



**President**  
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City of Colfax

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Michaelson  
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Town of Loomis

## SMALL CITIES ORGANIZED RISK EFFORT LONGE RANGE PLANNING & TRAINING DAY

- |   |                |
|---|----------------|
| 1 | Attached       |
| 2 | Hand Out       |
| 3 | Separate Cover |
| 4 | Verbal         |

**Location:** Gaia Hotel  
4125 Riverside Place  
Anderson, CA 96007

**Date:** Thursday, October 27, 2022

**Time:** Breakfast available at 8:00 am  
Morning Training to begin at 8:30 am  
Long Range Planning to begin at 9:00 am

PAGE

### MORNING TRAINING

Time Certain

8:30 am –	<b>SCORE Orientation for New Members</b>	<b>I 2</b>
9:00 am	<i>The Program Administrators will provide an orientation for new members and answer member questions about SCORE programs and services.</i>	

### TRAINING AND LONG-RANGE PLANNING

PAGE

	<b>A. CALL TO ORDER – 9:00 am</b>	
9:00 am	<b>B. ROLL CALL</b>	
	<b>C. APPROVAL OF AGENDA AS POSTED</b>	<b>A 1</b>
	<b>D. PUBLIC COMMENTS</b>	
	<b>E. OPENING COMMENTS</b>	
	<b>1. President's Report</b>	<b>I 4</b>
	<i>Wes Heathcock will address the Board on items pertaining to SCORE.</i>	

### F. PROGRAM COVERAGE REVIEW

9:15 am – 9:30 am Pg. 4	<b>1. Deadly Weapons Response Program (ADWRP) Review</b>	<b>I 2</b>
	<i>The Board will receive information about the newly purchased ADWRP coverage.</i>	
9:30 am – 10:00 am Pg. 17	<b>2. Liability Program Excess Coverage Review</b>	<b>I 1</b>
	<i>The Board will receive an update on CJPRMA's financial status and MOC.</i>	

10:00 am –  
10:15 am

### BREAK

10:15 am – 10:45 am Pg. 21	<b>3. Pollution Coverage – APIP v. PRISM</b>	<b>I 1</b>
	<i>The pollution coverage provided to members by both APIP and PRISM will be summarized and compared for review and direction.</i>	

10:45 am – 11:00 am Pg. 29	<b>4. Board E&amp;O Coverage – APPL Program</b> <i>The Board will receive information about Board Errors and Omissions (E&amp;O) coverage for review and direction.</i>	<b>I</b>	<b>1</b>
11:00 am – 11:30 am Pg. 36	<b>5. Property Program Banking Layer Update &amp; Claims Reporting Instructions</b> <i>The Board will review the funding and status of the newly formed Property Program Banking Layer.</i>	<b>I</b>	<b>1</b>
11:30 am– 11:45 pm	<b>BREAK</b>		
11:45 pm – 12:45 pm Pg. 47	<b>LUNCH PRESENTATION</b> <b>Employment Law Risk Management: The Interactive Process</b> <i>Morin Jacob from Liebert Cassidy Whitmore will present risk management best practices and avoiding pitfalls related to the Interactive Process.</i>	<b>I</b>	<b>4</b>
<b>G. FINANCIAL ITEMS</b>			
12:45 pm – 1:15 pm Pg. 63	<b>1. Target Funding Benchmarks</b> <i>Marcus Beverly will present an overview of SCORE’s financial condition relative to the funding benchmarks established by the Board.</i>	<b>I</b>	<b>2</b>
1:15 pm – 1:45 pm Pg. 64	<b>2. Chandler Asset Management Financial Portfolio Review</b> <i>The Board will be presented with a Financial Portfolio Review from Carlos Oblites of Chandler Asset Management.</i>	<b>A</b>	<b>2</b>
1:45 pm – 2:00 pm Pg. 106	<b>3. SCORE Investment Policy</b> <i>The Board will review the current investment policy including any recommended changes from Chandler Asset Management and approve or provide direction.</i>	<b>A</b>	<b>1</b>
2:00 pm – 2:15 pm	<b>BREAK</b>		
<b>H. JPA BUSINESS &amp; RISK MANAGEMENT</b>			
2:15 pm – 2:30 pm Pg. 121	<b>1. Wildfire Risk Mitigation</b> <i>The Board will review the results of wildfire risk scoring performed by Core Logic, best practices for mitigation, and consultants who perform risk assessments.</i>	<b>I</b>	<b>4</b>
2:30 pm – 2:45 pm Pg. 137	<b>2. Police Exposures &amp; Risk Management</b> <i>The Board will review recent claim activity involving member police departments and consider options for risk control measures.</i>	<b>A</b>	<b>4</b>
2:45 pm – 3:00 pm Pg. 146	<b>3. State of the Market</b> <i>The Board will receive a presentation related to the state of the insurance market moving into 2023.</i>	<b>A</b>	<b>1</b>
3:00 pm – 3:15 pm Pg. 174	<b>4. Strategic Planning Objectives Update</b> <i>The latest revisions to SCORE’s Strategic Planning Objectives will be reviewed for feedback and direction.</i>	<b>I</b>	<b>1</b>

3:15 pm – **5. Wrap-Up** A 4  
 4:00 pm *Members will provide feedback and direction regarding the day's discussions and*  
 Pg. 177 *preview the items for tomorrow's agenda.*

**IMPORTANT NOTICES AND DISCLAIMERS:** *Per Government Code 54954.2, persons requesting disability related modifications or accommodations, including auxiliary aids or services in order to participate in the meeting, are requested to contact Michelle Minnick at Alliant Insurance at (916) 643-2715. The Agenda packet will be posted on the SCORE website at [www.scorejpa.org](http://www.scorejpa.org). Documents and material relating to an open session agenda item that are provided to the SCORE Board of Directors less than 72 hours prior to a regular meeting will be available for public inspection and copying at 2180 Harvard Street, Suite 460, Sacramento, CA 95815. Access to some buildings and offices may require routine provisions of identification to building security. However, SCORE does not require any member of the public to register his or her name, or to provide other information, as a condition to attendance at any public meeting and will not inquire of building security concerning information so provided. See Government Code section 54953.3*

## **ALLIANT DEADLY WEAPONS RESPONSE PROGRAM (ADWRP) REVIEW**

### **INFORMATION ITEM**

**ISSUE:** SCORE Members now have coverage available to assist in responding to an incident involving a deadly weapon on their covered property.

The coverage is a hybrid of property and liability insurance that responds to what is more commonly known as “Active Shooter” incidents, though the weapon used does not need to be a gun for coverage to apply.

Attached is a presentation outlining the coverage and benefits of the Program to be provided at the meeting.

**RECOMMENDATION:** Information only – review, provide feedback and **note claim reporting number**.

**FISCAL IMPACT:** None expected – information only.

**BACKGROUND:** Members chose to purchase this coverage for the first time effective July 1, 2022. The coverage has been offered for several years in response to the needs for assistance in preparing for and responding to critical incidents involving deadly weapons.

**ATTACHMENTS:** Alliant Deadly Weapon Response Program Overview Presentation

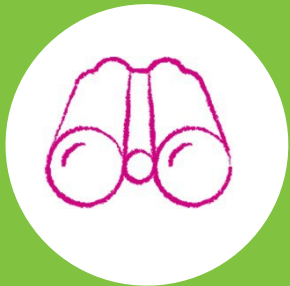


# Alliant Deadly Weapon Response Program Summary

For SCORE Members  
October 27, 2022

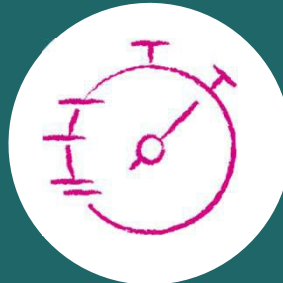
# ADWRP: Coverage Overview

## 3 Prong Approach



### Prevention

Total immunity from risk is impossible, but effective risk management can reduce it, while reinforcing commitment to the highest standards of safety.



### Response

The nature and speed of the response is everything. If handled well, the response can limit the distress caused, as well as the risk of serious reputational and financial damage.



### Insurance

Coverage to indemnify 3rd Party Liability, physical damage and business interruption losses.

Source: Beazley Insurance

# ADWRP: Coverage Overview

Coverage for claims of Bodily Injury and Property Damage caused by a Deadly Weapon Event occurring *at the insured location* (on statement of values).

- **Crisis Management Services (pre and post event)**
  - CrisisRisk Crisis Management Services including but not limited to: crisis response investigation, crisis management support, public relations, media management and site security
  - Counselling Services
  - Funeral expenses
- **Third Party Liability & Defense Costs**
  - Indemnification of monetary judgments awarded following legal liability imposed by a court of law due to the negligence of the Original Insured following a DWP event. Inclusive of costs to defend all suits brought against the Original Insured
- **Physical Damage including Business Interruption**
  - Physical Damage to Insured location including demolition, clearance and memorialization costs
  - Gross Earnings
  - Ingress/Egress & Prevention of Access by Civil/Military Authorities
  - Extra Expense to resume operations

# Alliant Deadly Weapon Response Program\*

## Coverage Limit

- \$500,000 each and every Deadly Weapon
- \$2,500,000 in the annual aggregate for the JPA

*\*Increased  
limits available*

## Deductible

- \$10,000 each and every Deadly Weapon event

## Sub-Limits

- Crisis Management – \$250,000 per event
- Medical Expenses – \$25,000 per person / \$500,000 annual aggregate
- Accidental Death & Dismemberment – \$50,000 per person / \$500,000 annual aggregate
- Counseling Services - \$15,000 per person / \$250,000 per event
- Extra Expense - \$250,000 per event (including threats)
- Business Interruption - \$250,000 per event

# Deadly Weapons Protection Coverage

- **Primary coverage** for liability when harm is caused by attacks using deadly weapons. This is in addition to business interruption and property damage costs.
- **Coverage for a wide variety of weapons. Including:**
  - Any portable firearm (whether loaded or unloaded)
  - Explosive device
  - Knife
  - Syringe
  - Medical instrument
  - Corrosive substance
  - **Any other handheld device or instrument** which is used to deliberately cause death or bodily injury
  - **Any road vehicle** that is occupied and used by an assailant to deliberately cause death or bodily injury.

# Deadly Weapons Protection Response Services

The policy is triggered by either a **threat**, a **circumstance** or a **DWP event** – at which point the insured has access to crisis response. A DWP event is one that is defined as any event involving an assailant where a weapon has been used or **brandished** *at any of your locations*.

Coverage provided for incidents occurring at a ***scheduled*** location, meaning a location that appears on your Schedule of Values (SOV) reported to Alliant.

Response Services can include (but are not limited to):

- Crisis Management Services
- Public Relations
- Security Enhancement
- Counseling Services
- Legal Services
- Forensic Investigation
- Reputation / Brand Protection
- Media Management
- At our sole and entire discretion, we will consider other expense costs not listed above

# Threat Coverage

Coverage amended to additionally insure the **Named Insured** for reasonable and necessary **Extra Expense** incurred by the **Named Insured** following a **Threat**, as herein defined, occurring at the **Location(s)** of the **Named Insured**.

**Threat** means any specific threat, made during the **Period of Insurance** and validated by any **Competent Authority**, to cause:

- i. **Bodily Injury** to any **Insured Person(s)** attending or working at the **Location(s)**, and/or
- ii. Physical damage to, or destruction of, any **Insured Property** at the **Location(s)**,

*Whether or not such threat subsequently proves to have been real or hoax.*

# Circumstance Endorsement

## Definition

- **Circumstance** means a situation, action, event, behaviour, or information received, which indicates that a deadly weapon event is reasonably likely to occur.

## What does the policy cover

- We will pay on your behalf for event responder fees associated with the provision of Prevention Services and Crisis Response by the event responder following any specific circumstance. *No deductible for this coverage.*

## What does this mean in practice

- This means that a client can call CrisisRisk *as soon as they are aware* of a circumstance that they are worried could escalate into something more serious and CrisisRisk will help them.



## Pre-event Services Available

### Deadly Weapon Safety Action Plan Webinars

The Webinars will include, but not be limited to, information on such topics as: general **assailant** awareness, incident response, profile of an **assailant**, how to respond to a **deadly weapon event**, scenario training for an **assailant** situation, creating an emergency action plan, and awareness of key behaviors that represent pre-incident indicators and characteristics of an **assailant**.

### Deadly Weapon and Security Vulnerability Post-Underwriting Review

The Review will be in remote form and undertaken by the **event responder** in order to analyze and evaluate **your** current security protocols as well as highlighting any current exposures, threats and dangers to **you** posed by a potential **deadly weapon event**. The **event responder** will provide a risk analysis report which will contain, but not be limited to, their quantitative findings, qualitative findings and general recommendations for **you**.

# Deadly Weapons Protection Service Provider

## CrisisRisk

- National leader in crisis and consequence management, communications, PR, and social media risk
- Provides critical decision support to organizations of all sizes and sectors
- Substantial experience handling active assailant incidents on behalf of schools, transportation and healthcare providers, religious institutions, public entities and not for profit organizations
- Pre-authorized to deliver the services insureds need ***before, during, and after*** a deadly weapon event
- Transforms crisis into value



# WHAT TO DO FOLLOWING A DEADLY WEAPON EVENT

If a **Deadly Weapon Event** occurs, or is believed to have occurred, contact the **Event Responder** via the **Crisis Management Response Team**:

**Telephone Number: 860-677-3790**

(CrisisRisk Strategies, LLC)

Insured: Small Cities Organized Risk Effort  
Policy Number: PJ22000500121

Email [claims@beazley.com](mailto:claims@beazley.com)



**Thank You**

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*The More Rewarding  
Way to Manage Risk*

## **EXCESS LIABILITY PROGRAM UPDATE**

### **INFORMATION ITEM**

**ISSUE:** SCORE's excess liability coverage provider, the California Joint Powers Risk Management Authority (CJPRMA), recently updated its annual review of member loss histories and related surcharges.

Beginning this year CJPRMA began adding a surcharge to the funding of any member who has an experience rating above 100%. Attached is the review of loss histories and impending surcharges for CJPRMA's FY 23/24 funding.

Note SCORE has the highest pure *loss ratio* of any member at 722% but is not subject to a surcharge due to the formula that excludes the highest incurred claim and caps losses at \$2.5M each, resulting in an *experience rating of only 2%*. However, given SCORE's total funding of just over \$1.1M another claim that exceeds that amount in the CJPRMA layer will put SCORE's rating in the surcharge range. A member may reduce the surcharge by 50% by moving to the next higher SIR, so that will be a factor in evaluating SCORE's funding going forward. Maintaining the current SIR of \$750,000 would give SCORE the ability to move to \$1M and avoid half of any applicable surcharge.

An increase in the program's SIR also impacts the annual Dividend and Assessment Plan (DAP) calculation since it calls for a minimum Net Position of five times the SIR. The minimum increased from \$2,375,000 (5x \$475,000) to \$3,625,000 with the \$750,000 SIR. Moving to a \$1M SIR increases the required Net Position to \$4,875,000. The program currently has a Net Position of \$6.6M, so while the potential for a dividend is diminished, the members continue to be well-positioned to look at funding options for FY 23/24.

**RECOMMENDATION:** None – information only

**FISCAL IMPACT:** To be determined. An increase in SCORE's SIR will increase the self-insured funding but will reduce the excess funding, though not on a 1:1 basis. The group's benchmark thresholds for Net Position will also increase, resulting in less margin for payment of dividends or potential assessment.

**BACKGROUND:** The increased frequency of high-value claims, especially for police and dangerous traffic conditions, has greatly increased the cost and limited the capacity for excess liability insurance for public entities across the country and especially in California. The group's excess coverage provider, CJPRMA, took a higher Self-Insured Retention (SIR) beginning in FY 21/22, from \$5M to \$7.5M, due to market pressures. SCORE was forced to increase its SIR from \$500,000 to \$750,000 for FY 22/23 and will review pricing options for a \$1,000,000 SIR for FY 23/24.

**ATTACHMENTS:** CJPRMA Policy – Review of Loss History & Surcharges

**CALIFORNIA JOINT POWERS  
RISK MANAGEMENT AUTHORITY**

**AGENDA BILL**

<b>ITEM: 11</b>	<b>TITLE: APPROVAL OF ANNUAL REVIEW OF MEMBERS LOSS HISTORY AND SURCHARGES</b>
<b>MEETING: 08/18/2022</b>	
<b>GENERAL MANAGER: A.B.G .</b>	

**Recommended Actions**

The general manager recommends the Board of Directors approve the Annual Review of Members Loss History and Surcharges for Program Year 2023/24.

**Strategic Direction**

Strategic Goal #3, "100% Member Retention;" Strategic Goal #5, "Evaluate Premium Allocation;" Strategic Goal #6, "Evaluate Options to Increase Pool Equity"

**Item Explanation**

Board of Directors Policy B25 (Annual Review of Members Loss History) requires an annual review of member loss history that utilizes an eight-year period ending June 30 of the current year. The policy evaluates all members and compares total contributions for the eight-year window and total CJPRMA incurred losses. If a member has a loss ratio that exceeds 100%, the member will be subject to a surcharge in the following program year. Surcharges will be applied according to the table below.

<b>Loss Ratio</b>	<b>Surcharge</b>
101-120%	10%
121-140%	15%
141-160%	20%
161-180%	25%
181+%	30%

The single highest loss in the eight-year period is excluded from the calculation of the loss ratio, and A \$2.5 million cap is applied to all losses. The Member Loss Experience Rating 10 Year Rolling Average for PY 08/09 – 17/18 is attached to this agenda bill. (Exhibit 1)

Using the policy methodology, five members will be subject to surcharges in 2023/24.

Member	Loss Ratio with \$2.5M Cap	Surcharge
Alameda	175%	25%
NCCSIF	141%	20%
Redding	128%	15%
Richmond	102%	10%
Stockton	206%	30%

The policy contains the following language:

*If a member is at the highest loss ratio tier (181+%) for consecutive years, the following shall apply:*

- *Second year at highest tier: Surcharge increase from 30% to 35%.*

This is the second year in a row that Stockton has been at the highest tier, so Stockton's surcharge in program year 2023/24 will be 35%.

The policy also contains this provision:

- *A member can choose to increase its SIR to the next highest retention and will only be responsible for 50% of the surcharge.*
- *A member can choose to increase its SIR two levels and avoid the surcharge completely.*

If any of the members subject to the surcharge choose to increase their SIR, they will be able to reduce their surcharge for program year 2023/24.

Staff recommends that the Board of Directors approve the review of member loss history and the surcharges for program year 2023/24.

### **Fiscal Impact**

The estimated total cost of surcharges to the affected members is \$1.4 million - \$2.8 million. The low end of the estimate is based on all members increasing their retention one level to get a 50 percent reduction of the surcharge. The high end of the estimate is based on no members increasing retention. The real impact will be determined by the actual cost of contributions and reinsurance premium next program year.

### **Exhibits**

1. Member Loss History PY 14/15 – 21/22

Member Loss Experience Rating 8 Year PY 14/15-21/22

	Total Funding	Total Funding %	Total Losses	# of Losses	Experience Rating	Losses Capped at \$2.5mm	Experience Rating with \$2.5 Cap
Alameda	2,795,278	4%	10,078,210	4	361%	4,881,500	175%
Chico	1,488,015	2%	161,000	1	11%	-	0%
Fairfield	2,653,552	4%	1,205,000	1	45%	-	0%
Fremont	5,306,081	7%	13,393,592	4	252%	2,755,978	52%
LPFD	769,939	1%	-	0	0%	-	0%
Livermore	2,124,091	3%	3,490,800	3	164%	583,864	27%
Lodi	1,524,003	2%	-	0	0%	-	0%
NCCSIF	8,411,723	12%	25,691,352	18	305%	11,897,563	141%
Petaluma	1,556,680	2%	3,529,628	3	227%	722,000	46%
Redding	3,380,524	5%	5,570,272	8	165%	4,329,755	128%
Richmond	4,242,796	6%	5,305,876	11	125%	4,319,386	102%
Roseville	5,002,533	7%	1,062,102	2	21%	417,051	8%
San Leandro	1,601,560	2%	1,839,770	4	115%	969,270	61%
San Rafael	1,838,120	3%	805,602	5	44%	519,602	28%
Santa Rosa	5,035,365	7%	2,275,587	2	45%	114,088	2%
SCORE	1,111,999	2%	8,033,500	2	722%	22,500	2%
Stockton	5,524,138	8%	18,606,266	12	337%	11,355,630	206%
Sunnyvale	4,652,579	6%	243,000	3	5%	141,000	3%
Vacaville	2,764,434	4%	47,555	1	2%	-	0%
YCPARMIA	10,544,429	15%	5,201,144	3	49%	3,190,144	30%
<b>Total</b>	<b>72,327,839</b>	<b>100%</b>	<b>106,540,253</b>	<b>87</b>	<b>147%</b>	<b>46,219,331</b>	<b>64%</b>

## **POLLUTION COVERAGE – APIP V. PRISM**

### **INFORMATION ITEM**

**ISSUE:** Members are provided an overview of the coverage under two pollution insurance programs most SCORE members purchase, with key differences outlined.

**RECOMMENDATION:** None.

**FISCAL IMPACT:** None expected – information only.

**BACKGROUND:** Most members have purchased both APIP and PRISM pollution coverage to receive extended coverage not offered under both programs. Most notably, the APIP policy excludes landfills while the PRISM policy provides coverage for pollutants that migrate from closed landfills, and most members have these closed facilities.

**ATTACHMENTS:** Summary of Pollution Coverage – APIP v. PRISM

Pollution Coverage Comparison	APIP		PRISM
Carrier	Ironshore Specialty Ins. Co.		Ironshore Specialty Ins. Co.
Term	7/1/22 - 7/1/23		7/1/22 - 7/1/23
Limits	\$2M per Incident \$2M per Named Insured Aggregate \$25M Policy Aggregate		Prism I: \$10M per condition / \$10M per member agg / \$50M policy agg
	n/a		Prism II: \$10M per condition / \$10M per member agg / \$50M policy agg
	n/a		All members of a JPA will share the \$10,000,000 per Pollution Condition Limit and \$10,000,000 per Member Aggregate Limit
Retro Dates	n/a		Legionella - 7/1/21
	Mold Matter - 7/1/ <b>21</b>		Mold Matter - 7/1/21
	Products Pollution - 7/1/22		Products Pollution - 7/1/22
	Contractors - 7/1/22		Contractors - 7/1/ <b>22</b>
	Sewer backup - 7/1/21		Sewer Backup - 7/1/21
	Disinfection event - 7/1/11		
	Waste Disposal - 7/1/11		
	7/1/11 - per member (or date member joined program)		July 1, 2001 or when the member joined (whichever is latest) applies for all other coverages
Defense Costs	Included in limits		Included in limits

Pollution Coverage Comparison	APIP		PRISM
Sublimits	<b>\$2M/\$5M Products Pollution</b>		<b>Products - \$5M/\$10M Sublimit</b>
	A \$1M Restoration Costs sublimit applies for healthcare and hospitality locations only.		\$1M Mold Restoration Costs Sublimit
	\$2M Sewage Backup/Overcharge Aggregate Sublimit		\$2M Sewage Backup/Overcharge Sublimit
	\$1M Legionella Sublimit		\$1M Legionella Sublimit
	<b>\$100,000 / \$100,000 Disinfection Event Expenses Sublimit</b>		<b>\$25,000 / \$25,000 Disinfection Event Expenses Sublimit</b>
	\$1M / \$2M Contractors Pollution - for Herbicide, Insecticide and Pesticide Applications		\$1M / \$2M Contractors Pollution - for Herbicide, Insecticide and Pesticide Applications
	\$2M / \$5M Contractors Pollution - all other operations		\$5M / \$10M Contractors Pollution - all other operations
	No Business Interruption Sublimit		No Business Interruption Sublimit
	<b>\$250,000 / \$250,000 Image Restoration Sublimit</b>		no coverage
	<b>\$2M Lead aggregate sublimit applies to the giveback to the exclusion only.</b>		<b>\$2M Lead aggregate sublimit applies to the giveback to the exclusion only.</b>
	Wildfire \$1M <b>per incident</b> /\$5M program aggregate Sublimit.	Wildfire is defined as any hostile fire, wildland fire, forest fire, brush fire, vegetation fire, grass fire, peat fire, bushfire, hill fire, desert fire, veldfire, escaped prescribed fire or escaped wildland fire.	Wildfire \$1M <b>Per Named Insured.</b> <b>\$5M program aggregate</b>

**Under PRISM:** Wildfire means any fire that is declared a state of emergency by the State of California or the federal government

Pollution Coverage Comparison	APIP		PRISM
Coverages	Onsite and Offsite Remediation Expenses		Onsite and Offsite Remediation Expenses
	Onsite and offsite 3rd party BI & PD Claims		Onsite and offsite 3rd party BI & PD Claims
	Emergency Response Expenses		Emergency Response Expenses
	Business Interruption		Business Interruption
	Transportation		Transportation
	Waste Disposal Activities		Waste Disposal Activities
	Disinfection Event Expenses		Disinfection Event Expenses
	Products Pollution		Products Pollution
	Contractors Pollution		Contractors Pollution
Deductibles	\$250,000 Deductible		\$250,000 per pollution condition (PRISM I)
	n/a		\$250,000 per pollution condition (PRISM II)
	\$500,000 deductible for <b>pollution conditions that occurred prior to July 1, 2021</b>		<b>\$500,000 deductible Each Pollution Incident Prior to July 1, 2021</b>
	\$250,000 or \$50,000 per room (250 sq ft = room) impacted Mold Deductible (whichever is greater)		\$1M or \$100,000 per room (250 sq ft = room) impacted Mold Deductible (whichever is greater)
	\$500,000 Sewer Backup & Overcharge		\$1,000,000 Sewage Backup Deductible
	\$500,000 Legionella Deductible		\$500,000 Legionella Deductible
	\$500,000 UST deductible (less than 25 years old)		\$500,000 UST deductible (less than 25 years old)
	\$1M UST deductible (older than 25 years, discovered during a voluntary investigation, or encountered while performing a capital improvement)		\$1,000,000 UST deductible (older than 25 years, discovered during a voluntary investigation, or encountered while performing a capital improvement)
	5 Day BI Waiting Period		5 Day BI Waiting Period

Pollution Coverage Comparison	APIP		PRISM
Covered Property	Covered locations include any real property owned, leased, rented, operated or occupied by the Insured at policy inception. Covered locations also include any subsurface potable water, wastewater or storm water pipes to or from a covered property that are located within a one thousand (1,000) foot radius of such covered location as of policy inception.		Any location owned, leased, rented, operated or occupied by a Named Insured as of Inception Date, including, but not limited to, any subsurface potable water, wastewater or storm water pipelines to or from a Covered Property provided that such pipes are located within a one thousand (1,000) foot radius of such Covered Property.
Excluded with Exception			
	Current and Historic Airports - sudden and accidental only		Airports and Dams - sudden and accidental only
Exclusions	PFAS		PFAS
	Landfill material		Landfills
	Landfill Closure, Post-Closure and Reclamation Costs. No giveback beyond the boundaries.		Landfills excluded however a giveback to the exclusion applies for Remediation Expenses incurred exclusively for remediation of pollutants that are beyond the boundaries of the Covered Property.
	USTs (except for those in compliance)		USTs (except for those in compliance)

**Airports are excluded except for** (small municipal only, large airports excluded) and Dams  
Amended exception/giveback to the airport exclusion for passenger airports with less than 2,500 passenger boardings per year (an exception

Pollution Coverage Comparison	APIP		PRISM
	COVID-19		COVID-19
	Capital Improvements - for Auto Repair Facilities, airports, golf courses, fuel depots or fuel storage		Capital Improvements - for Auto Repair Facilities, airports, golf courses, fuel depots or fuel storage
	Voluntary Site Investigations - for Auto Repair Facilities, airports, goldf courses, fuel depots or fuel storage		Voluntary Site Investigations - for Auto Repair Facilities, airports, goldf courses, fuel depots or fuel storage
	Oil and/or Gas Producing or Refining Facilities		Oil and/or gas operations, including but not limited to wells, pipelines and production, storage and refining facilities.
	Wildfire \$1M <b>per incident</b> /\$5M Agg	Sublimited, not excluded, see above	Wildfire \$1M <b>Per Named Insured</b> . \$5M program aggregate
Automatic Acquisition	180 day reporting window		180 day reporting window
	30 days for Insurer to respond		30 days for Insurer to respond
	Rate: \$0.007164 per \$1,000 of TIV subject to \$450 minimum		Rate: \$0.000035 per dollar of TIV subject to \$450 minimum (Program I)
	n/a		Rate: \$0.000021 per dollar of TIV subject to \$450 minimum (Program II)
	No AP for TIVs under \$25M		No AP for TIVs under \$25M
ERP	90 days automatic 4 years optional for no more than 200% of premium		90 days automatic 4 years optional for no more than 200% of premium

see above

PRISM Pollution Coverage Allocation FY 22/23	
Formula/Allocation	(PP/100) x Rate
Member	PRISM Pollution Coverage
<b>Rate Per \$100</b>	<b>\$0.1316420</b>
Biggs	\$629
Colfax	\$983
Dunsmuir	\$1,466
Etna	
Isleton	
Live Oak	\$2,176
Loomis	\$1,674
Loyalton	\$182
Montague	\$999
Mt. Shasta	\$3,304
Portola	\$1,231
Rio Dell	\$1,882
Shasta Lake	\$6,480
Susanville	\$5,829
Tulelake	\$609
Weed	\$2,616
Yreka	\$5,676
<b>Grand Total</b>	<b>\$35,735</b>
<b>Grand Total FY 21-22</b>	<b>\$26,753</b>

APIP Pollution Coverage Allocation FY 22/23	
Formula/Allocation	TIV x Rate
Member	APIP Pollution Premium
<b>Rate Per \$100</b>	<b>\$0.0007378</b>
Biggs	\$87
Colfax	\$123
Dunsmuir	\$155
Etna	\$71
Isleton	\$53
Live Oak	\$305
Loomis	\$34
Loyalton	\$97
Montague	\$121
Mt. Shasta	\$125
Portola	\$70
Rio Dell	\$131
Shasta Lake	\$543
Susanville	\$229
Tulelake	\$88
Weed	\$142
Yreka	\$468
<b>Grand Total</b>	<b>\$2,841</b>
<b>Grand Total FY 21-22</b>	<b>\$2,467</b>



## SCORE

These early estimates have been prepared to aid you in budgeting for the 2023/24 fiscal year. It is important to keep in mind it is early on in the process of determining each Program's total cost. At this time, your entity's exposure and experience have not been updated in any of the allocation models. The estimates provided are intended to be conservative; however, final premiums may be in excess of these estimates. Since we currently do not have renewal rates for any of the programs, we recommend you budget towards the upper end of the range plus any differences in exposure or experience which have not yet been considered.

Once we have received and updated your losses and exposure, we will distribute updated estimates. We expect to be able to update losses and exposure for the General Liability and Workers' Compensation programs near the end of the calendar year.

If you are aware that you have any substantial changes over the past 12 months, please contact Roberto Lozano and a better estimate can be developed for you.

### Pollution Program

#### Premium

21/22 Premium:	\$26,753
22/23 Premium:	\$35,721
23/24 Estimated Premium:	<b>\$64,300 to \$71,500</b>

For the 2023-24 renewal, it is our goal to begin negotiations early with Ironshore and negotiate for a flat rate. Ironshore has indicated that they will impose a modified allocation to the renewal next year that reflects a formula of the rate times the members overall TIV. Alliant is working to maintain the rating model it has used historically (payroll) however we have concerns this change will be imposed and have a big impact on the rate calculations relative to each members TIV. Therefore, we are projecting an increase of up to 80%. In the event losses are reported over the next ten months, we would anticipate rates up to 120%. In response to significant losses, Ironshore may opt to reduce their overall limits (as low as \$5M) and Alliant will look to restructure the program by seeking alternative markets to provide excess limits over Ironshore's primary. If this were the case, we would anticipate rates to increase up to 200%. If the losses are significant the increases may be even higher. Alliant's goal is to begin negotiations early with Ironshore for much better terms if there are no losses in the program

## **BOARD E&O COVERAGE – APPL PROGRAM**

### **INFORMATION ITEM**

**ISSUE:** SCORE members are asked to consider Errors and Omissions (E&O) coverage for their activities while serving on the Board of Directors. Attached is a summary of Trustee Errors and Omissions Insurance through the Alliant Public Pool Liability Program (APPL).

The coverage provides a \$1M limit for claims arising from Wrongful Acts committed by an Insured, including the governing board, officers, committee members, and professional liability of the pool itself.

Typical claims are outlined in the attached and include disputes regarding board decisions such as coverage, funding, membership, board member v. board member actions, breach of confidentiality, and regulatory proceedings. The policy has a \$25,000 deductible for those claims in which the JPA is able to indemnify the insured member and no deductible if the claim is solely against a member and/or it may not be indemnified by the JPA. See attached Government Code sections 995 to 996.6 for reference on that topic.

**RECOMMENDATION:** Review and provide direction regarding a formal proposal for the coverage.

**FISCAL IMPACT:** None from this item. *Estimated* cost of coverage for SCORE from \$10 to \$15,000.

**BACKGROUND:** Pools provide this coverage in case of a claim against a Board member, officer, or others acting for or on behalf of the organization. While claims are rare, this coverage protects the group's assets when required to indemnify a member and covers the individual's exposure when the JPA is not involved or can't indemnify the member.

### **ATTACHMENT(S):**

1. APPL Brochure
2. Government Code reference

# ALLIANT PUBLIC POOL LIABILITY PROGRAM (APPL)

Protecting the vision



Your leadership works tirelessly to move your organization forward. Their vision, tenacity, and sense of purpose have propelled you to new levels of success and serve as a roadmap to your future. They are the heart of your organization and must be shielded from liability.

# ALLIANT PUBLIC POOL LIABILITY PROGRAM (APPL)

The Alliant Public Pool Liability Program (APPL) provides liability coverage for the leadership of pooling organizations and similar groups. This best-in-class program covers the governing board, officers, and professional liability exposure of the pool, enabling you to conduct your business unencumbered by the confines of liability exposures.

## COMPREHENSIVE COVERAGE

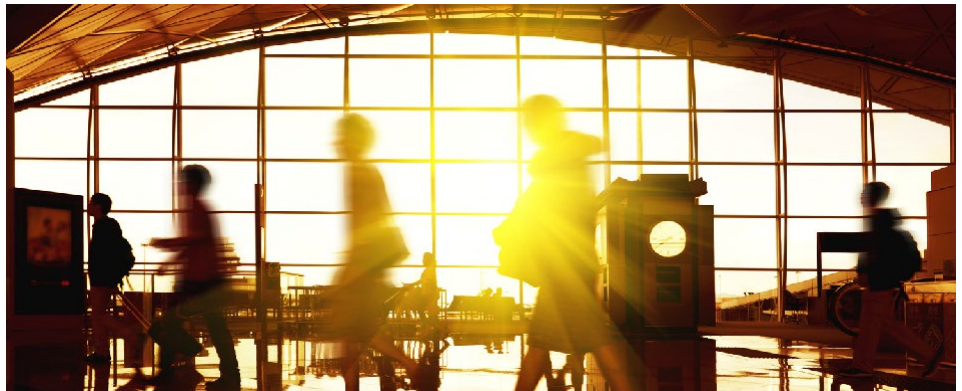
Alliant Insurance Services designed APPL to address the unique exposures faced by public pool organizations and their governing bodies. This includes claims arising from:

- Failure to buy adequate insurance
  - Claims handling errors and omissions
  - Board member versus board member actions
  - Member dispute over coverage
  - Member dispute over withdrawal
  - Employment practices arising from a pool employee
  - Non-compliance with statutes/governing documents
  - Unfair claims practices
- We have created a proprietary policy form that will respond to your exposure as it exists. This important coverage is integral to organizations of all sizes. In fact, even pooling organizations with no staff and third-party contracts face a liability exposure simply because they exist.

## ELIGIBLE ENTITIES

APPL was designed with the flexibility to cover a broad range of entities. Furthermore, our long-standing experience servicing public sector clients and our high level of sophistication enables us to customize programs to meet the specific needs of the entities we serve. Eligible entities include:

- Risk-sharing pools
- Joint powers authorities (JPAs)
- Joint insurance funds (JIFs)
- Insurance trusts
- Inter-local agreements
- Self-insurance groups (SIGs)
- Group purchasing programs Not-for-profit group captives



## PROGRAM FEATURES

APPL's broad range of program features ensures that your entity will receive extensive protection from the myriad liabilities facing both its leadership and its mission, including:

- Basic program limits of \$5 million with flexible deductible options
- Employment practices liability insurance available if organization has employees
- Coverage limits in excess of \$5 million available
- Sub-limits available for the following:
  - Employment practices violation
  - Additional defense limit
  - Loss of documents
  - Breach of confidentiality extension
  - Libel and slander
  - Fidelity and dishonesty
- A.M. Best "A" rating with full financial security of Lloyd's

## ALLIANT INSURANCE SERVICES: THE PARTNER YOU DESERVE.

With a history dating back to 1925, Alliant Insurance Services is one of the nation's leading distributors of diversified insurance products and services. Operating through a national network of offices, Alliant provides property and casualty, workers' compensation, employee benefits, surety, and financial products and services to more than 26,000 clients nationwide.

[www.alliant.com](http://www.alliant.com)

Code: Section: [Up^](#)[Add To My Favorites](#)**GOVERNMENT CODE - GOV****TITLE 1. GENERAL [100 - 7931.000]** ( Title 1 enacted by Stats. 1943, Ch. 134. )**DIVISION 3.6. CLAIMS AND ACTIONS AGAINST PUBLIC ENTITIES AND PUBLIC EMPLOYEES [810 - 998.3]** ( Division 3.6 added by Stats. 1963, Ch. 1681. )**PART 7. DEFENSE OF PUBLIC EMPLOYEES [995 - 996.6]** ( Part 7 added by Stats. 1963, Ch. 1683, Sec. 16. )

**995.** Except as otherwise provided in Sections 995.2 and 995.4, upon request of an employee or former employee, a public entity shall provide for the defense of any civil action or proceeding brought against him, in his official or individual capacity or both, on account of an act or omission in the scope of his employment as an employee of the public entity.

For the purposes of this part, a cross-action, counterclaim or cross-complaint against an employee or former employee shall be deemed to be a civil action or proceeding brought against him.

(Added by Stats. 1963, Ch. 1683, Sec. 16.)

**995.2.** (a) A public entity may refuse to provide for the defense of a civil action or proceeding brought against an employee or former employee if the public entity determines any of the following:

- (1) The act or omission was not within the scope of his or her employment.
- (2) He or she acted or failed to act because of actual fraud, corruption, or actual malice.
- (3) The defense of the action or proceeding by the public entity would create a specific conflict of interest between

the public entity and the employee or former employee. For the purposes of this section, "specific conflict of interest" means a conflict of interest or an adverse or pecuniary interest, as specified by statute or by a rule or regulation of the public entity.

(b) If an employee or former employee requests in writing that the public entity, through its designated legal counsel, provide for a defense, the public entity shall, within 20 days, inform the employee or former employee whether it will or will not provide a defense, and the reason for the refusal to provide a defense.

(c) If an actual and specific conflict of interest becomes apparent subsequent to the 20-day period following the employee's written request for defense, nothing herein shall prevent the public entity from refusing to provide further defense to the employee. The public entity shall inform the employee of the reason for the refusal to provide further defense.

*(Amended by Stats. 1982, Ch. 1046, Sec. 1.)*

**995.3.** (a) If a state employee provides his or her own defense against an action brought for an alleged violation of Section 8547.3, and if it is established that no violation of Section 8547.3 occurred, the public entity shall reimburse the employee for any costs incurred in the defense.

(b) A public entity which does provide for the defense of a state employee charged with a violation of Section 8547.3 shall reserve all rights to be reimbursed for any costs incurred in that defense. If a state employee is found to have violated Section 8547.3, he or she is liable for all defense costs and shall reimburse the public entity for those costs.

*(Amended by Stats. 1995, Ch. 277, Sec. 1. Effective January 1, 1996.)*

**995.4.** A public entity may, but is not required to, provide for the defense of:

(a) An action or proceeding brought by the public entity to remove, suspend or otherwise penalize its own employee or former employee, or an appeal to a court from an administrative proceeding by the public entity to remove, suspend or otherwise penalize its own employee or former employee.

(b) An action or proceeding brought by the public entity against its own employee or former employee as an individual and not in his official capacity, or an appeal therefrom.

*(Added by Stats. 1963, Ch. 1683, Sec. 16.)*

**995.6.** A public entity is not required to provide for the defense of an administrative proceeding brought against an employee or former employee, but a public entity may provide for the defense of an administrative proceeding

brought against an employee or former employee if:

- (a) The administrative proceeding is brought on account of an act or omission in the scope of his employment as an employee of the public entity; and
- (b) The public entity determines that such defense would be in the best interests of the public entity and that the employee or former employee acted, or failed to act, in good faith, without actual malice and in the apparent interests of the public entity.

*(Added by Stats. 1963, Ch. 1683, Sec. 16.)*

**995.8.** A public entity is not required to provide for the defense of a criminal action or proceeding (including a proceeding to remove an officer under Sections 3060 to 3073, inclusive, of the Government Code) brought against an employee or former employee, but a public entity may provide for the defense of a criminal action or proceeding (including a proceeding to remove an officer under Sections 3060 to 3073, inclusive, of the Government Code) brought against an employee or former employee if:

- (a) The criminal action or proceeding is brought on account of an act or omission in the scope of his employment as an employee of the public entity; and
- (b) The public entity determines that such defense would be in the best interests of the public entity and that the employee or former employee acted, or failed to act, in good faith, without actual malice and in the apparent interests of the public entity.

*(Added by Stats. 1963, Ch. 1683, Sec. 16.)*

**995.9.** Notwithstanding any other provision of law, upon a request made in writing to a public entity, the public entity may defend or indemnify or defend and indemnify any witness who has testified on behalf of the public entity in any criminal, civil, or administrative action. The decision of the public entity to defend or indemnify or defend and indemnify such a witness shall rest within the sound discretion of the public entity and may be based on any relevant factors, including, but not limited to, whether the provision of defense or indemnity would serve the public interest. The public entity may defend or indemnify or defend and indemnify the witness only if it is determined by the public entity that the action being brought against the witness is based directly upon the conduct which the public entity requested of the witness related to the witness' testimony or provision of evidence. The public entity has the discretion to provide a defense alone apart from indemnity, and the public entity may offer to defend or indemnify or defend and indemnify while reserving all rights to subsequently withdraw these offers upon reasonable notice.

Neither defense nor indemnification shall be provided if the testimony giving rise to the action against the witness was false in any material respect, or was otherwise not given by the witness with a good faith belief in its truth; nor shall representation or indemnification under this section be offered or promised unless the action has been commenced and the witness has requested the public entity to act for the witness' benefit under this section. The public entity shall not be liable for indemnification of a defendant witness for punitive damages awarded to the plaintiff in such an action. If the plaintiff prevails in a claim for punitive damages in an action defended at the expense of the public entity, the defendant shall be liable to the public entity for the full costs incurred by the public entity in providing representation to the defendant witness.

