



A California Public Agency

California Affiliated Risk Management Authorities
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**CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES
BOARD OF DIRECTORS' MEETING**

AGENDA

**Dream Inn
175 W. Cliff Drive
Santa Cruz, California 95060
(831) 426-4330**

**Friday, January 9, 2015
9:00 a.m. - 12:00 p.m.**

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact Jaesa McCulligan at (916) 244-1140, or (916) 244-1199 (fax). Requests must be made as early as possible, and at least one full business day before the start of the meeting.

Documents and materials relating to an open session agenda item that are provided to the CARMA Board of Directors less than 72 hours prior to a regular meeting will be available for public inspection and copying at: 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833. The documents are also available on CARMA's website, www.carmajpa.org.

	Page
1. CALL TO ORDER	
2. INTRODUCTIONS	
3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)	
4. PUBLIC COMMENTS - This time is reserved for members of the public to address the Board relative to matters of the California Affiliated Risk Management Authorities not on the agenda. No action may be taken on non-agenda items unless authorized by law. Comments will be limited to five minutes per person and twenty minutes in total.	
5. CONSENT CALENDAR	4
*A. Minutes of the September 19, 2014, Board Meeting	5
*B. Warrant Listings for September 1, 2014, through December 31, 2014	13
*C. Treasurer's Report at September 30, 2014	14
*D. Financial Statements as of September 30, 2014	35
<i>Recommendation: Approval of the Consent Calendar.</i>	

6.	PRESENTATIONS	
	A. CAJPA Re-Accreditation with Excellence	43
	<i>Recommendation: The Board of Directors reviews the final CAJPA Accreditation Report.</i>	
7.	ANNUAL WORKSHOP RECAP	
	*A. Establishment of Goals and Objectives	76
	<i>Recommendation: The Board of Directors adopts the 2015 Goals and Objectives.</i>	
8.	ADMINISTRATIVE MATTERS	
	*A. Commercial Marketing Strategy – Seth Cole	77
	<i>Recommendation: None.</i>	
	*B. Sampson, Sampson and Patterson, LLP Contract Expiring	80
	<i>Recommendation: The Board of Directors engages Sampson, Sampson & Patterson, LLP to conduct Independent Financial Audits for CARMA for Fiscal Years Ended June 30, 2015, June 30, 2016, and June 30, 2017, respectively.</i>	
	*C. Resolution of Appreciation for Honorable Service of Jake O'Malley to CARMA	86
	<i>Recommendation: The Board of Directors considers the Resolution and extends its appreciation to Mr. O'Malley for his years of service to the CARMA Board.</i>	
9.	FINANCIAL MATTERS	
	*A. Review of CARMA Investment Policy	88
	<i>Recommendation: The Board of Directors considers approval of the CARMA Investment Policy, as presented.</i>	
	B. California Asset Management Program Portfolio Review	101
	<i>Recommendation: None.</i>	
	C. Return of Equity	102
	<i>Recommendation: The Board of Directors considers a return of equity to the CARMA members based on the discussion held during the January 8, 2015, Annual Workshop.</i>	
	D. Mid-Layer Pool Discussion	103
	<i>Recommendation: The Board of Directors considers implementation of a mid-layer pool based on the discussion held during the January 8, 2015 Annual Workshop.</i>	
	E. Discussion Regarding Ex-modification Factors	104
	<i>Recommendation: The Board of Directors considers potential changes to the current experience modification formula based on the discussion held during the January 8, 2015, Annual Workshop.</i>	
10.	CLAIMS MATTERS	
	*A. Closed Session Pursuant to Government Code Section 54956.95(a) to Discuss Claims.	105
	Pursuant to Government Code Section 54956.95(a), the Board will hold a	

* = Material on agenda item enclosed

** = Material on agenda item enclosed for Board members only

closed session to discuss any claims for the payment of tort liability losses, public liability losses, or workers' compensation liability incurred by the joint powers authority:

Gonzales v. City of Atwater
Skoumbas v. City of Orinda

- *B. Report from Closed Session
Pursuant to Government Code Section 54957.1, the Board must report in open session any action, or lack thereof, taken in closed session.

11. CLOSING COMMENTS

This time is reserved for comments by the Board members and staff and to identify matters for future Board business.

- A. Board
- B. Staff

12. ADJOURNMENT

NOTICES

- The next Board of Directors' meeting is currently scheduled for Wednesday, April 15, 2015, at 10:00 a.m. at the offices of Bickmore in Sacramento, California.

CONSENT CALENDAR

SUBJECT: Consent Calendar

BACKGROUND AND STATUS:

The Consent Calendar consists of items that require approval or acceptance but are self-explanatory and require no discussion. If the Board would like to discuss any item listed, it may be pulled from the Consent Calendar.

RECOMMENDATION:

Approval of the Consent Calendar.

REFERENCE MATERIALS ATTACHED:

- *A. Minutes of the September 19, 2014, Board Meeting
- *B. Warrant Listings for September 1, 2014, through December 31, 2014
- *C. Treasurer's Report at September 30, 2014
- *D. Financial Statements as of September 30, 2014

**CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES
(CARMA)**

**DRAFT MINUTES OF THE BOARD OF DIRECTORS’
MEETING OF SEPTEMBER 19, 2014**

A regular meeting of the Board of Directors of CARMA was held on September 19, 2014, at the Lake Tahoe Resort Hotel in South Lake Tahoe, California and via teleconference.

BOARD MEMBERS PRESENT: Tim Przybyla, CSJVRMA, President
Dan Schwarz, BCJPIA, Vice President (*via teleconference*)
Jake O’Malley, MPA, Treasurer
Rene Mendez, MBASIA (*via teleconference, arrived at 9:09 a.m. during item 6.A.*)

ALTERNATE MEMBERS PRESENT: Jonathan Lowell, BCJPIA (*via teleconference, left at 9:50 a.m.*)
Patrice Hildreth, CSJVRMA
Gary Goodman, VCJPA (*via teleconference*)

OTHERS PRESENT: Rob Kramer, Executive Director
Jaesa McCulligan, Board Secretary
Nancy Broadhurst, Finance Manager
Craig Farmer, Board Counsel
Seth Cole, Alliant Insurance Services
Bill Patterson, Independent Financial Auditor
Adrienne Beatty, BCJPIA Assistant Administrator
Conor Boughey, Alliant Insurance Services

1. CALL TO ORDER

The September 19, 2014, Board of Directors’ meeting was called to order at 9:03 a.m. by President Tim Przybyla.

2. INTRODUCTIONS

Introductions were made and it was determined a quorum was established.

3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

Jake O’Malley moved to approve the agenda as posted. Seconded by Dan Schwarz. Motion passed unanimously.

4. **PUBLIC COMMENTS**

None.

5. **CONSENT CALENDAR**

Jake O'Malley moved to approve/accept the following items: A) Minutes of the June 18, 2014, Board of Directors' Meeting and the August 8, 2014, Special Board of Directors' Meeting; B) Warrant Listings from June 1, 2014, through August 31, 2014; C) Internal Financial Statements for the Year Ended June 30, 2014; D) Treasurer's Report as of June 30, 2014; and E) CARMA 2014/2015 Liability Renewal – Alliant Underwriting Fees Annual Disclosure. Seconded by Dan Schwarz. Motion passed unanimously.

6. **ADMINISTRATIVE MATTERS**

A. **Recap of Excess Coverage Renewal**

Mr. Seth Cole, Alliant Insurance Services (Alliant), was present to discuss the 2014/2015 renewal, noting that CARMA's liability reinsurance layer (\$10 million xs of \$4 million) renewed with AmTrust effective July 1. Since the expired policy included a Rate Stabilization Plan (2-year premium guarantee), the premium for the renewal was 2% higher.

Mr. Cole advised that AmTrust has offered a new Rate Stabilization Plan (2-year premium guarantee) for the current policy term where the 2015/2016 renewal premium would be 2% higher, subject to the terms of the Rate Stabilization Plan, and similar to the expired Plan. Mr. Cole informed the Board that the reinsurance/excess liability market is stable and he expects it to remain stable. He noted most carriers are pushing for a low, single digit percentage in rate increases. Mr. Cole advised that if CARMA is anticipating more than a 2% increase in payroll in the upcoming year, then the Rate Stabilization Plan could potentially provide the group with a rate reduction.

It was noted that since the Board will be discussing a mid-layer pool (MLP) later in the agenda and this could change the retention amount for the upcoming renewal, the Board may want to wait until a decision has been made before discussing the Rate Stabilization Plan. It was inquired when a decision is required by AmTrust and Mr. Cole advised that he would check with AmTrust and then inform staff. Mr. Cole also noted that he would inquire for different quotes, since the Board is potentially considering an MLP.

B. **Review of the CARMA Goals and Objectives for 2014**

Rob Kramer, Executive Director, reviewed the Goals and Objectives for 2014 with the Board. The first goal, continue to develop the uses of equity, will be discussed later in the agenda during the discussion of establishing an MLP and that CARMA returned equity earlier in the year. Regarding the second goal, continue to market internally and externally,

Mr. Kramer reminded the Board that he would be able to provide a presentation at any of the member's Board meetings if they feel it would be beneficial for their Board. Mr. Kramer further advised that the third goal to consider the length of the maturity benchmark for the investment portfolio was completed when the Board approved extending the maturity benchmark at the April 2014 Board meeting.

C. Discussion Regarding the 22nd Board of Directors' Annual Workshop on January 8-9, 2015, at Bodega Bay Lodge & Resort

Mr. Kramer directed the Board's attention to the draft Annual Workshop agenda provided in the agenda packet. Mr. Kramer noted that the workshop will contain an overview of the current status of CARMA, including an overview of claims and financial benchmarks. Alliant will also provide their annual "State of the Market" presentation.

Mr. Kramer advised that the two items identified over the course of the year were to review the experience modification factor process and continue the analysis of an MLP.

The Board agreed with the agenda format and directed staff to develop the agenda as presented.

D. Review of Liability Claims Audit Proposals

Mr. Kramer reminded the Board that following a review of service providers at the January 9, 2014, Annual Workshop, the Board requested that staff prepare a Request for Proposal (RFP) for Claims Audit Services. Mr. Kramer advised that Mr. Tim Farley has been conducting the claims audit for CARMA since inception.

The RFP developed by staff was approved by the Board at its June meeting and was subsequently disseminated to six potential service providers. Staff received proposals from Aon Global Risk Consulting (Aon) and Farley Consulting Services (Farley). Angela Livingston Collaborations declined to respond and the remaining three firms did not respond.

Mr. Kramer directed the Board's attention to the summary of the two received proposals included in the agenda packet. Mr. Kramer noted that the proposal from Farley included the cost of three years of audits, two expanded scope audits and one standard scope at \$29,400 and \$18,500, respectively. The proposed costs are comparable to the costs of prior years' audits. The proposal from Aon included the cost of one expanded audit at \$43,000.

The Board expressed that the audits in prior years by Farley have been well done and his costs are substantially less than the proposal from Aon. Mr. Jake O'Malley advised that he has utilized Mr. Craig Bowlus from Aon for an audit and he is very thorough and provides constructive criticism regarding reserving practices; however, this was when Mr. Bowlus was strictly working on claims audits, where he is now also a broker at Aon. It was expressed that it could be beneficial to have a new set of eyes to do the claims audit to provide new, fresh ideas. Upon further discussion, the Board determined that they would like to utilize

Tim Farley for another two years of audits and then revisit the RFP process at that time. It was expressed that seeing a sample audit from Aon would be beneficial during the next RFP review.

Jake O'Malley moved to extend the contract to Farley Consulting Services through 2015 and 2016, including one standard and one expanded scope audit, and then the Board will consider revisiting the RFP process in 2017 for an expanded scope audit. Seconded by Gary Goodman. Motion passed unanimously.

7. FINANCIAL MATTERS

A. Consideration of the June 30, 2014, Independent Financial Audit Prepared by Sampson, Sampson and Patterson, LLP

Mr. Bill Patterson, Sampson, Sampson and Patterson, LLP, provided an overview of the June 30, 2014, Independent Financial Audit for CARMA, including the following highlights:

- CARMA has received an unmodified opinion, meaning the statements are in accordance with generally-accepted accounting principles.
- Financial highlights in the Management's Discussion and Analysis (MD&A) included: 1) the Board approved an equity distribution in the amount of \$5.4 million; 2) the 2013/2014 program year marked the third year of a three-year process to phase out the process by which the experience modification factor (ex-mod) had been applied to the reinsurance premium as well as the pooled portion of coverage; and 3) the Board approved a change in the investment portfolio benchmark from the Merrill Lynch 0-5 Year Treasury Index.
- Total Revenues were \$7.3 million; Total Expenses were \$11.3 million; Total Assets were \$28.1 million; and Total Liabilities were \$14.7 million.
- Mr. Patterson reviewed the Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; Statement of Cash Flows; Statement of Fiduciary Net Position; and Statement of Changes in Fiduciary Net Position.
- Cash and investments consisted of \$6,214 in deposits and \$27,935,302 in investments. The investments include both investments in Public Financial Management, Inc. (PFM) and the Local Agency Investment Fund (LAIF).
- Most of CARMA's investments are AA rated, with 67% AA rated and an approximate 15% that are A rated. There is \$2.8 million in A-1 rated investments.
- Both years in the financial statements are discounted at 2%. The face value (undiscounted) amount of the liabilities for unpaid claims at June 30, 2014, and 2013, is \$14,936,542, and \$13,822,609, respectively. The total unpaid claims with the discount of 2% at June 30, 2014, and 2013, are \$14,106,873 and \$13,054,587, respectively.
- Claims incurred but not reported (IBNR) totaled \$12,040,299 at June 30, 2014, as compared to \$13,054,587 at June 30, 2013.

- There have been no claims payments for program years 2009/2010, 2011/2012, 2012/2013, or 2013/2014.
- Five of the last ten years have had favorable development.

Dan Schwarz moved to accept and file the Independent Financial Audit as of June 30, 2014, as presented. Seconded by Jake O'Malley. Motion passed unanimously.

B. Proposed Methodology for a Mid-Layer Pool

Mr. Kramer reminded the Board that at the January 2014 CARMA Annual Workshop, initial discussions took place regarding the possible future implementation of a Mid-Layer Pool (MLP). CARMA has equity that could be utilized to pre-fund a \$1 million-layer providing members the advantage of not having to pay an annual premium for that layer. Funding and covering losses in that layer could reduce the effect that severe claims can have on either CARMA's pooled retention layer or the reinsurance layer, thus providing a reduction in premium either way.

Ms. Nancy Broadhurst, Finance Manager, was present to review the key components of a MLP with the Board:

- Separately Funded: Typically, an MLP would be separately funded.
- Program Years: Typically, an MLP would not be subject to program years; the monies contributed would be co-mingled into a single pool that would pay losses without charging losses against any one program year. Ms. Broadhurst noted that activity would still be tracked within the MLP by program year.
- Equity vs. Non-Equity: The MLP can be maintained as either an equity or a non-equity pool. If it is created as an equity pool, a member withdrawing from the JPA would be issued a refund for its fair share of any remaining balance in the pool. If maintained as a non-equity pool, and upon withdrawal, a member would forfeit all rights to these funds which would remain wholly with the JPA. Staff recommends that the MLP be maintained as a non-equity pool.
- Funding Layer: The MLP can be created to fund any layer of claims activity desired. Staff's recommendation would be for the MLP to fund claims activity either between \$4M and \$5M (the first reinsurance layer \$1 million) or between \$3M and \$4M (the highest current pooled layer of \$1 million).
- Amount of Pre-Funding: CARMA's retrospective adjustment calculation as of June 30, 2014, reveals that dividends are available in an amount of approximately \$2.6 million should the Board elect to release dividends this year. This dividend could be used in whole or in part to fund the MLP.
- Dividends: The MLP can be structured to either allow the release of dividends or not and the Board could consider if withdrawn or terminated members would be eligible to receive dividends could be considered as well. If the Board considers releasing dividends from this layer, it would need to identify the funding layer so dividends may be released. Staff recommends the release of dividends from the MLP in excess

- of the determined retained balance, based pro-rata on how the funds were collected and then be returned only to those members actively participating in the CARMA program at the time.
- New Member Contributions: As new members to the JPA would benefit from the MLP, the Board should consider the methodology by which a new member would be required to pay into this layer. Staff recommends a contribution over a three-year period based on the new member's payroll in relation to the total JPA payroll and the current balance of the MLP.

Mr. Kramer also noted that staff recommends that the per-member funding amounts per member be established by their respective payroll amount with no experience rating adjustment.

Ms. Broadhurst then led a discussion regarding the funding layer. As previously mentioned, either the \$3M-\$4M or the \$4M-\$5M layers are optimum as they are border layers; one at the high end of the pooled layer and the other at the low end of the reinsurance layer. The Board received a Loss Stratification analysis, illustrating that since CARMA's inception, CARMA has had 53 claims, totaling \$57,835,176. In the \$3M-\$4M layer, a total of \$5,039,483 has been incurred from six total claims. In the \$4M-\$5M layer, there has been \$4,000,000 incurred from four claims. Ms. Broadhurst noted that since each of the layers discussed have incurred costs of approximately \$5 million since CARMA's inception, staff would recommend an initial funding of \$2.5 million to create the MLP.

Ms. Broadhurst then reviewed the Retrospective Adjustment Calculation and the Calculation by Member with the Board, noting that PARSAC is included in the calculation but since they are a withdrawn member, CARMA will return money for any years that are a full seven years old. MBASIA also had a negative adjustment in the prior year but CARMA did not want to collect that amount, but rather has been as a receivable that would be netted out of future dividends.

