.77	Total Account Value





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September 1, 2011 through September 30, 2011

Principal Portfolio Summary

Description	Market Value	Percentage of Portfolio	Current Yield
Cash & Cash Equivalents	74,130.82	0.71%	0.00%
Government Obligations	7,539,120.05	72.30%	2.63%
Corporate Obligations	2,813,862.90	26.99%	2.88%
Total Principal Portfolio	\$10,427,113.77	100.00%	2.68%

Unrealized Gain/Loss Summary

Description	Cost Basis	Market Value	Gain/Loss
Cash & Cash Equivalents	74,130.82	74,130.82	0.00
Government Obligations	7,381,949.70	7,539,120.05	157,170.35
Corporate Obligations	2,766,411.23	2,813,862.90	47,451.67
Total Gain/Loss	\$10,222,491.75	\$10,427,113.77	\$204,622.02

Cash Transactions Summary

Receipts	Principal Cash
Dividend	0.18
Interest	16,567.25
Accrued Interest Received	3,663.56
Sales	625,808.91
Total Receipts	\$646,039.90
Disbursements	Principal Cash
Accrued Interest Paid	(2,190.51)
Purchases	(723,555.78)
Payments to/for Beneficiaries	(1,049.00)
Total Disbursements	(\$726,795.29)

Cash Transactions Summary (continued)

Other Transactions	Principal Cash
Net Cash Management	80,755.39
Total Other Transactions	\$80,755.39
Total Net Transactions	\$0.00



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September 1, 2011 through September 30, 2011

Asset Detail - Principal Portfolio

Cash & Cash Equivalents

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
HighMark Money Market Funds								
HIGHMARK MONEY MARKET 100% U S TREASURY FD FIDUCIARY SH ***CASH MANAGEMENT SWEEP	431114503S	74,130.820	74,130.82	74,130.82	1.0000 09/30/2011	0.71%	0.00%	1.84
Total Cash & Cash Equivalents			\$74,130.82	\$74,130.82		0.71%	0.00%	\$1.84

Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
US Treasury								
UNITED STATES TREAS NTS 4.8250% 2/29/2012	912828GK0	155,000.000	163,549.80	157,870.60	101.8520 09/30/2011	1.51%	4.54%	7,168.75
UNITED STATES TREAS NTS 4.2500% 9/30/2012	912828HE3	120,000.000	120,253.13	124,832.40	104.0270 09/30/2011	1.20%	4.09%	5,100.00
UNITED STATES TREAS NTS 3.8750% 10/31/2012	912828HG8	100,000.000	102,113.28	103,953.00	103.9530 09/30/2011	1.00%	3.73%	3,875.00
UNITED STATES TREAS NTS 3.3750% 11/30/2012	912828HK9	365,000.000	367,036.33	378,402.80	103.6720 09/30/2011	3.63%	3.26%	12,318.75
UNITED STATES TREAS NTS 2.5000% 3/31/2013	912828HV5	125,000.000	128,154.72	129,180.00	103.3440 09/30/2011	1.24%	2.42%	3,125.00
UNITED STATES TREAS NTS 2.7500% 10/31/2013	912828JD4	125,000.000	129,633.79	131,288.75	105.0310 09/30/2011	1.26%	2.62%	3,437.50
UNITED STATES TREAS NTS 1.7500% 7/31/2015	912828NP1	225,000.000	223,067.16	234,474.75	104.2110 09/30/2011	2.25%	1.68%	3,937.50





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September 1, 2011 through September 30, 2011

Asset Detail - Principal Portfolio (continued)

Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
US Treasury								
UNITED STATES TREAS NTS 1.3750% 11/30/2015	912828PJ3	250,000.000	249,024.28	256,485.00	102.5940 09/30/2011	2.46%	1.34%	3,437.50
UNITED STATES TREAS NTS 1.5000% 7/31/2016	912828OX1	370,000.000	374,487.57	379,945.60	102.6880 09/30/2011	3.64%	1.46%	5,550.00
UNITED STATES TREAS NTS 1.0000% 8/31/2016	912828HF9	250,000.000	251,690.29	250,625.00	100.2500 09/30/2011	2.40%	1.00%	2,500.00
Federal Govt Agency								
TENNESSEE VALLEY AUTH 6.7900% 5/23/2012	880591DT6	215,000.000	234,715.95	223,950.45	104.1630 09/30/2011	2.15%	6.52%	14,598.50
FEDERAL HOME LOAN BANKS 3.6250% 5/29/2013	3133XQUJ4	200,000.000	197,247.00	210,690.00	105.3450 09/30/2011	2.02%	3.44%	7,250.00
FEDERAL HOME LN BKS 3.8750% 6/14/2013	31339X2M5	200,000.000	200,403.10	211,782.00	105.8910 09/30/2011	2.03%	3.66%	7,750.00
FEDERAL NATL MTG ASSN 3.8750% 7/12/2013	31398ASD5	40,000.000	40,384.56	42,470.00	106.1750 09/30/2011	0.41%	3.65%	1,550.00
FEDERAL HOME LN MTG CORP 4.5000% 7/15/2013	3134A4TZ7	25,000.000	25,878.25	26,837.75	107.3510 09/30/2011	0.26%	4.19%	1,125.00
TENNESSEE VALLEY AUTH 4.7500% 8/1/2013	880591DW9	230,000.000	242,426.00	247,733.00	107.7100 09/30/2011	2.38%	4.41%	10,925.00
FEDERAL FARM CR BKS 0.9800% 9/23/2013	31331KET3	115,000.000	114,663.05	116,220.15	101.0610 09/30/2011	1.11%	0.97%	1,127.00
FEDERAL HOME LOAN BANKS 3.6250% 10/18/2013	3133XSAE8	250,000.000	258,142.75	266,042.50	106.4170 09/30/2011	2.55%	3.41%	9,062.50



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September 1, 2011 through September 30, 2011

Asset Detail - Principal Portfolio (continued)

Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
Federal Govt Agency								
FEDERAL NATL MTG ASSN DTD 12/11/2008 2.875% 12/11/2013	31398AUJ9	100,000,000	101,696.10	105,200.00	105,2000 09/30/2011	1.01%	2.73%	2,875.00
FEDERAL HOME LOAN MTG CORP NOTES DTD 01/08/2009 2.50% 01/07/2014	3137EABX6	35,000,000	34,625.96	36,607.90	104,5940 09/30/2011	0.35%	2.39%	875.00
FEDERAL NATL MTG ASSN NTS DTD 03/13/2009 2.750% 03/13/2014	31398AVZ2	95,000,000	96,665.83	100,117.65	105,3970 09/30/2011	0.96%	2.61%	2,612.50
FEDERAL FARM CR BKS GLOBAL BDS DTD 04/17/2009 2.625% 04/17/2014	31331GTJ8	205,000,000	216,410.30	215,602.60	105,1720 09/30/2011	2.07%	2.50%	5,381.25
FEDL HOME LOAN MTG CORP NOTES DTD 04/24/2009 2.50% 04/23/2014	3137EACB3	150,000,000	155,568.75	157,476.00	104,9940 09/30/2011	1.51%	2.38%	3,750.00
FEDERAL FARM CREDIT BANK BONDS 1.620% 04/25/2014	31331KHFO	205,000,000	204,979.50	206,336.60	100,6520 09/30/2011	1.98%	1.61%	3,321.00
FEDERAL NATL MTG ASSN NOTES DTD 05/15/2009 2.500% 05/15/2014	31398AXJ6	300,000,000	301,178.80	314,559.00	104,8530 09/30/2011	3.02%	2.38%	7,500.00
FEDERAL FARM CR BKS CONS 1.9000% 6/2/2014	31331JQA4	260,000,000	259,368.20	268,933.60	103,4360 09/30/2011	2.58%	1.84%	4,940.00
FEDERAL HOME LN BKS 5.2500% 6/18/2014	3133X7FK5	100,000,000	111,171.90	112,566.00	112,5660 09/30/2011	1.08%	4.66%	5,250.00
FEDERAL FARM CREDIT BANK BONDS 3.000% 09/22/2014	31331GL80	245,000,000	250,683.60	261,789.85	106,9530 09/30/2011	2.51%	2.81%	7,350.00
FEDERAL HOME LN MTG CORP 2.0000% 1/13/2015	3134GZDN9	265,000,000	264,523.00	266,139.50	100,4300 09/30/2011	2.55%	1.99%	5,300.00



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Statement Period

September 1, 2011 through September 30, 2011

Asset Detail - Principal Portfolio (continued)

Government Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
Federal Govt Agency								
FEDERAL HOME LOAN MTG CORP NOTES DTD 01/07/2010 2.875% 02/09/2015	3137EACH0	250,000.000	256,160.83	267,272.50	106.9090 09/30/2011	2.56%	2.69%	7,187.50
FEDERAL HOME LN BKS 2.8750% 6/12/2015	3133XWNB1	265,000.000	279,807.14	284,024.35	107.1790 09/30/2011	2.72%	2.68%	7,618.75
FEDERAL NATL MTG ASSN 2.3750% 7/28/2015	31398AU34	275,000.000	283,288.50	289,335.75	105.2130 09/30/2011	2.77%	2.26%	6,531.25
FEDERAL FARM CR BKS 2.3500% 12/22/2015	31331J6C2	120,000.000	120,434.40	126,026.40	105.0220 09/30/2011	1.21%	2.24%	2,820.00
FEDERAL NATL MTG ASSN 2.3750% 4/11/2016	3135G0BA0	275,000.000	282,544.63	289,861.00	105.4040 09/30/2011	2.78%	2.25%	6,531.25
FEDERAL HOME LN MTG CORP 2.5000% 5/27/2016	3137EACT4	310,000.000	321,083.36	328,268.30	105.8930 09/30/2011	3.15%	2.36%	7,750.00
FEDERAL HOME LOAN BANKS 2.1250% 6/10/2016	313373SZ6	200,000.000	209,390.00	206,612.00	103.3060 09/30/2011	1.98%	2.06%	4,250.00
FEDERAL NATL MTGE ASSN NOTE 1.250% 09/28/2016	3135G0CM3	210,000.000	209,497.89	209,607.30	99.8130 09/30/2011	2.01%	1.25%	2,625.00
Total Government Obligations			\$7,381,949.70	\$7,539,120.05		72.30%	2.63%	\$198,306.50



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Statement Period

September 1, 2011 through September 30, 2011

Asset Detail - Principal Portfolio (continued)

Corporate Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
US BANCORP DTD 03/13/2009 2.250% 03/13/2012	91160HAA5	85,000,000	84,989.80	85,776.90	100.9140 09/30/2011	0.82%	2.23%	1,912.50
BANK OF AMERICA FDIC GTD TLG 3.1250% 6/15/2012	06050BAA9	60,000,000	62,176.80	61,233.00	102.0550 09/30/2011	0.59%	3.06%	1,875.00
GOLDMAN SACHS GP INC FDIC TL 3.2500% 6/15/2012	38146FAA9	280,000,000	284,814.50	285,936.00	102.1200 09/30/2011	2.74%	3.18%	9,100.00
WELLS FARGO & COMPANY DTD 03/30/2009 2.1250% 06/15/2012	949744AC0	290,000,000	290,859.44	299,575.70	101.2330 09/30/2011	2.82%	2.10%	6,162.50
PNC FUNDING CORP NOTES DTD 12/22/2008 2.300% 06/22/2012	69351CAC7	290,000,000	294,515.30	299,987.50	101.3750 09/30/2011	2.82%	2.27%	6,670.00
JPMORGANCHASE & CO DTD 04/06/2009 2.1250% 12/26/2012	481247AM6	295,000,000	295,914.50	301,454.60	102.1880 09/30/2011	2.89%	2.08%	6,268.75
WAL MART STORES INC 4.2500% 4/15/2013	931142CL5	45,000,000	48,179.25	47,526.75	105.6150 09/30/2011	0.46%	4.02%	1,912.50
XTO ENERGY INC 4.9000% 2/1/2014	98395XAD8	100,000,000	109,638.00	109,369.00	109.3690 09/30/2011	1.05%	4.48%	4,900.00
CHEVRON CORPORATION SR NOTES DTD 03/03/2009 3.95% 03/03/2014	166751AH0	190,000,000	200,126.65	204,650.90	107.7110 09/30/2011	1.96%	3.67%	7,505.00
GENL ELEC CAP CORP NOTES 5.900% 05/13/2014	36962G4C5	180,000,000	194,130.60	196,779.60	109.3220 09/30/2011	1.89%	5.40%	10,620.00
WAL MART STORES INC NOTES DTD 05/21/2009 3.200% 05/15/2014	931142CO4	190,000,000	197,746.80	201,922.50	106.2750 09/30/2011	1.94%	3.01%	6,080.00





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Statement Period

September 1, 2011 through September 30, 2011

Asset Detail - Principal Portfolio (continued)

Corporate Obligations

Asset Name	CUSIP	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
Corporate Bonds								
MICROSOF CORP NT DTD 05/18/2009 2.950% 06/01/2014	594918AB0	240,000.000	246,233.20	254,716.80	106.1320 09/30/2011	2.44%	2.78%	7,080.00
BERKSHIRE HATHAWAY INC 3.200% 02/11/2015	084670AV0	195,000.000	198,471.25	205,017.15	105.1370 09/30/2011	1.97%	3.04%	6,240.00
PROCTER & GAMBLE CO DTD 11/18/2010 1.80% 11/15/2015	742718DS5	265,000.000	258,615.14	271,916.50	102.6100 09/30/2011	2.61%	1.75%	4,770.00
Total Corporate Obligations			\$2,766,411.23	\$2,813,862.90		26.99%	2.88%	\$81,096.25
Total Principal Portfolio			\$10,222,491.75	\$10,427,113.77		100.00%	2.68%	\$279,404.59
Total Account Values			\$10,222,491.75	\$10,427,113.77		100.00%	2.68%	\$279,404.59



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Statement Period

September 1, 2011 through September 30, 2011

Transaction Detail (continued)

Date	Activity	Description	CUSIP	Principal Cash	Cost Basis
09/09/11	Sales	SOLD 105,000 PAR VALUE OF FNMA NTS 1.850% 9/09/15 ST CAPITAL GAIN OF \$183.75 TRADE DATE 09/09/11 SOLD THROUGH FULL CALL FULL CALL PAYABLE 9/9/11	3136FPE06	105,000.00	(104,816.25)
09/09/11	Interest	CASH RECEIPT OF INTEREST EARNED ON FNMA NTS 1.850% 9/09/15 0.00925/\$1 PV ON 105,000 PAR VALUE DUE 9/9/2011	3136FPE06	971.25	
09/13/11	Interest	CASH RECEIPT OF INTEREST EARNED ON FNMA NTS 2.750% 3/13/14 0.01375/\$1 PV ON 95,000 PAR VALUE DUE 9/13/2011	31398AVZ2	1,306.25	
09/13/11	Interest	CASH RECEIPT OF INTEREST EARNED ON US BANCORP MTN 2.250% 3/13/12 0.01125/\$1 PV ON 85,000 PAR VALUE DUE 9/13/2011	91160HAA5	956.25	
09/15/11	Purchases	PURCHASED 200,000 PAR VALUE OF FHLB BDS 2.125% 6/10/16 TRADE DATE 09/14/11 PURCHASED THROUGH NOMURA SECURITIES INTL., FIXED 200,000 PAR VALUE AT 104.695 %	313373SZ6	(209,390.00)	209,390.00
09/15/11	Accrued Interest Paid	PAID ACCRUED INTEREST ON PURCHASE OF FHLB BDS 2.125% 6/10/16	313373SZ6	(1,475.69)	
09/15/11	Purchases	PURCHASED 250,000 PAR VALUE OF US TREAS NTS 1.000% 8/31/16 TRADE DATE 09/14/11 PURCHASED THROUGH CREDIT SUISSE 250,000 PAR VALUE AT 100.676116 %	912828RF9	(251,690.29)	251,690.29
09/15/11	Accrued Interest Paid	PAID ACCRUED INTEREST ON PURCHASE OF US TREAS NTS 1.000% 8/31/16	912828RF9	(103.02)	



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Account Statement

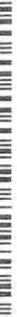
Statement Period

September 1, 2011 through September 30, 2011

Transaction Detail (continued)

Date	Activity	Description	CUSIP	Principal Cash	Cost Basis
09/15/11	Sales	SOLD 55,000 PAR VALUE OF FHLB BDS 0.875% 8/22/12 ST CAPITAL GAIN OF \$156.75 TRADE DATE 09/14/11 SOLD THROUGH BNP PARIBAS SECURITIES BOND 55,000 PAR VALUE AT 100.62 %	3133XYWB7	55,341.00	(55,184.25)
09/15/11	Accrued Interest Received	RECEIVED ACCRUED INTEREST ON SALE OF FHLB BDS 0.875% 8/22/12	3133XYWB7	30.75	
09/15/11	Sales	SOLD 250,000 PAR VALUE OF US TREAS NTS 3.875% 10/31/12 LT CAPITAL GAIN OF \$5,184.71 TRADE DATE 09/14/11 SOLD THROUGH SALOMON BROS. 250,000 PAR VALUE AT 104.187165 %	912828HG8	260,467.91	(255,283.20)
09/15/11	Accrued Interest Received	RECEIVED ACCRUED INTEREST ON SALE OF US TREAS NTS 3.875% 10/31/12	912828HG8	3,632.81	
09/22/11	Interest	CASH RECEIPT OF INTEREST EARNED ON FFCB BDS 3.000% 9/22/14 0.015/\$1 PV ON 245,000 PAR VALUE DUE 9/22/2011	31331GL80	3,675.00	
09/23/11	Interest	CASH RECEIPT OF INTEREST EARNED ON FFCB BDS 0.980% 9/23/13 0.0049/\$1 PV ON 115,000 PAR VALUE DUE 9/23/2011	31331KET3	563.50	
09/27/11	Sales	FULL CALL 205,000 PAR VALUE OF FNMA NTS 1.200% 9/27/13 TRADE DATE 09/27/11 FULL CALL	31398AA47	205,000.00	(205,000.00)
09/27/11	Interest	CASH RECEIPT OF INTEREST EARNED ON FNMA NTS 1.200% 9/27/13 0.006/\$1 PV ON 205,000 PAR VALUE DUE 9/27/2011	31398AA47	1,230.00	

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Account Statement

Statement Period

September 1, 2011 through September 30, 2011

Transaction Detail (continued)

Date	Activity Description	CUSIP	Principal Cash	Cost Basis
09/30/11	Purchases PURCHASED 210,000 PAR VALUE OF FNMA NT 1.250% 9/28/16 TRADE DATE 09/29/11 PURCHASED THROUGH DEUTSCHE BANC-ALEX BROWN 210,000 PAR VALUE AT 99.7609 %	3135GOCM3	(209,497.89)	209,497.89
09/30/11	Accrued Interest Paid PAID ACCRUED INTEREST ON PURCHASE OF FNMA NT 1.250% 9/28/16	3135GOCM3	(14.58)	
09/30/11	Interest CASH RECEIPT OF INTEREST EARNED ON US TREAS NTS 2.500% 3/31/13 0.0125/\$1 PV ON 125,000 PAR VALUE DUE 9/30/2011	912828HV5	1,562.50	
09/30/11	Interest CASH RECEIPT OF INTEREST EARNED ON US TRS NTS 4.250% 9/30/12 0.02125/\$1 PV ON 120,000 PAR VALUE DUE 9/30/2011	912828HE3	2,550.00	
09/30/11	Purchases PURCHASED 50,000 PAR VALUE OF FHLMC MTN 2.500% 5/27/16 TRADE DATE 09/29/11 PURCHASED THROUGH CHASE SECURITIES, INC. 50,000 PAR VALUE AT 105.9552 %	3137EACT4	(52,977.60)	52,977.60
09/30/11	Accrued Interest Paid PAID ACCRUED INTEREST ON PURCHASE OF FHLMC MTN 2.500% 5/27/16	3137EACT4	(597.22)	
	Net Cash Management TOTAL ACTIVITY FOR HIGHMARK 100% US TREASURY MONEY MKT FROM 09/01/11 TO 09/30/11	431114503S	80,755.39	(80,755.39)
	Net Activity		\$0.00	\$22,516.69
	Ending Balance		\$0.00	\$10,222,491.75



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Account Statement

Statement Period

September 1, 2011 through September 30, 2011

Realized Gain/Loss Summary

Sale Date	Asset Name	CUSIP	Share	Cost	Proceeds	Gain / Loss Amount	Short	Long
09/09/11	FNMA NTS 1.850% 9/09/15	3136FPEC6	105,000.00	104,816.25	105,000.00	183.75	183.75	0.00
09/15/11	FHLB BDS 0.875% 8/22/12	3133XYWB7	55,000.00	55,184.25	55,341.00	156.75	156.75	0.00
09/15/11	US TREAS NTS 3.875% 10/31/12	912828HG8	250,000.00	255,283.20	260,467.91	0.00	0.00	5,184.71
	TOTAL			\$415,283.70	\$420,808.91	\$340.50	\$340.50	\$5,184.71

SUMMARY

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

DISTRIBUTIONS

REALIZED
\$340.50
\$5,184.71

TOTAL
\$340.50
\$5,184.71

Disclaimer

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



Monthly Account Statement

Small Cities Organized Risk Effort

August 1, 2011 through August 31, 2011

Chandler Team

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

Custodian

Union Bank of California
Carmen Coniando
415-705-7207

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



PORTFOLIO CHARACTERISTICS

Average Duration	2.25
Average Coupon	2.84 %
Average Purchase YTM	2.27 %
Average Market YTM	0.64 %
Average S&P Rating	AA+
Average Final Maturity	2.54 yrs
Average Life	2.46 yrs

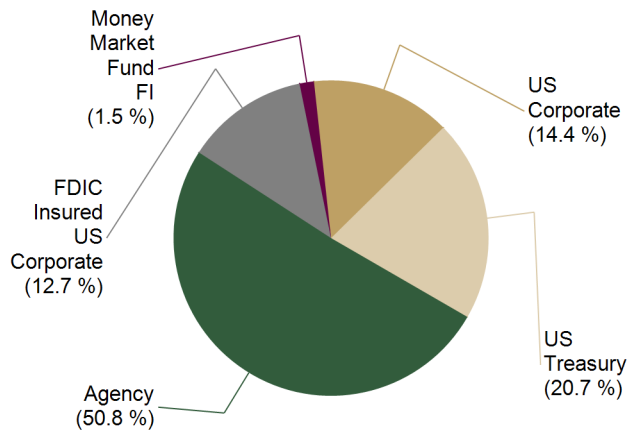
ACCOUNT SUMMARY

	Beg. Values as of 7/31/11	End Values as of 8/31/11
Market Value	10,386,683	10,443,215
Accrued Interest	68,294	72,189
Total Market Value	10,454,977	10,515,404
Income Earned	19,331	19,189
Cont/WD		-1,042
Par	9,974,673	9,989,886
Book Value	10,098,721	10,113,885
Cost Value	10,179,306	10,198,559

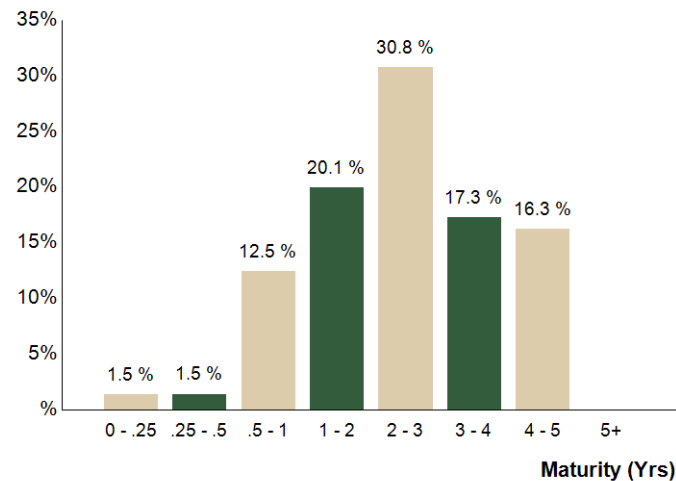
TOP ISSUERS

Issuer	% Portfolio
Government of United States	20.7 %
Federal National Mortgage Assoc	13.9 %
Federal Farm Credit Bank	11.5 %
Federal Home Loan Bank	11.0 %
Federal Home Loan Mortgage Corp	9.9 %
Tennessee Valley Authority	4.6 %
JP Morgan FDIC Insured	2.9 %
PNC Funding FDIC Insured	2.8 %
Total	77.2 %

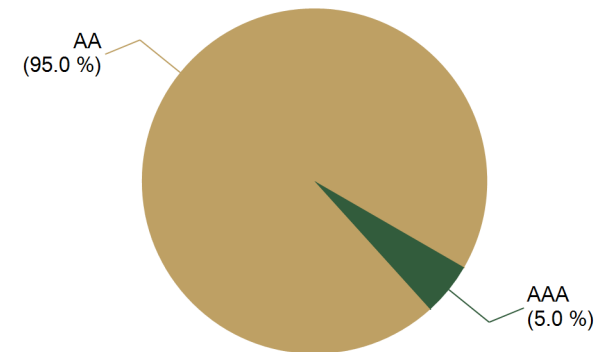
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY



PERFORMANCE REVIEW

Total Rate of Return As of 8/31/2011	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	0.59 %	1.15 %	2.55 %	2.38 %	4.61 %	5.25 %	N/A	5.29 %	32.23 %
1-5 yr Govt	0.73 %	1.46 %	2.92 %	2.58 %	4.11 %	4.99 %	N/A	5.03 %	30.45 %
1-5 Year Govt/A Rated or better Corporate	0.51 %	1.23 %	2.95 %	2.69 %	4.32 %	4.97 %	N/A	5.02 %	30.39 %