*(Added by Stats. 1995, Ch. 799, Sec. 2. Effective January 1, 1996.)*

**996.** A public entity may provide for a defense pursuant to this part by its own attorney or by employing other counsel for this purpose or by purchasing insurance which requires that the insurer provide the defense. All of the expenses of providing a defense pursuant to this part are proper charges against a public entity. A public entity has no right to recover such expenses from the employee or former employee defended.

*(Added by Stats. 1963, Ch. 1683, Sec. 16.)*

**996.4.** If after request a public entity fails or refuses to provide an employee or former employee with a defense against a civil action or proceeding brought against him and the employee retains his own counsel to defend the action or proceeding, he is entitled to recover from the public entity such reasonable attorney's fees, costs and expenses as are necessarily incurred by him in defending the action or proceeding if the action or proceeding arose out of an act or omission in the scope of his employment as an employee of the public entity, but he is not entitled to such reimbursement if the public entity establishes (a) that he acted or failed to act because of actual fraud, corruption or actual malice, or (b) that the action or proceeding is one described in Section 995.4.

Nothing in this section shall be construed to deprive an employee or former employee of the right to petition for a writ of mandate to compel the public entity or the governing body or an employee thereof to perform the duties imposed by this part.

*(Added by Stats. 1963, Ch. 1683, Sec. 16.)*

**996.6.** The rights of an employee or former employee under this part are in addition to and not in lieu of any rights he may have under any contract or under any other enactment providing for his defense.

*(Added by Stats. 1963, Ch. 1683, Sec. 16.)*

## **PROPERTY PROGRAM BANKING LAYER UPDATE & CLAIMS REPORTING INSTRUCTIONS**

### **INFORMATION ITEM**

**ISSUE:** Members started a Banking Layer for the Property Program effective July 1, 2022. Like the Liability and Workers' Compensation Programs, the Banking Layer is included in the annual funding and is the Member's own money used to pay up to \$25,000 for any property claim, *after a \$1,000 deductible*. Given this program is new the Program Administrators want to review the Banking Layer funding and process for submitting and paying claims.

Members will receive an accounting of their Property Banking Layer funding with every quarterly financial report, same as with the other two programs. The first report with this information, as of September 30, will be presented at the January Board meeting. Attached is the funding each member contributed for FY 22/23.

In general, claims should be reported as they have in the past, with notice to the Property (APIP) or Auto (APIP or AMVP) claims administrator. Attached are the claim reporting forms for both, and they are also in your Claims Reporting Manual. We will rely on the claims adjuster's evaluations of the insured damage and make payment under the Banking Layer based on the Proof of Loss agreed to by the member.

If the member knows for certain the damage is below the deductible (\$25,000 for APIP and varies for AMVP) payment will be made based on estimate(s) provided by the member. Depending on the nature and amount of damage more than one estimate and/or an inspection may be requested.

For those members with low deductibles in the AMVP program, as their Banking Layer grows (assuming good loss history) they may consider increasing their deductibles to save on the premium. In time members may also consider increasing the APIP deductible and Banking Layer limit as well.

**RECOMMENDATION:** Information – review and be aware of your city's coverage under the APIP and AMVP programs and report claims promptly.

**FISCAL IMPACT:** None expected from this item.

### **ATTACHMENTS:**

1. FY 22/23 Property Banking Layer Funding
2. Claim Reporting Forms – APIP and AMVP

**SCORE Property Program Banking Layer Funding FY 22/23**

Formula/Allocation	Determined by BOD vote	Pulled from Oasys			
	Property Deductible	Total Insured Values incld Real, Personal, BI, COC (TIV) (includes Vehicles & CE)	Estimated Banking Layer \$0 - \$25,000 80% Funding	Auto Physical Damage Banking Layer	Total Banking Layer Funding
Rate/Amount			0.0634	0.41	0.4734
<b>Biggs</b>	\$25,000	\$11,796,326	\$ 6,967	\$ 2,091	\$ 9,058
<b>Colfax</b>	\$25,000	\$16,634,595	\$ 9,081	\$ 5,888	\$ 14,969
<b>Dunsmuir</b>	\$25,000	\$20,941,180	\$ 12,665	\$ 3,957	\$ 16,621
<b>Etna</b>	\$25,000	\$9,580,016	\$ 6,074	\$ -	\$ 6,074
<b>Isleton</b>	\$25,000	\$7,183,436	\$ 3,800	\$ 4,027	\$ 7,827
<b>Live Oak</b>	\$25,000	\$41,352,556	\$ 24,494	\$ 7,278	\$ 31,772
<b>Loomis</b>	\$25,000	\$4,672,097	\$ 2,726	\$ 1,528	\$ 4,254
<b>Loyalton</b>	\$25,000	\$13,144,080	\$ 6,558	\$ 10,253	\$ 16,811
<b>Montague</b>	\$25,000	\$16,388,205	\$ 9,038	\$ 8,237	\$ 17,275
<b>Mt. Shasta</b>	\$25,000	\$16,935,553	\$ 10,732	\$ -	\$ 10,732
<b>Portola</b>	\$25,000	\$9,530,495	\$ 4,990	\$ 4,715	\$ 9,705
<b>Rio Dell</b>	\$25,000	\$17,708,703	\$ 10,304	\$ 1,219	\$ 11,523
<b>Shasta Lake</b>	\$25,000	\$73,532,604	\$ 39,312	\$ 9,446	\$ 48,758
<b>Susanville</b>	\$25,000	\$30,976,127	\$ 17,767	\$ -	\$ 17,767
<b>Tulelake</b>	\$25,000	\$11,948,307	\$ 7,156	\$ 718	\$ 7,873
<b>Weed</b>	\$25,000	\$19,298,231	\$ 10,102	\$ 7,948	\$ 18,050
<b>Yreka</b>	\$25,000	\$63,420,861	\$ 36,236	\$ 15,646	\$ 51,881
<b>Grand Total</b>		<b>\$385,043,372</b>	<b>\$ 218,000</b>	<b>\$ 82,950</b>	<b>\$ 300,950</b>

# SCORE MEMBER PARTICIPATION FY 22/23

City of Biggs  
City Of Colfax  
City Of Dunsmuir  
City Of Etna  
City Of Isleton  
City Of Live Oak  
Town Of Loomis  
City Of Loyalton  
City Of Montague  
City Of Mount Shasta  
City Of Portola  
City Of Rio Dell  
City Of Shasta Lake  
City Of Susanville  
City Of Tulelake  
City Of Weed  
City Of Yreka

## Alliant Insurance Services

100 Pine Street, 11<sup>th</sup> Floor  
San Francisco, CA 94111



Policy Period	Services Performed By:	Services Performed For:
July 1, 2022 – June 30, 2023	McLaren's Global Claims Services 100 Pine Street, 11th Floor San Francisco, CA 94111	Small Cities Organized Risk Effort 2180 Harvard Street STE 460 Sacramento, CA 95815

## APIP PROPERTY CLAIMS CONTACTS

	<b>Alliant Insurance Services, Inc.</b> 560 Mission Street, 6th Floor, San Francisco, CA 94105 Toll Free Voice: (877) 725-7695 Fax: (415) 403-1466
	<b>Robert A. Frey — RPA, Senior Vice President, Regional Claims Director</b> 560 Mission Street, 6th Floor, San Francisco, CA 94105 Phone: 415-403-1445 Cell: 415-518-8490 Email: <a href="mailto:rfrey@alliant.com">rfrey@alliant.com</a>
	<b>Diana Walizada — AIC, CPIW, RPA, AINS Vice President, Claims Unit Manager</b> 560 Mission Street, 6th Floor, San Francisco, CA 94105 Phone: 415-403-1453 Email: <a href="mailto:dwalizada@alliant.com">dwalizada@alliant.com</a>
	<b>Sandra Doig — McLaren's Global Claims Services</b> 1301 Dove Street, Suite 200, Newport Beach, CA 92660 Phone: 949-757-1413 Email: <a href="mailto:sandra.doig@mclarens.com">sandra.doig@mclarens.com</a>
	<b>Marcus Beverly — First Vice President, CPCU, AIC, ARM-P</b> 2180 Harvard Street STE 460, Sacramento, CA 95815 Phone: 916-643-2704 Email: <a href="mailto:Marcus.Beverly@alliant.com">Marcus.Beverly@alliant.com</a>
	<b>Michelle Minnick — Account Manager</b> 2180 Harvard Street STE 460, Sacramento, CA 95815 Phone: 916-643-2715 Email: <a href="mailto:Michelle.Minnick@alliant.com">Michelle.Minnick@alliant.com</a>

## CLIENT RESPONSIBILITIES FOR REPORTING CLAIMS

	<p>During regular business hours (between 8:30 AM and 5:00 PM PST) First Notice of Claim should be reported to Alliant Insurance Services via telephone, fax, mail or e-mail to our San Francisco Office. Include all persons above on any claim communication. Please include the Insured /JPA name along with the following information when reporting claims:</p> <ul style="list-style-type: none"> <li>▶ Time, date and specific location of property damaged</li> <li>▶ A description of the incident that caused the damage (such as fire, theft or water damage)</li> <li>▶ Estimated amount of loss in dollars</li> <li>▶ Contact person for claim including name, title, voice &amp; fax numbers</li> <li>▶ Complete and return the Property Loss Notice for processing.</li> <li>▶ Mortgagee or Loss Payee name, address, and account number</li> </ul>
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## LOSS NOTIFICATION REQUIREMENT ALLIANT PROPERTY INSURANCE PROGRAM (APIP)

Claim notifications need to be sent to Robert Frey, Diana Walizada and Sandra Doig. In the event this is a *Cyber* loss please include item III contact, for a *Pollution* loss please include item IV contact in addition to Alliant Insurance Services contacts.

- I. During regular business hours (between 8:30 AM and 5:00 PM PST), First Notice of Claim should be reported to Alliant Insurance Services via telephone, fax, mail or e-mail to our San Francisco Office:

Robert A. Frey, RPA Senior Vice President, Regional Claims Director Voice: (415) 403-1445 Cell: (415) 518-8490 Email: <a href="mailto:rfrey@alliant.com">rfrey@alliant.com</a>	Diana L. Walizada, AIC, CPIW, RPA, AINS Vice President, Claims Unit Manager Voice: (415) 403-1453 Email: <a href="mailto:dwalizada@alliant.com">dwalizada@alliant.com</a>
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Address: Alliant Insurance Services, Inc.  
560 Mission Street, 6<sup>th</sup> Floor  
San Francisco CA 94105  
Toll Free Voice: (877) 725-7695 Fax: (415) 403-1466

- II. Please be sure to include APIP's Claim Administrator as a CC on all Claims correspondence:

Sandra Doig  
McLaren's Global Claims Services  
Address: 18100 Von Karman Avenue, 10<sup>th</sup> Floor  
Irvine, CA 92612  
Voice: (949) 757-1413 Fax: (949) 757-1692  
Email: [sandra.doig@mclarens.com](mailto:sandra.doig@mclarens.com)

- III. Cyber Liability Carrier Beazley NY needs to also be provided with Notice of Claim immediately (if purchased):

Beazley Group  
Address: 1270 Avenue of the America's, Suite 1200  
New York, NY 10020  
Fax: (546) 378-4039  
Email: [bbr.claims@beazley.com](mailto:bbr.claims@beazley.com)

Elaine G. Tizon, V.P. CISR, E-mail: [elaine.tizon@alliant.com](mailto:elaine.tizon@alliant.com)  
Donna Peterson, E-mail: [Donna.Peterson@alliant.com](mailto:Donna.Peterson@alliant.com)  
Address: 560 Mission Street, 6<sup>th</sup> Floor  
San Francisco, CA 94105  
Voice: (415) 403-1458 Fax: (415) 403-1466

- IV. Pollution Liability Carrier Ironshore Specialty Insurance Company (if purchased):

Ironshore Environmental Claims CSO  
Address: 28 Liberty Street, 5th Floor  
New York, NY 10005  
In emergency call: (888) 292-0249  
Fax: (646) 826-6601  
Email: [USClaims@ironshore.com](mailto:USClaims@ironshore.com)

Akbar Sharif  
Claims Advocate  
Address: 18100 Von Karman Avenue, 10<sup>th</sup> Floor  
Irvine, CA 92612  
Voice: (949) 260-5088 Fax: (415) 403-1466  
Email: [Akbar.Sharif@alliant.com](mailto:Akbar.Sharif@alliant.com)

Please include the Insured /JPA name along with the following information when reporting claims:

- Time, date and specific location of property damaged
- A description of the incident that caused the damage (such as fire, theft or water damage)
- Estimated amount of loss in dollars
- Contact person for claim including name, title, voice & fax numbers
- Complete and return the Property Loss Notice for processing.
- Mortgagee or Loss Payee name, address, and account number

IN THE EVENT OF A

## PROPERTY LOSS:

- 1) *Follow your organization procedures for reporting and responding to an incident*
- 2) *Alert local emergency authorities, as appropriate*
- 3) *Report the incident to Alliant Insurance Services immediately at:*

**877-725-7695**

**All property losses must be reported as soon as practicable upon knowledge within the risk management or finance division of the insured that a loss has occurred.**

Be prepared to give basic information about the location and nature of the incident, as well as steps which have been taken in response to the incident.

- 4) *Report the incident to McLarens Global Claims Services AND your Alliant representative*

## PROPERTY FIRST NOTICE OF LOSS FORM

**SEND TO:** Alliant Insurance Services, Inc.  
**BY MAIL:** 560 Mission Street, 6<sup>th</sup> Floor, San Francisco, CA 94105  
**BY FAX:** (415) 403-1466  
**BY EMAIL:** [rfrey@alliant.com](mailto:rfrey@alliant.com) AND [dwalizada@alliant.com](mailto:dwalizada@alliant.com)  
**Carbon Copy APIP Claims Administrator:** [sandra.doig@mclarens.com](mailto:sandra.doig@mclarens.com) and your Alliant representative

Today's Date: \_\_\_\_\_

Type of Claim: (check all that apply)

- |  |                                   |
|--|-----------------------------------|
| <input type="checkbox"/> Real Property     | <input type="checkbox"/> Vehicles |
| <input type="checkbox"/> Personal Property | <input type="checkbox"/> Other    |

### Insured's Name & Contact Information

Insured's Name: \_\_\_\_\_ Point of Contact: \_\_\_\_\_

Address: \_\_\_\_\_

Phone #: \_\_\_\_\_ Email Address: \_\_\_\_\_

### Broker/Agent's Name & Contact Information

Company Name: Alliant Insurance Services - Claims Point of Contact: Robert A. Frey & Diana L. Walizada

Address: 560 Mission Street, 6<sup>th</sup> Floor, San Francisco, CA 94105

Phone #: 1-877-725-7695

Fax #: 415-403-1466

### Policy Information

Policy Number: \_\_\_\_\_ Policy Period: \_\_\_\_\_

Limits of Liability: \_\_\_\_\_ per \_\_\_\_\_ agg Self-Insured Retention/Deductible: \_\_\_\_\_

### Loss Information

Date of Incident/Claim: \_\_\_\_\_ Location: \_\_\_\_\_

Description of Loss:

\_\_\_\_\_

Please list all attached or enclosed documentation: ☐ (check if none provided) \_\_\_\_\_

\_\_\_\_\_

Name of Person Completing This Form: \_\_\_\_\_

Signature: \_\_\_\_\_

**Per the PEPiP USA Form Master Policy Wording, Section IV General Conditions;**

**K. NOTICE OF LOSS**

In the event of loss or damage insured against under this Policy, the Insured shall give notice thereof to ALLIANT INSURANCE SERVICES, INC., 560 Mission Street, 6<sup>th</sup> Floor, San Francisco, CA 94105. TEL NO. (877) 725-7695, FAX NO. (415) 403-1466 of such loss. Such notice is to be made as soon as practicable upon knowledge within the risk management or finance division of the insured that a loss has occurred.

## SCORE MEMBER PARTICIPATION FY 22/23

City Of Colfax  
City Of Dunsmuir  
City Of Etna  
Town Of Loomis  
City Of Loyalton  
City Of Mount Shasta  
City Of Portola  
City Of Susanville  
City Of Tulelake  
City Of Weed  
City Of Yreka

## Allianz Global Corporate

One Progress Point Parkway, 2nd Floor  
O'Fallon, MO 63368



Policy Period	Services Performed By:	Services Performed For:
July 1, 2022 – June 30, 2023	Allianz Global Corporate & Specialty	Small Cities Organized Risk Effort 2180 Harvard Street STE 460 Sacramento, CA 95815

## ALLIANT MOBILE VEHICLE PROGRAM CLAIMS CONTACTS

	<b>Allianz Global Corporate &amp; Specialty</b> Phone: 800-558-1606 Fax: 888-323-6450 Email: <a href="mailto:NewLoss@agcs.allianz.com">NewLoss@agcs.allianz.com</a>
	<b>Elaine Tizon – Claims Advocate Lead</b> Phone: 415-403-1458 Email: <a href="mailto:Elaine.Tizon@alliant.com">Elaine.Tizon@alliant.com</a>
	<b>Marcus Beverly — First Vice President, CPCU, AIC, ARM-P</b> 2180 Harvard Street STE 460, Sacramento, CA 95815 Phone: 916-643-2704 Email: <a href="mailto:Marcus.Beverly@alliant.com">Marcus.Beverly@alliant.com</a>
	<b>Michelle Minnick — Account Manager</b> 2180 Harvard Street STE 460, Sacramento, CA 95815 Phone: 916-643-2715 Email: <a href="mailto:Michelle.Minnick@alliant.com">Michelle.Minnick@alliant.com</a>

## CLIENT RESPONSIBILITIES FOR REPORTING CLAIMS

	<p>► To file a claim please notify Allianz of a new claim via telephone, mail or email. We encourage you to email notice with a copy to your Alliant broker representative and contact listed below:  <b>Allianz Global Corporate &amp; Specialty</b>  <b>Attn: FNOL Claims Unit</b>  <b>One Progress Point Parkway, 2nd Floor O'Fallon, MO 63368</b>  <b>Phone: 800-558-1606 Fax: 888-323-6450</b>  <b>Email: <a href="mailto:NewLoss@agcs.allianz.com">NewLoss@agcs.allianz.com</a></b></p> <p>Please include the following information as part of your claim notice and have it available for our claims advocate:</p> <p>Contact information:  Policy #: MXI 93058679  Date of loss:  Vehicle Number/Description:  Description of loss:</p>
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## Alliant Motor Vehicle Program (AMVP) Claim Reporting Instructions

### Report To: Allianz Global Corporate & Specialty Insurance Company

Allianz highly skilled Marine Claims professionals are committed to providing you, our valued client, with an unparalleled level of service excellence and responsiveness to any claim situation that you may have.

**You can notify Allianz of a new claim via any of the following reporting options.** We encourage you to *email notice with a copy to your Alliant broker representative and contact below.*

**Email:** [NewLoss@agcs.allianz.com](mailto:NewLoss@agcs.allianz.com)

**Telephone:** 800.558.1606

**Fax:** 888.323.6450

**Mailing Address:** Allianz Global Corporate & Specialty  
Attn: FNOL Claims Unit  
One Progress Point Parkway, 2nd FL  
O'Fallon, MO 63368

Please also **email a copy of the first notice of loss to:**

[Elaine.Tizon@alliant.com](mailto:Elaine.Tizon@alliant.com),  
Elaine Tizon, Claims Advocate Lead,  
Alliant Insurance Services, Inc.  
Tel: 415.403.1458

Please include the following information as part of your claim notice and have it available for our claims advocate:

**Contact information:** \_\_\_\_\_

**Policy #:** \_\_\_\_\_

**Date of loss:** \_\_\_\_\_

**Vehicle Number/Description:** \_\_\_\_\_

**Description of loss:** \_\_\_\_\_

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## **LUNCH PRESENTATION**

### **EMPLOYMENT LAW RISK MANAGEMENT**

### **THE DISABILITY INTERACTIVE PROCESS**

#### **INFORMATION ITEM**

**ISSUE:** Morin Jacob from the law firm of Liebert Cassidy Whitmore will provide a presentation on best practices and avoiding pitfalls during the Disability Interactive Process, with time for Q&A from the members.

**RECOMMENDATION:** None.

**FISCAL IMPACT:** None.

**BACKGROUND:** Liebert Cassidy Whitmore is one of the law firms that contracts with ERMA, the Employment Risk Management Authority [ermajpa.org](http://ermajpa.org), for defense of claims against its members and for a variety of training presentations. Morin Jacob from the law firm of Liebert Cassidy Whitmore works with several SCORE members who belong to ERMA, and he and others from the firm have provided an annual update of employment law topics at Board meetings for several years.

**ATTACHMENTS:** Disability Interactive Process - PPT

**Members not participating in ERMA are urged to apply.**

# The Disability Interactive Process

Small Cities Organized Risk Effort–Joint Powers Authority (SCORE-JPA)

Training and Board Meeting | October 27, 2022

*Presented By: Morin I. Jacob*

LCW Liebert Cassidy Whitmore

## The Disability Interactive Process

Small Cities Organized Risk Effort–Joint Powers Authority (SCORE-JPA) Training and Board Meeting  
October 27, 2022

Presented By:  
Morin I. Jacob

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### What Is The Disability Interactive Process?

- The requirement that employer promptly communicate with a disabled employee or applicant to explore:
  - Whether reasonable accommodation is needed to allow an individual with a disability to perform essential job functions;
- The process is ongoing!

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### What Are the Relevant Laws?

- Federal
  - Americans with Disabilities Act (ADA)
  - Family and Medical Leave Act (FMLA)
  - Genetic Information Non Discrimination Act (GINA)

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# The Disability Interactive Process

Small Cities Organized Risk Effort–Joint Powers Authority (SCORE-JPA)

Training and Board Meeting | October 27, 2022

Presented By: Morin I. Jacob

### What Are the Relevant Laws?

- State
  - Fair Employment and Housing Act (FEHA)
    - DFEH Regulations regarding Disability Discrimination and Interactive Process
  - California Family Rights Act (CFRA)
    - Pregnancy Disability Act
  - Public Employees' Retirement System Laws

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### Disability Laws Apply to the Entire Range of "Employment"

- Hiring process
- Job assignments
- Benefits
- Employer – Sponsored activities
- Policy making

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### Definitions of "Disability"



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# The Disability Interactive Process

Small Cities Organized Risk Effort–Joint Powers Authority (SCORE-JPA)

Training and Board Meeting | October 27, 2022

Presented By: Morin I. Jacob

## What Is a Disability Under the ADA?

- Mental or physical condition
- Substantially limits a major life activity
- Ignore mitigating measures
- Even if impairment is episodic or in remission

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## What Is a Disability Under the FEHA?

- Mental or physical condition
- Limits a major life activity
  - “limits” = “makes it more difficult”
  - Ignore mitigating measures when determining whether “limits”
- Temporary conditions are not excluded (so assume they are included)

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## What Is a Major Life Activity

- Quote from regulations under FEHA:  
‘Major life activities’ shall be construed broadly and include physical, mental and social activities, especially those life activities that affect employability or otherwise present a barrier to employment or advancement.”

– 2 Code of California Regulations 11065(l).

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# The Disability Interactive Process

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Presented By: Morin I. Jacob

### Major Life Activity - Examples

- Major life activities include but are not limited to:
  - Standing, sitting, reaching, lifting, bending
  - Learning, reading, concentrating, thinking, working
  - Communicating, and interacting with others
  - Operation of bodily functions
  - Caring for oneself

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### Is the Employee or Applicant Qualified for the Position?

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### Qualified Individual With a Disability

- An employee or applicant who:
  - Has the prerequisites and qualifications for the position
    - Education, skill, licenses, & job-related requirements
  - Can perform essential functions with or without reasonable accommodations

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# The Disability Interactive Process

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Training and Board Meeting | October 27, 2022

Presented By: Morin I. Jacob

### What Are the Essential Functions?

- Several factors to consider:
  - Does the position exist to perform a particular function?
  - Are other employees available to perform function?
  - Degree of expertise or skill required to perform function?

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### True, False or Maybe?

The essential functions of a position consist of whatever functions are described in the job description as essential functions.

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### Evidence of Essential Job Functions

- Accurate, current written job descriptions
- What incumbents are actually doing
- Job functions described in an MOU
- Time spent performing the function
- Consequences of not requiring the function
- Employer's judgment
- Reference to the function in evaluations

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# The Disability Interactive Process

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### Is Job Description Accurate?

- Update job descriptions to include all essential functions
- Consequence of inaccurate job descriptions:
  - Inaccurate job description will not enable a fitness-for-duty exam doctor to understand essential functions.

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### Beginning the Interactive Process

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### What Triggers the Interactive Process?

- Employee/applicant requests accommodation
- Employer observes employee having difficulty performing essential functions of job & suspects disability is the cause
- Existing accommodation appears ineffective
- Periodic check-ins about existing accommodations
- Employee has exhausted workers' comp or family leaves

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# The Disability Interactive Process

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### Interactive Process Triggered

Process has been triggered. Now what?

1. Employer obtains/reviews doctor's note containing requested accommodations
2. Employer and employee meet to discuss requested accommodations and determine whether they are reasonable
3. Employer informs employee whether it will provide the accommodation

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### Information Needed from Doctor

- Once the interactive process begins, employer needs enough information—from a health care provider—about the disability and requested accommodation in order to evaluate:
  - Whether the employee/applicant is a “qualified individual with a disability”
  - Whether the requested accommodation is reasonable

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### Obtaining Info from Doctor

- How does employer get a medical note from a doctor?
  - Either employee brings a note from her own doctor;
  - OR**
  - Employer sends employee for a fitness for duty exam with a doctor employer retains
- There are pros and cons to each option

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# The Disability Interactive Process


Small Cities Organized Risk Effort–Joint Powers Authority (SCORE-JPA)

Training and Board Meeting | October 27, 2022

Presented By: Morin I. Jacob

### Contents of Doctor's Note

- Whether employee has a disability
  - NOT what the disability is
- Whether employee can perform essential functions of job with/without accommodation
- What accommodation(s) doctor recommends
- Whether employee is a danger to self or others

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### Fitness-for-Duty Exam

- Provide doctor with:
  - Detailed job description
  - List of essential functions
- Seek functional limitations and potential accommodations only
  - Do not request medical history, diagnosis, or treatment plan
  - See sample doctor's letter in appendix

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### True, False or Maybe

Albert requests an accommodation for his disability. He provides a short letter from Dr. Cho, his regular doctor, which states only that Albert needs an accommodation. The City does not feel that Dr. Cho has provided enough information and therefore may request that Dr. Cho send all medical information about Albert to the Human Resources Department.

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# The Disability Interactive Process

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Training and Board Meeting | October 27, 2022

Presented By: Morin I. Jacob

### True, False or Maybe

The City plans to send Tara to Dr. Lopez for a fitness for duty exam, based on some bizarre behavior she has engaged in at work. Recently, Tara's treating physician sent the City a note stating that Tara "has a disability that needs to be accommodated." When the City followed up with Tara's treating physician for more information, he refused to provide any further information.

The City may describe for Dr. Lopez the behavior by Tara that is causing the concern about fitness for duty, but may not provide Dr. Lopez with the treating physician's note because it contains confidential medical information.

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### What if Doctor Gives You TMI?

Q. What if fitness for duty doctor goes beyond scope of your requested information, and tells you, for example, what employee's disability is and what the treatment plan is?

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### The Interactive Process Meeting(s) with Employee

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# The Disability Interactive Process


Small Cities Organized Risk Effort–Joint Powers Authority (SCORE-JPA)

Training and Board Meeting | October 27, 2022

Presented By: Morin I. Jacob

### IP Meeting - Guidelines

- Be creative and flexible – process counts!
  - Schedule meeting at convenient time
    - Consider meeting by phone if employee unable to meet in person
    - Employee's inability to participate is not a breakdown in process
  - Meet more than once, as necessary
    - Continuing obligation
    - Condition may change

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### IP Meeting - Participants

- Employee/applicant
- Employee's union representative if the employee requests that
- HR person AND a manager **who has a detailed understanding of employee's duties**

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### IP Meeting - Preparation

Before the meeting, HR and manager should discuss requested accommodations and develop an initial sense of how manageable it would be to provide them.

In some cases, you may need legal advice before the IP meeting.

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# The Disability Interactive Process


Small Cities Organized Risk Effort–Joint Powers Authority (SCORE-JPA)

Training and Board Meeting | October 27, 2022

Presented By: Morin I. Jacob

### Interactive Process-Guidelines

- Consider everything
  - Preferences of employee
  - Recommendations of doctors
  - Input of family members and other representatives (if offered by employee)
- Create detailed record
  - Consider tape recording
  - Take notes
  - Prepare written summary to document agency's good faith

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### What Is a Reasonable Accommodation?

- Elastic standard. Not a bright line definition
  - Any change in the work environment or in the way things are usually done that results in an equal employment opportunity and allows an individual with a disability to perform the essential functions of the job
  - It does NOT need to be inexpensive

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### Examples of Reasonable Accommodations

- Modifying Workplace policy
- Reassigning some duties to other employees
- Making facilities accessible
- Job restructuring
- Modified work schedules
- Reassignment to a vacant position
  - Preferential consideration unless seniority system
- Paid or unpaid leaves of limited duration
- Allowing use of an "assistive animal"

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# The Disability Interactive Process

Small Cities Organized Risk Effort–Joint Powers Authority (SCORE-JPA)

Training and Board Meeting | October 27, 2022

Presented By: Morin I. Jacob

## Teleworking during COVID-19: Reasonable Accommodation?

- The EEOC and DFEH Guidance both state that employers should consider telework as a reasonable accommodation during the pandemic
- **May** include persons at increased risk of severe illness under CDC guidelines
- Obligation to accommodate only triggered if employee has a “disability”

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## What Is Not a Reasonable Accommodation?

- Creating a new position
- Transforming a temporary light duty position into a permanent one
- Lowering quality and quantity of work standards as an accommodation
- Offering a temporary job

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## After the IP Meeting

- Consider employee’s preference (but ultimately employer has the right to choose the accommodation)
- Decide whether to grant the accommodation and communicate that back to employee in writing.
  - In some situations, this decision can’t be made after the IP meeting, because more information needs to be gathered/evaluated

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# The Disability Interactive Process

Small Cities Organized Risk Effort–Joint Powers Authority (SCORE-JPA)

Training and Board Meeting | October 27, 2022

Presented By: Morin I. Jacob

## If Employee Cannot Be Reasonably Accommodated

- Decision to deny accommodation must be supported by specific, legitimate reasons
- Termination – follow due process procedures
- Disability retirement
  - Determination required prior to termination if employee has five or more years of service

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## Due Process Considerations

- Employees with property interest must receive pre- and post-separation due process
- At-will employees must receive written notice of reasons supporting inability to accommodate
- Critical to prove that the release was NOT because of disability, but instead because of inability to accommodate

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## Separation of Disabled Employee

- Is employee eligible for retirement?
  - Service
  - Disability
- Agency must receive determination before separation

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# The Disability Interactive Process

Small Cities Organized Risk Effort–Joint Powers Authority (SCORE-JPA)

Training and Board Meeting | October 27, 2022

Presented By: Morin I. Jacob

**Employer Defenses to Disability Discrimination Claims**



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**Defenses – Direct Threat**

- Direct threat to self or others
  - Factors
    - Duration of the risk
    - Nature and severity of the potential harm
      - Must be “significant”
    - Likelihood that potential harm will occur
    - Imminence of potential harm
    - Relevant information from employee’s past work history
- Rely on objective facts

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**Defenses – Undue Hardship**

- Undue hardship
- Very difficult burden for public employers
- Factors
  - Nature and cost of accommodation
  - Overall financial resources of employer
  - Number of employees impacted by accommodation
  - Terms of collective bargaining agreement

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## The Disability Interactive Process

Small Cities Organized Risk Effort–Joint Powers Authority (SCORE-JPA)

Training and Board Meeting | October 27, 2022

*Presented By: Morin I. Jacob*



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## **TARGET FUNDING BENCHMARKS**

### **INFORMATION ITEM**

**ISSUE:** Marcus Beverly will present the annual review of SCORE's financial condition as of 6/30/22 compared to the benchmarks used to guide decisions regarding funding, refunds, and assessments.

**RECOMMENDATION:** None.

**FISCAL IMPACT:** None expected – information only.

**BACKGROUND:** SCORE maintains a Target Funding Policy to guide the Board of Directors in making annual funding, dividend and assessment decisions for the Banking Layer and Shared Risk Layers, per the Master Plan Document for each Coverage Program. The Policy was last updated on 10/23/20 due to changes in the Dividend and Assessment Plan (DAP).

**ATTACHMENTS:** Presentation at meeting

## **CHANDLER ASSET MANAGEMENT FINANCIAL PORTFOLIO REVIEW**

### **ACTION ITEM**

**ISSUE:** Mr. Carlos Oblites, CFA, of Chandler Asset Management will be in attendance to provide the Board with a presentation of SCORE's investment portfolio with Chandler Asset Management as well as to provide an overview of how the current economic climate will impact future investment returns.

**RECOMMENDATION:** Review, accept and file the report provided by Chandler Asset Management. If any recommendations are made to move funds, the board make act or provide direction.

**FISCAL IMPACT:** The financial impact cannot be determined at this time, the Board may take action to move assets to gain safety, liquidity, or maximum returns.

**BACKGROUND:** Chandler Asset Management has been serving as SCORE's investment manager since 2006. An Associate attends a Board of Directors meeting annually to provide a report on how the JPA's investment portfolio is performing and a general economic forecast.

**ATTACHMENTS:** Chandler Asset Management Presentation

# Small Cities Organized Risk Effort

*Period Ending September 30, 2022*

CHANDLER ASSET MANAGEMENT, INC. | 800.317.4747 | [www.chandlerasset.com](http://www.chandlerasset.com)

<b>SECTION 1</b>	<b>Economic Update</b>
<b>SECTION 2</b>	<b>Account Profile</b>
<b>SECTION 3</b>	<b>Portfolio Holdings</b>
<b>SECTION 4</b>	<b>Transactions</b>

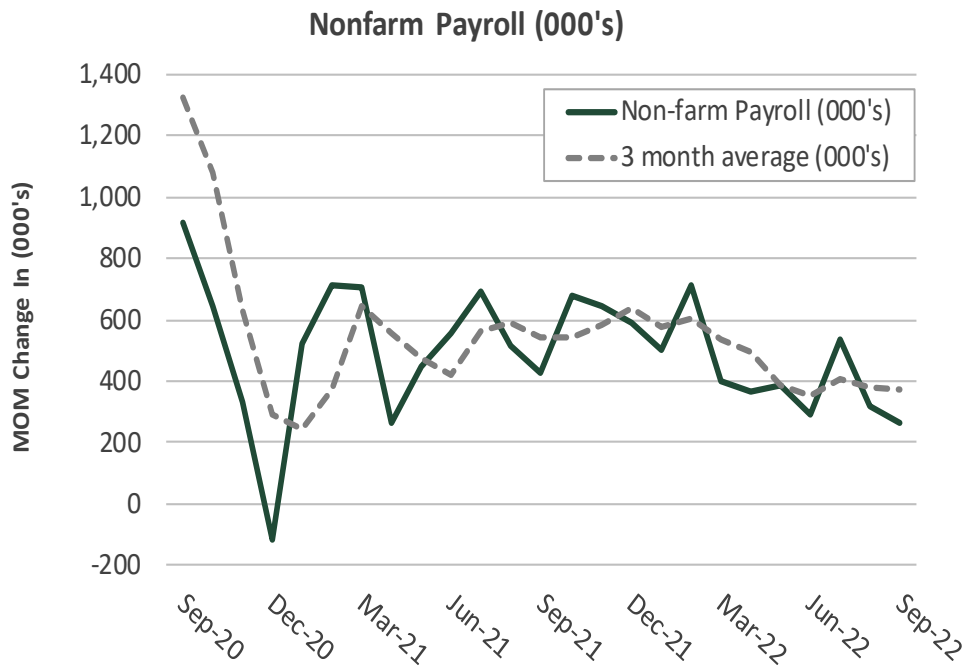


## Section 1 | Economic Update

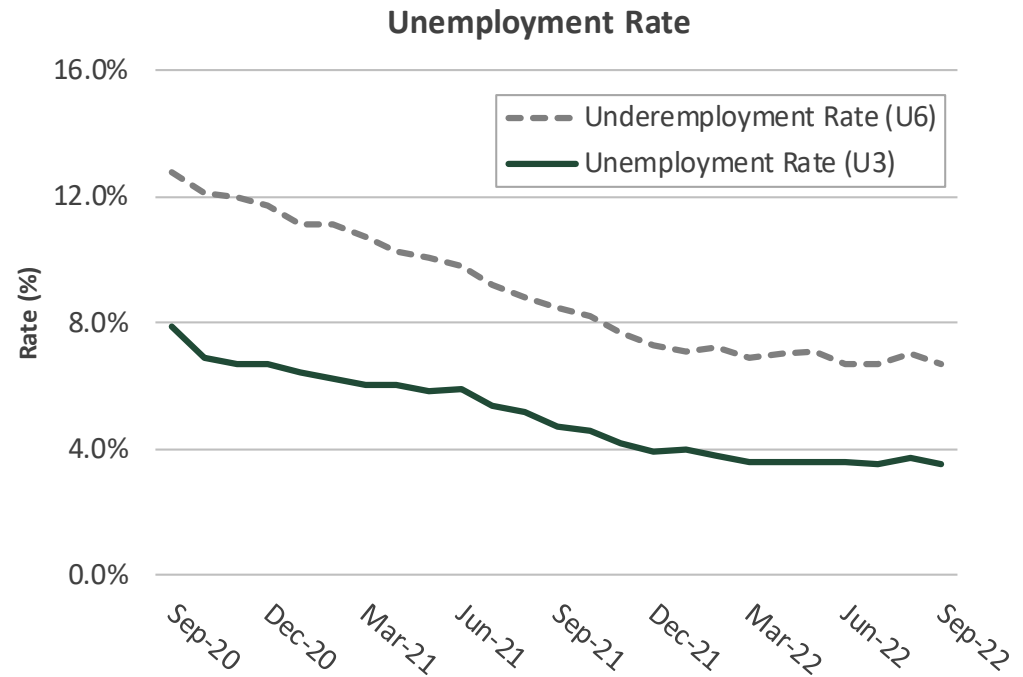
## Economic Update

- Market volatility has intensified as financial conditions tighten and global central banks pursue monetary policies to combat persistently high inflation and maintain financial market stability. Labor markets and consumer balance sheets remain strong; however, inflation is weighing heavily on consumer sentiment and beginning to impact discretionary spending. Corporate earnings have generally performed better than expected, but warnings are growing along with wider credit spreads. While evidence of slower economic conditions has begun to mount, we expect the Federal Reserve to continue to raise rates until a sustainable improvement in inflationary conditions has been achieved. Over the near-term, we expect financial market volatility to remain intensified and conditions tighter with persistent inflation, geopolitical risk, and the Fed's hawkish monetary policy.
- At the September meeting, the Federal Open Market Committee (FOMC) delivered the third 75-basis point increase to the Fed Funds Rate, increasing the range to 3.00% to 3.25%. The FOMC acknowledged spending and production are experiencing modest growth, offset by a robust labor market and elevated inflation metrics. We expect the Fed to continue to increase the federal funds rate in the near term until inflationary pressures weaken.
- In September, yields rose significantly across the curve. The 2-year Treasury yield increased 79 basis points to 4.28%, the 5-year Treasury yield rose 74 basis points to 4.09%, and the 10-year Treasury yield gained 64 basis points to 3.83%. The spread between the 2-year Treasury yield and 10-year Treasury yield became more inverted at -45 basis points at September month-end versus -30 basis points at August month-end. The spread was a positive 121 basis points one year ago. The spread between 3-month and 10-year treasuries widened to 56 basis points in September compared to just 27 basis points in August. The shape of the curve does not necessarily indicate an imminent recession but bears watching as a better predictor of recession over the medium-term.

# Employment



Source: US Department of Labor

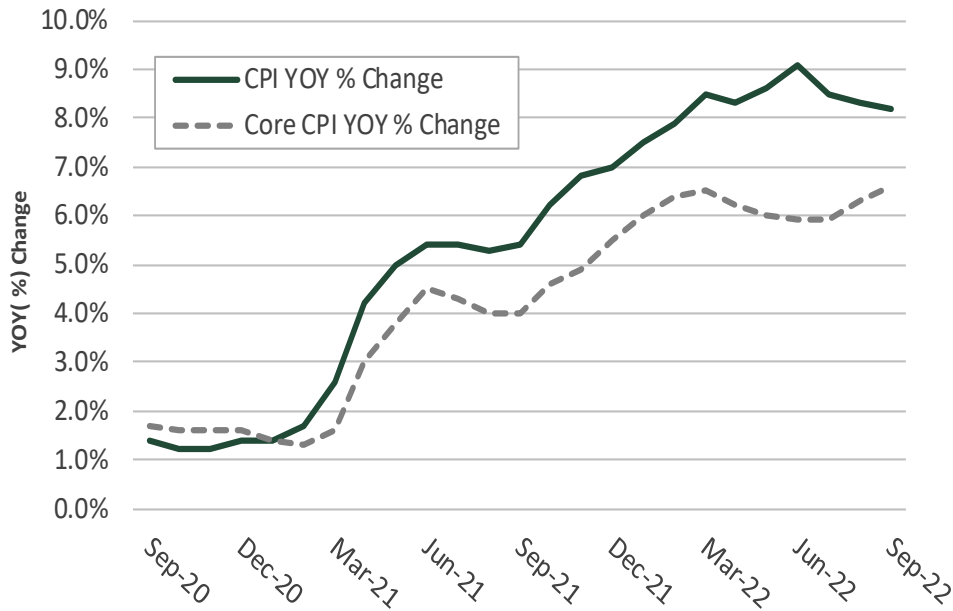


Source: US Department of Labor

The U.S. economy added 263,000 jobs in September, surpassing market expectations of 255,000, and gains were revised upward by 11,000 for the prior two months. Trends in employment remain strong, with the three-month moving average payrolls at 372,000 and the six-month moving average at 360,000. Hiring was widespread, with solid increases in education and health services, leisure and hospitality, and professional and business services. The unemployment rate fell to 3.5% from 3.7%, as the labor participation rate edged down to 62.3% in September from 62.4% in August. The U-6 underemployment rate, which includes those who are marginally attached to the labor force and employed part time for economic reasons dropped to 6.7% from 7.0% last month. Average hourly earnings rose 5.0% year-over-year in September compared to 5.2% year-over-year in August, a constructive development for the inflation outlook. The strong September labor report bolsters the case for the Fed to continue raising the federal funds rate.