Ms. Broadhurst then directed the Board's attention to the Comparison by Member, which illustrates the potential dividend release and the potential MLP funding. As previously mentioned, staff is recommending allocating funding by payroll. The Comparison by Member illustrates the amount of funding that would be necessary from each member if the Board decided to fund the entire MLP in one year. Further, this exhibit also illustrates the amount by member if the Board decided to fund only half of the MLP in the first year. The potential dividend compared to MLP funding illustrates the difference in the amount of the dividend for each member as compared to the funding amount of the MLP. If the Board were to decide to fund the entire MLP in one year, four out of five members would owe additional monies above the dividend release to fund the MLP. If the Board were to decide to fund only half of the MLP the first year, only one member would owe additional monies above the dividend release in the first year.

Mr. Kramer advised that staff would not be recommending an MLP if CARMA did not have equity, but since CARMA will be able to release a dividend this year and very likely next year, a MLP could be formed without members having to pay out-of-pocket. Once the MLP is fully funded, claims would begin to be covered within that layer.

Mr. Jake O'Malley, MPA, expressed appreciation to Ms. Broadhurst for clearly outlining the MLP, and noted that he would support funding the MLP over two years. Mr. O'Malley also expressed that he would be in support of maintaining the MLP as a non-equity pool.

It was questioned how the MLP would work once the \$2.5 million was exhausted by claims hitting that layer. Mr. Kramer explained that the \$2.5 million would cover two full hits to that layer and since CARMA has only had six claims since inception, it is expected that the \$2.5 million would be sufficient for a number of years. Also, the \$2.5 million could potentially grow due to investment income or additional funding. It was noted that the MLP would be activated once it was fully funded with \$2.5 million and it would only cover claims going forward. If the funding of the MLP declined, the Board could take any number of different actions including but not limited to replenishing the fund, eliminating the fund for future prospective years, etc.

Mr. Cole advised that he provided indications for last year's reinsurance renewal that illustrated a 10-15% premium savings that CARMA would likely see if they implemented a MLP.

Staff inquired what additional information the Board would like provided at the January meeting. It was requested staff bring information showing what the reduction of rate would be over the number of years that shows when the MLP investment would pay off. Staff agreed this will be provided at the January meeting.

8. CLAIMS MATTERS

Mr. Kramer informed the Board that staff did not have any updates for closed session, but requested that Mr. Craig Farmer, Legal Counsel, provide an open session update on Padgett v. Wright (main case and CARMA arbitration). Mr. Farmer advised that Mr. Wright declared bankruptcy, went through bankruptcy proceedings, and was discharged in bankruptcy. However, there was an adversarial proceeding filed by plaintiff's attorneys for the Padgett case to receive attorney fees. This is still a pending matter. Mr. Farmer expressed that he believes the matter will go to arbitration.

9. CLOSING COMMENTS

A. Board

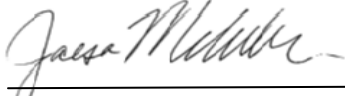
None.

B. Staff

None.

10. ADJOURNMENT

The September 19, 2014, Board of Directors' meeting adjourned at 10:21 a.m. by general consensus of the Board.



Jaesa McCulligan, Board Secretary

Ranges: From: To: From: To:
 Check Number First Last Check Date 9/1/2014 12/31/2014
 Vendor ID First Last Checkbook ID CBT GENERAL CBT GENERAL
 Vendor Name First Last

Sorted By: Check Number

* Voided Checks

Check Number	Vendor ID	Vendor Check Name	Check Date	Checkbook ID	Audit Trail Code	Amount
2000	BI100	Bickmore	9/10/2014	CBT GENERAL	PMCHK00000138	\$26,753.41
2001	ED105	Edrington, Schirmer & Murphy L	9/10/2014	CBT GENERAL	PMCHK00000138	\$267.82
2002	FA115	Farmer Smith and Lane, LLP	9/10/2014	CBT GENERAL	PMCHK00000138	\$612.50
2003	SA100	Sampson, Sampson and Patterson	9/15/2014	CBT GENERAL	PMCHK00000139	\$6,500.00
2004	BC100	BCJPIA	10/9/2014	CBT GENERAL	PMCHK00000140	\$215,751.19
2005	BI100	Bickmore	10/9/2014	CBT GENERAL	PMCHK00000140	\$26,753.41
2006	CA100	Ca Bank & Trust	10/9/2014	CBT GENERAL	PMCHK00000140	\$735.87
2007	FA115	Farmer Smith and Lane, LLP	10/9/2014	CBT GENERAL	PMCHK00000140	\$1,487.50
2008	SA100	Sampson, Sampson and Patterson	10/9/2014	CBT GENERAL	PMCHK00000140	\$2,450.00
2009	BI100	Bickmore	11/21/2014	CBT GENERAL	PMCHK00000141	\$26,753.41
2010	DR105	Santa Cruz Dream Inn	11/21/2014	CBT GENERAL	PMCHK00000141	\$2,950.00
2011	FA115	Farmer Smith and Lane, LLP	11/21/2014	CBT GENERAL	PMCHK00000141	\$245.00
2012	BI100	Bickmore	12/11/2014	CBT GENERAL	PMCHK00000142	\$26,753.42
2013	DR105	Santa Cruz Dream Inn	12/11/2014	CBT GENERAL	PMCHK00000142	\$2,950.00
2014	FA115	Farmer Smith and Lane, LLP	12/11/2014	CBT GENERAL	PMCHK00000142	\$665.00
2015	MU100	Murphy, Campbell, Alliston & Q	12/11/2014	CBT GENERAL	PMCHK00000142	\$225.00

Total Checks: 16 Total Amount of Checks: \$341,853.53
 =====

California Affiliated Risk Management Authorities
Treasurer's Report
As of September 30, 2014

	Book Value	Market Value	% of Total	Effective Yield
California Bank & Trust – General Operating	5,468	5,468	0.02%	0.00%
State of California Local Agency Investment Fund	7,209,092	7,210,399	21.34%	0.25%
CAMP - Money Market	54,070	54,070	0.16%	0.05%
CAMP - Investments managed by PFM	26,580,247	26,516,025	78.48%	0.88%
Total Cash and Investments	\$ 33,848,877	\$ 33,785,962	100.00%	0.74%

Attached are the Public Financial Management, Inc. (PFM) and Local Agency Investment Fund (LAIF) statements detailing all investment transactions. Market prices are derived from closing bid prices as of the last business day of the month from either Bloomberg or Telerate.

I certify that this report reflects all cash and investments and is in conformance with the Agency's Investment Policy. The investment program herein shown provides sufficient cash flow liquidity to meet the Agency's expenditures for the next six months.

Respectfully submitted,


Nancy Broadhurst
Assistant Treasurer

Accepted,

Jake O'Malley
Treasurer



Account Statement - Transaction Summary

For the Month Ending **September 30, 2014**

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA - 615-00

CAMP Pool	
Opening Market Value	61,131.12
Purchases	1,693,228.38
Redemptions	(1,700,289.14)
Unsettled Trades	0.00
Change in Value	0.00

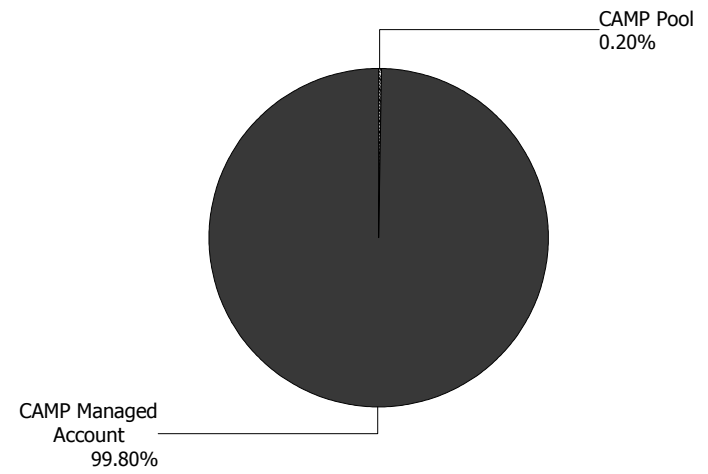
Closing Market Value	\$54,070.36
Cash Dividends and Income	2.25

CAMP Managed Account	
Opening Market Value	26,803,096.96
Purchases	1,443,262.64
Redemptions	(1,670,810.27)
Unsettled Trades	0.00
Change in Value	(59,524.27)

Closing Market Value	\$26,516,025.06
Cash Dividends and Income	11,598.60

Asset Summary		
	September 30, 2014	August 31, 2014
CAMP Pool	54,070.36	61,131.12
CAMP Managed Account	26,516,025.06	26,803,096.96
Total	\$26,570,095.42	\$26,864,228.08

Asset Allocation





Managed Account Detail of Securities Held

For the Month Ending **September 30, 2014**

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA - 615-00 - (12510310)

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note												
US TREASURY NOTES	DTD 11/01/2010 1.250% 10/31/2015	912828PE4	2,100,000.00	AA+	Aaa	09/25/13	09/26/13	2,138,718.75	0.37	10,985.05	2,120,023.92	2,124,446.10
US TREASURY NOTES	DTD 06/02/2014 0.375% 05/31/2016	912828WM8	1,075,000.00	AA+	Aaa	06/02/14	06/03/14	1,074,832.03	0.38	1,354.76	1,074,859.62	1,073,907.80
US TREASURY NOTES	DTD 11/30/2011 0.875% 11/30/2016	912828RU6	1,500,000.00	AA+	Aaa	10/31/13	11/01/13	1,511,601.56	0.62	4,410.86	1,508,176.43	1,505,507.81
US TREASURY NOTES	DTD 11/30/2011 0.875% 11/30/2016	912828RU6	1,800,000.00	AA+	Aaa	11/27/13	12/03/13	1,815,468.75	0.58	5,293.03	1,811,214.85	1,806,609.38
US TREASURY NOTES	DTD 05/31/2012 0.625% 05/31/2017	912828SY7	1,300,000.00	AA+	Aaa	06/02/14	06/03/14	1,292,789.06	0.81	2,730.53	1,293,571.38	1,288,726.40
US TREASURY NOTES	DTD 11/30/2012 0.625% 11/30/2017	912828UA6	250,000.00	AA+	Aaa	07/29/14	07/31/14	245,400.39	1.19	525.10	245,630.24	245,488.25
US TREASURY NOTES	DTD 11/30/2012 0.625% 11/30/2017	912828UA6	1,000,000.00	AA+	Aaa	07/02/14	07/07/14	982,695.31	1.15	2,100.41	983,871.97	981,953.00
US TREASURY NOTES	DTD 04/30/2013 0.625% 04/30/2018	912828UZ1	250,000.00	AA+	Aaa	07/29/14	07/31/14	243,271.48	1.36	653.87	243,567.06	243,417.97
US TREASURY NOTES	DTD 04/30/2013 0.625% 04/30/2018	912828UZ1	525,000.00	AA+	Aaa	07/02/14	07/07/14	511,300.78	1.33	1,373.13	512,121.46	511,177.73
US TREASURY NOTES	DTD 12/02/2013 1.250% 11/30/2018	912828A34	525,000.00	AA+	Aaa	07/02/14	07/07/14	518,622.07	1.54	2,205.43	518,953.51	517,781.25
US TREASURY NOTES	DTD 12/02/2013 1.250% 11/30/2018	912828A34	750,000.00	AA+	Aaa	07/29/14	07/31/14	740,478.52	1.55	3,150.61	740,841.22	739,687.50
US TREASURY NOTES	DTD 01/31/2014 1.500% 01/31/2019	912828B33	675,000.00	AA+	Aaa	07/29/14	07/31/14	671,862.30	1.61	1,705.84	671,976.05	670,781.25
US TREASURY NOTES	DTD 03/31/2014 1.625% 03/31/2019	912828C65	250,000.00	AA+	Aaa	09/02/14	09/04/14	250,273.44	1.60	11.16	250,270.16	249,297.00
Security Type Sub-Total			12,000,000.00					11,997,314.44	0.84	36,499.78	11,975,077.87	11,958,781.44



Managed Account Detail of Securities Held

For the Month Ending **September 30, 2014**

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA - 615-00 - (12510310)

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Municipal Bond / Note											
UNIV OF CAL TXBL REV BONDS DTD 10/02/2013 0.528% 05/15/2015	91412GSW6	85,000.00	AA	Aa2	09/26/13	10/02/13	85,000.00	0.53	169.55	85,000.00	85,140.25
CA ST DEPT OF WATER TXBL REV BONDS DTD 09/27/2012 0.650% 12/01/2015	13066KX87	165,000.00	AAA	Aa1	09/19/12	09/27/12	165,000.00	0.65	357.50	165,000.00	165,424.05
UNIV OF CAL TXBL REV BONDS DTD 10/02/2013 0.907% 05/15/2016	91412GSX4	45,000.00	AA	Aa2	09/26/13	10/02/13	45,000.00	0.91	154.19	45,000.00	45,135.00
UNIV OF CAL TXBL REV BONDS DTD 03/14/2013 0.659% 05/15/2016	91412GPX7	100,000.00	AA	Aa2	02/28/13	03/14/13	100,000.00	0.66	248.96	100,000.00	99,750.00
Security Type Sub-Total		395,000.00					395,000.00	0.66	930.20	395,000.00	395,449.30
Federal Agency Bond / Note											
FHLB (EX-CALLABLE) GLOBAL NOTES DTD 12/30/2013 0.375% 12/30/2015	3130A0GK0	625,000.00	AA+	Aaa	12/12/13	12/30/13	624,812.50	0.39	592.45	624,882.91	625,570.00
FANNIE MAE GLOBAL NOTES DTD 02/15/2013 0.500% 03/30/2016	3135GOVA8	340,000.00	AA+	Aaa	02/14/13	02/15/13	339,612.40	0.54	4.72	339,813.38	340,260.10
FHLB NOTES DTD 08/07/2014 0.500% 09/28/2016	3130A2T97	710,000.00	AA+	Aaa	08/06/14	08/07/14	708,402.50	0.61	29.58	708,513.22	707,920.41
FEDERAL HOME LOAN BANKS (CALLABLE) DTD 03/27/2014 1.625% 03/27/2017	3130A1CR7	520,000.00	AA+	Aaa	04/02/14	04/04/14	525,714.80	1.25	93.89	522,852.82	523,466.84
FREDDIE MAC GLOBAL NOTES DTD 06/25/2012 1.000% 07/28/2017	3137EADJ5	450,000.00	AA+	Aaa	08/12/14	08/14/14	449,944.20	1.00	787.50	449,946.75	448,150.05
FREDDIE MAC GLOBAL NOTES DTD 06/25/2012 1.000% 07/28/2017	3137EADJ5	725,000.00	AA+	Aaa	08/12/14	08/14/14	724,951.43	1.00	1,268.75	724,953.73	722,019.53
Security Type Sub-Total		3,370,000.00					3,373,437.83	0.80	2,776.89	3,370,962.81	3,367,386.93
Corporate Note											
TOYOTA MOTOR CREDIT CORP DTD 06/17/2010 3.200% 06/17/2015	89233P4B9	400,000.00	AA-	Aa3	03/27/13	04/01/13	422,524.00	0.63	3,697.78	407,277.00	408,025.20



Managed Account Detail of Securities Held

For the Month Ending **September 30, 2014**

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA - 615-00 - (12510310)

Security Type/Description	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
JPMORGAN CHASE & CO GLOBAL NOTES DTD 10/18/2012 1.100% 10/15/2015	46623EJR1	150,000.00	A	A3	10/15/12	10/18/12	149,938.50	1.11	760.83	149,978.40	150,623.85
BANK OF NEW YORK MELLON (CALLABLE) DTD 10/25/2012 0.700% 10/23/2015	06406HCD9	125,000.00	A+	A1	10/18/12	10/25/12	124,871.25	0.73	384.03	124,954.05	125,156.25
PEPSICO INC GLOBAL NOTES DTD 02/28/2013 0.700% 02/26/2016	713448CE6	170,000.00	A-	A1	02/25/13	02/28/13	169,940.50	0.71	115.69	169,971.91	170,366.01
BANK OF NEW YORK MELLON (CALLABLE) DTD 03/06/2013 0.700% 03/04/2016	06406HCG2	150,000.00	A+	A1	03/05/13	03/06/13	149,911.50	0.72	78.75	149,957.65	150,058.95
BANK OF NEW YORK MELLON (CALLABLE) DTD 03/06/2013 0.700% 03/04/2016	06406HCG2	200,000.00	A+	A1	03/04/13	03/06/13	199,882.00	0.72	105.00	199,943.53	200,078.60
GLAXOSMITHKLINE CAP INC GLOBAL NOTES DTD 03/18/2013 0.700% 03/18/2016	377372AG2	345,000.00	A+	A2	09/27/13	10/02/13	344,755.05	0.73	87.21	344,853.87	345,223.22
GENERAL ELEC CAP CORP (FLOATING) DTD 07/12/2013 0.884% 07/12/2016	36962G7A6	430,000.00	AA+	A1	07/09/13	07/12/13	430,000.00	0.93	833.77	430,000.00	433,728.53
WELLS FARGO & COMPANY DTD 07/29/2013 1.250% 07/20/2016	94974BFL9	330,000.00	A+	A2	07/22/13	07/29/13	329,683.20	1.28	813.54	329,806.44	331,919.28
BERKSHIRE HATHAWAY FIN GLOBAL NOTES DTD 08/15/2013 0.950% 08/15/2016	084664BX8	300,000.00	AA	Aa2	08/06/13	08/15/13	299,841.00	0.97	364.17	299,900.24	301,094.40
JPMORGAN CHASE & CO DTD 02/18/2014 1.350% 02/15/2017	46623EJY6	400,000.00	A	A3	02/12/14	02/18/14	399,800.00	1.37	690.00	399,840.65	399,128.40
PEPSICO CORP NOTES DTD 02/28/2014 0.950% 02/22/2017	713448CL0	500,000.00	A-	A1	02/25/14	02/28/14	499,430.00	0.99	514.58	499,540.72	497,958.50
CISCO SYSTEMS INC GLOBAL NOTES DTD 03/03/2014 1.100% 03/03/2017	17275RAT9	335,000.00	AA-	A1	02/24/14	03/03/14	334,979.90	1.10	286.61	334,983.72	334,776.22
APPLE INC CORP NOTE DTD 05/06/2014 1.050% 05/05/2017	037833AM2	675,000.00	AA+	Aa1	04/29/14	05/06/14	674,642.25	1.07	2,854.69	674,689.70	672,702.30
JOHN DEERE CAPITAL CORP NOTES DTD 06/12/2014 1.125% 06/12/2017	24422ESN0	425,000.00	A	A2	06/09/14	06/12/14	424,800.25	1.14	1,447.66	424,820.12	422,771.30



