



Small Cities Organized Risk Effort (SCORE)
Board of Directors Meeting Minutes
May 11, 2012

Member Cities Present

Michael Botorff, City of Biggs
Liz Clontz, City of Dorris
Brenda Bains, City of Dunsmuir
Pamela Russell, City of Etna
Satwant Takhar, City of Live Oak
Roger Carroll, Town of Loomis
Ted Marconi, City of Mt. Shasta

Leslie Tigan, City of Portola
Stephanie Beauchaine, City of Rio Dell
John Duckett, City of Shasta Lake
Debbi Savage, City of Susanville
Randolph Darrow, City of Tulelake
Kelly McKinnis, City of Weed
Steve Baker, City of Yreka

Member Cities Absent

Bruce Kranz, City of Colfax
Linda Romaine, Town of Fort Jones
Marni Rittburg, City of Isleton

Kathy LeBlanc, City of Loyalton
Janie Sprague, City of Montague

Consultants & Guests

Susan Adams, Alliant Insurance Services
Michael Simmons, Alliant Insurance Services
Johnny Yang, Alliant Insurance Services
Marcus Beverly, York Risk Services

Randy Smith, York Risk Services
Dar Carrow, City of Tulelake
Ron Stock, City of Weed

A. CALL TO ORDER

Mr. Roger Carroll called the meeting to order at 10:02 a.m.

B. ROLL CALL

The above mentioned members were present constituting a quorum. Cities absent were the City of Colfax, City of Isleton, City of Loyalton, City of Montague, City of Susanville and Town of Fort Jones.



C. APPROVAL OF AGENDA AS POSTED

A motion was made to approve the Agenda as posted.

MOTION: Kelly McKinnis

SECOND: Liz Clontz

MOTION CARRIED

D. PUBLIC COMMENT

There were no public comments.

E. CONSENT CALENDAR

1. Draft Board of Directors Meeting Minutes – March 23, 2012
2. Union Bank Account Statement – March 2012
3. LAIF as of March 31, 2012
4. Investment Statements from Chandler Asset Management – April 2012
 - a. Account 590
 - i. Portfolio Summary
 - ii. Compliance Report
5. York Claims Bill Review
6. CompanyNurse Injuries Summary Report as of May 2, 2012
7. SCORE Service Calendar

A motion was made to approve the consent calendar as presented.

MOTION: Ted Marconi

SECOND: Steve Baker

MOTION CARRIED

F. JPA BUSINESS

F1. SCORE RFP Vendors Selection for Liability, Workers' Compensation Claims Administration and Risk Control Services Vendor Selection

a. Risk Control Services

Ms. Susan Adams explained that Alliant was asked to go out to RFP for SCORE's Risk Control, Liability and Workers' Compensation Claims Administration services providers and has since done Oral Interviews with a selected Ad hoc committee to make recommendations to the Board.

With respects to Risk Control services, the interviewing panel consisting of Linda Romaine, Leslie Tigan and Michael Botorff interviewed 3 firms who were Willis Pooling, Bickmore Risk Services and SBK Consulting Services. Of the firms interviewed the panel recommended SBK Consulting Services to the Board. The primary



reason was due to the Key personnel of Jack Kastorff who will be retiring from York Risk Services Group on June 30, 2012 and joining SBK Consulting Services. The panel felt that Mr. Kastorff's knowledge and experience with SCORE members would best benefit SCORE vs. hiring a consultant new to the SCORE program.

A motion was made to enter in an Agreement with SBK with the following conditions:

- One Year Agreement, with 2 additional one-year extensions subject to Board annual action.
- Total Compensation "Not-to-Exceed" \$75,000. With service rates of \$118 per hour (with estimated service hours of 398) and travel at a rate of \$118 per hour (with estimated travel hours of 153) for a total Risk Control Services fee of \$75,000.
- All Service Hours and tasks performed will be tracked monthly as back up documentation to monthly invoices.
- The Agreement will clearly indicate that Jack Kastorff will be the "Key Personnel" with prior approval necessary by the Board to replace Key Personnel for services.
- Services are to include those listed in the RFP response, and will not include on-site training sessions.
- This contract is subject to SBK management/consultants meeting in advance of July, 2012 to negotiate an Agreement with SCORE representatives that includes the conditions above; and they will agree to make themselves available on a regular basis to meet with SCORE representatives and/or the Safety Committee, as needed, to monitor the services provided.

MOTION: Pamela Russell
AYES: 13

SECOND: Leslie Tigan
NAYS: 1

MOTION CARRIED

b. Liability Claims Administration Services

The interviewing panel consisted of Roger Carroll, Steve Baker and Debbie Savage. Ms. Adams explained that the 3 firms interviewed were York Risk Services, AIMS, and George Hills and Company. Upon discussion between the interviewing panel and the Ad hoc committee, a decision was made to recommend York Risk Services to the Board as they felt Mr. Cameron Dewey's experience, knowledge and familiarity of defense attorneys and judges were beneficial in minimizing loss severity. Ms. Adams continued to explain that AIMS would have to hire an adjustor and George Hills proposed hiring a claims investigator.

Mr. Ted Marconi asked if SCORE obtains any additional members, would the flat annual fee be amended to reflect so? He then stated that if so, it should be included in the agreement. Mr. Simmons suggested including a "swing clause" in all contracts stating that should membership increase or decrease by more than 20% then the fee can be



negotiated by an adjustment of 15%. York agrees to this clause as respects the Liability Claims Administration Services agreement.