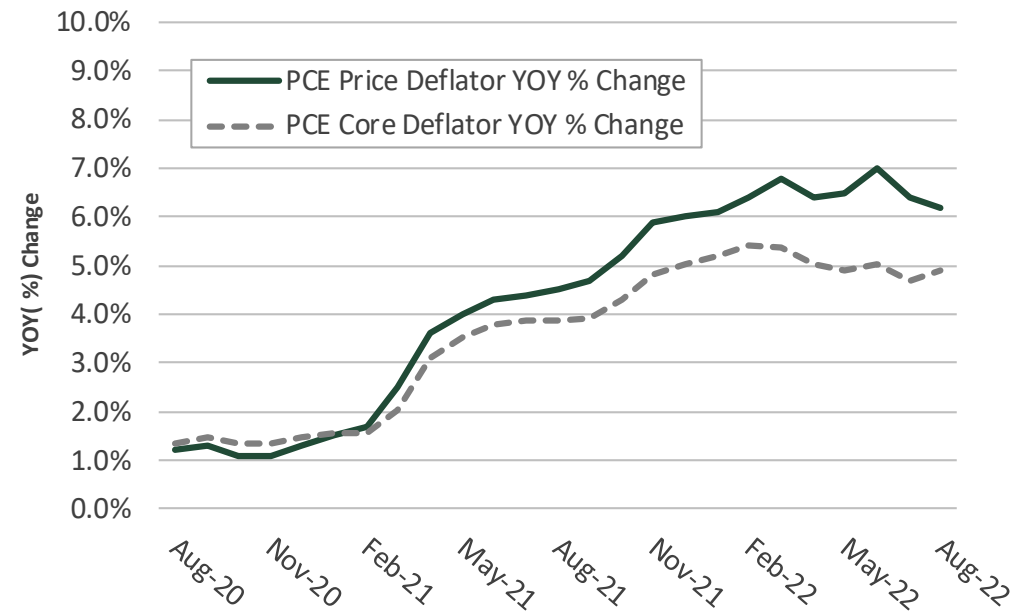
# Inflation

Consumer Price Index (CPI)



Source: US Department of Labor

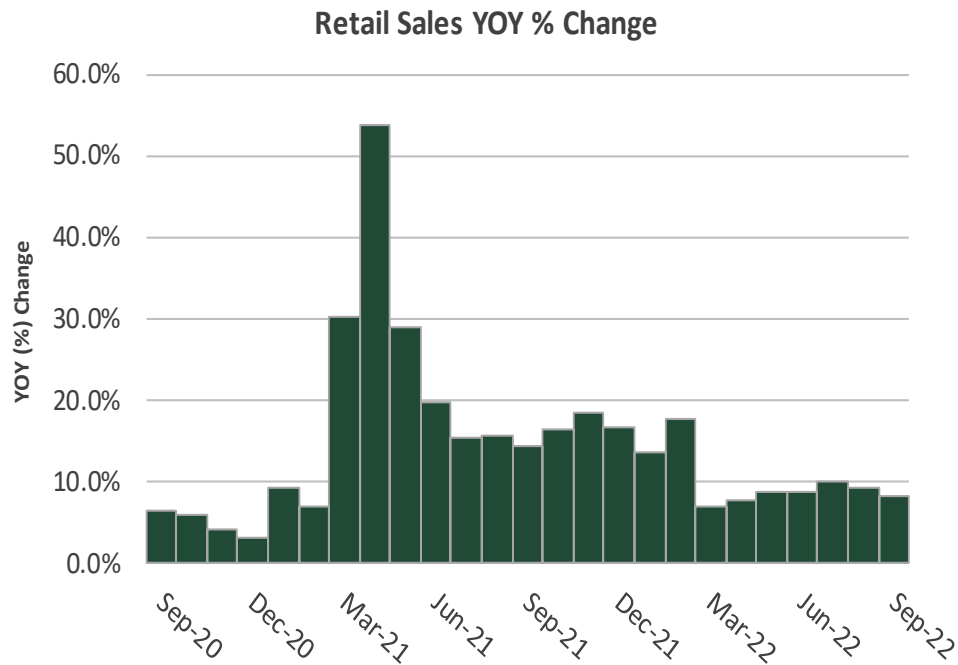
Personal Consumption Expenditures (PCE)



Source: US Department of Commerce

The Consumer Price Index (CPI) increased more than expected in September, up 8.2% year-over-year versus consensus expectations for 8.1%, but down slightly from 8.3% in August. The Core CPI, which excludes volatile food and energy components, jumped to 6.6% year-over-year, up from 6.3% in August and the highest level since 1982. The report included widespread increases, particularly in food, shelter, and medical care services. Owners' equivalent rent, which is a major contributor to CPI and tends to lag, was up 6.7% year-over-year. The Personal Consumption Expenditures (PCE) index rose 6.2% in August, higher than consensus estimates of up 6.0%, but down from a 6.4% increase last month. Core PCE was up 4.9% year-over-year in August, versus up 4.7% year-over-year in July. Persistently elevated inflation is likely to keep the Federal Reserve on the path of tightening monetary policy as long as it continues to run well above the Fed's longer-run target of around 2.0%.

## Consumer



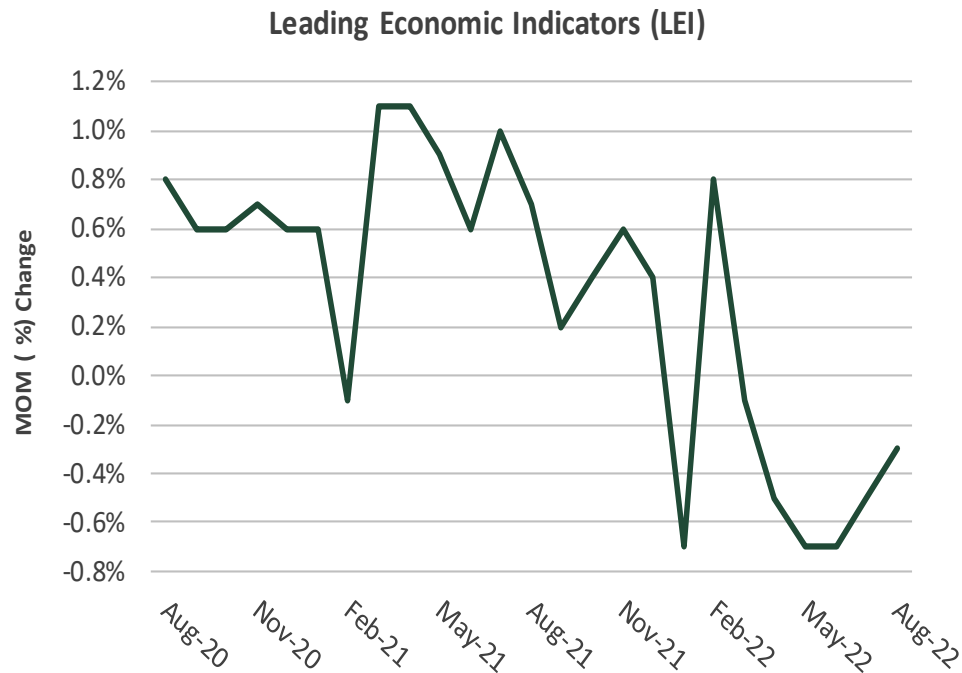
Source: US Department of Commerce



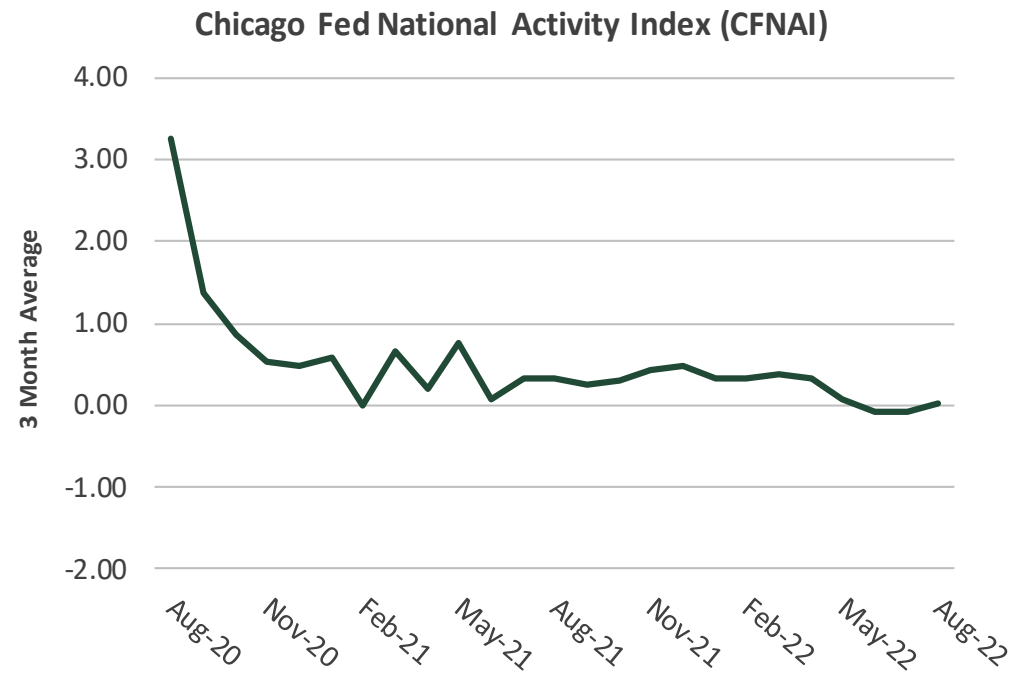
Source: The Conference Board

Advance retail sales were flat for the month but up 8.2% year-over-year in September, slowing from August's 9.4% year-over-year gain that surprised to the upside. Retail sales growth is starting to reflect the headwinds from higher prices as consumers dip into savings and assume more debt. The Conference Board's Consumer Confidence Index rose for the second month in a row to 108.0 in September, with gains in both the present situation and future expectations components. The strength was tied directly to the consumer's assessment of the labor market, which continues to reflect the demand for labor outstripping supply.

## Economic Activity



Source: The Conference Board

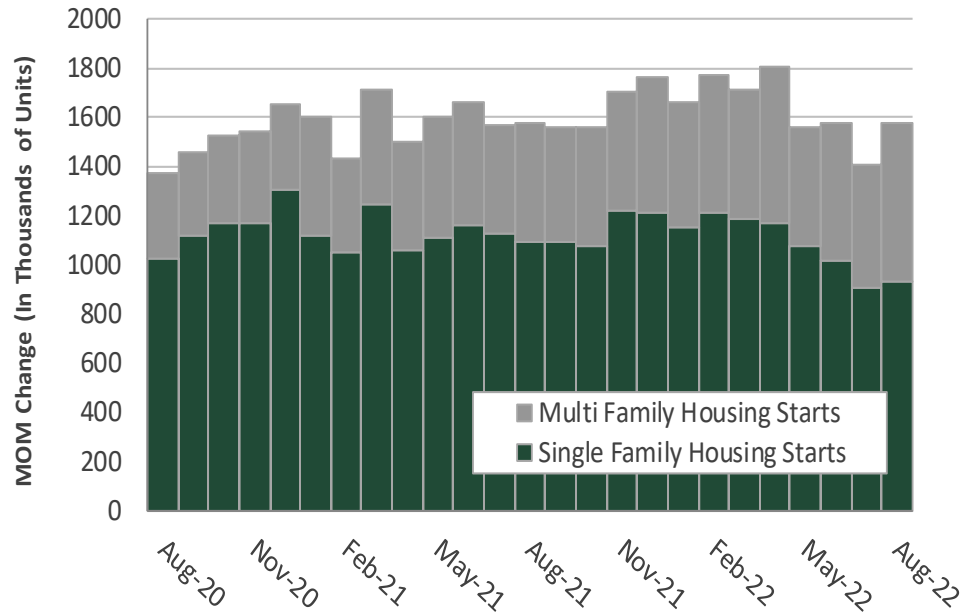


Source: Federal Reserve Bank of Chicago

The Conference Board's Leading Economic Index (LEI) remained in negative territory at -0.3% in August, following a decline to -0.5% in July. This is the sixth straight month-over-month decline for the index. With the year-over-year index now at -1.0% in August and average workweek in manufacturing having contracted for four of the last six months, the Conference Board stated that US economic activity is expected to continue to slow more broadly and is likely to contract. The Chicago Fed National Activity Index (CFNAI) fell to zero in August from +0.29 in July indicating a moderation in economic growth over the month. On a 3-month moving average basis, the CFNAI increased to 0.01 in August from -.08 in each of the last two months.

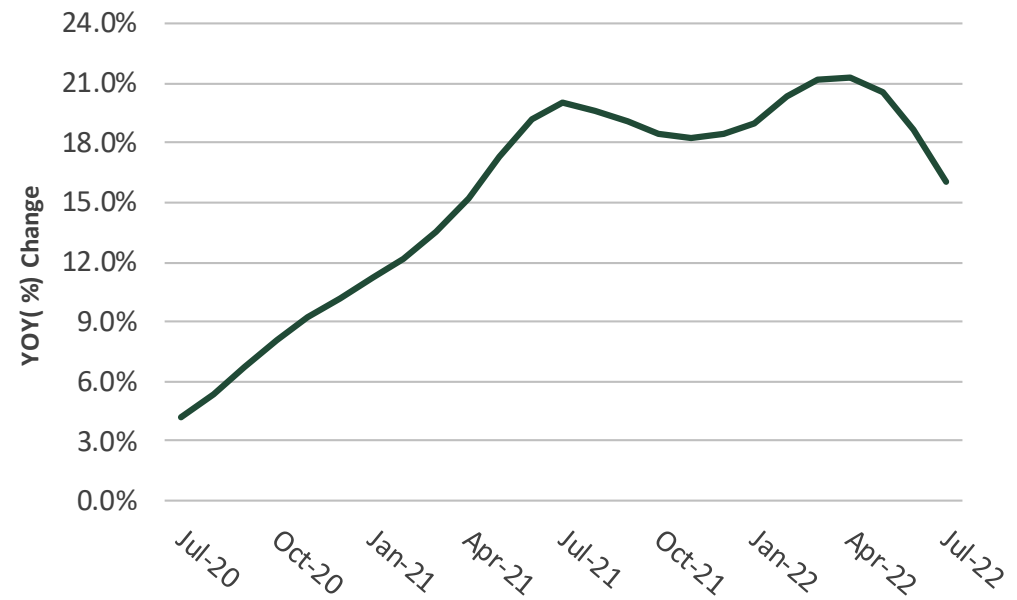
# Housing

Housing Starts



Source: US Department of Commerce

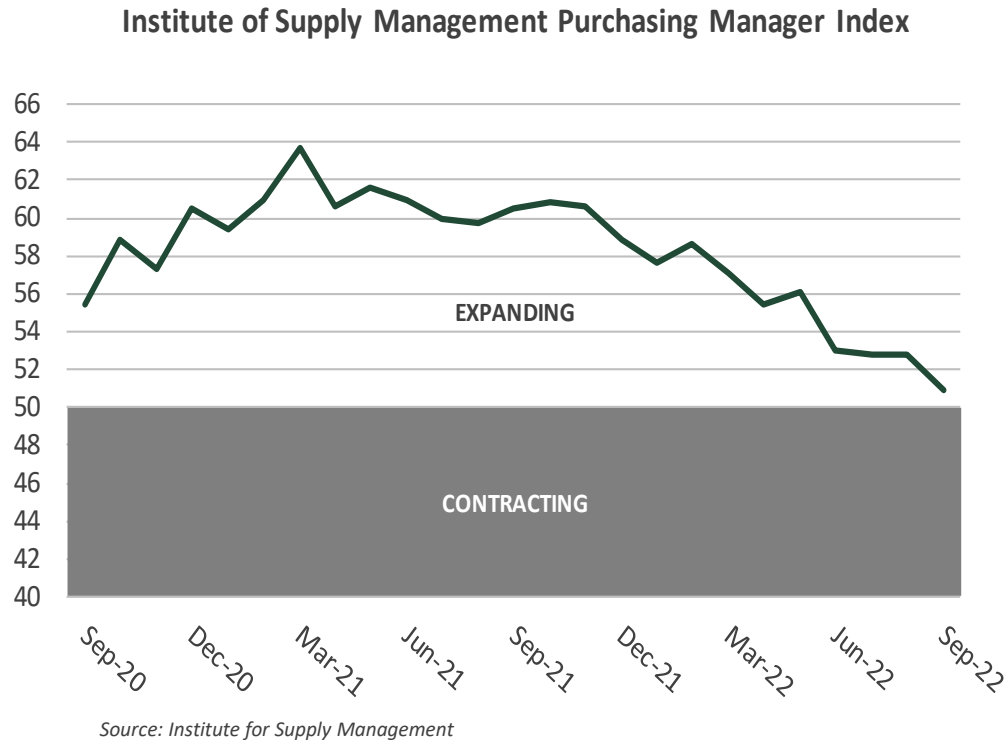
S&P/Case-Shiller 20 City Composite Home Price Index



Source: S&P

Total housing starts increased 12.2% to an annual rate of 1,575,000 in August, from a revised 1,404,000 units in July. Single-family home starts increased 3.4% and multi-family homes increased 28% month-over-month. On a year-over-year basis, total housing starts decreased 0.1% reflecting a shift from single-family units to more affordable multi-family units as homebuyers struggle with a combination of elevated prices and higher mortgage rates. Mortgage rates for a 30-year fixed-rate loan are higher than they have been since 2007 at 6.7%. According to the Case-Shiller 20-City Home Price Index, the year-over-year increase receded from 18.7% in June to 16.1% in July, clearly displaying the impact of higher mortgage rates which have reduced demand for homebuying as affordability has declined.

# Manufacturing



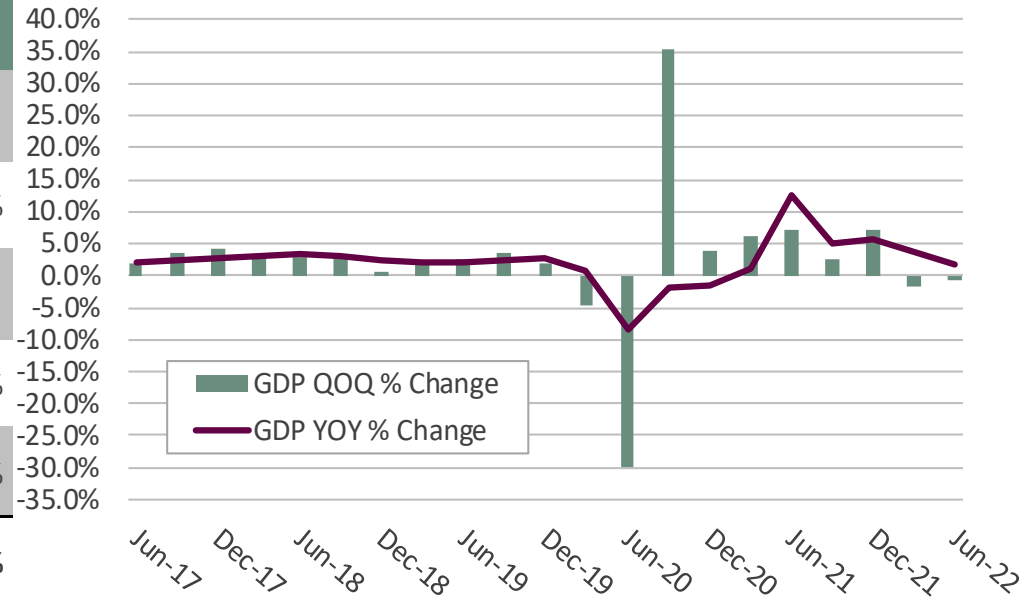
The Institute for Supply Management (ISM) manufacturing index plunged nearly two points to 50.9 in September, the lowest since May 2020 and disappointing relative to consensus expectations of 52.0. Readings above 50.0 are indicative of expansion in the manufacturing sector. New orders declined significantly, reflecting lower demand for goods as consumers shift to spending on services. Total industrial production declined by -0.2% in August, following a downwardly revised increase of 0.5% in July. Capacity utilization fell to 80.0% in August from 80.2% in July, a rate that is 0.4 percentage points above its long-run (1972-2021) average.

## Gross Domestic Product (GDP)

Components of GDP	9/21	12/21	3/22	6/22
Personal Consumption Expenditures	2.0%	2.1%	0.9%	1.4%
Gross Private Domestic Investment	1.8%	5.1%	1.0%	-2.8%
Net Exports and Imports	-1.1%	-0.2%	-3.1%	1.2%
Federal Government Expenditures	-0.5%	0.0%	-0.4%	-0.2%
State and Local (Consumption and Gross Investment)	0.5%	-0.2%	0.0%	-0.1%
<b>Total</b>	<b>2.7%</b>	<b>7.0%</b>	<b>-1.6%</b>	<b>-0.6%</b>

Source: US Department of Commerce

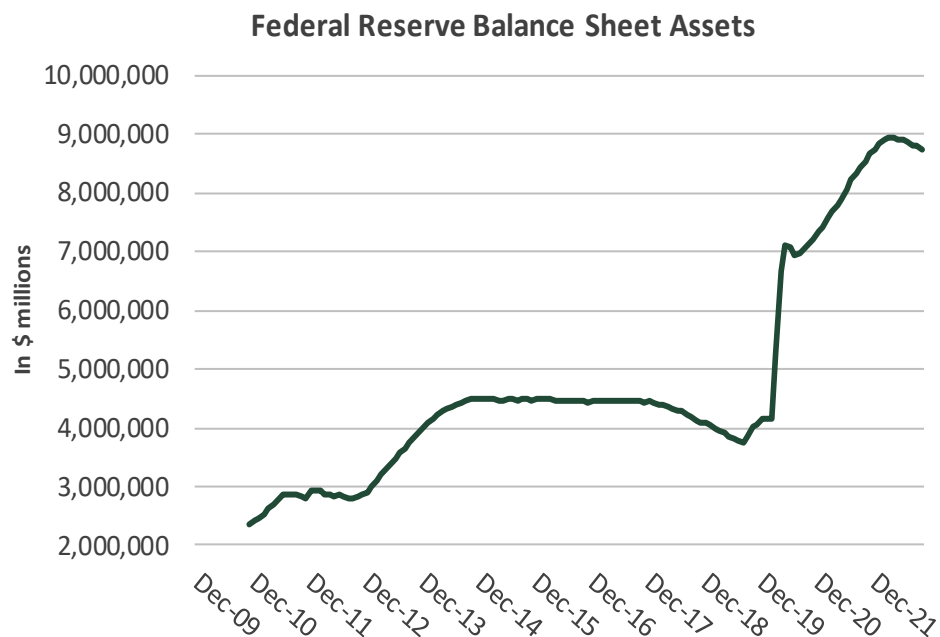
Gross Domestic Product (GDP)



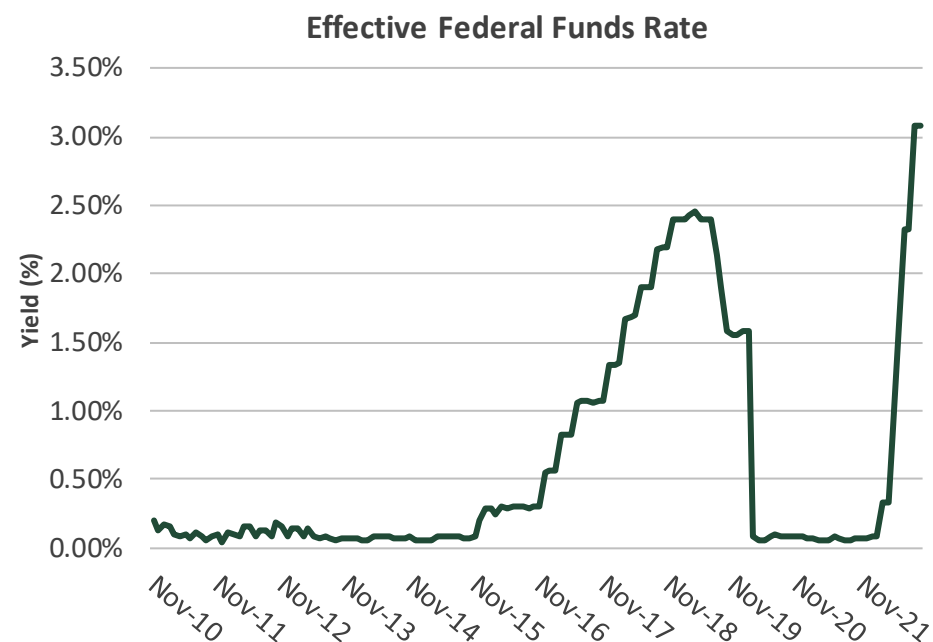
Source: US Department of Commerce

According to the third estimate, U.S. GDP was unrevised at -0.6% annualized in the second quarter. Personal consumption expenditures rose, primarily due to spending on services. The largest negative contribution was from a drop in gross residential investment as the housing sector diminished sharply. The second quarter decline followed a first quarter contraction of -1.6%. Although many market participants link two quarters in a row of negative GDP growth with a recession, an official declaration by the National Bureau of Economic Research is unlikely given the mosaic of data and the strength of the labor market. The consensus estimate calls for 1.9% growth in the third quarter and 1.7% growth for the full year 2022.

# Federal Reserve



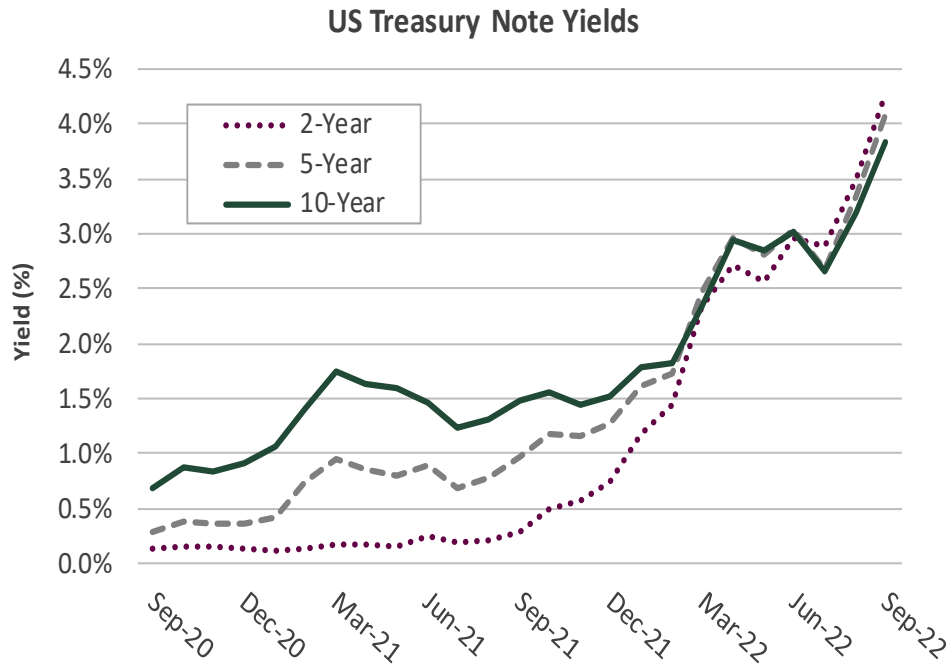
Source: Federal Reserve



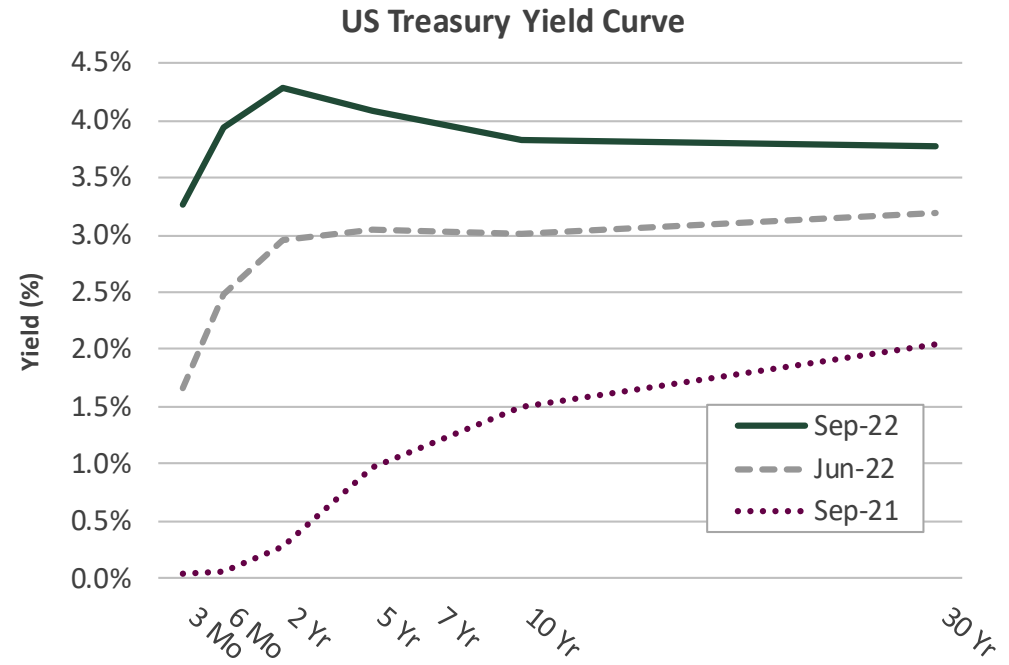
Source: Bloomberg

At the September meeting, the Federal Open Market Committee (FOMC) delivered the third 75-basis point increase to the Fed Funds Rate, increasing the range to 3.00% to 3.25%. The FOMC acknowledged spending and production are experiencing modest growth, offset by robust labor market and elevated inflation metrics. The FOMC remains data dependent to meet its long-term 2% inflation objective. The Fed also released new economic projections showing a significant slowdown in the economy later in 2022 and 2023. The Fed has reduced its \$9 trillion balance sheet holdings by \$87.1 billion since the start of the program and will increase the rate of decrease to \$95 billion a month in September. As inflation metrics begin to moderate, we believe the Federal Reserve will decelerate their pace of tightening, but a material decline in inflation in the short-term is unlikely.

# Bond Yields



Source: Bloomberg



Source: Bloomberg

At the end of September, the 2-year Treasury yield was 400 basis points higher, and the 10-Year Treasury yield was about 234 basis points higher, year-over-year. The spread between the 2-year Treasury yield and 10-year Treasury yield became more inverted at -45 basis points at September month-end versus -30 basis points at August month-end. The average historical spread (since 2003) is about 130 basis points. The spread between 3-month and 10-year treasuries widened to 56 basis points in September compared to just 27 basis points in August. The shape of the yield curve does not indicate an imminent recession but bears watching as a better predictor of recession over the medium-term.

## Section 2 | Account Profile

## Investment Objectives

The investment objectives of the Small Cities Organized Risk Effort are first, to provide safety of principal to ensure the preservation of capital; second, to provide sufficient liquidity to meet all disbursement requirements; and third, to earn a commensurate rate of return consistent with the constraints imposed by the safety and liquidity objectives.

## Chandler Asset Management Performance Objective

The performance objective for the portfolio is to earn a total rate of return over a market cycle that equals or exceeds the market index, the ICE BofA 1-5 Year US Treasury and Agency Index.

## Strategy

In order to achieve this objective, the portfolio invests in high-quality money market instruments, US Treasury securities, Agency securities, and high-grade corporate securities with a maximum maturity of five years.

## Small Cities Organized Risk Effort

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

Category	Standard	Comment
U.S. Treasury Issues	No limitations; Full faith and credit of the U.S. are pledged for the payment of principal and interest	Complies
Federal Agencies	25% max per Agency/GSE issuer; 20% max callable agency securities; Federal agencies or U.S. government-sponsored enterprise obligations, participations, or other instruments, including those issued or fully guaranteed as to principal and interest by federal agencies or U.S. government sponsored enterprises.	Complies
Supranationals	"AA" rating category or higher by a Nationally Recognized Statistical Rating Organization ("NRSRO"); 30% max; 10% max per issuer; USD denominated senior unsecured unsubordinated obligations; Issued or unconditionally guaranteed by International Bank for Reconstruction & Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB)	Complies
Municipal Securities (CA, Local Agency)	"A" rating category or better by a NRSRO; 20% max; 5% max per issuer; Obligations issued by the State of California, any local agency within the state.	Complies
Municipal Securities (CA, Other States)	"A" rating category or better by a NRSRO; 20% max; 5% max per issuer; Bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state, or by a department, board, agency, or authority of any of the other 49 states, in addition to California.	Complies
Corporate Medium Term Notes	"A" rating category or better by a NRSRO; 30% max; 5% max per issuer; Corporate and depository institution debt securities; Issued only by corporations organized and operating within the U.S. or by depository institutions licensed by the U.S. or any state and operating within the U.S.	Complies
Non-Agency Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations	AA rating category or better by a NRSRO; 20% max (combined ABS/MBS/CMO); 5% max per issuer; From issuers not defined in Sections 1 (U.S. Treasury) and 2 (Federal Agencies) of the Investment Instrument and Maturities section of the policy	Complies
Agency Mortgage-Backed, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations	5 years max maturity; see Federal Agencies also	Complies
Negotiable Certificates of Deposit (NCD)	Any amount above FDIC insured limit must be issued by institutions with "A-1" short-term debt rating or better by a NRSRO; or "A" long-term rating category or better by a NRSRO; 30% max; 5% max per issuer; Issued by a nationally or state-chartered bank, a state or federal savings and loan association, a state or federal credit union, or by federally-licensed or state-licensed branch of a foreign bank.	Complies
Banker's Acceptances	Short-term paper rated in the highest rating category by a NRSRO; 30% max; 5% max per issuer; 180 days max maturity; Issued by domestic or foreign banks	Complies

## Small Cities Organized Risk Effort

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

Category	Standard	Comment
Commercial Paper	Issued by an entity that meets all of the following conditions in either (a) or (b): a. Securities issued by corporations: (i) organized and operating within the U.S. with assets > \$500 million; (ii) "A-1" rated or better by a NRSRO; (iii) "A" rating or better by a NRSRO, if issuer has debt obligations. b. Securities issued by other entities: (i) organized within the U.S. as a special purpose corporation, trust, or limited liability company; (ii) must have program-wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond; (iii) rated "A-1" or better by a NRSRO. 25% max; 5% max per issuer; 270 days maturity; 10% max of the outstanding paper of the issuing corporation	Complies
Money Market Mutual Funds	Registered with SEC under Investment Company Act of 1940 and issued by diversified management companies and meet either of the following criteria: (i) Highest rating by two NRSROs; or (ii) Retained an investment adviser registered or exempt from SEC registration with > 5 years experience managing money market mutual funds with AUM > \$500 million; 20% max combined Money Market Mutual Funds and Mutual Funds; 20% max per Money Market Mutual Fund	Complies
Mutual Funds	Invest in securities as authorized under CGC, Section 53601 (a) to (k) and (m) to (q) inclusive and meet either of the following criteria: (i) Highest rating by two NRSROs; or (ii) Retained an investment adviser registered or exempt from SEC registration with > 5 years experience investing in securities authorized by CGC, Section 53601 and with AUM > \$500 million; 20% max combined Money Market Mutual Funds and Mutual Funds; 10% max per Mutual Fund	Complies
Local Agency Investment Fund (LAIF)	Subject to statutory limits imposed by LAIF; Not used by investment adviser	Complies
Repurchase Agreements	25% max; 5% max per issuer; 1 year max maturity; 102% Collateralized; Not used by investment adviser	Complies
Prohibited	Futures and options; Inverse floaters; Ranges notes; Mortgage-derived or Interest-only strips; Zero interest accrual securities if held to maturity; Trading securities for the sole purpose of speculating on the future direction of interest rates; Purchasing or selling securities on margin; Reverse repurchase agreements; Securities lending or any other form of borrowing or leverage; Financial instruments of SCORE cities	Complies
Max Per Issuer	5% max per issuer, unless otherwise specified	Complies
Maximum Maturity	5 years	Complies

## Portfolio Characteristics

As of September 30, 2022

### Small Cities Organized Risk Effort

	09/30/22		06/30/22
	Benchmark*	Portfolio	Portfolio
Average Maturity (yrs)	2.60	2.73	2.73
Average Modified Duration	2.48	2.42	2.44
Average Purchase Yield	n/a	1.69%	1.61%
Average Market Yield	4.26%	4.43%	3.19%
Average Quality**	AAA	AA/Aa1	AA/Aa1
Total Market Value		11,455,242	11,682,566

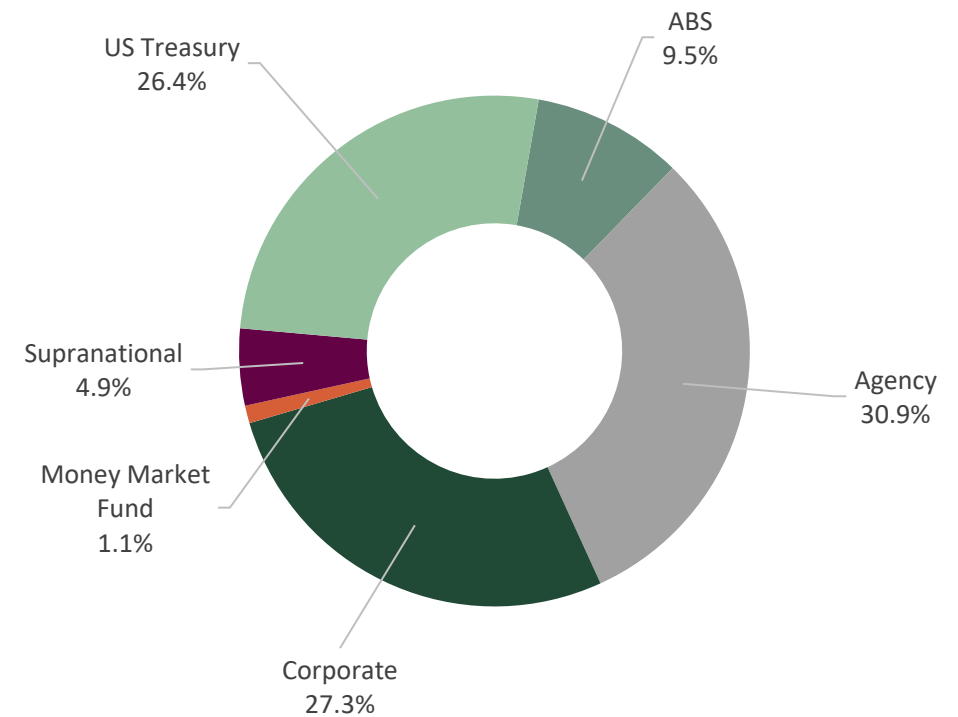
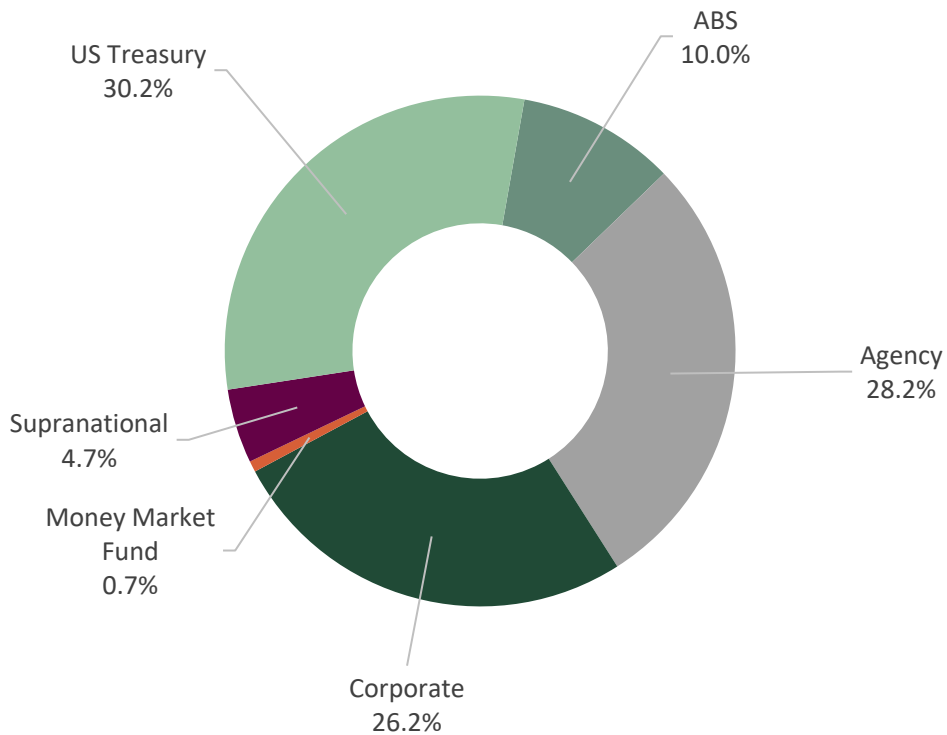
\*ICE BofA 1-5 Yr US Treasury & Agency Index

\*\*Benchmark is a blended rating of S&P, Moody's, and Fitch. Portfolio is S&P and Moody's respectively.