Managed Account Detail of Securities Held

For the Month Ending **September 30, 2014**

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA - 615-00 - (12510310)

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
HSBC USA INC DTD 06/23/2014 1.300% 06/23/2017	40434CAA3	225,000.00	A+	A2	06/16/14	06/23/14	224,658.00	1.35	796.25	224,688.51	224,826.08
CATERPILLAR FINANCIAL SE DTD 08/20/2014 1.250% 08/18/2017	14912L6D8	295,000.00	A	A2	08/13/14	08/20/14	294,852.50	1.27	419.97	294,858.01	294,138.31
AMERICAN EXPRESS CREDIT CORP NOTES DTD 09/23/2014 1.550% 09/22/2017	0258M0DR7	145,000.00	A-	A2	09/18/14	09/23/14	144,805.70	1.60	49.94	144,807.11	144,900.10
CISCO SYSTEMS INC GLOBAL NOTES DTD 03/03/2014 2.125% 03/01/2019	17275RAR3	245,000.00	AA-	A1	08/29/14	09/04/14	247,327.50	1.90	433.85	247,290.12	244,876.77
AMERICAN HONDA FINANCE GLOBAL NOTES DTD 09/09/2014 2.250% 08/15/2019	02665WAH4	525,000.00	A+	A1	09/04/14	09/09/14	524,028.75	2.29	721.88	524,039.68	523,128.90
Security Type Sub-Total		6,370,000.00					6,390,671.85	1.17	15,456.20	6,376,201.43	6,375,481.17
Certificate of Deposit											
BNP PARIBAS NY BRANCH CERT DEPOS DTD 02/07/2014 0.450% 11/03/2014	05574RAF2	550,000.00	A-1	P-1	02/04/14	02/07/14	550,000.00	0.45	1,622.50	550,000.00	550,131.89
CREDIT SUISSE NEW YORK CERT DEPOS (FLOAT DTD 07/15/2013 0.634% 01/15/2015	22549TDK1	550,000.00	A-1	P-1	07/11/13	07/15/13	550,000.00	0.68	755.04	550,000.00	550,315.70
SKANDINAVISKA ENSKILDA BY NY FLOAT CD DTD 01/10/2014 0.552% 01/04/2016	83051HUD6	625,000.00	A-1	P-1	01/07/14	01/10/14	625,000.00	0.56	833.87	625,000.00	625,546.25
WESTPAC BANKING CORP NY LT FLOAT CD DTD 04/17/2014 0.414% 04/15/2016	96121TWF1	550,000.00	A-1+	P-1	04/16/14	04/17/14	550,000.00	0.41	492.87	550,000.00	550,671.55
RABOBANK NEDERLAND NV NY CD DTD 05/13/2014 0.716% 05/06/2016	21684BPV0	550,000.00	A-1+	P-1	05/09/14	05/13/14	550,000.00	0.71	1,510.09	550,000.00	547,456.25
BANK OF NOVA SCOTIA HOUS CD FLOAT DTD 06/13/2014 0.414% 06/10/2016	06417HMU7	550,000.00	A+	Aa2	06/11/14	06/13/14	549,667.80	0.28	132.70	549,717.99	550,011.00
GOLDMAN SACHS BANK USA CD DTD 08/19/2014 0.900% 08/12/2016	38147J2L5	525,000.00	A-1	P-1	08/14/14	08/19/14	525,000.00	0.90	556.64	525,000.00	524,065.50



Managed Account Detail of Securities Held

For the Month Ending **September 30, 2014**

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA - 615-00 - (12510310)

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Certificate of Deposit												
US BANK NA CINCINNATI (CALLABLE) CD DTD 09/11/2014 1.375% 09/11/2017		90333VPF1	525,000.00	AA-	Aa3	09/09/14	09/11/14	524,154.75	1.41	401.04	524,170.17	520,728.08
Security Type Sub-Total			4,425,000.00					4,423,822.55	0.67	6,304.75	4,423,888.16	4,418,926.22
Managed Account Sub-Total			26,560,000.00					26,580,246.67	0.88	61,967.82	26,541,130.27	26,516,025.06
Money Market Fund												
CAMP Pool			54,070.36	AAA	NR			54,070.36		0.00	54,070.36	54,070.36
Money Market Sub-Total			54,070.36					54,070.36		0.00	54,070.36	54,070.36
Securities Sub-Total			\$26,614,070.36					\$26,634,317.03	0.88%	\$61,967.82	\$26,595,200.63	\$26,570,095.42
Accrued Interest												\$61,967.82
Total Investments												\$26,632,063.24



Managed Account Security Transactions & Interest

For the Month Ending **September 30, 2014**

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA - 615-00 - (12510310)

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
BUY										
08/29/14	09/04/14	CISCO SYSTEMS INC GLOBAL NOTES DTD 03/03/2014 2.125% 03/01/2019	17275RAR3	245,000.00	(247,327.50)	(43.39)	(247,370.89)			
09/02/14	09/04/14	US TREASURY NOTES DTD 03/31/2014 1.625% 03/31/2019	912828C65	250,000.00	(250,273.44)	(1,742.66)	(252,016.10)			
09/04/14	09/09/14	AMERICAN HONDA FINANCE GLOBAL NOTES DTD 09/09/2014 2.250% 08/15/2019	02665WAH4	525,000.00	(524,028.75)	0.00	(524,028.75)			
09/09/14	09/11/14	US BANK NA CINCINNATI (CALLABLE) CD DTD 09/11/2014 1.375% 09/11/2017	90333VPF1	525,000.00	(524,154.75)	0.00	(524,154.75)			
09/18/14	09/23/14	AMERICAN EXPRESS CREDIT CORP NOTES DTD 09/23/2014 1.550% 09/22/2017	0258MODR7	145,000.00	(144,805.70)	0.00	(144,805.70)			
Transaction Type Sub-Total				1,690,000.00	(1,690,590.14)	(1,786.05)	(1,692,376.19)			

INTEREST										
09/03/14	09/03/14	CISCO SYSTEMS INC GLOBAL NOTES DTD 03/03/2014 1.100% 03/03/2017	17275RAT9	335,000.00	0.00	1,842.50	1,842.50			
09/04/14	09/04/14	BANK OF NEW YORK MELLON (CALLABLE) DTD 03/06/2013 0.700% 03/04/2016	06406HCG2	150,000.00	0.00	525.00	525.00			
09/04/14	09/04/14	BANK OF NEW YORK MELLON (CALLABLE) DTD 03/06/2013 0.700% 03/04/2016	06406HCG2	200,000.00	0.00	700.00	700.00			
09/10/14	09/10/14	BANK OF NOVA SCOTIA HOUS CD FLOAT DTD 06/13/2014 0.414% 06/10/2016	06417HMU7	550,000.00	0.00	557.21	557.21			
09/18/14	09/18/14	GLAXOSMITHKLINE CAP INC GLOBAL NOTES DTD 03/18/2013 0.700% 03/18/2016	377372AG2	345,000.00	0.00	1,207.50	1,207.50			
09/27/14	09/27/14	FEDERAL HOME LOAN BANKS (CALLABLE) DTD 03/27/2014 1.625% 03/27/2017	3130A1CR7	520,000.00	0.00	4,225.00	4,225.00			



Managed Account Security Transactions & Interest

For the Month Ending **September 30, 2014**

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA - 615-00 - (12510310)

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
INTEREST										
09/28/14	09/28/14	FHLB NOTES DTD 08/07/2014 0.500% 09/28/2016	3130A2T97	710,000.00	0.00	502.92	502.92			
09/30/14	09/30/14	FANNIE MAE GLOBAL NOTES DTD 02/15/2013 0.500% 03/30/2016	3135G0VA8	340,000.00	0.00	850.00	850.00			
09/30/14	09/30/14	US TREASURY NOTES DTD 03/31/2014 1.625% 03/31/2019	912828C65	250,000.00	0.00	2,031.25	2,031.25			
Transaction Type Sub-Total				3,400,000.00	0.00	12,441.38	12,441.38			
SELL										
09/02/14	09/04/14	WELLS FARGO & COMPANY DTD 06/27/2012 1.500% 07/01/2015	94974BFE5	250,000.00	252,360.00	656.25	253,016.25	(1,966.03)	771.51	SPEC LOT
09/02/14	09/04/14	WELLS FARGO & COMPANY DTD 06/27/2012 1.500% 07/01/2015	94974BFE5	250,000.00	252,360.00	656.25	253,016.25	(1,892.50)	798.36	SPEC LOT
09/04/14	09/09/14	US TREASURY NOTES DTD 01/31/2014 1.500% 01/31/2019	912828B33	325,000.00	323,679.69	529.89	324,209.58	190.43	155.10	SPEC LOT
09/04/14	09/09/14	AMERICAN HONDA FINANCE GLOBAL NOTES DTD 10/10/2013 1.125% 10/07/2016	02665WAB7	195,000.00	195,957.45	926.25	196,883.70	1,636.05	1,431.41	SPEC LOT
09/09/14	09/11/14	US TREASURY NOTES DTD 05/31/2012 0.625% 05/31/2017	912828SY7	300,000.00	297,316.41	527.66	297,844.07	(1,019.53)	(1,169.97)	SPEC LOT
09/09/14	09/11/14	US TREASURY NOTES DTD 03/31/2012 1.000% 03/31/2017	912828SM3	200,000.00	200,578.13	896.17	201,474.30	117.19	188.66	SPEC LOT
09/18/14	09/23/14	US TREASURY NOTES DTD 05/31/2012 0.625% 05/31/2017	912828SY7	150,000.00	148,558.59	294.57	148,853.16	(609.38)	(693.63)	SPEC LOT
Transaction Type Sub-Total				1,670,000.00	1,670,810.27	4,487.04	1,675,297.31	(3,543.77)	1,481.44	
Managed Account Sub-Total						(19,779.87)	15,142.37	(4,637.50)	(3,543.77)	1,481.44
Total Security Transactions						(\$19,779.87)	\$15,142.37	(\$4,637.50)	(\$3,543.77)	\$1,481.44



Managed Account Security Transactions & Interest

For the Month Ending **August 31, 2014**

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA - 615-00 - (12510310)

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
BUY										
08/06/14	08/07/14	FHLB NOTES DTD 08/07/2014 0.500% 09/28/2016	3130A2T97	710,000.00	(708,402.50)	0.00	(708,402.50)			
08/12/14	08/14/14	FREDDIE MAC GLOBAL NOTES DTD 06/25/2012 1.000% 07/28/2017	3137EADJ5	450,000.00	(449,944.20)	(200.00)	(450,144.20)			
08/12/14	08/14/14	FREDDIE MAC GLOBAL NOTES DTD 06/25/2012 1.000% 07/28/2017	3137EADJ5	725,000.00	(724,951.43)	(322.22)	(725,273.65)			
08/13/14	08/20/14	CATERPILLAR FINANCIAL SE DTD 08/20/2014 1.250% 08/18/2017	14912L6D8	295,000.00	(294,852.50)	0.00	(294,852.50)			
08/14/14	08/19/14	GOLDMAN SACHS BANK USA CD DTD 08/19/2014 0.900% 08/12/2016	38147J2L5	525,000.00	(525,000.00)	0.00	(525,000.00)			
08/29/14	09/04/14	CISCO SYSTEMS INC GLOBAL NOTES DTD 03/03/2014 2.125% 03/01/2019	17275RAR3	245,000.00	(247,327.50)	(43.39)	(247,370.89)			
Transaction Type Sub-Total				2,950,000.00	(2,950,478.13)	(565.61)	(2,951,043.74)			

INTEREST										
08/15/14	08/15/14	BERKSHIRE HATHAWAY FIN GLOBAL NOTES DTD 08/15/2013 0.950% 08/15/2016	084664BX8	300,000.00	0.00	1,425.00	1,425.00			
08/15/14	08/15/14	JPMORGAN CHASE & CO DTD 02/18/2014 1.350% 02/15/2017	46623EJY6	400,000.00	0.00	2,655.00	2,655.00			
08/22/14	08/22/14	PEPSICO CORP NOTES DTD 02/28/2014 0.950% 02/22/2017	713448CL0	500,000.00	0.00	2,295.83	2,295.83			
08/26/14	08/26/14	PEPSICO INC GLOBAL NOTES DTD 02/28/2013 0.700% 02/26/2016	713448CE6	170,000.00	0.00	595.00	595.00			
Transaction Type Sub-Total				1,370,000.00	0.00	6,970.83	6,970.83			

SELL										
08/06/14	08/07/14	US TREASURY NOTES DTD 08/31/2011 1.000% 08/31/2016	912828RF9	200,000.00	201,953.13	869.57	202,822.70	859.38	1,198.04	SPEC LOT
08/06/14	08/07/14	US TREASURY NOTES DTD 06/02/2014 0.375% 05/31/2016	912828WM8	300,000.00	299,929.69	209.02	300,138.71	(23.43)	(27.61)	SPEC LOT



Managed Account Security Transactions & Interest

For the Month Ending **August 31, 2014**

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA - 615-00 - (12510310)

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
SELL										
08/06/14	08/07/14	US TREASURY NOTES DTD 06/17/2013 0.500% 06/15/2016	912828VG2	205,000.00	205,304.30	148.43	205,452.73	304.30	304.30	SPEC LOT
08/12/14	08/14/14	US TREASURY NOTES DTD 07/31/2012 0.500% 07/31/2017	912828TG5	455,000.00	449,276.95	86.55	449,363.50	995.31	769.51	SPEC LOT
08/12/14	08/14/14	US TREASURY NOTES DTD 07/31/2012 0.500% 07/31/2017	912828TG5	545,000.00	538,230.08	103.67	538,333.75	1,277.34	1,006.89	SPEC LOT
08/12/14	08/14/14	US TREASURY NOTES DTD 07/31/2012 0.500% 07/31/2017	912828TG5	190,000.00	187,639.84	36.14	187,675.98	252.34	151.09	SPEC LOT
08/13/14	08/20/14	US TREASURY NOTES DTD 07/31/2012 0.500% 07/31/2017	912828TG5	185,000.00	182,875.39	50.27	182,925.66	419.14	307.26	SPEC LOT
08/15/14	08/19/14	US TREASURY NOTES DTD 06/02/2014 0.375% 05/31/2016	912828WM8	375,000.00	375,043.95	307.38	375,351.33	102.54	96.37	SPEC LOT
Transaction Type Sub-Total				2,455,000.00	2,440,253.33	1,811.03	2,442,064.36	4,186.92	3,805.85	
Managed Account Sub-Total					(510,224.80)	8,216.25	(502,008.55)	4,186.92	3,805.85	
Total Security Transactions					(510,224.80)	\$8,216.25	(\$502,008.55)	\$4,186.92	\$3,805.85	

Bolded items are forward settling trades.