Holdings Report

As of 8/31/11

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody S&P	Term (yrs) Duration
AGENCY									
880591DT6	Tennessee Valley Authority Note 6.79% Due 5/23/2012	215,000.00	Various 4.10 %	235,881.16 218,838.23	104.65 0.38 %	224,997.71 3,974.04	2.18 % 6,159.48	Aaa AA+	0.73 0.71
3133XYWB7	FHLB Note 0.875% Due 8/22/2012	55,000.00	12/22/2010 0.67 %	55,184.25 55,108.60	100.60 0.26 %	55,330.61 12.03	0.53 % 222.01	Aaa AA+	0.98 0.97
3133XQU34	FHLB Note 3.625% Due 5/29/2013	200,000.00	06/04/2008 3.93 %	197,247.00 199,037.43	105.72 0.33 %	211,437.60 1,852.78	2.03 % 12,400.17	Aaa AA+	1.75 1.69
31339X2M5	FHLB Note 3.875% Due 6/14/2013	200,000.00	Various 3.83 %	200,403.10 200,160.86	106.29 0.34 %	212,577.00 1,657.64	2.04 % 12,416.14	Aaa AA+	1.79 1.73
31398ASD5	FNMA Note 3.875% Due 7/12/2013	40,000.00	Various 3.74 %	40,234.72 40,093.01	106.62 0.31 %	42,649.40 210.98	0.41 % 2,556.39	Aaa AA+	1.87 1.81
3134A4TZ7	FHLMC Note 4.5% Due 7/15/2013	25,000.00	11/05/2008 3.68 %	25,878.25 25,351.20	107.80 0.32 %	26,949.18 143.75	0.26 % 1,597.98	Aaa AA+	1.87 1.81
880591DW9	Tennessee Valley Authority Note 4.75% Due 8/1/2013	230,000.00	Various 3.23 %	242,426.00 236,226.30	108.19 0.46 %	248,826.19 910.42	2.37 % 12,599.89	Aaa AA+	1.92 1.85
31331KET3	FFCB Note 0.98% Due 9/23/2013	115,000.00	03/28/2011 1.10 %	114,663.05 114,720.57	101.12 0.44 %	116,283.52 494.63	1.11 % 1,562.95	Aaa AA+	2.07 2.03
31398A4A7	FNMA Callable Note 1X 9/27/11 1.2% Due 9/27/2013	205,000.00	09/10/2010 1.20 %	205,000.00 205,000.00	100.05 0.44 %	205,112.34 1,052.33	1.96 % 112.34	Aaa AA+	0.07 0.07
3133XSAE8	FHLB Note 3.625% Due 10/18/2013	250,000.00	02/25/2009 2.87 %	258,142.75 253,737.50	106.80 0.41 %	267,010.00 3,348.09	2.57 % 13,272.50	Aaa AA+	2.13 2.04
31398AUJ9	FNMA Note 2.875% Due 12/11/2013	100,000.00	03/03/2009 2.50 %	101,696.10 100,809.61	105.59 0.41 %	105,591.60 638.89	1.01 % 4,781.99	Aaa AA+	2.28 2.21
3137EABX6	FHLMC Note 2.5% Due 1/7/2014	35,000.00	02/04/2009 2.73 %	34,625.96 34,821.20	104.86 0.42 %	36,702.19 131.25	0.35 % 1,880.99	Aaa AA+	2.36 2.29
31398AVZ2	FNMA Note 2.75% Due 3/13/2014	95,000.00	11/10/2009 2.32 %	96,665.83 95,975.43	105.80 0.44 %	100,511.14 1,219.17	0.97 % 4,535.71	Aaa AA+	2.53 2.43
31331GTJ8	FFCB Note 2.625% Due 4/17/2014	205,000.00	10/05/2010 1.02 %	216,410.30 213,489.12	105.37 0.56 %	216,009.53 2,003.02	2.07 % 2,520.41	Aaa AA+	2.63 2.53
3137EACB3	FHLMC Note 2.5% Due 4/23/2014	150,000.00	07/16/2010 1.48 %	155,568.75 153,911.09	105.30 0.48 %	157,951.05 1,333.33	1.51 % 4,039.96	Aaa AA+	2.65 2.55
31331KHF0	FFCB Callable Note Cont 4/25/12 1.62% Due 4/25/2014	205,000.00	04/13/2011 1.62 %	204,979.50 204,981.91	100.73 1.34 %	206,489.94 1,162.35	1.97 % 1,508.03	Aaa AA+	2.65 0.74
31398AXJ6	FNMA Note 2.5% Due 5/15/2014	300,000.00	Various 2.41 %	301,178.80 300,700.59	105.29 0.53 %	315,864.60 2,208.33	3.02 % 15,164.01	Aaa AA+	2.71 2.61
31331JQA4	FFCB Note 1.9% Due 6/2/2014	260,000.00	06/08/2010 1.96 %	259,368.20 259,561.80	103.58 0.59 %	269,316.32 1,221.28	2.57 % 9,754.52	Aaa AA+	2.76 2.68
3133X7FK5	FHLB Note 5.25% Due 6/18/2014	100,000.00	01/08/2010 2.57 %	111,171.90 107,045.40	113.31 0.46 %	113,309.60 1,064.58	1.09 % 6,264.20	Aaa AA+	2.80 2.62
31331GL80	FFCB Note 3% Due 9/22/2014	245,000.00	Various 2.48 %	250,683.60 248,636.47	107.09 0.65 %	262,381.53 3,246.25	2.53 % 13,745.06	Aaa AA+	3.06 2.90



Holdings Report

As of 8/31/11

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody S&P	Term (yrs) Duration
AGENCY									
3134G2DN9	FHLMC Callable Note 1X 1/13/2012 2% Due 1/13/2015	265,000.00	04/01/2011 2.05 %	264,523.00 264,572.06	100.58 1.82 %	266,533.29 706.67	2.54 % 1,961.23	Aaa AA+	3.37 0.69
3137EACH0	FHLMC Note 2.875% Due 2/9/2015	250,000.00	Various 2.28 %	256,160.83 254,779.48	107.36 0.70 %	268,404.50 439.24	2.56 % 13,625.02	Aaa AA+	3.45 3.29
3133XWNB1	FHLB Note 2.875% Due 6/12/2015	265,000.00	06/06/2011 1.44 %	279,807.14 278,938.51	107.30 0.91 %	284,346.06 1,671.89	2.72 % 5,407.55	Aaa AA+	3.78 3.58
31398AU34	FNMA Note 2.375% Due 7/28/2015	275,000.00	08/27/2010 1.73 %	283,288.50 281,591.97	106.08 0.79 %	291,718.90 598.70	2.78 % 10,126.93	Aaa AA+	3.91 3.74
3136FPEQ6	FNMA Callable Note 1X 9/9/11 1.85% Due 9/9/2015	105,000.00	09/16/2010 1.89 %	104,816.25 104,851.52	100.03 0.41 %	105,033.50 928.08	1.01 % 181.98	Aaa AA+	0.02 0.02
31331J6C2	FFCB Note 2.35% Due 12/22/2015	120,000.00	03/28/2011 2.27 %	120,434.40 120,395.21	105.08 1.14 %	126,093.00 540.50	1.20 % 5,697.79	Aaa AA+	4.31 4.09
3135G0BA0	FNMA Note 2.375% Due 4/11/2016	275,000.00	06/07/2011 1.78 %	282,544.63 282,182.11	105.63 1.12 %	290,488.83 2,539.93	2.79 % 8,306.72	Aaa AA+	4.62 4.34
3137EACT4	FHLMC Note 2.5% Due 5/27/2016	260,000.00	06/03/2011 1.84 %	268,105.76 267,717.65	106.42 1.11 %	276,693.04 2,581.94	2.66 % 8,975.39	Aaa AA+	4.74 4.44
Total Agency		5,045,000.00	2.25 %	5,167,089.73 5,123,234.83	0.70 %	5,304,612.17 37,892.09	50.81 % 181,377.34	Aaa AA+	2.73 2.41
FDIC INSURED US CORPORATE									
91160HAA5	US Bancorp FDIC Guaranteed Note 2.25% Due 3/13/2012	85,000.00	03/10/2009 2.25 %	84,989.80 84,998.19	101.05 0.28 %	85,890.46 892.50	0.83 % 892.27	Aaa AA+	0.53 0.53
38146FAA9	Goldman Sachs FDIC Guaranteed Note 3.25% Due 6/15/2012	280,000.00	Various 2.69 %	284,814.50 281,182.26	102.30 0.32 %	286,448.96 1,921.11	2.74 % 5,266.70	Aaa AA+	0.79 0.78
949744AC0	Wells Fargo & Company FDIC Guaranteed Note 2.125% Due 6/15/2012	290,000.00	Various 2.03 %	290,859.44 290,216.85	101.43 0.31 %	294,150.48 1,300.97	2.81 % 3,933.63	Aaa AA+	0.79 0.78
06050BAA9	Bank of America Corp FDIC Guaranteed Note 3.125% Due 6/15/2012	60,000.00	Various 1.97 %	62,221.18 60,528.16	102.20 0.32 %	61,322.82 395.83	0.59 % 794.66	Aaa AA+	0.79 0.78
69351CAC7	PNC Funding Corp FDIC Guaranteed Note 2.3% Due 6/22/2012	290,000.00	08/31/2009 1.73 %	294,515.30 291,302.07	101.60 0.32 %	294,637.10 1,278.42	2.81 % 3,335.03	Aaa AA+	0.81 0.80
481247AM6	JP Morgan Chase FDIC Guaranteed Note 2.125% Due 12/26/2012	295,000.00	04/22/2009 2.04 %	295,914.50 295,329.19	102.01 0.59 %	300,933.93 1,131.86	2.87 % 5,604.74	Aaa AA+	1.32 1.30
Total FDIC Insured US Corporate		1,300,000.00	2.12 %	1,313,314.72 1,303,556.72	0.38 %	1,323,383.75 6,920.69	12.65 % 19,827.03	Aaa AA+	0.90 0.89
MONEY MARKET FUND FI									
431114503	Highmark Treasury Money Market Fund	154,886.21	Various 0.00 %	154,886.21 154,886.21	1.00 0.00 %	154,886.21 0.00	1.47 % 0.00	Aaa AAA	0.00 0.00



Holdings Report

As of 8/31/11

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody S&P	Term (yrs) Duration
Total Money Market Fund FI		154,886.21	N/A	154,886.21	0.00 %	154,886.21 0.00	1.47 % 0.00	Aaa AAA	0.00 0.00
US CORPORATE									
931142CL5	Wal-Mart Stores Note 4.25% Due 4/15/2013	45,000.00	12/14/2010 1.16 %	48,179.25 47,214.25	106.01 0.53 %	47,702.61 722.50	0.46 % 488.36	Aa2 AA	1.62 1.56
98385XAD8	XTO Energy Inc Note 4.9% Due 2/1/2014	100,000.00	Various 1.42 %	109,638.00 108,217.88	109.95 0.74 %	109,948.51 408.33	1.05 % 1,730.63	Aaa AAA	2.42 2.30
166751AH0	ChevronTexaco Corp Note 3.95% Due 3/3/2014	190,000.00	Various 2.47 %	200,126.65 196,667.64	108.00 0.72 %	205,196.58 3,710.81	1.99 % 8,528.94	Aa1 AA	2.51 2.36
36962G4C5	General Electric Capital Corp Note 5.9% Due 5/13/2014	180,000.00	Various 3.84 %	194,130.60 189,091.37	110.93 1.74 %	199,682.83 3,186.00	1.93 % 10,591.46	Aa2 AA+	2.70 2.49
931142CQ4	Wal-Mart Stores Note 3.2% Due 5/15/2014	190,000.00	Various 2.08 %	197,746.80 195,485.44	106.24 0.86 %	201,846.69 1,790.22	1.94 % 6,361.25	Aa2 AA	2.71 2.58
594918AB0	Microsoft Note 2.95% Due 6/1/2014	240,000.00	Various 2.25 %	246,233.20 244,388.06	106.60 0.53 %	255,849.60 1,770.00	2.45 % 11,461.54	Aaa AAA	2.75 2.64
084670AV0	Berkshire Hathaway Note 3.2% Due 2/11/2015	195,000.00	Various 2.76 %	198,471.25 197,732.32	105.48 1.56 %	205,687.56 346.67	1.96 % 7,955.24	Aa2 AA+	3.45 3.26
742718DS5	Procter & Gamble Co Note 1.8% Due 11/15/2015	265,000.00	04/13/2011 2.36 %	258,615.14 259,134.48	102.64 1.16 %	271,994.68 1,404.50	2.60 % 12,860.20	Aa3 AA-	4.21 4.03
Total US Corporate		1,405,000.00	2.46 %	1,453,140.89 1,437,931.44	1.03 %	1,497,909.06 13,339.03	14.37 % 59,977.62	Aa2 AA+	3.00 2.85
US TREASURY									
912828GK0	US Treasury Note 4.625% Due 2/29/2012	155,000.00	Various 3.55 %	161,073.95 155,767.06	102.27 0.09 %	158,511.68 19.69	1.51 % 2,744.62	Aaa AA+	0.50 0.50
912828HE3	US Treasury Note 4.25% Due 9/30/2012	120,000.00	10/04/2007 4.20 %	120,253.13 120,054.88	104.43 0.15 %	125,315.64 2,145.90	1.21 % 5,260.76	Aaa AA+	1.08 1.05
912828HG8	US Treasury Note 3.875% Due 10/31/2012	350,000.00	12/06/2007 3.40 %	357,396.48 351,760.28	104.33 0.16 %	365,148.35 4,569.97	3.52 % 13,388.07	Aaa AA+	1.17 1.14
912828HK9	US Treasury Note 3.375% Due 11/30/2012	365,000.00	Various 3.25 %	367,036.33 365,516.55	104.00 0.16 %	379,614.24 3,130.18	3.64 % 14,097.69	Aaa AA+	1.25 1.22
912828HV5	US Treasury Note 2.5% Due 3/31/2013	125,000.00	01/06/2010 1.69 %	128,154.72 126,543.91	103.65 0.19 %	129,560.50 1,314.89	1.24 % 3,016.59	Aaa AA+	1.58 1.54
912828JQ4	US Treasury Note 2.75% Due 10/31/2013	125,000.00	05/10/2010 1.65 %	129,633.79 127,888.36	105.46 0.22 %	131,826.13 1,158.29	1.26 % 3,937.77	Aaa AA+	2.17 2.10
912828NP1	US Treasury Note 1.75% Due 7/31/2015	225,000.00	04/05/2011 1.96 %	223,067.16 223,248.56	104.49 0.59 %	235,107.00 342.39	2.24 % 11,858.44	Aaa AA+	3.92 3.79
912828PJ3	US Treasury Note 1.375% Due 11/30/2015	250,000.00	05/31/2011 1.46 %	249,024.28 249,078.92	102.82 0.70 %	257,050.75 873.46	2.45 % 7,971.83	Aaa AA+	4.25 4.12



Holdings Report

As of 8/31/11

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody S&P	Term (yrs) Duration
US TREASURY									
912828QX1	US Treasury Note 1.5% Due 7/31/2016	370,000.00	Various 1.25 %	374,487.57 374,417.00	102.78 0.92 %	380,289.70 482.61	3.62 % 5,872.70	Aaa AA+	4.92 4.73
Total US Treasury		2,085,000.00	2.45 %	2,110,127.41 2,094,275.52	0.40 %	2,162,423.99 14,037.38	20.70 % 68,148.47	Aaa AA+	2.54 2.45
TOTAL PORTFOLIO		9,989,886.21	2.27 %	10,198,558.96 10,113,884.72	0.64 %	10,443,215.18 72,189.19	100.00 % 329,330.46	Aaa AA+	2.46 2.25
TOTAL MARKET VALUE PLUS ACCRUED						10,515,404.37			



Transaction Ledger

7/31/11 Thru 8/31/11

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
ACQUISITIONS										
Purchase	08/01/2011	431114503	7,912.50	Highmark Treasury Money Market Fund	1.000		7,912.50	0.00	7,912.50	0.00
Purchase	08/01/2011	431114503	0.45	Highmark Treasury Money Market Fund	1.000		0.45	0.00	0.45	0.00
Purchase	08/03/2011	912828QX1	260,000.00	US Treasury Note 1.5% Due 7/31/2016	101.172	1.26 %	263,047.75	31.79	263,079.54	0.00
Purchase	08/04/2011	912828QX1	110,000.00	US Treasury Note 1.5% Due 7/31/2016	101.309	1.23 %	111,439.82	17.93	111,457.75	0.00
Purchase	08/09/2011	431114503	3,593.75	Highmark Treasury Money Market Fund	1.000		3,593.75	0.00	3,593.75	0.00
Purchase	08/11/2011	431114503	3,120.00	Highmark Treasury Money Market Fund	1.000		3,120.00	0.00	3,120.00	0.00
Purchase	08/18/2011	431114503	770.00	Highmark Treasury Money Market Fund	1.000		770.00	0.00	770.00	0.00
Purchase	08/18/2011	431114503	110,000.00	Highmark Treasury Money Market Fund	1.000		110,000.00	0.00	110,000.00	0.00
Purchase	08/22/2011	431114503	240.63	Highmark Treasury Money Market Fund	1.000		240.63	0.00	240.63	0.00
Purchase	08/31/2011	431114503	3,584.38	Highmark Treasury Money Market Fund	1.000		3,584.38	0.00	3,584.38	0.00
	Subtotal		499,221.71				503,709.28	49.72	503,759.00	0.00
Security Contribution	08/26/2011	431114503	875.00	Highmark Treasury Money Market Fund	1.000		875.00	0.00	875.00	0.00
	Subtotal		875.00				875.00	0.00	875.00	0.00
TOTAL ACQUISITIONS			500,096.71				504,584.28	49.72	504,634.00	0.00

DISPOSITIONS										
Sale	08/03/2011	431114503	263,079.54	Highmark Treasury Money Market Fund	1.000		263,079.54	0.00	263,079.54	0.00
Sale	08/04/2011	431114503	34,887.06	Highmark Treasury Money Market Fund	1.000		34,887.06	0.00	34,887.06	0.00
Sale	08/04/2011	91160HAA5	75,000.00	US Bancorp FDIC Guaranteed Note 2.25% Due 3/13/2012	101.213	0.25 %	75,909.75	660.94	76,570.69	911.57
	Subtotal		372,966.60				373,876.35	660.94	374,537.29	911.57
Call	08/18/2011	3134G1PP3	110,000.00	FHLMC Callable Note 1X 8/18/11 1.4% Due 11/18/2013	100.000	1.40 %	110,000.00	0.00	110,000.00	0.00
	Subtotal		110,000.00				110,000.00	0.00	110,000.00	0.00
Security Withdrawal	08/03/2011	431114503	1,042.00	Highmark Treasury Money Market Fund	1.000		1,042.00	0.00	1,042.00	0.00



Transaction Ledger

7/31/11 Thru 8/31/11

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
DISPOSITIONS										
Security Withdrawal	08/26/2011	431114503	875.00	Highmark Treasury Money Market Fund	1.000		875.00	0.00	875.00	0.00
	Subtotal		1,917.00				1,917.00	0.00	1,917.00	0.00
TOTAL DISPOSITIONS			484,883.60				485,793.35	660.94	486,454.29	911.57
OTHER TRANSACTIONS										
Interest	08/01/2011	880591DW9	230,000.00	Tennessee Valley Authority Note 4.75% Due 8/1/2013	0.000		5,462.50	0.00	5,462.50	0.00
Interest	08/01/2011	98385XAD8	100,000.00	XTO Energy Inc Note 4.9% Due 2/1/2014	0.000		2,450.00	0.00	2,450.00	0.00
Interest	08/09/2011	3137EACH0	250,000.00	FHLMC Note 2.875% Due 2/9/2015	0.000		3,593.75	0.00	3,593.75	0.00
Interest	08/11/2011	084670AV0	195,000.00	Berkshire Hathaway Note 3.2% Due 2/11/2015	0.000		3,120.00	0.00	3,120.00	0.00
Interest	08/18/2011	3134G1PP3	110,000.00	FHLMC Callable Note 1X 8/18/11 1.4% Due 11/18/2013	0.000		770.00	0.00	770.00	0.00
Interest	08/22/2011	3133XYWB7	55,000.00	FHLB Note 0.875% Due 8/22/2012	0.000		240.63	0.00	240.63	0.00
Interest	08/31/2011	912828GK0	155,000.00	US Treasury Note 4.625% Due 2/29/2012	0.000		3,584.38	0.00	3,584.38	0.00
	Subtotal		1,095,000.00				19,221.26	0.00	19,221.26	0.00
Dividend	08/01/2011	431114503	332,585.60	Highmark Treasury Money Market Fund	0.000		0.45	0.00	0.45	0.00
	Subtotal		332,585.60				0.45	0.00	0.45	0.00
TOTAL OTHER TRANSACTIONS			1,427,585.60				19,221.71	0.00	19,221.71	0.00



Small Cities Organized Risk Effort
Joint Powers Authority
August 31, 2011

COMPLIANCE WITH INVESTMENT POLICY

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

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

Monthly Account Statement

Small Cities Organized Risk Effort

September 1, 2011 through September 30, 2011

Chandler Team

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

Custodian

Union Bank of California
Carmen Coniando
415-705-7207

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



PORTFOLIO CHARACTERISTICS

Average Duration	2.46
Average Coupon	2.79 %
Average Purchase YTM	2.21 %
Average Market YTM	0.74 %
Average S&P Rating	AA+
Average Final Maturity	2.68 yrs
Average Life	2.68 yrs

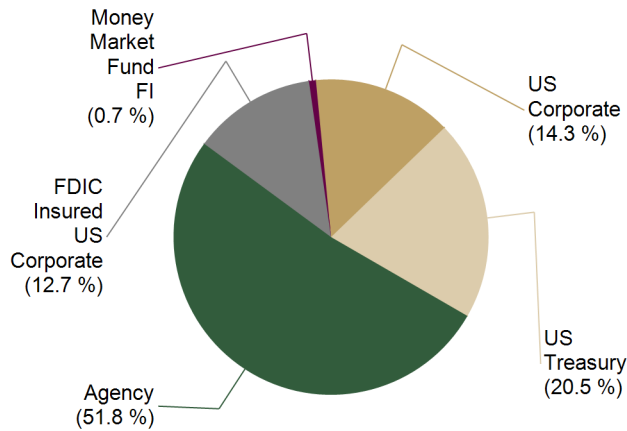
ACCOUNT SUMMARY

	Beg. Values as of 8/31/11	End Values as of 9/30/11
Market Value	10,443,215	10,427,120
Accrued Interest	72,189	77,395
Total Market Value	10,515,404	10,504,515
Income Earned	19,189	18,815
Cont/WD		-1,049
Par	9,989,886	10,004,131
Book Value	10,113,885	10,136,081
Cost Value	10,198,559	10,221,076

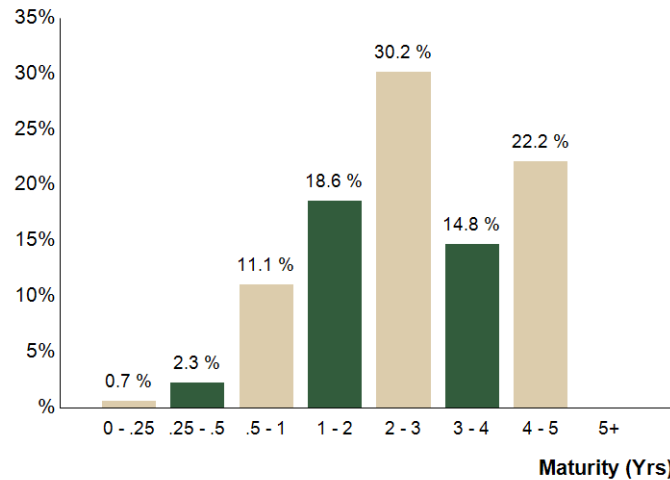
TOP ISSUERS

Issuer	% Portfolio
Government of United States	20.5 %
Federal National Mortgage Assoc	12.9 %
Federal Home Loan Bank	12.4 %
Federal Farm Credit Bank	11.4 %
Federal Home Loan Mortgage Corp	10.4 %
Tennessee Valley Authority	4.6 %
JP Morgan FDIC Insured	2.9 %
PNC Funding FDIC Insured	2.8 %
	78.0 %

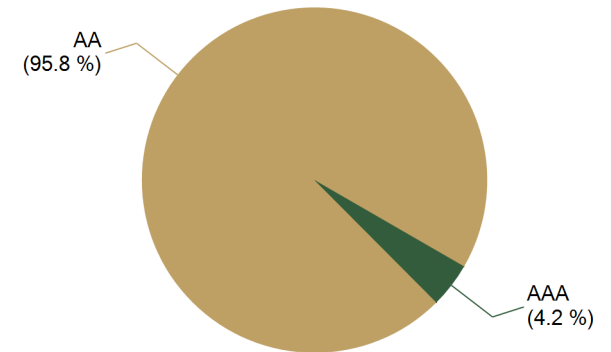
SECTOR ALLOCATION



MATURITY DISTRIBUTION



CREDIT QUALITY



PERFORMANCE REVIEW

Total Rate of Return As of 9/30/2011	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	-0.09 %	1.09 %	2.46 %	2.02 %	4.58 %	5.09 %	N/A	5.19 %	32.11 %
1-5 yr Govt	-0.13 %	1.30 %	2.78 %	2.18 %	3.83 %	4.84 %	N/A	4.93 %	30.28 %
1-5 Year Govt/A Rated or better Corporate	-0.29 %	0.95 %	2.66 %	2.05 %	4.54 %	4.78 %	N/A	4.89 %	30.02 %



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody S&P	Term (yrs) Duration
AGENCY									
880591DT6	Tennessee Valley Authority Note 6.79% Due 5/23/2012	215,000.00	Various 4.10 %	235,881.16 218,403.72	104.16 0.34 %	223,949.81 5,190.58	2.18 % 5,546.09	Aaa AA+	0.65 0.63
3133XQU34	FHLB Note 3.625% Due 5/29/2013	200,000.00	06/04/2008 3.93 %	197,247.00 199,082.84	105.35 0.40 %	210,690.80 2,456.94	2.03 % 11,607.96	Aaa AA+	1.66 1.61
31339X2M5	FHLB Note 3.875% Due 6/14/2013	200,000.00	Various 3.83 %	200,403.10 200,153.45	105.89 0.41 %	211,782.40 2,303.48	2.04 % 11,628.95	Aaa AA+	1.71 1.65
31398ASD5	FNMA Note 3.875% Due 7/12/2013	40,000.00	Various 3.74 %	40,234.72 40,088.90	106.17 0.40 %	42,469.96 340.14	0.41 % 2,381.06	Aaa AA+	1.78 1.73
3134A4TZ7	FHLMC Note 4.5% Due 7/15/2013	25,000.00	11/05/2008 3.68 %	25,878.25 25,335.77	107.35 0.38 %	26,837.75 237.50	0.26 % 1,501.98	Aaa AA+	1.79 1.73
880591DW9	Tennessee Valley Authority Note 4.75% Due 8/1/2013	230,000.00	Various 3.23 %	242,426.00 235,959.46	107.71 0.52 %	247,733.92 1,820.83	2.38 % 11,774.46	Aaa AA+	1.84 1.77
31331KET3	FFCB Note 0.98% Due 9/23/2013	115,000.00	03/28/2011 1.10 %	114,663.05 114,731.70	101.06 0.44 %	116,220.50 25.04	1.11 % 1,488.80	Aaa AA+	1.98 1.96
3133XSAE8	FHLB Note 3.625% Due 10/18/2013	250,000.00	02/25/2009 2.87 %	258,142.75 253,593.38	106.42 0.48 %	266,043.50 4,103.30	2.57 % 12,450.12	Aaa AA+	2.05 1.96
31398AUJ9	FNMA Note 2.875% Due 12/11/2013	100,000.00	03/03/2009 2.50 %	101,696.10 100,780.42	105.20 0.49 %	105,200.10 878.47	1.01 % 4,419.68	Aaa AA+	2.20 2.12
3137EABX6	FHLMC Note 2.5% Due 1/7/2014	35,000.00	02/04/2009 2.73 %	34,625.96 34,827.45	104.59 0.46 %	36,607.83 204.17	0.35 % 1,780.38	Aaa AA+	2.27 2.21
31398AVZ2	FNMA Note 2.75% Due 3/13/2014	95,000.00	11/10/2009 2.32 %	96,665.83 95,943.76	105.39 0.54 %	100,117.37 130.63	0.95 % 4,173.61	Aaa AA+	2.45 2.38
31331GTJ8	FFCB Note 2.625% Due 4/17/2014	205,000.00	10/05/2010 1.02 %	216,410.30 213,223.56	105.17 0.58 %	215,602.60 2,451.46	2.08 % 2,379.04	Aaa AA+	2.55 2.45
3137EACB3	FHLMC Note 2.5% Due 4/23/2014	150,000.00	07/16/2010 1.48 %	155,568.75 153,789.51	104.98 0.54 %	157,475.85 1,645.83	1.51 % 3,686.34	Aaa AA+	2.56 2.47
31331KHF0	FFCB Callable Note Cont 4/25/12 1.62% Due 4/25/2014	205,000.00	04/13/2011 1.62 %	204,979.50 204,982.47	100.65 1.36 %	206,336.81 1,439.10	1.98 % 1,354.34	Aaa AA+	2.57 0.75
31398AXJ6	FNMA Note 2.5% Due 5/15/2014	300,000.00	Various 2.41 %	301,178.80 300,679.30	104.85 0.63 %	314,559.31 2,833.34	3.02 % 13,880.01	Aaa AA+	2.62 2.53
31331JQA4	FFCB Note 1.9% Due 6/2/2014	260,000.00	06/08/2010 1.96 %	259,368.20 259,574.88	103.44 0.60 %	268,933.08 1,632.94	2.58 % 9,358.20	Aaa AA+	2.67 2.60
3133X7FK5	FHLB Note 5.25% Due 6/18/2014	100,000.00	01/08/2010 2.57 %	111,171.90 106,838.39	112.57 0.58 %	112,566.20 1,502.08	1.09 % 5,727.81	Aaa AA+	2.72 2.54
31331GL80	FFCB Note 3% Due 9/22/2014	245,000.00	Various 2.48 %	250,683.60 248,538.79	106.85 0.67 %	261,790.34 183.75	2.49 % 13,251.55	Aaa AA+	2.98 2.86
3134G2DN9	FHLMC Callable Note 1X 1/13/2012 2% Due 1/13/2015	265,000.00	04/01/2011 2.05 %	264,523.00 264,582.49	100.43 1.86 %	266,140.03 1,148.33	2.54 % 1,557.54	Aaa AA+	3.29 0.46
3137EACH0	FHLMC Note 2.875% Due 2/9/2015	250,000.00	Various 2.28 %	256,160.83 254,665.41	106.91 0.79 %	267,271.76 1,038.20	2.55 % 12,606.35	Aaa AA+	3.36 3.21



CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody S&P	Term (yrs) Duration
AGENCY									
3133XWNB1	FHLB Note 2.875% Due 6/12/2015	265,000.00	06/06/2011 1.44 %	279,807.14 278,635.50	107.18 0.90 %	284,023.56 2,306.79	2.73 % 5,388.06	Aaa AA+	3.70 3.50
31398AU34	FNMA Note 2.375% Due 7/28/2015	275,000.00	08/27/2010 1.73 %	283,288.50 281,453.29	105.21 0.98 %	289,335.20 1,142.97	2.77 % 7,881.91	Aaa AA+	3.83 3.65
31331J6C2	FFCB Note 2.35% Due 12/22/2015	120,000.00	03/28/2011 2.27 %	120,434.40 120,387.67	105.02 1.13 %	126,026.40 775.50	1.21 % 5,638.73	Aaa AA+	4.23 4.01
3135G0BA0	FNMA Note 2.375% Due 4/11/2016	275,000.00	06/07/2011 1.78 %	282,544.63 282,054.17	105.40 1.15 %	289,861.83 3,084.20	2.79 % 7,807.66	Aaa AA+	4.53 4.26
3137EACT4	FHLMC Note 2.5% Due 5/27/2016	310,000.00	Various 1.73 %	321,083.36 320,559.67	105.89 1.20 %	328,268.30 3,724.30	3.16 % 7,708.63	Aaa AA+	4.66 4.36
313373SZ6	FHLB Note 2.125% Due 6/10/2016	200,000.00	09/14/2011 1.10 %	209,390.00 209,303.16	103.31 1.39 %	206,612.80 1,664.58	1.98 % (2,690.36)	Aaa AA+	4.70 4.43
3135G0CM3	FNMA Note 1.25% Due 9/28/2016	210,000.00	09/29/2011 1.30 %	209,497.89 209,498.17	99.81 1.29 %	209,606.88 21.88	2.00 % 108.71	Aaa AA+	5.00 4.83
Total Agency		5,140,000.00	2.22 %	5,273,954.72 5,227,667.28	0.83 %	5,392,064.89 44,286.33	51.75 % 164,397.61	Aaa AA+	3.01 2.67

FDIC INSURED US CORPORATE

91160HAA5	US Bancorp FDIC Guaranteed Note 2.25% Due 3/13/2012	85,000.00	03/10/2009 2.25 %	84,989.80 84,998.47	100.91 0.23 %	85,776.82 95.63	0.82 % 778.35	Aaa AA+	0.45 0.45
38146FAA9	Goldman Sachs FDIC Guaranteed Note 3.25% Due 6/15/2012	280,000.00	Various 2.69 %	284,814.50 281,059.11	102.12 0.25 %	285,937.40 2,679.44	2.75 % 4,878.29	Aaa AA+	0.71 0.70
949744AC0	Wells Fargo & Company FDIC Guaranteed Note 2.125% Due 6/15/2012	290,000.00	Various 2.03 %	290,859.44 290,194.25	101.23 0.38 %	293,576.86 1,814.52	2.81 % 3,382.61	Aaa AA+	0.71 0.70
06050BAA9	Bank of America Corp FDIC Guaranteed Note 3.125% Due 6/15/2012	60,000.00	Various 1.97 %	62,221.18 60,473.14	102.06 0.22 %	61,233.06 552.09	0.59 % 759.92	Aaa AA+	0.71 0.70
69351CAC7	PNC Funding Corp FDIC Guaranteed Note 2.3% Due 6/22/2012	290,000.00	08/31/2009 1.73 %	294,515.30 291,169.65	101.38 0.41 %	293,987.80 1,834.26	2.82 % 2,818.15	Aaa AA+	0.73 0.72
481247AM6	JP Morgan Chase FDIC Guaranteed Note 2.125% Due 12/26/2012	295,000.00	04/22/2009 2.04 %	295,914.50 295,308.70	102.19 0.35 %	301,453.13 1,654.25	2.89 % 6,144.43	Aaa AA+	1.24 1.22
Total FDIC Insured US Corporate		1,300,000.00	2.12 %	1,313,314.72 1,303,203.32	0.33 %	1,321,965.07 8,630.19	12.67 % 18,761.75	Aaa AA+	0.82 0.81

MONEY MARKET FUND FI

431114503	Highmark Treasury Money Market Fund	74,130.82	Various 0.00 %	74,130.82 74,130.82	1.00 0.00 %	74,130.82 0.00	0.71 % 0.00	Aaa AAA	0.00 0.00
Total Money Market Fund FI		74,130.82	N/A	74,130.82 74,130.82	0.00 %	74,130.82 0.00	0.71 % 0.00	Aaa AAA	0.00 0.00



Holdings Report

As of 9/30/11

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody S&P	Term (yrs) Duration
US CORPORATE									
931142CL5	Wal-Mart Stores Note 4.25% Due 4/15/2013	45,000.00	12/14/2010 1.16 %	48,179.25 47,102.05	105.61 0.59 %	47,526.71 881.88	0.46 % 424.66	Aa2 AA	1.54 1.48
98385XAD8	XTO Energy Inc Note 4.9% Due 2/1/2014	100,000.00	Various 1.42 %	109,638.00 107,938.99	109.37 0.84 %	109,369.31 816.67	1.05 % 1,430.32	Aaa AAA	2.34 2.22
166751AH0	ChevronTexaco Corp Note 3.95% Due 3/3/2014	190,000.00	Various 2.47 %	200,126.65 196,448.78	107.71 0.74 %	204,651.66 583.72	1.95 % 8,202.88	Aa1 AA	2.42 2.33
36962G4C5	General Electric Capital Corp Note 5.9% Due 5/13/2014	180,000.00	Various 3.84 %	194,130.60 188,814.47	109.32 2.22 %	196,780.32 4,071.00	1.91 % 7,965.85	Aa2 AA+	2.62 2.40
931142CQ4	Wal-Mart Stores Note 3.2% Due 5/15/2014	190,000.00	Various 2.08 %	197,746.80 195,318.71	106.27 0.78 %	201,921.55 2,296.89	1.94 % 6,602.84	Aa2 AA	2.62 2.50
594918AB0	Microsoft Note 2.95% Due 6/1/2014	240,000.00	Various 2.25 %	246,233.20 244,256.94	106.13 0.63 %	254,717.52 2,360.00	2.45 % 10,460.58	Aaa AAA	2.67 2.56
084670AV0	Berkshire Hathaway Note 3.2% Due 2/11/2015	195,000.00	Various 2.76 %	198,471.25 197,667.22	105.14 1.62 %	205,017.35 866.67	1.96 % 7,350.13	Aa2 AA+	3.37 3.18
742718DS5	Procter & Gamble Co Note 1.8% Due 11/15/2015	265,000.00	04/13/2011 2.36 %	258,615.14 259,249.04	102.61 1.15 %	271,917.56 1,802.00	2.61 % 12,668.52	Aa3 AA-	4.13 3.95
Total US Corporate		1,405,000.00	2.46 %	1,453,140.89 1,436,796.20	1.12 %	1,491,901.98 13,678.83	14.33 % 55,105.78	Aa2 AA+	2.92 2.78

US TREASURY									
912828GK0	US Treasury Note 4.625% Due 2/29/2012	155,000.00	Various 3.55 %	161,073.95 155,639.92	101.85 0.19 %	157,869.98 610.52	1.51 % 2,230.06	Aaa AA+	0.42 0.42
912828HE3	US Treasury Note 4.25% Due 9/30/2012	120,000.00	10/04/2007 4.20 %	120,253.13 120,050.71	104.03 0.22 %	124,832.76 13.93	1.19 % 4,782.05	Aaa AA+	1.00 0.99
912828HG8	US Treasury Note 3.875% Due 10/31/2012	100,000.00	12/06/2007 3.40 %	102,113.28 100,467.52	103.95 0.22 %	103,953.10 1,621.60	1.01 % 3,485.58	Aaa AA+	1.09 1.06
912828HK9	US Treasury Note 3.375% Due 11/30/2012	365,000.00	Various 3.25 %	367,036.33 365,482.57	103.67 0.22 %	378,402.44 4,139.90	3.64 % 12,919.87	Aaa AA+	1.17 1.14
912828HV5	US Treasury Note 2.5% Due 3/31/2013	125,000.00	01/06/2010 1.69 %	128,154.72 126,463.64	103.34 0.26 %	129,179.75 8.54	1.23 % 2,716.11	Aaa AA+	1.50 1.48
912828JQ4	US Treasury Note 2.75% Due 10/31/2013	125,000.00	05/10/2010 1.65 %	129,633.79 127,778.81	105.03 0.33 %	131,289.00 1,438.52	1.26 % 3,510.19	Aaa AA+	2.09 2.02
912828NP1	US Treasury Note 1.75% Due 7/31/2015	225,000.00	04/05/2011 1.96 %	223,067.16 223,285.32	104.21 0.64 %	234,474.75 663.38	2.24 % 11,189.43	Aaa AA+	3.84 3.71
912828PJ3	US Treasury Note 1.375% Due 11/30/2015	250,000.00	05/31/2011 1.46 %	249,024.28 249,096.73	102.59 0.74 %	256,484.50 1,155.23	2.45 % 7,387.77	Aaa AA+	4.17 4.03
912828QX1	US Treasury Note 1.5% Due 7/31/2016	370,000.00	Various 1.25 %	374,487.57 374,343.18	102.69 0.93 %	379,945.60 935.06	3.63 % 5,602.42	Aaa AA+	4.84 4.65



Holdings Report

As of 9/30/11

CUSIP	Security Description	Par Value/Units	Purchase Date Book Yield	Cost Value Book Value	Mkt Price Mkt YTM	Market Value Accrued Int.	% of Port. Gain/Loss	Moody S&P	Term (yrs) Duration
US TREASURY									
912828RF9	US Treasury Note 1% Due 8/31/2016	250,000.00	09/14/2011 0.86 %	251,690.29 251,675.36	100.25 0.95 %	250,625.00 212.91	2.39 % (1,050.36)	Aaa AA+	4.92 4.78
Total US Treasury		2,085,000.00	2.15 %	2,106,534.50 2,094,283.76	0.54 %	2,147,056.88 10,799.59	20.54 % 52,773.12	Aaa AA+	2.91 2.82
TOTAL PORTFOLIO		10,004,130.82	2.21 %	10,221,075.65 10,136,081.38	0.74 %	10,427,119.64 77,394.94	100.00 % 291,038.26	Aaa AA+	2.68 2.46
TOTAL MARKET VALUE PLUS ACCRUED						10,504,514.58			



Small Cities Organized Risk Effort
Joint Powers Authority
September 30, 2011

COMPLIANCE WITH INVESTMENT POLICY

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

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

**SCORE'S QUARTERLY FINANCIALS FOR PERIODS ENDING
JUNE 30, 2011 and SEPTEMBER 30, 2011**

ACTION ITEM

ISSUE: Members receive quarterly a report on the financial status of SCORE. Gilbert and Associates, SCORE's accountant, will present SCORE's Financials for Quarters ending June 30, 2011 and September 30, 2011 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.

ATTACHMENTS: a. Quarterly Financial Statements as of June 30, 2011
b. Quarterly Financial Statements as of September 31, 2011 (Handout)

Small Cities Organized Risk Effort
Statement of Net Assets (Draft)
As of June 30, 2011

	Jun 30, 11
ASSETS	
Current Assets	
Checking/Savings	
Scott Valley Bank - General	\$ 2,574,114.22
Scott Valley Bank Claims Accounts	
Scott Valley Bank - Liability	49,745.37
Scott Valley Bank - Workers' Comp	32,988.32
LAIF	
LAIF	2,479,873.40
Total Checking/Savings	5,136,721.31
Other Current Assets	
Chandler - Investment Account	
Chandler - Investments	10,038,106.71
Chandler - Unrealized Gain (Loss)	161,017.73
Union Bank	137,675.52
Total Chandler - Investment Account	10,336,799.96
Interest Receivable	60,347.63
Member Accounts Receivable	510,663.95
Claim Recovery Receivable	190,025.31
Prepaid Expenses	11,562.74
Total Other Current Assets	11,109,399.59
Total Current Assets	16,246,120.90
TOTAL ASSETS	\$ 16,246,120.90

Small Cities Organized Risk Effort
Statement of Net Assets (Draft)
As of June 30, 2011

	<u>Jun 30, 11</u>
LIABILITIES	
Liabilities	
Current Liabilities	
Current Liabilities	
Claims Payable	
Claims Reserves - W/C	1,586,662.00
Claims Reserves - Liability	330,584.00
Total Claims Payable	<u>1,917,246.00</u>
Accounts Payable	94,782.07
Unearned Revenue	3,664.00
Dividend Payable to Members	230,371.00
Total Current Liabilities	<u>2,246,063.07</u>
Long Term Liabilities	
IBNR	
IBNR Reserves - W/C	1,726,284.00
IBNR Reserves - Liability	872,955.00
Total IBNR	<u>2,599,239.00</u>
Total Long Term Liabilities	<u>2,599,239.00</u>
Total Liabilities	<u>4,845,302.07</u>
 NET ASSETS	
Net Assets - Workers' Compensation	
Board Designated - W/C	721,000.00
Shock Loss - W/C	500,000.00
Net Assets - Liability	
Board Designated - Liability	593,000.00
Shock Loss - Liability	1,500,000.00
Unrestricted Net Assets	5,930,884.11
Net Revenues Over Expenditures	2,155,934.72
Total Net Assets	<u>\$ 11,400,818.83</u>

Small Cities Organized Risk Effort
Statement of Revenue, Expenses, and Changes in Net Assets (Draft)
For the Year Ended June 30, 2011

	Jul - Jun 11
Ordinary Revenue	
Revenue	
Member Contributions	\$ 4,536,450.26
Bank/LAIF Interest	20,189.50
Managed Portfolio	320,588.57
Total Operating Revenue	4,877,228.33
Operating Expenses	
General and Administrative Expenses	
Administration	
Bank Service Charges	4,395.00
Conference	1,000.00
Dues & Subscriptions	50.00
Insurance	575.00
Meeting Expense	8,183.43
Miscellaneous Expenses	50.99
Office Supplies	602.28
Reference Materials	5,950.00
Safety Training	17,846.64
User Funding Assessment	17,522.51
Total Administration	56,175.85
Consulting Services	
Accounting Services	
Accounting Services	45,760.00
Audit Preparation	15,130.00
Database Development	20,000.00
Total Accounting Services	80,890.00
Actuarial Study	10,444.30
Administration Costs	210,887.00
Audit Services	
Claims Audit	2,760.00
Financial Audit	25,228.00
Total Audit Services	27,988.00

Small Cities Organized Risk Effort
Statement of Revenue, Expenses, and Changes in Net Assets (Draft)
For the Year Ended June 30, 2011

	Jul - Jun 11
Claims Services	
Claims Management -WC	91,980.00
Claims Management - Liability	109,888.65
Risk Management Services	97,754.71
TPA - Annual Fees	31,724.50
Total Claims Services	331,347.86
Investment Fees	12,339.00
Legal	2,509.20
Total Consulting Services	676,405.36
Total General and Administrative Expenses	732,581.21
Insurance Expenses	
Insurance Premiums	844,060.62
Total Insurance Expenses	844,060.62
Claims Expenses	
Claims Payments	
Claim Payments - WC	596,673.46
Claim Payments - Liability	540,032.94
Total Claim Payments	1,136,706.40
Change in Reserves	527,685.00
Changes in IBNR	(616,487.00)
Total Claims Expenses	1,047,904.40
Dividends	-
Total Expenses	2,624,546.23
Net Operating Revenue	2,252,682.10
Other Revenue (Expense)	
Investment Gain/Loss	(96,747.38)
Net Revenue Over Expenses	\$ 2,155,934.72

TARGET EQUITY ANALYSIS AS OF JUNE 30, 2011

INFORMATION ITEM

ISSUE: The Board will receive a presentation of SCORE's *Target Equity Analysis* as of June 30, 2011 which is developed from the YE2011 Quarterly Financials. The Target Equity Analysis should be reviewed annually and prior to issuing any dividends or making financial decisions for the JPA.

RECOMMENDATION: There is no recommendation at this time.

FISCAL IMPACT: TBD

BACKGROUND: During SCORE's accreditation for the California Association of Joint Powers Authorities (CAJPA), the Accreditation Auditor advised that SCORE should have a Target Equity Policy in place. On October 26, 2007, the Board approved SCORE's Target Equity policy to give guidance to the SCORE Board in making annual funding, dividend and assessment decisions for the Banking Layer and Shared Risk Layers.

Ms. Susan Adams will present the Target Equity Analysis as of June 30, 2011. The Board should annually evaluate the Program's funding position relative to the target surplus goal.

ATTACHMENTS:

1. SCORE's Target Equity Policy
2. Target Equity Ration Presentation (Handout)

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).

Appendix B

Applicable SCORE Governing Documents Sections

The SCORE Master Program for the Liability Program document, Article III, states the following:

1. ADJUSTMENTS TO ACCOUNT BALANCES

A. ASSESSMENTS

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

- 1) Each "Participating Member" of the earliest "Program Year" with a deficit balance shall be assessed to the extent that the participating Member has a deficit balance in that year using the calculation of account balances as described in the Retrospective Adjustment Section below. However, such calculation shall use funding at an actuarially expected loss level.
- 2) If the funds collected from assessing the year under A1, above, are insufficient to fund the Program above a deficit balance, the next earliest "Program Year" with a deficit will be assessed in the same fashion as the first year, per A1 above.
- 3) The above funds collection (A2) will be repeated until such time as sufficient funds have been raised to eliminate the deficit of the Program as a whole.

B. RETROSPECTIVE ADJUSTMENT

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

1) TIMING

- a. Shared Risk Layer – Five (5) years after the end of the "Program Year", a "Retrospective Adjustment" shall be calculated for potential distribution or surcharge. Every year after the first "Retrospective Adjustment", there shall be additional adjustments until the "Program Year" is closed.
- b. Banking Layer – A "Retrospective Adjustment" shall be calculated at the end of the "Program Year" for potential distribution or surcharge. Every year after the first "Retrospective Adjustment", there shall be additional adjustments until the "Program Year" is closed. Typically, the Board of Directors refrains from returning twenty-five (25) percent of the positive balances.

- c. The Board of Directors may waive the collection of all members having a negative net balance or a net surcharge, provided the waiver will not leave the Liability Program funded below the 85 percent confidence level. This waiver may apply to the shared risk or the banking layer separately or together.
- d. The Board of Directors need not declare a dividend or may declare a dividend that is something less than the Retrospective Adjustment calculates.

2) CALCULATION OF ACCOUNT BALANCES – SHARED RISK

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

- c. The total amount of incurred claims within the share risk layer plus the IBNR at the 85 percent confidence level, plus any amounts reserved for shock losses as determined by the Board of Directors is distributed to the members in proportion to their Adjusted Exposure Base is to the total Adjusted Exposure Base for SCORE as a whole. This amount will be the Total Claims Costs for the member.
- d. The Funds in Excess of Costs is determined by subtracting the Total Claims Costs from the Total Revenues.
- e. The Account Balance for the member in any "Program Year" is the Funds in Excess of Costs less any prior returns plus any prior surcharges. This amount, or any portion of this amount, may be distributed to the member after approval from the Board and only if the "Program Year" is at least five (5) years old and the Program as a whole will not be under an 85 percent confidence level after the return or dividend.

3) CALCULATION OF ACCOUNT BALANCE – BANKING LAYER

- a. Each "Participating Member" will be credited for their deposit premiums paid to the Banking Layer and any assessments paid for the "Program Year". Allocated interest for the year will be added to the amount determined above. In addition, returns or surcharges from the excess coverage shall be credited or debited. This amount will constitute the Total Revenues credited to the "Entity's" Banking Layer account for the "Program Year".
- b. The amount credited for the returns from the excess coverage, or debited for the surcharges from the excess coverage, shall be allocated to the "Participating Members" in the same proportion as the member's Banking Layer deposit is to the total deposits of all "Participating Members".
- c. From the amount calculated in a, above, the cost of claims incurred within the Banking Layer by the member shall be subtracted. This amount shall include any payments made for the member from the Funds for Legal Assistance.
- d. In addition, an amount shall be deducted for IBNR at an 85 percent confidence level plus any amount for shock losses the Board of Directors determines should be withheld for financial security. The amount to be deducted from the member shall be the same proportion of the amount to be charged to the "Program Year" as is the member's Banking Layer deposit to the total Banking Layer deposits of all the members. The result will be the Funds in Excess of Costs.
- e. Any excess funds charged, or shortage of funds, for administrative expenses at the beginning of the "Program Year" for the Liability Program shall be added to, or subtracted from, the Funds in Excess of Costs, allocating such administrative expenses half by payroll for the period and half equally among the members.
- f. Finally, any prior returns, or prior surcharges shall be subtracted from, or credited to, the Funds in Excess of Costs.

- g. The result of the above calculation will provide the ending account balance for the Banking Layer of which the Board may return all or any portion of the excess funds provided such return will not leave the Liability Program, or the "Program Year", below an 85 percent confidence level.

4) DISTRIBUTION

Upon completion of the calculation described above, if there is a net negative balance in the individual accounts, the "Participant" shall not receive a refund for that "Program Year". "Participants" with positive balances may receive a refund, as determined by the Board of Directors. However, the total refunds for any one "Program Year" shall not exceed the actuarially determined surplus for that year. Further, the total refunds for any one "Program Year" shall be limited to the actuarially determined surplus for the Liability Program as a whole less any refunds granted from prior "Program Year's".

C. CLOSING OF PROGRAM YEARS

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

The SCORE Master Liability Program Document, Article V, Section 3, states the following:

1. TERMINATION OF PARTICIPATION

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

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

APPROVAL OF WORKERS' COMPENSATION REVISED RETROSPECTIVE DISTRIBUTION CALCULATION

ACTION ITEM

ISSUE: The Board will review and may adopt the REVISED *Retrospective Distribution* calculations for the Workers' Compensation Program as presented.

RECOMMENDATION: The Program Administrator will make a recommendation at the meeting after the Retrospective Distribution calculation has been reviewed

FISCAL IMPACT: Unknown

BACKGROUND: At the August 26, 2011, SCORE Board meeting, retrospective rating calculations were reviewed and approved by the Members. Upon further discussion, the Board requested the calculations be revised to correctly allocate interest among the members and the calculations be done for the members in the Mini-Cities program.

In accordance with the Workers' Compensation Master Plan Document, SCORE recalculates the funds available for retrospective adjustment by Program Year annually. All years are adjusted under the banking layer, i.e. loss amounts under \$25,000, but only 75 percent of the cities' positive balances are eligible to be declared as an adjustment. The adjustment to the Shared Risk, i.e. above \$25,000 to \$500,000, is limited to those years which have had five years or more to mature.

The Board of Directors has used the Retrospective Distributions to provide guidance in the amounts declared in the past.

The Board of Directors may declare the retrospective distribution amount. However, such ability is limited that distributions from any year so long as such dividend do not reduce the funding of the year or the Program as a whole below the 70 percent confidence level. See Workers' Compensation Master Plan Document, Article III, Section 3, C.

ATTACHMENTS:

1. Workers' Compensation Master Plan Document
2. Revised Retrospective Rating Calculations
3. MiniCities Distribution Calculation

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

**EFFECTIVE JUNE 27, 2003
AS AMENDED JUNE 25, 2010
AS AMENDED JUNE 24, 2011**

ARTICLE I - GENERAL

1. PURPOSE

- A. One of the primary purposes in forming the Small Cities Organized Risk Effort Joint Powers Authority, hereinafter SCORE, was to create a method for providing coverage for legal liabilities unexpectedly incurred by the member agencies. In response to the members' liabilities arising out of the California Workers' Compensation Act and other liabilities for bodily injury to employees, SCORE established the Workers' Compensation Program. This Workers' Compensation Master Plan Document, hereinafter the WCMPD sets forth the manner in which these services shall be delivered to the membership. The Program shall use the concepts and techniques of pooled sharing of operating costs and losses above the banking layer. The Workers' Compensation Program may purchase excess coverage or participate in other risk sharing pools above those limits provided by the Workers' Compensation Program shared risk layer as authorized by the Board of Directors of SCORE. SCORE may also purchase reinsurance above a set retention per occurrence and/or in the aggregate as authorized by the Board of Directors of SCORE.
- B. The Board of Directors has the right to alter the terms and conditions of the underlying coverage in response to the needs and abilities of the Workers' Compensation Program, the "Member Entities", and the availability of coverage from outside sources.

2. SEPARATE PROGRAM YEARS

A. PROGRAM YEARS

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

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

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

B. ACTUARIALLY SOUND PROGRAM YEARS

To assure each "Program Year" is "actuarially sound" as a separate unit, the Workers' Compensation Program shall charge each participating member a "deposit premium" based on an actuarial projection of losses for the year and the exposure of loss presented by each participating member.

To maintain actuarial soundness, the Workers' Compensation Program shall have actuarial studies done annually and take appropriate action if the "Program Year" should be deficient actuarially. For such actions, please see Article III - Premiums, Rates and Assessments.

3. FINANCING THE PROGRAM

A. DEPOSIT PREMIUMS

The Administrator, in conjunction with an actuary, shall prepare rates and "deposit premiums" adequate to fund the actuarially determined losses in the shared risk and banking layers of the Workers' Compensation Program, including attorney fees and other claims related costs, the cost of excess coverage, and the projected administrative costs of the Workers' Compensation Program. These rates and "deposit premiums" shall be approved by the Board as part of SCORE's annual budget.

B. RETROSPECTIVE ADJUSTMENTS

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

Effective July 1, 2011, it is understood that funds of a "Participating Member" that withdraws from SCORE's Workers' Compensation Plan will remain with SCORE until such time as the "Program Year" is closed. If a "Program Year" is not closed and the "Participating Member" would be eligible for a distribution, they may

annually send a written request for release of their funds to the Board of Directors. This action will require a 2/3 approval of the Board of Directors as specified in the JPA Bylaws, Article III, Section 1, paragraph B.6.