## Small Cities Organized Risk Effort

September 30, 2022

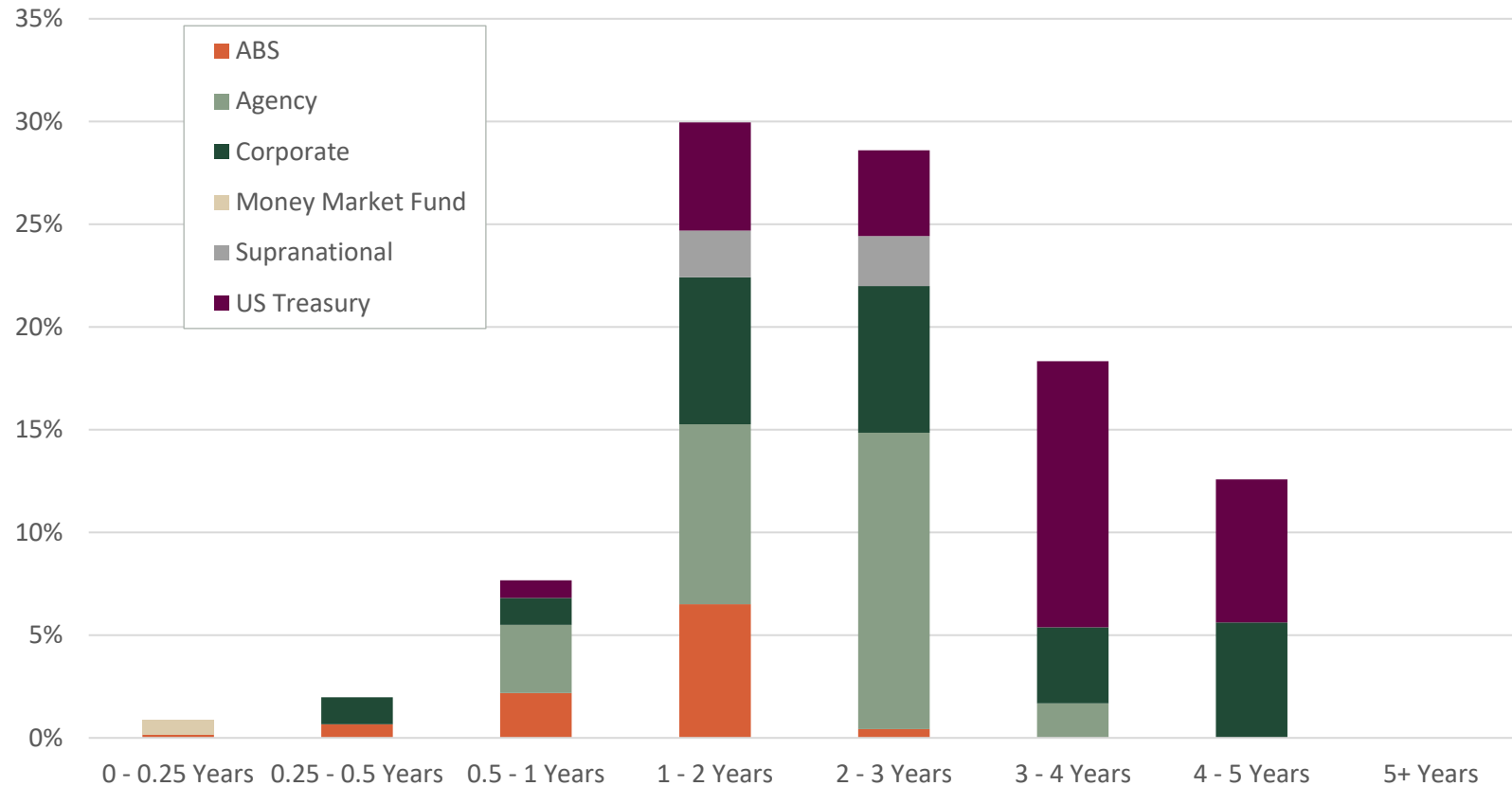
June 30, 2022



# Duration Allocation

As of September 30, 2022

## Small Cities Organized Risk Effort



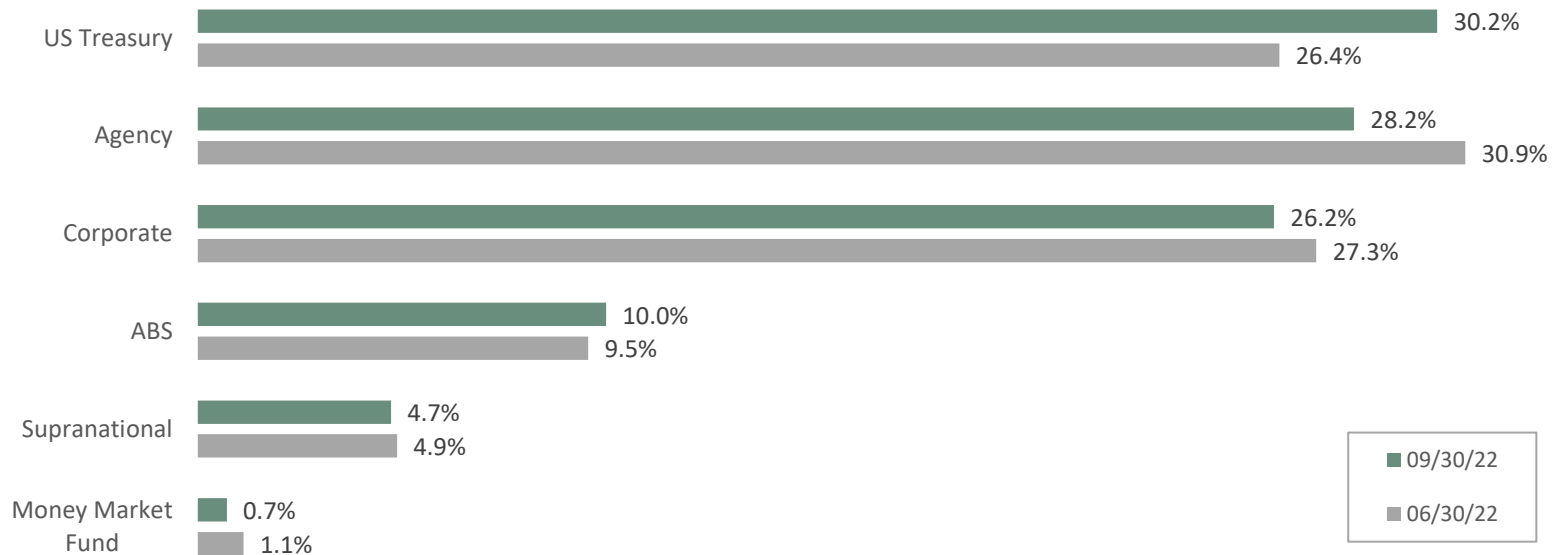
	0 - 0.25	0.25 - 0.50	0.50 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5+
09/30/22	0.9%	2.0%	7.7%	30.0%	28.6%	18.3%	12.6%	0.0%

# Portfolio Allocation & Duration Changes

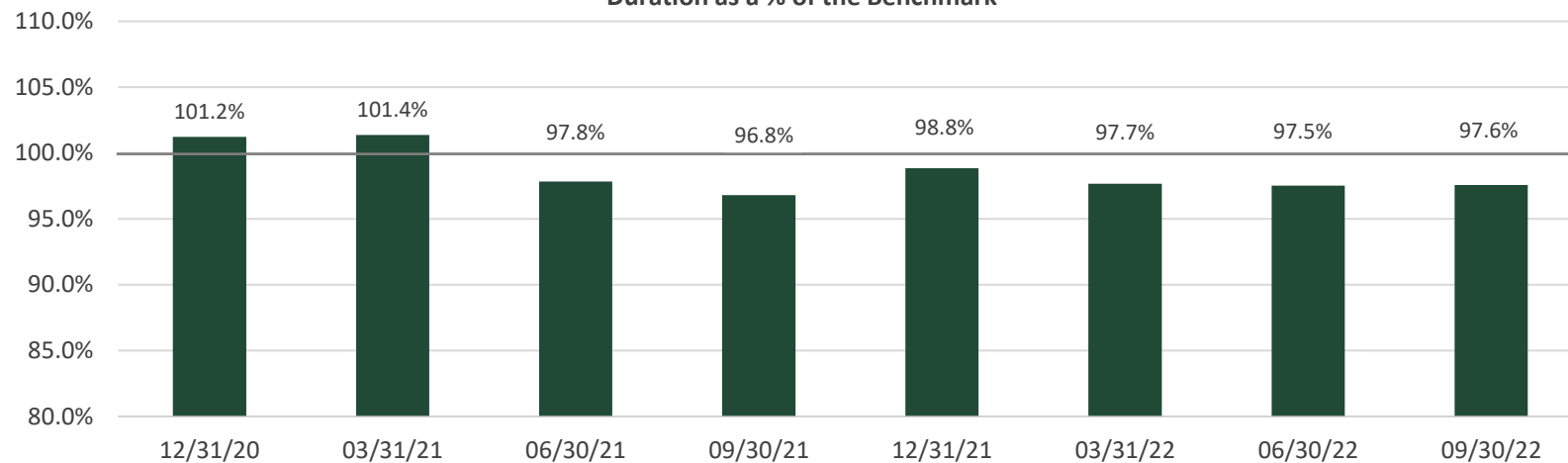
As of September 30, 2022

## Small Cities Organized Risk Effort

### Portfolio Allocation



### Duration as a % of the Benchmark



Benchmark: ICE BofA 1-5 Yr US Treasury & Agency Index

## Small Cities Organized Risk Effort – Account #590

Issue Name	Investment Type	% Portfolio
Government of United States	US Treasury	30.21%
Federal National Mortgage Association	Agency	11.91%
Federal Home Loan Bank	Agency	10.22%
Federal Home Loan Mortgage Corp	Agency	4.79%
Intl Bank Recon and Development	Supranational	2.44%
Inter-American Dev Bank	Supranational	2.27%
Berkshire Hathaway	Corporate	2.22%
Hyundai Auto Receivables	ABS	1.88%
JP Morgan Chase & Co	Corporate	1.70%
John Deere ABS	ABS	1.70%
Bank of America Corp	Corporate	1.54%
Amazon.com Inc	Corporate	1.41%
United Health Group Inc	Corporate	1.36%
Merck & Company	Corporate	1.31%
Apple Inc	Corporate	1.29%
Honda Motor Corporation	Corporate	1.27%
Caterpillar Inc	Corporate	1.26%
Federal Farm Credit Bank	Agency	1.26%
Honda ABS	ABS	1.24%
Bank of Montreal Chicago	Corporate	1.21%
Toyota ABS	ABS	1.20%
Qualcomm Inc	Corporate	1.20%
Royal Bank of Canada	Corporate	1.19%
Charles Schwab Corp/The	Corporate	1.18%
Chubb Corporation	Corporate	1.17%
Exxon Mobil Corp	Corporate	1.17%
Toronto Dominion Holdings	Corporate	1.15%
Morgan Stanley	Corporate	1.14%
GM Financial Automobile Leasing Trust	ABS	1.10%
Toyota Motor Corp	Corporate	1.00%
GM Financial Securitized Term Auto Trust	ABS	0.79%
National Rural Utilities	Corporate	0.73%
First American Govt Oblig Fund	Money Market Fund	0.71%
Wal-Mart Stores	Corporate	0.65%
BMW Vehicle Lease Trust	ABS	0.63%
Target Corp	Corporate	0.55%
Mercedes-Benz Auto Lease Trust	ABS	0.51%
Verizon Master Trust	ABS	0.39%

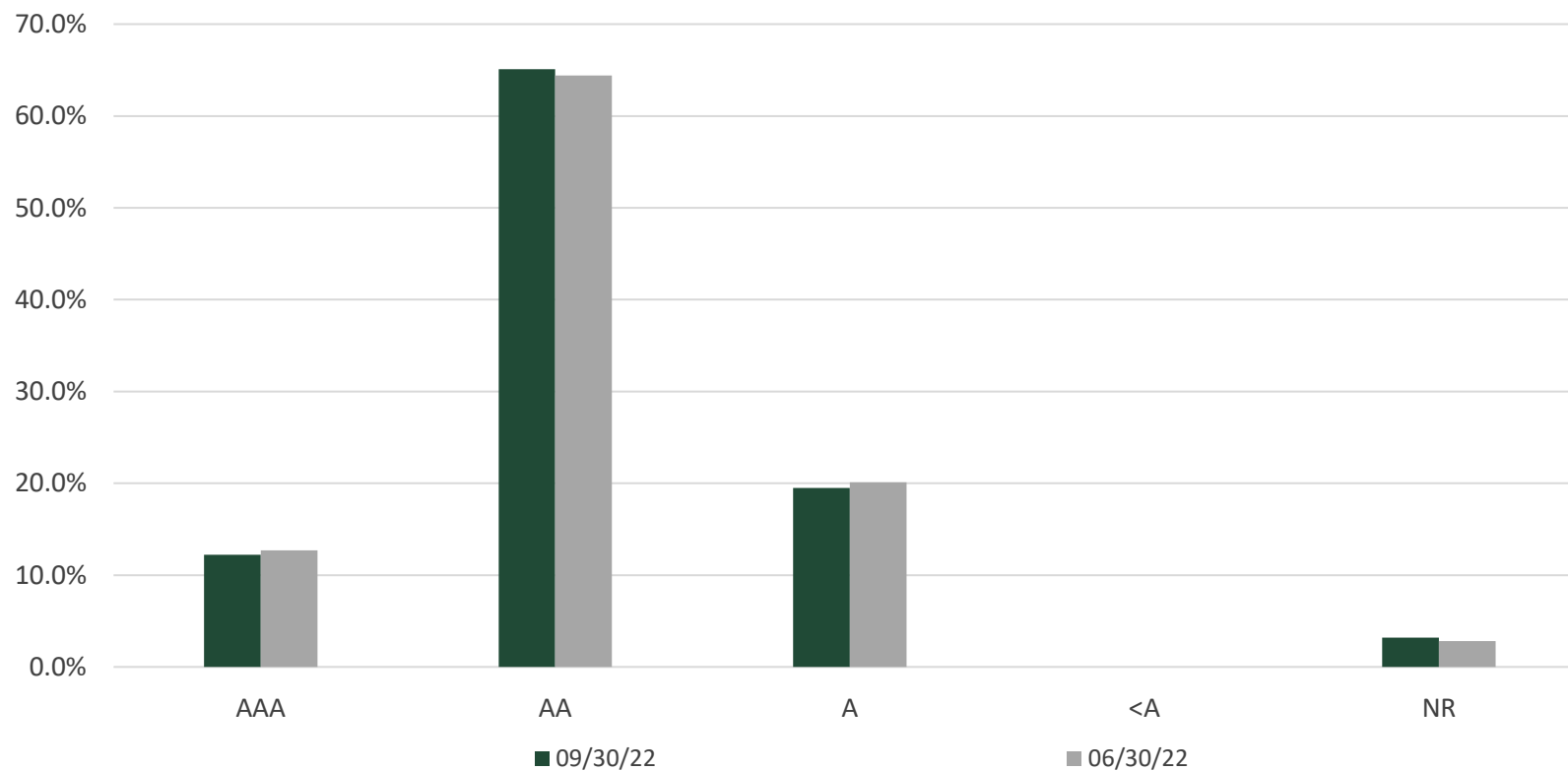
## Small Cities Organized Risk Effort – Account #590

Issue Name	Investment Type	% Portfolio
BMW ABS	ABS	0.34%
State Street Bank	Corporate	0.33%
Salesforce.com Inc	Corporate	0.20%
Nissan ABS	ABS	0.17%
<b>TOTAL</b>		<b>100.00%</b>

# Quality Distribution

As of September 30, 2022

## Small Cities Organized Risk Effort September 30, 2022 vs. June 30, 2022



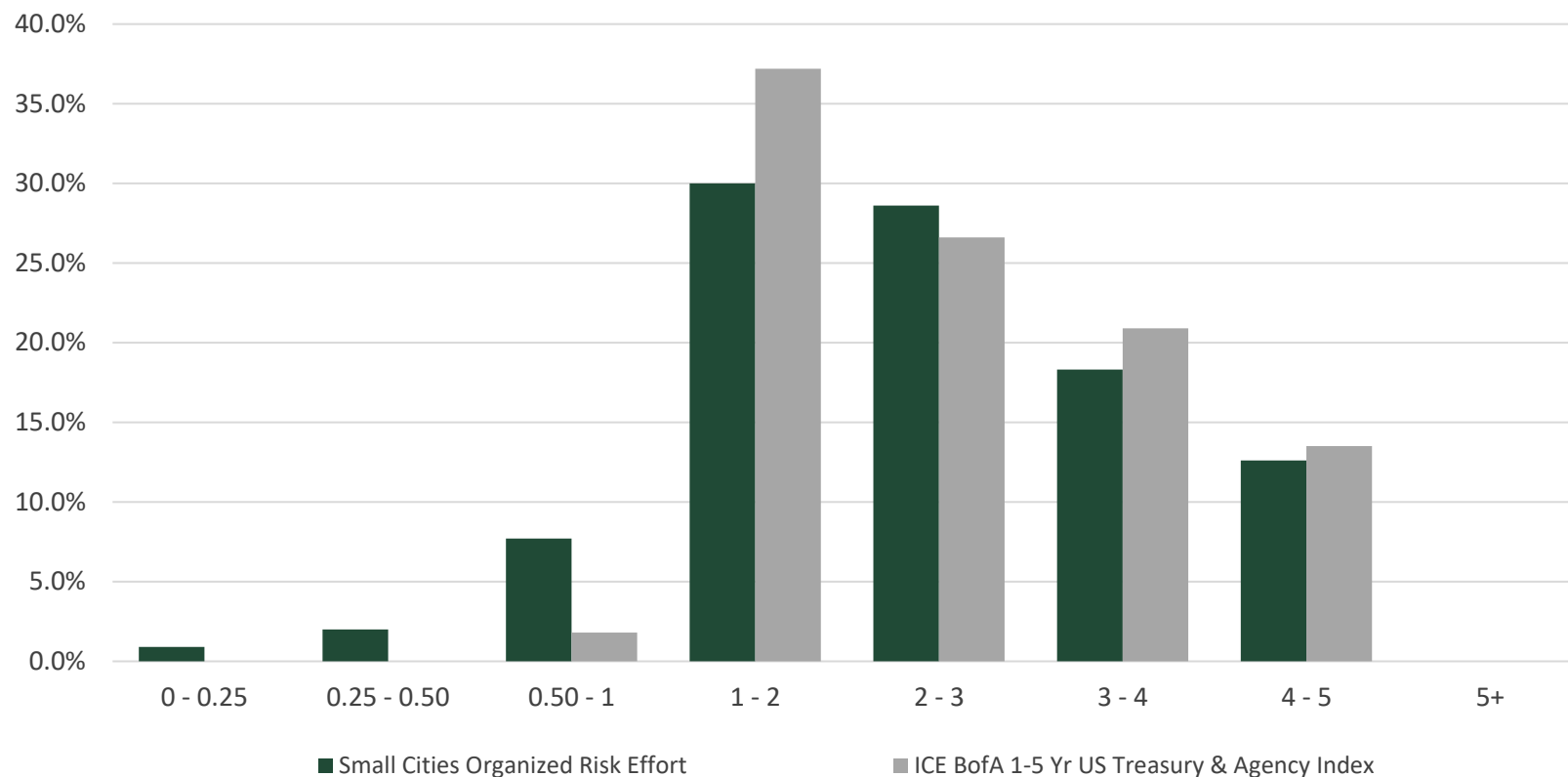
	AAA	AA	A	<A	NR
09/30/22	12.2%	65.1%	19.5%	0.0%	3.2%
06/30/22	12.7%	64.4%	20.1%	0.0%	2.8%

Source: S&P Ratings

# Duration Distribution

As of September 30, 2022

## Small Cities Organized Risk Effort Portfolio Compared to the Benchmark



	0 - 0.25	0.25 - 0.50	0.50 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5+
Portfolio	0.9%	2.0%	7.7%	30.0%	28.6%	18.3%	12.6%	0.0%
Benchmark*	0.0%	0.0%	1.8%	37.2%	26.6%	20.9%	13.5%	0.0%

\*ICE BofA 1-5 Yr US Treasury & Agency Index

## Investment Performance

As of September 30, 2022

### Small Cities Organized Risk Effort

#### 12-Month Earnings

Investment Earnings	
October 2021	16,660
November 2021	16,524
December 2021	20,229
January 2022	15,000
February 2022	14,683
March 2022	16,398
April 2022	15,428
May 2022	15,158
June 2022	16,070
July 2022	16,061
August 2022	15,858
September 2022	16,343
<b>Total</b>	<b>194,412</b>

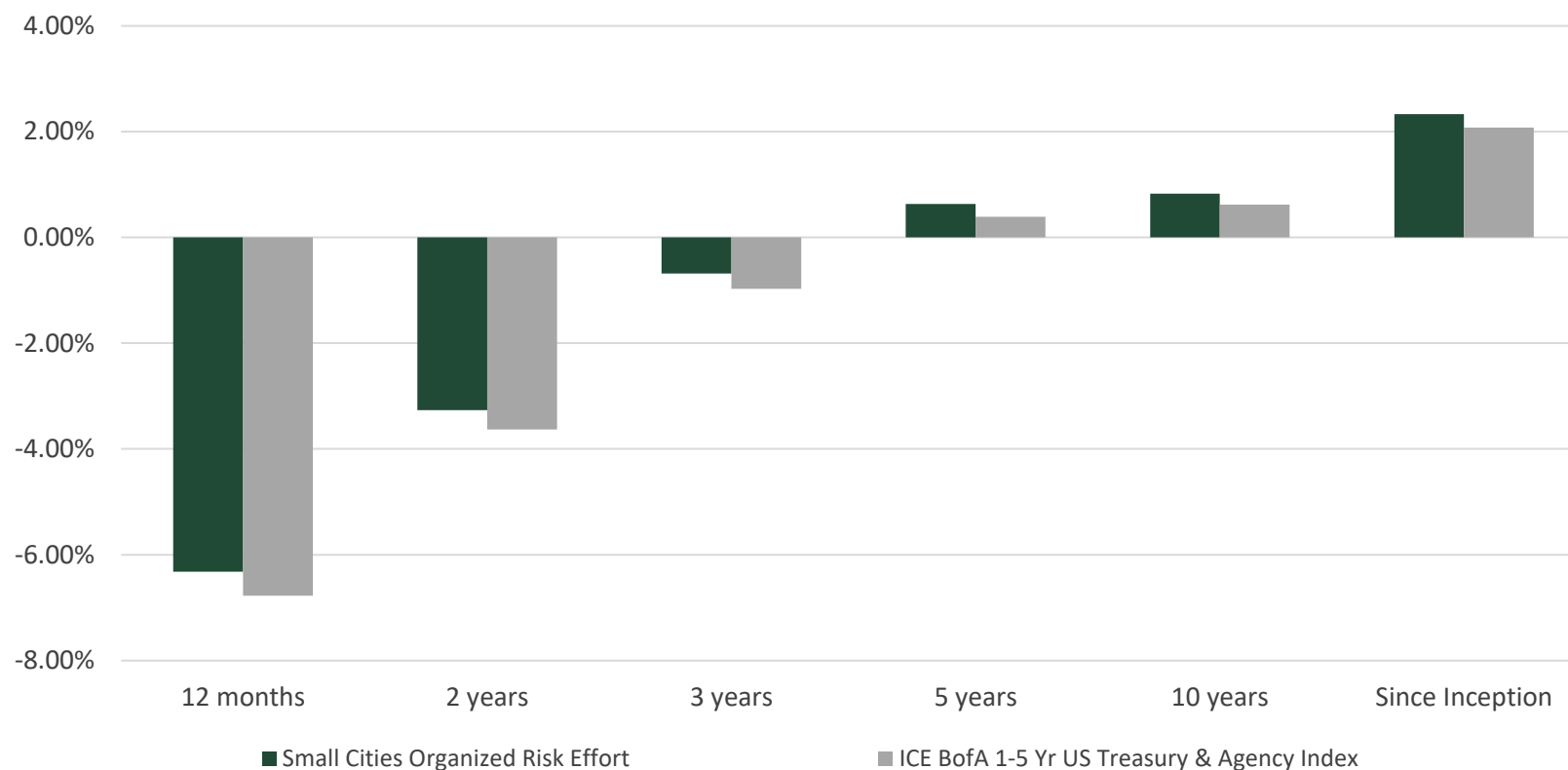
Change in Fair Value	
Unrealized Gain/Loss Position 9/30/2021	192,564
Unrealized Gain/Loss Position 9/30/2022	(774,926)
<b>Change in Fair Value</b>	<b>(967,489)</b>

Source: Small Cities Organized Risk Effort Monthly Investment Report. Interest earnings include accrued interest and realized gains and losses on amortized cost.

# Investment Performance

As of September 30, 2022

## Small Cities Organized Risk Effort Total Rate of Return Annualized Since Inception March 31, 2006



TOTAL RATE OF RETURN	Annualized						
	3 months	12 months	2 years	3 years	5 years	10 years	Since Inception
Small Cities Organized Risk Effort	-1.92%	-6.32%	-3.26%	-0.69%	0.63%	0.82%	2.33%
ICE BofA 1-5 Yr US Treasury & Agency Index	-2.28%	-6.78%	-3.63%	-0.97%	0.39%	0.62%	2.08%

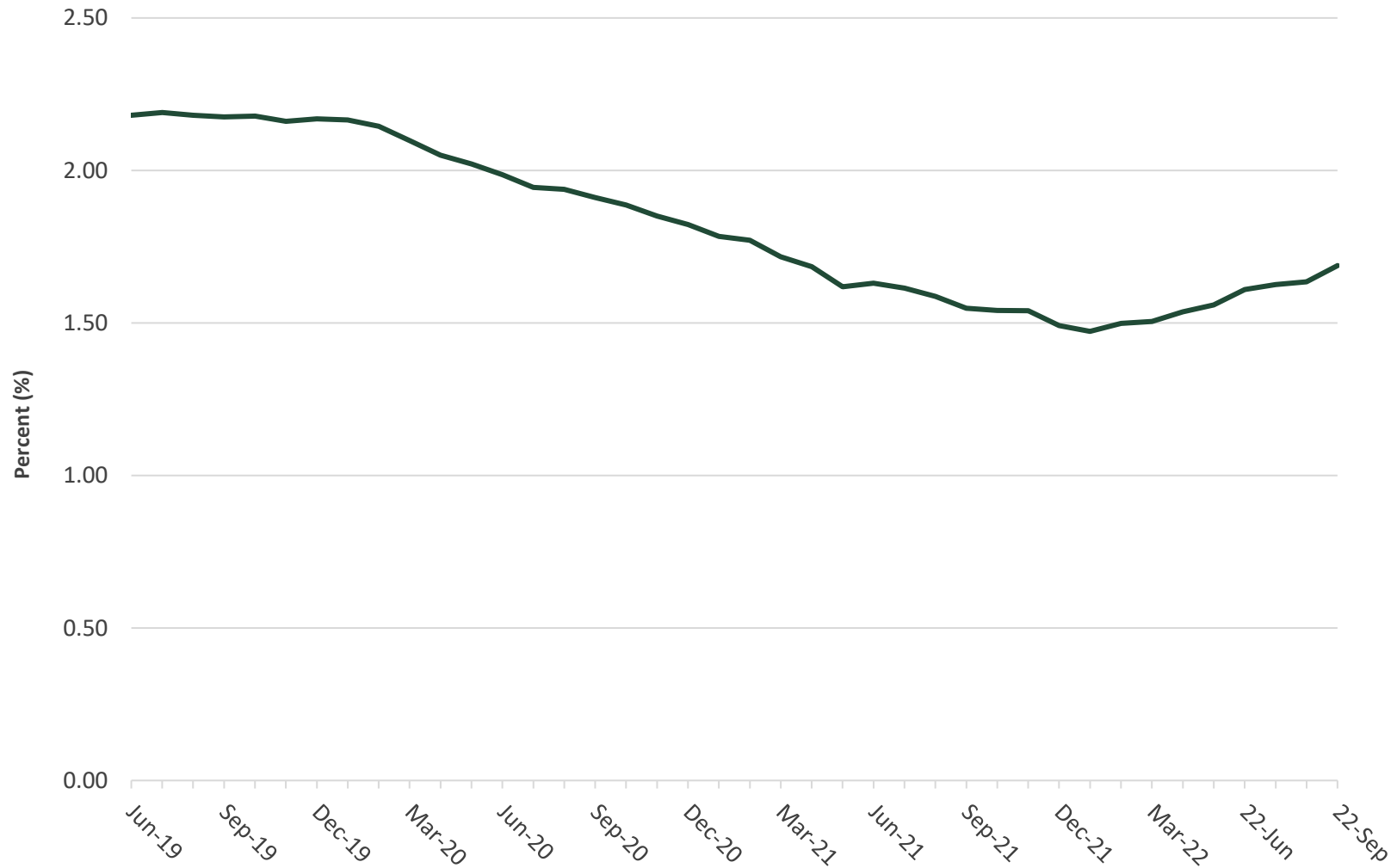
Total rate of return: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.

# Historical Average Purchase Yield

As of September 30, 2022

## Small Cities Organized Risk Effort

Purchase Yield as of 09/30/22 = 1.69%





## Section 3 | Portfolio Holdings

# Holdings Report

As of September 30, 2022

## Small Cities Organized Risk Effort - Account #590

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 Fitch	Maturity Duration
<b>ABS</b>									
89232HAC9	Toyota Auto Receivable Own 2020-A A3 1.660% Due 05/15/2024	39,406.91	06/17/2020 0.68%	40,315.12 39,783.95	99.39 3.93%	39,165.19 29.07	0.34% (618.76)	Aaa / AAA NR	1.62 0.27
65479JAD5	Nissan Auto Receivables Owner 2019-C A3 1.930% Due 07/15/2024	19,955.40	10/16/2019 1.94%	19,954.34 19,955.00	99.62 3.76%	19,879.87 17.12	0.17% (75.13)	Aaa / AAA NR	1.79 0.21
89237VAB5	Toyota Auto Receivables Trust 2020-C A3 0.440% Due 10/15/2024	30,643.18	07/21/2020 0.44%	30,640.82 30,642.04	98.35 4.45%	30,138.82 5.99	0.26% (503.22)	Aaa / AAA NR	2.04 0.41
43813KAC6	Honda Auto Receivables Trust 2020-3 A3 0.370% Due 10/18/2024	42,864.80	09/22/2020 0.38%	42,858.50 42,862.53	97.82 4.54%	41,930.95 5.73	0.37% (931.58)	NR / AAA AAA	2.05 0.52
47787NAC3	John Deere Owner Trust 2020-B A3 0.510% Due 11/15/2024	7,455.77	07/14/2020 0.52%	7,454.63 7,455.35	98.05 4.85%	7,310.49 1.69	0.06% (144.86)	Aaa / NR AAA	2.13 0.45
58769KAD6	Mercedes-Benz Auto Lease Trust 2021-B A3 0.400% Due 11/15/2024	60,000.00	06/22/2021 0.40%	59,995.47 59,997.71	96.54 4.75%	57,925.14 10.67	0.51% (2,072.57)	NR / AAA AAA	2.13 0.80
09690AAC7	BMW Vehicle Lease Trust 2021-2 A3 0.330% Due 12/26/2024	35,000.00	09/08/2021 0.34%	34,996.39 34,998.05	97.15 4.51%	34,001.98 1.93	0.30% (996.07)	Aaa / NR AAA	2.24 0.68
36265MAC9	GM Financial Auto Lease Trust 2022-1 A3 1.900% Due 03/20/2025	80,000.00	02/15/2022 1.91%	79,999.31 79,999.50	96.55 4.71%	77,241.36 46.44	0.67% (2,758.14)	Aaa / NR AAA	2.47 1.24
05601XAC3	BMW Vehicle Lease Trust 2022-1 A3 1.100% Due 03/25/2025	40,000.00	01/11/2022 1.11%	39,994.02 39,995.94	96.29 4.76%	38,514.60 7.33	0.34% (1,481.34)	NR / AAA AAA	2.48 1.02
89240BAC2	Toyota Auto Receivables Owners 2021-A A3 0.260% Due 05/15/2025	25,354.21	02/02/2021 0.27%	25,349.50 25,352.00	97.43 4.30%	24,703.47 2.93	0.22% (648.53)	Aaa / NR AAA	2.62 0.63
36266FAC3	GM Financial Auto Lease Trust 2022-2 A3 3.420% Due 06/20/2025	50,000.00	05/03/2022 3.45%	49,994.79 49,995.72	98.09 4.76%	49,046.10 52.25	0.43% (949.62)	NR / AAA AAA	2.72 1.46
47788UAC6	John Deere Owner Trust 2021-A A3 0.360% Due 09/15/2025	45,000.00	03/02/2021 0.37%	44,991.35 44,995.10	96.11 4.92%	43,247.70 7.20	0.38% (1,747.40)	Aaa / NR AAA	2.96 0.86
44933LAC7	Hyundai Auto Receivables Trust 2021-A A3 0.380% Due 09/15/2025	50,000.00	04/20/2021 0.38%	49,994.74 49,997.20	96.68 4.59%	48,338.30 8.44	0.42% (1,658.90)	NR / AAA AAA	2.96 0.79
44934KAC8	Hyundai Auto Receivables Trust 2021-B A3 0.380% Due 01/15/2026	110,000.00	07/20/2021 0.39%	109,975.72 109,984.84	95.32 4.99%	104,852.22 18.58	0.92% (5,132.62)	NR / AAA AAA	3.30 1.02
43815GAC3	Honda Auto Receivables Trust 2021-4 A3 0.880% Due 01/21/2026	40,000.00	11/16/2021 0.89%	39,991.57 39,993.78	94.61 4.70%	37,844.52 9.78	0.33% (2,149.26)	Aaa / NR AAA	3.31 1.43
47789QAC4	John Deere Owner Trust 2021-B A3 0.520% Due 03/16/2026	50,000.00	07/13/2021 0.52%	49,995.54 49,997.00	94.50 4.71%	47,251.30 11.56	0.41% (2,745.70)	Aaa / NR AAA	3.46 1.33
44935FAD6	Hyundai Auto Receivables Trust 2021-C A3 0.740% Due 05/15/2026	30,000.00	11/09/2021 0.75%	29,993.30 29,995.14	94.36 4.93%	28,309.23 9.87	0.25% (1,685.91)	NR / AAA AAA	3.62 1.37

# Holdings Report

As of September 30, 2022

## Small Cities Organized Risk Effort - Account #590

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 Fitch	Maturity Duration
43815BAC4	Honda Auto Receivables Trust 2022-1 A3 1.880% Due 05/15/2026	65,000.00	02/15/2022 1.89%	64,990.22 64,992.05	95.03 4.81%	61,769.89 54.31	0.54% (3,222.16)	Aaa / AAA NR	3.62 1.73
05602RAD3	BMW Vehicle Owner Trust 2022-A A3 3.210% Due 08/25/2026	40,000.00	05/10/2022 3.23%	39,997.92 39,998.17	97.34 4.81%	38,936.68 21.40	0.34% (1,061.49)	Aaa / AAA NR	3.90 1.70
89238FAD5	Toyota Auto Receivables OT 2022-B A3 2.930% Due 09/15/2026	45,000.00	04/07/2022 2.95%	44,998.95 44,999.10	96.96 4.69%	43,633.89 58.60	0.38% (1,365.21)	Aaa / AAA NR	3.96 1.76
362554AC1	GM Financial Securitized Term 2021-4 A3 0.680% Due 09/16/2026	30,000.00	10/13/2021 0.68%	29,999.24 29,999.45	94.24 5.04%	28,272.39 8.50	0.25% (1,727.06)	Aaa / AAA NR	3.96 1.34
47787JAC2	John Deere Owner Trust 2022-A A3 2.320% Due 09/16/2026	50,000.00	03/10/2022 2.34%	49,988.94 49,990.66	95.59 5.00%	47,797.40 51.56	0.42% (2,193.26)	Aaa / NR AAA	3.96 1.67
448977AD0	Hyundai Auto Receivables Trust 2022-A A3 2.220% Due 10/15/2026	35,000.00	03/09/2022 2.23%	34,998.65 34,998.88	95.93 4.62%	33,575.01 34.53	0.29% (1,423.87)	NR / AAA AAA	4.04 1.72
380146AC4	GM Financial Auto Receivables 2022-1 A3 1.260% Due 11/16/2026	25,000.00	01/11/2022 1.27%	24,997.83 24,998.29	95.13 4.79%	23,783.43 13.13	0.21% (1,214.86)	NR / AAA AAA	4.13 1.40
362585AC5	GM Financial Securitized ART 2022-2 A3 3.100% Due 02/16/2027	40,000.00	04/05/2022 3.13%	39,991.64 39,992.78	96.93 4.92%	38,772.52 51.67	0.34% (1,220.26)	Aaa / AAA NR	4.38 1.72
47800AAC4	John Deere Owner Trust 2022-B A3 3.740% Due 02/16/2027	50,000.00	07/12/2022 3.77%	49,995.23 49,995.50	97.65 4.86%	48,827.15 83.11	0.43% (1,168.35)	Aaa / NR AAA	4.38 2.16
92348KAV5	Verizon Master Trust 2022-5 A1A 3.720% Due 07/20/2027	45,000.00	08/02/2022 3.75%	44,998.02 44,998.12	99.05 4.51%	44,570.70 51.15	0.39% (427.42)	NR / AAA AAA	4.81 1.79
<b>TOTAL ABS</b>		<b>1,180,680.27</b>	<b>1.52%</b>	<b>1,181,451.75</b> <b>1,180,963.85</b>	<b>4.71%</b>	<b>1,139,640.30</b> <b>674.54</b>	<b>9.95%</b> <b>(41,323.55)</b>	<b>Aaa / AAA</b> <b>Aaa</b>	<b>3.19</b> <b>1.22</b>
<b>Agency</b>									
3135G05G4	FNMA Note 0.250% Due 07/10/2023	135,000.00	07/08/2020 0.32%	134,709.75 134,925.25	97.13 4.04%	131,122.26 75.94	1.15% (3,802.99)	Aaa / AA+ AAA	0.78 0.76
313383YJ4	FHLB Note 3.375% Due 09/08/2023	250,000.00	Various 3.05%	253,613.50 250,702.39	99.10 4.36%	247,756.75 539.07	2.17% (2,945.64)	Aaa / AA+ NR	0.94 0.91
3130A0F70	FHLB Note 3.375% Due 12/08/2023	150,000.00	12/31/2018 2.72%	154,474.50 151,074.57	98.80 4.42%	148,192.95 1,589.06	1.31% (2,881.62)	Aaa / AA+ AAA	1.19 1.14
3135G0V34	FNMA Note 2.500% Due 02/05/2024	125,000.00	02/27/2019 2.58%	124,521.25 124,869.36	97.59 4.36%	121,992.63 486.11	1.07% (2,876.73)	Aaa / AA+ AAA	1.35 1.30
3130A1XJ2	FHLB Note 2.875% Due 06/14/2024	230,000.00	Various 1.96%	239,917.60 233,383.85	97.52 4.40%	224,285.66 1,965.38	1.98% (9,098.19)	Aaa / AA+ NR	1.71 1.63
3133EKWV4	FFCB Note 1.850% Due 07/26/2024	150,000.00	08/13/2019 1.65%	151,448.40 150,531.93	95.59 4.40%	143,380.65 501.04	1.26% (7,151.28)	Aaa / AA+ AAA	1.82 1.76

# Holdings Report

As of September 30, 2022

## Small Cities Organized Risk Effort - Account #590

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 Fitch	Maturity Duration
3130A2UW4	FHLB Note 2.875% Due 09/13/2024	200,000.00	Various 1.66%	211,539.00 204,540.24	97.26 4.35%	194,515.00 287.50	1.70% (10,025.24)	Aaa / AA+ AAA	1.96 1.87
3135G0W66	FNMA Note 1.625% Due 10/15/2024	175,000.00	11/08/2019 1.80%	173,547.50 174,398.49	94.91 4.25%	166,096.35 1,311.28	1.46% (8,302.14)	Aaa / AA+ AAA	2.04 1.96
3135G0X24	FNMA Note 1.625% Due 01/07/2025	235,000.00	Various 1.19%	239,814.00 237,260.02	94.36 4.26%	221,740.60 891.04	1.94% (15,519.42)	Aaa / AA+ AAA	2.27 2.18
3137EAEPO	FHLMC Note 1.500% Due 02/12/2025	260,000.00	02/13/2020 1.52%	259,799.80 259,905.11	93.94 4.22%	244,234.38 530.83	2.14% (15,670.73)	Aaa / AA+ AAA	2.37 2.28
3130A4CH3	FHLB Note 2.375% Due 03/14/2025	225,000.00	03/19/2020 1.18%	237,998.25 231,392.00	95.60 4.28%	215,089.20 252.34	1.88% (16,302.80)	Aaa / AA+ AAA	2.45 2.35
3130AJHU6	FHLB Note 0.500% Due 04/14/2025	150,000.00	06/04/2020 0.53%	149,800.80 149,896.02	90.78 4.37%	136,175.25 347.92	1.19% (13,720.77)	Aaa / AA+ AAA	2.54 2.46
3135G03U5	FNMA Note 0.625% Due 04/22/2025	105,000.00	04/22/2020 0.67%	104,783.70 104,889.24	91.14 4.32%	95,697.63 289.84	0.84% (9,191.61)	Aaa / AA+ AAA	2.56 2.48
3135G04Z3	FNMA Note 0.500% Due 06/17/2025	260,000.00	06/17/2020 0.54%	259,461.80 259,707.88	90.39 4.29%	235,025.18 375.56	2.05% (24,682.70)	Aaa / AA+ AAA	2.72 2.64
3137EAEU9	FHLMC Note 0.375% Due 07/21/2025	140,000.00	07/21/2020 0.48%	139,302.80 139,608.59	89.73 4.30%	125,621.02 102.08	1.10% (13,987.57)	Aaa / AA+ AAA	2.81 2.73
3135G05X7	FNMA Note 0.375% Due 08/25/2025	220,000.00	08/25/2020 0.47%	218,970.40 219,402.22	89.43 4.29%	196,745.12 82.50	1.72% (22,657.10)	Aaa / AA+ AAA	2.90 2.83
3137EAXE3	FHLMC Note 0.375% Due 09/23/2025	200,000.00	09/23/2020 0.44%	199,398.00 199,640.91	89.25 4.25%	178,504.20 16.67	1.56% (21,136.71)	Aaa / AA+ AAA	2.98 2.90
3135G06G3	FNMA Note 0.500% Due 11/07/2025	215,000.00	11/09/2020 0.57%	214,230.30 214,521.10	89.07 4.30%	191,498.35 430.00	1.68% (23,022.75)	Aaa / AA+ AAA	3.11 3.01
<b>TOTAL Agency</b>		<b>3,425,000.00</b>	<b>1.31%</b>	<b>3,467,331.35</b> <b>3,440,649.17</b>	<b>4.30%</b>	<b>3,217,673.18</b> <b>10,074.16</b>	<b>28.18%</b> <b>(222,975.99)</b>	<b>Aaa / AA+</b> <b>Aaa</b>	<b>2.15</b> <b>2.08</b>
<b>Corporate</b>									
084670BR8	Berkshire Hathaway Callable Note Cont 1/15/2023 2.750% Due 03/15/2023	150,000.00	04/20/2018 3.28%	146,457.00 149,672.68	99.46 3.95%	149,188.95 183.33	1.30% (483.73)	Aa2 / AA A+	0.45 0.45
58933YAF2	Merck & Co Note 2.800% Due 05/18/2023	150,000.00	10/26/2018 3.41%	146,148.00 149,468.93	99.10 4.26%	148,643.55 1,551.67	1.31% (825.38)	A1 / A+ A+	0.63 0.61
06051GHF9	Bank of America Corp Callable Note 1X 3/5/2023 3.550% Due 03/05/2024	133,000.00	03/06/2019 3.41%	133,694.26 133,073.81	99.22 4.90%	131,961.80 341.00	1.15% (1,112.01)	A2 / A- AA-	1.43 1.36
89114QCB2	Toronto Dominion Bank Note 3.250% Due 03/11/2024	135,000.00	03/26/2019 2.95%	136,833.30 135,533.78	97.56 5.02%	131,699.25 243.75	1.15% (3,834.53)	A1 / A AA-	1.45 1.39