Managed Account Security Transactions & Interest

For the Month Ending **July 31, 2014**

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA - 615-00 - (12510310)

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
BUY										
07/01/14	07/01/14	US TREASURY NOTES DTD 07/31/2012 0.500% 07/31/2017	912828TG5	375,000.00	(369,843.75)	(782.11)	(370,625.86)			
07/02/14	07/07/14	US TREASURY NOTES DTD 07/31/2012 0.500% 07/31/2017	912828TG5	1,000,000.00	(985,234.38)	(2,168.51)	(987,402.89)			
07/02/14	07/07/14	US TREASURY NOTES DTD 04/30/2013 0.625% 04/30/2018	912828UZ1	525,000.00	(511,300.78)	(606.32)	(511,907.10)			
07/02/14	07/07/14	US TREASURY NOTES DTD 11/30/2012 0.625% 11/30/2017	912828UA6	1,000,000.00	(982,695.31)	(631.83)	(983,327.14)			
07/02/14	07/07/14	US TREASURY NOTES DTD 12/02/2013 1.250% 11/30/2018	912828A34	525,000.00	(518,622.07)	(663.42)	(519,285.49)			
07/29/14	07/31/14	US TREASURY NOTES DTD 12/02/2013 1.250% 11/30/2018	912828A34	750,000.00	(740,478.52)	(1,562.50)	(742,041.02)			
07/29/14	07/31/14	US TREASURY NOTES DTD 11/30/2012 0.625% 11/30/2017	912828UA6	250,000.00	(245,400.39)	(260.42)	(245,660.81)			
07/29/14	07/31/14	US TREASURY NOTES DTD 04/30/2013 0.625% 04/30/2018	912828UZ1	250,000.00	(243,271.48)	(390.63)	(243,662.11)			
07/29/14	07/31/14	US TREASURY NOTES DTD 01/31/2014 1.500% 01/31/2019	912828B33	1,000,000.00	(995,351.56)	0.00	(995,351.56)			
Transaction Type Sub-Total				5,675,000.00	(5,592,198.24)	(7,065.74)	(5,599,263.98)			

INTEREST										
07/01/14	07/01/14	WELLS FARGO & COMPANY DTD 06/27/2012 1.500% 07/01/2015	94974BFE5	250,000.00	0.00	1,875.00	1,875.00			
07/01/14	07/01/14	WELLS FARGO & COMPANY DTD 06/27/2012 1.500% 07/01/2015	94974BFE5	250,000.00	0.00	1,875.00	1,875.00			
07/01/14	07/01/14	METRO WTR DIST AUTH, CA TXBL REV BONDS DTD 06/28/2012 0.616% 07/01/2014	59266THP9	275,000.00	0.00	847.00	847.00			
07/07/14	07/07/14	SKANDINAVISKA ENSKILDA BY NY FLOAT CD DTD 01/10/2014 0.552% 01/04/2016	83051HUD6	625,000.00	0.00	897.73	897.73			
07/14/14	07/14/14	GENERAL ELEC CAP CORP (FLOATING) DTD 07/12/2013 0.884% 07/12/2016	36962G7A6	430,000.00	0.00	953.30	953.30			



Managed Account Security Transactions & Interest

For the Month Ending **July 31, 2014**

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA - 615-00 - (12510310)

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
INTEREST											
	07/15/14	07/15/14	CREDIT SUISSE NEW YORK CERT DEPOS (FLOAT DTD 07/15/2013 0.634% 01/15/2015)	22549TDK1	550,000.00	0.00	870.94	870.94			
	07/15/14	07/15/14	WESTPAC BANKING CORP NY LT FLOAT CD DTD 04/17/2014 0.414% 04/15/2016	96121TWF1	550,000.00	0.00	552.52	552.52			
	07/20/14	07/20/14	WELLS FARGO & COMPANY DTD 07/29/2013 1.250% 07/20/2016	94974BFL9	330,000.00	0.00	2,062.50	2,062.50			
	07/31/14	07/31/14	US TREASURY NOTES DTD 07/31/2012 0.500% 07/31/2017	912828TG5	375,000.00	0.00	937.50	937.50			
	07/31/14	07/31/14	US TREASURY NOTES DTD 08/02/2010 1.750% 07/31/2015	912828NP1	65,000.00	0.00	568.75	568.75			
	07/31/14	07/31/14	US TREASURY NOTES DTD 07/31/2012 0.500% 07/31/2017	912828TG5	1,000,000.00	0.00	2,500.00	2,500.00			
	07/31/14	07/31/14	US TREASURY NOTES DTD 08/02/2010 1.750% 07/31/2015	912828NP1	275,000.00	0.00	2,406.25	2,406.25			
Transaction Type Sub-Total					4,975,000.00	0.00	16,346.49	16,346.49			

MATURITY											
	07/01/14	07/01/14	METRO WTR DIST AUTH, CA TXBL REV BONDS DTD 06/28/2012 0.616% 07/01/2014	59266THP9	275,000.00	275,000.00	0.00	275,000.00	0.00	0.00	
Transaction Type Sub-Total					275,000.00	275,000.00	0.00	275,000.00	0.00	0.00	

SELL											
	07/02/14	07/07/14	US TREASURY NOTES DTD 06/30/2009 3.250% 06/30/2016	912828KZ2	475,000.00	500,976.57	293.64	501,270.21	(15,957.02)	(650.46)	SPEC LOT
	07/02/14	07/07/14	US TREASURY NOTES DTD 06/30/2009 3.250% 06/30/2016	912828KZ2	950,000.00	1,001,953.12	587.30	1,002,540.42	(30,095.71)	(572.10)	SPEC LOT
	07/02/14	07/07/14	US TREASURY NOTES DTD 06/30/2009 3.250% 06/30/2016	912828KZ2	950,000.00	1,001,953.12	587.30	1,002,540.42	(27,089.85)	1,014.10	SPEC LOT
	07/02/14	07/07/14	US TREASURY NOTES DTD 01/31/2011 2.000% 01/31/2016	912828PS3	535,000.00	549,127.34	4,640.61	553,767.95	(3,176.57)	(78.74)	SPEC LOT



Managed Account Security Transactions & Interest

For the Month Ending **July 31, 2014**

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA - 615-00 - (12510310)

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
SELL										
07/29/14	07/31/14	US TREASURY NOTES DTD 11/30/2010 1.375% 11/30/2015	912828PJ3	295,000.00	299,471.09	676.04	300,147.13	(4,263.68)	662.35	SPEC LOT
07/29/14	07/31/14	US TREASURY NOTES DTD 11/30/2010 1.375% 11/30/2015	912828PJ3	600,000.00	609,093.75	1,375.00	610,468.75	(9,164.06)	918.85	SPEC LOT
07/29/14	07/31/14	FREDDIE MAC GLOBAL NOTES DTD 07/11/2012 0.500% 08/28/2015	3134G3ZA1	1,175,000.00	1,178,654.25	2,496.88	1,181,151.13	2,283.02	3,171.18	SPEC LOT
07/29/14	07/31/14	US TREASURY NOTES DTD 08/02/2010 1.750% 07/31/2015	912828NP1	65,000.00	66,048.63	0.00	66,048.63	(1,371.09)	169.96	SPEC LOT
07/29/14	07/31/14	US TREASURY NOTES DTD 08/02/2010 1.750% 07/31/2015	912828NP1	275,000.00	279,436.53	0.00	279,436.53	(3,985.35)	444.58	SPEC LOT
Transaction Type Sub-Total				5,320,000.00	5,486,714.40	10,656.77	5,497,371.17	(92,820.31)	5,079.72	
Managed Account Sub-Total					169,516.16	19,937.52	189,453.68	(92,820.31)	5,079.72	
Total Security Transactions					\$169,516.16	\$19,937.52	\$189,453.68	(\$92,820.31)	\$5,079.72	

Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

www.treasurer.ca.gov/pmia-laif/laif.asp
November 10,
2014

CALIFORNIA AFFILIATED RISK MANAGEMENT
AUTHORITIES
FINANCE MANAGER
1750 CREEKSIDE OAKS DRIVE
SUITE 200
SACRAMENTO, CA 95833

[PMIA Average Monthly Yields](#)

Account Number:
35-34-009

[Tran Type Definitions](#)

September 2014 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
9/24/2014	9/23/2014	RW	1444911	NANCY BROADHURST	-35,000.00

Account Summary

Total Deposit:	0.00	Beginning Balance:	7,244,091.86
Total Withdrawal:	-35,000.00	Ending Balance:	7,209,091.86

<p style="text-align: center;">CARMA LAIF Fair Market Valuation 9/30/14</p>
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LAIF Statement Balance	7,209,091.86
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FAIR VALUE FACTOR:	
Performance Rate as of 9/30/14	1.000181284

Market Value	<u><u>\$7,210,398.75</u></u>
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Laif Mkt Value as of:	9/30/2014	\$1,306.89
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JOHN CHIANG

California State Controller

LOCAL AGENCY INVESTMENT FUND
REMITTANCE ADVICE

Agency Name CA AFFILIATED RISK MGMT AUTH
Account Number 35-34-009

As of 10/15/2014, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 09/30/2014.

Earnings Ratio		.00000662348923179
Interest Rate		0.24%
Dollar Day Total	\$	436,594,774.18
Quarter End Principal Balance	\$	7,209,091.86
Quarterly Interest Earned	\$	2,891.78



**BILL LOCKYER
TREASURER
STATE OF CALIFORNIA**



2014 LAIF Conference Registration

PMIA Performance Report

LAIF Performance Report

Quarter Ending 09/30/14

Apportionment Rate: 0.24%
 Earnings Ratio: .00000662348923179
 Fair Value Factor: 1.000181284
 Daily: 0.25%
 Quarter To Date: 0.25%
 Average Life: 232

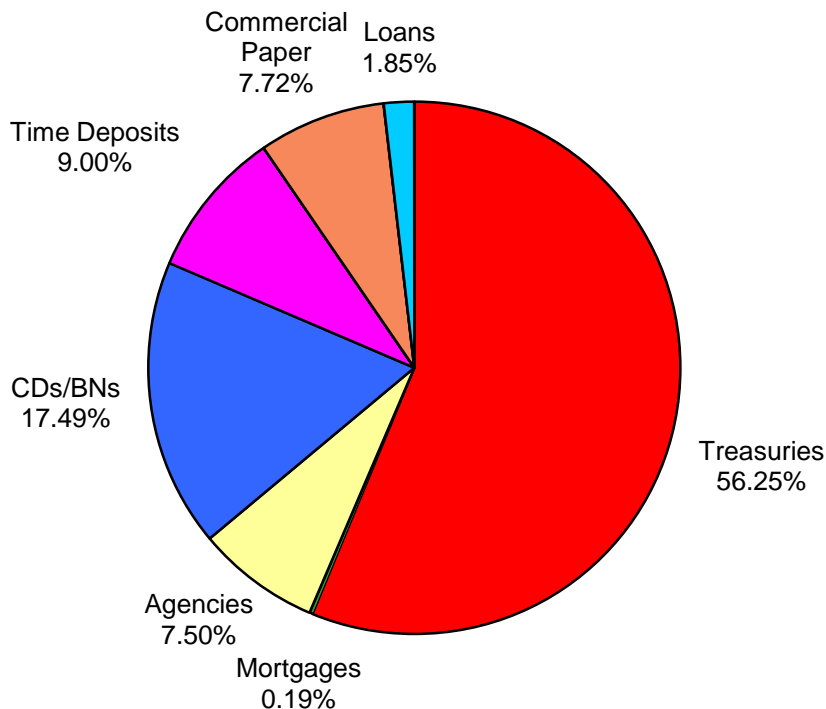
Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
10/02/14	0.26	0.26	241
10/03/14	0.26	0.26	240
10/04/14	0.26	0.26	240
10/05/14	0.26	0.26	240
10/06/14	0.26	0.26	238
10/07/14	0.26	0.26	233
10/08/14	0.26	0.26	233
10/09/14	0.26	0.26	232
10/10/14	0.26	0.26	233
10/11/14	0.26	0.26	233
10/12/14	0.26	0.26	233
10/13/14	0.26	0.26	230
10/14/14	0.26	0.26	229
10/15/14	0.26	0.26	230

PMIA Average Monthly Effective Yields

SEP 2014 0.246%
 AUG 2014 0.260%
 JUL 2014 0.244%

*Daily yield does not reflect capital gains or losses

**Pooled Money Investment Account
Portfolio Composition
\$56.5 Billion
09/30/14**



**State of California
Pooled Money Investment Account
Market Valuation
9/30/2014**

Description	Carrying Cost Plus		Fair Value	Accrued Interest
	Accrued Interest	Purch.		
United States Treasury:				
Bills	\$ 11,137,909,675.57	\$ 11,144,028,974.24	\$ 11,147,231,000.00	NA
Notes	\$ 20,613,431,491.60	\$ 20,611,735,881.66	\$ 20,620,552,000.00	\$ 20,714,247.00
Federal Agency:				
SBA	\$ 571,481,035.26	\$ 571,481,035.26	\$ 567,433,519.70	\$ 521,914.04
MBS-REMICs	\$ 109,474,286.60	\$ 109,474,286.60	\$ 116,983,332.51	\$ 521,209.85
Debentures	\$ 1,959,407,587.90	\$ 1,959,148,157.35	\$ 1,958,751,700.00	\$ 1,655,043.25
Debentures FR	\$ -	\$ -	\$ -	\$ -
Discount Notes	\$ 1,299,421,361.10	\$ 1,299,712,319.44	\$ 1,299,922,000.00	NA
GNMA	\$ -	\$ -	\$ -	\$ -
Supranational Debentures	\$ 399,927,859.19	\$ 399,927,859.19	\$ 399,644,500.00	\$ 192,809.50
CDs and YCDs FR	\$ -	\$ -	\$ -	\$ -
Bank Notes	\$ 400,000,000.00	\$ 400,000,000.00	\$ 399,896,651.17	\$ 139,833.33
CDs and YCDs	\$ 9,475,026,364.38	\$ 9,475,015,822.71	\$ 9,471,060,198.00	\$ 3,941,784.74
Commercial Paper	\$ 4,354,195,497.74	\$ 4,354,921,548.28	\$ 4,354,205,466.67	NA
Corporate:				
Bonds FR	\$ -	\$ -	\$ -	\$ -
Bonds	\$ -	\$ -	\$ -	\$ -
Repurchase Agreements	\$ -	\$ -	\$ -	\$ -
Reverse Repurchase	\$ -	\$ -	\$ -	\$ -
Time Deposits	\$ 5,082,740,000.00	\$ 5,082,740,000.00	\$ 5,082,740,000.00	NA
AB 55 & GF Loans	\$ 1,047,229,467.74	\$ 1,047,229,467.74	\$ 1,047,229,467.74	NA
TOTAL	\$ 56,450,244,627.08	\$ 56,455,415,352.47	\$ 56,465,649,835.79	\$ 27,686,841.71

Fair Value Including Accrued Interest

\$ 56,493,336,677.50

Repurchase Agreements, Time Deposits, AB 55 & General Fund loans, and Reverse Repurchase agreements are carried at portfolio book value (carrying cost).

The value of each participating dollar equals the fair value divided by the amortized cost (**1.000181284**).
As an example: if an agency has an account balance of \$20,000,000.00, then the agency would report its participation in the LAIF valued at \$20,003,625.69 or \$20,000,000.00 x **1.000181284**.

Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

www.treasurer.ca.gov/pmia-laif/laif.asp
September 08,
2014

CALIFORNIA AFFILIATED RISK MANAGEMENT
AUTHORITIES
FINANCE MANAGER
1750 CREEKSIDE OAKS DRIVE
SUITE 200
SACRAMENTO, CA 95833

PMIA Average Monthly Yields

Account Number:
35-34-009

Tran Type Definitions

August 2014 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
8/5/2014	8/4/2014	RD	1441428	NANCY BROADHURST	7,000,000.00

Account Summary

Total Deposit:	7,000,000.00	Beginning Balance:	244,091.86
Total Withdrawal:	0.00	Ending Balance:	7,244,091.86

Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

www.treasurer.ca.gov/pmia-laif/laif.asp

August 07, 2014

CALIFORNIA AFFILIATED RISK MANAGEMENT
 AUTHORITIES
 FINANCE MANAGER
 1750 CREEKSIDE OAKS DRIVE
 SUITE 200
 SACRAMENTO, CA 95833

PMIA Average Monthly Yields

Account Number:
 35-34-009

[Tran Type Definitions](#)

July 2014 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
7/15/2014	7/14/2014	RW	1437180	NANCY BROADHURST	-1,100,000.00
7/15/2014	7/14/2014	QRD	1439141	SYSTEM	1,191.21

Account Summary

Total Deposit:	1,191.21	Beginning Balance:	1,342,900.65
Total Withdrawal:	-1,100,000.00	Ending Balance:	244,091.86

California Affiliated Risk Management Authorities

~ BALANCE SHEET ~

As of September 30, 2014

(Unaudited)

ASSETS

CURRENT ASSETS

Cash in Bank	\$	5,468	
Local Agency Investment Fund		7,209,092	
Market Valuation - LAIF		1,307	
Investments - Managed Portfolio		1,661,594	
Market Valuation - Investment		(13,911)	
Accounts Receivable		0	
Accounts Receivable - Member Dividend		37,346	
Interest Receivable		64,860	
Prepaid Expenses		30,249	
Prepaid Insurance		1,318,706	
TOTAL CURRENT ASSETS			10,314,710

NONCURRENT ASSETS

Investments - Managed Portfolio (Net of Rate Stabilization Fund)		24,573,114	
Market Valuation - Investment		(50,311)	
TOTAL OTHER ASSETS			24,522,803
TOTAL ASSETS			\$ 34,837,514

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts Payable	\$	7,383	
Deferred Revenue		5,469,903	
Equity Payable to Withdrawn Member		221,459	
Reserve for Claims		1,880,691	
Reserve for IBNR		919,309	
TOTAL CURRENT LIABILITIES			8,498,745

NONCURRENT LIABILITIES

Equity Payable to Withdrawn Member		368,042	
Reserve for IBNR		12,427,168	
TOTAL NONCURRENT LIABILITIES			12,795,210
TOTAL LIABILITIES			21,293,955

NET POSITION

Unrestricted Net Assets - Prior Years		13,380,673	
Net Position - Current Year		162,886	
TOTAL NET POSITION			13,543,559
TOTAL LIABILITIES AND NET POSITION			\$ 34,837,514

California Affiliated Risk Management Authorities
~ INCOME STATEMENT ~
For the Quarter Ended September 30, 2014
(Unaudited)