C. ASSESSMENTS

Assessments shall be made when the Workers' Compensation Program, as a whole, is found to be actuarially under-funded. The Workers' Compensation Program is under-funded when an actuarial study has determined that the available reserves are less than an amount of expected outstanding claims liabilities, calculating expected interest earnings at a rate no higher than the prevailing rates at the time of the assessment.

4. AMENDMENTS TO THIS PLAN

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

ARTICLE II - COVERAGE

1. GENERAL DESCRIPTION

A. COVERAGE PROVIDED

- 1) The Board of Directors shall approve this document which shall provide the means for the members of SCORE to pool their resources to pay for workers' compensation and employer's liability claims and for which coverage is extended to the "Participants" of this Workers' Compensation Program. An account shall be established from which losses and expenses of the Workers' Compensation Program shall be paid.
- 2) SCORE shall provide another document, separate and apart from this document, which shall be entitled the Workers' Compensation Memorandum of Coverage (WCMOC). This Memorandum of Coverage shall provide for the indemnification of the covered parties for liability because of bodily injury to employees, as the Board of Directors deems appropriate, subject to any exclusions of coverage stated in the WCMOC. The WCMOC may provide coverage by incorporation of other documents with or without amendments. Those express provisions in the WCMOC shall supersede any provision of a document that has been incorporated, whether such document is the Labor Code or otherwise, into the WCMOC that is inconsistent with those express provisions.
- 3) The WCMOC shall be adopted by the majority of the directors at a SCORE Board of Directors meeting. The Board of Directors may amend the WCMOC at any time in the same manner and restrictions as imposed upon the adoption of the WCMOC.

B. LIMITS OF COVERAGE

- 1) This Workers' Compensation Program shall provide a self-funded banking and shared risk layer, where economically practical, with total "limits of coverage" of at least \$150,000 per occurrence.
- 2) The Banking Layer shall consist of that amount of all claims arising out of one occurrence up to \$25,000.
- 3) The Shared Risk Layer shall consist of that amount of all claims arising out of one occurrence that exceeds the amount within the Banking Layer to the extent the claims are retained by SCORE.
- 4) The Workers' Compensation Program may obtain for its participating members and SCORE limits in excess of the self-funded coverage through the purchase of excess insurance, reinsurance, or participation in a joint powers agreement or other self-insurance plans.

C. POLICY TERM, RENEWAL, AND CANCELLATION

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

2. AUTHORITY TO ALTER COVERAGE AND CONTRACT FOR EXCESS COVERAGE

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

3. DISTRIBUTION

A copy of this document and the Memorandum of Coverage shall be provided to each "Participating Member". All endorsements or other changes to the Workers' Compensation Program shall be distributed, as occurring, to the "Participating Members". All documents shall be deemed provided if the designated representative for the "Participating Member" receives a copy of such document in person or if the document has been duly mailed in the U.S. Postal

system or any other delivery system with tracking and verification of delivery to the address of the representative on file with SCORE.

ARTICLE III – PREMIUMS, RATES AND ASSESSMENTS

1. MINI-CITIES POOL

A "Mini-Cities" pool shall constitute those "Participating Members" who have elected, in writing, to participate in it and for which the Board of Directors has agreed by a vote of two-thirds of the Directors. For purposes of this Article, such "Mini-Cities" pool shall be treated as if it were a single "Participating Member".

- A. "Deposit Premiums" for the "Mini-Cities" pool, as calculated in Section 2 below, shall be distributed to its members in the proportion the member's payroll is to the total payroll of all the members of the "Mini-Cities" pool.
- B. Assessments, Dividends, or Surcharges for the "Mini-Cities" pool, as calculated under Section 3 below, shall be distributed to its members in the proportion the member's deposit premium for the appropriate "Program Year" was to the deposit premium for the "Mini-Cities" pool as a whole.
- C. The Board of Directors will establish rules for admission to the Mini-Cities Pool.

2. DEPOSIT PREMIUM CALCULATIONS

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

The above-mentioned deposits may be determined at a confidence level greater or less than 70 percent only by a two-thirds vote of the Directors.

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

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

3. ADJUSTMENTS TO ACCOUNT BALANCES

A. ASSESSMENTS

If the Workers' Compensation Program as a whole is not actuarially sound, that is where the funds for losses are less than the expected losses as determined by the actuary, an assessment against all "Participating Members" of the "Program Years" that are found to be actuarially

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

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

B. RETROSPECTIVE ADJUSTMENTS

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

Effective July 1, 2011, "Participants" that withdraw from SCORE's Workers' Compensation plan, agree that any available funds' allocated to them in the Shared Risk Layer, will remain with SCORE until such time as the "Program Year" is closed. This includes funds allocated to them via the "Retrospective Adjustment" or any other manner of distribution other than the declaration of a dividend by the Board or in accordance with distribution described in the Joint Powers Agreement upon the dissolution of SCORE. If a "Program Year" is not closed and the "Participating Member" would be eligible for a distribution, they may annually send a written request for release of their funds to the Board of Directors. This action will require a 2/3 approval of the Board of Directors as specified in the JPA Bylaws, Article III, Section 1, paragraph B.6.

- 1) TIMING

- a. Shared Risk Layer – five (5) years after the end of the "Program Year", a "Retrospective Adjustment" shall be calculated for potential distribution or surcharge. Every year after the first "Retrospective Adjustment", there shall be additional adjustments until the "Program Year" is closed.
- b. Banking Layer – a "Retrospective Adjustment" shall be calculated at the end of the "Program Year" for potential distribution or surcharge. Every year after the first "Retrospective Adjustment", there shall be additional adjustments until the "Program Year" is closed. Typically, the Board of Directors refrains from returning 25 percent of the positive balances of those open years.
- c. The Board of Directors may waive the collection of all members having a negative net balance or a net surcharge, provided the waiver will not leave the Workers' Compensation Program funded below the 70 percent confidence level. This waiver may apply to the shared risk or the banking layer separately or both.
- d. The Board of Directors need not declare a dividend or may declare a dividend that is something less than the "Retrospective Adjustment" calculates.

2) CALCULATION OF ACCOUNT BALANCES – SHARED RISK

- a. Each "Participating Member" will be credited for their "deposit premiums" paid to the Shared Risk Layer and any assessments paid for the program year. Allocated interest for the year will be added to the amount determined above. This amount will constitute the Total Revenues credited to the "Entity's" Shared Risk account for the "Program Year".
- b. From the amount calculated in 2a, above, the cost of claims shall be subtracted.
 - i. The cost of claims constitutes the total of incurred claims within the share risk layer plus the IBNR at the 70 percent confidence level, plus any amounts reserved for shock losses as determined by the Board of Directors.
 - ii. The costs of claims are allocated to the members in the same proportion as their Shared Risk Deposit is to the total Shared Risk Deposit for the Participating Members as a whole.
- c. The Funds in Excess of Costs is determined by subtracting the Total Claims Costs from the Total Revenues.
- d. The Account Balance for the member in any "Program Year" is the Funds in Excess of Costs less any prior returns plus any prior surcharges. This amount, or any portion of this amount, may be distributed to the member after approval from the Board and only if the "Program Year" is at least five (5) years old and the Program as a whole will not be under an 85 percent confidence level after the return or dividend.

3) CALCULATION OF ACCOUNT BALANCE – BANKING LAYER

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

4) DISTRIBUTION

Upon completion of the calculation described above, if there is a net negative balance in the individual accounts, the "Participant" shall not receive a refund for that "Program Year". Participants with a negative balance may apply monies from its other program that have a positive balance as payment against the negative balance. "Participants" with positive balances may receive a refund, as determined by the Board of Directors. However, the total refunds for any one "Program Year" shall not exceed the actuarially

determined surplus for that year. Further, the total refunds for any one "Program Year" shall be limited to the actuarially determined surplus for the Workers' Compensation Program as a whole less any refunds granted from prior Program Years.

C. CLOSING OF PROGRAM YEARS

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

ARTICLE IV - ADMINISTRATION

1. ORGANIZATION AND RESPONSIBILITIES

A. RELATION TO SCORE STRUCTURE

- 1) This document shall be considered to be an integral part of the Bylaws of SCORE. From time to time, resolutions of the SCORE Board of Directors may be adopted which may take precedence over this document for a limited period of time; however, it is intended that any change thus enacted by resolution that is intended to be permanent shall be incorporated into an amendment to this document.
- 2) SCORE Administrator shall administer the Workers' Compensation Program and report to the Board of Directors.

B. BOARD OF DIRECTORS' RESPONSIBILITIES

The Board of Directors shall:

- 1) Adopt this document and make changes to it as seen appropriate,
- 2) Adopt a Memorandum of Coverage and Declarations page where appropriate,
- 3) Review applications to participate in the Workers' Compensation Program from other agencies and determine their acceptability to the Program,
- 4) Approve budgets, rates, assessments, dividends and surcharges, and closures of "Program Years".

- 5) Approve all contracts for services for one (1) year or more. However, contracts for the Board of Directors need not approve legal representation provided to a covered party under the Memorandum of Coverage.
- 6) Meet at least annually to review the developments and performance of this program. This duty is fulfilled by discussion of developments and performance of this program as a part of a general or special Board of Directors meeting.

C. ADMINISTRATORS DUTIES AND RESPONSIBILITIES

The Program Administrator shall:

- 1) Use their best efforts to administer the Workers' Compensation Program such as to achieve the objectives and goals of the Program and SCORE.
- 2) Shall administer the Workers' Compensation Program in a manner that will provide claim and cost accountability for each "Program Year", separate apart from all other "Program Years", and from other programs of SCORE.
- 3) Act as an arbitrator where disputes arise between an "Participant" and the Claims Adjuster;
- 4) Provide the members with ongoing review of coverage's provided by this Workers' Compensation Program including any excess coverage; and
- 5) Maintain and distribute to the members the documents of this Program;
- 6) Assist in the selection of a Claims Adjusting company, including evaluation of quality and price of service in both the claims handling and reporting services;
- 7) Oversee performance of the Claims Adjuster with special emphasis on the handling of "open claims";
- 8) Present claims audits to the Board of Directors, with recommendations of changes in claims procedures where appropriate.
- 9) Prepare a budget for each "Program Year" for approval by the Board of Directors before the "Program Year";
- 10) Ensure that "Retrospective Adjustments" for previous "Program Years", and rates and "deposit premiums" for each new "Program Year" are calculated in the manner described in Article II;

- 11) Present the findings of the actuarial studies to the Board of Directors and recommend actions where "Program Years" are, or are likely to be, in the near future actuarially unsound;
- 12) Ensure that all "Participating Members" are invoiced for "deposit premiums" and other amounts due; and
- 13) Ensure that timely quarterly and annual financial statements describing the financial condition of the Workers' Compensation Program is presented to the Board of Directors.

D. SAFETY ANALYST

The Safety Analyst shall:

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

2. ELIGIBILITY AND APPLICATION

A. WHO MAY PARTICIPATE IN THE WORKERS' COMPENSATION PROGRAM

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

B. DATE OF MEMBERSHIP

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

ARTICLE V - PARTICIPATION

1. ELIGIBILITY AND APPLICATION

A. ELIGIBILITY

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

B. APPROVAL OF APPLICATION

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

2. PARTICIPANTS' DUTIES

A. PROVIDE UNDERWRITING CRITERIA

- 1) Each participant shall provide copies of the DE-6 report quarterly within fifteen (15) days after filing with the State.
- 2) Each participant shall, upon request, complete an exposure questionnaire.

- 3) Each participant shall cooperate with SCORE in the claim management, loss control, underwriting, and actuarial activities of SCORE.

B. PAYMENT OF PREMIUMS AND OTHER CHARGES

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

3. TERMINATION OF PARTICIPATION

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

participated. These obligations include payment of assessments, "Equity Allocation Adjustments", or any other amounts due and payable.

C. The Board of Directors may terminate future participation by an "Entity" for the following reasons:

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

ARTICLE VI – CLAIMS ADMINISTRATION

1. SELECTION OF ADJUSTOR

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

2. CLAIMS ADJUSTING SERVICE

The claims adjusting company shall:

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

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

3. CLAIMS PROCEDURES MANUAL

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

4. DUTY TO REPORT CLAIM

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

5. CLAIMS AUDIT

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

6. SETTLEMENT AUTHORITY

- A. Each "Participating Member" shall have settlement authority for its claims within the banking layer.

- B. The Executive Committee shall have authority to settle claims within the banking layer, even without the "Participating Member's" approval, but only after notice of such intent is given to the "Participating Member" experiencing the claim.
- C. The Board of Directors retains unto itself the authority to approve settlement of all other claims.
- D. If a settlement of a claim requires approval by the Board, except for the fact that the Board will not have a regularly scheduled Board meeting sufficiently early enough to take action on a settlement offer, the Executive Committee may authorize settlement but only after the President determines that the settlement opportunity will not exist until the next regularly scheduled Board meeting and the settlement is not sufficiently controversial to justify the time and expense required to call a special Board Meeting. Such action by the Executive Committee will be reported at the next Board meeting.
- E. For the purposes of this section, settlement shall include "stipulations to a permanent disability rating" as well as "compromise and releases "

7. DISPUTES REGARDING MANAGEMENT OF A CLAIM

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

ARTICLE VII - DEFINITIONS

- 1) **"Actuarially sound"** means that the "Program Year" has sufficient funds to pay the expected cost of claims as determined by a certified actuary and the Administrative Expenses for the "Program Year".
- 2) **"Administrative Expenses"** means those expenses incurred by the Workers' Compensation Program that are not incurred due to any specific claim and does not constitute a reserve for future expected changes in the size of existing claims or discovery of previously unknown claims. Administrative Expenses shall include expenses of the "Authority" that are allocated to the Workers' Compensation Program.
- 3) **"Banking Layer"** shall be that amount of all claims arising out of one occurrence where 100 percent of the claims will be charged against the "Participant's" account.

- 4) **“Claim”** means, if not otherwise defined within the context, to be all demands for compensation by employees for bodily injury caused while in the course of his or her employment.
- 5) **“Entity”** means a governmental body, including any commissions, agencies, districts, authorities, boards, or other similar government body under the direct control of the governmental body which is eligible to participate in a Joint Powers Authority. A “Member Entity” is one who has been accepted into SCORE.
- 6) **“Limits of Coverage”** means the maximum amount of financial protection afforded any “member entity” or “entities”.
- 7) **“Obligated Reserves”** means reserves for expected claims expenses, determined by an actuarial study, not attributable to any known claim. This is sometimes called IBNR.
- 8) **“Participant”** or **“Participating Member”** is a “Member Entity” that participates in the Workers' Compensation Program.
- 9) **“Program Year”** means the period of coverage from July 1st of any one year to July 1st of the next year as provided by the Memorandum of Coverage.
- 10) **“Share Risk Layer”** means the amount of all claims from one occurrence exceeding the “Banking Layer” but not more than the total amount retained by SCORE.
- 11) **“Programs”** means Liability or Workers' Compensation Programs.

SCORE
SUMMARY OF PAYMENTS DUE CITIES
EVALUATION 6/30/2011

CITY	ASSET COMPOSITION				PLAN ADJUSTMENT			REFUND ESTIMATIONS				
	AVAILABLE BANKING BALANCE	AVAILABLE SHARED RISK BALANCE	UNAVAILABLE SHARED RISK BALANCE	PLAN TOTAL	PLAN ASSET PERCENT	Difference Allocation	ADJUSTED UNAVAILABLE TOTAL	AVAILABLE ASSET TOTAL	25% OF TOTAL	40% OF TOTAL	50% OF TOTAL	75% OF TOTAL
CRESCENT CITY	(7,820)	242,603	111,699	346,481	7.53%	13,809	125,508	242,603	60,651	97,041	121,301	181,952
DUNSMUIR	39,604	43,629	39,035	122,267	2.66%	4,873	43,908	83,232	20,808	33,293	41,616	62,424
IONE	19,487	196,261	60,903	276,651	6.01%	11,026	71,929	215,749	53,937	86,299	107,874	161,811
LIVE OAK	51,287	-	140,849	192,136	4.18%	7,658	148,507	51,287	12,822	20,515	25,643	38,465
MOUNT SHASTA	10,060	8,967	53,359	72,385	1.57%	2,885	56,243	19,026	4,757	7,610	9,513	14,270
SHASTA LAKE	185,421	517,348	266,351	969,119	21.07%	38,625	304,976	702,768	175,692	281,107	351,384	527,076
SUSANVILLE	377,207	(12,097)	333,643	698,754	15.19%	27,849	361,492	377,207	94,302	150,883	188,604	282,906
WEED	69,803	201,869	39,923	311,594	6.77%	12,419	52,341	271,672	67,918	108,669	135,836	203,754
WILLIAMS	72,294	69,178	101,821	243,293	5.29%	9,697	111,517	141,472	35,368	56,589	70,736	106,104
YREKA	195,882	17,745	190,218	403,846	8.78%	16,096	206,313	213,628	53,407	85,451	106,814	160,221
MINICITIES	169,906	401,053	392,656	963,615	20.95%	38,406	431,062	570,959	142,740	228,384	285,479	428,219
	<u>1,183,130</u>	<u>1,686,555</u>	<u>1,730,455</u>	<u>4,600,140</u>	<u>100.00%</u>	<u>183,343</u>	<u>1,913,798</u>	<u>2,889,603</u>	<u>722,401</u>	<u>1,155,841</u>	<u>1,444,801</u>	<u>2,167,202</u>

Total Per Audit 4,783,483
Difference (183,343)

MINI-CITIES

	ASSET COMPOSITION				PLAN TOTAL	PLAN ASSET PERCENT	AVAILABLE ASSET TOTAL	Refund Estimates		
	AVAILABLE BANKING BALANCE	AVAILABLE SHARED RISK BALANCE	UNAVAILABLE SHARED RISK BALANCE					25% OF TOTAL	40% OF TOTAL	50% OF TOTAL
BIGGS	\$ 15,624	\$ 36,880	\$ 39,640	\$ 92,145	9.20%	\$ 52,505	\$ 13,126	\$ 21,002	\$ 26,252	
COLFAX	\$ 31,533	\$ 74,431	\$ 80,000	\$ 185,964	18.56%	\$ 105,964	\$ 26,491	\$ 42,386	\$ 52,982	
DORRIS	\$ 5,671	\$ 13,387	\$ 14,388	\$ 33,446	3.34%	\$ 19,058	\$ 4,764	\$ 7,623	\$ 9,529	
ETNA	\$ 3,058	\$ 7,218	\$ 7,758	\$ 18,034	1.80%	\$ 10,276	\$ 2,569	\$ 4,110	\$ 5,138	
FORT JONES	\$ 8,735	\$ 20,618	\$ 22,161	\$ 51,514	5.14%	\$ 29,353	\$ 7,338	\$ 11,741	\$ 14,676	
LOOMIS	\$ 46,443	\$ 109,626	\$ 117,829	\$ 273,899	27.33%	\$ 156,070	\$ 39,017	\$ 62,428	\$ 78,035	
MONTAGUE	\$ 1,433	\$ 3,382	\$ 3,635	\$ 8,449	0.84%	\$ 4,814	\$ 1,204	\$ 1,926	\$ 2,407	
PORTOLA	\$ 33,981	\$ 80,209	\$ 86,211	\$ 200,401	20.00%	\$ 114,190	\$ 28,547	\$ 45,676	\$ 57,095	
RIO DELL	\$ 23,429	\$ 55,302	\$ 59,440	\$ 138,170	13.79%	\$ 78,730	\$ 19,683	\$ 31,492	\$ 39,365	
	\$ 169,906	\$ 401,053	\$ 431,062	\$ 1,002,021	100.00%	\$ 570,959	\$ 142,740	\$ 228,384	\$ 285,479	

SCORE RETROSPECTIVE RATING PLAN CALCULATIONS

DECLARATION OF WORKERS' COMPENSATION RETROSPECTIVE DISTRIBUTION

ACTION ITEM

ISSUE: The Board may annually declare a Workers' Compensation *Retrospective Distribution*.

RECOMMENDATION: The Program Administrator recommends distributing 40% of eligible returns. The Program Administrator is recommending that if a member has a debit balance in any of their programs, that the refund be applied to that debit balance first and then the balance returned to the member.

FISCAL IMPACT: 40% distribution = \$1,155,841

BACKGROUND: Assuming the Board has adopted the Retrospective Distribution Calculations of the previous item, it would be consistent to declare an adjustment, either positive or negative.

ATTACHMENTS: None

APPROVAL OF LIABILITY REVISED RETROSPECTIVE DISTRIBUTION CALCULATION

ACTION ITEM

ISSUE: The Board will review and may adopt the REVISED *Retrospective Distribution* calculations for the Liability Program as presented.

RECOMMENDATION: The Program Administrator will make a recommendation at the meeting after the Retrospective Distribution calculation has been reviewed.

FISCAL IMPACT: Unknown

BACKGROUND: At the August 26, 2011, SCORE Board meeting, retrospective rating calculations were reviewed and approved by the Members. Upon further discussion, the Board requested the calculations be revised to correctly allocate interest among the members.

In accordance with the Liability Master Plan Document, SCORE calculates the funds available for returns by Program Year annually. All years are adjusted under the banking layer, (i.e. loss amounts under \$25,000) but only 75 percent of the cities' positive balance is eligible to be declared as a dividend. The adjustment to the Shared Risk, (i.e. above \$25,000 to \$500,000) is limited to those years which have the five years or more to mature.

The Board of Directors may declare a return amount. However, such ability is limited that returns from any year do not reduce the funding of the year or the Program as a whole below the 70 percent confidence level. See Liability Master Plan Document, Article III, Section 3, C, (4).

ATTACHMENTS:

1. Liability Master Plan Document
2. Revised Retrospective Rating Calculations

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

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

ARTICLE I – GENERAL

1. PURPOSE

- A. One of the primary purposes in forming the Small Cities Organized Risk Effort Joint Powers Authority, hereinafter SCORE, was to create a method for providing coverage for legal damages incurred by the member agencies and SCORE because of General Liability, Automobile Liability, Public Officials Errors and Omissions and other public liabilities. The Joint Exercise of Powers Agreement and the Bylaws have been created and duly approved to provide the "Member Entities" with this coverage. This Liability Master Plan Document, hereinafter the LMPD sets forth the manner in which these services shall be delivered to the membership. The Program shall use the concepts and techniques of pooled sharing of operating costs and losses above the banking layer. The Liability Program may purchase excess coverage or participate in other risk sharing pools above those limits provided by the Liability Program pools as authorized by the Board of Directors of SCORE. SCORE may also purchase reinsurance above a set retention per occurrence and/or in the aggregate as authorized by the Board of Directors of SCORE.
- B. The Board of Directors has the right to alter the terms and conditions of the pooled underlying coverage in response to the needs and abilities of the Liability Program, the "Member Entities", and the availability of coverage from outside sources.

2. SEPARATE PROGRAM YEARS

A. PROGRAM YEARS

- 1) "Program Years" shall be defined as the losses incurred during the period from July 1st of each year to June 30th of the following year. The income and expenses of each "Program Year" shall be accounted separately from any other "Program Years" income or expenses. The Liability Program shall charge "deposit premiums" to each "Participating Member" at inception of the year to fund the cost of losses and expenses anticipated for the life of the "Program Years". "Retrospective Adjustments" may be made annually, subject to criteria set forth in this LMPD.

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

B. ACTUARIALLY SOUND PROGRAM YEARS

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

3. FINANCING THE PROGRAM

A. DEPOSIT PREMIUMS

The Administrator, in conjunction with an actuary, shall prepare rates and "deposit premiums" adequate to fund the actuarially determined losses in the shared risk and banking layers of the Liability Program, including attorney fees and other claims related costs, the cost of excess coverage, and the projected administrative costs of the Liability Program. These rates and "deposit premiums" shall be approved by the Board as part of SCORE's annual budget.

B. RETROSPECTIVE ADJUSTMENTS

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

Effective July 1, 2011, it is understood that funds of a "Participating Member" that withdraws from SCORE's Workers' Compensation Plan will remain with SCORE until such time as the "Program Year" is closed. If a "Program Year" is not closed and the "Participating Member" would be eligible for a distribution, they may annually send a written request for release of their funds to the Board of Directors.

This action will require a 2/3 approval of the Board of Directors as specified in the JPA Bylaws, Article III, Section 1, paragraph B.6.

C. ASSESSMENTS

Assessments shall be made when the Liability Program, as a whole, is found to be actuarially under-funded. The Liability Program is under-funded when an actuarial study has determined that the available reserves are less than an amount of expected outstanding claims liabilities, calculating expected interest earnings at a rate no higher than the prevailing rates at the time of the assessment.

4. AMENDMENTS TO THIS PLAN

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

ARTICLE II - COVERAGE

1. GENERAL DESCRIPTION

A. COVERAGE PROVIDED

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

B. LIMITS OF COVERAGE

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

C. POLICY TERM, RENEWAL, AND CANCELLATION

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

2. AUTHORITY TO ALTER COVERAGE AND CONTRACT FOR EXCESS COVERAGE

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

3. DISTRIBUTION

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

other delivery system with tracking and verification of delivery to the address of the representative on file with SCORE.

ARTICLE III – PREMIUMS, RATES, AND ASSESSMENTS

1. DEPOSIT PREMIUM CALCULATIONS

- A. The annual "deposit premium" for each "Participating Member" shall be calculated utilizing:
- 1) a deposit for the "Banking Layer" using an actuarially determined expected loss rate at an 70 percent confidence level,
 - 2) a deposit for the "Shared Risk Layer" using an actuarially determined expected loss rate at an 70 percent confidence level,
 - 3) a charge for excess coverage and
 - 4) A charge for the "Administrative Expenses" of the Liability Program as adopted by the Board of Directors.
 - 5) The above-mentioned deposits may be determined at a confidence level greater or less than 70 percent only by a two-thirds vote of the Directors.
- B. The deposit for the "Banking Layer" shall be determined by multiplying the "Participating Member's" projected payroll for the "Program Year" by the rate determined by the actuary.
- C. The deposit for the "Shared Risk Layer" shall be determined by multiplying the "Participating Member's" projected payroll for the "Program Year" by an experience modification factor times the rate determined by the actuary.
- 1) The Experience Modification Factor for the member shall be determined by:
 - i. Dividing the member's losses for the five (5) years immediately preceding the one for which the deposit is being calculated not to exceed \$50,000 any one occurrence by the payroll for the same period. This calculates the member's Loss Rate.
 - ii. Then dividing the member's loss rate by the loss rate for SCORE as a whole during the same period using the total losses and payroll for all the members, calculating a Relative Loss Rate for the member.
 - iii. This Relative Loss Rate will be multiplied by a Credibility Factor to which one minus the Relate Loss Rate will be added. This sum will be the Experience Modification Factor.

- iv. A Credibility Factor will be calculated by dividing the member's payroll by the member's payroll plus a constant (i.e. member's payroll/ (member's payroll + constant)). The constant will be one times the largest member's payroll.
- D. The cost of excess coverage shall be charged to each "Participating Member" in the same proportion as the projected payroll is to the total payroll.
- E. The "Administrative Expenses" charged to each "Participating Member" is calculated by:
- 1) Multiplying fifty (50) percent of the "Administrative Expenses" by a factor derived by dividing the "Participating Member's" projected payroll for the "Program Year" by the total projected payroll of all "Participating Members"; plus
 - 2) A share of the remaining "Administrative Expenses" that is equal among all the members.
- F. Notwithstanding the super-majority vote under 1.A. of this Article, the Board of Directors may impose a minimum and/or a maximum deposit. Should that be the case, the portion of the deposit premium that is for the banking layer shall be adjusted accordingly.