# Holdings Report

As of September 30, 2022

## Small Cities Organized Risk Effort - Account #590

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 Fitch	Maturity Duration
037833CU2	Apple Inc Callable Note Cont 3/11/2024 2.850% Due 05/11/2024	150,000.00	05/17/2019 2.72%	150,888.00 150,266.50	97.56 4.43%	146,337.15 1,662.50	1.29% (3,929.35)	Aaa / AA+ NR	1.61 1.54
023135BW5	Amazon.com Inc Note 0.450% Due 05/12/2024	95,000.00	05/10/2021 0.50%	94,861.30 94,925.46	93.77 4.49%	89,076.75 165.06	0.78% (5,848.71)	A1 / AA AA-	1.62 1.57
02665WCZ2	American Honda Finance Note 2.400% Due 06/27/2024	150,000.00	07/10/2019 2.49%	149,373.00 149,780.27	96.07 4.78%	144,106.20 940.00	1.27% (5,674.07)	A3 / A- A	1.74 1.67
79466LAG9	Salesforce.com Inc Callable Note Cont 7/15/2022 0.625% Due 07/15/2024	25,000.00	06/29/2021 0.64%	24,987.25 24,992.42	93.24 4.60%	23,308.80 32.99	0.20% (1,683.62)	A2 / A+ NR	1.79 1.74
46647PAU0	JP Morgan Chase & Co Callable Note 1X 7/23/2023 3.797% Due 07/23/2024	150,000.00	09/12/2019 2.35%	157,930.50 151,663.94	98.64 5.01%	147,967.05 1,075.82	1.30% (3,696.89)	A1 / A- AA-	1.81 1.71
00440EAS6	Chubb INA Holdings Inc Note 3.150% Due 03/15/2025	140,000.00	02/24/2021 0.83%	152,899.60 147,820.06	95.95 4.92%	134,329.86 196.00	1.17% (13,490.20)	A3 / A A	2.46 2.32
30231GBH4	Exxon Mobil Corp Callable Note Cont 2/19/2025 2.992% Due 03/19/2025	140,000.00	01/20/2021 0.72%	152,733.00 147,456.80	95.93 4.76%	134,304.38 139.63	1.17% (13,152.42)	Aa2 / AA- NR	2.47 2.34
06367WB85	Bank of Montreal Note 1.850% Due 05/01/2025	150,000.00	03/24/2021 1.15%	154,207.50 152,650.42	92.02 5.19%	138,022.65 1,156.25	1.21% (14,627.77)	A2 / A- AA-	2.59 2.45
14913R2V8	Caterpillar Financial Service Note 3.400% Due 05/13/2025	55,000.00	05/10/2022 3.44%	54,930.15 54,939.14	96.71 4.75%	53,193.09 716.83	0.47% (1,746.05)	A2 / A A	2.62 2.44
747525AF0	Qualcomm Inc Callable Note Cont 2/20/2025 3.450% Due 05/20/2025	140,000.00	05/27/2020 1.13%	155,689.80 148,306.87	96.81 4.75%	135,532.46 1,757.58	1.20% (12,774.41)	A2 / A NR	2.64 2.45
78015K7H1	Royal Bank of Canada Note 1.150% Due 06/10/2025	150,000.00	12/22/2021 1.43%	148,590.00 148,900.85	90.25 5.07%	135,377.25 531.88	1.19% (13,523.60)	A1 / A AA-	2.70 2.58
63743HFE7	National Rural Utilities Note 3.450% Due 06/15/2025	85,000.00	Various 3.55%	84,750.55 84,783.25	96.49 4.85%	82,014.55 1,197.44	0.73% (2,768.70)	A2 / A- A	2.71 2.51
857477BR3	State Street Bank Callable Note Cont 2/6/2025 1.746% Due 02/06/2026	40,000.00	02/02/2022 1.75%	40,000.00 40,000.00	93.15 4.85%	37,261.60 106.70	0.33% (2,738.40)	A1 / A AA-	3.36 3.17
46647PBK1	JP Morgan Chase & Co Callable Note Cont 4/22/2025 2.083% Due 04/22/2026	50,000.00	09/16/2021 1.17%	51,594.50 51,136.84	91.12 5.61%	45,560.80 460.00	0.40% (5,576.04)	A1 / A- AA-	3.56 3.31
91324PEC2	United Health Group Inc Callable Note Cont 4/15/2026 1.150% Due 05/15/2026	175,000.00	Various 1.42%	173,020.70 173,369.33	88.53 4.62%	154,929.95 760.27	1.36% (18,439.38)	A3 / A+ A	3.62 3.46
89236TJK2	Toyota Motor Credit Corp Note 1.125% Due 06/18/2026	130,000.00	06/15/2021 1.13%	129,942.80 129,957.52	87.51 4.84%	113,760.92 418.44	1.00% (16,196.60)	A1 / A+ A+	3.72 3.55

# Holdings Report

As of September 30, 2022

## Small Cities Organized Risk Effort - Account #590

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 Fitch	Maturity Duration
06051GJD2	Bank of America Corp Callable Note Cont 6/19/2025 1.319% Due 06/19/2026	50,000.00	09/16/2021 1.23%	50,167.50 50,121.46	88.77 5.41%	44,386.50 186.86	0.39% (5,734.96)	A2 / A- AA-	3.72 3.52
931142ER0	Wal-Mart Stores Callable Note Cont 08/17/2026 1.050% Due 09/17/2026	30,000.00	09/08/2021 1.09%	29,943.30 29,955.07	87.29 4.59%	26,187.30 12.25	0.23% (3,767.77)	Aa2 / AA AA	3.97 3.80
87612EBM7	Target Corp Callable Note Cont 12/15/2026 1.950% Due 01/15/2027	70,000.00	01/19/2022 1.99%	69,881.00 69,897.37	89.69 4.62%	62,785.17 288.17	0.55% (7,112.20)	A2 / A A	4.30 4.02
808513BY0	Charles Schwab Corp Callable Note Cont 2/3/2027 2.450% Due 03/03/2027	150,000.00	Various 2.78%	147,699.00 147,950.80	89.78 5.06%	134,670.30 285.84	1.18% (13,280.50)	A2 / A A	4.42 4.09
084664CZ2	Berkshire Hathaway Callable Note Cont 2/15/2027 2.300% Due 03/15/2027	115,000.00	03/07/2022 2.30%	114,978.15 114,980.54	91.05 4.54%	104,710.61 117.56	0.92% (10,269.93)	Aa2 / AA A+	4.46 4.15
023135CF1	Amazon.com Inc Callable Note Cont 3/13/2027 3.300% Due 04/13/2027	75,000.00	04/25/2022 3.34%	74,870.25 74,881.49	94.43 4.68%	70,820.25 1,155.00	0.63% (4,061.24)	A1 / AA AA-	4.54 4.08
61772BAB9	Morgan Stanley Callable Note Cont 5/4/2026 1.593% Due 05/04/2027	150,000.00	Various 4.51%	133,989.30 134,852.99	86.22 5.49%	129,332.56 975.71	1.14% (5,520.43)	A1 / A- A	4.59 4.28
14913R3A3	Caterpillar Financial Service Note 3.600% Due 08/12/2027	95,000.00	08/22/2022 3.81%	94,090.85 94,109.90	94.46 4.89%	89,736.81 465.50	0.79% (4,373.09)	A2 / A A	4.87 4.37
931142EX7	Wal-Mart Stores Callable Note Cont 09/09/2027 3.950% Due 09/09/2027	50,000.00	Various 3.99%	49,921.10 49,922.05	96.93 4.65%	48,464.16 120.70	0.42% (1,457.89)	Aa2 / AA AA	4.95 4.42
<b>TOTAL Corporate</b>		<b>3,178,000.00</b>	<b>2.25%</b>	<b>3,205,071.66 3,185,370.54</b>	<b>4.80%</b>	<b>2,987,670.67 17,244.73</b>	<b>26.23% (197,699.87)</b>	<b>A1 / A+ A+</b>	<b>2.69 2.53</b>
<b>Money Market Fund</b>									
31846V203	First American Govt Obligation Fund Class Y	81,819.44	Various 2.45%	81,819.44 81,819.44	1.00 2.45%	81,819.44 0.00	0.71% 0.00	Aaa / AAA AAA	0.00 0.00
<b>TOTAL Money Market Fund</b>		<b>81,819.44</b>	<b>2.45%</b>	<b>81,819.44</b>	<b>2.45%</b>	<b>81,819.44 0.00</b>	<b>0.71% 0.00</b>	<b>Aaa / AAA Aaa</b>	<b>0.00 0.00</b>
<b>Supranational</b>									
4581X0EE4	Inter-American Dev Bank Note 3.250% Due 07/01/2024	85,000.00	06/22/2022 3.26%	84,991.50 84,992.57	98.07 4.41%	83,357.04 690.63	0.73% (1,635.53)	Aaa / AAA AAA	1.75 1.67
4581X0DZ8	Inter-American Dev Bank Note 0.500% Due 09/23/2024	190,000.00	09/15/2021 0.52%	189,859.40 189,907.25	92.88 4.29%	176,479.60 21.11	1.54% (13,427.65)	Aaa / AAA NR	1.98 1.93
459058JB0	Intl. Bank Recon & Development Note 0.625% Due 04/22/2025	130,000.00	04/15/2020 0.70%	129,496.90 129,742.66	91.04 4.36%	118,354.08 358.85	1.04% (11,388.58)	Aaa / AAA NR	2.56 2.48

# Holdings Report

As of September 30, 2022

## Small Cities Organized Risk Effort - Account #590

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 Fitch	Maturity Duration
459058JL8	Intl. Bank Recon & Development Note 0.500% Due 10/28/2025	180,000.00	10/21/2020 0.52%	179,796.60 179,874.91	88.98 4.37%	160,155.18 382.50	1.40% (19,719.73)	Aaa / AAA AAA	3.08 2.98
<b>TOTAL Supranational</b>		<b>585,000.00</b>	<b>0.96%</b>	<b>584,144.40 584,517.39</b>	<b>4.34%</b>	<b>538,345.90 1,453.09</b>	<b>4.71% (46,171.49)</b>	<b>Aaa / AAA Aaa</b>	<b>2.40 2.32</b>
<b>US Treasury</b>									
912828R69	US Treasury Note 1.625% Due 05/31/2023	100,000.00	05/30/2018 2.67%	95,144.53 99,356.50	98.39 4.09%	98,390.60 546.11	0.86% (965.90)	Aaa / AA+ AAA	0.67 0.65
912828V80	US Treasury Note 2.250% Due 01/31/2024	175,000.00	04/04/2019 2.32%	174,425.78 174,841.29	97.36 4.31%	170,372.13 663.38	1.49% (4,469.16)	Aaa / AA+ AAA	1.34 1.29
912828WJ5	US Treasury Note 2.500% Due 05/15/2024	150,000.00	06/10/2019 1.91%	154,136.72 151,360.52	97.16 4.33%	145,734.30 1,416.44	1.28% (5,626.22)	Aaa / AA+ AAA	1.62 1.55
912828YH7	US Treasury Note 1.500% Due 09/30/2024	300,000.00	Various 1.68%	297,509.76 298,975.03	94.83 4.22%	284,484.31 12.36	2.48% (14,490.72)	Aaa / AA+ AAA	2.00 1.94
9128283J7	US Treasury Note 2.125% Due 11/30/2024	275,000.00	Various 1.76%	279,733.40 277,068.59	95.62 4.26%	262,947.30 1,963.88	2.31% (14,121.29)	Aaa / AA+ AAA	2.17 2.07
912828J27	US Treasury Note 2.000% Due 02/15/2025	175,000.00	03/04/2020 0.72%	185,903.32 180,234.56	94.91 4.28%	166,085.85 447.01	1.45% (14,148.71)	Aaa / AA+ AAA	2.38 2.28
912828ZC7	US Treasury Note 1.125% Due 02/28/2025	50,000.00	03/19/2020 0.72%	50,992.19 50,484.01	92.89 4.25%	46,447.25 48.17	0.41% (4,036.76)	Aaa / AA+ AAA	2.42 2.34
91282CAZ4	US Treasury Note 0.375% Due 11/30/2025	300,000.00	12/29/2020 0.37%	300,093.75 300,060.34	88.68 4.23%	266,027.40 378.07	2.33% (34,032.94)	Aaa / AA+ AAA	3.17 3.08
91282CBC4	US Treasury Note 0.375% Due 12/31/2025	125,000.00	01/27/2021 0.39%	124,882.81 124,922.63	88.44 4.22%	110,551.75 118.46	0.97% (14,370.88)	Aaa / AA+ AAA	3.25 3.16
91282CBT7	US Treasury Note 0.750% Due 03/31/2026	300,000.00	03/30/2021 0.91%	297,597.66 298,319.94	88.81 4.22%	266,425.80 6.18	2.33% (31,894.14)	Aaa / AA+ AAA	3.50 3.39
91282CBW0	US Treasury Note 0.750% Due 04/30/2026	150,000.00	04/29/2021 0.89%	149,009.77 149,291.22	88.59 4.21%	132,884.70 470.79	1.16% (16,406.52)	Aaa / AA+ AAA	3.58 3.45
91282CCP4	US Treasury Note 0.625% Due 07/31/2026	125,000.00	08/10/2021 0.82%	123,813.48 124,085.43	87.50 4.19%	109,370.13 131.62	0.96% (14,715.30)	Aaa / AA+ AAA	3.84 3.71
91282CCW9	US Treasury Note 0.750% Due 08/31/2026	350,000.00	Various 0.97%	346,279.30 346,993.47	87.73 4.18%	307,070.40 224.79	2.68% (39,923.07)	Aaa / AA+ AAA	3.92 3.78
91282CDG3	US Treasury Note 1.125% Due 10/31/2026	325,000.00	Various 1.26%	322,884.77 323,237.99	88.71 4.16%	288,297.75 1,530.06	2.53% (34,940.24)	Aaa / AA+ AAA	4.09 3.90
91282CEF4	US Treasury Note 2.500% Due 03/31/2027	200,000.00	09/27/2022 4.26%	185,734.38 185,760.40	93.47 4.10%	186,945.40 13.74	1.63% 1,185.00	Aaa / AA+ AAA	4.50 4.19

# Holdings Report

As of September 30, 2022

## Small Cities Organized Risk Effort - Account #590

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 Fitch	Maturity Duration
91282CEN7	US Treasury Note 2.750% Due 04/30/2027	340,000.00	Various 3.26%	332,193.75 332,677.66	94.43 4.09%	321,047.72 3,912.77	2.84% (11,629.94)	Aaa / AA+ AAA	4.58 4.20
91282CEW7	US Treasury Note 3.250% Due 06/30/2027	175,000.00	08/03/2022 2.94%	177,460.94 177,381.24	96.43 4.08%	168,758.80 1,437.33	1.49% (8,622.44)	Aaa / AA+ AAA	4.75 4.31
91282CFH9	US Treasury Note 3.125% Due 08/31/2027	120,000.00	09/08/2022 3.36%	118,692.19 118,708.02	95.97 4.04%	115,162.56 321.13	1.01% (3,545.46)	Aaa / AA+ AAA	4.92 4.49
<b>TOTAL US Treasury</b>		<b>3,735,000.00</b>	<b>1.70%</b>	<b>3,716,488.50</b> <b>3,713,758.84</b>	<b>4.19%</b>	<b>3,447,004.15</b> <b>13,642.29</b>	<b>30.21%</b> <b>(266,754.69)</b>	<b>Aaa / AA+</b> <b>Aaa</b>	<b>3.27</b> <b>3.10</b>
<b>TOTAL PORTFOLIO</b>		<b>12,185,499.71</b>	<b>1.69%</b>	<b>12,236,307.10</b> <b>12,187,079.23</b>	<b>4.43%</b>	<b>11,412,153.64</b> <b>43,088.81</b>	<b>100.00%</b> <b>(774,925.59)</b>	<b>Aa1 / AA</b> <b>Aaa</b>	<b>2.73</b> <b>2.42</b>
<b>TOTAL MARKET VALUE PLUS ACCRUALS</b>						<b>11,455,242.45</b>			



## Section 4 | Transactions

# Transaction Ledger

As of September 30, 2022

## Small Cities Organized Risk Effort - Account #590

June 30, 2022 through September 30, 2022

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
<b>ACQUISITIONS</b>										
Purchase	07/01/2022	4581X0EE4	85,000.00	Inter-American Dev Bank Note 3.25% Due: 07/01/2024	99.990	3.26%	84,991.50	0.00	84,991.50	0.00
Purchase	07/20/2022	47800AAC4	50,000.00	John Deere Owner Trust 2022-B A3 3.74% Due: 02/16/2027	99.990	3.77%	49,995.23	0.00	49,995.23	0.00
Purchase	08/04/2022	91282CEW7	175,000.00	US Treasury Note 3.25% Due: 06/30/2027	101.406	2.94%	177,460.94	540.93	178,001.87	0.00
Purchase	08/11/2022	92348KAV5	45,000.00	Verizon Master Trust 2022-5 A1A 3.72% Due: 07/20/2027	99.996	3.75%	44,998.02	0.00	44,998.02	0.00
Purchase	08/24/2022	14913R3A3	95,000.00	Caterpillar Financial Service Note 3.6% Due: 08/12/2027	99.043	3.81%	94,090.85	114.00	94,204.85	0.00
Purchase	09/09/2022	91282CFH9	120,000.00	US Treasury Note 3.125% Due: 08/31/2027	98.910	3.36%	118,692.19	93.23	118,785.42	0.00
Purchase	09/09/2022	931142EX7	35,000.00	Wal-Mart Stores Callable Note Cont 09/09/2027 3.95% Due: 09/09/2027	99.784	4.00%	34,924.40	0.00	34,924.40	0.00
Purchase	09/09/2022	931142EX7	15,000.00	Wal-Mart Stores Callable Note Cont 09/09/2027 3.95% Due: 09/09/2027	99.978	3.95%	14,996.70	0.00	14,996.70	0.00
Purchase	09/28/2022	91282CEF4	200,000.00	US Treasury Note 2.5% Due: 03/31/2027	92.867	4.26%	185,734.38	2,472.68	188,207.06	0.00
<b>Subtotal</b>			<b>820,000.00</b>				<b>805,884.21</b>	<b>3,220.84</b>	<b>809,105.05</b>	<b>0.00</b>
<b>TOTAL ACQUISITIONS</b>			<b>820,000.00</b>				<b>805,884.21</b>	<b>3,220.84</b>	<b>809,105.05</b>	<b>0.00</b>
<b>DISPOSITIONS</b>										
Sale	07/19/2022	313383QR5	100,000.00	FHLB Note 3.25% Due: 06/09/2023	100.051	2.87%	100,051.00	361.11	100,412.11	-259.47
Sale	08/04/2022	3137EAEN5	200,000.00	FHLMC Note 2.75% Due: 06/19/2023	99.582	2.88%	199,164.00	687.50	199,851.50	-629.48

# Transaction Ledger

As of September 30, 2022

## Small Cities Organized Risk Effort - Account #590

June 30, 2022 through September 30, 2022

Transaction Type	Settlement Date	CUSIP	Quantity	Security Description	Price	Acq/Disp Yield	Amount	Interest Pur/Sold	Total Amount	Gain/Loss
Sale	08/24/2022	24422EUA5	150,000.00	John Deere Capital Corp Note 2.7% Due: 01/06/2023	99.899	3.20%	149,848.50	540.00	150,388.50	102.52
Sale	09/09/2022	931142EK5	100,000.00	Wal-Mart Stores Callable Note Cont 5/26/2023 3.4% Due: 06/26/2023	99.847	3.41%	99,847.00	689.44	100,536.44	-148.86
<b>Subtotal</b>			<b>550,000.00</b>				<b>548,910.50</b>	<b>2,278.05</b>	<b>551,188.55</b>	<b>-935.29</b>
Maturity	09/14/2022	4581X0CZ9	100,000.00	Inter-American Dev Bank Note 1.75% Due: 09/14/2022	100.000		100,000.00	0.00	100,000.00	0.00
<b>Subtotal</b>			<b>100,000.00</b>				<b>100,000.00</b>	<b>0.00</b>	<b>100,000.00</b>	<b>0.00</b>
<b>TOTAL DISPOSITIONS</b>			<b>650,000.00</b>				<b>648,910.50</b>	<b>2,278.05</b>	<b>651,188.55</b>	<b>-935.29</b>

# Important Disclosures

*As of September 30, 2022*

2022 Chandler Asset Management, Inc, An Independent Registered Investment Adviser.

Information contained herein is confidential. Prices are provided by ICE Data Services Inc ("IDS"), an independent pricing source. In the event IDS does not provide a price or if the price provided is not reflective of fair market value, Chandler will obtain pricing from an alternative approved third party pricing source in accordance with our written valuation policy and procedures. Our valuation procedures are also disclosed in Item 5 of our Form ADV Part 2A.

Performance results are presented gross-of-advisory fees and represent the client's Total Return. The deduction of advisory fees lowers performance results. These results include the reinvestment of dividends and other earnings. Past performance may not be indicative of future results. Therefore, clients should not assume that future performance of any specific investment or investment strategy will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Economic factors, market conditions or changes in investment strategies, contributions or withdrawals may materially alter the performance and results of your portfolio.

Index returns assume reinvestment of all distributions. Historical performance results for investment indexes generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. It is not possible to invest directly in an index.

Source ICE Data Indices, LLC ("ICE"), used with permission. ICE permits use of the ICE indices and related data on an "as is" basis; ICE, its affiliates and their respective third party suppliers disclaim any and all warranties and representations, express and/or implied, including any warranties of merchantability or fitness for a particular purpose or use, including the indices, index data and any data included in, related to, or derived therefrom. Neither ICE data, its affiliates or their respective third party providers guarantee the quality, adequacy, accuracy, timeliness or completeness of the indices or the index data or any component thereof, and the indices and index data and all components thereof are provided on an "as is" basis and licensee's use it at licensee's own risk. ICE data, its affiliates and their respective third party do not sponsor, endorse, or recommend chandler asset management, or any of its products or services.

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

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

Ratings information have been provided by Moody's, S&P and Fitch through data feeds we believe to be reliable as of the date of this statement, however we cannot guarantee its accuracy.

Security level ratings for U.S. Agency issued mortgage-backed securities ("MBS") reflect the issuer rating because the securities themselves are not rated. The issuing U.S. Agency guarantees the full and timely payment of both principal and interest and carries a AA+/Aaa/AAA by S&P, Moody's and Fitch respectively.

## ICE BofA 1-5 Yr US Treasury & Agency Index

*The ICE BofA 1-5 Year US Treasury & Agency Index tracks the performance of US dollar denominated US Treasury and nonsubordinated US agency debt issued in the US domestic market. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch). Qualifying securities must have at least one year remaining term to final maturity and less than five years remaining term to final maturity, at least 18 months to maturity at time of issuance, a fixed coupon schedule, and a minimum amount outstanding of \$1 billion for sovereigns and \$250 million for agencies.*

## ICE BofA 1-5 Yr AAA-A US Corp & Govt Index

*The ICE BofA US 1-5 Year AAA-A US Corporate & Government Index tracks the performance of US dollar denominated investment grade debt publicly issued in the US domestic market, including US Treasury, US agency, foreign government, supranational, and corporate securities. Qualifying securities must be issued from US issuers and be rated AAA through A3 (based on an average of Moody's, S&P and Fitch). In addition, qualifying securities must have at least one year remaining term to final maturity and less than five years remaining term to final maturity, at least 18 months to final maturity at point of issuance, a fixed coupon schedule, and a minimum amount outstanding of \$1 billion for US Treasuries and \$250 million for all other securities.*

## **SCORE INVESTMENT POLICY**

### **ACTION ITEM**

**ISSUE:** The Board annually reviews and approves any recommended changes to the Investment Policy, or they reaffirm the Policy with no changes. Attached is a red-line version of the Investment Policy with changes as suggested by Chandler Asset Management.

**RECOMMENDATION:** Review, discuss, and approve the recommended changes as presented or modified or provide direction.

**FISCAL IMPACT:** The financial impact cannot be determined at this time.

**BACKGROUND:** Each year, staff requests an Investment Policy review from the Investment Manager as well as the JPA Financial Accounting Services provider to determine if any changes should be made to the Investment Policy. *The Investment Policy must be reviewed and approved annually, even if there are no changes.*

### **ATTACHMENTS:**

1. Chandler Investment Management – Recommended Changes Memo Dated 10-13-20
2. SCORE Investment Policy – Redline Mark Up

September 19, 2021

Marcus Beverly, CPCU, AIC, ARM-P  
First Vice President  
Alliant Insurance Services, Inc.

Dear Marcus,

We have completed our annual review of Small Cities Organized Risk Effort (SCORE) investment policy for compliance with the statutes of California Government Code (Code) that govern the investment of public funds, as well as for inclusion of current best practices. SCORE's investment policy continues to be well-written and effective for the management of the Authority's funds. There were changes to California Government Code for 2021. Though none of the changes require SCORE to update its policy, we do recommend adoption of some modifications related to Code and best practices. Please find a brief summary of the changes below:

- **Clarifying Objectives:** SCORE's investment policy included diversification, prudence, and custody of the public trust as objectives. Most public agency investment policies include these components, but not as part of the Code-mandated objectives of safety, liquidity, and return. We recommend reordering this section to better reflect the Code-mandated objectives, and separating out the other components.
- **Prohibited Investment Vehicles and Practices:** SCORE's investment policy includes language that specifies investments and practices that are prohibited under Code or prohibited as a best practice. Included in these are securities such as inverse floaters, range notes, mortgage-derived interest-only strips, as well as various activities that are a best practice to avoid. It is worth noting that until recently Code prohibited local governments from purchasing securities that could result in a zero-interest rate accrual. Senate Bill 998 changed this in 2021. Pursuant to SB 998, local governments may now purchase securities that could result in a zero- or negative-accrual if held to maturity, but only if they are government-issued securities. This provision of the law sunsets on January 1, 2026. The intent of this change to the law is to give local governments an option for investing their funds should the Federal Reserve opt to pursue a negative interest rate policy (NIRP) as some nations have done. NIRP is a monetary policy designed to provide extraordinary stimulus to an economy in the face of severe, prolonged recessionary periods. The likelihood of the Federal Reserve opting to pursue NIRP is considered remote; SB 998, however, was written to allow California local governments to avoid being in violation of California law should NIRP be implemented, as the Authority would not have investment options with a positive accrual for the deposit or investment of its funds should the Federal Reserve implement NIRP. Without this change to the policy, the Authority's investment program would be out of compliance with its investment policy if NIRP were to become a reality.



Please do not hesitate to contact us with any questions you may have, or if further review is needed.

Sincerely,

Carlos Oblites  
Senior Portfolio Strategist  
Chandler Asset Management

**SMALL CITIES ORGANIZED RISK EFFORT  
JOINT POWERS AUTHORITY (SCORE)**

Reviewed October ~~2020~~ 2021

**INVESTMENT POLICY**

ADOPTED 10-23-20

**I. POLICY STATEMENT**

The Policy of the Small Cities Organized Risk Effort Joint Powers Authority (the "Authority") shall be to invest all funds under the Authority's control in a manner that complies with all laws of the State of California; all applicable Government Code Sections including but not limited to Government Code Section 53601, and the policies of the Authority.

**II. SCOPE OF POLICY**

This policy sets forth guidance for all funds and investment activities under the direction and control of the Authority.

**III. AUTHORITY**

The Board of Directors hereby delegates its authority to invest funds of the Authority for a one-year period to the Treasurer who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires. Subject to review, the Board of Directors may renew the delegation of authority each year. The authorized officer may delegate the day-to-day placement of investments to an investment advisor, via written agreement with the Authority. The investment advisor shall make all investment decisions and transactions in strict accordance with state law and this investment policy. The authorized officer shall establish a system of written internal controls to regulate the Authority's investment activities, including the activities of any subordinate officials acting on behalf of the Authority.

The delegated investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

**IV. OBJECTIVES**

- A. Safety: The primary objective of this policy is to protect, preserve, and maintain cash and investments of the Authority. Preservation of capital is the primary objective of the Authority. Every investment transaction shall strive to avoid capital losses arising from securities default and/or broker/dealer default.
- B. Liquidity: An adequate percentage of the portfolio will be maintained in liquid short-term securities which can be converted to cash as necessary to meet disbursement requirements. The liquidity requirements will be determined from time to time from projected cash flow reports. Investments will be made in securities with active secondary or resale markets. Securities with low market risk will be emphasized.
- C. Yield Return: Within the constraints of safety and liquidity, the highest and best yield will be sought. The maximization of return will not transcend the objective of capital preservation.
- ~~D. Market Average Rate of Return: The Authority's portfolio shall be structured to achieve a market-average rate of return through various economic cycles. The benchmark for "market-average rate" shall be the rate of return of a market-based index which has the same type of sector and~~

maturity requirements as the Authority's portfolio. This benchmark shall be determined by the Board.

## **V. DIVERSIFICATION**

~~E. — Diversification:~~ The portfolio will be diversified to avoid incurring unreasonable and avoidable risk regarding specific security types or individual financial institutions.

## **VI. PRUDENCE**

~~F. — Prudence:~~ Those persons authorized to make investment decisions on behalf of the Authority will be considered trustees and subject to the prudent investor standard that states, "...all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law." (California Government Code 53600.3)

## **VII. PUBLIC TRUST**

~~G. — Public Trust:~~ All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust. In a diversified portfolio, it must be recognized that occasional measured losses are inevitable and must be considered within the context of the overall investment return.

## **VIII. REPORTING**

The Authority's Treasurer shall submit a quarterly investment report to the Board of Directors that is in compliance with California Government Code Section 53607.

Additionally, the reports shall include the following information for each individual investment:

- Type of investment instrument (i.e., Treasury Bill, medium-term note)
- Issuer name
- Yield to maturity at cost
- Purchase date (trade and settlement date)
- Maturity date
- Purchase price
- Par value
- Coupon rate
- Credit rating of each security
- Amortized cost
- Current market value for securities with maturity greater than 12 months
- Overall portfolio yield based on cost
- List of investment transactions

## **VII. INVESTMENT INSTRUMENTS AND MATURITIES**

The Authority's investments are governed by California Government Code, Sections 53600 et seq. Within the investments permitted by the Code, the Authority seeks to further restrict eligible investments to the guidelines listed below. In the event a discrepancy is found between this policy and the Code, the more restrictive parameters will take precedence. Percentage holding limits listed in this section apply at the time the security is purchased.

Any investment currently held at the time the policy is adopted which does not meet the new policy guidelines can be held until maturity and shall be exempt from the current policy. At the time of the investment's maturity or liquidation, such funds shall be reinvested only as provided in the current policy.

An appropriate risk level shall be maintained by primarily purchasing securities that are of high quality, liquid, and marketable. The portfolio shall be diversified by security type and institution to avoid incurring unreasonable and avoidable risks regarding specific security types or individual issuers.

Any security type or structure not specifically approved by this policy is hereby specifically prohibited.

A. The following sections define in detail the parameters of each approved investment type.

1. U.S. Treasury and other government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest.

There are no limits on the dollar amount or percentage that the Authority may invest in U.S. Treasuries.

2. Federal agency or United States government-sponsored enterprise obligations (GSE), participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

There are no limits on the dollar amount or percentage that the Authority may invest in Federal Agency obligations or GSEs, provided that:

- No more than 25% of the portfolio may be invested in any single Agency/GSE issuer.
- The maximum maturity does not exceed five (5) years.
- The maximum percent of agency callable securities in the portfolio will be 20%.

3. Supranationals provided that they are unsubordinated obligations issued by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank. The securities must be rated in the rating category of "AA" or its equivalent or higher by a nationally recognized statistical rating organization. Purchases of Supranationals must not exceed 30% of the Authority's portfolio and no individual issuer shall exceed 10% of the Authority's portfolio. The maturity will not exceed 5 years.

4. Obligations issued by the State of California, any local agency within the state, which are rated in the rating category of "A" or its equivalent or higher by at least one Nationally Recognized Statistical Rating Organization (NRSRO). Purchases of Municipal securities may not exceed 5 years in maturity or 20% of the Authority's portfolio.

5. Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of

any of the other 49 states, in addition to California, which are rated in the rating category of "A" or its equivalent by at least one Nationally Recognized Statistical Rating Organization (NRSRO). Purchases of this category may not exceed 5 years in maturity or 20% of the Authority's portfolio.

6. Negotiable certificates of deposit or deposit notes with a remaining term to maturity of five years or less, issued by a nationally or state-chartered bank, a state or federal savings and loan association, a state or federal credit union, or by federally-licensed or state-licensed branch of a foreign bank. Any amount above the FDIC insured limit must be issued by institutions which have short-term debt obligations rated "A-1" or its equivalent or better by at least one NRSRO; or long-term obligations rated in a rating category of "A" or its equivalent or better by at least one NRSRO.

Purchases of negotiable certificates of deposit may not exceed 30% of the Authority's investment portfolio. No more than 5% may be invested in any one issuer.

7. Banker's Acceptances issued by domestic or foreign banks, which are eligible for purchase by the Federal Reserve System, the short-term paper of which is rated in the highest category by at least one NRSRO.

Purchases of Banker's Acceptances may not exceed 180 days maturity or 30% of the Authority's investment portfolio. No more than 5% of the Authority's investment portfolio may be invested in the Banker's Acceptances of any one commercial bank.

8. Commercial Paper provided that the securities are issued by an entity that meets all of the following conditions in either paragraph (a) or (b) and other requirements specified below:

- a. **Securities** issued by corporations:

- i. A corporation organized and operating in the United States with assets more than \$500 million.
- ii. The securities are rated "A-1" or its equivalent or better by at least one NRSRO.
- iii. If the issuer has other debt obligations, they must be rated in a rating category of "A" or its equivalent or better by at least one NRSRO.

- b. **Securities** issued by other entities:

- i. The issuer is organized within the United States as a special purpose corporation, trust, or limited liability company.
- ii. The securities must have program-wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond.
- iii. The securities are rated "A-1" or its equivalent or better by at least one NRSRO.

Purchases of eligible commercial paper may not exceed 270 days maturity and may not exceed 25% of the Authority's investment portfolio. No more than 5% may be invested in any one issuer. Purchases shall not exceed 10% of the outstanding paper of the issuing corporation.

9. Repurchase Agreements are subject to the following collateral restrictions: Only U.S. Treasury securities or Federal Agency securities, as described in VI. C. 1 and 2 will be acceptable collateral. All securities underlying repurchase agreements must be delivered to the Authority's custodian bank versus payment or be handled under a tri-party repurchase agreement. The Authority or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to repurchase agreement. The market value of securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities, and the value shall be reviewed on a regular basis and adjusted no less than weekly. Market value of underlying collateral must be reviewed regularly or each time there is a substitution of collateral.

The Authority may enter into repurchase agreements only with primary dealers in U.S. Government securities who are eligible to transact business with, and who report to, the Federal Reserve Bank of New York. The Authority will have specific written agreements with each firm with which it enters into repurchase agreements. Reverse repurchase agreements are not allowed.

Purchases or repurchase agreements may not exceed one year in maturity, and may not exceed 25% of the Authority's investment portfolio. No more than 5% may be invested in any one issuer.

10. Medium-term corporate notes defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less issued only by corporations organized and operating within the United States or by depository institutions licensed by the U.S. or any state and operating within the U.S. shall be permitted. Medium-term corporate notes shall be rated in a rating category of "A" or its equivalent or better by at least one NRSRO.

Purchases or medium-term corporate notes may not exceed five years in maturity or 30% of the Authority's investment portfolio. No more than 5% may be invested in any one issuer.

11. Local Agency Investment Fund (L.A.I.F.) - There are no limits on the dollar amount or percentage that the Authority may invest in LAIF, subject to statutory limits imposed by LAIF.

Credit criteria listed in this section refers to the credit of the issuing organization at the time the security is purchased.

12. Mutual Funds and Money market Mutual Fund that are registered with the Securities and Exchange Commission under the Investment Company Act of 1940 provided that:

- a. Mutual Funds that invest in the securities and obligations as authorized under California Government Code, Section 53601 (a) to (k) and (m) to (q) inclusive and that meet either of the following criteria in paragraphs (i) or (ii):
  - i. Attained the highest ranking or the highest letter and numerical rating provided by not less than two (2) NRSROs; or
  - ii. Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by California Government Code, Section 53601 and with assets under management in excess of \$500 million.
  - iii. No more than 10% of the total portfolio may be invested in shares of any one mutual fund.
- b. Money Market Mutual Funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 and issued by diversified management companies and meet either of the following criteria in paragraphs (i) or (ii):
  - i. Have attained the highest ranking or the highest letter and numerical rating provided by not less than two (2) NRSROs; or
  - ii. Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of \$500 million.
  - iii. No more than 20% of the investment portfolio may be held in Money Market Mutual Funds.

c. No more than 20% of the total portfolio may be invested in these securities

13. Asset-backed, Mortgage-backed, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations from issuers not defined in Sections 1 and 2 of the Investment Instruments and Maturities Section, provided that:

Such securities shall have a maximum legal final maturity that does not exceed five years; and shall be rated in a rating category of AA at least one NRSRO; and purchase of securities authorized by this subdivision may not exceed 20% of the portfolio.

B. **Prohibited Investments:** The following investments or investment practices are not permitted under this Statement of Investment Policy:

1. Purchase or sale of securities on margin
2. Reverse Repurchase Agreements, securities lending, or any other form of borrowing or leverage.
3. Financial Futures and financial options
4. In accordance with Government Code, Section 53601.6, investment in inverse floaters, range notes, or mortgage derived interest-only strips is prohibited.
5. Investment in any security that could result in a zero interest accrual if held to maturity is prohibited. Under a provision sunseting on January 1, 2026, securities backed by the U.S. Government that could result in a zero- or negative-interest accrual if held to maturity are permitted
6. Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited.
7. No investments are allowed in financial instruments of SCORE cities.

## **VIII. INTERNAL CONTROLS**

The system of internal control shall be established and maintained in written form, in a separate document. The controls are designed to prevent losses of public funds arising from fraud, error, misrepresentations of third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of the Authority. The most important controls are: control of collusion; separation of duties; separation of transaction authority from accounting and bookkeeping; custodial safekeeping; delegation of authority; limitations regarding securities losses and remedial action; written confirmation of telephone transactions; minimizing the number of authorized investment officials; documentation of transactions and strategies; and annual review of controls by the Treasurer.

## **VIII.1. TRANSFER OF FUNDS**

The Treasurer shall have authority to transfer to and from the investment accounts in the ordinary course of operations and shall notify the President prior to any transfer of funds in excess of \$1,000,000.

## **IX. BANKS AND SECURITIES DEALERS**

In selecting financial institutions for the deposit or investment of Authority funds, the Treasurer shall consider the credit worthiness of institutions. To be eligible to receive local agency deposits, the financial institution must have received a minimum overall satisfactory rating for meeting the credit needs of California Communities in its most recent evaluation. The Treasurer shall continue to monitor their credit characteristics and financial history throughout the period in which Authority funds are deposited or invested. A commercial rating or bank watch may be used to accomplish this objective.

## **X. INVESTMENT RISKS**

### **Mitigating Credit Risk in the Portfolio**

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Authority shall mitigate credit risk by adopting the following strategies:

1. The diversification requirements included in Section VI are designed to mitigate credit risk in the portfolio;
2. No more than 5% of the total portfolio may be invested in securities of any single issuer, unless otherwise specified;
3. The Authority may elect to sell a security prior to its maturity and record a capital gain or loss in order to improve the quality, liquidity or yield of the portfolio in response to market conditions or the Authority's risk preferences; and
4. If securities owned by the Authority are downgraded below the quality required by this Investment Policy, it shall be the Authority's policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio.
  - a. If a security is downgraded two grades below the level required by the Authority, the security shall be sold immediately
  - b. If a security is downgraded one grade below the level required by this policy, making the security ineligible for additional purchases, the following steps will be taken:
    - Any actions taken related to the downgrade by the investment manager will be communicated to the Treasurer in a timely manner
    - If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored and reported monthly to the Authority's Board.

#### **Mitigating Market Risk in the Portfolio**

Market risk is the risk that the portfolio will decline in value (or will not optimize its value) due to changes in the general level of interest rates. The Authority recognizes that, over time, longer-term portfolios achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. The Authority shall mitigate market risk by providing adequate liquidity for short-term cash needs, and by making some longer-term investments only with funds that are not needed for current cash flow purposes. The authority further recognizes that certain types of securities, including variable rate securities, securities with principal pay downs prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments. The Authority, therefore, adopts the following strategies to control and mitigate its exposure to market risk:

1. The maximum stated final maturity of individual securities in the portfolio shall be five years, except as otherwise stated in this policy (term unless expressly authorized by the Board of Directors and within the prescribed time frame for the approval—Government Code §53601);
2. The Authority shall maintain a minimum of three months of budgeted operating expenditures in short term investments; and
3. The duration of the portfolio typically will be equal to the duration of an index of US Treasury and Federal Agency Securities with maturities which meet the Authority's needs for cash flow and level of risk tolerance (the Benchmark Index) plus or minus 10%.

#### **XIV. DELIVERY, SAFEKEEPING AND CUSTODY**

All investment transactions shall be conducted on a delivery-versus-payment basis.

Securities purchased from broker/dealers will be held in a third-party custodian/safekeeping account in the Authority's name except the collateral for time deposits in banks and savings and loans institutions. Collateral for time deposits of thrifts is held by the Federal Home Loan Bank or an approved Agent of

Depository. Collateral for time deposits in banks shall be handled as required by the California Government Code.

## **~~XIII~~XV. REVIEW OF INVESTMENT POLICY**

The Board of Directors will review the objectives and the performance of the portfolio and changes to the Investment Policy on an annual basis.

## **~~XIII~~XVI. ETHICS AND CONFLICT OF INTEREST**

Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions. Employees and investment officials shall disclose to the President any material interests in financial institutions with which they conduct business, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking any personal investment transactions with the same individual with whom business is conducted on behalf of the Agency.

### **Appendix A: Glossary**

**AGENCIES.** Shorthand market terminology for any obligation issued by a *government-sponsored entity (GSE)*, or a *federally related institution*. Most obligations of GSEs are not guaranteed by the full faith and credit of the US government. Examples are:

**FFCB.** The Federal Farm Credit Bank System provides credit and liquidity in the agricultural industry. FFCB issues discount notes and bonds.

**FHLB.** The Federal Home Loan Bank provides credit and liquidity in the housing market. FHLB issues discount notes and bonds.

**FHLMC.** Like FHLB, the Federal Home Loan Mortgage Corporation provides credit and liquidity in the housing market. FHLMC, also called “FreddieMac” issues discount notes, bonds and mortgage pass-through securities.

**FNMA.** Like FHLB and FreddieMac, the Federal National Mortgage Association was established to provide credit and liquidity in the housing market. FNMA, also known as “FannieMae,” issues discount notes, bonds and mortgage pass-through securities.

**GNMA.** The Government National Mortgage Association, known as “GinnieMae,” issues mortgage pass-through securities, which are guaranteed by the full faith and credit of the US Government.

**PEFCO.** The Private Export Funding Corporation assists exporters. Obligations of PEFCO are not guaranteed by the full faith and credit of the US government.

**TVA.** The Tennessee Valley Authority provides flood control and power and promotes development in portions of the Tennessee, Ohio, and Mississippi River valleys. TVA currently issues discount notes and bonds.

**ASSET BACKED SECURITIES.** Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

**AVERAGE LIFE.** In mortgage-related investments, including CMOs, the average time to expected receipt of principal payments, weighted by the amount of principal expected.

**BANKER’S ACCEPTANCE.** A money market instrument created to facilitate international trade transactions. It is highly liquid and safe because the risk of the trade transaction is transferred to the bank which “accepts” the

obligation to pay the investor.

**BENCHMARK.** A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

**BROKER.** A broker brings buyers and sellers together for a transaction for which the broker receives a commission. A broker does not sell securities from his own position.

**CALLABLE.** A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of a call is a decline in interest rates. If interest rates decline, the issuer will likely call its current securities and reissue them at a lower rate of interest.

**CERTIFICATE OF DEPOSIT (CD).** A time deposit with a specific maturity evidenced by a certificate.

**CERTIFICATE OF DEPOSIT ACCOUNT REGISTRY SYSTEM (CDARS).** A private placement service that allows local agencies to purchase more than \$250,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS is currently the only entity providing this service. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than \$250,000 each, so that FDIC coverage is maintained.

**COLLATERAL.** Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public monies.

**COLLATERALIZED BANK DEPOSIT.** A bank deposit that is collateralized at least 100% (principal plus interest to maturity). The deposit is collateralized using assets set aside by the issuer such as Treasury securities or other qualified collateral to secure the deposit in excess of the limit covered by the Federal Deposit Insurance Corporation.

**COLLATERALIZED MORTGAGE OBLIGATIONS (CMO).** Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

**COLLATERALIZED TIME DEPOSIT.** Time deposits that are collateralized at least 100% (principal plus interest to maturity). These instruments are collateralized using assets set aside by the issuer such as Treasury securities or other qualified collateral to secure the deposit in excess of the limit covered by the Federal Deposit Insurance Corporation.

**COMMERCIAL PAPER.** The short-term unsecured debt of corporations.

**COUPON.** The rate of return at which interest is paid on a bond.

**CREDIT RISK.** The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.

**DEALER.** A dealer acts as a principal in security transactions, selling securities from and buying securities for his own position.