	<u>Actual</u>	<u>Budget</u>	<u>% Used</u>	<u>\$ Variance</u>
OPERATING REVENUES				
Deposit Premium	\$ 1,823,301	\$ 7,293,204	25%	\$ 5,469,903
Investment Income	6,753	0		(6,753)
Misc Income	0	0		0
TOTAL OPERATING REVENUES	<u>1,830,054</u>	<u>7,293,204</u>	<u>25%</u>	<u>5,463,150</u>
OPERATING EXPENSES				
Direct Expenses				
Claims Paid	\$ 5,427	5,083,779 *	22%	3,958,059
Incr/(Decr) in Reserves	<u>1,120,294</u>	<u>5,083,779</u>		
Subtotal Claims Expense	1,125,720	5,083,779	22%	3,958,059
Reinsurance	305,150	1,220,600	25%	915,450
Excess Insurance	134,160	538,952	25%	404,792
Subtotal All Direct Expenses	<u>1,565,030</u>	<u>6,843,331</u>	<u>23%</u>	<u>5,278,301</u>
General & Administrative Expenses				
Program Management	\$ 80,110	320,441	25%	240,331
Membership Dues	734	1,600	46%	866
Financial Audit	8,950	8,950	100%	0
Claims Audit	0	30,000	0%	30,000
Actuarial Services	0	7,283	0%	7,283
Legal Services	2,328	30,000	8%	27,673
Marketing, Consultants and Website	150	1,000	15%	850
Board Meetings	736	2,000	37%	1,264
Annual Retreat	0	10,000	0%	10,000
Fidelity Bond	259	1,100	24%	841
Accreditation	1,417	1,500	94%	83
Investment Management Fees	7,207	26,000	28%	18,793
Bank Fees	249	0		(249)
Contingency	0	10,000	0%	10,000
Subtotal General & Admin Expenses	<u>102,138</u>	<u>449,873</u>	<u>23%</u>	<u>347,736</u>
Member Equity Distribution	0	0		0
TOTAL OPERATING EXPENSES	<u>1,667,168</u>	<u>7,293,204</u>	<u>23%</u>	<u>5,626,037</u>
CHANGE IN NET POSITION	<u><u>\$ 162,886</u></u>	<u><u>0</u></u>		

* Amount budgeted for claims expense is for the current program year only
Actual Claims Paid expense includes payments for all program years

California Affiliated Risk Management Authorities

~ Balance Sheet ~
As of September 30, 2014
(Unaudited)

Assets:	2001/2002	2002/2003	2003/2004	2004/2005 *	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	Total
Cash, L.A.I.F. & Investments	1,846	400,505	542,663	226,421	306,274	823,041	1,358,011	3,610,337	4,273,614	2,264,628	4,183,978	4,564,194	4,926,172	5,967,590	33,449,268
Market Valuation-LAIF & Investments														(62,915)	(62,915)
Prepaid Expenses														1,348,955	1,348,955
Interest Receivable														64,860	64,860
Accounts Receivable														37,346	37,346
Total Assets	1,846	400,505	542,663	226,421	306,274	823,041	1,358,011	3,610,337	4,273,614	2,264,628	4,183,978	4,564,194	4,926,172	7,355,835	34,837,514 *

* Total Assets do not include Rate Stabilization Funds of \$399,609 September 30, 2014

Liabilities:	2001/2002	2002/2003	2003/2004	2004/2005 *	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	Total
Accounts Payable														7,383	7,383
Deferred Revenue														5,469,903	5,469,903
Return of Equity														0	0
Equity Payable														589,501	589,501
Reserve for Claims (1)	0	100,368	71,425	48,800	0	0	195,848	192,400	0	827,750	352,500	0	91,600	0	1,880,691
Reserve for IBNR (2)	(0)	129,949	99,150	51,200	(0)	(0)	1,502,575	477,987	1,277,837	1,385,277	1,338,513	2,559,825	3,498,662	1,025,510	13,346,477
Total Liabilities	(0)	230,317	170,574	100,000	(0)	(0)	1,698,423	670,387	1,277,837	2,213,027	1,691,013	2,559,825	3,590,262	7,092,297	21,293,955

Retained Earnings:	2001/2002	2002/2003	2003/2004	2004/2005 *	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	Total
Reserve for Adverse Development (3)	0	0	0	0	0	0	0	0	911,578	1,212,426	989,156	1,571,869	2,046,449	574,997	7,306,475
Contingency Funds (4)	1,846	170,188	372,088	126,421	306,274	823,041	(340,412)	2,939,950	2,084,198	(1,160,825)	1,503,810	432,498	(710,540)	(311,458)	6,237,080
Total Retained Earnings	1,846	170,188	372,088	126,421	306,274	823,041	(340,412)	2,939,950	2,995,776	51,601	2,492,965	2,004,368	1,335,910	263,539	13,543,559
Total Liabilities and Retained Earnings	1,846	400,505	542,663	226,421	306,274	823,041	1,358,011	3,610,337	4,273,614	2,264,628	4,183,978	4,564,194	4,926,172	7,355,835	34,837,514

NOTE: CARMA's first eight program years 1993/1994 - 2000/2001 are now closed and no longer appear on the financial statements.

* 2004/05 Program Year includes equity from closed years 1996/1997 - 2000/2001

- (1) Reserve for claims has been discounted from the loss run balance of \$2,103,058 by \$319,967 as calculated utilizing the discount factors prepared by Bay Actuarial Consultants, and \$125,000 limited by excess reduction.
- (2) IBNR has been established at the discounted expected confidence level as calculated by Bay Actuarial Consultants.
- (3) This line represents the additional reserves needed to fund up to the 80% confidence level.
- (4) Provided there are sufficient contingency funds available for each program year and the JPA overall is funded at the 70% confidence level, this amount would be available for possible refund to members.

California Affiliated Risk Management Authorities

~ Income Statement ~

For the Quarter Ended September 30, 2014

(Unaudited)

Revenue:	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	Total
Deposit Premiums														1,823,301	1,823,301
Interest Income	(0)	(6)	(9)	(4)	(5)	(13)	(22)	(58)	(68)	(36)	(67)	(73)	(82) *	(11) *	(454) *
Misc Income														0	0
Total Revenue	(0)	(6)	(9)	(4)	(5)	(13)	(22)	(58)	(68)	(36)	(67)	(73)	(82)	1,823,290	1,822,847
														* Net of Investment Management Fees and Rate Stabilization Funds interest	
Direct Expenses:															
Claims Paid	0	0	70	0	0	0	2,816	0	0	2,541	0	0	0	0	5,427
Incr./(Decr.) in Reserves	0	(0)	(68)	100,000	(0)	(0)	(2,731)	(0)	0	(2,414)	0	0	0	1,025,510	1,120,294
Incr./(Decr.) in Rate Stab Due Member															0
Dividend/Assessment/Equity Distribution															0
Reinsurance / Excess														439,310	439,310
Total Direct Expenses	0	(0)	2	100,000	(0)	(0)	85	(0)	0	126	0	0	0	1,464,820	1,565,031
Indirect Expenses:															
General Management														80,110	80,110
Membership Dues														734	734
Financial Audit														8,950	8,950
Claims Audit														0	0
Actuarial Services														0	0
Legal Services**														2,328	2,328
Marketing/Consultants/Website														150	150
Board Meetings														736	736
Annual Retreat														0	0
Fidelity Bond														259	259
Accreditation Fees														1,417	1,417
Bank Fees														249	249
Contingency														0	0
Total Indirect Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	94,931	94,931
Net Income/(Loss)	(0)	(6)	(11)	(100,004)	(5)	(13)	(107)	(58)	(69)	(163)	(67)	(73)	(82)	263,539	162,886

** Includes services for general counsel and coverage matters.

NOTE: CARMA's first eight program years 1993/1994 - 2000/2001 are now closed and no longer appear on the financial statements.

California Affiliated Risk Management Authorities

~ Member Allocation of Pool Equity ~

As of September 30, 2014

Program Year	Member	"Expected" Fund Balance	Additional IBNR at 75% Conf. Level	"70% Conf." Fund Balance	Additional IBNR at 80% Conf. Level	"80% Conf." Fund Balance
2001/2002:	BCJPIA	585	0	585	0	585
	CSJVRMA	402	0	402	0	402
	MPA	416	0	416	0	416
	PARSAC	367	0	367	0	367
	VCJPA	75	0	75	0	75
	PERMA	0	0	0	0	0
	Total	<u>1,846</u>	<u>0</u>	<u>1,846</u>	<u>0</u>	<u>1,846</u>
2002/2003:	BCJPIA	44,056	0	44,056	0	44,056
	CSJVRMA	38,549	0	38,549	0	38,549
	MPA	50,240	0	50,240	0	50,240
	PARSAC	31,037	0	31,037	0	31,037
	VCJPA	6,306	0	6,306	0	6,306
	PERMA	0	0	0	0	0
	Total	<u>170,188</u>	<u>0</u>	<u>170,188</u>	<u>0</u>	<u>170,188</u>
2003/2004	BCJPIA	100,144	0	100,144	0	100,144
	CSJVRMA	96,253	0	96,253	0	96,253
	MBASIA	11,134	0	11,134	0	11,134
	MPA	88,111	0	88,111	0	88,111
	PARSAC	63,537	0	63,537	0	63,537
	VCJPA	12,909	0	12,909	0	12,909
	Total	<u>372,088</u>	<u>0</u>	<u>372,088</u>	<u>0</u>	<u>372,088</u>
2004/2005*	BCJPIA	33,510	0	33,510	0	33,510
	CSJVRMA	31,082	0	31,082	0	31,082
	MBASIA	6,254	0	6,254	0	6,254
	MPA	32,032	0	32,032	0	32,032
	PARSAC	19,965	0	19,965	0	19,965
	VCJPA	3,578	0	3,578	0	3,578
	Total	<u>126,421</u>	<u>0</u>	<u>126,421</u>	<u>0</u>	<u>126,421</u>
2005/2006	BCJPIA	76,004	0	76,004	0	76,004
	CSJVRMA	73,966	0	73,966	0	73,966
	MBASIA	11,674	0	11,674	0	11,674
	MPA	79,899	0	79,899	0	79,899
	PARSAC	53,051	0	53,051	0	53,051
	VCJPA	11,678	0	11,678	0	11,678
	Total	<u>306,274</u>	<u>0</u> *	<u>306,274</u>	<u>0</u> *	<u>306,274</u>

California Affiliated Risk Management Authorities

~ Member Allocation of Pool Equity ~

As of September 30, 2014

Program Year	Member	"Expected" Fund Balance	Additional IBNR at 75% Conf. Level	"70% Conf." Fund Balance	Additional IBNR at 80% Conf. Level	"80% Conf." Fund Balance
2006/2007	BCJPIA	189,575	0	189,575	0	189,575
	CSJVRMA	238,060	0	238,060	0	238,060
	MBASIA	29,230	0	29,230	0	29,230
	MPA	190,003	0	190,003	0	190,003
	PARSAC	140,409	0	140,409	0	140,409
	VCJPA	35,764	0	35,764	0	35,764
	Total	<u>823,041</u>	<u>0</u>	<u>823,041</u>	<u>0</u>	<u>823,041</u>
2007/2008	BCJPIA	(73,823)	0	(73,823)	0	(73,823)
	CSJVRMA	(97,340)	0	(97,340)	0	(97,340)
	MBASIA	(11,270)	0	(11,270)	0	(11,270)
	MPA	(80,550)	0	(80,550)	0	(80,550)
	PARSAC	(63,454)	0	(63,454)	0	(63,454)
	VCJPA	(13,975)	0	(13,975)	0	(13,975)
	Total	<u>(340,412)</u>	<u>0</u>	<u>(340,412)</u>	<u>0</u>	<u>(340,412)</u>
2008/2009	BCJPIA	636,514	0	636,514	0	636,514
	CSJVRMA	794,291	0	794,291	0	794,291
	MBASIA	98,634	0	98,634	0	98,634
	MPA	700,877	0	700,877	0	700,877
	PARSAC	597,722	0	597,722	0	597,722
	VCJPA	111,912	0	111,912	0	111,912
	Total	<u>2,939,950</u>	<u>0</u>	<u>2,939,950</u>	<u>0</u>	<u>2,939,950</u>
2009/2010	BCJPIA	1,054,788	(74,067)	980,721	(320,959)	733,830
	CSJVRMA	986,209	(69,252)	916,958	(300,092)	686,118
	MBASIA	129,454	(9,090)	120,364	(39,391)	90,063
	MPA	720,298	(50,579)	669,718	(219,178)	501,120
	VCJPA	105,027	(7,375)	97,652	(31,958)	73,068
	PARSAC	0	0	0	0	0
	Total	<u>2,995,776</u>	<u>(210,364)</u>	<u>2,785,412</u>	<u>(911,578)</u>	<u>2,084,198</u>
2010/2011	BCJPIA	19,320	(156,050)	(136,730)	(453,965)	(434,644)
	CSJVRMA	14,417	(116,439)	(102,023)	(338,732)	(324,316)
	MBASIA	2,084	(16,833)	(14,749)	(48,968)	(46,884)
	MPA	13,881	(112,112)	(98,231)	(326,145)	(312,264)
	VCJPA	1,899	(15,337)	(13,438)	(44,616)	(42,717)
	PARSAC	0	0	0	0	0
	Total	<u>51,601</u>	<u>(416,772)</u>	<u>(365,171)</u>	<u>(1,212,426)</u>	<u>(1,160,825)</u>

California Affiliated Risk Management Authorities

~ Member Allocation of Pool Equity ~

As of September 30, 2014

Program Year	Member	"Expected" Fund Balance	Additional IBNR at 75% Conf. Level	"70% Conf." Fund Balance	Additional IBNR at 80% Conf. Level	"80% Conf." Fund Balance
2011/2012	BCJPIA	951,751	(122,176)	829,575	(377,635)	574,117
	CSJVRMA	654,170	(83,975)	570,195	(259,561)	394,610
	MBASIA	110,773	(14,220)	96,553	(43,952)	66,820
	MPA	676,224	(86,807)	589,418	(268,311)	407,913
	VCJPA	100,046	(12,843)	87,204	(39,696)	60,350
	PARSAC	0	0	0	0	0
	Total		<u>2,492,965</u>	<u>(320,021)</u>	<u>2,172,944</u>	<u>(989,156)</u>
2012/2013	BCJPIA	769,755	(210,801)	558,953	(603,659)	166,095
	CSJVRMA	526,208	(144,105)	382,103	(412,663)	113,544
	MBASIA	85,547	(23,427)	62,119	(67,088)	18,459
	MPA	546,465	(149,652)	396,813	(428,550)	117,916
	VCJPA	76,393	(20,920)	55,472	(59,909)	16,484
	PARSAC	0	0	0	0	0
	Total		<u>2,004,368</u>	<u>(548,906)</u>	<u>1,455,461</u>	<u>(1,571,869)</u>
2013/2014	BCJPIA	450,808	(254,425)	196,383	(690,583)	(239,775)
	CSJVRMA	402,918	(227,397)	175,521	(617,221)	(214,303)
	MBASIA	59,338	(33,489)	25,849	(90,898)	(31,560)
	MPA	369,982	(208,809)	161,173	(566,767)	(196,785)
	VCJPA	52,863	(29,835)	23,029	(80,980)	(28,117)
	PARSAC	0	0	0	0	0
	Total		<u>1,335,910</u>	<u>(753,955)</u>	<u>581,955</u>	<u>(2,046,449)</u>
2014/2015	BCJPIA	85,587	(70,267)	15,320	(186,737)	(101,150)
	CSJVRMA	79,485	(65,257)	14,228	(173,422)	(93,938)
	MBASIA	14,138	(11,608)	2,531	(30,848)	(16,709)
	MPA	73,732	(60,534)	13,198	(160,871)	(87,139)
	VCJPA	10,596	(8,699)	1,897	(23,119)	(12,523)
	PARSAC	0	0	0	0	0
	Total		<u>263,539</u>	<u>(216,365)</u>	<u>47,174</u>	<u>(574,997)</u>
Total:	BCJPIA	4,338,576	(887,787)	3,450,789	(2,633,538)	1,705,039
	CSJVRMA	3,838,670	(706,425)	3,132,244	(2,101,692)	1,736,978
	MBASIA	546,991	(108,666)	438,324	(321,144)	225,846
	MPA	3,461,610	(668,494)	2,793,117	(1,969,822)	1,491,788
	PARSAC	842,634	0	842,634	0	842,634
	VCJPA	515,072	(95,009)	420,063	(280,278)	234,794
	PERMA	0	0	(0)	0	0
Total Equity		<u>13,543,559</u>	<u>(2,466,382)</u>	<u>11,077,171</u>	<u>(7,306,475)</u>	<u>6,237,080</u>

Program Year Closures:

9/30/2006 *Dividends returned to BCJPIA, VCJPA and PARSAC for program years 1993/94; 1994/95; and 1995/96.*

7/1/2011 * 1996/97 through 2000/01 equity closed into program year 2004/05

These eight program years are now closed, and no longer appear on the financial statements.