2. ADJUSTMENTS TO ACCOUNT BALANCES

A. ASSESSMENTS

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

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

B. RETROSPECTIVE ADJUSTMENT

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

Effective July 1, 2011, “Participants” that withdraw from SCORE’s Workers’ Compensation plan, agree that any available funds’ allocated to them in the Shared Risk Layer, will remain with SCORE until such time as the “Program Year” is closed. This includes funds allocated to them via the “Retrospective Adjustment” or any other manner of distribution other than the declaration of a dividend by the Board or in accordance with distribution described in the Joint Powers Agreement upon the dissolution of SCORE. If a “Program Year” is not closed and the “Participating Member” would be eligible for a distribution, they may annually send a written request for release of their funds to the Board of Directors. This action will require a 2/3 approval of the Board of Directors as specified in the JPA Bylaws, Article III, Section 1, paragraph B.6.

1) TIMING

- a. Shared Risk Layer – five (5) years after the end of the "Program Year", a "Retrospective Adjustment" shall be calculated for potential distribution or surcharge. Every year after the first "Retrospective Adjustment", there shall be additional adjustments until the "Program Year" is closed.
- b. Banking Layer – a "Retrospective Adjustment" shall be calculated at the end of the “Program Year” for potential distribution or surcharge. Every year after the first "Retrospective Adjustment", there shall be additional adjustments until the "Program Year" is closed. Typically, the Board of Directors refrains from returning 25 percent of the positive balances.
- c. The Board of Directors may waive the collection of all members having a negative net balance or a net surcharge, provided the waiver will not leave the Liability Program funded below the 70 percent confidence level. This waiver may apply to the shared risk or the banking layer separately or together.
- d. The Board of Directors need not declare a dividend or may declare a dividend that is something less than the “Retrospective Adjustment” calculates.

2) CALCULATION OF ACCOUNT BALANCES – SHARED RISK

- a. Each "Participating Member" will be credited for their “deposit premiums” paid to the Shared Risk Layer and any assessments paid for the “Program Year”. Allocated interest for the year will be added to the amount determined above. This amount will

constitute the Total Revenues credited to the "Entity's" Shared Risk account for the "Program Year".

- b. From the amount calculated in 2a, above, the cost of claims shall be subtracted.
 - i. If the "Program Year" adjusted is the Program Year 2002-2003, then the total claims and IBNR in the shared risk layer for the shared risk layer shall be allocated based on an Adjusted Exposure Base calculated by:
 - o Dividing five (5) consecutive years of losses for each member limited to \$50,000 any one occurrence starting with the "Program Year" for which the adjustment is being calculated by the total deposits to the Liability Program of the member for those corresponding four (4) years. This calculates the member's loss rate for the period.
 - o Dividing the above loss ratio by the loss ratio for SCORE as a whole during the same period. This comparison of the loss rate of each member to the loss rate of SCORE for the same four (4) year period calculates a Relative Loss Rate or the member's deviation from the norm as a ratio.
 - o Multiply the Relative Loss Rate by the Credibility Factor and then add one minus the credibility factor. This produces the Experience Modification Factor.
 - The credibility factor is determined by dividing the member's four (4) year total deposits by the sum of the member's total deposit plus the smallest of the total deposit of any of the members. Thus, the smallest member will have a credibility factor of 50 percent and all other members will have a credibility factor of 50 percent or greater.
 - o The Adjusted Exposure Base is calculated by multiplying the four (4) years of deposits calculated earlier by the Experience Modification Factor.
 - ii. If the "Program Year" is the Program Year 2003-2004 or later, then the Adjusted Exposure Base is the Share Risk deposit for the "Program Year" divided by the total of all members' Shared Risk deposit for the year.
- c. The total amount of incurred claims within the share risk layer plus the IBNR at the 70 percent confidence level, plus any amounts reserved for shock losses as determined by the Board of Directors is distributed to the members in proportion to their Adjusted Exposure Base is to the total Adjusted Exposure Base for SCORE as a whole. This amount will be the Total Claims Costs for the member.
- d. The Funds in Excess of Costs is determined by subtracting the Total Claims Costs from the Total Revenues.
- e. The Account Balance for the member in any "Program Year" is the Funds in Excess of Costs less any prior returns plus any prior surcharges. This amount, or any portion of this amount, may be distributed to the member after approval from the

Board and only if the "Program Year" is at least five (5) years old and the Program as a whole will not be under an 70 percent confidence level after the return or dividend.

3) CALCULATION OF ACCOUNT BALANCE – BANKING LAYER

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

4) DISTRIBUTION

Upon completion of the calculation described above, if there is a net negative balance in the individual accounts, the "Participant" shall not receive a refund for that "Program Year". Participants with a negative balance may apply monies from its other program

that have a positive balance as payment against the negative balance. "Participants" with positive balances may receive a refund, as determined by the Board of Directors. However, the total refunds for any one "Program Year" shall not exceed the actuarially determined surplus for that year. Further, the total refunds for any one "Program Year" shall be limited to the actuarially determined surplus for the Liability Program as a whole less any refunds granted from prior "Program Year's".

C. CLOSING OF PROGRAM YEARS

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

ARTICLE IV - ADMINISTRATION

1. ORGANIZATION AND RESPONSIBILITIES

A. RELATION TO SCORE STRUCTURE

- 1) This document shall be considered to be an integral part of the Bylaws of SCORE. From time to time, resolutions of SCORE Board of Directors may be adopted which may take precedence over this document for a limited period of time; however, it is intended that any change thus enacted by resolution that is intended to be permanent shall be incorporated into an amendment to this document.
- 2) SCORE Administrator shall administer the Liability Program and report to the Board of Directors.

B. BOARD OF DIRECTORS' RESPONSIBILITIES

The Board of Directors shall:

- 1) Adopt this document and make changes to it as seen appropriate,
- 2) Adopt a Memorandum of Coverage and Declarations Page where appropriate,
- 3) Review applications to participate in the Liability Program from other agencies and determine their acceptability to the Program,

- 4) Approve budgets, rates, assessments, dividends and surcharges, and closures of "Program Years".
- 5) Approve all contracts for services for one (1) year or more. However, contracts for the Board of Directors need not approve legal representation provided to a covered party under the Memorandum of Coverage.
- 6) Meet at least annually to review the developments and performance of this program. This duty is fulfilled by discussion of developments and performance of this program as a part of a general or special Board of Directors meeting.

C. ADMINISTRATORS DUTIES AND RESPONSIBILITIES

The Program Administrator shall:

- 1) Use his best efforts to administer the Liability Program such as to achieve the objectives and goals of the Program and SCORE.
- 2) Shall administer the Liability Program in a manner that will provide claim and cost accountability for each "Program Year", separate and apart from all other "Program Years", and from other programs of SCORE.
- 3) Act as an arbitrator where disputes arise between an "Participant" and the Claims Adjustor;
- 4) Provide the members with ongoing review of coverages provided by this Liability Program including any excess coverage; and
- 5) Maintain and distribute to the members the documents of this Program;
- 6) Assist in the selection of a Claims Adjusting company, including evaluation of service in both the claims handling and reporting services;
- 7) Oversee performance of the Claims Adjustor with special emphasis on the handling of "open claims";
- 8) Present claims audits to the Board of Directors, with recommendations of changes in claims procedures where appropriate.
- 9) Prepare a budget for each "Program Year" for approval by the Board of Directors before the "Program Year";
- 10) Ensure that Retrospective Adjustments for previous "Program Years", and rates and "deposit premiums" for each new "Program Year" are calculated in the manner described in Article II;

- 11) Present the findings of the actuarial studies to the Board of Directors and recommend actions where "Program Years" are, or are likely to be, in the near future actuarially unsound;
- 12) Ensure that all "Participating Members" are invoiced for "deposit premiums" and other amounts due; and
- 13) Ensure that timely quarterly and annual financial statements describing the financial condition of the Liability Program is presented to the Board of Directors.

D. RISK ANALYST

The Risk Analyst shall:

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

2. ELIGIBILITY AND APPLICATION

A. WHO MAY PARTICIPATE IN THE LIABILITY PROGRAM

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

B. DATE OF MEMBERSHIP

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

ARTICLE V - PARTICIPATION

1. ELIGIBILITY AND APPLICATION

A. ELIGIBILITY

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

B. APPROVAL OF APPLICATION

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

2. PARTICIPANTS' DUTIES

A. PROVIDE UNDERWRITING CRITERIA

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

B. PAYMENT OF PREMIUMS AND OTHER CHARGES

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

3. TERMINATION OF PARTICIPATION

- A. A "Participating Member" in one "Program Year" shall participate in the next "Program Year" unless:
 - 1) A request to terminate participation is received from the "Participating Member" at least six (6) months prior to the inception of the next "Program Year",
 - 2) A termination notice from the President advising the Board of Directors that action to expel the "Participating Member" has been sent to the "Participating Member", or
 - 3) The "Participant" is no longer a "Member Entity".

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

ARTICLE VI – CLAIMS ADMINISTRATION

1. SELECTION OF ADJUSTOR

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

2. CLAIMS ADJUSTING SERVICE

The claims adjusting company shall:

- A. Accept notices or reports of claims on behalf of the "Participating Members" and SCORE;
- B. Maintain a complete and separate file for each claim reported, including actions taken, amounts reserved, and amounts paid by date;

- C. Report claims as needed to the excess coverage provider, document amounts due from the excess coverage and follow through with collection of such amounts,
- D. Make available for inspection and review by SCORE or its agents any and all claims files, provided reasonable notice of inspection and reasonable time and place is set for review;
- E. Report claims activity monthly to the Administrator and each "Participant"

3. CLAIMS PROCEDURES MANUAL

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

4. DUTY TO REPORT CLAIM

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

5. CLAIMS AUDIT

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

6. SETTLEMENT AUTHORITY

- A. Each "Participating Member" shall have settlement authority for its claims within the banking layer.

- B. The Executive Committee shall have authority to settle claims within the banking layer, even without the “Participating Member’s” approval, but only after notice of such intent is given to the “Participating Member” experiencing the claim.
- C. The Claims Adjuster shall have authority up to \$5,000 in excess of that which has already been paid or authorized to settle claims.
- D. The Board of Directors retains unto itself the authority to approve settlement of all other claims.
- E. If a settlement of a claim requires approval by the Board, except for the fact that the Board will not have a regularly scheduled Board meeting sufficiently early enough to take action on a settlement offer, the Executive Committee may authorize settlement, but only after the President determines that the settlement opportunity will not exist until the next regularly scheduled Board meeting and the settlement is not sufficiently controversial to justify the time and expense required to call a special Board Meeting. Such action by the Executive Committee will be reported at the next Board meeting.

7. DISPUTES REGARDING MANAGEMENT OF A CLAIM

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

ARTICLE VII - DEFINITIONS

- 1. **“Actuarially sound”** means that the “Program Year” has sufficient funds to pay the expected cost of claims as determined by a certified actuary and the “Administrative Expenses” for the “Program Year”.
- 2. **“Administrative Expenses”** means those expenses incurred by the Liability Program that are not incurred due to any specific claim and does not constitute a reserve for future expected changes in the size of existing claims or discovery of previously unknown claims. “Administrative Expenses” shall include expenses of the Authority that are allocated to the Liability Program.
- 3. **“Banking Layer”** shall be that amount of all claims arising out of one occurrence where 100 percent of the claims will be charged against the “Participant’s” account.

4. **“Claim”** means, if not otherwise defined within the context, to be all demands for compensation by third party claimants against a covered party arising out of one occurrence.
5. **“Entity”** means a governmental body, including any commissions, agencies, districts, authorities, boards, or other similar government body under the direct control of the governmental body which is eligible to participate in a Joint Powers Authority. A “Member Entity” is one who has been accepted into SCORE.
6. **“Limits of Coverage”** means the maximum amount of financial protection afforded any “Member Entity” or “entities”.
7. **“Obligated Reserves”** means reserves for expected claims expenses, determined by an actuarial study, not attributable to any known claim. This is sometimes called IBNR.
8. **“Participant”** or **“Participating Member”** is a “Member Entity” that participates in the Liability Program.
9. **“Program Year”** means the period of coverage from July 1st of any one year to July 1st of the next year as provided by the Memorandum of Coverage.
10. **“Share Risk Layer”** means the amount of all claims from one occurrence exceeding the “Banking Layer” but not more than the total amount retained by SCORE.
11. **“Programs”** means Liability or Workers’ Compensation Programs.

SCORE
SUMMARY OF PAYMENTS DUE CITIES
EVALUATION 6/30/2011

CITY	ASSET COMPOSITION				PLAN ADJUSTMENT			REFUND ESTIMATIONS				
	AVAILABLE BANKING BALANCE	AVAILABLE SHARED RISK BALANCE	UNAVAILABLE SHARED RISK BALANCE	PLAN TOTAL	PLAN ASSET PERCENT	Difference Allocation	ADJUSTED UNAVAILABLE TOTAL	AVAILABLE ASSET TOTAL	25% OF TOTAL	30% OF TOTAL	50% OF TOTAL	75% OF TOTAL
BIGGS	57,997	(135,326)	46,293	(31,035)	-0.67%	(23.66)	(31,059)	57,997	14,499	17,399	28,998	43,498
COLFAX	61,547	(302,238)	43,083	(197,608)	-4.29%	(150.63)	(197,758)	61,547	15,387	18,464	30,774	46,160
CRESCENT CITY	195,498	58,772	235,269	489,539	10.63%	373.15	489,912	254,270	63,568	76,281	127,135	190,703
DORRIS	66,207	24,033	30,756	120,996	2.63%	92.23	121,088	90,240	22,560	27,072	45,120	67,680
DUNSMUIR	(43,106)	(337,233)	(47,658)	(427,997)	-9.29%	(326.24)	(428,323)	-	-	-	-	-
ETNA	38,111	(3,492)	27,680	62,299	1.35%	47.49	62,346	38,111	9,528	11,433	19,055	28,583
FORT JONES	55,287	63,074	23,891	142,252	3.09%	108.43	142,361	118,362	29,590	35,508	59,181	88,771
IONE	175,874	(289,726)	124,156	10,304	0.22%	7.85	10,311	175,874	43,969	52,762	87,937	131,906
ISLETON	48,329	37,198	23,898	109,426	2.37%	83.41	109,509	85,527	21,382	25,658	42,764	64,146
LIVE OAK	90,740	(11,017)	107,496	187,219	4.06%	142.71	187,362	90,740	22,685	27,222	45,370	68,055
LOOMIS	174,958	1,972	98,930	275,860	5.99%	210.27	276,071	176,931	44,233	53,079	88,465	132,698
LOYALTON	50,759	81,968	43,115	175,842	3.82%	134.04	175,976	132,727	33,182	39,818	66,363	99,545
MONTAGUE	53,458	59,839	33,752	147,049	3.19%	112.09	147,161	113,297	28,324	33,989	56,649	84,973
MOUNT SHASTA	166,162	7,177	55,240	228,579	4.96%	174.23	228,753	173,339	43,335	52,002	86,670	130,004
PORTOLA	198,800	(371,434)	78,338	(94,297)	-2.05%	(71.88)	(94,369)	198,800	49,700	59,640	99,400	149,100
RIO DELL	99,468	55,902	81,101	236,471	5.13%	180.25	236,652	155,370	38,843	46,611	77,685	116,528
SHASTA LAKE	438,150	266,056	233,630	937,836	20.35%	714.86	938,551	704,206	176,052	211,262	352,103	528,155
SUSANVILLE	352,017	401,303	338,941	1,092,262	23.71%	832.58	1,093,094	753,320	188,330	225,996	376,660	564,990
WEED	225,870	(147,090)	25,995	104,775	2.27%	79.86	104,855	225,870	56,467	67,761	112,935	169,402
WILLIAMS	120,136	12,323	108,213	240,673	5.22%	183.45	240,856	132,460	33,115	39,738	66,230	99,345
YREKA	353,151	190,709	253,111	796,972	17.30%	607.49	797,580	543,861	135,965	163,158	271,930	407,896
	2,979,416	(337,229)	1,965,229	4,607,416	100.00%	3,512	4,610,928	4,282,849	1,070,712	1,284,855	2,141,424	3,212,136

Per Audit Report 4,610,928
Difference (3,512)

DECLARATION OF LIABILITY RETROSPECTIVE DISTRIBUTION

ACTION ITEM

ISSUE: The Board may declare a Liability *Retrospective Distribution* as presented.

RECOMMENDATION: The Program Administrator recommends distributing 30% of eligible returns. The Program Administrator is recommending that if a member has a debit balance in any of their programs that the refund be applied to that debit balance first and then the balance returned to the member.

FISCAL IMPACT: 30% distribution = \$1,284,855

BACKGROUND: The Board of Directors has used the Retrospective Distribution to provide guidance in the amounts declared in the past. Assuming the Board has adopted the Retrospective Distribution Calculations of the previous item, it would be consistent to declare a retrospective adjustment for the members with either a positive or negative value.

ATTACHMENTS: None

CITY OF TULELAKE PREMIUM PAYMENT PLAN UPDATE

ACTION ITEM

ISSUE: City of Tulelake has requested a premium payment plan to pay SCORE in full by October 28, 2011. Total payment received as of 10/19/11 is \$32,000. Members should discuss and decide if SCORE should terminate Tulelake from the JPA if payment is not made.

RECOMMENDATION: Staff recommends that SCORE terminate Tulelake from the JPA if the balance of \$7,721 is not received by the Board Meeting on October 28, 2011.

FISCAL IMPACT: \$39,721

BACKGROUND: Tulelake has requested a premium payment plan from SCORE. Tulelake was advised prior to joining SCORE and again at the Board Meeting in June, 2011, that the premium was due in full as of July 1, 2011.

At the August 26, 2011 SCORE Board Meeting, a motion was made to put the City of Tulelake on Notice for Termination if payment is not received in full by the next Board of Directors Meeting on October 28th, 2011

In July, the City sent \$5,000 to the Treasurer and asked for a payment plan. They were advised that they needed to address the Board for a payment plan. We have since received a payment of \$20,000 on August 25th and \$7,000 on October 4th leaving a balance due of \$7,721. The City called the program administrator on October 17th and advised us they were issuing a check in the amount of \$7,721.

Several discussion have been held with staff, the President and Tulelake and they were informed that SCORE's motion to accept them in the program included that they pay the premium in full and that we may need to expel them from the program if premium is not paid.

ATTACHMENTS: None

**APPROVAL OF RESOLUTION REGARDING YORK SIGNATURES ON BANK
SIGNATURE CARDS**

ACTION ITEM

ISSUE: The Board should review and approve Resolution 11-02 that provides SCORE's Claims Trust Account Bank signature cards with the specific names of the York signors.

RECOMMENDATION: Approve Resolution 11-02 authorizing specified York employees to sign claim checks issued on behalf of SCORE.

FISCAL IMPACT: None

BACKGROUND: York Risk Insurance Services is migrating their claims management system from Valley Oaks System (VOS) to Claims Connect. As part of the migration to the new claims administration software, the bank signature cards need to be updated for processing the claims checks issued on SCORE's behalf

ATTACHMENTS: Resolution 11-02

RESOLUTION No. 11-02

**RESOLUTION OF THE BOARD OF DIRECTORS
SMALL CITIES ORGANIZED RISK EFFORT (SCORE)
ESTABLISHING SIGNATURES FOR SCORE'S YORK TRUST BANK ACCOUNT**

WHEREAS, the Board, at their October 28, 2011 meeting, approved new Signature Cards be issued for the SCORE Trust accounts at Scott Valley Bank as follows:

1. SCORE's Workers' Compensation Trust account – one signature required on checks.
2. SCORE's General Liability Trust account – one signature required on checks.
3. Approved authorized signers from York Risk Insurance Services, Inc. are:
 - a. Richard Taketa,
 - b. Carolyn Kho, or
 - c. Debi Harrington

NOW, THEREFORE, BE IT RESOLVED THAT:

This Resolution was adopted by the Board of Directors at a regular meeting of the Board held on October 28, 2011 in Placer County, California, by the following vote:

AYES: _____

ATTEST:

NOES: _____

ABSTAIN: _____

Roger Carroll, SCORE President

ABSENT: _____

Linda Romaine, SCORE Treasurer

CITY OF CRESCENT CITY DISTRIBUTION REQUEST

ACTION ITEM

ISSUE: SCORE has received a formal written request from the City of Crescent City requesting release of the funds due to the city from the retrospective rating plan distributions and/or equity distribution.

RECOMMENDATION: Staff recommends the Board adhere to the bylaws as respects this request.

FISCAL IMPACT: \$76,281 from the Liability program at 30% distribution and \$97,041 from the Workers' Compensation program at 40% distribution.

BACKGROUND: This item was discussed during the August 26th Board meeting. Action was suspended to be brought back to the upcoming meeting on October 28, 2011 for further consideration of the Board.

SCORE's Bylaws were amended June 24, 2011 and specifically state that for members that withdraw from SCORE programs, their dividends and/or equity will remain with SCORE until program year's close.

ATTACHMENTS:

1. August 10, 2011 Letter from Crescent City.
2. SCORE By Laws amended June 24, 2011



377 J STREET CRESCENT CITY, CALIFORNIA 95531-4025

Administration/Finance: 707-464-7483
Utilities: 707-464-6517

Public Works/Planning: 707-464-9506
FAX: 707-465-4405

August 10, 2011

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

Via email and US mail

Subject: City of Crescent City – Request for release of funds and disbursement of equity/dividends due

Dear President Carroll and SCORE Board of Directors:

The City of Crescent City according to the most recent bylaw changes would like to respectfully request from the Board of Directors a release of all funds due the City of Crescent City from any reduction in equity or dividends that are being returned to all members of the JPA within the Shared risk layers. I would like to respectfully request that the Board consider our request at the next meeting on 8/26/2011.

It is my understanding that all Banking layer amounts are remitted to the City without request, but would like to request accounting records or summary information related to distributions to all members including Crescent City.

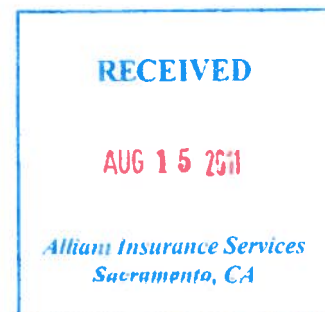
The City continues to support the SCORE Board and reiterates our commitment to assist with any claims above and will immediately pay any amounts or assessments due to SCORE if the occasion should arise.

If you have any questions, please feel free to contact Finance Director Ken McDonald at (707) 464-7483, extension 224 or our new City Manager, Eugene M. Palazzo at extension 232.

Sincerely,

Eugene M. Palazzo
City Manager

Kenneth McDonald
Finance Director



SMALL CITIES ORGANIZED RISK EFFORT

(SCORE)

BYLAWS

AMENDED

JULY 1, 2000

JANUARY 26, 2007

JUNE 24, 2011

BYLAWS

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

ARTICLE I **DEFINITIONS**

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

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

ARTICLE II **OFFICES**

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

ARTICLE III **BOARD OF DIRECTORS**

Section 1 – Governing Board

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

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

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

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

Section 2 – Meetings

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

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

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

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

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

ARTICLE IV

OFFICERS OF THE AUTHORITY

Section 1 - Election

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

Section 2- Term

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

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

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

Section 3- Duties

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

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

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

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

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

Section 4 – Other Officers

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

ARTICLE V **COMMITTEES**

Section 1 – Executive Committee

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

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

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

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

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

Section 2 – Finance Committee

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

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

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

Section 3 – Other Standing Committees

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

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

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

Section 4 – Ad Hoc Committees

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

ARTICLE VI **MEMBERS' RESPONSIBILITIES**

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

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

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

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

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

ARTICLE VII **NEW MEMBERS**

Any California governmental agency as defined by the Government Code is eligible to be a member of this "Authority." Such agency shall become a member once they have signed the Joint Powers

“Agreement” and the Board of Directors has approved its admission to the “Authority” with a three fourth vote of the entire Board of Directors.

ARTICLE VIII **WITHDRAWAL**

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

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

ARTICLE XI **PROGRAMS**

Section 1- Formation of Programs

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

Section 2 – Administration of Programs

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

The Board of Directors may delegate authority for the establishment of policies and operations of a “Program” to a committee consisting of the Board Representative from each of the participating members or, in the case of an absence by a Board Representative, the Alternate for the participating

member. Such delegation may be part of the “Master Plan Document” for the “Program,” or where such document does not exist, by resolution of the Board.

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

Section 3 – Liability Program

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

ARTICLE IX **ADMINISTRATION**

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

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

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

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

ARTICLE X **BUDGET**

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

The budget shall separately show the following:

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

ARTICLE XI
ASSESSMENTS

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

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

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

ARTICLE XII
RECEIPT AND DISBURSEMENT OF FUNDS

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

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

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

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

ARTICLE XIII
FINANCIAL AUDITS

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

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

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

ARTICLE XIV **EXECUTION OF CONTRACTS**

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

ARTICLE XV **NOTICES**

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

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

ARTICLE XVI **EFFECTIVE DATE**

The effective date of these amended Bylaws shall be when adopted by the Board unless specifically identified as another date. The adoption of these amended Bylaws shall supersede any prior Bylaws or amended Bylaws. These Bylaws shall supersede any resolution or any other document, other than the “Agreement” form this “Authority,” to the extent that such resolution or document is inconsistent with the Bylaws or the “Agreement.”

ARTICLE XVII **AMENDMENTS**

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

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

APPENDIX A

PRINCIPAL EXECUTIVE OFFICE

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

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

LIABILITY CLAIMS AUDIT REQUEST FOR PROPOSAL

ACTION ITEM

ISSUE: Members should decide if a Request for Proposal (RFP) be issued for a Liability claims audit to be performed or should the previous auditor be contacted to determine their interest and availability to audit the claims.

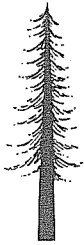
BACKGROUND: A claims audit is done every two years to assure the reserving practices are financially sound and are compliant with the industry best practices. Obtaining a claims audit can identify improvements the JPA should make and can also lower risk of high cost claims. In addition, CAJPA accreditation standards recommend a claims audit every two years on self-funded programs.

In 2009, SCORE issued an RFP for claims auditors and choose RMS to conduct the audit.

FISCAL IMPACT: \$7,500 which has been included in the budget.

RECOMMENDATION: Staff recommends contacting Mr. Ken Maiolini from RMS to perform the claims audit.

ATTACHMENT(S): 2009 Claims Audit



RMS

RISK MANAGEMENT SERVICES

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

March 12, 2010

Susan Adams
Assistant Vice President
Alliant Insurance Service, Inc.
1792 Tribute Road, Suite 450
Sacramento, Ca 95815
SADAMS@alliantinsurance.com

Dear Ms. Adams,

Please find attached my completed audit report. Should you have any questions please call me direct.

I will be available by telephone on March 26, 2010 to present this audit to the SCORE Board. Please have your office advise me of how we will facilitate this call.

Thank you for this opportunity to work on this audit. We hope to work with you in the future.

Sincerely,

Kenneth R. Maiolini, ARM-P

Small Cities Organized Risk Effort (SCORE)

Liability Program Claims Audit Report

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AUDIT REPORT

Risk Management Services (RMS) conducted an audit of SCORE's TPA; York Insurance Services (YORK) at its Roseville, California offices. The audit consisted of a pre-audit interview with the Claims Manager, a review of claims handling procedures and systems, a hard file audit of 23 open and 18 closed files and an exit interview with the Claims Manager, the co-Claims Manager, and the Senior Adjuster.