**DEBENTURE.** A bond secured only by the general credit of the issuer.

**DELIVERY VS. PAYMENT (DVP).** A securities industry procedure whereby payment for a security must be made at the time the security is delivered to the purchaser's agent.

**DERIVATIVE.** Any security that has principal and/or interest payments which are subject to uncertainty (but not for reasons of default or credit risk) as to timing and/or amount, or any security which represents a component of another security which has been separated from other components ("Stripped" coupons and principal). A derivative is also defined as a financial instrument the value of which is totally or partially derived from the

value of another instrument, interest rate, or index.

**DISCOUNT.** The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker's acceptances, are known as discount securities. They sell at a discount from par and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

**DIVERSIFICATION.** Dividing investment funds among a variety of investments to avoid excessive exposure to any one source of risk.

**DURATION.** The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a security to changes interest rates.

**FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC).** The Federal Deposit Insurance Corporation (FDIC) is an independent federal agency insuring deposits in U.S. banks and thrifts in the event of bank failures. The FDIC was created in 1933 to maintain public confidence and encourage stability in the financial system through the promotion of sound banking practices.

**FEDERALLY INSURED TIME DEPOSIT.** A time deposit is an interest-bearing bank deposit account that has a specified date of maturity, such as a certificate of deposit (CD). These deposits are limited to funds insured in accordance with FDIC insurance deposit limits.

**LEVERAGE.** Borrowing funds in order to invest in securities that have the potential to pay earnings at a rate higher than the cost of borrowing.

**LIQUIDITY.** The speed and ease with which an asset can be converted to cash.

**LOCAL AGENCY INVESTMENT FUND (LAIF).** A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office.

**LOCAL GOVERNMENT INVESTMENT POOL.** Investment pools that range from the State Treasurer's Office Local Agency Investment Fund (LAIF) to county pools, to Joint Powers Authorities (JPAs). These funds are not subject to the same SEC rules applicable to money market mutual funds.

**MAKE WHOLE CALL.** A type of call provision on a bond that allows the issuer to pay off the remaining debt early. Unlike a call option, with a make whole call provision, the issuer makes a lump sum payment that equals the net present value (NPV) of future coupon payments that will not be paid because of the call. With this type of call, an investor is compensated, or "made whole."

**MARGIN.** The difference between the market value of a security and the loan a broker makes using that security as collateral.

**MARKET RISK.** The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates.

**MARKET VALUE.** The price at which a security can be traded.

**MATURITY.** The final date upon which the principal of a security becomes due and payable.

**MEDIUM TERM NOTES.** Unsecured, investment-grade senior debt securities of major corporations which are sold in relatively small amounts on either a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

**MODIFIED DURATION.** The percent change in price for a 100-basis point change in yields. Modified duration is the best

single measure of a portfolio's or security's exposure to market risk.

**MONEY MARKET.** The market in which short-term debt instruments (T-bills, discount notes, commercial paper, and banker's acceptances) are issued and traded.

**MONEY MARKET MUTUAL FUND.** A mutual fund that invests exclusively in short-term securities. Examples of investments in money market funds are certificates of deposit and U.S. Treasury securities. Money market funds attempt to keep their net asset values at \$1 per share.

**MORTGAGE PASS-THROUGH SECURITIES.** A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

**MUNICIPAL SECURITIES.** Securities issued by state and local agencies to finance capital and operating expenses.

**MUTUAL FUND.** An entity which pools the funds of investors and invests those funds in a set of securities which is specifically defined in the fund's prospectus. Mutual funds can be invested in various types of domestic and/or international stocks, bonds, and money market instruments, as set forth in the individual fund's prospectus. For most large, institutional investors, the costs associated with investing in mutual funds are higher than the investor can obtain through an individually managed portfolio.

**NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO).**

A credit rating agency that the Securities and Exchange Commission in the United States uses for regulatory purposes. Credit rating agencies provide assessments of an investment's risk. The issuers of investments, especially debt securities, pay credit rating agencies to provide them with ratings. The three most prominent NRSROs are Fitch, S&P, and Moody's.

**NEGOTIABLE CERTIFICATE OF DEPOSIT (CD).** A short-term debt instrument that pays interest and is issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of a foreign bank. Negotiable CDs are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor).

**PRIMARY DEALER.** A financial institution (1) that is a trading counterparty with the Federal Reserve in its execution of market operations to carry out U.S. monetary policy, and (2) that participates for statistical reporting purposes in compiling data on activity in the U.S. Government securities market.

**PRUDENT PERSON (PRUDENT INVESTOR) RULE.** A standard of responsibility which applies to fiduciaries. In California, the rule is stated as "Investments shall be managed with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of like character and with like aims to accomplish similar purposes."

**REPURCHASE AGREEMENT.** Short-term purchases of securities with a simultaneous agreement to sell the securities back at a higher price. From the seller's point of view, the same transaction is a reverse repurchase agreement.

**SAFEKEEPING.** A service to bank customers whereby securities are held by the bank in the customer's name.

**SECURITIES AND EXCHANGE COMMISSION (SEC).** The U.S. Securities and Exchange Commission (SEC) is an independent federal government agency responsible for protecting investors, maintaining fair and orderly functioning of securities markets and facilitating capital formation. It was created by Congress in 1934 as the first federal regulator of securities markets. The SEC promotes full public disclosure, protects investors against fraudulent and manipulative practices in the market, and monitors corporate takeover actions in the United States.

**SECURITIES AND EXCHANGE COMMISSION (SEC) RULE 15c3-1.** An SEC rule setting capital requirements for brokers and dealers. Under Rule 15c3-1, a broker or dealer must have sufficient liquidity in order to cover the most pressing obligations. This is defined as having a certain amount of liquidity as a percentage of the broker/dealer's total obligations. If the percentage falls below a certain point, the broker or dealer may not be allowed to take on new clients and may have restrictions placed on dealings with current client.

**STRUCTURED NOTE.** A complex, fixed income instrument, which pays interest, based on a formula tied to other interest rates, commodities or indices. Examples include inverse floating rate notes which have coupons that increase when other interest rates are falling, and which fall when other interest rates are rising, and "dual index floaters," which pay interest based on the relationship between two other interest rates - for example, the yield on the ten-year Treasury note minus the Libor rate. Issuers of such notes lock in a reduced cost of borrowing by purchasing interest rate swap agreements.

**SUPRANATIONAL.** A Supranational is a multi-national organization whereby member states transcend national boundaries or interests to share in the decision making to promote economic development in the member countries.

**TOTAL RATE OF RETURN.** A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains, and losses in the portfolio.

**U.S. TREASURY OBLIGATIONS.** Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk and are the benchmark for interest rates on all other securities in the US and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

**TREASURY BILLS.** All securities issued with initial maturities of one year or less are issued as discounted instruments and are called Treasury bills. The Treasury currently issues three- and six-month T-bills at regular weekly auctions. It also issues "cash management" bills as needed to smooth out cash flows.

**TREASURY NOTES.** All securities issued with initial maturities of two to ten years are called Treasury notes and pay interest semi-annually.

**TREASURY BONDS.** All securities issued with initial maturities greater than ten years are called Treasury bonds. Like Treasury notes, they pay interest semi-annually.

**YIELD TO MATURITY.** The annualized internal rate of return on an investment which equates the expected cash flows from the investment to its cost.

## **WILDFIRE RISK MITIGATION**

### **INFORMATION ITEM**

**ISSUE:** SCORE Members previously received Wildfire Risk Scores for most of their property locations. The scores provide a relative risk to wildfire based on a variety of factors, including distance to wildland areas and previous burn areas. The scores change on a regular basis, and a spot check of locations revealed changes in the scores since the initial reports.

Members are provided the initial summary analysis of their properties for reference and copies of sample pdf reports with scores that have changed since last year. New scores will be provided as part of the property renewal process for FY 23/24.

The Program Administrators also want to share the following resources:

Community Wildfire Risk and Hazard Assessment Tool: an interactive tool provided by Sonoma County to assess and provide advice to mitigate wildfire risks in a community.

Wildfire Risk Assessments: available through one of three service providers the pool administrators have identified and included in the Resource Guide. These assessments and recommendations can be specific to a location or more general in identifying and addressing the overall risk to an area.

**RECOMMENDATION:** Review and provide feedback and /or direction for additional wildfire risk management resources. Consider an assessment of key structures and/or community mitigation plans.

**FISCAL IMPACT:** None from this item.

**BACKGROUND:** Wildfire risk remains a major concern for members and a significant driver of property insurance premiums for SCORE members and their communities. The Fawn fire near Shasta Lake, the Lava fire near Weed and Mt. Shasta, and more recently the Mills fire that went through Weed and killed two people are all reminders of the Boles fire that was started by an arsonist and went through Weed in 2014, causing covered property damage but no fatalities.

### **ATTACHMENTS:**

1. Wildfire Risk Scores – Summaries and Reports
2. Sonoma County Wildfire Risk Assessment ToolH.1.3.
3. Sample Best Practices for Wildfire & Urban Forest Management

City	GeoStreet	GeoAccur acy	PWF_Risk Score	PWF_Risk Descriptio n	PWF_Bru shfireRisk Level	PWF_Bru shfireNea restHighR iskLevel	PWF_Bru shfireNea restVeryH ighRiskLe vel	PWF_Pre burnScor e	PWF_Bru shfirePre burnRisk Descriptio n	PWF_Pre burnDista nceHighRi skLevel	PWF_Pre burnDista nceVeryH ighRiskLe vel	PWF_Fire breakLan dUseDens ityClass
Dunsmuir	6100 MOTT AIRPORT RD	Fair	95	High	3	0	12844	N/A	N/A	N/A	N/A	Wildland
Shasta Lake	17199 FLANAGAN RD	Excellent	95	High	3	0	965	N/A	N/A	N/A	N/A	Wildland
Colfax	23550 GRAND VIEW WAY	Excellent	90	Moderate	2	487	240	N/A	N/A	N/A	N/A	Wildland
Shasta Lake	16349 LAKE BLVD	Fair	89	High	3	0	426	N/A	N/A	N/A	N/A	Low Densi
Dunsmuir	1100 S 1ST ST	Fair	84	High	3	0	17550	N/A	N/A	N/A	N/A	Medium D
Dunsmuir	4131 SACRAMENTO AVE	Fair	82	Low	1	9	13761	N/A	N/A	N/A	N/A	High Dens
Portola	501 S GULLING ST	Excellent	82	High	3	0	2321	N/A	N/A	N/A	N/A	High Dens
Colfax	250 RISING SUN RD	Good	80	High	3	0	1854	N/A	N/A	N/A	N/A	High Dens
Susanville	470 CIRCLE DR	Fair	80	High	3	0	990	N/A	N/A	N/A	N/A	Medium D
Portola	441 S GULLING ST	Good	78	Urban	1	93	2160	N/A	N/A	N/A	N/A	High Dens
Colfax	101 PARKHILL DR	Excellent	76	Urban	1	53	1829	N/A	N/A	N/A	N/A	High Dens
Colfax	139 S NORTHSTAR AVE	Good	76	Urban	1	119	1556	N/A	N/A	N/A	N/A	High Dens
Weed	101 SULLIVAN AVE	Good	75	Moderate	2	129	23184	N/A	N/A	N/A	N/A	High Dens
Portola	35 3RD AVE	Excellent	73	Urban	1	235	1993	N/A	N/A	N/A	N/A	High Dens
Weed	150 ALAMO AVE	Excellent	71	Urban	1	192	22071	N/A	N/A	N/A	N/A	High Dens
Weed	1542 ALAMEDA AVE	Good	69	Moderate	2	328	20131	N/A	N/A	N/A	N/A	High Dens
Weed	750 SHASTINA DR	Excellent	69	Moderate	2	491	25596	N/A	N/A	N/A	N/A	Medium D
Dunsmuir	4841 DUNSMUIR AVE	Good	67	Moderate	2	265	16192	N/A	N/A	N/A	N/A	High Dens
Shasta Lake	17760 SHASTA DAM BLVD	Excellent	67	Moderate	2	500	2110	N/A	N/A	N/A	N/A	Medium D
Portola	200 JOY WAY	Excellent	65	Moderate	2	254	779	N/A	N/A	N/A	N/A	High Dens
Dunsmuir	4835 DUNSMUIR AVE	Good	63	Urban	1	283	16254	N/A	N/A	N/A	N/A	High Dens
Dunsmuir	5714 DUNSMUIR AVE	Good	63	Urban	1	295	12802	N/A	N/A	N/A	N/A	High Dens
Dunsmuir	5902 DUNSMUIR AVE	Good	63	Urban	1	409	12861	N/A	N/A	N/A	N/A	High Dens
Shasta Lake	3100 ASHBY RD	Excellent	63	Urban	1	522	3274	N/A	N/A	N/A	N/A	Low Densi
Weed	303 GILMAN AVE	Excellent	63	Urban	1	278	22883	N/A	N/A	N/A	N/A	High Dens
Colfax	10 CULVER ST	Excellent	61	Urban	1	418	2558	N/A	N/A	N/A	N/A	High Dens
Portola	120 MAIN ST	Excellent	61	Urban	1	452	1391	N/A	N/A	N/A	N/A	Urban
Portola	424 W SIERRA AVE	Good	61	Urban	1	358	357	N/A	N/A	N/A	N/A	High Dens
Weed	550 MAIN ST	Excellent	61	Urban	1	337	22318	N/A	N/A	N/A	N/A	High Dens
Yreka	475 GREENHORN RD	Good	60	Moderate	2	1382	3516	N/A	N/A	N/A	N/A	Wildland

GeoStreet	PWF_Fire breakLand UseDensityLevel	PWF_Fireb reakDistanceWildland Feet	PWF_Avg DaysHigh Wind	PWF_Rec entlyBurn ed	PWF_Nu mPastFire s
6100 MOTT AIRPORT RD	9	0	1	No	4
17199 FLANAGAN RD	9	0	1	No	14
23550 GRAND VIEW WAY	9	0	2	No	6
16349 LAKE BLVD	4	240	1	No	11
1100 S 1ST ST	3	366	0	No	5
4131 SACRAMENTO AVE	2	387	1	No	6
501 S GULLING ST	2	1478	2	No	1
250 RISING SUN RD	2	4347	4	No	6
470 CIRCLE DR	3	3392	3	No	6
441 S GULLING ST	2	1775	2	No	1
101 PARKHILL DR	2	4160	4	No	6
139 S NORTHSTAR AVE	2	2067	3	No	6
101 SULLIVAN AVE	2	2016	21	No	6
35 3RD AVE	2	1703	2	No	1
150 ALAMO AVE	2	2476	24	No	7
1542 ALAMEDA AVE	2	470	26	No	8
750 SHASTINA DR	3	415	18	No	6
4841 DUNSMUIR AVE	2	1016	0	No	6
17760 SHASTA DAM BLVD	3	1426	1	No	15
200 JOY WAY	2	3347	2	No	1
4835 DUNSMUIR AVE	2	1016	0	No	6
5714 DUNSMUIR AVE	2	1358	1	No	6
5902 DUNSMUIR AVE	2	1808	1	No	6
3100 ASHBY RD	4	1212	3	No	13
303 GILMAN AVE	2	1616	22	No	7
10 CULVER ST	2	3550	4	No	6
120 MAIN ST	6	2276	2	No	1
424 W SIERRA AVE	2	2117	2	No	1
550 MAIN ST	2	2254	24	No	7
475 GREENHORN RD	9	0	1	No	12

GeoStreet	PWF_PastFireOverview
6100 MOTT AIRPORT RD	{"DistanceToBurn":6217,"NameOfBurn":"MOTT","SizeOfBurn":8,"YearOfBurn":2008},{ "DistanceToBurn":10538,"NameOfBurn":"SODA","Siz
17199 FLANAGAN RD	{"DistanceToBurn":8799,"NameOfBurn":"SHU LIGHTNING COMPLEX (MOTION)","SizeOfBurn":29346,"YearOfBurn":2008},{ "DistanceToBurn"
23550 GRAND VIEW WAY	{"DistanceToBurn":7362,"NameOfBurn":"STEVENS","SizeOfBurn":934,"YearOfBurn":2004},{ "DistanceToBurn":10104,"NameOfBurn":"ROBB
16349 LAKE BLVD	{"DistanceToBurn":5885,"NameOfBurn":"Lake","SizeOfBurn":119,"YearOfBurn":2004},{ "DistanceToBurn":7070,"NameOfBurn":"SHU LIGHTN
1100 S 1ST ST	{"DistanceToBurn":14238,"NameOfBurn":"BRADLEY","SizeOfBurn":130,"YearOfBurn":2017},{ "DistanceToBurn":14635,"NameOfBurn":"GIRA
4131 SACRAMENTO AVE	{"DistanceToBurn":3894,"NameOfBurn":"BRADLEY","SizeOfBurn":130,"YearOfBurn":2017},{ "DistanceToBurn":14527,"NameOfBurn":"SODA
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250 RISING SUN RD	{"DistanceToBurn":6076,"NameOfBurn":"STEVENS","SizeOfBurn":934,"YearOfBurn":2004},{ "DistanceToBurn":8690,"NameOfBurn":"SHOOT
470 CIRCLE DR	{"DistanceToBurn":4199,"NameOfBurn":"BIG PINE","SizeOfBurn":482,"YearOfBurn":2007},{ "DistanceToBurn":7513,"NameOfBurn":"CREEK"
441 S GULLING ST	{"DistanceToBurn":24179,"NameOfBurn":"Clifton","SizeOfBurn":77,"YearOfBurn":2007}
101 PARKHILL DR	{"DistanceToBurn":5725,"NameOfBurn":"STEVENS","SizeOfBurn":934,"YearOfBurn":2004},{ "DistanceToBurn":7959,"NameOfBurn":"SHOOT
139 S NORTHSTAR AVE	{"DistanceToBurn":3940,"NameOfBurn":"STEVENS","SizeOfBurn":934,"YearOfBurn":2004},{ "DistanceToBurn":7798,"NameOfBurn":"SHOOT
101 SULLIVAN AVE	{"DistanceToBurn":1072,"NameOfBurn":"Boles","SizeOfBurn":521,"YearOfBurn":2014},{ "DistanceToBurn":5862,"NameOfBurn":"WEED","Si
35 3RD AVE	{"DistanceToBurn":24288,"NameOfBurn":"Clifton","SizeOfBurn":77,"YearOfBurn":2007}
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750 SHASTINA DR	{"DistanceToBurn":1535,"NameOfBurn":"Boles","SizeOfBurn":521,"YearOfBurn":2014},{ "DistanceToBurn":5662,"NameOfBurn":"WEED","Si
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17760 SHASTA DAM BLVD	{"DistanceToBurn":6148,"NameOfBurn":"Shasta","SizeOfBurn":146,"YearOfBurn":2006},{ "DistanceToBurn":12214,"NameOfBurn":"SHU LIG
200 JOY WAY	{"DistanceToBurn":20561,"NameOfBurn":"Clifton","SizeOfBurn":77,"YearOfBurn":2007}
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3100 ASHBY RD	{"DistanceToBurn":12834,"NameOfBurn":"CARR","SizeOfBurn":229651,"YearOfBurn":2018},{ "DistanceToBurn":13188,"NameOfBurn":"Shas
303 GILMAN AVE	{"DistanceToBurn":200,"NameOfBurn":"Boles","SizeOfBurn":521,"YearOfBurn":2014},{ "DistanceToBurn":4543,"NameOfBurn":"WEED","Siz
10 CULVER ST	{"DistanceToBurn":5249,"NameOfBurn":"STEVENS","SizeOfBurn":934,"YearOfBurn":2004},{ "DistanceToBurn":8015,"NameOfBurn":"SHOOT
120 MAIN ST	{"DistanceToBurn":24573,"NameOfBurn":"Clifton","SizeOfBurn":77,"YearOfBurn":2007}
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475 GREENHORN RD	{"DistanceToBurn":7765,"NameOfBurn":"Eastman","SizeOfBurn":2,"YearOfBurn":2010},{ "DistanceToBurn":16489,"NameOfBurn":"BRAZIE",

GeoStreet	PWF_Error				
6100 MOTT AIRPORT RD	SizeOfBurn":14,"YearOfBurn":2007}				
17199 FLANAGAN RD	":14668,"NameOfBurn":"Keswick","SizeOfBurn":34,"YearOfBurn":2006},{ "DistanceToBurn":14963,"NameOfBurn":"Shasta","SizeOf				
23550 GRAND VIEW WAY	"Applegate","SizeOfBurn":680,"YearOfBurn":2014},{ "DistanceToBurn":22742,"NameOfBurn":"PINES","SizeOfBurn":39,"YearOfBurn				
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4131 SACRAMENTO AVE	SizeOfBurn":6,"YearOfBurn":2013},{ "DistanceToBurn":23907,"NameOfBurn":"Popcorn","SizeOfBurn":214,"YearOfBurn":2014}				
501 S GULLING ST					
250 RISING SUN RD	ROLLINS","SizeOfBurn":43,"YearOfBurn":2006},{ "DistanceToBurn":24068,"NameOfBurn":"Applegate","SizeOfBurn":680,"YearOfBur				
470 CIRCLE DR	ANE","SizeOfBurn":221,"YearOfBurn":2003},{ "DistanceToBurn":16909,"NameOfBurn":"CHENEY","SizeOfBurn":231,"YearOfBurn":20				
441 S GULLING ST					
101 PARKHILL DR	ROLLINS","SizeOfBurn":43,"YearOfBurn":2006},{ "DistanceToBurn":24895,"NameOfBurn":"Applegate","SizeOfBurn":680,"YearOfBur				
139 S NORTHSTAR AVE	ROLLINS","SizeOfBurn":43,"YearOfBurn":2006},{ "DistanceToBurn":24232,"NameOfBurn":"Applegate","SizeOfBurn":680,"YearOfBur				
101 SULLIVAN AVE	SizeOfBurn":120,"YearOfBurn":2004},{ "DistanceToBurn":19934,"NameOfBurn":"HOY","SizeOfBurn":1376,"YearOfBurn":2006}				
35 3RD AVE					
150 ALAMO AVE	":1376,"YearOfBurn":2006},{ "DistanceToBurn":24937,"NameOfBurn":"HOTLUM","SizeOfBurn":3171,"YearOfBurn":2006}				
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750 SHASTINA DR	SizeOfBurn":120,"YearOfBurn":2004},{ "DistanceToBurn":22345,"NameOfBurn":"HOY","SizeOfBurn":1376,"YearOfBurn":2006}				
4841 DUNSMUIR AVE	SizeOfBurn":214,"YearOfBurn":2014},{ "DistanceToBurn":24826,"NameOfBurn":"GIRARD","SizeOfBurn":6,"YearOfBurn":2013}				
17760 SHASTA DAM BLVD	222,"NameOfBurn":"CARR","SizeOfBurn":229651,"YearOfBurn":2018},{ "DistanceToBurn":23356,"NameOfBurn":"Iron 8","SizeOfBu				
200 JOY WAY					
4835 DUNSMUIR AVE	SizeOfBurn":214,"YearOfBurn":2014},{ "DistanceToBurn":24927,"NameOfBurn":"GIRARD","SizeOfBurn":6,"YearOfBurn":2013}				
5714 DUNSMUIR AVE	SizeOfBurn":8,"YearOfBurn":2008},{ "DistanceToBurn":22798,"NameOfBurn":"Popcorn","SizeOfBurn":214,"YearOfBurn":2014}				
5902 DUNSMUIR AVE	SizeOfBurn":8,"YearOfBurn":2008},{ "DistanceToBurn":22135,"NameOfBurn":"Popcorn","SizeOfBurn":214,"YearOfBurn":2014}				
3100 ASHBY RD	k","SizeOfBurn":34,"YearOfBurn":2006},{ "DistanceToBurn":20721,"NameOfBurn":"SHU LIGHTNING COMPLEX (MOTION)","SizeOfB				
303 GILMAN AVE	":1376,"YearOfBurn":2006},{ "DistanceToBurn":24947,"NameOfBurn":"HOTLUM","SizeOfBurn":3171,"YearOfBurn":2006}				
10 CULVER ST	ROLLINS","SizeOfBurn":43,"YearOfBurn":2006},{ "DistanceToBurn":24468,"NameOfBurn":"Applegate","SizeOfBurn":680,"YearOfBur				
120 MAIN ST					
424 W SIERRA AVE					
550 MAIN ST	":1376,"YearOfBurn":2006},{ "DistanceToBurn":24681,"NameOfBurn":"HOTLUM","SizeOfBurn":3171,"YearOfBurn":2006}				
475 GREENHORN RD	eOfBurn":282,"YearOfBurn":2008},{ "DistanceToBurn":25196,"NameOfBurn":"Hawkinsville","SizeOfBurn":120,"YearOfBurn":2011}				

# Appendix A:

## COMMUNITY WILDFIRE RISK AND HAZARD ASSESSMENT

**This Form Prepared for:**

### **How to Use This Community Wildfire Risk and Hazard Assessment Tool**

These questions are designed to help you understand and assign risk ratings in your community. The ratings sum up the many factors that affect how a hazardous fire might behave in your local Wildland-Urban Interface (WUI).

Your working group will assess a variety of risk factors, including:

- Road infrastructure and access—Can residents and firefighters get in and out during an emergency?
- Construction materials—Are buildings designed or modified to resist ember ignition?
- Defensible space—Do buildings have a 100 foot defensible space radius?
- How available are local fire suppression resources, and what are their capabilities?
- How will local land conditions such as fuel types, fuel loading, and slope impact potential wildfire behavior and severity?

This interactive template will help you examine and rate the risks of each of these factors. After all the questions are answered, results will be automatically tabulated and your calculated hazard ratings will appear on the last page.

In Appendix B, you will identify more specifically where and to what extent risks exist, and present maps that show them. After that, your community, in collaboration with local fire agencies and other stakeholders, can come up with the strategies and projects that can help you to become better adapted to wildfire.

It may seem difficult to know which option to choose. For example, your community may have a wide variety of roads. To use this assessment tool effectively, you should provide a very basic answer to each question. For instance, ask yourself: “Do any of our secondary roads present risks to people trying to evacuate during a wildfire? Yes or No.” For this reason, we suggest that where there are a variety of conditions, use the worst case for the risk assessment.

The procedure for this Community Wildfire Risk/Hazard Assessments was originally developed by the “Living with Fire” program, University of Nevada Cooperative Extension, in conjunction with agency and community stakeholders. It was modified by permission for use in California by Fire Safe Sonoma, in conjunction with California stakeholders. Content for Appendix A was extracted or adapted from the *Nevada Community Wildfire Risk/Hazard Assessment: Washoe County* (Resource Concepts, Inc. 2005).

## 1. Access

Design aspects of roadways influence the hazard rating assigned to a neighborhood. Roads that are steep or less than twenty feet in width often impede two-way movement of vehicles for resident evacuation and access for fire suppression equipment. Hairpin turns and cul-de-sacs with radii of less than 45 feet can cause problems for equipment mobility. Visible, fire resistant, street and address identification and adequate driveway widths also reduce the overall neighborhood hazard rating.

Primary roads are those that most people use to access secondary roads and/or homes. A primary road is typically paved and maintained by the County or the State.

### Primary Roads:

- Two or more primary roads.....1
- One road or loop road (exit possible in two directions).....3
- One road in, one way out (one road, dead end) ..... 5

At the narrowest point, primary roads are

- More than 24 feet ..... 1
- More than 20 feet and less than 24 feet ..... 3
- Less than 20 feet..... 5

Slope:

- Road grades of 5% or less..... 1
- Road grades more than 5% ..... 3

**Secondary Roads** are smaller roads that are used to access homes or neighborhoods. They may or may not be paved or maintained by the County or the State.

At the narrowest point, secondary roads are

- More than 24 feet ..... 1
- More than 20 feet and less than 24 feet ..... 3
- Less than 20 feet..... 5

Secondary road terminus:

- Loop roads or cul-de-sac with outside radius of 45' or greater ..... 1
- Dead-end roads 200' or less in length ..... 3
- Dead-end roads greater than 200'..... 5

Slope:

- Road grades of 5% or less..... 1
- Road grades more than 5% ..... 3

Secondary roads in our area are:

- Mostly paved (more than 80%-100%) ..... 1
- Some are paved (50%-79%) ..... 3
- Few are paved (less than 50%) ..... 5

**Accessibility:** Fire trucks are very large, and can be difficult to maneuver. Can a large two-wheel drive truck drive up the road? Can two trucks pass each other side by side? Are there sufficient turnout spots where trucks can turn around? Hint: Think of UPS trucks.

- Two-wheel drive trucks can easily handle road surface and slope and can pass each other side-by-side without pulling over ..... 1
- Narrow road surface and/or roadside vegetation make it difficult for vehicles to pass side by side, but vehicles don't have to back up for more than twenty five feet for turnaround ..... 3
- Narrow road surface and/or roadside vegetation with limited turn arounds (vehicles have to back up more than 150') ..... 5

**Bridges & Gates:**

Some fire departments will not drive over a bridge that has not been rated for weight.

- No bridges ..... 0
- All bridges in the area are rated for heavy vehicles..... 1
- There are a few unrated bridges ..... 3
- Most bridges are unrated ..... 5

Wood bridges can burn in wildland fires, rendering them impassible.

- No wood bridges ..... 0
- All bridges have non-combustible surface and structure.....1
- Some secondary road bridges have wooden surfaces or structure ..... 3
- Some primary roads have wooden surfaces..... 5

**Gates:**

- No gates ..... 0
- Gates are equipped with fire dept access systems or no gates.....1
- Most gates are equipped with fire department access systems..... 3
- Locked gates will impede emergency access ..... 5

**Roadside Vegetation 10 feet from usable road edge :**

- Grasses are mown to less than 4 inches, trees and brush are trimmed to provide 10' of horizontal clearance, and 15' of vertical clearance..... 1
- Roadside vegetation is mostly well maintained, but some areas need improvement ..... 3
- Tall grass, brush and trees border and overhang the roadway ..... 5

## Signage

Street and home address signs should be metal with reflective numbers on non-combustible posts. Signs need to be visible from any point of entry and not obscured by vegetation. Signs made from combustible materials won't survive the wildfire!

### Street signs

Present 90-100% .....	1
Present 75-89% .....	3
Present less than 75% .....	5

### Address signs (house numbers)

Present 90-100% .....	1
Present 75-89% .....	3
Present less than 75% .....	5

## 2. Built Environment

When paired with good defensible space, appropriate home construction and maintenance can help homes survive wildfire ignition. Vulnerable points on homes include roofs, gutters and eaves, venting, attachments such as decks and fences, windows, and siding. Chapter 7A of the California Building Code applies to new construction in designated wildfire-prone (WUI) areas. In addition to noncombustible and ignition-resistant materials, Chapter 7A uses State Fire Marshal-approved standard test methods that provide a way to evaluate and compare the performance of exterior-use construction materials. Homes built after 2007, when California adopted the WUI Building Code, will have many important features to help prevent home ignition. You can learn more about home hardening at on the [Insurance Institute for Business and Home Safety](#) website.

### Percentage of buildings in your area constructed or modified after 2007:

90-100% .....	1
75-89% .....	3
Less than 75% .....	5

### Roofing materials

Non-combustible covering 90-100%.....	1
Non-combustible covering 80-90% .....	5
Non-combustible covering 70-80% .....	8
Non-combustible less than 70% .....	10

### Siding materials

Non-combustible siding more than 75% .....	1
Non-combustible siding less than 75% .....	5

### Unenclosed features (decks, wooden attachments such as fences, etc.)

Less than 25% .....	1
25-50% .....	3
More than 50% .....	5

### 3. Utilities

Overhead power lines can be a potential ignition source for wildfires. PG&E should regularly maintain vegetation near poles, and beneath power lines and transformers, as fires have been known to start from arcing power lines during windy conditions. If you are concerned about vegetation that may pose a risk to electrical lines, call PG&E at 1-800-PGE-5000.

Utility ignition risk

- All utility lines are underground..... 0
- Utility lines all above ground..... 3

### 4. Defensible Space

Fuels are simply anything that can burn. All plants, from grasses to redwood trees, are fuels. It is also important to remember that the human-built environment of homes are part of the fuels component in your area. The type, density, and condition of vegetation, the homes themselves, the presence of other combustible materials (for example wood piles, wooden fencing) together influence the ease of ignition, intensity, and duration of the fire. Defensible space is one of the factors that homeowners can modify in order to improve the chances that a home or other property avoids damage from a wildfire.

Average lot size

- 10 acres or larger ..... 1
- 1 to 10 acres ..... 3
- Less than 1 acre ..... 5

Defensible space

- 70% or more adequate ..... 1
- 30-70% adequate ..... 3
- Less than 30% adequate ..... 5

### 5. Fire Protection

Knowledge of the capabilities or limitations of the fire suppression resources in a neighborhood can help municipality officials and residents take action to maximize the resources available. Factors considered in the assessment include:

- A. Availability, Number, and Training Level of Firefighting Personnel. When a fire begins in or near a neighborhood, having the appropriate firefighting personnel available to respond quickly is critical to saving structures and lives. Whether there is a local paid fire department, volunteer department, or no local fire department affects how long it takes for firefighters to respond to a reported wildland fire or to a threatened neighborhood.
- B. The Quantity and Type of Fire Suppression Equipment has an important role in minimizing the effect of a wildfire on a neighborhood. Wildland firefighting requires specialized equipment.
- C. Availability of Water Resources is critical to fighting a wildland fire. Whether there is a community water system with adequate fire flow capabilities, or whether firefighters must rely on local ponds or other drafting sites, affects how difficult it will be for firefighters to protect the neighborhood.

#### Water source

- 500 gpm hydrants within 500' of structures ..... 1
- 500 gpm hydrants or draft source within 1000' of structures ..... 2
- Water source 20 minutes away roundtrip ..... 5
- Water source 45 minutes away roundtrip ..... 10

#### Fire department/protection district within 15 minutes

- Career Department ..... 1
- Combination Career/Volunteer ..... 3
- Volunteer with Seasonal Staffing ..... 5
- All Volunteer Department ..... 7
- No Organized Department or extended response times ..... 10

### 6. Fire Behavior

Physical conditions include slope, aspect, topography, typical local weather patterns, wind patterns, fuel type, and fuels density. With the exception of changes to the fuel composition, the physical conditions in and around a neighborhood cannot be altered to make the neighborhood more fire safe. Therefore, an understanding of how these physical conditions influence fire behavior is essential to planning effective preparedness activities such as fuel reduction treatments. Physical conditions considered in the assessment include:

- A. Slope, Aspect, and Topography. In addition to local weather conditions, slope, aspect, and topographic features are also used to predict fire behavior. Steep slopes greatly influence fire behavior. Fire usually burns upslope with greater speed and longer flame lengths than on flat areas. Fire will burn downslope; however, it usually burns downhill at a slower rate and with shorter flame lengths than in upslope burns. East aspect slopes may experience afternoon downslope winds that may rapidly increase downhill burn rates. West and south facing aspects are subject to more intense solar exposure, which preheats vegetation and lowers the moisture content of fuels. Canyons, ravines, and saddles are topographic features that are prone to higher wind speeds than adjacent areas. Fires pushed by winds grow at an accelerated rate compared to fires burning in nonwindy conditions. Homes built midslope, at the crest of slopes, or in saddles are most at risk due to wind-prone topography in the event of a wildfire.
- B. Fuel Type and Density. Vegetation type, fuel moisture values, and fuel density around a neighborhood affect the potential fire behavior. Areas with thick, continuous, vegetative fuels carry a higher hazard rating than communities situated in areas of irrigated, sparse, or non-continuous fuels. Dry weather conditions, particularly successive years of drought, in combination with steep slopes or high winds can create situations in which the worst-case fire severity scenario can occur.

CAL FIRE Fire and Resource Assessment Program (FRAP) Maps: California Department of Forestry and Fire Protection (CDF) has mapped areas of significant fire hazards based on fuels, terrain, weather, and other relevant factors. All of the State Responsibility Areas in California have been mapped as moderate, high or very high Fire Hazard Severity Zones. You can view maps for your area on the FRAP website at [frap.fire.ca.gov/](http://frap.fire.ca.gov/).

FRAP Fire Hazard Severity Zone: Please download the FRAP maps from [frap.fire.ca.gov](http://frap.fire.ca.gov) or ask CAL FIRE personnel for a copy. If you have GIS mapping capability, determine the percentage of each FHSZ that you have in the project area. If you can't do it by GIS, an approximation is fine.

Enter the percentages of the FHSZs below, then use those values to choose a value.:

Very High FHSZ.....	%
High FHSZ.....	%
Moderate .....	%

Predominant FSHZ

Moderate FHSZ.....	3
High FHSZ.....	5
Very High FHSZ.....	7

Slope

- ☐ 8% or less ..... 1
- ☐ 8% - 20% ..... 4
- ☐ 20% - 30% ..... 7
- ☐ More than 30% ..... 10

Predominant aspect

- ☐ North ..... 1
- ☐ East ..... 3
- ☐ West ..... 7
- ☐ South ..... 10

Fuels

- ☐ Light density ..... 1
- ☐ Medium density ..... 3
- ☐ High density ..... 5

Fire behavior situations

- ☐ Situation #1 - Fine and/or sparse fuels surround structures; infrequent wind exposure; flat terrain with little slope and/or north aspect. No large wildland fire history and/or moderate fire occurrence. .... 3
- ☐ Situation #2 - Moderate slopes; broken moderate fuels; some ladder fuels; composition of fuels is conducive to torching and spotting; conditions may lead to moderate suppression success; some fire history and/or moderate fire occurrence. .... 7
- ☐ Situation #3 - Continuous fuels in close proximity to structures; composition of fuels is conducive to crown fires or high intensity surface fires; steep slopes; predominately south aspects; dense fuels; heavy duff; prevailing wind exposure and/or ladder fuels that may reduce suppression effectiveness; history of some large fires and/or moderate fire occurrence. .... 10

## 7. Contributing Risk Factors

Please select the contributing risk factors on the table on Page 8.

## 8. Risk and Hazard Assessment Summary

Based on the inputs entered into Sections 1 through 7, the community's risks and hazards are summarized in the "Ignition Risk and Hazard Assessment Overview."



Use this chart to consider which projects might be tackled, and how. Some Green colored risks could potentially be tackled by neighborhood groups for little or no cost. The risks in the yellow category may need considerable planning and perhaps funding, but are modifiable. The Orange risks are physical features or infrastructure that are not easily modified. Risks in this area will be better modified by education and planning.

<b>Risks that can probably be modified</b>	<b>Mitigation Strategies Include:</b>	
<b>Access</b>		
Gates	Evacuation Planning, install "Knox Keys"	
Roadside vegetation	Fuels Management, education, funding	
<b>Signage</b>		
Street	Education, outreach, funding	
House	Education, outreach, funding	
<b>Home Hardening/Construction</b>		
Roofing	Education, outreach, retrofit, funding	
Siding	Education, outreach, retrofit, funding	
Unenclosed Features	Education, outreach, retrofit, funding	
<b>Defensible Space</b>		
Defensible Space	Education, outreach, funding, inspections	
<b>Risks that possibly can be modified</b>	<b>Mitigation Strategies Include:</b>	
<b>Access: Bridges</b>		
Unrated Bridges	Evacuation Planning, modification	
Wood Bridges	Evacuation Planning, modification	
<b>Water and Fuels</b>		
Water Sources	Develop further sources.	
Fire Behavior (strategic fuel breaks)	Planning, funding, education, outreach	
Fuels Density (fuels modification)	Planning, funding, education, outreach	
<b>Risks that cannot likely be modified</b>	<b>Mitigation Strategies Include:</b>	
<b>ACCESS</b>		
Primary Roads out	Evacuation Planning	
Primary Road width	Evacuation Planning	
Primary Road Slope	Evacuation Planning	
Secondary width	Evacuation Planning	
Secondary Terminus	Evacuation Planning	
Secondary Slope	Evacuation Planning	
Secondary Surface	Evacuation Planning	
<b>Utilities</b>		
Underground	Education, outreach, report issues	
<b>Fire Behavior</b>		
Fire Hazard Severity Zones	Education, outreach, planning	
Slope	Education, outreach, planning	
Predominant Aspect	Education, outreach, planning	

<b>Wildfire Mitigation Best Practices</b>	
Wildfires are a significant risk to members, their citizens, and the surrounding communities, leading to loss of life, property, and economic vitality.	
18-1	There is an effective, written procedure in place to inspect, identify and prioritize areas that are at high risk of wildfire. The procedure includes a process for documenting reports of hazardous conditions and responding appropriately.
18-2	The City has a written process in place to notice property owners to reduce vegetation where allowed by Municipal Code.
18-3	The City has a follow-up procedure to ensure hazards have been mitigated by the property owner or other responsible party within a reasonable period.
18-4	The City participates in outreach campaigns to educate the public about wildfire risk and resources to assist them in reducing their exposure.
18-5	Emergency Response plans include wildfire response and evacuation plans/routes that are communicated and where appropriate rehearsed.
18-6	The City maintains, where feasible, an annual budget for addressing needed wildfire inspections, maintenance, and public outreach.

<b>OPERATIONAL BEST PRACTICES</b>	
<p style="text-align: center;"><b>Urban Forest Management (Trees and Vegetation)</b></p> <p>Cities face a variety of risks from trees and landscaping, including falling limbs, roots cracking sidewalks and sewer lines, and hazards related to watering and irrigation.</p>	
14-1	The City has a written urban forest management plan that includes selection and placement of trees and provides for identification and mitigation of hazards related to trees, shrubs, and vegetation.
14-2	Urban forest management is under the control and supervision of persons who have the necessary professional credentials and expertise to qualify as urban foresters or arborists. Alternatively, the management plan was created and/or revised by the city.
14-3	A written plan is in place and documented to provide for methodical, periodic inspection, care, maintenance, and complaint/emergency response for trees and other vegetation.
14-4	Inspection and monitoring frequency is prioritized by degree of exposure of the public to vegetation hazards. (i.e. obscured intersections, parks, playgrounds).
14-5	The City examines and, where feasible, budgets for the cost of tree maintenance, including trimming, removal and replacement as needed.
14-6	The City has adopted an ordinance defining ownership and maintenance responsibilities for trees.

## **POLICE EXPOSURES & RISK MANAGEMENT**

### **INFORMATION ITEM**

**ISSUE:** After a long period of relative inactivity SCORE has experienced two significant police liability claims that could impact both the Shared and Excess Layer funding.

The Program Administrators have worked with an expert in police risk management, Ed Obayashi, with other public agencies and would like to engage his services for training and/or auditing of member police departments. Attached is a copy of his resume, qualifications as an expert witness, and a flyer for his Advanced Internal Affairs class. He also has an extensive list of media appearances and references related to the reporting of police use of deadly force.

Based on direction from the Board the Program Administrators would like to arrange for Mr. Obayashi to conduct training for SCORE members on related use of force issues, including de-escalation tactics as well as documenting critical incidents. Other topics and an audit of member practices will be based on member police department and Board member feedback.

**RECOMMENDATION:** Review and provide feedback and direction regarding the police exposure and approve solicitation of proposal from Ed Obayashi for training and audit services.

**FISCAL IMPACT:** None expected from this item. Expect budget up to \$5,000 for services.

**BACKGROUND:** SCORE members have represented a mix of contracted and in-house police services since its inception. For the most part members have not experienced the same issues and severity of claims as have other, larger, cities though that is beginning to change as demographics and social inflation have impacted them.