California Affiliated Risk Management Authorities

~ Rate Stabilization Fund ~

As of September 30, 2014

Member	Original Balance @ 7/1/2002	Cumulative Interest 2002/2003 - 2005/2006	2006/2007			2007/2008			Cumulative Interest 2008/2009 - 2012/2013	2013/2014		2014/2015	Balance @ 9/30/14
			Interest as of 9/30/06	Member Contribution / Withdrawal 9/30/06 & 3/31/07 *	Interest from 10/1/06 - 06/30/07	YE Interest as of 6/30/08	Member Withdrawal June 2008	Member Billing 6/30/08**		1/10/14 Member Contribution	YE Interest as of 6/30/14	YE Interest as of 9/30/14	
BCJPIA	380,979	33,811	7,692	445,979 *	31,721	63,690	(970,226)	6,354	0	0	0	(0)	
PARSAC	201,011	17,839	4,058	(222,909)	0	0	0	0	0	0	0	(0)	
VCJPA	28,165	2,500	569	63,251	3,481	6,989	(22,390)	0	8,773	306,333	1,945	(6)	399,609
CSJVRMA	0	0	0	0	0	0	0	0	0	0	0	0	
MBASIA	0	0	0	0	0	0	0	0	0	0	0	0	
MPA	0	0	0	0	0	0	0	0	0	0	0	0	
Total	610,155	54,150	12,319	286,321	35,201	70,679	(992,616)	6,354	8,773	306,333	1,945	(6)	399,609

Notes: Interest allocation as of 6/30/03 - 9/30/06 is based on percentage of original contribution
 Interest allocation beginning on 10/1/06 is based on percentage of 9/30/06 balance after member contributions and withdrawals.
 ** Due to Negative Interest allocation 4Q following member withdrawal

Note: As of 6/30/2007, CARMA's Rate Stabilization Fund is a fiduciary fund that is not included in CARMA's operating financial statements.

Historical Information:

CARMA's Rate Stabilization Fund was set up on 7/1/03 to receive the dividends issued on 6/30/02. Of the \$1,021,230 issued in dividends, \$411,074 was distributed to PERMA. The remaining \$610,155 was contributed back to CARMA as rate stabilization premiums. Below is a grid showing the contributions by member by program year.

Member	1993/94	1994/95	1996/97	1997/98	Totals
BCJPIA	147,271	594,406	(98,684)	(262,014)	380,979
PARSAC	93,146	571,357	(137,114)	(326,378)	201,011
VCJPA		68,558	(18,679)	(21,714)	28,165
Totals	240,417	1,234,321	(254,477)	(610,106)	610,155

PRESENTATIONS

SUBJECT: CAJPA Re-Accreditation with Excellence

BACKGROUND AND STATUS:

CARMA recently participated in the re-accreditation process with the California Association of Joint Powers Authorities (CAJPA). Mr. Jim Marta served as the consultant for the evaluation.

In Mr. Marta's final CAJPA Accreditation Report dated September 23, 2014, no requirements were indicated for the Excellence designation. However, there were two suggestions provided: 1) the JPA Agreement be amended to specify the member which restricts the manner of exercising the power of the JPA; and 2) CARMA formally establishes an underwriting policy that follows the standard policy adopted by the CAJPA Board.

On September 23, 2014, Mr. Rob Kramer, CARMA's Executive Director, attended the CAJPA Accreditation Committee meeting. The Committee granted CARMA with Accreditation with Excellence, effective August 23, 2014, for a period of three years.

RECOMMENDATION:

The Board of Directors reviews the final CAJPA Accreditation Report.

REFERENCE MATERIALS ATTACHED:

- Final CAJPA Accreditation Report of CARMA Prepared by Mr. Jim Marta on September 23, 2014



**California Association
of
Joint Powers Authorities**

*Accreditation Report
of
California Affiliated Risk Management Authorities*

**CONFIDENTIAL
(See Sections B & C)**

**Prepared by
James Marta
September 23, 2014**

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I. BACKGROUND

- **Description of JPA**

California Affiliated Risk Management Authorities(CARMA) was formed July 1993 as an excess pool to serve the insurance needs of its member municipal insurance authorities. There are currently 5 member insurance authorities:

- Bay Cities Joint Powers Insurance Authority (BCJPIA)
- Central San Joaquin Valley Risk Management Authority (CSJVRMA)
- Municipal Pooling Authority of Northern California (MPA)
- Vector Control Joint Powers Agency (VCJPA)
- Monterey Bay Area Self Insurance Authority (MBASIA)

Mission Statement

CARMA is dedicated to innovative approaches in providing financial protection for its public entity members against catastrophic loss.

Program Summary

Program	Member Retention	Self Insured Retention	Excess Coverage
Liability	1,000,000	4M excess of 1M	Wesco Insurance Co 5M excess of 5M Colony Insurance Co 15M excess of 10M

Total Covered Payroll is \$1,072,527,285

Website: carmajpa.org

Service Providers

Service	Organization
Actuary – P/L	Bay Actuarial Consultants
Financial Auditor	Sampson & Sampson
Investment Advisor	Public Financial Management
Investment Custodian	US Bank through CAMP
Program Administrator	Bickmore
Financial Accounting	Bickmore
Insurance Broker	Alliant
Claims Auditor – P/L	Farley Consultants
Claims Administrator – P/L	Bickmore

B. Consultant Activities

Data was received from JPA on June 9th, 2014 with follow up information received through August 28, 2014.

C. Purpose / Limitations

California Association of Joint Powers Authorities (CAJPA) Accreditation Program reviews the organizational structure and activities of a joint powers Authority (JPA), comparing the JPA with standards adopted by the Association believed to be advantageous to the preservation and performance of the individual JPA and JPA's in California as a whole.

This review was conducted for the purpose of forming an opinion on the general operations of the JPA in accordance with the accreditation best practices standards.

CAJPA does not guarantee that accreditation by CAJPA ensures the legality of the JPA, its governing document, its contracts or practices. In addition, by accrediting the JPA CAJPA does not guarantee the JPA's solvency or liquidity at the time of the accreditation or any time before or after such accreditation. Neither does accreditation guarantee that an accredited JPA is administered in such a way that the JPA and its programs are, or will continue to be, financially sound.

D. Distribution and Use

This report has been prepared solely for the internal use of CAJPA as a guide in determining the applicant's compliance with the CAJPA Accreditation Standards in force at the time of the accreditation review. No further use or distribution is authorized without the prior written consent of CAJPA and the consultant

Judgments as to the conclusions, recommendations, methods, and data contained in the report should be made only after studying the report in its entirety and understanding the limitations inherent in the analysis, as outlined in the "limitations" section. Of particular note is the limitation that we cannot assure or guarantee the financial soundness of the applicant JPA.

The supporting data, analysis, description, exhibits, and appendices to this report are provided to support the conclusions stated herein and are not necessarily suitable for any other purpose. Furthermore, CAJPA and its accreditation consultants are available to explain any matter presented herein, and it is assumed that the user of this report will seek such explanation as to any matter in question.

Judgments as to the conclusions, recommendations, methods, and data contained in the report should be made only after studying the report in its entirety and understanding the limitations inherent in the analysis, as outlined in the “limitations” section. Of particular note is the limitation that we cannot assure or guarantee the financial soundness of the applicant JPA.

The supporting data, analysis, description, exhibits, and appendices to this report are provided to support the conclusions stated herein and are not necessarily suitable for any other purpose. Furthermore, CAJPA and its accreditation consultants are available to explain any matter presented herein, and it is assumed that the user of this report will seek such explanation as to any matter in question.

II. FINDINGS AND RECOMMENDATIONS

We find California Affiliated Risk Management Authorities to be in substantial compliance with current Accreditation Standards. The Accreditation Committee confers continuous accreditation effective August 23, 2014 for a period of three years.

A. Full Accreditation Requirements

None

B. Accreditation with Excellence Requirements

None

C. Suggestions

Suggestion 1

I. GOVERNING DOCUMENTS AND ADMINISTRATIVE CONTRACTS

B. Pursuant to Section 6509 of the Government Code, the agreement shall specify the member which restricts the manner of exercising the power of the JPA (Suggestion).

We recommend this requirement be considered during the next review and update of your JPA agreement.

Suggestion 2

IX. Underwriting

The new underwriting standard adopted by the CAJPA board sets forth requirements for the establishment of an underwriting policy with certain items to be identified in the policy and a periodic process of review. The Accreditation Committee elected to make this standard a suggestion for the first three years to allow JPA’s an opportunity to formalize and adopt relevant policies and practices. Subject to CAJPA board approval;

this standard will only be required for JPA's seeking accreditation beginning July, 1 2015.

We reviewed your policies and resolutions and suggest you consider formalizing your processes and policies to meet the new standard.

We look forward to receiving the information documented in the requirements listed above and following through to grant *Accreditation with Excellence* to *California Affiliated Risk Management Authorities*.

Respectfully submitted,

A handwritten signature in black ink that reads "James Marta". The signature is written in a cursive, flowing style.

James Marta



California Association of Joint Powers Authorities (CAJPA)

ACCREDITATION WORKSHEETS

As of July 1, 2013

Key:

√ = Satisfactory (Meets or Exceeds Standards)

U = Unsatisfactory (Does Not Meet Standards)

? = Unable to Determine

N/A = Not Applicable



I. GOVERNING DOCUMENTS AND ADMINISTRATIVE CONTRACTS

Objective

To determine that the governing documents and contracts with major service providers contain all essential provisions.

CRITERIA	STATUS	DISCUSSION
<p>A. The JPA maintains in its records a signed original of the Joint Exercise of Powers Agreement or other acceptable documentation from each member agency. (Mandatory)</p> <p><i>Other = signed copy of resolution from member's board, photo copy of signed JPA agreement. If not an original, suggest JPA check with counsel about the use of resolutions.</i></p>	√	
<p>B. The agreement shall contain all of the provisions required in the enabling legislation in Section 6500 et. seq. of the Government Code.</p>		
<p>1. §6503 requires that the purpose or power to be exercised and the method by which the purpose will be accomplished or the manner in which the power is to be exercised is to be stated in the agreement. (Mandatory)</p> <p>Pursuant to Section 6509 of the Government Code, the agreement shall specify the member which restricts the manner of exercising the power of the JPA (Suggestion).</p> <p><i>The member has to be named by name.</i></p>	√ S	<p>Only states: <i>CARMA's powers are those that are common to all members</i></p>
<p>2. In accordance with provisions of §6505.5 or §6505.6 the agreement must designate a treasurer and an auditor. (Mandatory)</p> <p><i>If §6505.5</i> <i>a. Treasurer and auditor from same member</i> <i>b. Treasurer and auditor from same county (if under 6505.5 the auditor shall be from the same entity as the treasurer but does not have to be specifically named and can be the same person.)</i> <i>c. A Certified Public Accountant, who can serve both functions</i> <i>If §6505.6: Can be an officer or employee of the JPA for either or both positions. (Does not have to name any one particular person in the agreement. If the agreement refers to duties under 65.05.6, this includes auditor/and treasurer, we count this as met.)</i></p>	√	<p>Bylaws, Article IV, C</p> <p>No specific identification of an auditor but states Treasurer will fulfill provisions under §6505.5 or §6505.6 which refers to an auditor.</p>
<p>3. §6511 requires that the agreement provide for the disposition, division or distribution of any property acquired as the result of the joint exercise of powers. (Mandatory)</p>	√	JPA agreement, Article XXIII



CRITERIA	STATUS	DISCUSSION
4. §6512 or Sec. 6512.2 “requires that the agreement provide that any surplus money on hand after the completion of its purpose shall be returned in proportion to the contributions made.” Or may, in the alternative, in proportion to contributions made and claims or losses paid. (Mandatory)	√	JPA agreement, Article XXIII
C. The following are described in appropriate governing documents (agreement, bylaws, resolutions, master plan documents, memorandums of coverage, memorandums of understanding, adopted board policies or other similar documents):		DOCUMENTS IN WHICH ITEM CAN BE LOCATED
1. Eligibility criteria; (Mandatory)	√	Article XIV of bylaws
2. Procedure for electing officers; (Mandatory)	√	Article IV of bylaws
3. Terms of office; (Mandatory)	√	Article IV of bylaws
4. Record retention policy; (Excellence only)	√	Resolution No. 3-2009/2010
5. Power and duties of Board; (Mandatory)	√	Article I of JPA agreement, Article VI of JPA agreement
6. Indemnification for liability; (Excellence only) <i>The governing documents address that anyone acting in their official capacity (board/committee) is indemnified by the JPA or (not) to eliminate gray area. Employees are already covered under Gov. Code.</i>	√	Article XXVIII of JPA agreement
7. Provisions for dissolution of pool; (Mandatory) <i>There is a process specified for the members to elect to dissolve the pool.</i>	√	Article XXIII of JPA agreement
8. Provisions for financial audits; (Mandatory)	√	Article XIII of Bylaws
9. Provisions for actuarial studies; (Excellence only)	√	Liability Master Document, Section E
10. Provisions for claims audits: (Excellence only)	√	Liability Master Document, Section H
11. Provisions for assessments & distributions; (Mandatory)	√	Liability Master Document, Section F
12. Provisions for member withdrawal from a program or JPA as a whole. These provisions shall include: <ul style="list-style-type: none"> • Notice requirements • Financial obligations and entitlements, i.e. responsibilities for future assessments or rights for future dividends. (Mandatory) 	√	JPA agreement, Article XX
13. Provisions for termination of JPA members (such as the right to cancel for non-payment of premiums, underwriting problems, or the failure to adequately control risks); (Mandatory)	√	JPA agreement, Article XXI



14. Provision for annual meeting of the board; (Mandatory) <i>(The board will meet at least annually, not an annual meeting according to Roberts Rules of Order.)</i>	√	JPA agreement, Article X
15. Provision for the resolution of coverage and claims disputes with its members; (Excellence only)	√	Liability Memorandum of Coverage
CRITERIA	STATUS	DISCUSSION
16. Provision for obligations of members. (Mandatory) <i>The governing documents identify obligations of members, e.g.</i> <ul style="list-style-type: none"> • <i>Payment of premiums</i> • <i>Representative for board</i> • <i>Provide requested data</i> 	√	JPA agreement, article VII
D. Governing Documents and Prior Accreditation Report:		
1. The JPA is in substantial compliance with its governing documents. (Mandatory)	√	
2. The JPA Governing Board has reviewed the prior Accreditation Report for findings and recommendations. (Excellence)	√	September 9, 2011
E. The JPA has written contracts with firms or individuals that provide program administration services, insurance brokerage services, claims administration services, or have access to JPA funds. Such contracts shall include: (Mandatory) <ol style="list-style-type: none"> 1. Scope of services of the contractor; 2. Indemnification and insurance requirements; <i>(A fidelity bond is required for any contractor that has access to JPA funds. If coverage doesn't cover forgery and alteration then it would not be sufficient coverage; or is employee dishonesty enough. Optional for consultant to add as a recommendation if they believe this is a concern.)</i> 3. Compensation; 4. Term of Agreement; 5. Contract cancellation provisions; 6. Ownership of records; 7. Duty to disclose conflicts of interest including but not limited to other sources of income; and <i>(Suggest consultant inquire if there is a process to provide for this disclosure but this is not a standard requirement and may just be a suggestion.)</i> 8. Language addressing how and by whom fines and penalties are to be paid. (applies to workers' compensation third party claims administrators only). <i>(For investment advisor contract see V-H)</i>	√	Refer to Exhibit 4 Below
F. The JPA has certificates of insurance on file evidencing coverage required in contracts under E., above. (Mandatory) <i>(Consider writing a suggestion for the pool to have a process to collect and review these if they do not have them on file and must collect them during the study.)</i>	√	



G. If the JPA offers employee benefit programs to member agencies, a written plan description must be provided to covered employees. (Mandatory)	N/A	
H. The JPA keeps minutes of all meetings of its governing body and major committees. (Mandatory)	√	



Exhibit 4

Contracts with Major Service Providers

Name of Contractor	Scope Of Services	Indemnification & Insurance <i>Fidelity bond if they write checks</i>	Compensation	Term	Cancellation	Ownership of Records	Disclosure of conflicts of interest and other sources of income	Fines & Penalties W/C only
Bickmore (York)	JPA Administration	√	√	√	√	√	√	N/A
Alliant	Insurance Brokerage Services	√	√	√	√	√	√	N/A



II. GOVERNMENT RULES

Objective

To determine that the JPA complies with the various reporting requirements and other mandates imposed by the State of California and its regulatory agencies.