The hard file review involved completing an RMS Claims Audit Review form on each file (Individually completed forms are included as **EXHIBIT A**).

The following observations were noted by the auditor during the course of the audit:

PRE-AUDIT INTERVIEW

The Claims Manager shared that the account oversight is conducted by a Co-Claims Manager and himself. They oversee all claims activity, assign cases, and review Adjuster work product.

SCORE utilizes an approved panel of defense attorneys and the majority of the litigation assignments are conducted by YORK staff.

There is one main Senior Adjuster on the account and for logistics reasons three other adjusters also work on the SCORE claims.

We discussed member limits and that all Adjusters on the account are fully versed and trained in the CJPRMA memorandum of coverage. YORK utilizes IVOS for electronic claims management and produces reports required by SCORE and its members.

INVESTIGATION

The files contain a high level of investigative information. The Adjuster utilizes member information and documentation, site visits, witness interviews, and other sources to obtain documents related to the claim in a proactive manner.

This solid investigation practice creates a firm basis for all other claims handling activities.

RESERVES

The Adjuster reserves on a full value basis. We found no evidence of step reserving or serious reserve issues. The reserves for both indemnity and expense were, for the majority of the cases, properly evaluated based on liability, damages and future handling issues.

(Note: We did bring to the attention of the Claims Manager in the exit interview 2 cases that had reserves issues. Details can be found in the exit interview section of this report.)

LITIGATION MANAGEMENT

The files reflect that the Adjuster plays an active role in dealing directly with defense counsel and the litigation strategy. The litigation in general is aggressive in filing motions for summary judgments, Rule 68 offers in federal court cases and other depository motions. The Adjuster has developed a good working relationship with defense counsel, evidenced by the open and cooperative lines of communication. The cost of litigation is overall below what would be expected for a group of Northern California cities with law enforcement, employment, and dangerous condition exposures.

LIABILITY/DAMAGE EVALUATION

There is well-documented evaluation of liability and damage exposures in the files. The solid initial investigation practices provide a base to determine liability issues. The Adjuster is diligent in obtaining all documents needed to verify damages, such as police reports, wage loss information, medical records, appraisals, and other related documents to support damages. This phase of claims handling allows a solid factual basis to recommend the appropriate resolution to SCORE and its members.

FILE MANAGEMENT

Overall the files, both hard copy and electronically, are well organized, managed and documented. The Adjuster and Claims Managers:

- Document all claims handling activity accurately in the files and IVOS system notes.
- Document supervision and intervention by Claims Managers.

- Provide a well-documented and organized hard file that is consistent and easily accommodates understanding of the file status.
- Reports to Excess on a timely basis and keeps them apprised of status.
- Tracks and documents all financial data.
- Utilizes and tracks diary appropriately.
- Makes recommendations and follows up on statutory notices in a timely manner.
- Aggressively pursues all risk transfer and subrogation opportunities.
- Provides exceptional communication to SCORE and the individual Members on all claim developments and status.

NEGOTIATION

The files reflect that all opportunities to resolve meritorious cases are pursued aggressively.

Property claims are handled timely and the Adjusters negotiate costs to repair damages with outside contractors and have a good sense of value for repairs or damage control.

Personal Injury claims are well evaluated and negotiation of settlements is favorable to SCORE and its members.

Overall the negotiation and resolution of both Property and General Liability claims result in very economic resolutions for SCORE and its members.

EXIT INTERVIEW

We conducted an exit interview with both Claims Managers and a Senior Adjuster. A discussion about general audit findings and issues that needed to be addressed was conducted.

In the exit interview we went over the areas of Investigation, Reserving, Litigation Management, Liability / Damage Evaluation, File Management and Negotiations as reviewed in the audit. We also discussed the Claims Managers and Adjusters understanding of the MOC, Member communication and overall management of the SCORE account.

It was obvious that the Claims Managers are well aware of SCORE's requirements and needs and have communicated this to the Adjusters working on the account.

There were three issues discussed that required attention. Neither of these issues are serious and are more housekeeping in nature.

Claim # 2007061507- Excess reported – Excessive force / Civil Rights case, based on file information and status of litigation indicates that reserves may not be adequate for the exposure both to the plaintiff's damages and award of plaintiff's attorney fees. Suggested to review and make appropriate adjustments.

Claim # 2009088556- Co defendant carrier negotiated resolution – YORK still carrying loss reserve. Suggested loss reserve be zeroed out.

Claim # 2007060041- November 5, 2009 note in resolved file, "awaiting final bill from DC". Bill should have been received and file closed.

OVERALL IMPRESSION

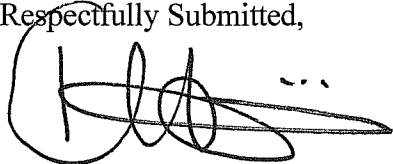
The SCORE claims are handled in a manner that meets or exceeds generally accepted claims handling standards as well as the standards set by CAJPA for claims management related to accreditation.

There are established lines of communication between YORK, SCORE, Members and Excess that creates a collaborative environment on resolution of claims and follow up with loss prevention actions.

The Members are well served by proactive and aggressive claims management which from the files reviewed results in favorable loss and expense costs.

No serious deficiencies were found in the audit that would eventually impact SCORE, their Members or Excess.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'K. Maiolini', with a long horizontal stroke extending to the right.

Kenneth R. Maiolini, ARM-P

EXHIBIT A



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
West, Lester J.

FILE NUMBER
2009086957

REVIEW DATE
2/15/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
CLOSED CLAIM

DATE OF LOSS
3/4/2009

CLAIM DATE
3/11/2009

REJECTION DATE

LAWSUIT DATE

CLOSED DATE
8/28/2009

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR

CASE DESCRIPTION
Claimant alleges snowplow kicked up piece of asphalt that struck and damaged 1989 Ford Probe.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

LOSS
\$0.00

EXPENSE
\$0.00

PAID TO DATE

LOSS
\$0.00

EXPENSE
\$1,421.09

RECOMMENDED RESERVES

LOSS

EXPENSE

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

RATING 2 INVESTIGATION
Investigation indicates PWA had no knowledge that snowplow caused any damage.

RATING 2 RESERVING
Appropriate.

RATING 2 LITIGATION MANAGEMENT/ATTORNEY HANDLING
handled through small claims and prevailed

RATING 2 LIABILITY/DAMAGE EVALUATION
Good work up.

RATING 2 FILE MANAGEMENT
Good plan and file well handled.

RATING N/A TIMELY NEGOTIATIONS

COMMENTS

Good result and appropriate handling of repeat claimant.

Reported to RMS



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Webb, Irene

FILE NUMBER
2009092255

REVIEW DATE
2/16/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
CLOSED CLAIM

DATE OF LOSS
7/23/2009

CLAIM DATE
7/24/2009

REJECTION DATE

LAWSUIT DATE

CLOSED DATE
2/9/2010

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR
2009-2010

CASE DESCRIPTION
Veh. v. Pedestrian-Pedestrian in x-walk on green light, vehicle attempting to make right turn on light, sun blinded him and he didn't see pedestrian.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

PAID TO DATE

RECOMMENDED RESERVES

LOSS
\$0.00

LOSS
\$0.00

LOSS

EXPENSE
\$0.00

EXPENSE
\$256.26

EXPENSE

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

RATING 2 INVESTIGATION
Good investigation in file, includes PD report.

RATING 2 RESERVING
Appropriate.

RATING N/A LITIGATION MANAGEMENT/ATTORNEY HANDLING

RATING 2 LIABILITY/DAMAGE EVALUATION
Claim rejected - liability not there.

RATING 2 FILE MANAGEMENT
Tracked to Claim SOL and closed.

RATING N/A TIMELY NEGOTIATIONS

COMMENTS

Reported to RMS



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Turner, Steve J.

FILE NUMBER
2008081997

REVIEW DATE
2/15/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
CLOSED CLAIM

DATE OF LOSS
10/23/2008

CLAIM DATE
10/23/2008

REJECTION DATE

LAWSUIT DATE

CLOSED DATE
8/31/2009

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR

CASE DESCRIPTION
Residence had sewer back-up because of tree roots in main sewer line.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

PAID TO DATE

RECOMMENDED RESERVES

LOSS
\$0.00

LOSS
\$16,881.73

LOSS

EXPENSE
\$0.00

EXPENSE
\$3,593.07

EXPENSE

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

RATING 2 INVESTIGATION
Good work up on damages and claimed expenses.

RATING 2 RESERVING
Appropriate.

RATING N/A LITIGATION MANAGEMENT/ATTORNEY HANDLING

RATING 2 LIABILITY/DAMAGE EVALUATION
Adjuster verified all damages and out of pocket costs.

RATING 2 FILE MANAGEMENT
Well managed file.

RATING 2 TIMELY NEGOTIATIONS
Negotiated living expense and wage loss.

COMMENTS Reported to RMS



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Rios, Lisa

FILE NUMBER
2009089547

REVIEW DATE
2/16/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
CLOSED CLAIM

DATE OF LOSS
11/28/2008

CLAIM DATE
5/18/2009

REJECTION DATE
6/27/09

LAWSUIT DATE

CLOSED DATE
1/23/2010

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR
2008-2009

CASE DESCRIPTION
Claimant's minor daughter struck in crosswalk while crossing Hwy 99.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

LOSS
\$0.00

EXPENSE
\$0.00

PAID TO DATE

LOSS
\$0.00

EXPENSE
\$2,396.27

RECOMMENDED RESERVES

LOSS

EXPENSE

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

RATING 2 INVESTIGATION
Investigation revealed that jurisdiction was in question.

RATING 2 RESERVING
Appropriate.

RATING N/A LITIGATION MANAGEMENT/ATTORNEY HANDLING

RATING 2 LIABILITY/DAMAGE EVALUATION
Non-juris - Hwy 99 + State of California.

RATING 2 FILE MANAGEMENT
Well managed - tracked to claim SOL and closed.

RATING N/A TIMELY NEGOTIATIONS

COMMENTS

Reported to RMS



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Myers, Samantha S.

FILE NUMBER
2008075654

REVIEW DATE
2/16/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
CLOSED CLAIM

DATE OF LOSS
3/9/2008

CLAIM DATE
5/20/2008

REJECTION DATE

LAWSUIT DATE

CLOSED DATE
1/12/2009

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR
2007-2008

CASE DESCRIPTION
Minor child was bitten in the face/head by dog with alleged history of violence.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

LOSS
\$0.00

EXPENSE
\$0.00

PAID TO DATE

LOSS
\$0.00

EXPENSE
\$0.00

RECOMMENDED RESERVES

LOSS

EXPENSE

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

RATING INVESTIGATION

RATING RESERVING

RATING LITIGATION MANAGEMENT/ATTORNEY HANDLING

RATING LIABILITY/DAMAGE EVALUATION

RATING FILE MANAGEMENT

RATING TIMELY NEGOTIATIONS

COMMENTS

Reported to RMS

Mother of Steven Burke - this is her NIED claim....all carried under Burke matter.



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Malone, Jennifer

FILE NUMBER
2009087184

REVIEW DATE
2/16/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
CLOSED CLAIM

DATE OF LOSS
3/16/2009

CLAIM DATE
3/17/2009

REJECTION DATE

LAWSUIT DATE

CLOSED DATE
12/2/2009

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR

CASE DESCRIPTION
Sewer main flushed and backed up into residence damaging bathroom, bedroom and hall.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

PAID TO DATE

RECOMMENDED RESERVES

LOSS
\$0.00

LOSS
\$116,006.82

LOSS

EXPENSE
\$0.00

EXPENSE
\$6,867.66

EXPENSE

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

RATING 2 INVESTIGATION
Well done inspection and investigation into cause.

RATING 2 RESERVING
Appropriate since entire house was impacted by sewer overflow.

RATING N/A LITIGATION MANAGEMENT/ATTORNEY HANDLING

RATING 2 LIABILITY/DAMAGE EVALUATION
Adjuster worked hard with claimant, contractor and consultants.

RATING 2 FILE MANAGEMENT
Adjuster played active role in handling the claim.

RATING 2 TIMELY NEGOTIATIONS
Many negotiations regarding repairs, wage loss, living expense etc., all handled well.

COMMENTS

Reported to RMS



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Mack, Sharon A.

FILE NUMBER
2007062039

REVIEW DATE
2/16/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
CLOSED CLAIM

DATE OF LOSS
3/17/2007

CLAIM DATE
5/17/2007

REJECTION DATE

LAWSUIT DATE

CLOSED DATE
1/31/2010

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR
2006-2007

CASE DESCRIPTION
Claimant alleges chemicals from now closed landfill are contaminating her well water.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

LOSS
\$0.00

EXPENSE
\$1,060.92

PAID TO DATE

LOSS
\$0.00

EXPENSE
\$1,439.08

RECOMMENDED RESERVES

LOSS

EXPENSE

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

RATING 2 INVESTIGATION
Investigation revealed that coverage issue exists.

RATING 2 RESERVING
Appropriate.

RATING N/A LITIGATION MANAGEMENT/ATTORNEY HANDLING

RATING 2 LIABILITY/DAMAGE EVALUATION
Coverage issue at fore front.

RATING 2 FILE MANAGEMENT
Adjuster worked to close file, since no dispute by city re: coverage.

RATING N/A TIMELY NEGOTIATIONS

COMMENTS

Reported to RMS



AUDIT REVIEW FORM

FILE NAME Gross, Kurt/Ted	
FILE NUMBER 2009085296	
REVIEW DATE 2/15/2010	REVIEWED BY KRM
ENTITY REVIEWED SCORE	

FILE STATUS CLOSED CLAIM	DATE OF LOSS 1/7/2009	CLAIM DATE 1/26/2009	REJECTION DATE
LAWSUIT DATE	CLOSED DATE 1/31/2010	TYPE OF LOSS GL	LIMITS(X1000)/POLICY YEAR 2008-2009

CASE DESCRIPTION

Sewer backup.

LIABILITY

CLEAR
 PROBABLE
 QUESTIONABLE
 DOUBTFUL
 UNDETERMINED
 N/A

CURRENT RESERVES

LOSS \$5,000.00
EXPENSE \$144.24

PAID TO DATE

LOSS \$0.00
EXPENSE \$1,237.33

RECOMMENDED RESERVES

LOSS
EXPENSE

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

RATING 2	<u>INVESTIGATION</u> Investigation into cause and solution of problem with sewer line.
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RATING 2	<u>RESERVING</u> Appropriate.
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RATING N/A	<u>LITIGATION MANAGEMENT/ATTORNEY HANDLING</u>
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RATING 2	<u>LIABILITY/DAMAGE EVALUATION</u> Not clear cut liability issue.
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RATING 2	<u>FILE MANAGEMENT</u> Adjuster came in and assisted in resolving.
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RATING 2	<u>TIMELY NEGOTIATIONS</u> Creative solution reached and claimant/carrier dropped all claims - city re-routed line at its expense.
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COMMENTS

Reported to RMS



AUDIT REVIEW FORM

FILE NAME Faria, Jane R.	
FILE NUMBER 2008083180	
REVIEW DATE 2/15/2010	REVIEWED BY KRM
ENTITY REVIEWED SCORE	

FILE STATUS CLOSED CLAIM	DATE OF LOSS 11/20/2008	CLAIM DATE 11/24/2008	REJECTION DATE
LAWSUIT DATE	CLOSED DATE 9/30/2009	TYPE OF LOSS GL	LIMITS(X1000)/POLICY YEAR

CASE DESCRIPTION

Sewer backup.

LIABILITY

CLEAR
 PROBABLE
 QUESTIONABLE
 DOUBTFUL
 UNDETERMINED
 N/A

CURRENT RESERVES

LOSS
\$0.00

EXPENSE
\$0.00

PAID TO DATE

LOSS
\$7,445.50

EXPENSE
\$4,747.14

RECOMMENDED RESERVES

LOSS

EXPENSE

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

RATING 2 **INVESTIGATION**
Incident quickly investigated and action determined.

RATING 2 **RESERVING**
Appropriate.

RATING N/A **LITIGATION MANAGEMENT/ATTORNEY HANDLING**

RATING 2 **LIABILITY/DAMAGE EVALUATION**
All repairs etc. reviewed and appropriate.

RATING 2 **FILE MANAGEMENT**
Adjuster worked well with claimant and resolved proactively.

RATING N/A **TIMELY NEGOTIATIONS**

COMMENTS

Reported to RMS



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Edwards, Allen & Nancy

FILE NUMBER
2007064648

REVIEW DATE
2/15/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
CLOSED CLAIM

DATE OF LOSS
1/11/2003

CLAIM DATE
7/26/2007

REJECTION DATE

LAWSUIT DATE

CLOSED DATE
8/31/2009

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR

CASE DESCRIPTION
Notice of intent to sue over wastewater discharge.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

PAID TO DATE

RECOMMENDED RESERVES

LOSS
\$0.00

LOSS
\$150,000.00

LOSS

EXPENSE
\$0.00

EXPENSE
\$285,026.43

EXPENSE

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

RATING 2 INVESTIGATION
Extensive investigation and expert opinions in file.

RATING 2 RESERVING
Appropriate

RATING 2 LITIGATION MANAGEMENT/ATTORNEY HANDLING
Multiple defense firms needed on complicated case.

RATING 2 LIABILITY/DAMAGE EVALUATION
Case well worked up.

RATING 2 FILE MANAGEMENT
Well managed complex case.

RATING 2 TIMELY NEGOTIATIONS
Resolution with monetary and non-monetary agreements reached appropriately.

COMMENTS

Reported to RMS

Case well handled and coordinated.



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Del Norte School District

FILE NUMBER
2009092073

REVIEW DATE
2/15/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
CLOSED CLAIM

DATE OF LOSS
7/17/2009

CLAIM DATE
7/21/2009

REJECTION DATE

LAWSUIT DATE

CLOSED DATE
10/29/2009

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR

CASE DESCRIPTION
Sewer backup at Cresent Elk School.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

PAID TO DATE

RECOMMENDED RESERVES

LOSS
\$0.00

LOSS
\$34,738.64

LOSS

EXPENSE
\$0.00

EXPENSE
\$2,872.68

EXPENSE

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

RATING 2 **INVESTIGATION**
Investigation and consults retained appropriately.

RATING 2 **RESERVING**
Appropriate for damages.

RATING N/A **LITIGATION MANAGEMENT/ATTORNEY HANDLING**

RATING 2 **LIABILITY/DAMAGE EVALUATION**
All estimates and repairs reviewed appropriately.

RATING 2 **FILE MANAGEMENT**
Adjuster was very active in the claim.

RATING 2 **TIMELY NEGOTIATIONS**
All repairs negotiated to insured's satisfaction.

COMMENTS

Reported to RMS



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
CSAA Sub for Rosilinda

FILE NUMBER
2007062083

REVIEW DATE
2/15/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
CLOSED CLAIM

DATE OF LOSS
5/16/2007

CLAIM DATE
5/18/2007

REJECTION DATE

LAWSUIT DATE

CLOSED DATE
12/31/2009

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR

CASE DESCRIPTION
Sewer backup in home.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

PAID TO DATE

RECOMMENDED RESERVES

LOSS
\$0.00

LOSS
\$38,676.93

LOSS

EXPENSE
\$0.00

EXPENSE
\$9,809.39

EXPENSE

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

RATING 2 **INVESTIGATION**
Investigation in file complete.

RATING 2 **RESERVING**

RATING 2 **LITIGATION MANAGEMENT/ATTORNEY HANDLING**
Needed to file against contractor and carrier for failure to accept tender.

RATING 2 **LIABILITY/DAMAGE EVALUATION**
Issues evaluated - aggressive attempt to transfer risk to contractor/carrier.

RATING 2 **FILE MANAGEMENT**
Adjuster handled well.

RATING 2 **TIMELY NEGOTIATIONS**
Negotiating recovery from contractor's carrier.

COMMENTS

Reported to RMS



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Coonce, Janice

FILE NUMBER
2009085210

REVIEW DATE
2/16/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
CLOSED CLAIM

DATE OF LOSS
1/12/2009

CLAIM DATE
1/22/2009

REJECTION DATE

LAWSUIT DATE

CLOSED DATE
12/31/2009

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR

CASE DESCRIPTION
Contractor hired by the City to trim trees, ruined the artificial grass by allowing limbs to fall and tear the synthetic grass.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

PAID TO DATE

RECOMMENDED RESERVES

LOSS
\$0.00

LOSS
\$2,500.00

LOSS

EXPENSE
\$0.00

EXPENSE
\$1,996.23

EXPENSE

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

RATING 2 INVESTIGATION
Investigation revealed that contractor was at fault.

RATING 2 RESERVING
Appropriate.

RATING N/A LITIGATION MANAGEMENT/ATTORNEY HANDLING

RATING 2 LIABILITY/DAMAGE EVALUATION
Contractor at fault - city agrees to pay claimant and pursue contractor.

RATING 2 FILE MANAGEMENT
Adjuster on top of file.

RATING 2 TIMELY NEGOTIATIONS
Adjuster successful in negotiation with contractor to repay city.

COMMENTS

Reported to RMS



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Schlenvogt, Orval P.

FILE NUMBER
2006049294

REVIEW DATE
2/15/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
CLOSED LITIGATION

DATE OF LOSS
3/29/2006

CLAIM DATE
6/6/2006

REJECTION DATE

LAWSUIT DATE

CLOSED DATE
8/31/2009

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR

CASE DESCRIPTION
42 U.S.C. 1983 violations-illegal traffic stops.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

PAID TO DATE

RECOMMENDED RESERVES

LOSS
\$0.00

LOSS
\$0.00

LOSS

EXPENSE
\$0.00

EXPENSE
\$25,765.46

EXPENSE

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

RATING 2 INVESTIGATION
Case well investigated.

RATING 2 RESERVING
Appropriate.

RATING 2 LITIGATION MANAGEMENT/ATTORNEY HANDLING
Case dismissed by trial court - plaintiff attempted to appeal.

RATING 2 LIABILITY/DAMAGE EVALUATION
All issues well worked up.

RATING 2 FILE MANAGEMENT
Well managed file.

RATING N/A TIMELY NEGOTIATIONS

COMMENTS

Reported to RMS

File relates to two cases from questionable litigants - costs kept under control and resolved without indemnity payments.



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Harvey, Angela D.

FILE NUMBER
2008075533

REVIEW DATE
2/16/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
CLOSED LITIGATION

DATE OF LOSS
5/7/2008

CLAIM DATE
5/16/2008

REJECTION DATE

LAWSUIT DATE

CLOSED DATE
10/29/2009

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR

CASE DESCRIPTION
Trip and Fall in hole in parking lot.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

LOSS
\$0.00

EXPENSE
\$0.00

PAID TO DATE

LOSS
\$70,000.00

EXPENSE
\$25,882.95

RECOMMENDED RESERVES

LOSS

EXPENSE

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

RATING 2 INVESTIGATION
Good investigation into fall and site - city had knowledge of pot hole.

RATING 2 RESERVING
Appropriate.

RATING 2 LITIGATION MANAGEMENT/ATTORNEY HANDLING
DC worked up well at low cost.

RATING 2 LIABILITY/DAMAGE EVALUATION
Comparative fault and pre-existing issues developed to mitigate damages.

RATING 2 FILE MANAGEMENT
Well managed file.

RATING 2 TIMELY NEGOTIATIONS
Good resolution with 60K plus in specials.

COMMENTS

Reported to RMS



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Gimbel, John H.

FILE NUMBER
2004026955

REVIEW DATE
2/16/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
CLOSED LITIGATION

DATE OF LOSS
4/8/2004

CLAIM DATE
9/13/2004

REJECTION DATE

LAWSUIT DATE

CLOSED DATE
12/31/2009

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR

CASE DESCRIPTION
Wrongful arrest claim/threats against Police Chief Douglas Plack-Potential Federal Court Lawsuit.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

PAID TO DATE

RECOMMENDED RESERVES

LOSS
\$0.00

LOSS
\$0.00

LOSS

EXPENSE
\$0.00

EXPENSE
\$27,485.58

EXPENSE

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

RATING 2 INVESTIGATION
Investigation in file reveals that case had no merit.

RATING 2 RESERVING
Appropriate for all defense.

RATING 2 LITIGATION MANAGEMENT/ATTORNEY HANDLING
DC handled well and kept costs down, despite difficult prp per ptf

RATING 2 LIABILITY/DAMAGE EVALUATION
All issues addressed appropriately.

RATING 2 FILE MANAGEMENT
Adjuster kept case in proper perspective given absurd allegations.

RATING N/A TIMELY NEGOTIATIONS

COMMENTS

Reported to RMS



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Fuentes, Oscar

FILE NUMBER
2007061237

REVIEW DATE
2/15/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
CLOSED LITIGATION

DATE OF LOSS
4/21/2007

CLAIM DATE
4/24/2007

REJECTION DATE

LAWSUIT DATE

CLOSED DATE
1/6/2010

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR
2006-2007

CASE DESCRIPTION
Stove explosion caused by possible natural gas leak.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

PAID TO DATE

RECOMMENDED RESERVES

LOSS
\$0.00

LOSS
\$0.00

LOSS

EXPENSE
\$15,461.34

EXPENSE
\$43,611.98

EXPENSE

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

RATING 2 INVESTIGATION
Extensive investigation in file to determine responsibility for damages.

RATING 2 RESERVING
Appropriate.

RATING 2 LITIGATION MANAGEMENT/ATTORNEY HANDLING
Required to retain DC - pursued reimbursement from involved carriers.

RATING 2 LIABILITY/DAMAGE EVALUATION
Not the fault of the City - tenders sent to carriers.

RATING 2 FILE MANAGEMENT
Adjuster pursued tenders to involved carriers, who settled and did partial defense cost reimbursement.

RATING 2 TIMELY NEGOTIATIONS
Negotiation of tenders and defense cost reimbursement.

COMMENTS

Reported to RMS

Good risk transfer and handling.



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Davis, Laurie

FILE NUMBER
2008070514

REVIEW DATE
2/15/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
CLOSED LITIGATION

DATE OF LOSS
1/6/2007

CLAIM DATE
1/7/2008

REJECTION DATE

LAWSUIT DATE

CLOSED DATE
1/31/2010

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR
2006-2007

CASE DESCRIPTION
Sewer backup.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

PAID TO DATE

RECOMMENDED RESERVES

LOSS
\$0.00

LOSS
\$53,482.00

LOSS

EXPENSE
\$445.85

EXPENSE
\$22,842.73

EXPENSE

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

RATING 2 INVESTIGATION
Good proactive investigation and worked well with claimant.

RATING 2 RESERVING
Appropriate.

RATING 2 LITIGATION MANAGEMENT/ATTORNEY HANDLING
Needed Defense Counsel to work out agreement on future response and expert costs.

RATING 2 LIABILITY/DAMAGE EVALUATION
All evaluations of damages well documented.

RATING 2 FILE MANAGEMENT
Adjuster was proactive and worked well with claimant to resolve at reasonable cost.

RATING 2 TIMELY NEGOTIATIONS
Numerous issues in resolution negotiation appropriate.

COMMENTS

Reported to RMS



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Vandenburgh, Misty

FILE NUMBER
2009095244

REVIEW DATE
2/15/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
OPEN CLAIM

DATE OF LOSS
3/28/2009

CLAIM DATE
10/6/2009

REJECTION DATE
11/5/09

LAWSUIT DATE

CLOSED DATE

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR
2008-2009

CASE DESCRIPTION
Police brutality, emotional distress resulting from a detention by police.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

PAID TO DATE

RECOMMENDED RESERVES

LOSS
\$500.00

LOSS
\$0.00

LOSS

EXPENSE
\$1,351.89

EXPENSE
\$2,148.11

EXPENSE

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

RATING 2 INVESTIGATION
Good investigation in file, includes investigation of officers.