Those members without their own police department contract with the County or other jurisdictions for police services, and SCORE is facing several police claims from a member that agreed to share in paying for liability claims. Members who contract with police are asked to review their contracts for proper indemnification and insurance language and/or send to the Administrators for review.

SCORE currently does not address the police exposure separately in the funding formulas for liability or Workers' Compensation. Police claims are reflected in a member's Ex Mod, but SCORE does not use a separate rate for police payroll.

**ATTACHMENTS:** Ed Obayashi Resume and Reference material

**EDWARD OBAYASHI, Esq.**

Deputy Sheriff/Legal Advisor  
Plumas County Sheriff's Office  
Quincy, CA 95971  
(619.857.2359)  
[www.lawcop.net](http://www.lawcop.net)

**PROFESSIONAL  
EXPERIENCE**

8/2016-Present      *County of Plumas, Office of Sheriff  
Quincy, California*

**Deputy Sheriff/Legal Advisor**

- Responsible for legal matters pertaining to the Office of the Sheriff, including the areas of Search & Seizure, Civil Liability, Use of Force, Internal Affairs, Personnel, and Training
- Law Enforcement Advisor to multiple California law enforcement agencies.
- California P.O.S.T.: Subject Matter Expert-Legal Update, Civil Liability, Internal Affairs, Search & Seizure, Use of Force, Workplace Harassment, Racial Profiling, Civil Liability, Domestic Violence, Ethics, Report Writing, Courtroom Testimony
- California P.O.S.T.: Certified Legal Instructor: Legal Update, Internal Affairs, Racial Profiling, Civil Liability, Pitchess Discovery, Use of Force, DV, Workplace Harassment, Ethics (POST-sponsored statewide training)
- California P.O.S.T.: ICI Certified Instructor-Legal Update, Internal Affairs, Vice Investigations, Sexual Assault Investigations
- California P.O.S.T.: Legal Update Committee and other advisory committees
- California Standards and Training for Corrections: Certified Instructor: Legal Update, Civil Liability (statewide training)
- California State Bar: MCLE (Mandatory Continuing Legal Education-for prosecutors) Instructor and Lecturer: Legal Update, Police Practices, Use of Force, Pitchess Discovery
- United States Government and International subject matter expert in Use of Force and Internal Affairs Investigation
- Expert Witness: Police Practices, Search & Seizure, and Use of Force
- Special Prosecutor
- Media Consultant: Use of Force & Police Practices

11/2014-8/2016      *County of Inyo, Office of Sheriff  
Independence, California*

**Deputy Sheriff/Legal Advisor**

(Duties same as above)

8/2007-10/1014      *County of Merced, Office of the Sheriff  
Merced, California*

**Deputy Sheriff/Legal Advisor**

(Duties same as above)

6/2006 – 7/2007      *County of Merced, Office of the Public Defender  
Merced, California*

**Deputy Public Defender**

- Misdemeanor and Felony legal representation duties  
(Similar to S.D. Public Defender duties below)

- MCLE (Mandatory Continuing Legal Education) instructor: training to Public Defender groups and criminal defense bar on Police Practices, Use of Force, Civil Liability, Pitchess Discovery, Penal Code sections 148, 243 and 69 defenses and Penal Code section 1538.5 motions
- California Public Defenders Association: Police Practices, Discovery, Internal Affairs & Use of Force- primary expert and advisor
- Expert Witness: Police Practices and Use of Force
- Lecturer: Police Practices and Use of Force at law schools and colleges

1/2005-5/2006

*County of San Diego, Office of Public Defender  
San Diego, California*

**Deputy Public Defender**

- Misdemeanor and Felony legal representation duties
- MCLE (Mandatory Continuing Legal Education) instructor: training to Public Defender groups and criminal defense bar on Police Practices, Use of Force, Civil Liability, Pitchess Discovery, and Penal Code sections 148, 243, and 69 defenses
- California Public Defenders Association: Police Practices and Use of Force expert and advisor
- Court qualified expert in Police Practices and Use of Force
- Lecturer: Police Practices and Use of Force at law schools and colleges
- Special Assignments: Instructor for new deputy public defenders in defense areas of domestic violence, discovery, offenses against peace officers, and police practices; Homeless Task Force dealing with incarceration issues; Volunteer Lawyers Group: federal lawsuit challenging constitutionality of Penal Code 647(j) (Illegal Lodging); Developing defense procedures for technical violations of temporary restraining orders

10/1989 -7/2005

*City of San Diego, Police Department  
San Diego, California*

**Police Officer**

- *Patrol Officer and Investigator*: general and specialized investigative, patrol, administrative duties & grant development
- *Attorney (Legal Advisor)*: advisor to police department personnel for legal issues related to law enforcement (Search & Seizure, Civil Liability, Internal Affairs, etc.)
- *Economic Crime*: policy development
- *California Tax Enforcement Task Force*: Investigator
- *Asian Organized Crime Task Force*: policy development
- *Staged Collision Fraud Task Force*: policy development
- *District Attorney*: Intern
- *District Attorney*: Liaison for civil liability matters involving law enforcement
- *Internal Affairs*: Advisor: Use of Force Investigations
- *Use of Force Committee*: Counsel: force policy development; anti- terrorism response; Designated Court Expert for Use of Force. Complex Use of Force investigations expert
- *Community Oriented Policing*: policy development, international liaison
- *Officer Crisis Response*: policy development
- *Police Officer Legal Representative* (Internal Affairs investigations)
- *Staff Columnist for Law Enforcement Quarterly* (Publisher: San Diego District Attorney's Office): authored numerous articles related to law enforcement (nationally published)
- *San Diego Domestic Violence Council* (Restraining Order Group), Committee Member
- *San Diego Domestic Violence Council* (Legal Action Committee), Committee Member

**PRIVATE  
EMPLOYMENT**

1/2010-Present

*Law Office of Edward Obayashi*

- Private legal representation for members and associations of California law enforcement agencies
- *Attorney* (Legal Advisor): Advisor to numerous law enforcement agencies for legal issues related to law enforcement (Search & Seizure, Civil Liability, Use of Force, etc.)
- *Investigator*: Complex administrative investigations involving law enforcement personnel
- *Expert Witness*: Police Practices and Use of Force for criminal and civil cases
- State of California Expert: Use of Force

**EDUCATION**

- *Juris Doctor*: Thomas Jefferson School of Law (1999)
- *Master of Arts: Economics*: Texas Christian University (1977)
- *Master of Business Administration*: Texas Christian University (1975)
- *Bachelor of Business Administration*: Texas Christian University (1974)

**LAW  
ENFORCEMENT  
CLIENTS**

(upon request)

**PUBLICATIONS**

(upon request)

**EXPERT REPORT OF EDWARD OBAYASHI, ESQ.**  
PURSUANT TO FEDERAL RULE OF CIVIL PROCEDURE 26(a)(2)(B)

**BACKGROUND/TRAINING/EDUCATION/EXPERIENCE**

My name is Edward Obayashi. I am the Sheriff Deputy and Policy Advisor for the Plumas County Sheriff's Office. I am a licensed attorney in the State of California and my law office specializes in providing law enforcement legal services to California law enforcement agencies and, as such, I serve as the legal and training advisor for numerous law enforcement agencies in California. In this capacity, I provide legal representation for both law enforcement agencies and law enforcement personnel in civil litigation matters.

I consistently have received the highest performance ratings as a deputy sheriff/police officer in the departments with whom I have been employed. My duties have included patrol, investigations, administration, training, and providing legal advice to department management and personnel.

I am an official United States government and international *Internal Affairs Investigation and Use of Force* expert. In 2014, the United States State Department and the Mexico Federal Police selected this expert to represent United States law enforcement as the keynote speaker for the *Internal Affairs Investigation and Use of Force* international conferences in Mexico City, Mexico.

I am a Subject Matter Expert for the California Commission on Peace Officer Standards and Training (POST) in *Use of Force, Laws of Arrest, Legal Update* and a variety of other legal and law enforcement disciplines. I was a member of the select POST *Legal Update* Committee between 2006-2016. In this capacity, I presented all *Use of Force* legal update training for all law enforcement agencies in California. I am a certified training instructor for the California Corrections Standards Authority and train California probation departments in *Use of Force* and *Search and Seizure* law.

I am a POST certified instructor for Field Training Officers' school in which I instruct courses in *Legal Issues* and *Ethics* related to the role of field training officers. I am the exclusively designated POST subsidized instructor for the POST certified "*Know the Law*" training course program for law enforcement which I present for both California and Oregon law enforcement personnel, including both line and management personnel. A primary program course is *Use of Force*. Also, I am the POST legal instructor for the mandated POST training course for newly appointed Training Managers of law enforcement agencies.

I have received official recognition from POST and law enforcement agencies regarding this expert's contributions to the quality of legal training, including the subjects of *Use of Force* and *Search & Seizure*, to California law enforcement personnel. POST appointed this expert as a member of the *Bias Based/Racial Profiling* committee to develop the current legislatively mandated training curriculum for all California peace officers.

I was the Lead Instructor for the *Internal Affairs Investigation* course at the Alameda County Sheriff's Office Regional Training Center between 2010-2016. This three (3) day course is held quarterly and is attended by Internal Affairs investigators, agency managers, and supervisors of California law enforcement agencies, both large and small. In this course, I presented a mandatory instructional block focusing on the administrative investigation of *Use of Force* incidents and related legal issues. For the practical and physical aspects of *Use of Force* by law enforcement, I am also a defensive tactics and operational tactics instructor.

I am the lead instructor for the only POST certified *Advanced Internal Affairs Investigation* course in California.

I serve as a special *Use of Force* advisor for the National Policing Institute.

I am an in-demand instructor for Joint Powers Authorities to law enforcement in numerous critical issues, including *Use of Force*.

I conduct complex administrative investigations in *Use of Force*, including officer involved shootings, for Joint Powers Authorities.

I am a lecturer for law enforcement agencies and academia nationally and internationally. These entities include the largest and smallest local, state, and federal agencies and prestigious law schools and universities.

In 2017, I was selected by the State BAR of California as an expert panelist representing law enforcement at the Public Law Section's annual conference for *Law Enforcement Use of Force & Liability*.

In 2019, I was appointed as the legal and training *Use of Force* advisor for the California Association of Police Training Officers (CAPTO), a POST affiliated and supported organization which represents the training managers of California law enforcement agencies.

In 2020, in response to the growing problem of police social media misconduct, I created POST's first certified training course for responsible practices for social media use by peace officers.

In 2021, the Attorney General of California appointed this Expert as the *Use of Force* expert consultant for the California Department of Justice (DOJ). In this position, this Expert is responsible for development and review of operations, policy, legal advice, and training for DOJ investigations of California Officer Involved Shootings and serious *Use of Force* incidents.

Per AB 1506 legislative mandate, I am also responsible for advising and making recommendations to all California law enforcement agencies for *Use of Force* issues.

I serve as General Counsel for the California Reserve Police Officers Association.

In 2021, this Expert developed the first law enforcement POST certified course in the United States which trains *Use of Force* investigators in the analysis of related video evidence. As a law enforcement video evidence analysis expert, I instruct investigators in properly and effectively

analyzing video evidence related to law enforcement incidents, particularly involving *Use of Force*. I have developed numerous *Use of Force* video training scenarios for both the *Internal Affairs Investigation* and *Use of Force* courses which I instruct.

I am a California Bar provider for Mandatory Continuing Legal Education (MCLE) in the subjects of *Police Practices*, *Use of Force*, and *Pitchess Discovery*. This MCLE training is provided exclusively to prosecution agencies. I have been court qualified as a *Use of Force*, *Police Practices*, and *Search and Seizure* practical and legal expert in criminal, civil, and administrative proceedings.

In these roles, I personally provide legal training, primarily in the topics of *Use of Force*, *Search and Seizure*, *Report Writing (Use of Force)*, and *Courtroom Testimony (Use of Force)* to more law enforcement agencies and peace officers in California than any other presenter in the state. I am responsible for personally providing the majority of such state training in these disciplines and other related topics, including *Legal Update*, *Civil Liability*, and *Police Ethics*.

I am regularly consulted on a variety of wide-ranging subjects related to these disciplines by law enforcement agencies both large and small, including the San Francisco Police Department, Oakland Police Department, the Los Angeles Sheriff's Office, the San Diego Police Department, and the Long Beach Police Department, among others.

I recommend and draft policies, including those related to *Use of Force* and *Search & Seizure*, for numerous law enforcement agencies. I provide legal consultation to these agencies both in a financially compensated private capacity or in an on-duty capacity at the direction of Sheriff of the Department.

I am a regularly consulted expert by prosecution agencies seeking my services in criminal cases involving *Search and Seizure*, *Police Practices*, and *Use of Force* cases. City attorney and county counsel offices seek my expert opinion services in civil and personnel cases involving *Search and Seizure*, *Police Practices*, and *Use of Force* cases. As such, I am retained as an outside consultant who reviews both the administrative and criminal aspects of officers' actions in *Use of Force* incidents. Further, I am retained by law enforcement agencies, prosecution agencies, and law enforcement defense groups to conduct independent investigations of *Use of Force* incidents.

I prepare expert opinion reports and testify in criminal, civil, and administrative legal proceedings on behalf of both law enforcement agencies and law enforcement personnel representation groups.

In 2020, I was the Expert Legal Consultant and Expert Witness in the successful defense of the largest *Use of Force* civil liability case in United States history.

I am a regular media consultant for *Police Practices*, *Use of Force*, *Search & Seizure* and other law enforcement disciplines. My expert opinions are frequently cited by the national news media, including the Los Angeles Times, San Francisco Chronicle, The Sacramento Bee, and the San Diego Union Tribune, among others, as well as in the broadcast media such as NBC, FOX, and others. I am a published authority of law enforcement articles and treatises.

I was a Police Officer for the San Diego Police Department for fifteen years. In my dual role as police officer and attorney, I served as the liaison between regional law enforcement agencies and the San Diego County District Attorney's Office in matters of law enforcement civil liability and authored the "Civil Liability" column published quarterly in the district attorney's publication, "Law Enforcement Quarterly". I was assigned as legal counsel to the Department's *Use of Force* Committee which recommended policies regarding the *Use of Force* employed by departmental personnel. I was also assigned to the Department's Internal Affairs unit as a *Use of Force* expert who reviewed complex *Use of Force* incidents and provided expert witness opinions regarding such *Use of Force*.

While I was an officer for the San Diego Police Department, I consistently received the highest performance evaluation ratings in the department. I received regular in-service training in both mandatory and elective law enforcement disciplines. I also instructed at the San Diego Regional Police Academy in *Report Writing*, focusing on *Use of Force* reporting.

Prior to my current assignments and responsibilities, I was a Deputy Public Defender for the counties of San Diego and Merced. In that role, I was the California Public Defenders' Association official expert on *Police Practices, Search & Seizure, and Use of Force*. I was an MCLE presenter for the criminal defense bar in the subjects of *Police Practices, Use of Force, Pitchess Discovery, and Suppression of Evidence* (Penal Code § 1538.5).

I have also served as a Special Prosecutor for the County of Plumas.

I have successfully litigated numerous evidence suppression motions (Penal Code § 1538.5) and criminal trials defending clients charged with Penal Code sections 69 (Resisting Executive Officers), 148 (Resisting Peace Officers), and 243 (Battery Against Peace Officers) and have received official recognition for my legal expertise and accomplishments in *Search & Seizure* and *Use of Force* cases. Further, I have successfully litigated against law enforcement agencies which have resulted in those agencies adopting Search and Seizure policies and procedures which are compliant with the 4<sup>th</sup> Amendment.

I regularly attend and successfully complete both POST and MCLE mandatory and optional training related to my fields of expertise in law enforcement.

# ADVANCED INTERNAL AFFAIRS INVESTIGATION



*Hosted by the Solano County Sheriff's Office*

**June 29-30, 2022 from 0800-1700 Registration \$250.00**

**POST & MCLE CERTIFIED (16 HOURS)**



This is the only POST certified Advanced Internal Affairs Investigation course specially created for experienced Internal Affairs investigators (Homicide investigators are encouraged to attend also) and is designed to qualify you as an expert witness for testifying for related legal hearings. The course focuses primarily on special investigative issues which experienced investigators will face. The course will address “best practices” investigative process, applicable legal and policy standards, and “gap” identification/analysis. Course content covers relevant statutes and case law pertaining to “Hot Button” issues and important updates on POBR and IA case law. The course also addresses current issues and concerns (political, media, etc.) which confront agencies and the instructors will share their “insider” perspectives on these issues and cases. Investigative topics include: AB 392 Deadly Force (including local jurisdiction and AB 1506 OIS), general UOF issues, Social Media and Free Speech, as well as Dishonesty (credibility assessments). Also, skill topics of Video Evidence Analysis, Moving Vehicle OIS, Human Physiology (Force Science), Cognitive Interview, etc. are also addressed based on the instructors’ own related stand-alone POST certified courses.

## **Instructor: Ed Obayashi**

*Ed is the Sheriff Deputy/Legal Advisor for the Plumas County Sheriff's Office and is also the legal advisor to multiple other California local and state law enforcement agencies. He is a former special prosecutor and deputy public defender. He was selected as the keynote speaker by the U.S. State Department for the international Internal Affairs Investigations and Use of Force conferences in Mexico City and lectures internationally. He has been the retained consultant by DOJ for AB 1506 OIS investigations. Ed is a subject matter expert for both POST and the state BAR in Use of Force and other law enforcement disciplines and is the Legal and Use of Force advisor for the California Association of Police Training Managers. He is a prominent national and state expert witness in both criminal and civil cases (successful defense of largest LE liability case in U.S. history). Ed is a widely quoted and influential media consultant for Use of Force and Police Practices.*

## **Instructor: Harry S. Stern**

*Harry is the managing principal at Rains Lucia Stern St. Phalle & Silver, PC: California's premier litigation law firm emphasizing the representation of peace officers in civil, criminal, administrative and labor matters. His legal practice is focused on civil litigation and criminal defense, as well as complex administrative matters. Harry has successfully defended peace officers in a number of high profile criminal trials. He also regularly represents peace officers in internal investigations, administrative hearings, coroner's inquests, grand jury proceedings and related court actions. Harry is a regularly designated California “Super Lawyer” by the prestigious legal organization and a regular contributing author in legal defense matters for PORAC.*

**FOR INFO CONTACT: Sgt. Dan Schick [DRSchick@SolanoCounty.com](mailto:DRSchick@SolanoCounty.com) 707-784-4828 LOCATION: 530 Union Ave Fairfield, CA**

## **STATE OF THE MARKET**

### **INFORMATION ITEM**


**ISSUE:** The Board will receive an overview of the current state of the insurance market and the impacts on SCORE members.

**RECOMMENDATION:** None.

**FINANCIAL IMPACT:** No fiscal impact for SCORE.

**BACKGROUND:** The Program Administrators regularly provide updates on the state of the insurance market, including an annual presentation.

**ATTACHMENT:** State of the Insurance Market



## Public Entity Insurance Marketplace, Trends, Industry Issues and Outlook

Presented by: Conor Boughey

**October 27, 2022**

Alliant Insurance Services  
www.alliant.com

(THIS INFORMATION HAS BEEN CONSOLIDATED FROM VARIOUS INDUSTRY SOURCES)



## Market Overview



Financial Performance



Underwriting Trends



Loss Trends & Market Disruptors



Toward the Future

**Alliant**



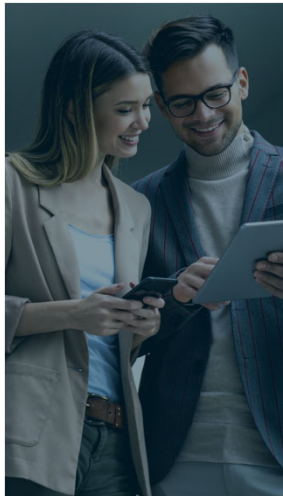
### Market Pressures...

“While the industry balance sheet is strong enough to meet the commitments to insureds, it is facing emerging challenges from the significant and increasing impact of catastrophic weather events, cyber risk and significant price and social inflation/lawsuit abuse,” Robert Gordon, senior vice president of policy, research, and international for APCIA, said in a statement.”



## Market Conditions

Impactful issues for insureds:



  
Property

  
Excess Liability

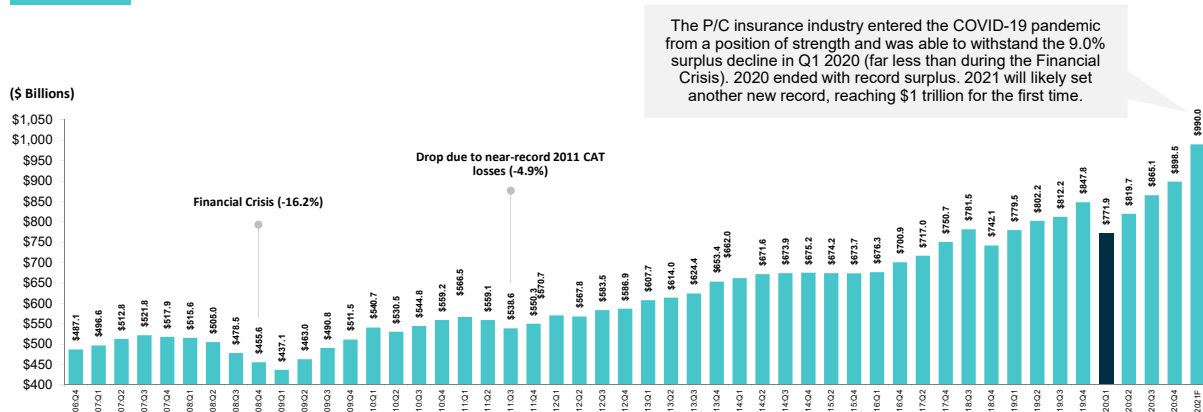
  
Cyber

- **Liability capacity pull back** and withdrawals have been significant over the past two years
- **Property capacity reductions:**
  - 15% to 30% reduction in capacity from incumbents
  - Coastal and wildfire capacity continues to be especially difficult
- **Cyber capacity is shrinking** and particularly acute for certain industries (Public Entity)
- Insurers produced **negligible profit in 2021** – \$112b in Global Insured CAT losses in 2021 – **4th Worst Loss Year on Record.**
- Workers Compensation **remains stable.**
- Historically **low interest rates** have hampered carrier investment returns.
- An **increased pattern of major property catastrophes** such as hurricanes, typhoons, wildfires, etc. over the past 5 years. Is this the new normal?
- Consistent **increases in attritional property losses** (fires, water damage, tornados, hail, wildfires).
- **Increased inflation** has added to the issue of **valuation across all property classes.**
- **Social inflation & Litigation Financing** driving up liability verdicts and settlements.
- **Ransomware cyber losses** are systemic - \$6 Trillion Impact in 2021 – **Expecting \$10 Trillion by 2025** – 2019 was \$2 Trillion



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## Policyholder Surplus (Capacity), 2006:Q4–2020:Q4E and 2021F\*



2010: Q1 data includes \$22.5B of paid-in capital from a holding company parent for one insurer's investment in a non-insurance business

Policyholder Surplus is the industry's financial cushion against large insured events, periods of economic stress and financial market volatility. It is also a source of capital to underwrite new risks.

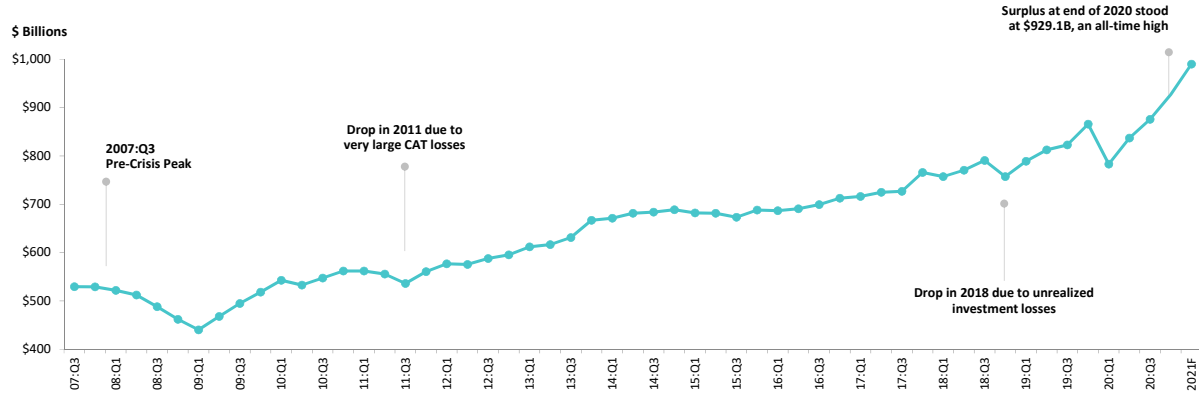
Sources: NAIC data sourced through S&P Global Intelligence; Insurance Information Institute.

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## Policyholder Surplus

2007–2020 Quarterly



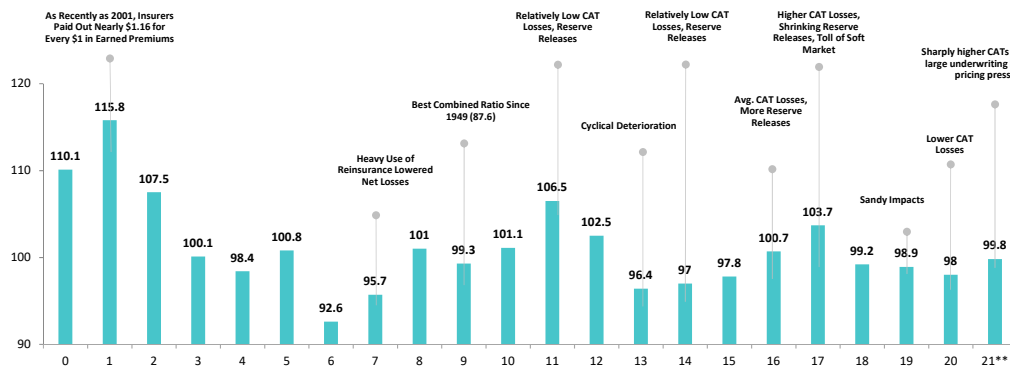
Policyholder Surplus: Positive

Sources: NAIC data sourced through S&P Global Intelligence; Insurance Information Institute.

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## P/C Insurance Industry Combined Ratio, 2001-2021F\*\*



COVID-19 has had no discernable net impact on pre-COVID expectations for the combined ratio in 2020; -7.5 pts. due to CATs vs. 4.1 in 2019 (about twice avg.)

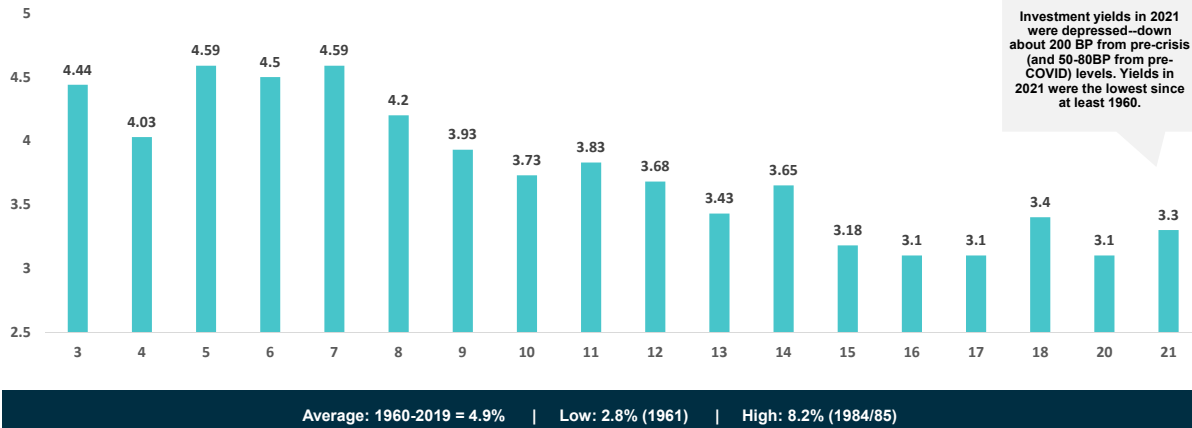
Pre-COVID 2020 Combined Ratio Est. 99.1 (A.M. Best) Actual = 98

\*Excludes Mortgage & Financial Guaranty Insurers 2008–2014.  
 \*\*2021 forecast from A.M. Best Review and Preview (Feb. 2021).  
 Sources: A.M. Best, ISO (2014–2019).

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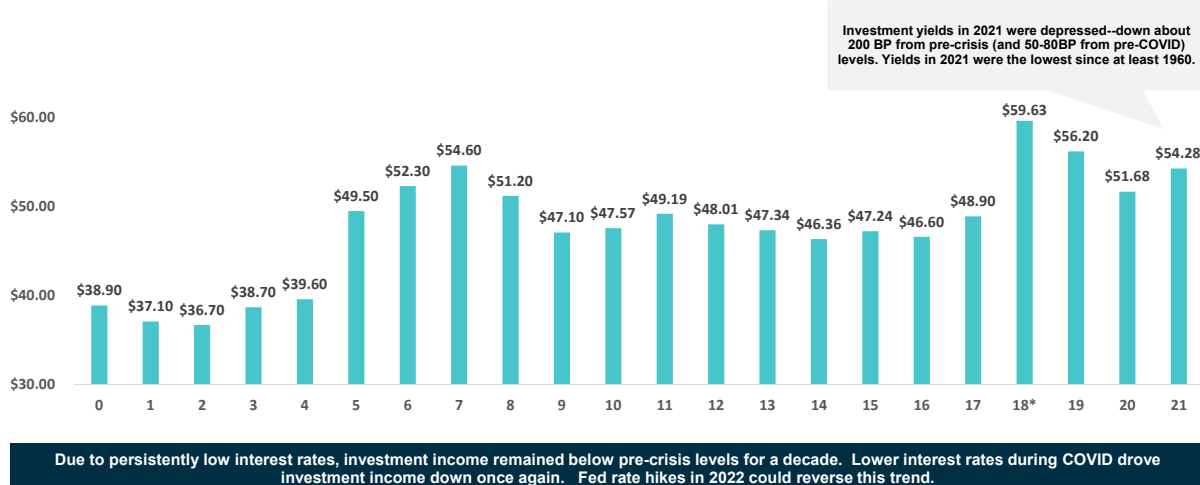
## Net Investment Yield on Property/Casualty Insurance Invested Assets, 2007–2021



Sources: NAIC data, sourced from S&P Global Market Intelligence; 2017-19 figures are from ISO. 2020-21 data from the APCA. Risk and Uncertainty Management Center, Univ. of South Carolina.

Alliant

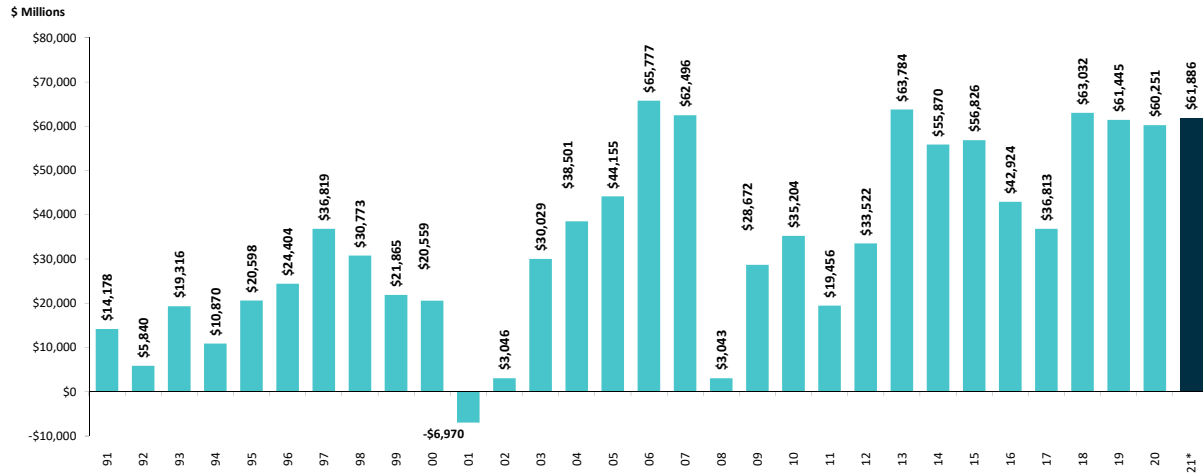
## Property/Casualty Insurance Industry Investment Income: 2000–2021



\*2021 figure is actual as of 12/31/21. 2018-19 figures are distorted by provisions of the TCIA of 2017. Increase reflects such items as dividends from foreign subsidiaries.  
 1 Investment gains consist primarily of interest and stock dividends. Sources: ISO; University of South Carolina, Center for Risk and Uncertainty Management.

Alliant

## P/C Industry Net Income After Taxes, 1991–2021\*



\*ROE figures are GAAP; 1Return on avg. surplus. Excludes Mortgage & Financial Guaranty insurers for years (2009-2014). Sources: A.M. Best, ISO, APCA.

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**Alliant**



## Underwriting Trends

**Alliant**

## Market Trends

By Product Line

Product Line	Pricing	Capacity	Retentions	Coverage
<b>PROPERTY</b>				
Challenged Exposures	↑	↔	↑	↓
Non-Challenged Exposures	↔	↔	↔	↓
Builder's Risk	↑	↔	↑	↓
<b>CASUALTY</b>				
General Liability	↑	↔	↑	↓
Excess Liability	↑	↓	↔	↔
Automobile Liability	↑	↓	↑	↔
Workers' Compensation	↔	↔	↔	↔
Umbrella Liability	↑	↓	↔	↔
<b>MANAGEMENT &amp; PROFESSIONAL</b>				
Cyber	↑	↓	↑	↓
Employment Practice Liability	↑	↓	↑	↔
Fiduciary	↑	↓	↑	↓
Fidelity/Crime	↑	↔	↑	↔

### Arrow Key

What direction are pricing, capacity, limits, deductibles and coverages moving?



Increasing



Stabilizing / No change



Decreasing

### Color Key

As a buyer, is that movement positive, neutral, or something that could present a challenge during my renewal?

Positive change

Neutral / No change

Potential Challenge

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## Property

Rate Trends	"Low End"	"High End"
Challenged Exposures	10%	>10%+
Non-Challenged Exposures	Flat	10%
Standalone Earthquake	Flat	10%
Builder's Risk	Flat	10%



### Capacity

There remains an abundance of general property capacity, including new capacity, however, much of this is not available to all industries and/or exposures. Insurers are often willing to increase line size and deploy additional capacity on insureds in desirable industries with good risk profiles. They are carefully managing their capacity on accounts in with notable losses and on risks that have significant secondary CAT peril exposure (wildfire, hail, tornado, etc.). Capacity for large Builders Risk projects has been cut in certain territories. **We are carefully watching trends and feedback on reinsurance treaties and their impact on CAT capacity for 2023.**



### Coverage

Valuations are part of almost every property renewal discussion given concerns about supply chain and inflation. Where insureds are unwilling or unable to substantiate replacement cost valuations, insurers are taking corrective actions in the form of: prescriptive policy language (scheduled limits provisions), internal valuation adjustments which can drive rate, or reductions in capacity. Insurers continue to scrutinize manuscript policy language, especially as relates to time element coverage extensions with no known or ambiguous physical damage triggers



### Retentions

Pushes by insurers for retention increases has stabilized this quarter following multiple quarters of insurers imposing industry and peril specific minimum retentions (i.e \$100,000 or \$250,000 AOP's for frame residential, 2% for tornado/hail exposed areas, etc.) Exceptions to this stabilization are on accounts with poor loss activity where insurers feel that more corrective action is necessary to create a path to account profitability



### Pricing

Rate increases are still the norm; albeit not at the levels seen in earlier quarters. Insureds with good risk profiles and in desirable industry classes can often obtain flat to low single digit rate increases, and even the occasional rate decrease, given there is often an abundance of well-priced capacity willing to offer terms. Insureds with significant loss activity or that have a significant amount of secondary CAT peril exposure, however, are often still experiencing high single digit to double digit rate increases, although very rarely at the levels seen in earlier quarters. **Expect continued pressure on pricing as it relates to cat exposures**

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## Casualty

Rate Trends	"Low End"	"High End"
General Liability	5%	15%
Automobile Liability	5%	25%
Workers' Compensation	Flat	5%
Umbrella Liability	10%	<20%
Excess Liability	10%	<25%



### Capacity

- Capacity still constrained for difficult risks; capacity is readily available for less complex risks.
- Many insurers have indicated a focus on growth in 2022 with potential to open capacity for difficult risks, albeit with significant rate impacts which reflect the risk
- New insurer capacity continues to emerge, but not with lower rates AND very limited appetites
- Auto liability capacity will continue to be limited, possibly seeing more insurers exit the marketplace
- Reinsurance market remains capitalized



### Coverage

- Increased focus on clarifying or excluding chemicals, energy, communicable disease (COVID-19), abuse & molestation and wildfires.
- ESG concerns appear to be on the rise and could impact insurer underwriting decisions
- While still early the impact of COVID-19 and the war in Ukraine will likely have insurers review coverage definitions continuing a trend to narrowing/limiting coverage



### Retentions

- 2022 will see less retention adjustment and umbrella/excess attachment points will continue to shift as insurers seek out most profitable layers for deployment of capacity
- Retentions are consistent - stable



### Pricing

- Primary marketplace is competitive – slow increases driven mainly by loss severity
- Umbrella and excess and market remains challenging – rate and growth in client are major price factors
- Auto liability remains unprofitable, continued rate pressure in 2022
- Workers' Compensation continues to be profitable consistent and stable

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## Management Professional

Rate Trends	"Low End"	"High End"
Cyber	5%	200%
Employment Practices Liability	5%	20%
Fiduciary	10%	20%
Fidelity/Crime	5%	15%

### Cyber



### Capacity

Insurers have been extremely conservative with capacity, with most only offering \$5M limits. Total capacity available in the marketplace is likely below \$400 million and could continue to shrink. Energy sector being watched more closely, and avoided by some markets, given the conflict in the Ukraine.



### Coverage

Coverage generally intact for most classes of business with mature information security programs and strong controls. However, leading Primary insurers are pushing for 50% coinsurance provisions and sublimits or other coverage restrictions for ransomware losses where companies are less secure. Dependent Business Interruption and Dependent System Failure coverage is slowly being lowered or removed entirely



### Retentions

Continued pressure on primary retentions and waiting periods for business interruption losses



### Pricing

Short-tail nature of Cyber risk results in rapid pricing feedback, with abrupt pricing correction due to uptick in severity of claims. Insurers have consistently secured primary increases of 80% - 250% on Q1 and Q2 2022 renewals, depending on controls and what increases they had in 2021. Still very dependent on strength of controls, with minimum standards being tightened. Excess insurers are following Primary increases and pushing for higher percentage increases on certain attachment points, with ILF's still well over 80%.

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## Management Professional

### Employment Practices Liability



#### Capacity

Capacity remains stable in the United States and Bermuda following past cutbacks



#### Coverage

Coverage remains intact with an eye on flood of pandemic-related claim activity.



#### Retentions

- Continued pressure on retentions, especially in California
- Continuing to see separate retentions for California claims and for "highly compensated" employees



#### Pricing

- Premium increases from 5% to 20%.
- Excess EPL markets are following primary increases

### Fiduciary Liability



#### Capacity

Insurers are pulling back on deployed capacity. Expect layer sizes to shrink as they have in D&O. Expect trimming of layers larger than \$10 million



#### Coverage

Coverage is broad; carriers continue to monitor excessive fee case development



#### Retentions

- Retentions of six to seven figures for class, mass and/or fee claims are continuing to be applied.



#### Pricing

- Given continued adverse claims trends, expect 10%-20% increases in renewal premiums

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## Management Professional

### Fidelity & Crime



#### Capacity

- Insurers are closely monitoring aggregate exposure to social engineering fraud
- London continues to correct pricing and deductibles



#### Coverage

Insurers continue to underwrite social engineering and will only consider offering broader coverage and/or higher sub-limits (for additional premium) where the controls and procedures presented are best in class.



#### Retentions

- In certain instances, insurers are looking to increase deductibles
- London still looking to correct deductibles they think are below what should be market standard



#### Pricing

- Expect Primary premium increases from 5% to 15%, with insurers looking to "right size" premiums, both on a primary and excess basis.