CRITERIA	STATUS	DISCUSSION
<p>A. The JPA has filed a notice of its joint exercise of powers agreement and any amendments or membership changes with the Secretary of State identifying (GC 6503.5): (Mandatory)</p> <ol style="list-style-type: none"> 1. The name of each member; 2. The effective date; 3. The purpose or power to be exercised; and 4. A description of the amendment, if any. <p><i>If the name of the JPA changes, counsel may be asked whether a new JPA agreement must be signed.</i> <i>Required if you add a new member or delete a member</i> <i>Notice must be filed within 30 days of amendment or member changes</i></p>	√	
<p>The JPA has made the necessary Public Agency Roster filing with the Secretary of State and county clerks in the counties in which the JPA has offices. (G.C. 53051) (Mandatory)</p> <p><i>Filing required when board members or location changes.</i></p>	√	
<p>The JPA has adopted a Conflict of Interest Code, formally reconsiders it prior to October 1st of all even-numbered years, and oversees any required filings of the Statements of Economic Interest with the Fair Political Practices Commission or the designated filing agent. (G.C. 87306.5) (Mandatory)</p> <p><i>If the filing office is not perceived to be a governmental facility and accessible to the public, the JPA is required to send originals to the FPPC and retain copies. Review with the FPPC.</i></p>	√	
<p>If the JPA is subject to Education Code 17566(e) it procures triennial actuarial studies on its employee benefit programs. (Mandatory) <i>(Provision for community college districts Education Code Section 81602 actuarial study under ERISA)</i></p>	N/A	
<p>E. The JPA's governing body approves its annual budget. (G.C. 6508) (Mandatory)</p>	√	
<p>F. The JPA has filed the "Special Districts Financial Transactions Report" with the State Controller/Division of Local Government Fiscal Affairs Special District Unit. (GC 53891) (Mandatory)</p>	√	
<p>G. The JPA has filed its Audited Financial Statement with</p> <ul style="list-style-type: none"> • the State Controller and, • with the county auditor of the county where the home office of the JPA is located within 12 months of the end of each fiscal year. (G.C. 6505 (c)) (Mandatory) 	√	



CRITERIA	STATUS	DISCUSSION
<p>H. JPA and/or members have valid certificate(s) of consent to self-insure Workers' Compensation (Labor Code 3700) and files any changes in claims administrators (8Cal Code Regs Sec.15402) and the necessary annual reports with the Dept. of Industrial Relations on or before October 1st of each year. (Labor Code 3702.2) (Mandatory) <i>(This does not apply to excess pools.)</i></p>	N/A	
<p>I. Meetings and Meeting Notices</p>		
<p>1. The JPA properly posts meeting notices and</p>	√	
<p>2. Conducts its meetings in accordance with the Brown Act. (G.C. 54954.2, G.C. 54953.2 and 42 U.S.C. 12132) (Mandatory) <i>Board and standing committees. Check for ADA posting requirements. Note, the Attorney General has determined that valid posting means available to view 24/7 (consider posting on outside window). Agendas must be posted to the JPA website.</i></p>	√	
<p>J. JPA's that self-insure medical benefits annually file a copy of their audit with a declaration to the Department of Managed Health Care as required for exemption from Knox-Keene requirements. (Code of Civil Procedures 2015.5) (Excellence Only)</p>	N/A	
<p>K. JPA has implemented a process to ensure that board and committee members have met the required ethics training requirements under GC 53235.2</p> <p>53235.2. (a) A local agency that requires its local agency officials to complete the ethical training prescribed by this article shall maintain records indicating both of the following:</p> <p>(1) The dates that local officials satisfied the requirements of this article.</p> <p>(2) The entity that provided the training.</p> <p>(b) Notwithstanding any other provision of law, a local agency shall maintain these records for at least five years after local officials receive the training. These records are public records subject to disclosure under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1). A local agency shall provide information of the training available to its local officials annually. So the JPA shall provide guidance or a memo out to the board members annually (Mandatory)</p> <p><i>A process should include collecting evidence that the board members and alternates have met these requirements and an ongoing process to ensure this required training is every two years or otherwise as required.</i></p>	N/A	



III. INSURANCE AND COVERAGES

Objective

To determine that the JPA properly identifies and handles its own exposures to loss, secures any insurance required by its governing documents and/or any other legal requirement, monitors the adequacy of coverages it provides to its members and maintains permanent policy files.

CRITERIA	STATUS	DISCUSSION
A. Insurance and Coverages		
1. The JPA maintains an official bond as required by state law (G.C. 6505.1 and 6505.5). The JPA requires fidelity coverage for a person or persons that are entrusted with any property of the JPA. (Mandatory) <i>Pool needs coverage for treasurer, most employee dishonesty policies exclude the Treasurer, have insurance company issue an endorsement deleting this exclusion.</i>	√	Travelers
2. The JPA insures or self-insures for the following exposures as appropriate: (Mandatory)		
a. Public Officials Errors & Omissions;	√	Included in the GL coverage
b. Employee Fidelity; (insurance only, self-insurance not allowed) (G.C. 6505.1)	√	Travelers
c. Commercial General Liability;		Wesco Insurance Company (AMTrust Fiancial Group) 4Mx5M Colony Insurance Company 15M x 14M
d. Workers Compensation;	N/A	
e. Fiduciary Liability; <i>Required for self-funded health and welfare plans (May review public officials Errors and Omissions coverage, look at exclusions (if it only excludes ERISA then that doesn't exclude government entities) A standard commercial general liability policy doesn't extend to fiduciary coverage.)</i>	N/A	
f. Auto Liability; and,	√	Included in the GL coverage
g. Property.	N/A	



CRITERIA	STATUS	DISCUSSION
<p>3. For the risk retained by the pool the JPA provides a coverage document that that includes or references:</p> <ul style="list-style-type: none"> • Declaration page • Definitions • Insuring agreement • Conditions • Exclusions <p><i>Note, this can be met by reference to other agreements or laws; ie labor code. (Mandatory)</i></p> <p><i>The notes below provide additional considerations but in themselves are not specific requirements:</i></p> <p><i>The JPA should in addition consider scope of coverage, obligation if any to defend and indemnify, report claims, expectation of member to report, settlement. When you are not covering? Details to consider:</i></p> <p><i>Declaration Page (unique to each member and/or year of coverage)</i></p> <ul style="list-style-type: none"> • Identify covered parties, persons, entities • Retention/deductible and limits • Dates of coverage • Premium/contributions <p><i>Definitions (key terms)</i></p> <ul style="list-style-type: none"> • Coverage trigger (i.e. "occurrence", "wrongful act", etc) • Coverage parts (E&O, Personal Injury, etc) <p><i>Insuring Agreement (what is covered)</i></p> <ul style="list-style-type: none"> • Reimburse vs. indemnify • BI/PD • E&O • EPLI • Stat WC benefits <p><i>Conditions (obligations to be met)</i></p> <ul style="list-style-type: none"> • Claim reporting/notice • Appeals • Action against authority (dispute resolution) • Other coverage • Subrogation • Assignment • Cancellation/non-renewal • Severability • Defense and Settlement (may be condition or stand-alone) • Increased cost of construction; enforcement of ordinance and law. <p><i>Exclusions</i></p> <ul style="list-style-type: none"> • Asbestos, contract, nuclear, punitive damages, terrorism, etc. <p><i>If the JPA follows form of the excess carrier or pool then is there a policy document that makes this explicit?</i></p> <p><i>Is the document clear regarding the duty to defend within a deductible, member retention or pool sir?</i></p> <p><i>Issue has been some JPA's do not have these items articulated then if there is a dispute the court will say... you don't say you don't do this so you must...</i></p>	√	<p>Liability Master Program Document and Memorandum of Coverage</p>



CRITERIA	STATUS	DISCUSSION
B. The JPA evaluates its insurers, excess insurers, reinsurers and risk pools for quality, stability, and financial solvency. (Mandatory) <i>(Review of current and past insurers due to outstanding claims. See process for evaluating excess insurers and excess risk pools and reinsurers document)</i>	√	
C. The JPA keeps all memoranda of coverages and insurance policies permanently on file. (Mandatory)	√	
D. The JPA maintains and distributes coverage agreements and insurance policies as appropriate. (Mandatory)	√	



IV. ACCOUNTING & FINANCE

Objective

To determine that the JPA complies with all applicable accounting standards and has adopted an investment policy.

CRITERIA	STATUS	DISCUSSION
<p>A. The JPA materially adheres to all applicable GAAP, GASB, and other accounting standards. (Mandatory)</p> <p><i>Non compliance examples:</i></p> <ul style="list-style-type: none"> • <i>Not recording IBNR</i> • <i>Unrecorded ULAE (material)</i> • <i>Inadequate disclosures (Required Supplementary Information (RSI) #1, by line of coverage and RSI #2) loss development by line of coverage and disclosure of ceded insurance.</i> • <i>Inappropriate application of GAAP, (such as recording equity in another pool) (cannot be cured by disclosing the policy and limitations)</i> • <i>Liabilities not fairly stated (materially overstated;</i> • <i>Don't record above expected, any additional should be recorded as a designation of retained earnings).</i> • <i>GASB 31, market value of investments</i> • <i>GASB 40 Custodial Credit Risk Disclosures</i> • <i>GASB 27 Pension Liabilities</i> • <i>GASB 45 Other Post Employment Benefits</i> • <i>Capital Asset Impairments</i> • <i>Related Party Transactions</i> • <i>Extraordinary Items</i> • <i>Prior Period Adjustments</i> • <i>Contingent Liabilities</i> • <i>Recording reinsurance recoveries when received instead of netting out of claims expense when paid and setting up as a receivable.</i> • <i>The MD&A is sufficient</i> <p><i>(Consultant will review above irrespective of auditor's opinion)</i></p>	√	
<p>B. The JPA issues to its members periodic financial reports at least annually or more frequently if required by its governing documents. (Mandatory)</p>	√	
<p>C. Financial Audits</p>		
<p>1. The JPA has undergone annual independent financial audits conducted by a CPA in accordance with generally accepted auditing standards, a report of which has been made available to all members as required by its governing documents. (Mandatory)</p>	√	



CRITERIA	STATUS	DISCUSSION
2. If the JPA has received an opinion other than an unqualified opinion on the audit of its financial statements, the JPA governing board has satisfactorily addressed any such qualifications of opinion, audit exceptions or negative statements. (Mandatory)	N/A	
3. The independent auditor's report shall include a review of internal controls at least every three years. (Excellence only) <i>(Issue a report on internal control and compliance to meet this.)</i>	√	
4. If a management letter or report on internal controls has been issued, the JPA governing board has addressed any recommendations. (Mandatory)	N/A	
D. Unpaid Claims Liabilities		
1. The JPA has assets sufficient to pay all unpaid claims liabilities and maintains a reasonable contingency margin. The determination of whether there is a reasonable margin for contingencies will include consideration of investment income, excess of loss insurance, aggregate stop loss insurance, assess ability, size of program, volatility of risk, tolerance of membership, disclosure to board and any other relevant factors. (Excellence only) <i>(If there is a deficit and the board has made an assessment, the receivable is recorded to offset the deficit.)</i>	√	
2. If the JPA does not currently have sufficient assets to pay unpaid claims liabilities, it has a reasonable financial plan in effect that will generate sufficient revenues to pay all unpaid claims liabilities and to establish a contingency margin. (Mandatory)	N/A	
For both D (1) and D (2) above, unpaid claims include: (Mandatory) a. Case reserves for reported claims; b. Incurred but unreported claims; c. Expected loss development; and, d. Allocated & unallocated loss adjusting expenses.	√	
3. JPAs with a self-funded medical benefits plan must fund at a level sufficient to cover expected claims, including the run-out, plus a reasonable contingency for adverse experience. Absent any acceptable evidence to the contrary, the contingency for adverse experience shall be set at an amount equal to or greater than the expected run-out of claims. (Mandatory)	N/A	
4. JPA's with self-funded benefit plans other than medical must fund such programs at a level sufficient to cover expected claims and projected run-out. (Mandatory)	N/A	
E. The JPA's current contribution levels for each self-funded program is in concert with Section D, above. (Mandatory)	√	
F. The JPA has adopted a target equity policy and considers it when evaluating funding and dividends. (Mandatory) <i>(For example see target equity worksheet)</i>	√	



CRITERIA	STATUS	DISCUSSION
<p>G. Any JPA with non-risk sharing program(s) must clearly indicate in the governing documents the financial and operational structure of such program(s). (Mandatory) <i>To be considered as a W.C. non-risk sharing program, it must not be operating under a master workers' compensation certificate filed with the State Dept. of Self-Insurance Plans.</i></p>		
<p>In lieu of funding standards contained in Section E above, a non-risk sharing program must:</p>		
<p>1. Calculate and communicate the individual member net asset balances and liabilities to the members annually.</p>	N/A	
<p>2. Be sufficiently assessable to ensure that program's cash flow needs are met.</p>	N/A	
<p>3. Demonstrate that it has adequate cash on hand to meet future claims costs.</p>	N/A	
<p>H. The JPA maintains a suitable management information system that includes premium computation methods and/or allocation formulas. (Excellence only).</p>	√	



V. INVESTMENT OF FUNDS

Objective

To assure that policies and procedures are in effect to protect and preserve the JPA's financial assets.

CRITERIA	STATUS	DISCUSSION
A. The JPA has a written investment policy that contains: (Mandatory) <i>Required for all, even if they only have money in LAIF and or County Treasury.</i>		
1. A statement of objectives as required by G.C. § 53646	√	
2. Description of permitted investments, which must be in conformity with California G.C. §53601 and reasonable under "prudent investment rule."	√	
3. The written investment policy is reviewed annually by governing body or an investment committee pursuant to California G.C. § 53646(a).	√	
B. The JPA invests its funds in conformity with GC §53601. (G.C. 6509.5) (Mandatory)	√	
C. The JPA provides evidence that the governing body or an investment committee periodically considers diversification of risk as to type of investment and individual institution. (Excellence only)	√	
D. The JPA has in place internal controls that include: (Mandatory) <i>Government pooled funds excepted.</i>		
1. Separation of functions (buying and selling of securities is separate from accounting and reporting of transactions) if the size of the staff can accommodate this;	√	Investment manager that initiates buy and sell orders. Custodian, Bank of West
2. Separate verification of all transactions; and	√	By accountant through reconciliation of custodian statement to the advisor statement
3. Written documentation of procedures.	√	Accounting for investments process.
E. If the Treasurer has the authority to reinvest, sell and exchange securities:		
1. The JPA makes such delegation of authority annually. (G.C. §53607). (Mandatory)	√	With investment policy review
2. The Treasurer renders a monthly report of investment transactions to the governing board. (G.C. 53607). (Mandatory)	√	



CRITERIA	STATUS	DISCUSSION
<p>THE FOLLOWING REQUIREMENTS (F, G, H & I) ONLY APPLY TO JPAs THAT MANAGE THEIR OWN INVESTMENTS, WITH OR WITHOUT THE USE OF INVESTMENT CONSULTANTS.</p> <p><i>Does not apply to JPA funds that are deposited with county or state investment pools.</i></p>		
<p>F. The JPA provides evidence that the Treasurer or Chief Financial Officer has submitted a quarterly report in a timely manner to the governing board containing the investment information required by California G.C. §53646 (b) (1), a description of compliance with the statement of investment policy G.C. §53646 (b) (2), and a statement of ability to meet expenditure requirements over the next six months G.C. §53646 (b) (3). (Mandatory) <i>Should be signed by Treasurer or CEO. (Note; under 53646 it does not state that you must provide the transaction detail as described under 53607 for a treasurer that has investment authority)</i></p>	√	
<p>G. The quarterly investment report filed with the governing body shall also contain:</p>		
<p>1. Type of investments; (Mandatory)</p>	√	
<p>2. Issuing institution; (Mandatory)</p>	√	
<p>3. Dates of purchase and maturity; (Mandatory)</p>	√	
<p>4. Par and dollar amount invested on all securities; (Mandatory)</p>	√	
<p>5. Investments and monies held by the JPA; (Mandatory)</p>	√	
<p>6. Current market value, including source; (Mandatory)</p>	√	
<p>7. Coupon rate; (Excellence only)</p>	√	
<p>8. Effective yield rate; <i>(yield to maturity)</i> (Excellence only)</p>	√	
<p>9. Portfolio total rate of return; (Excellence only)</p>	√	
<p>10. Cash and security transactions; (Excellence only)</p>	√	
<p>11. Percentage of portfolio by issuer or security type. (Excellence only)</p>	√	
<p>H. JPAs that own investment securities shall have an independent custodian who shall not be from the same department of the financial institution or broker/dealer from whom the JPA buys or sells the security, or the investment advisor. (Mandatory)</p>		
<p>1. There shall be a written contract between the JPA and the independent custodian that includes: (Mandatory)</p> <ul style="list-style-type: none"> a. Scope of services b. Compensation c. Termination 		Through CAMP – US Bank



CRITERIA	STATUS	DISCUSSION
2. Monthly reports shall be sent directly from custodian to a specific person at the JPA. (Excellence only)	√	
3. Custodial statements shall be reconciled with an in-house or investment advisor's report. (Mandatory) <i>Should be independent of the custodian and investment advisor. Should be documented in the investment accounting procedures. Recommend quarterly.</i>	√	
4. The third-party custodian shall maintain adequate fidelity coverage. (Excellence only)	√	
I. For JPAs that engage in services of a professional investment advisor, the following safeguards are in place: <i>For the purpose of this Section I, an investment advisor is a person or firm that provides advice as to the value of securities or property or the advisability of purchasing or selling such securities or property. The advisor may have discretionary authority or control to purchase or sell. An investment advisor renders advice to the JPA on a regular basis with the understanding that his or her advice will be an integral factor in the investment decision-making process relative to the particular needs of the JPA. Purely clerical or ministerial duties such as record-keeping, reporting, processing, or disseminating information generally will not be classified as investment advisory activities, absent authority, discretion, or control.</i>		
1. There is a written contract between the advisor and the JPA that includes; (Mandatory) a. Scope of services b. Compensation c. Duty to disclose conflicts of interest d. Termination e. Disclosure to JPA of any investigation by a regulatory body for investment-related regulatory violations.	√	
2. The JPA has a process to ensure the investment advisor has disclosed any conflict of interests (Mandatory) <i>(This may be satisfied by a provision in the contract as addressed in I(1) above or FPPC form 700, or review of Form ADV Parts 1 and 2; this should be done annually.)</i>	√	
3. All securities are purchased in the name of the JPA. (Mandatory) <i>Deposits in LAIF or a treasury are not "securities"</i>	√	
4. The advisor sends monthly reports to the JPA containing information described in Section D above. (Mandatory)	√	
5. The advisor reports at least quarterly an evaluation including total rate of return and a comparison of the pool's total rate of return to reasonable benchmarks (i.e., U.S. Treasury securities, an index comprised of Treasuries, or LAIF). (Excellence only)	√	
6. The investment advisor carries Investment Advisor Professional Liability Insurance with a per claim/aggregate limit of at least \$1,000,000. (Mandatory)	√	



CRITERIA	STATUS	DISCUSSION
J. JPA's that place their investments in or through County or State investment pools, or in FDIC insured contracts will issue quarterly reports to the governing body, chief financial officer, and auditor in accordance with G.C. §53646 (e). (Mandatory)	√	



VI. FUNDING AND ACTUARIAL STANDARDS

Objective

To determine that the JPA has completed actuarial studies or independent evaluations on each of its self-funded programs. There may be instances in which the provisions of this section may be waived because such studies may not be considered necessary (such as for property or vehicle physical damage programs).