A motion was made to renew the contract with York Risk Insurance Services to provide Liability Claims Administration Services effective July 1, 2012 that contains the following conditions:

- A Three Year Agreement, with an additional two-year extension subject to Board annual action.
- Total Compensation “Not-to-Exceed” \$97,500 flat annual fee plus \$1,000 per member annual fee for administrative services for a total annual fee of \$116,000.
 - This flat fee applies to Year 1 – 3
 - Years 4 and 5 are open to negotiation

MOTION: Steve Baker

SECOND: Debbie Savage

MOTION CARRIED

c. Workers’ Compensation Claims Administration Services

Ms. Adams advised that the interviewing committee consisting of Ted Maconi, John Duckett, Stephanie Beauchaine and Ron Stock, met with 4 vendors during the oral interviews consisting of York Risk Services, AIMS, JT2 and CorVel. The Ad hoc committee recommended entering into a Five Year Agreement with JT2 subject to annual board action including a specific cancellation clause if the Board is not satisfied with their services. The primary reason for the recommendation was due to pricing. Additional fees of about \$2,000 would be incurred for online access for all members.

Mr. John Duckett expressed that the City of Shasta Lake is happy with the services provided by York Risk Services noting that should pricing be the main factor in the decision, Shasta Lake does not see a significant cost saving as the amount would be distributed among all members. Mr. Duckett stated the amount of work involved in converting to a new third party administrator does not seem to be worth the cost saving factor.

Mr. Kelly McKinnis asked which of JT2’s offices will be handling SCORE’s claims administration upon which Mr. Mike Summons advised that it would most likely be JT2’s Lathrop office.

The city of Weed, Susanville, Biggs, Portola and Dunsmuir also expressed that they are happy with services currently provided by York Risk Services.

Mr. McKinnis made a motion to accept York Risk Services proposal for Workers’ Compensation Claims Administration Services subject to the conditions of their proposal including a swing clause in the contract.



Ms. Stephanie Beauchaine expressed her concerns mentioning that SCORE's decision to RFP for these services was to obtain competitive pricing and perform an evaluation of services, noting that should a decision be made based on relationship she feels this would be a poor policy practice on behalf of SCORE.

Mr. Randy Smith expressed the concerns regarding the pricing provided by competitors which York believes does not cover labor costs. Mr. Smith said the proposed 15% of savings in bill review would generate quite a bit of revenue to the competing third party administrator and if York was given the option of looking into providing this service, they would be able to decrease the pricing in Administration Fees on behalf of York Risk Services. Mr. Smith then stated that York's commitment is to continue providing the quality of services that SCORE has come to expect and to be competitive in pricing but not to the point of comprising service.

MOTION: Kelly McKinnis **SECOND:** Debbie Savage **MOTION WITHDRAWN**

Ms. Beauchaine mentioned that her recommendation does not reflect any dissatisfaction against the services provided by York, but to rather evaluate the proposal less the relationships.

Mr. Ted Marconi noted that what made HT2 stand out was that it is a smaller firm and a dedicated claims adjuster would be hired to handle Northern California.

Mr. McKinnis withdrew his motion to accept York Risk Services proposal for Workers' Compensation Claims Administration Services as he felt his recommendation was not made based on an appropriate evaluation.

A motion was made to renew their contract with York Risk Insurance Services to provide Workers' Compensation Claims Administration Services effective July 1, 2012 as outlined in their proposal.

MOTION: John Duckett **SECOND:** Debbie Savage **MOTION CARRIED**
AYES: 11 **NAYS: 3**

- F2. Review and Declaration of Workers' Compensation Retrospective Distributions**
- F3. Review and Declaration of Liability Retrospective Distributions**

Ms. Adams explained that at the last Board meeting staff presented Calculations based on 12/31/11 loss data and the Board approved the calculations, but did not approve distributions advising staff to bring back additional information regarding SCORE's current status with regards to equity prior to approval of any distributions. As of June 30th, 2010 SCORE had \$15,851,824 of net assets. As of June 30th, 2011 SCORE's net assets increased to \$16,392,145.



As of December 31, 2011 SCORE's net assets were \$15,671,738 which includes the retrospective distributions taken in October of 2011. Since 2001/2002 SCORE has returned \$9,983,433 in distributions to members. With respects to Workers' Compensation SCORE's net assets were at \$7,618,044 as of December 31, 201. Ms. Adams explained that the Workers' Compensation Master Plan Document was amended last year. SCORE's Available Dividend Distribution is \$2,800,000 for Workers' Compensation at the 70% Confidence level.

Wither respects to Liability SCORE's net assets were at \$5,954,696 as of December 31, 2011. Ms. Adams reminded members that the Liability Master Plan Document was also amended last year. SCORE's Available Dividend Distribution is \$3,454,696 for Liability at the 70% Confidence level.

A motion was made approve the declaration of Workers' Compensation and Liability Retrospective Distributions at 30%.

MOTION: Steve Baker

SECOND: Ted Marconi

MOTION CARRIED

F4. Notice of Termination of Coverage effective June 30, 2012 sent to the City of Isleton

Ms. Adams advised Mr. Dave Larsen, City Attorney of Isleton was subsequently fired. Staff has sent certified letters to the Mayor and Vice Mayor of the City of Isleton advising them that SCORE had issued a Notice of Termination from SCORE to be effective July 1, 2012 if past due premiums were not received in full by June 1, 2012. Ms. Adams spoke with the new city manager, Mr. Dan Hinrichs on May 3rd and requested that he or the alternate be on the Board conference call and address the Board on May 11th. Mr. Hinrichs was aware of the Notice of Termination and said he would make sure the premium was paid so that coverage was not terminated.

G. CLOSING COMMENTS

There were no closing comments.

AJOURNMENT

The meeting was adjourned at 11:12 a.m.

NEXT MEETING DATE: Friday, June 22, 2012

Respectfully Submitted,

Debra Magginetti, Secretary



Date