19





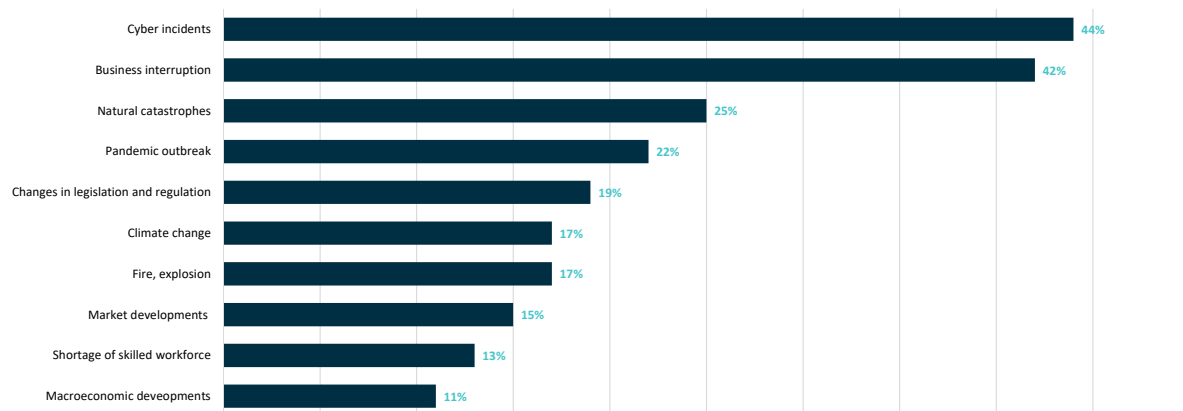
## Loss Trends & Market Disruptors

### What are Risk Manager's Concerns?

#### The most important global business risks for 2022

##### Alliance Risk Barometer 2022

Based on the insight of 2,650 risk management experts from 89 countries and territories (% of responses). Figures do not add up to 100% as up to three risks could be selected



Source: Allianz Global Corporate & Specialty

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## Exposure Concerns: From our Clients



### Common Client Concerns:



#### Employment

Retirements, wage growth, coasting, recruitment and succession



#### Cyber Liability

Constant threat, significant investment needs, coverage costs



#### Property Insurance

Valuation, cost of construction, availability of high limit program, wildfire threatened locations



#### Economy

Inflation, the "R" word, allocation of funds



#### Liability

Jury verdicts, litigation management, retentions and availability of coverage in challenging markets for loss leaders



#### Digital/Technological Transformation

Public Safety Drones, increased cyber exposure, new uncharted



## Recent CAT Losses



### Drought



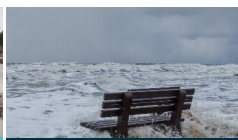
**50%** of the Lower 48 States are in drought



**299.9 Million** acres of crops in U.S. are experiencing drought conditions this week.



**120.2 Million** people in the U.S. are affected by drought this week.



### Flooding



2021 – More than **50** severe flood events



**\$80b** Economic Loss – only \$20b insured



2022 – KY Floods **37** deaths



### Hurricanes



Record-breaking **21** named storms in 2021



**\$45B+** in insured losses (US ) IDA = \$30b Alone



Hurricane Ian = **\$?**



### Wildfires



**2021** wildfires



Burned over **7,000,000** acres



**\$15B** in insured loss



2022 To Date = **5.7m** acres



### Tornado/Convective Storm



2021 **1376** tornadoes in the US compared to 1075 in 2020



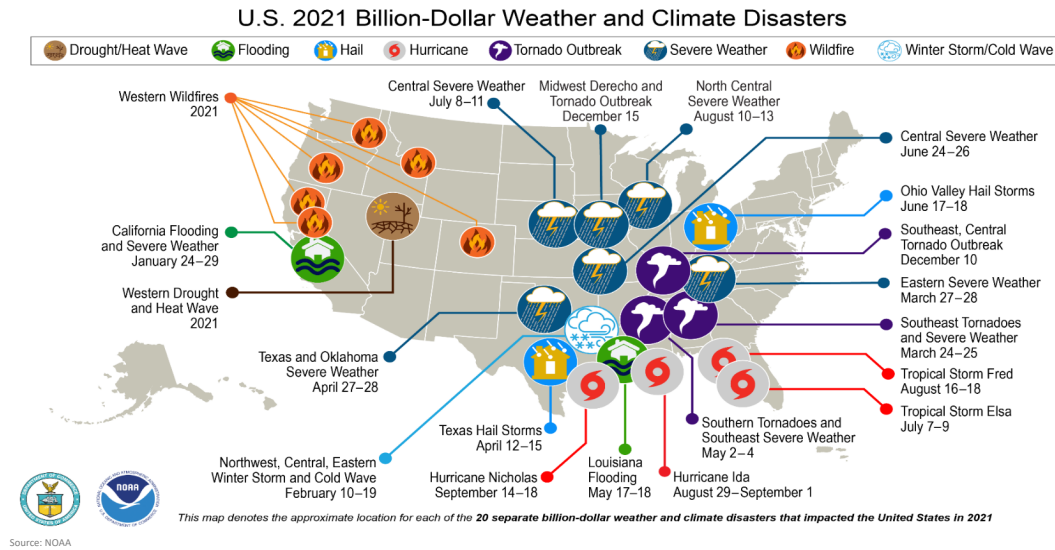
Over **100** deaths associated



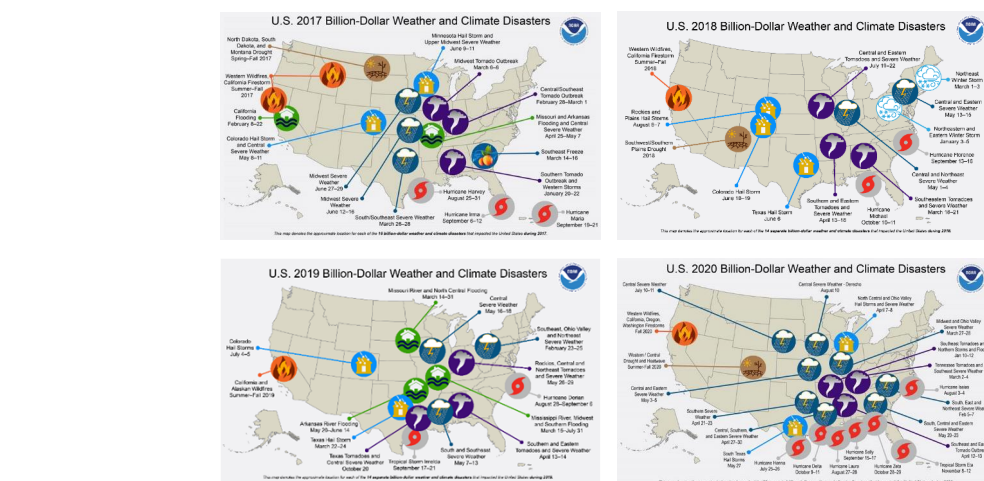
Estimated **\$10B+** insured losses



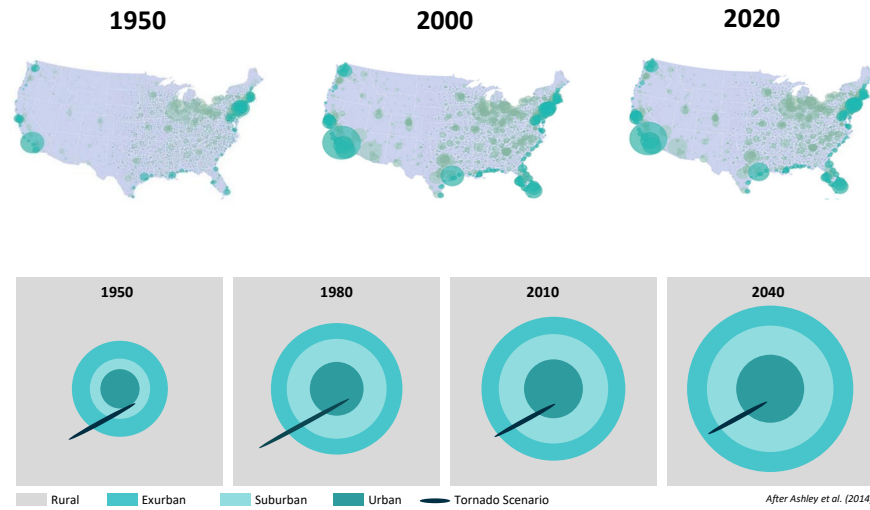
## Major U.S. Losses in 2021



## Four Year CAT History: \$66B Events



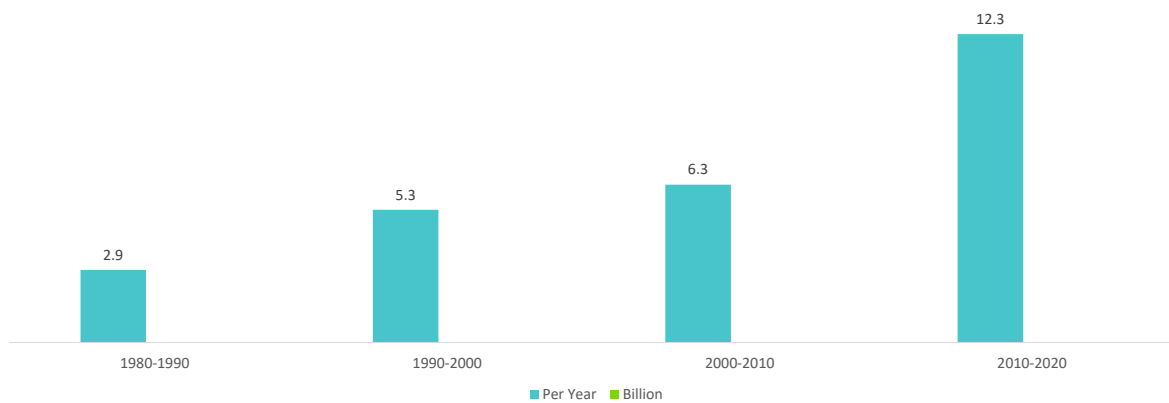
## Population Growth and Bullseye Effect



26

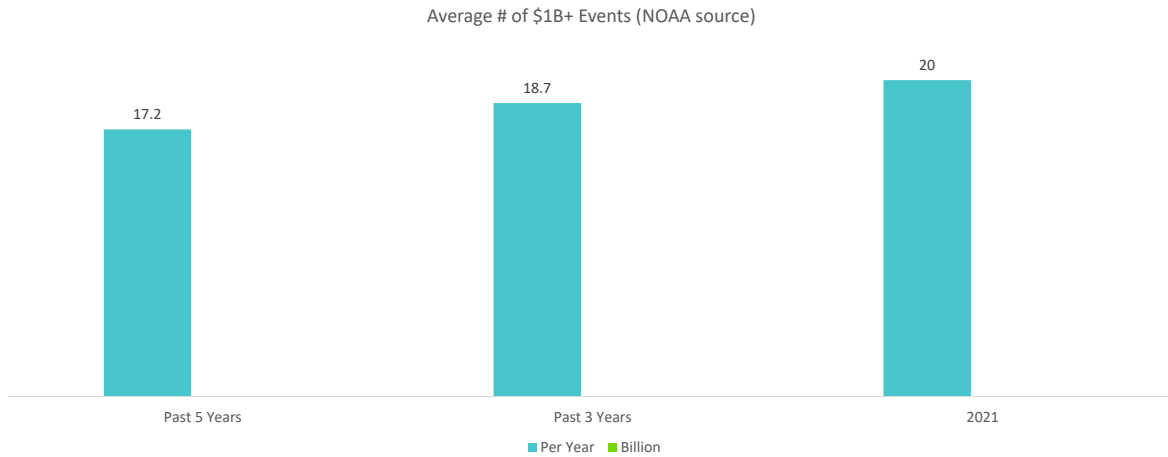
## Average # of Events

Average # of \$1B+ Events (NOAA source)



27

## Average # of Events



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## The Newest CAT Peril: Wildfire



Climatic changes are resulting in larger and hotter wildfires occurring each summer and later into fall.



Beyond the physical damage and destruction of wildfires, intense smoke significantly impacts the health and economy of communities:

- Reduced travel and tourism leading to loss of sales and occupancy taxes.
- Reduced school attendance and outdoor activities.
- Smoke can hurt your eyes, irritate your respiratory system, and worsen chronic heart and lung diseases.

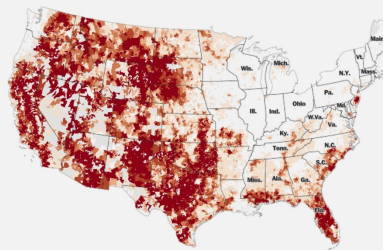


Continued investment & development of high-risk areas.

Properties with significant wildfire risk

0 20 40 60 80 100% No significant risk

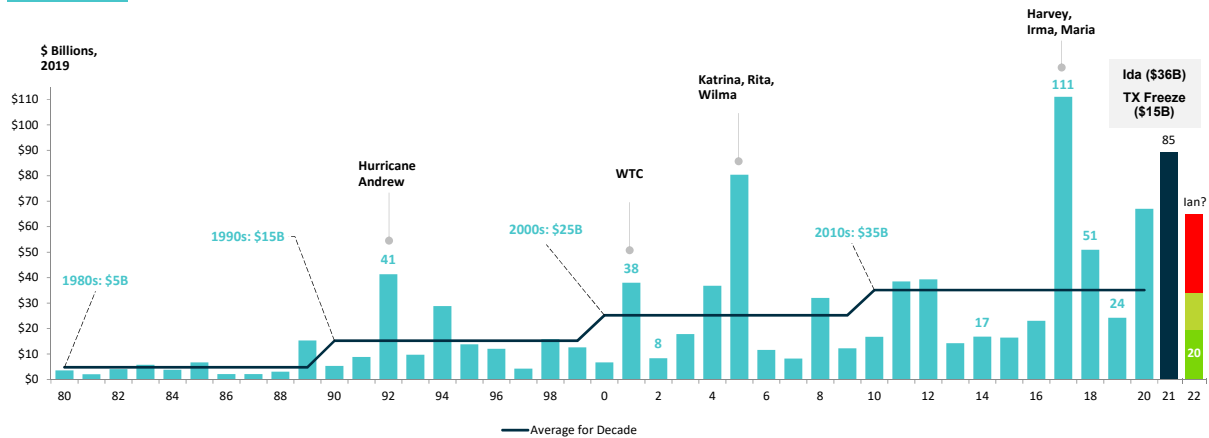
Hover over a Zip code to view details



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## U.S. Inflation-Adjusted Insured CAT Losses



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## Casualty Market Major Disruptors



  
Auto Liability

- Cost of Vehicles/Technology
- Fatality Trends
- Distractive Driving – Cell Phones
- Frequency and Severity Trajectory

  
Workers Compensation

- Opioids
- Tele Medicine
- Aging Workforce
- Medical Cost Inflation

- Cancer & PTSD Presumption
- Workplace Violence
- COVID
- Out of State Exposure

  
General Liability & Excess Liability

- Increase in Catastrophic Losses
- Punitive Damage Awards
- Organized Plaintiff Bar
- Personal Injury Trends

- Traumatic Brain Injury
- Aging Infrastructure
- Sexual Misconduct
- Excessive Force

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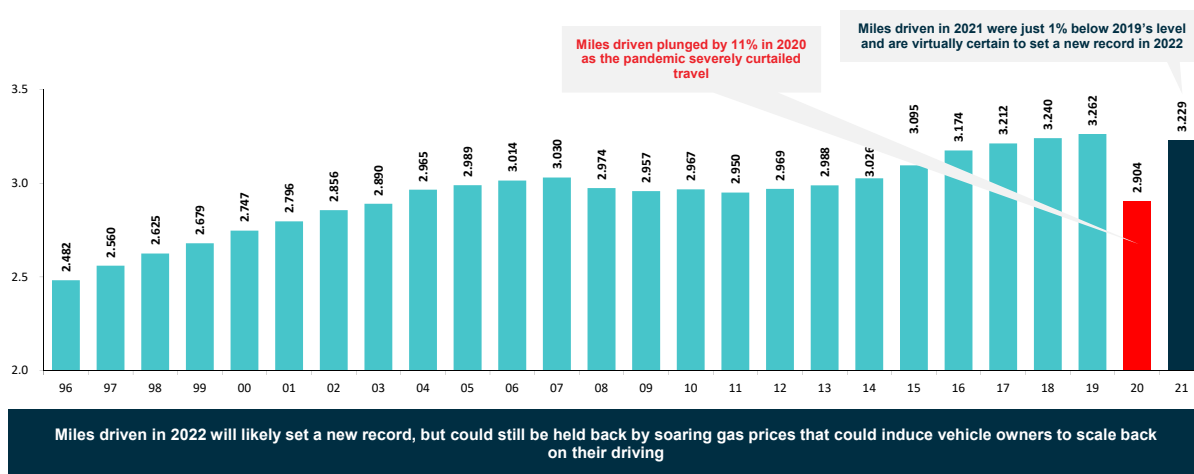
## Increasing Impact on Liability Market



32



## Travel in Trillions of Vehicle Miles in U.S.: 1996–2021



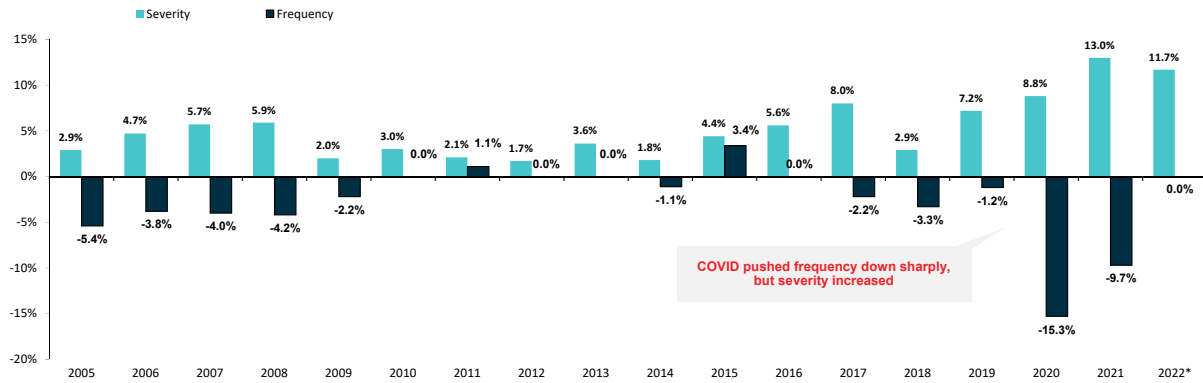
Sources: Federal Highway Administration, USC RUM Center.

33



## Auto Liability Bodily Injury Severity Trend Is Up, Frequency Plunge in 2020/21 Due to COVID Has Ended and Is Reversing

Annual Change, 2005 through 2022\*



Frequency decline has ended. Q1 2022 BI frequency was +9.5% and Q4 2021 was +3.5%

\*2022 figure is for the 4 quarters ending 2022:Q1.

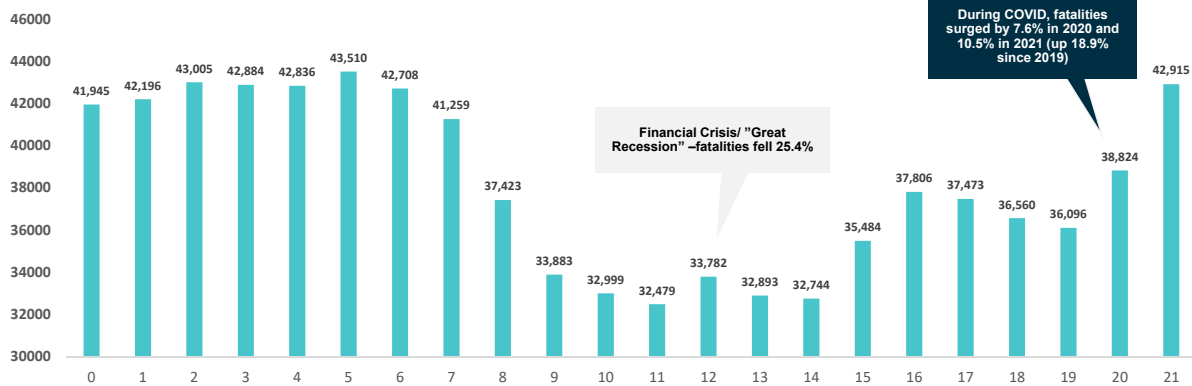
Source: ISO/PCI Fast Track data; Center for Risk and Uncertainty Management, Univ. of South Carolina.  
eSlide - P6466 - The Financial Crisis and the Future of the P/C

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## Traffic Fatalities in the U.S., 2000-2021

(Millions of Units)



Extraordinary Increase in Poor Driving Behaviors in 2020 and 2021 Contributed to Sharply Higher Auto Fatalities

Source: Insurance Institute for Highway Safety and Highway Loss Data Institute: <https://www.iihs.org/iihs/topics/t/general-statistics/fatalityfacts/overview-of-fatality-facts> and NHTSA (2021): [35](https://www.nhtsa.gov/press-releases/early-estimate-2021-traffic-fatalities#:~:text=NHTSA%20reports%20that%20in%2020,estimated%20fatality%20analysis%20reporting%20system%20history,Risk and Uncertainty Management Center, University of South Carolina.</a></p>
</div>
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## Public Transit

Motor vehicle maintenance and repair costs continue to increase in 2021 with supply chain disruptions, chip shortages and labor crunch.



# 12%

estimated year-over-year increase in fatality rate per mile for 2021<sup>2</sup>



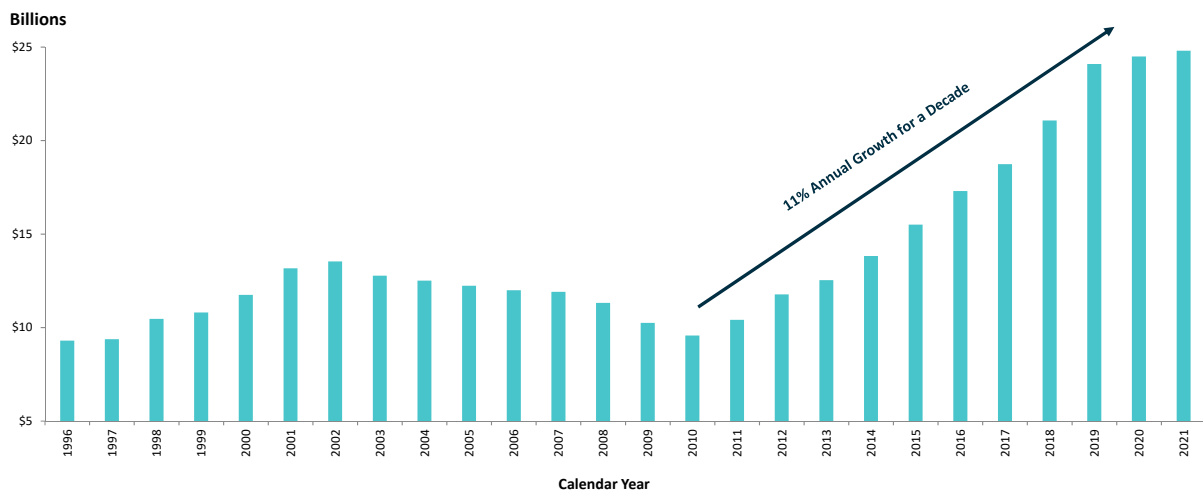
# 160,000

estimated number of commercial driver positions that will go unfilled by 2030<sup>4</sup>



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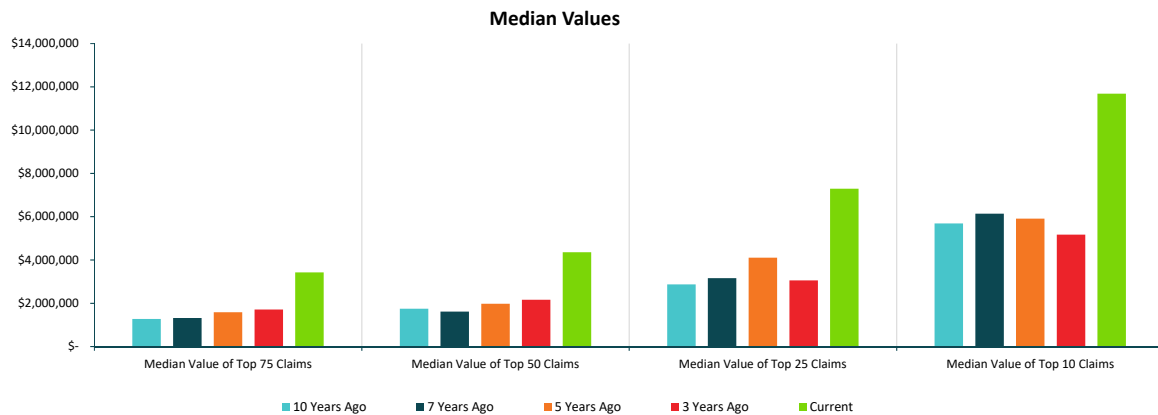
## Upward Trend in Liability Claims



Sources: NAIC data sourced from S&P Market Intelligence; Insurance Information Institute.

**Alliant**

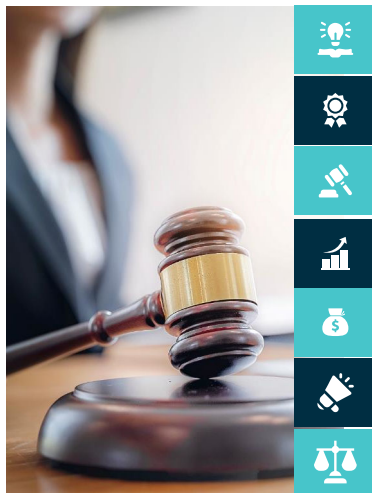
## Median Value Large Liability Losses



38

## Social Inflation: Many Interrelated Causes, Difficult to Manage

### INSURANCE CLAIM COSTS



- Increasing Propensity to Sue
- Size of Jury Awards
- Courts/Juries Favoring Plaintiffs
- Growing Distrust of Large Corps.
- Litigation Financing
- Aggressive Plaintiff Bar Ads
- Changes in Regulatory and Legal Environment

### TOP VERDICT CATEGORIES

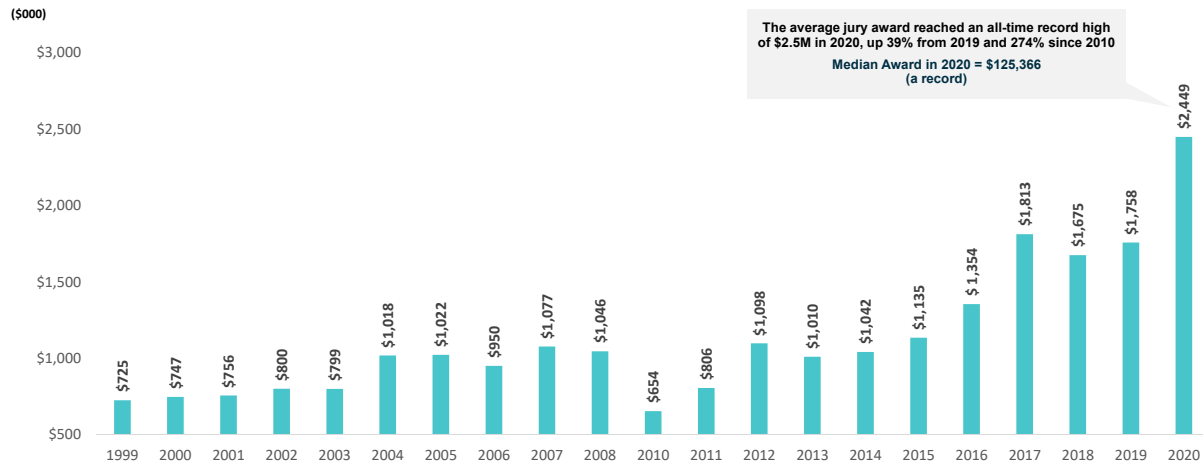
Dollar Value of Top 100 verdicts by cause of action, in millions.

2020			2021	
1	Intellectual Property	\$14,858	1	Worker/Workplace Negligence
2	Products Liability	\$3,117	2	Intellectual Property
3	Worker/Workplace Negligence	\$706	3	Motor Vehicle
4	Construction	\$285	4	Transportation
5	Motor Vehicle	\$261	5	Products Liability
6	Medical Malpractice	\$199	6	Employment
7	Intentional Torts	\$138	7	Business Law
8	Legal Profession	\$108	8	Intentional Torts
9	Fraud	\$94	9	Insurance
10	Dangerous Condition of Public Property	\$76	10	Government

Source: Risk and Uncertainty Management Center, Univ. of South Carolina, adapted from Verisk "Social Inflation" presentation (2020); VerdictSearch. Figures are rounded to the nearest \$1 million.

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## Average Jury Awards, 1999 – 2020 (latest available)



Source: Jury Verdict Research; Current Award Trends in Personal Injury (61<sup>st</sup> Edition), Thomson Reuters; Risk and Uncertainty Management Center, Univ. of South Carolina.

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## Liability Claim Values: Unfavorable Jurisdictions

In its recently released annual report, the ATRA identified 8 jurisdictions on its 2021 hellholes list – which, in order, include:

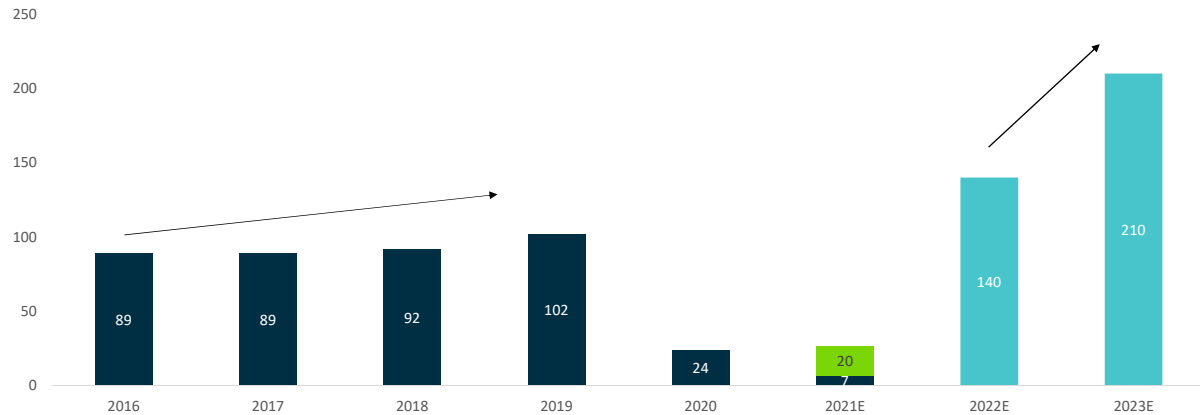
1. California (with the plaintiffs' bar taking advantage of unique California laws like the Private Attorney General Act);
2. New York City (particularly regarding Americans With Disabilities Act accessibility claims and an activist attorney general battling climate change with energy companies),
3. Georgia;
4. Philadelphia, which fell from the number 1 spot last year (especially in the Philadelphia Court of Common Pleas and the Supreme Court of Pennsylvania),
5. Illinois (especially Cook, St. Clair, and Madison counties and regarding asbestos litigation and Illinois Biometric Information Privacy Act class actions),
6. Louisiana (including deceptive lawsuit advertising practices and coastal litigation),
7. St. Louis, Missouri; and
8. South Carolina (particularly in asbestos litigation).

No. 1  
California

American Tort Reform Association ("ATRA")

## The Court Backlog

Court cases with verdicts above \$20mn



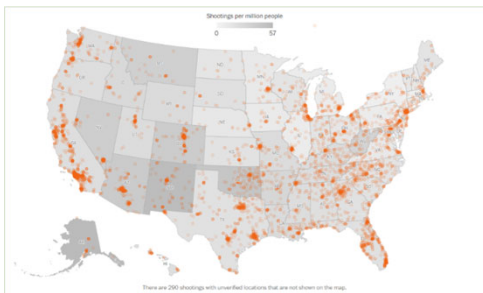
Source: Verdict Search, Inside P&C

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## Evolving Law Enforcement Environment

### Officer Involved Shootings



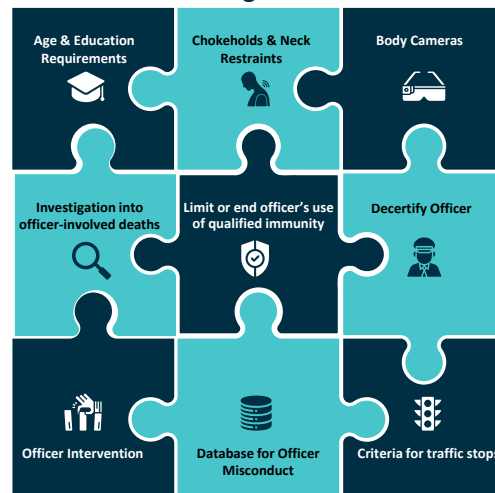
According to  
MappingPoliceViolence.org

**1,126 in 2020**

and

**1,134 people in 2021.**

### Policing Reform



43

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## Evolving Law Enforcement Environment (Option 2)

### Officer Involved Shootings

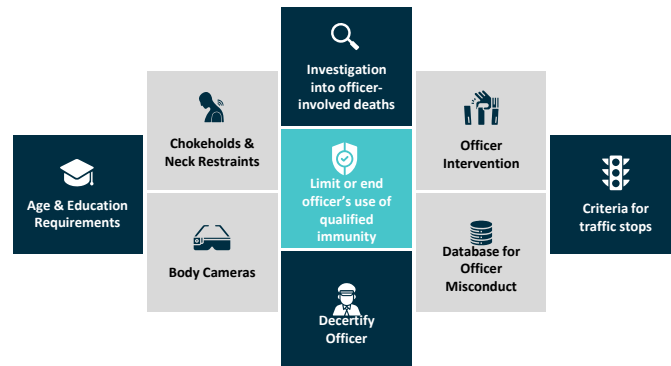


According to MappingPoliceViolence.org

 **1,126 in 2020** and

 **1,134 people in 2021**

### Policing Reform



44



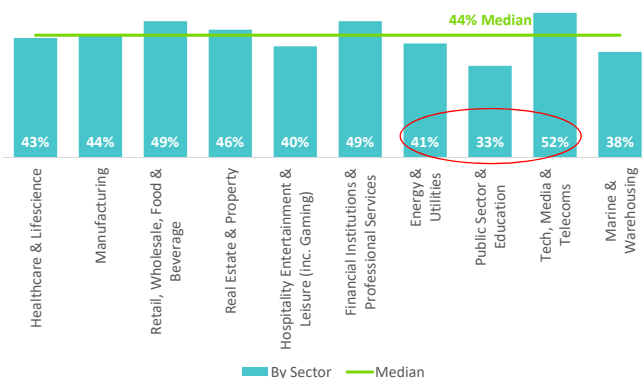
## Spotlight: Cyber Liability

Marketplace stabilizing after several years of dramatic claims development.

### Security standards across the marketplace:

- Multi-factor authentication
- Well managed end point detection
- Well managed RDP connections – VPN, MFA, etc.
- Back Ups
- Planning and Training (and Frequency)
- Reasonable patching schedule/plan
- Plan or adequate measures in place to protect end of life software
- IT Security Budgets
- Email Security
- Identity Access Management
- Service Account Management

### Sector view on resilience to cyber risk



Percentage of US and UK companies feeling 'very prepared' to anticipate and respond to cyber risk in 2021. Median line indicates the mid-point of the data set across all industries surveyed.

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## Toward the Future

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### Liability Renewal Outlook




#### Excess liability continues to be a challenge

 **Specific Problem areas:**

- Aggregate limits – Many carriers are looking to cap their exposure on pool programs
- Attachment point/Retentions are being closely examined
- Underwriter scrutiny on Law Enforcement and Sexual Abuse/Misconduct coverages
- Emerging Exclusion - PFAS

 **Pricing expectations based on Q2 results for 2022 = Flat to +10% – based on losses and jurisdiction**

 **Engage incumbent carriers early to gain commitment on renewal**

**Alliant**

## Property Renewal Outlook



Continued scrutiny of data (SOV, COPE, ITV with Increased Construction Cost)



Increased retentions and caps on certain types of exposure

- Windstorm & Hail



Rate increases expected and highly dependent on Wind Season, Reinsurance Market and individual client losses



Underwriter submission activity remains high – imperative to engage early and access global market



Regional Underwriting: Property markets are affected differently across the nation.

e.g. West Wildfire, East Hurricanes, Midwest Hail, etc.

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## North American CAT Property Reinsurance Outlook

### Stonybrook Capital Says Hurricane Ian Is Largest-Ever Insured Loss Event at Over \$75B

By Chad Hemenway | October 12, 2022

### Swiss Re's Pande urges cat attachment increases to counter rising valuations

The executive described the reinsurance renewals heading into 2023 as "a three-legged stool". Rate increases, some structural changes – notably to attachment points – and terms and conditions each represent one leg, Pande explained.

### CIAB full-time wrap on US cat: the fight for capacity

At the Council of Insurance Agents & Brokers' (CIAB) Insurance Leadership Forum in Colorado Springs this week, the focus of brokers has been on communicating to clients expectations that they will likely need to significantly increase retentions if they are to secure the limit they require at the top of cat programs to keep pace with inflation.

**Insurance Insider**  
Berkshire to non-renew retro cat quota shares as market searches for capacity signals

**Insurance Insider**  
Swiss Re will shrink in US cat as it asks cedants for "double-double-halt"

### 'Hardening' Property Catastrophe Market Enters 'Hard' Market Phase: Bank of America

By L.S. Howard | October 12, 2022

European reinsurers will miss their earnings targets in 2022 – for the sixth year in a row – which is pressuring the industry to raise rates and continue improving the quality of their portfolios, according to a research report published by the Bank of America.

The result is that the industry is finally entering a "true 'hard' market," said the report.

### Specific Challenges:



- Exposure increases (ITV) driven by inflation and supply chain

- Knock on affect to modeling
- \$20B of additional capital required (10% of current \$200b)



- Supply & Demand Imbalance
  - Investor fatigue from years of losses = No new entrants
  - Increase of natural disasters
  - Recent poor industry performance (unprofitable in 4 of last 5 years)
  - Reduced capacity from incumbents "de-risking" book



- Ian Loss ? = \$35B to \$70B
  - Trapped capital cannot be redeployed
  - ILS/Collateralized market seizing up

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## Cyber Renewal Outlook



### Leading insurers have indicated “We may have hit rate equilibrium”

#### 2023 Forecast:

- 15% to 25% increases, at a minimum, for “good” risks and most starting much higher
- Lower overall capacity deployment
- Increased per-claim, self-insured retentions for poor security posture
- Potential coinsurance percentages added for ransomware
- Further reduction of ransomware limit

#### Requirement to evidence security posture:



- MFA
- Data Backups
- Endpoint Detection
- Employee Education & Training Programs

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## Workers Compensation Leading Concerns



Rate expectations: Account Specific



Wage Inflation's impact on premiums & Medical Expense Inflation



Underwriter Concerns: Per Occurrence exposure to Cat loss



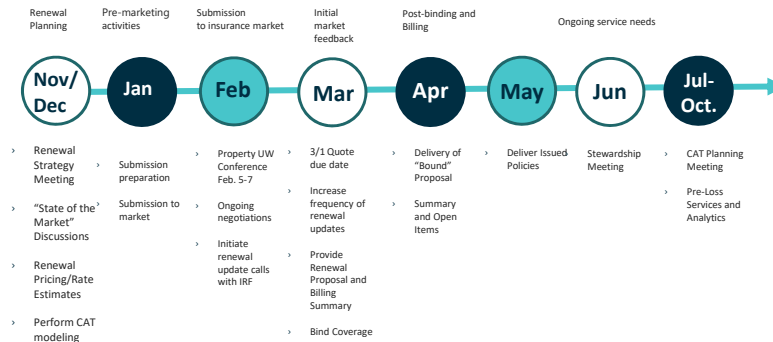
Remote Work: Out of State employees & Impact on productivity and compliance



Investment Yield on Long Tail Coverage

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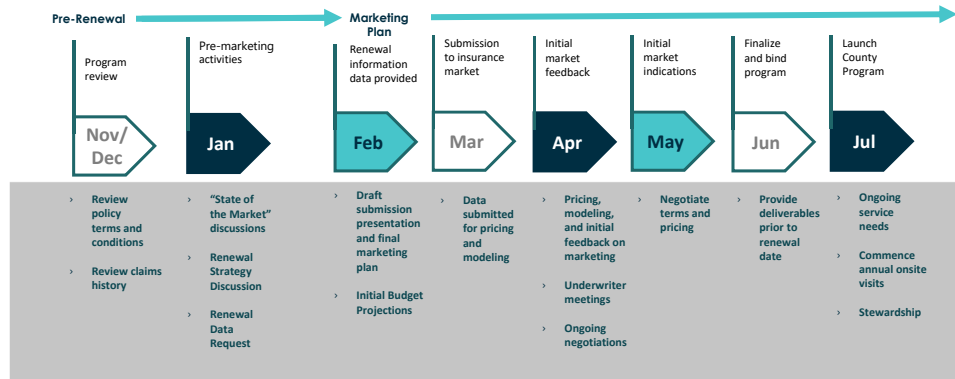
## Renewal Timeline – Exhibit – Sample Option 1



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## Timeline – Exhibit Sample Option 2



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## **STRATEGIC PLANNING OBJECTIVES REVIEW**

### **INFORMATION ITEM**

**ISSUE:** The Board will review the most recent update to SCORE's Strategic Planning Objectives for review and feedback.

**RECOMMENDATION:** Review, ask questions and provide feedback.

**FINANCIAL IMPACT:** No fiscal impact for SCORE.

**BACKGROUND:** The objectives were last updated by the Board at the October 2021 planning session and reviewed at the January 2022 meeting.

**ATTACHMENT:** Strategic Planning Objectives as of 10/1/22

# SCORE STRATEGIC GOALS & ACTION PLAN

DRAFT

Goals Drafted: 10/28/2021- 10/29/2021 BOD Long Range Planning meeting

Updated: 10/1/22

## MISSION STATEMENT

*Small Cities Organized Risk Effort (SCORE) is an association of small rural cities joined together in 1986 to protect member resources by stabilizing costs in a reliable, economical and beneficial manner while providing members with broad coverage and quality services in risk management and claims management.*

GOAL	ACTION/TASK	RESPONSIBLE ENTITY	DEADLINE	STATUS
LRP-1				
<b>Property Program: Objective - Review the Property Program structure</b>	1. Conduct study of estimated premiums at various self-insured retentions (SIRs) to bring stability to program <i>Notes: Received and discussed briefly at 10/28/21 BOD meeting</i>	Alliant/Bickmore	Completed	Actuary Study Complete Awaiting Premium Estimates
	2. Analyze banking layer options for members <i>Notes: Will have financials by member for the Property Banking Layer at BOD 1/23/23</i>	Alliant	Completed	Started Banking Layer 7/1/22
	3. Review options for Auto Physical Damage Program <i>Notes: compare options including AMVP as deductible buy-down for high-value vehicles</i>	Alliant/Board	Completed - Will review again for FY 23/24 renewals	BOD 1/28 APIP v. AMVP Presentation
LRP-2				
<b>Liability Program - Flattening the curve of increasing premiums and risk</b>	1. Review options for increasing SIR from \$750K and \$1M <i>Note: will present draft budget options at March BOD meetings</i>	Alliant/Bickmore	BOD 3/31/23 & 6/23/23	Review begins in March
	2. Analyze risk for loss leaders and trends <i>Note: Look at risk from the pool level as well as individual member level</i>	Sedgwick/Alliant	BOD 1/27/23	Will prep for next meeting
	3. Address the risks of police liability and dangerous condition claims <i>Notes: provide plan and include as needed in budget</i>	Alliant/Members	Set training by 2/1/23 and budget FY 23/24	Review resources October 27, 2022

LRP-3				
Cyber Program - Objective: Analyze purchasing excess insurance	1. Alliant to send members application early	Alliant	BOD 3/25	Completed
	<i>Note: Solicit feedback from members</i>			
	2. Create more robust risk control program	Alliant/DKF Solutions	Started October 2021	Ongoing on BOD Agenda 10/28/22
	<i>Note: Risk control efforts to include multi factor authentication, redundant systems, phishing simulation training and more</i>			
	3. Analyze options available from excess insurers	Alliant	BOD 6/24/22	One member purchased
	<i>Note: All members will need to complete applications and have controls in place</i>			
LRP-4				
Member Engagement and Education	1. Create Board Member Training Materials	Alliant/BOD	BOD 1/28/22	Budget Process webinar &/or presentation
	<i>Note: The materials will include education on Board member responsibilities, Program details, and the Budget/Funding process</i>			
	2. Create a plan for staff visits	Alliant/DKF/Board	BOD 1/28/22	Ongoing
	<i>Note: Staff member visits are valued by members and creating a plan will ensure visits are done on a timely basis</i>			
LRP-5				
Wildfire Risk Management Mitigation	1. Conduct wildfire risk scores for key member locations	Alliant	Reviewed at 10/28 BOD	Completed
	<i>Additional locations may be assessed based on exposure</i>			
	2. Contract with IEC to obtain Wildfire Risk Assessments for 4 SCORE Members (Colfax, Dunsmuir, Portola and Shasta Lake)	Alliant/BOD	BOD 3/25/22	Completed
	<i>whole.</i>			
	3. Create a plan for after IEC Assessments	Alliant/BOD	BOD 6/24/22	Direction at 10/27/22 Meeting
	<i>Note: SCORE Board will make a decision if further reports are needed for additional members.</i>			

**Small Cities Organized Risk Effort  
Long Range Planning  
October 27, 2022**

**Agenda Item H.5.**

**WRAP-UP**

**ACTION ITEM**

**ISSUE:** The Board will review the meeting's discussions and identify items that will be more fully developed in a Long Range Action Plan for adoption at a future SCORE Board meeting.

**RECOMMENDATION:** Review, ask questions and provide feedback.

**FINANCIAL IMPACT:** The Fiscal Impact cannot be determined at this time.

**BACKGROUND:** The October 27-28, 2022 Long Range Planning and Board Meeting was held by the SCORE Group. Members will provided comments and direction to Program Administration over the course of the two day meeting.

**ATTACHMENT:** None.