RATING 2 RESERVING
Appropriate.

RATING N/A LITIGATION MANAGEMENT/ATTORNEY HANDLING

RATING 2 LIABILITY/DAMAGE EVALUATION
Appears case has no merit.

RATING 2 FILE MANAGEMENT
Well handled - tracking claim SOL.

RATING N/A TIMELY NEGOTIATIONS

COMMENTS

Reported to RMS



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Taylor, Skip

FILE NUMBER
2009098259

REVIEW DATE
2/15/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
OPEN CLAIM

DATE OF LOSS
11/18/2009

CLAIM DATE
12/17/2009

REJECTION DATE

LAWSUIT DATE

CLOSED DATE

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR
2009-2010

CASE DESCRIPTION
Slip and Fall on ice entering City Manager's office.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

PAID TO DATE

RECOMMENDED RESERVES

LOSS
\$500.00

LOSS
\$0.00

LOSS

EXPENSE
\$718.73

EXPENSE
\$781.27

EXPENSE

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

RATING 2 INVESTIGATION
Investigation, including site visit.

RATING 2 RESERVING
Appropriate.

RATING N/A LITIGATION MANAGEMENT/ATTORNEY HANDLING

RATING 2 LIABILITY/DAMAGE EVALUATION
Questions related to location, maintenance and signage.

RATING 2 FILE MANAGEMENT
Well handled.

RATING 2 TIMELY NEGOTIATIONS
Quick action resolved the case for low cost.

COMMENTS

Reported to RMS



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Strom, Brian E.

FILE NUMBER
2008070606

REVIEW DATE
2/15/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
OPEN CLAIM

DATE OF LOSS
7/21/2007

CLAIM DATE
1/8/2008

REJECTION DATE

LAWSUIT DATE

CLOSED DATE

TYPE OF LOSS
Civil Rights

LIMITS(X1000)/POLICY YEAR
2007-2008

CASE DESCRIPTION
Excessive force, civil rights violations.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

LOSS
\$25,000.00

EXPENSE
\$28,980.85

PAID TO DATE

LOSS
\$0.00

EXPENSE
\$30,519.15

RECOMMENDED RESERVES

LOSS

EXPENSE

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

RATING 2 INVESTIGATION
Case has many issues during arrest - all covered well in the investigation.

RATING 2 RESERVING
Appropriate.

RATING 2 LITIGATION MANAGEMENT/ATTORNEY HANDLING
DC handling case aggressively - rule 68 offer for 5k + atty fees.

RATING 2 LIABILITY/DAMAGE EVALUATION
Appears case facts favor City on liability - damages favor plaintiff.

RATING 2 FILE MANAGEMENT
Adjuster on top of case.

RATING N/A TIMELY NEGOTIATIONS

COMMENTS

Reported to RMS

ENE should be good insight into plaintiff case and how 3rd party will view facts - need to re-evaluate case after ENE as to exposure.



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Spencer, Muriel

FILE NUMBER
2009093158

REVIEW DATE
2/15/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
OPEN CLAIM

DATE OF LOSS
8/13/2009

CLAIM DATE
8/17/2009

REJECTION DATE
10/1/09

LAWSUIT DATE

CLOSED DATE

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR
2009-2010

CASE DESCRIPTION
Slip and fall on sidewalk.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

PAID TO DATE

RECOMMENDED RESERVES

LOSS
\$3,000.00

LOSS
\$0.00

LOSS

EXPENSE
\$228.74

EXPENSE
\$1,271.26

EXPENSE

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

RATING 2 INVESTIGATION
Investigation reveals no dangerous condition exists.

RATING 2 RESERVING
Appropriate.

RATING N/A LITIGATION MANAGEMENT/ATTORNEY HANDLING

RATING 2 LIABILITY/DAMAGE EVALUATION
No liability - damages not a result of a dangerous condition.

RATING 2 FILE MANAGEMENT
Well handled file - provide City with case law if claimant goes to small claims court.

RATING N/A TIMELY NEGOTIATIONS

COMMENTS

Reported to RMS



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Parris, Cameron

FILE NUMBER
2009093956

REVIEW DATE
2/16/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
OPEN CLAIM

DATE OF LOSS
5/10/2009

CLAIM DATE
9/4/2009

REJECTION DATE
11/23/09

LAWSUIT DATE

CLOSED DATE

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR
2008-2009

CASE DESCRIPTION
Cows got out of a pen in Charles Howard Park, Claimant was operating a motorcycle and swerved to avoid hitting cows.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

PAID TO DATE

RECOMMENDED RESERVES

LOSS
\$10,000.00

LOSS
\$0.00

LOSS

EXPENSE
\$988.17

EXPENSE
\$2,011.83

EXPENSE

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

RATING 2 INVESTIGATION
Investigation revealed that Cattle Co. responsible - matter has been tendered.

RATING 2 RESERVING
Precautionary.

RATING N/A LITIGATION MANAGEMENT/ATTORNEY HANDLING

RATING 2 LIABILITY/DAMAGE EVALUATION
All efforts have been made to shift liability to Cattle Co.

RATING 2 FILE MANAGEMENT
Adjuster is aggressively following up on tender issue.

RATING N/A TIMELY NEGOTIATIONS

COMMENTS

Reported to RMS



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Martinez, Lorenzo

FILE NUMBER
2009091495

REVIEW DATE
2/16/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
OPEN CLAIM

DATE OF LOSS
5/22/2008

CLAIM DATE
7/7/2009

REJECTION DATE

LAWSUIT DATE

CLOSED DATE

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR
2007-2008

CASE DESCRIPTION
Employees for Capital claimed the company did a variety of jobs for public entities and were not paid prevailing wage.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

PAID TO DATE

RECOMMENDED RESERVES

LOSS
\$0.00

LOSS
\$0.00

LOSS

EXPENSE
\$2,357.94

EXPENSE
\$2,475.95

EXPENSE

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

RATING 2 INVESTIGATION
Investigation reveals that contractor is responsible not City.

RATING 2 RESERVING
Appropriate.

RATING 2 LITIGATION MANAGEMENT/ATTORNEY HANDLING
Defense Counsel assisted in tender.

RATING 2 LIABILITY/DAMAGE EVALUATION
No city liability- tender accepted by contractor.

RATING 2 FILE MANAGEMENT
Adjuster worked on tender and is now tracking only.

RATING 2 TIMELY NEGOTIATIONS
Tender nego.

COMMENTS

Reported to RMS



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Martin, Jacob

FILE NUMBER
2009089335

REVIEW DATE
2/16/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
OPEN CLAIM

DATE OF LOSS
4/4/2009

CLAIM DATE
5/11/2009

REJECTION DATE
7/17/09

LAWSUIT DATE

CLOSED DATE

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR

CASE DESCRIPTION
5 year old son fell from climbing structure-broken arm.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

PAID TO DATE

RECOMMENDED RESERVES

LOSS
\$3,000.00

LOSS
\$0.00

LOSS

EXPENSE
\$341.34

EXPENSE
\$1,158.66

EXPENSE

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

RATING 2 INVESTIGATION
Good investigation and interview with parents.

RATING 2 RESERVING
Appropriate.

RATING N/A LITIGATION MANAGEMENT/ATTORNEY HANDLING
Some indication family may involve plaintiff atty.

RATING 2 LIABILITY/DAMAGE EVALUATION
No liability - dangerous condition does not exist and parents were supv child.

RATING 2 FILE MANAGEMENT
Well managed - tracking SOL.

RATING N/A TIMELY NEGOTIATIONS

COMMENTS

Reported to RMS



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Mandeville, Cassandra L.

FILE NUMBER
2009094267

REVIEW DATE
2/16/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
OPEN CLAIM

DATE OF LOSS
9/14/2009

CLAIM DATE
9/15/2009

REJECTION DATE
10/14/09

LAWSUIT DATE

CLOSED DATE

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR
2009-2010

CASE DESCRIPTION
Single vehicle rollover with fatality.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

PAID TO DATE

RECOMMENDED RESERVES

LOSS
\$100.00

LOSS
\$0.00

LOSS

EXPENSE
\$331.92

EXPENSE
\$1,341.71

EXPENSE

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

RATING 2 INVESTIGATION
Good complete investigation into MVA.

RATING 2 RESERVING
Appropriate.

RATING N/A LITIGATION MANAGEMENT/ATTORNEY HANDLING

RATING 2 LIABILITY/DAMAGE EVALUATION
No liability on part of City established.

RATING 2 FILE MANAGEMENT
Tracking claim SOL to 3/10 approximately.

RATING N/A TIMELY NEGOTIATIONS

COMMENTS

Reported to RMS



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Klinock, Robert D.

FILE NUMBER
2009089332

REVIEW DATE
2/15/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
OPEN CLAIM

DATE OF LOSS
4/1/2008

CLAIM DATE
5/11/2009

REJECTION DATE
9/17/09

LAWSUIT DATE

CLOSED DATE

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR
2007-2008

CASE DESCRIPTION
Claimant alleges roller used during road repaving crushed section of sewer pipe under street.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

LOSS
\$2,000.00

EXPENSE
\$1,404.05

PAID TO DATE

LOSS
\$0.00

EXPENSE
\$595.95

RECOMMENDED RESERVES

LOSS

EXPENSE

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

RATING 2 INVESTIGATION
Investigation reveals that no evidence of problem with sewer line existed.

RATING 2 RESERVING
Precautionary.

RATING N/A LITIGATION MANAGEMENT/ATTORNEY HANDLING

RATING 2 LIABILITY/DAMAGE EVALUATION
No merit to this late filed claim.

RATING 2 FILE MANAGEMENT
Well managed - tracking for claim SOL.

RATING N/A TIMELY NEGOTIATIONS

COMMENTS

Reported to RMS



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Edd, Ellen G.

FILE NUMBER
2009088556

REVIEW DATE
2/15/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
OPEN CLAIM

DATE OF LOSS
11/1/2008

CLAIM DATE
4/21/2009

REJECTION DATE
5/13/09

LAWSUIT DATE

CLOSED DATE

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR
2008-2009

CASE DESCRIPTION
Trip and Fall on sidewalk.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

PAID TO DATE

RECOMMENDED RESERVES

LOSS
\$15,000.00

LOSS
\$0.00

LOSS

EXPENSE
\$824.83

EXPENSE
\$2,175.17

EXPENSE

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

RATING 2 INVESTIGATION
Investigation of site reveals that juris lies w/ property owner.

RATING 2 RESERVING
Initial reserve appro - should take down loss reserve given Church carrier is nego resolution.

RATING N/A LITIGATION MANAGEMENT/ATTORNEY HANDLING

RATING 2 LIABILITY/DAMAGE EVALUATION
No City liability.

RATING 2 FILE MANAGEMENT
Well worked up - should reduce loss reserve.

RATING N/A TIMELY NEGOTIATIONS

COMMENTS

Reported to RMS



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Burnett, Phyllis

FILE NUMBER
2009095293

REVIEW DATE
2/15/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
OPEN CLAIM

DATE OF LOSS
7/5/2009

CLAIM DATE
10/7/2009

REJECTION DATE
11/5/09

LAWSUIT DATE

CLOSED DATE

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR
2009-2010

CASE DESCRIPTION
Trip and fall in front of VFW.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

PAID TO DATE

RECOMMENDED RESERVES

LOSS
\$100.00

LOSS
\$0.00

LOSS

EXPENSE
\$395.30

EXPENSE
\$1,104.70

EXPENSE

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

RATING 2 INVESTIGATION
Investigation determined that location of fall is non-juris.

RATING 2 RESERVING
Appropriate.

RATING N/A LITIGATION MANAGEMENT/ATTORNEY HANDLING

RATING 2 LIABILITY/DAMAGE EVALUATION
Non-juris matter.

RATING 2 FILE MANAGEMENT
Appropriate handling - tracking claim SOL.

RATING N/A TIMELY NEGOTIATIONS

COMMENTS

Reported to RMS



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Buck, Alice

FILE NUMBER
2009096706

REVIEW DATE
2/15/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
OPEN CLAIM

DATE OF LOSS
11/6/2009

CLAIM DATE
11/9/2009

REJECTION DATE

LAWSUIT DATE

CLOSED DATE

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR

CASE DESCRIPTION
Contractor jetting the sewer main when black water went into home at 3079 10th Street, Biggs, CA.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

LOSS
\$4,992.65

EXPENSE
\$129.97

PAID TO DATE

LOSS
\$2,507.35

EXPENSE
\$870.03

RECOMMENDED RESERVES

LOSS

EXPENSE

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

RATING 2 INVESTIGATION
Proactive investigation to determine POA.

RATING 2 RESERVING
Appropriate.

RATING N/A LITIGATION MANAGEMENT/ATTORNEY HANDLING

RATING 2 LIABILITY/DAMAGE EVALUATION
Estimates and repair orders in file.

RATING 2 FILE MANAGEMENT
Adjuster handled well.

RATING 2 TIMELY NEGOTIATIONS
Completed clean up and repair with citizen cooperation.

COMMENTS

Claim involved two other homes, needing clean up only - all handled under this claim #.

Reported to RMS



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Bailey, Dean

FILE NUMBER
2009098648

REVIEW DATE
2/15/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
OPEN CLAIM

DATE OF LOSS
12/29/2008

CLAIM DATE
12/30/2009

REJECTION DATE

LAWSUIT DATE

CLOSED DATE

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR
2009-2010

CASE DESCRIPTION
Sewer backup in residence.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

LOSS
\$3,000.00

EXPENSE
\$1,000.00

PAID TO DATE

LOSS
\$0.00

EXPENSE
\$0.00

RECOMMENDED RESERVES

LOSS

EXPENSE

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

RATING 2 INVESTIGATION
Quick investigation and action.

RATING 2 RESERVING
Appropriate.

RATING N/A LITIGATION MANAGEMENT/ATTORNEY HANDLING

RATING 2 LIABILITY/DAMAGE EVALUATION
Obtained and reviewed all repair and damage estimates.

RATING 2 FILE MANAGEMENT
Proactive handling of liability matter.

RATING 2 TIMELY NEGOTIATIONS
Negotiation appropriate resolution.

COMMENTS

Reported to RMS



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Alderson, John W.

FILE NUMBER
2008081055

REVIEW DATE
2/16/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
OPEN CLAIM

DATE OF LOSS
9/30/2008

CLAIM DATE
10/1/2008

REJECTION DATE

LAWSUIT DATE

CLOSED DATE

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR
2008-2009

CASE DESCRIPTION
Claimant fell into hole created by slab removal, sustaining injuries.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

PAID TO DATE

RECOMMENDED RESERVES

LOSS
\$5,500.00

LOSS
\$0.00

LOSS

EXPENSE
\$514.86

EXPENSE
\$2,385.14

EXPENSE

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

RATING 2 INVESTIGATION
Good investigation in file - site visit and photos.

RATING 2 RESERVING
Appropriate.

RATING N/A LITIGATION MANAGEMENT/ATTORNEY HANDLING

RATING 2 LIABILITY/DAMAGE EVALUATION
Question if church responsible for hole v. city - issues being addressed.

RATING 2 FILE MANAGEMENT
Adjuster requesting med records and working on establishing liability issues.

RATING N/A TIMELY NEGOTIATIONS

COMMENTS

Reported to RMS



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME Williams, Tommy L.	
FILE NUMBER 2007060041	
REVIEW DATE 2/15/2010	REVIEWED BY KRM
ENTITY REVIEWED SCORE	

FILE STATUS OPEN LITIGATION	DATE OF LOSS 9/5/2006	CLAIM DATE 3/22/2007	REJECTION DATE
LAWSUIT DATE	CLOSED DATE	TYPE OF LOSS GL	LIMITS(X1000)/POLICY YEAR 2006-2007

CASE DESCRIPTION

Claimant states that he was beaten by Weed police during an altercation.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

LOSS \$0.00
EXPENSE \$3,775.83

PAID TO DATE

LOSS \$200,000.00
EXPENSE \$81,807.24

RECOMMENDED RESERVES

LOSS
EXPENSE

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

RATING 2	<u>INVESTIGATION</u> Extensive investigation in file - issues with one officer causes concern.
RATING 2	<u>RESERVING</u> Appropriate.
RATING 2	<u>LITIGATION MANAGEMENT/ATTORNEY HANDLING</u> Well handled file by Defense Counsel.
RATING 2	<u>LIABILITY/DAMAGE EVALUATION</u> Officer reputation and hx causes issues - wrongful death and civil rights action.
RATING 2	<u>FILE MANAGEMENT</u> Well managed file by Adjuster.
RATING 2	<u>TIMELY NEGOTIATIONS</u> Mediation resolved case at 200K , this is a good result given the multiple compensable causes of action and exposure to ptf atty fees.

COMMENTS

Well handled case with bad facts - case in process of closing.

Reported to RMS



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
McNeil, Howard

FILE NUMBER
2009085292

REVIEW DATE
2/15/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
OPEN LITIGATION

DATE OF LOSS
8/8/2008

CLAIM DATE
1/25/2009

REJECTION DATE

LAWSUIT DATE

CLOSED DATE

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR
2008-2009

CASE DESCRIPTION
Claim of false arrest and illegal holding of personal property.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

PAID TO DATE

RECOMMENDED RESERVES

LOSS
\$0.00

LOSS
\$0.00

LOSS

EXPENSE
\$1,916.95

EXPENSE
\$1,951.45

EXPENSE

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

RATING 2 INVESTIGATION
Investigation reveals this is a complicated family matter that involves some potentially false records.

RATING 2 RESERVING
Appropriate.

RATING 2 LITIGATION MANAGEMENT/ATTORNEY HANDLING
Suit filed - not served. Tracking status.

RATING 2 LIABILITY/DAMAGE EVALUATION
PD acted in good faith and caught in complicated family situation.

RATING 2 FILE MANAGEMENT
Adjuster on top of file.

RATING N/A TIMELY NEGOTIATIONS

COMMENTS

Reported to RMS



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Martinez-Ortega, Martin

FILE NUMBER
2007061507

REVIEW DATE
2/15/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
OPEN LITIGATION

DATE OF LOSS
11/18/2006

CLAIM DATE
5/2/2007

REJECTION DATE

LAWSUIT DATE

CLOSED DATE

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR
2006-2007

CASE DESCRIPTION
Wrongful detention, BI, emotional distress and violation of civil rights.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

PAID TO DATE

RECOMMENDED RESERVES

LOSS
\$50,000.00

LOSS
\$0.00

LOSS

EXPENSE
\$6,270.63

EXPENSE
\$21,429.37

EXPENSE

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

RATING 2 INVESTIGATION
Good investigation into incident and use of force.

RATING 2 RESERVING
Loss reserve may be thin given demands, psych condition of clmt and taser issues.

RATING 2 LITIGATION MANAGEMENT/ATTORNEY HANDLING
Case being well worked up - rule 68 offer for 25k and request to mediate with magistrate.

RATING 2 LIABILITY/DAMAGE EVALUATION
All issues well developed.

RATING 2 FILE MANAGEMENT
Adjuster on top of case.

RATING 2 TIMELY NEGOTIATIONS
Negotiations have created large spread in demand / offer.

COMMENTS

Reported to RMS

Case has potential for plaintiff and award of plaintiff atty fees cannot be ignored - rule 68 offer does not reclude plaintiff atty fees exposure. Officers may also present a problem for the defense- need to review reserves and resolution posture.



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Manning, Rebecca

FILE NUMBER
2008072955

REVIEW DATE
2/15/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
OPEN LITIGATION

DATE OF LOSS
6/4/2007

CLAIM DATE
3/7/2008

REJECTION DATE

LAWSUIT DATE

CLOSED DATE

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR
2006-2007

CASE DESCRIPTION
Excessive force claim, husband arrested because of wife's traffic stop, officer feared for his safety.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

LOSS
\$35,000.00

EXPENSE
\$22,272.49

PAID TO DATE

LOSS
\$0.00

EXPENSE
\$28,377.51

RECOMMENDED RESERVES

LOSS

EXPENSE

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

RATING 2 INVESTIGATION
Case well investigated.

RATING 2 RESERVING
Appropriate.

RATING 2 LITIGATION MANAGEMENT/ATTORNEY HANDLING
Multiple DC involved - worked up case well.

RATING 2 LIABILITY/DAMAGE EVALUATION
All issues addressed in file.

RATING 2 FILE MANAGEMENT
Adjuster active in case.

RATING 2 TIMELY NEGOTIATIONS
Early mediation resolved case with both cities contributing.

COMMENTS

Reported to RMS



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Lockett, Edwin V.

FILE NUMBER
2008080767

REVIEW DATE
2/15/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
OPEN LITIGATION

DATE OF LOSS
2/16/2005

CLAIM DATE
9/24/2008

REJECTION DATE

LAWSUIT DATE

CLOSED DATE

TYPE OF LOSS
Civil Rights

LIMITS(X1000)/POLICY YEAR
2004-2005

CASE DESCRIPTION
Lawsuit filed for violation of 4th Amendment, Mt. Shasta Police on assist with CHP responded to single vehicle off road...

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

PAID TO DATE

RECOMMENDED RESERVES

LOSS
\$0.00

LOSS
\$0.00

LOSS

EXPENSE
\$13,669.95

EXPENSE
\$14,330.05

EXPENSE

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

RATING 2 **INVESTIGATION**
CHP is target def - City PD assisted in minor role.

RATING 2 **RESERVING**
Appropriate.

RATING 2 **LITIGATION MANAGEMENT/ATTORNEY HANDLING**
Trial court dismissed case- ptf has appealed - rule 68 Offer for waiver is out there.

RATING 2 **LIABILITY/DAMAGE EVALUATION**
Case has no merit.

RATING 2 **FILE MANAGEMENT**
Well managed file.

RATING 2 **TIMELY NEGOTIATIONS**
Rule 68 offer and rejection of 6k demand- City is ready to fight matter.

COMMENTS Reported to RMS
Appropriate handling of case having no merit.



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Fabbrini, David J.

FILE NUMBER
2006047763

REVIEW DATE
2/16/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
OPEN LITIGATION

DATE OF LOSS
10/10/2005

CLAIM DATE
4/25/2006

REJECTION DATE

LAWSUIT DATE

CLOSED DATE

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR
2005-2006

CASE DESCRIPTION
Attorneys fees relating to dispute over land ownership.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

PAID TO DATE

RECOMMENDED RESERVES

LOSS
\$2,500.00

LOSS
\$0.00

LOSS

EXPENSE
\$6,632.11

EXPENSE
\$153,407.00

EXPENSE

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

RATING 2 INVESTIGATION
Extensive investigation in file.

RATING 2 RESERVING
Appropriate - DC costs in case expensive.

RATING 2 LITIGATION MANAGEMENT/ATTORNEY HANDLING
DC won MSJ - Ptf has now appealed - case coming to a closing point.

RATING 2 LIABILITY/DAMAGE EVALUATION
Liability thin - expensive to litigate.

RATING 2 FILE MANAGEMENT
Adjuster is on top of case and doing best to keep costs in line.

RATING N/A TIMELY NEGOTIATIONS

COMMENTS

Reported to RMS

Loss of appeal by ptf sholug shut case down.



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Cold Stream Tavern

FILE NUMBER
2008081804

REVIEW DATE
2/15/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
OPEN LITIGATION

DATE OF LOSS
8/24/2006

CLAIM DATE
10/20/2008

REJECTION DATE

LAWSUIT DATE

CLOSED DATE

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR
2006-2007

CASE DESCRIPTION
Trip and fall outside local tavern and cross complaint for indemnity.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

PAID TO DATE

RECOMMENDED RESERVES

LOSS
\$0.00

LOSS
\$0.00

LOSS

EXPENSE
\$1,593.63

EXPENSE
\$8,606.37

EXPENSE

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

RATING 2 **INVESTIGATION**
Appears the area in question is non-juris.

RATING 2 **RESERVING**
Appropriate.

RATING 2 **LITIGATION MANAGEMENT/ATTORNEY HANDLING**
Defense Counsel moving slowly to a dismissal for wavier.

RATING 2 **LIABILITY/DAMAGE EVALUATION**
No liability case.

RATING 2 **FILE MANAGEMENT**
Adjuster is on top of file.

RATING 2 **TIMELY NEGOTIATIONS**
Offer to waive costs.

COMMENTS

Reported to RMS



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Cardenas, Misti, Et al.

FILE NUMBER
2008074550

REVIEW DATE
2/15/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
OPEN LITIGATION

DATE OF LOSS
4/2/2008

CLAIM DATE
4/22/2009

REJECTION DATE

LAWSUIT DATE

CLOSED DATE

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR
2007-2008

CASE DESCRIPTION
Excessive force during arrest, claimant alleges she had a seizure while being arrested and police aggravated a prior injury.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

PAID TO DATE

RECOMMENDED RESERVES

LOSS
\$5,000.00

LOSS
\$0.00

LOSS

EXPENSE
\$13,095.88

EXPENSE
\$62,078.67

EXPENSE

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

RATING 2 **INVESTIGATION**
Good investigation in file.

RATING 2 **RESERVING**
Appropriate.

RATING 2 **LITIGATION MANAGEMENT/ATTORNEY HANDLING**
Good work up of issues and plaintiff lack of credibility.

RATING 2 **LIABILITY/DAMAGE EVALUATION**
Liability thin at best - damages do not exist.

RATING 2 **FILE MANAGEMENT**
Well managed file.

RATING N/A **TIMELY NEGOTIATIONS**
City taking head line on this case - ENE report well done - Rule 68 Offer extend for wavier.

COMMENTS

Reported to RMS



RMS

RISK MANAGEMENT SERVICES

AUDIT REVIEW FORM

FILE NAME
Burke, Jr., Stephen (A Minor)

FILE NUMBER
2008075654

REVIEW DATE
2/15/2010

REVIEWED BY
KRM

ENTITY REVIEWED
SCORE

FILE STATUS
OPEN LITIGATION

DATE OF LOSS
3/9/2008

CLAIM DATE
5/20/2008

REJECTION DATE

LAWSUIT DATE

CLOSED DATE

TYPE OF LOSS
GL

LIMITS(X1000)/POLICY YEAR

CASE DESCRIPTION
Minor child was bitten in the face/head by dog with alleged history of violence.

LIABILITY

CLEAR PROBABLE QUESTIONABLE DOUBTFUL UNDETERMINED N/A

CURRENT RESERVES

PAID TO DATE

RECOMMENDED RESERVES

LOSS
\$0.00

LOSS
\$0.00

LOSS

EXPENSE
\$1,373.79

EXPENSE
\$15,289.88

EXPENSE

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

RATING 2 INVESTIGATION
Good investigation into multi jurisdictional matter.

RATING 2 RESERVING
Appropriate.

RATING 2 LITIGATION MANAGEMENT/ATTORNEY HANDLING
Defense Counsel worked case up well in cooperation with adjuster.

RATING 2 LIABILITY/DAMAGE EVALUATION
Case had some potential based on damages and other defense being judgment proof.

RATING 2 FILE MANAGEMENT
Well managed file.

RATING 2 TIMELY NEGOTIATIONS
Dismissal for waiver was in best interest of the City.

COMMENTS

Reported to RMS

WORKERS' COMPENSATION CLAIMS AUDIT REQUEST FOR PROPOSAL

ACTION ITEM

ISSUE: Members will be asked to decide if a Request for Proposal (RFP) be issued for a Workers' claims audit to be performed or should the previous auditor be contacted to determine their interest and availability to audit the claims.

BACKGROUND: A claims audit is done every two years to assure the reserving practices are financially sound and are compliant with the industry best practices. Obtaining a claims audit can identify improvements the JPA should make and can also lower risk of high cost claims. In addition, CAJPA accreditation standards recommend a claims audit every two years on self-funded programs.

In 2009, SCORE issued an RFP for claims auditors and choose Nicholas Cali to conduct the audit.

FISCAL IMPACT: \$7,500 which has been included in the budget.

RECOMMENDATION: Staff recommends contacting Mr. Nicolas Cali to perform the claims audit.

ATTACHMENT(S): 2009 Claims Audit

February 18, 2010

Susan Adams, Program Administrator
Small Cities Organized Risk Effort
1792 Tribute Road, Suite 450
Sacramento, CA 95815

Sent via email: sadams@alliantinsurance.com

Re: **S.C.O.R.E. WORKERS' COMPENSATION CLAIM AUDIT – 2010**

Dear Ms. Adams:

Attached please find my report that provides conclusions, recommendations, and findings as a result of the workers' compensation claim audit I performed for S.C.O.R.E. the week of February 15, 2010.

The audit included a 100% review of the current open Indemnity and Medical Only occurrences open at the time of the audit; a total of 62 occurrences were reviewed, involving 70 claims. I interviewed and evaluated the performance of York Insurance Services' Branch Manager Bonnie Markuson. All claims reviewed were matched to the most current computerized claim information in the VOS system maintained by York. I maintained detailed spreadsheets on all claims reviewed in order to identify patterns or trends.

At the conclusion of the field audit I held a brief exit interview with Ms. Markuson during which I discussed my findings and conclusions, as well as any potential recommendations I would be making.

The audit is broken down into three sections. Section I summarized my conclusions based on the audit findings. Recommendations to improve the program are located in Section II. Section III contains the detailed audit findings.

I am also enclosing the invoice in the amount of \$4,000. I would appreciate your expeditious handling of this matter. Please feel free to contact me if you have any questions regarding the audit.

Very truly yours,



Nicholas L. Cali
Claim Consultant/Auditor

NLC: clc

cc: File

**SMALL CITIES ORGANIZED
RISK EFFORT**

**WORKERS' COMPENSATION
CLAIM AUDIT**

FEBRUARY 2010



NICHOLAS L. CALL, Claim Consultant/Auditor

P. O. Box 2158
Sonoma, California 95476-2158

Phone/Fax: 707/938-3746
Cell: 707/694-6756
E-mail: nlcall@comcast.net

I. CONCLUSIONS

The S.C.O.R.E. self-insured workers' compensation claim administration program is being effectively managed and technically administered by York Insurance Services.

There is a sense of urgency in regard to compensability investigation, claimant contact, medical case management, and the disposition of permanent disability issues, as well as the prompt and accurate delivery of workers' compensation benefits to the injured workers.

Reserving philosophy and practice are sound. I did not find it necessary to make any recommendations regarding reserve revisions as a result of this audit. Excess potential is recognized and claims qualified for reporting are reported in a timely manner.

York Insurance Services performance is considered to be at or above claim industry standards in many areas. Ms. Markuson is performing in compliance with the LAWCX Performance Standards and the program meets all CAJPA Claim Administration Accreditation Criteria.

II. RECOMMENDATIONS

1. *York Insurance Services' Branch Manager Bonnie Markuson should take action to report the one claim identified with excess potential to LAWCX.*

(See "EXCESS NOTIFICATION")

III. FINDINGS

A. STAFFING

The S.C.O.R.E. self-insured workers' compensation claim administration program is effectively managed and technically handled by York Insurance Services in their Redding, California office.

Branch Manager Bonnie Markuson is the claim adjuster/examiner involved in managing the program and handles a majority of the Indemnity claims. Ms. Markuson is assisted by Claim Assistant and Medical Only Clerk Christina Bishop.

File reviews indicate that the claim files are well documented with both Ms. Markuson and Ms. Bishop's activities. There is a sense of urgency regarding claimant contact, medical case management, and the initiation of temporary total disability where necessary, as well as administration of all appropriate workers' compensation benefits in a timely and accurate manner.

Ms. Markuson advises that her current caseload is somewhere in the vicinity of 150 – 160 claims, including all of her clients. This is a reasonable caseload for someone of her extensive professional background as a workers' compensation claim examiner.

Staffing for the S.C.O.R.E. workers' compensation claim administration program is proper.

B. REPORTING

Reporting timeliness by the member cities is excellent; the average number of days between knowledge by the cities and notice to York was 2.9 days on the claims reviewed in this audit. This provides the opportunity for Ms. Markuson to review the claim and make decisions regarding further handling and take action to deliver appropriate benefits on time.

York has a policy of requiring a Workers' Compensation Claims Status Report within 30 days of initial notice and quarterly thereafter. Each file reviewed during this audit contained these status reports on a consistent and timely basis. They clearly document the current status of the claim and provide a plan of action based on any new medical or other information that has been developed.

C. CLAIMANT CONTACT

There is full compliance with the requirement to make claimant contact with any injured worker losing time at the time of the initial report. As a matter of fact, many of the Medical Only claims involved claimant contact. This would appear to contribute to the very positive litigation ratio that will be discussed later on in this report.

It is apparent that Ms. Markuson aggressively maintains rapport and communications with the injured workers without attorney representation.

D. DIARY SYSTEM

Ms. Markuson maintains a standard 30-day diary, with adjustments depending upon the issues in each claim file. I did not find any delays in diary reviews, and Ms. Markuson and/or Ms. Bishop's activities were clearly documented in the claim files upon diary review.

E. INVESTIGATION

Ms. Markuson and Ms. Bishop are performing much of the necessary investigation by telephone or electronic communication with the member cities. When there is a question of compensability, Ms. Markuson assigns field investigation to an investigative vendor. Claim files reviewed during this audit revealed several investigations performed by G.B. Bragg and Associates, Inc. and investigator Ron Bals of the Roseville, California office. Those investigations were performed in a timely manner and the reporting was comprehensive.

Ms. Markuson advises that she immediately reports all claims to the Index Bureau upon initial review of a new claim.

F. TEMPORARY DISABILITY

All but one claim reviewed that involved the initiation of temporary total disability were timely, in other words the initial check and the Notice of Benefits were sent within 14 days of the date of the accident. Only one claim involved late reporting and York paid a small penalty. There was no apparent reason except that this claim involved a late initial payment. This is not a trend.

All claims involving temporary total disability contained wage statements from the member cities, and the temporary total disability compensation rate was accurately computed.

G. PERMANENT DISABILITY

Ms. Markuson recognizes the potential for permanent disability in the claim development and reserves for that potential. The medical panel of treating physicians is usually timely in sending a Permanent and Stationary Medical Report with appropriate permanent disability information. Ms. Markuson is aggressive in the disposition of the permanent disability issue and takes action to settle that issue by way of a Stipulation, Findings and Award or a Compromise and Release. Usually this is completed without attorney representation, which is very cost effective.

Permanent disability advances are initiated upon receipt of a Permanent and Stationary Medical Report with a permanent disability rating potential.

Ms. Markuson advises that she does not have any settlement authority and requests authority from the individual member cities if the authorization amount is within the \$150,000 SIR and from LAWCX if the authorization will cause the total incurred to exceed the SIR. I found no abuses of this authorization procedure.

H. LITIGATION

The litigation ratio as computed from the Self Insurance Plans Office report dated June 30, 2009 indicates a very positive ratio of 5.7%. Although these statistics are no longer published, in my experience as an auditor within the State of California, I find that 5.7% is an excellent litigation ratio for a public entity in the Northern California area. It is also apparent from file reviews that there is an aggressive attempt to maintain rapport and communications with injured workers in order to prevent legal representation and settle all issues on an unrepresented basis, which contributes significantly to overall cost effectiveness.

When litigation is a reality, Ms. Markuson utilizes attorneys on the S.C.O.R.E. defense attorney panel. The firm of Hanna, Brophy, MacLean, McAleer, and Jensen handles a majority of claims in litigation. There were a few litigated claims handled by the firm Laughlin, Falbo, Levy, and Morresi. The performance by the attorneys in these law firms was competent and aggressive. Ms. Markuson is very much involved in litigation strategy and management.

I reviewed and audited defense counsel invoices as they were contained in the claim files. The invoices were properly itemized as to services performed, time, and hourly rates. The maximum hourly rate I saw during this audit was \$150, which is a reasonable and customary hourly rate for such services in this area of California. I saw no evidence of “block billing” in which several services are lumped under one time allotment, thus making it difficult to properly audit an invoice.

I. MEDICAL CONTROL AND PAYMENTS

Ms. Markuson is aggressive in making claimant contact initially, with the intent to manage the medical care and assure the claimant that everything will be done to resolve their injury and return them to their original position. Medical reporting by the panel of treating physicians is timely and comprehensive.

York utilizes the services of the York Insurance Services' subsidiary in Oxnard, California, for medical bill review. This is working well; bills are being paid normally within 30 days of receipt and are in compliance with the Labor Code § 4603.2.

Ms. Markuson is aggressive in her use of the Utilization Review process. She comments on the need for UR services in her plan of action, and I saw some claims in which she utilized the services of Professional Dynamics for this service.

J. SUBROGATION

Subrogation potential is being recognized and investigated aggressively. I did review several claims in which subrogation was identified and aggressively investigated and pursued.

K. REHABILITATION

Ms. Markuson is knowledgeable in regard to the rehabilitation benefits and complies with the rules and regulations in administering the rehab benefit.

L. RESERVES

I found the reserving philosophy and practice to be sound. There is an attempt to establish and maintain an "ultimate probable cost" reserve for medical, indemnity, and expenses in each claim depending upon the facts available. I did not find it necessary to make a recommendation for a reserve revision as a result of this audit, and this audit involved a virtual 100% review.

I did review a sampling of future medical maintenance claims. In this category it is important that only a medical reserve be pending and that that reserve is adequate to pay for all future medical expenses based on the treatment and the life expectancy of the injured worker. I found that in all future medical maintenance claims reviewed that these criteria were met. The rationale for the future medical reserve was clearly documented in the claim files on the Workers' Compensation Claim Status Report, which is provided every six months on future medical claims. Where there were expense or indemnity reserves pending, such reserves were appropriate based upon the fact that the Stipulation was still paying out or liens were pending with legal counsel involved.

Each claim reviewed was matched to the current data in the VOS computerized system maintained by York. The data is timely and accurately posted. The VOS computerized system is an accurate reflection of the financial data contained in the claim files.

M. EXCESS NOTIFICATION

S.C.O.R.E. is provided excess coverage above their \$150,000 Self Insured Retention by Local Agency Workers' Compensation Excess JPA (LAWCX).

Reporting requirements include any claim in which the total incurred exceeds 50% of the SIR, catastrophic injury, death, or if lengthy temporary disability is involved. Since this audit included 100% of the current open and active Indemnity claims, it was possible to identify all existing and potential excess claims that meet the criteria for reporting to LAWCX. In all but one case this was true. I found one claim in which a death claim is involved and, even though the reserve does not reflect 50% of the SIR, it is technically reportable and I have directed a memo to Ms. Markuson in that regard. I do not consider this to be a trend requiring a program recommendation.

Ms. Markuson has an excellent understanding of excess reporting criteria and her files reflect current status reporting.

RECOMMENDATION

- ***York Insurance Services' Branch Manager Bonnie Markuson should take action to report the one claim identified with excess potential to LAWCX.***

Date: 2/16/10.

To: Bonnie Markuson

Branch Manager, York Ins Group

File Name: Stewart V Stone

Claim Number: 2008078652.

Although the reserve is not at 50% of the SIR, the fact that this is a death claim qualifies it for reporting to LAUCX. You should report it at this time.

Nicholas L. Call

Auditor

TARGETSOLUTIONS USAGE

INFORMATION ITEM

ISSUE: Members will receive a report detailing the usage by member for this online risk management training tool and be informed of the change in the company name from TargetSafety to TargetSolutions.

RECOMMENDATION: None

FISCAL IMPACT: \$25,000 which was included in the current budget.

BACKGROUND: In August 2010, Target Safety provided the Board with a presentation of PreventionLink program detailing their products and services. Prior to contracting directly with Target Safety, members had access to their products via our excess Workers' Compensation carrier, LAWCX, who decided to pass the cost on to the members using this service. The Safety and Loss Prevention Committee recommended purchasing this product.

SCORE entered into a three year contract effective November 1, 2010 for online Training services out outlined by the contract. The cost for these services are included in the budget.

ATTACHMENTS:

1. Correspondence regarding name change
2. Usage by Members
3. Target Safety Contract

Johnny Yang

Subject: RE: TargetSafety is now TargetSolutions.

I wanted to formally announce to you that **TargetSafety** is Now **TargetSolutions**!

Below is our official company statement regarding the change, should you have any questions please let me know.

We're excited to announce we have changed our company's name to TargetSolutions effective immediately.

Since our inception in 1999, we have strived to make life easier for the professionals who serve us all. Over that time, public entities have increasingly been forced to do more with less. As a result, our company has worked hard to find new solutions that help them operate more efficiently.

Today, our company offers a wide variety of web-based solutions that provide our partners the means to reduce costs, streamline operations, and improve productivity. We believe the name change to TargetSolutions more clearly articulates that message and resonates better with our clients.

With your help, TargetSafety became the leader in online training and records management. We thank you for that and promise to keep working hard every day to exceed your expectations. We are still the same company you know and trust, only with a new name that better reflects our complete range of services.

Take care,

Kelly Zielinski | Market Development Manager

Direct: 858.683.7229 | Cell: 858.353.6534

Email: kaz@targetsolutions.com



10805 Rancho Bernardo Road

Suite 200

San Diego, CA. 92127

Tel: 800.840.8048 | Fax: 858.487.8762 | www.targetsolutions.com

SCORE
 TargetSolutions Utilization Report
 October 1, 2010 - September 30, 2011

Member Organization	Contracted Employees	Active Registered Users	Courses Completed-Users	Courses Completed-Total	Custom Activities Completed-Users	Custom Activities Completed-Total
City of Biggs	0	12	6	8	0	0
City of Colfax	0	1	0	0	0	0
City of Dorris	0	5	0	0	0	0
City of Dunsmuir	0	2	0	0	0	0
City of Etna	0	48	12	36	1	1
City of Isleton	0	2	0	0	0	0
City of Live Oak	0	15	0	0	0	0
City of Loyalon	0	1	0	0	0	0
City of Montague	0	2	0	0	0	0
City of Mount Shasta	0	17	0	0	0	0
City of Portola	0	14	2	4	0	0
City of Rio Dell	0	3	0	0	0	0
City of Shasta Lake	0	38	3	3	0	0
City of Susanville	0	3	0	0	0	0
City of Weed	0	2	0	0	0	0
City of Yreka	0	29	13	52	3	9
Crescent City Wastewater District	11	10	4	26	0	0
Fort Jones Volunteer Fire Department	0	1	0	0	1	2
Loomis Fire Protection District	15	17	9	100	0	0
SCORE	0	3	0	0	0	0
Town of Fort Jones	0	2	0	0	0	0
Town of Loomis	0	3	0	0	0	0
Weed City Fire	0	1	0	0	0	0



Business Proposal

Exclusively Designed For:

Roger Carroll - President
Small Cities Organized Risk Effort
(SCORE)

Prepared By: Phil Coons
Manager, Risk Services
TargetSafety

October 20, 2010



The following business proposal outlines the PreventionLink Professional & Connect™ services that TargetSafety (TSC) will provide Small Cities Organized Risk Effort (SCORE) through its PreventionLink Enterprise™ online risk management platform.

PreventionLink Professional & Connect Service Description:

Customized PreventionLink Website for all SCORE Members

Each member will receive a custom PreventionLink site with the following:

- The members name & logo
- All logo's will be designated, 'Powered by SCORE'

Complete Learning Management System

TargetSafety will provide the PreventionLink learning management system to SCORE and its members, permitting them to manage employees on the system, track any type of training provided to an employee (instructor-led, online, conference, audio, paper-based, conference, etc.), assign any type of training to any employee or groups of employees, and report on that training by employee or by member.

Included offering:

- Ability to assign training, modify training, or remove training for any employee
- Reporting capabilities include all assigned training (complete, delinquent, and scheduled); active employees registered on PreventionLink; Custom Activity reports, and ability to view and print out employee completion certificates.
- Ability to set global passing grade for courses completed
- Ability to track all training given to any employee at any time (regardless of training model used)
- Employee course evaluation system with online reporting
- "Ask a question" capability during training sessions
- Completion certificates for all online training courses completed
- Tools to add more organizational categories for reporting and delegation of data access
- Tools to modify settings for email messages
- Tools to set unique passing grades for each online training course
- Online training curriculum viewer
- Capability to set minimum time requirements for each online training course

Included Training Courses

Members will have access to TSC's online Standard OSHA curriculum (including HR & Driving curriculum)

Included in the offering:

- Access to TSC's complete list of Standard Cal/OSHA courses
- Courses for CEU's (Including Water & Wastewater/Fire & EMS/Emergency Response) will be at no additional cost.

Communication Tools

TargetSafety's standard welcome message tools allow SCORE the ability to modify the announcement to members at any time. TargetSafety will send emails to each employee active on PreventionLink at the beginning of each month advising them of assignments. SCORE will also be able to communicate with members through an online forum included in the PreventionLink website.

- Customizable announcement to members
- Monthly email to employees summarizing training and tasks assigned
- Course evaluations available after all online course completions

Custom Activities

Allows all SCORE Members to build, schedule, deliver, & track any type of activity or document to their employees. Examples:

- Policies/Procedures
- Inspections
- Hands-On Training
- Tool Box/Tailgate Talks

Custom Tests

TSC will provide each SCORE Member the PreventionLink Custom Tests feature to enable the creation and delivery of secure web-based exams.

- Exams are multiple choice
- Can be randomly generated
- Unlimited questions can be in the queue with a set number asked to the employee

Credentials Manager

TSC will provide to each Member the PreventionLink Credentials Manager™ allowing each Member and to track those employees required to complete certified professional training. This application will also allow the tracking of SCORE instructor-led training & any additional license/certification that the employee may carry.

(i.e. EMS, Water, Wastewater, or driver's license)

Event Manager

The events application lets the member administrators schedule upcoming events, including Web Connect™ online meetings, and manage event attendance (i.e. Board Meetings, Committee Meetings, Training Events, etc).

- Allow members to view the event detail and enroll
- Facilitates better planning by providing accurate headcount for attendees
- Streamlines event details for participants
- Maintains historical records of those present at the events

Resource Center

Gives each district member up to 5MB of storage in their customized website in order to store specific documents, trainings, & additional information that they would like to deliver to their employees.

Implementation and Ongoing Client Support

TargetSafety will assign an Account Manager to serve as SCORE's primary contact for any and all questions or issues related to PreventionLink. The Account Manager will provide complete implementation to SCORE to utilize the PreventionLink platform as well as ongoing support. This will include the initial customization of the website, assessment of training needs, scheduling of selected training, and comprehensive training to use the PreventionLink platform. TargetSafety also provides members with the following self-help resources:

- Toll-Free Support - 24/7 toll-free customer service for users requiring assistance to access and utilize PreventionLink.
- Self-Help System - Extensive multi-media help system with detailed user manuals, video tutorials, and answers to frequent asked questions.
- Administrator Newsletter – Monthly *In the Loop* e-newsletter emailed to highlight new courses and program features, share success stories from other TargetSafety clients, and provide answers to common issues facing PreventionLink administrators.
- Webinar Training - Weekly webinar training sessions for PreventionLink administrators as well as periodic webinars covering specific PreventionLink features in more detail.
- To ensure the complete & successful launch of this program, TSC will attend necessary SCORE Board meetings & provide as needed Administrator trainings online & 4 SCORE specific WebEvents over the next 12 months.

Community Resources

The Community Resources application contains videos and other files that have been shared by the nationwide TargetSafety community of clients.

- Centralized location for storage and dissemination of the latest pool resources, including electronic documents, presentations, and videos
- Supports multiple file formats including Word, PPT, Excel, PDF, Flash Video, WMV, MP4, and other industry-standard video formats.
- Pool administrators and key member contacts can search, download, rate, comment on, and even upload resources (i.e. policies, procedures, training materials, etc)

Member Resources

Each member entity will be provided with a secure File Center to organize and store important documents and other resources. Features of Member Resources include:

- Targeted distribution of files and documents to groups of Pool Members (i.e. committee members)
- File sharing between Pool Administrator and Pool Members to facilitate collaboration
- Organization and maintenance of prior versions of working documents

Featured Resources

TargetSafety will frequently provide access to select loss control and human resources training courses that are relevant to your industry.

- Interactive online training with multimedia components
- Secure graded tests to ensure comprehension
- Automatic certificates generated upon course completion
- Fully functioning recordkeeping

Featured Contributors

The Featured Contributors application is a blogging tool that gives industry experts (chosen by TargetSafety) a platform to publish blogs to the community. Each subject matter expert will submit their blog to a TargetSafety administrator who will then update the blog via our content site. Contributors will have their picture and bio shown on various pages within the Featured Contributors application.

- Frequently updated blogs allow administrators and member participants the ability to post comments and generate discussions on the contributor's topics
- Maintains historical blogs and comments for future reference
- Search blog topics by contributor name or by date

News and Information

The News and Information application contains relevant industry information accessible to all Connect users.

- Regular news updates provided by LexisNexis in a consistent and simple format
- Saves time by providing quick views of latest headlines and the first paragraph of each article
- Post comments on articles of interest
- Select news feeds to be delivered to your email

Announcements

The Announcements application gives SCORE's Pool Administrators tools to post important information visible to all Members.

- Publish and edit messages to members (i.e. board meeting notifications, membership updates, committee announcements)
- Members can post and edit comments in response to Pool Announcements at the discretion of the Pool
- Name and dates are recorded when announcements are created

Events

The events application lets pool administrators schedule upcoming events, including Web Connect™ online meetings, and manage event attendance (i.e. Board Meetings, Committee Meetings, Training Events, etc).

- Allow members to view the event detail and enroll
- Facilitates better planning by providing accurate headcount for attendees
- Streamlines event details for participants
- Maintains historical records of those present at the events

Membership Management

Maintain accurate contact information and relevant information for Pool membership.

- Store member contact information including key contact names, addresses, email addresses, and phone numbers
- Indicate insurance program(s) in which members participate

Reports

Reporting functionality gives Administrators the ability to quickly and easily generate summary reports.

- Customized Pool Requests
- Completed online training courses – Enterprise level from all members
- Exportable to Excel

Custom Dashboard

TSC will work with SCORE to provide a custom dashboard to provide member analytics. This includes but may not be limited to specific graphs, colors, & layout.

- Individual member loss data & trending
- Overall pool data & trending

Implementation and Ongoing Client Support

TargetSafety will assign an Account Executive to serve as the pool's primary contact for any and all questions or issues related to PreventionLink Connect™. The Account Executive will provide complete implementation and training for all pool employees to utilize the PreventionLink Connect™ platform, as well as ongoing support. This will include the initial customization of the website, comprehensive training to use the PreventionLink platform, and templates to announce the online services to member employees. TargetSafety also provides members with the following self-help resources:

- Toll-Free Support - 24/7 toll-free customer service for users requiring assistance to access and utilize PreventionLink
- Self-Help System - Extensive multi-media help system with detailed user manuals, video tutorials, and answers to frequently asked questions
- Self-Registration Technology – Each pool member employee may simply log-in, register, and begin using the service with very little effort on behalf of the member organization

Customized Website Integration

In addition to the above mentioned work, TSC agrees to complete at a minimum, the following specific customized technology projects at no additional cost:

- Integration link from www.scorejpa.org
- All custom programming built, tested, & QC within 30 days

Exposure Manager – Optional \$4,895/year

Streamlining the policy administration process is a suite of web-based applications designed to help CCP more effectively & efficiently manage policy administration through automating:

- Exposure data collection, processing, & distribution
- Policy rating & printing
- Certificate generation
- Contract management
- Payment tracking
- Member Management

Professional & Connect Services Term Sheet

This document describes the services and applications TargetSafety will provide to the Client named below along with payment terms. Confirmation of the following information is required to customize the PreventionLink Connect™ website and begin the implementation process.

Company: TargetSafety (TSC)

Client: SCORE (Client)

Start Date: November 1, 2010 (30 days allocated for customization)

Term: Three (3) year agreement.

License: TSC grants a license to SCORE for TSC online services described in this business proposal.

Number of Users: Client will have access to PreventionLink Connect™ online services for all SCORE employees and up to five (5) key contacts per member during the term.

Members will have unlimited access to PreventionLink Professional & all TSC's CEU & OSHA courses & any new courses that TSC completes.

Start-up Fee: A onetime start-up and customization fee of \$4,895.00 (**Waived if signed by 10/20/2010**) to build & QC the PL Connect site & link with existing SCORE website(s) & link from www.scorejpa.org (includes customization of all SCORE member sites).

Payment Terms: The license and service fee for TSC's online **PreventionLink Connect** services is \$16,895.00. Each annual payment is due in advance and payable on the start date anniversary of each year. (net 25 days)

The license's for TSC's **PreventionLink Professional** services is as follows:

Year 1 – \$6,950/Unlimited access
Year 2 – \$7,445/Unlimited access
Year 3 – \$8,262/Unlimited access
CEU Courses - Included

Total Year 1 Investment: \$23,845

Agreed upon on this date by the following:

Roger Carroll _____ Date: _____

President – SCORE



Founded in 1999, TargetSafety is a pioneer and leader in web-based solutions designed to simplify and standardize risk management for public entities including risk pools, cities and municipalities, school districts, colleges, universities, fire and emergency medical service departments, and water and wastewater districts. The company's flagship product, PreventionLink, has empowered more than 2,500 public entity organizations with the ability to rapidly and cost effectively incorporate fundamental enterprise risk management (ERM) principles that help control insurance costs and mitigate risk before losses are incurred.

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INSURANCE REQUIREMENTS IN CONTRACTS (IRIC)

INFORMATION ITEM

ISSUE: Members will receive a presentation from Staff on the current recently revised IRIC manual. The IRIC Manual is a risk management tool that provides members with a manual to assist with risk transfer when working with contracts.

RECOMMENDATION: None

FISCAL IMPACT: None

BACKGROUND: The IRIC manual was developed from a common need and request from our clients pertains to reviewing contracts and developing appropriate language and insurance requirements in order to properly manage risk. The purpose of this 90 + page manual is to serve as a guide in developing proper insurance requirements in contracts. This manual explains how to establish insurance requirements for contracts with contractors, tenants, vendors and users of public property, and how to monitor their compliance with those requirements during the term of the contract. We have found this to be an extremely useful tool for our clients and our IRIC manual is available electronically for your convenience at:

<http://www.alliantinsurance.com/Services/Specialty/Public/PropertyCasualty/default.aspx>

ATTACHMENTS: None – Copy of Presentation will be handed out at the meeting.

LEXIPOL FIRE POLICY MANUAL

INFORMATION ITEM

ISSUE: Lexipol has developed and issued a Fire Department Policy Manual for Public Agencies. Mr. Jack Kastorff, York Risk Insurance Services, will provide the Board with information on this manual.

RECOMMENDATION: Staff recommends polling the members to see if this manual would be of interest to their agencies, obtaining a cost for this manual for SCORE and bringing back to the next Board meeting to determine if this product should be purchased or supplemented by SCORE.

FISCAL IMPACT: Unknown at this time.

BACKGROUND: Lexipol developed and distributes a Police Policy Manual used by Police Departments nationwide. SCORE reimburses their members that purchase this manual up to \$2,000 annually. Lexipol has now developed a similar manual for Fire Departments.

ATTACHMENTS: None