Program: Liability

CRITERIA	STATUS	DISCUSSION
<p>A. The JPA has had property or casualty (including W.C.) actuarial study(ies). Such study was conducted by a Member of the American Academy of Actuaries and addressed all of the relevant items in Sections IV. E and IV. F. Such study(ies) shall be conducted within the last three years (Mandatory) or annually. (Excellence only). <i>(The actuary should be conducted for major programs, if a pool is in run-out it still should have an actuary study, unless as determined by the committee the risk and variability has sufficiently diminished. Such considerations would be; line of coverage, the risk layer retained, whether the pool is an excess layer pool, the variability inherent in the claims and how the claims are developing.)</i></p>	√	<p>Jack Joyce FCAS, MAAA 4/2/13</p>
<p>B. If loss reserves requirements were computed on a discounted (present value) basis, the pay out pattern and projected rate of return were reasonable. (Mandatory) <i>Is the discount rate reasonable given; current cash and investment balances, accounts receivable or deficit balances, or the character of the assets such as buildings?</i></p>	√	2% discount
<p>C. If the JPA has a self-funded medical benefits plan, it must conduct an independent rate study and fund level evaluation, including consideration of a reasonable contingency margin for adverse experience. Such study shall be conducted annually (Excellence only) or within the last 36 months. (Mandatory).</p>	N/A	
<p>D. If JPA has other miscellaneous self-funded programs (such as dental, vision, long-term disability or life), it must conduct independent rate studies and fund level evaluations within the last 36 months (Mandatory) or bi-annually. (Excellence only) <i>Evaluation does not have to be prepared by actuary - can be by benefit consultant.</i></p>	N/A	



VII. RISK CONTROL

Objective

To determine that the JPA actively promotes risk control principles and practices to its members and that necessary budgetary appropriations for such services are made. An excess JPA may meet this requirement by requiring its member agencies to be responsible for having their own risk control program.

CRITERIA	STATUS	DISCUSSION
A. JPAs are active in promoting risk control principles among their member agencies. This shall include the following: (Compliance with two or more is required for Excellence) <i>Not applicable for benefit programs.</i>		
1. Promoting a risk transfer policy that addresses additional insureds, minimum insurance limits and proof of suitable insurance coverage.	N/A	The underlying pools have their own transfer of risk manuals. This is an excess pool, so members have but members have.
2. Establishing risk control standards for the significant exposures of its member agencies.	N/A	Performed by underlying pools, CARMA is only an excess layer
3. Prioritizing the use of its risk control resources, based on such factors as; (a) loss ratios, (b) frequency, and (c) severity rates.	N/A	Performed by underlying pools, CARMA is only an excess layer
4. Offering risk control assistance to its member agencies, including (a) conducting or facilitating risk control inspections, (b) investigating large losses, (c) conducting risk control training for its member agencies, and/or (d) providing wellness and/or employee assistance program.	N/A	Performed by underlying pools, CARMA is only an excess layer
5. Providing or facilitating the procurement of appraisal services, in order to maintain accurate records of its members' property components and values.	N/A	Performed by underlying pools, CARMA is only an excess layer
B. The JPA's budget provides for the above. (Excellence only)	N/A	
C. The JPA maintains a suitable management information system that includes: (Excellence only)		
1. Relevant information about type and quantity of exposures being assumed.	√	
2. Relevant information about the type, number and cause of accidents resulting in claims against its member agencies.	√	



VIII. CLAIMS MANAGEMENT

Objective

Measure nature, scope, and quality of the claims management services provided by JPA and its contractors.

Program: Liability

CRITERIA	STATUS	DISCUSSION
A. The JPA has established a suitable claims management system. Excess JPA's must have a process to monitor primary claims handled by, or for, its member agencies. (Mandatory)	√	
B. The JPA has established a litigation management system. (Excellence only)	√	Included in the litigation management policies included in the procedures documents
C. The JPA has conducted a claims audit on each significant self-funded program within the last 2 years. Significant self-funded programs shall include W.C., liability, and medical malpractice. (Excellence only) <i>(A periodic OBEA audit may be acceptable replacement on a self administered program (in-house administration) however; this audit does not have the same scope in review of reserves).</i> The audit should be conducted by a qualified claims auditor, independent of the JPA, the claims administrator and the insurers, and should determine whether or not:		Farley Consulting Services March 18, 2014
1. Claims are handled in a timely and organized manner;	√	
2. The claims administrator adequately communicates with the JPA, its members, and the claimants;	√	
3. Case reserving practices are reasonable;	√	
4. Loss experience reports accurately reflect the case reserves and the payments. As an alternative, this determination may be made during the financial audits required in Section IV. C. of these Accreditation Standards.	√	
5. The JPA is receiving quality claims services. General evidence of this may be indicated from the following:		
a. Staffing levels are adequate in relation to caseloads;		
b. Adjusters identify claims with subrogation potential;		
c. Excess insurers are notified of claims with excess potential;		
d. Litigated claims are adequately managed;	√	
e. Coverage is verified; and	√	
f. Adequate investigations are performed.	√	



CRITERIA	STATUS	DISCUSSION
D. The JPA has addressed all major recommendations and significant findings included in the audit report. <i>Consideration of a future standard: (An excess pool has a process of reviewing primary layer claim audit results and follow-up with members (Excellence only)</i>	√	CARMA is an excess pool and the claims committee will discuss with member.
E. The JPA maintains a management information system that includes relevant information about the type, number and cost of claims being reported and adjusted. (Excellence only)	√	
F. If the JPA provides employee benefit plans for its members, it must have an appeals process for handling claims and/or coverage related disputes. (Mandatory)	N/A	
G. The JPA has a written policy addressing settlement authority (Excellence only)	√	Liability Master Program Document



IX. Underwriting Objective

To determine that the JPA has a clear process for developing and monitoring its underwriting policies and processes

This Section will be a suggested area and will be reviewed with all accreditation beginning July 1, 2012. Each JPA will have the opportunity to go through a review of this standard to allow JPA's to formalize and adopt relevant policies and practices. Subject to board approval this standard will only be required for all JPA's seeking accreditation beginning July 1, 2015.

CRITERIA	STATUS	DISCUSSION
I. Underwriting Objectives This applies to rating individual members and overall program management	S	
1. The JPA has established a written underwriting policy. This policy should include the following: <i>This should be a written policy approved by the board</i>		
a. A definition of the underwriting function / mission	S	
b. Address suitability or fit of member	S	
c. As applicable considers i. Claims ii. Exposures iii. Actuarial results	S	
d. Defines relevant period or value of data. <i>(ex last 5 years; or capped at \$150,000)</i>	S	
2. There is an objective contribution allocation formula (Addresses both new and existing members)	S	
a. It identifies the components in writing as part of the policy	S	
b. The policy identifies guidelines for credits or debits, if any	S	
3. There is an approval process for new members by board or who they delegate this approval.	S	
4. The underwriting policy is formally reviewed periodically or at least once every three years. <i>(a fresh look at the formulas)</i> This review should consider:	S	



CRITERIA	STATUS	DISCUSSION
a. Is the process adequately measuring the risks?	S	
b. Is the process adequately allocating costs?	S	
5. Underwriting considers the target net assets (Excellence) May include a dividend & assessment formula	S	



X. OPERATIONS AND ADMINISTRATIVE MANAGEMENT

Objective

To determine that the JPA (A) has a process for developing and implementing a strategic plan setting forth its goals and objectives for the future, (B) regularly and effectively communicates with its members (C) actively involves its governing board members and staff in education and training programs offered by relevant professional associations and (D) maintains procedures and policies relating to information systems.

CRITERIA	STATUS	DISCUSSION
A. The JPA conducts an effective strategic planning process to guide its future efforts. This should include an analysis of the environmental trends and the organizational strengths, weaknesses, opportunities and threats. Such a process may also include the following: (Excellence only)	√	
1. A survey of member expectations and related perceptions; (either formally or informally)		
2. A mission statement with supporting goals, objectives and tasks.	√	
3. Consideration of the target equity policy.	√	
B. The JPA regularly communicates with its member entities. Such communication may include (Excellence only) <i>One or more or related communication efforts with members</i>		
1. Annual reports, newsletters, or similar media;	√	
2. Notice of major policy issues;		
3. Periodic workshops, seminars, or similar educational activities;		
4. Surveys of its member agencies, its service providers, and staff.		
5. JPA website for communication with members	√	
C. The JPA governing board and staff are actively involved in education and training programs. Such involvement may be indicated by the following: (Excellence only)		
1. Participation in one or more of the following organizations:		
a. CAJPA (California Association of Joint Powers Authorities)	√	
b. PARMA (Public Agency Risk Managers Association)	√	
c. PRIMA (Public Risk Management Association)	√	
d. CPCU Society (Chartered Property and Casualty Underwriters)		
e. RIMS (Risk and Insurance Management Society)		
f. CASBO (California Association of School Business Officials)		



g. COSIPA (Council of Self-Insured Public Agencies)		
CRITERIA	STATUS	DISCUSSION
h. CSIA (California Self-Insurers Association)		
i. PASMA (Public Agency Safety Management Association)		
j. AGRiP (Association of Governmental Risk Insurance Pools)		
k. IEA (Insurance Educational Association)		
l. ASSE (American Society of Safety Engineers)		
m. SCIC (Society of Certified Insurance Counselors)		
2. Top management has attended at least two professional conferences or seminars in the preceding 12 months.	√	
3. The governing body members participate in pool management and risk management training.	√	
4. There is formal training of all key personnel. <i>(As needed)</i>	√	
5. The JPA's budget provides for the above participation and training.	√	
D. The JPA has developed and implemented processes and procedures relating to protection of electronic data, including:		
1. A suitable security and back-up system for all stored data. (Mandatory)	√	
2. A written policy with respect to:		
a. Disaster recovery (Excellence only)	√	Addressed in administrator contract (Bickmore page 6 item 13)
b. Physical and electronic data security (Excellence only)	√	
c. Electronic data retention (Excellence only)	√	
d. Protection of electronic data as required by Health Insurance Portability and Accountability Act of 1996 (HIPAA), as applicable. (Excellence only)	N/A	

ANNUAL WORKSHOP RECAP

SUBJECT: Establishment of Goals and Objectives

BACKGROUND AND STATUS:

This time is reserved for the Board to re-cap and take action on any items brought forth from the 2015 Annual Workshop.

RECOMMENDATION:

The Board of Directors adopts the 2015 Goals and Objectives.

REFERENCE MATERIALS ATTACHED:

None.

ADMINISTRATIVE MATTERS

SUBJECT: Commercial Marketing Strategy – Seth Cole

BACKGROUND AND STATUS:

Annually, representatives from Alliant Insurance Services, Inc. provide an update on the status of the current excess market and a plan for the upcoming renewal of CARMA's reinsurance and excess policies.

Attached to this staff report is a letter from Mr. Seth Cole, Alliant Insurance Services, Inc., providing CARMA with a marketing report for the 2015/2016 program year. Mr. Cole will be present at the meeting to discuss this strategy, as well as answer questions from the Board.

RECOMMENDATION:

None.

REFERENCE MATERIALS ATTACHED:

- CARMA 2015/2016 Marketing Report dated December 10, 2014

December 10, 2014

Rob Kramer, JD, MBA, ARM
Executive Director
CARMA
c/o Bickmore
1750 Creekside Oaks Drive, Suite 200
Sacramento, CA 95833

CARMA 2015/2016 Marketing Strategy

Dear Rob:

CARMA's excess liability program renews in July, and although much can happen in the next six months, this letter is to provide you and the CARMA Board our current thoughts on the insurance market and our renewal marketing strategy for the 2015/2016 coverage year. Alliant looks forward to reviewing our renewal strategy and receiving feedback at the upcoming meeting on January 9th.

The Property & Casualty commercial insurance market is stable and the outlook continues to be favorable, due in large part to the lack of catastrophic losses in 2013 to date. It's important to note that, although the 2014 hurricane season ended on November 30th and while the Atlantic hurricane season was relatively quiet, the Pacific hurricane season was the most the active it has been since 1992. Fortunately, insured losses were well below historical averages. These types of 'Cat' losses have a significant impact of domestic insurance premium changes.

Looking ahead, we see the excess liability/reinsurance market as being essential flat for January renewals and the expectation is that rates will remain flat into 2015 barring an increase in claims severity and/or any industry changing events (i.e. hurricane, new legislation, court decisions, insurer insolvency) between now and when coverage renews.

Currently, AmTrust provides the first \$10M in limits excess of the CARMA pooled layer. At the September 19th CARMA Board meeting, the Board requested that AmTrust provide premium indications at a higher attachment point, so that CARMA can evaluate a mid-layer pool going forward. AmTrust has provided the following non-bindable premium indications:

- \$10M x \$5M; premium range of \$970k - \$1M
- \$9M x \$5M; premium range of \$925k - \$955k

Unless a significant change occurs with market conditions, we don't expect anything extraordinary to happen for the renewal, and would recommend CARMA renewal coverage with AmTrust if this holds true. However, we stand ready to market coverage if AmTrust were to offer a renewal that did not meet expectations.

Colony provides the Second Layer Excess (\$15M xs AmTrust). The total limit of liability is \$29M excess of CARMA's Pooled Layer and Member Retention. Colony has been your carrier for the second layer excess for the past eleven years. The layer should be marketed and has been regularly.

We look forward to seeing you in January and answering any questions that you or the Board may have.

Sincerely,

A handwritten signature in black ink, appearing to read "Seth Cole", with a long horizontal flourish extending to the right.

Seth Cole, ARM
Senior Vice President
scole@alliant.com

cc: Michael Simmons, Vice Chairman – Public Entities
msimmons@alliant.com Cell: 925-708-3374

ADMINISTRATIVE MATTERS

SUBJECT: Sampson, Sampson and Patterson, LLP Contract Expiring

BACKGROUND AND STATUS:

The objectives of a financial audit, and in particular the performance of the CARMA independent financial audit, is to determine whether CARMA's financial statements are fairly presented in all material respects and conform with generally accepted accounting principles. Further, the audit is conducted in accordance with auditing standards generally accepted in the USA and the standards for financial audits contained in the Government Auditing Standards. A secondary report is provided on internal controls related to the financial statements, also as required by the Governing Auditing Standards.

Mr. Bill Patterson of Sampson, Sampson and Patterson, LLP, has conducted the financial audit for CARMA since 2006. At its April 12, 2012, meeting, the CARMA Board of Directors approved Sampson, Sampson & Patterson, LLP, to perform the group's independent financial audit for 2012, 2013, and 2014, respectively. The fees that were charged for these years were as follows:

- June 30, 2012, Financial Audit - \$8,500
- June 30, 2013, Financial Audit - \$8,750
- June 30, 2014, Financial Audit - \$8,950

Mr. Bill Patterson, Sampson, Sampson & Patterson, LLP, has prepared a proposal for independent financial audit services to CARMA for the Board's consideration. The proposal is for years 2015 through 2017 with the fees as follows:

- June 30, 2015, Financial Audit - \$9,100
- June 30, 2016, Financial Audit - \$9,300
- June 30, 2017, Financial Audit - \$9,500

Staff is recommending that the Board of Directors engage the firm of Sampson, Sampson & Patterson, LLP to conduct the CARMA independent financial audit for the next three years.

RECOMMENDATION:

The Board of Directors engages Sampson, Sampson & Patterson, LLP to conduct Independent Financial Audits for CARMA for Fiscal Years Ended June 30, 2015, June 30, 2016, and June 30, 2017, respectively.

REFERENCE MATERIALS ATTACHED:

- Letter of Engagement from Sampson, Sampson & Patterson, LLP

Agenda Item 8.B.



December 4, 2014

Rob Kramer, Executive Director and Board of Directors
California Affiliated Risk Management Authorities (CARMA)
1750 Creekside Oaks Dr., Suite 200
Sacramento, CA 95833

Dear Mr. Kramer and Board Members:

We are pleased to respond to your request for audit services to be provided to California Affiliated Risk Management Authorities (CARMA) for the years ended June 30, 2015 through June 30, 2017. We will audit the financial statements, including the related notes to the financial statements, of CARMA as of and for the years then ended. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement CARMA's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to CARMA's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited.

- 1) Management's Discussion and Analysis
- 2) Claims Development Information

Audit Objectives

The objective of our audit is the expression of an opinion as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America, the standards for financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the *State Controller's Minimum Audit Requirements for Special Districts* and will include tests of the accounting records of CARMA and other procedures we consider necessary to enable us to express an opinion. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add emphasis-of-matter or other-matter paragraphs. In our opinion on the financial statements is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations and contracts, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of internal control on compliance, and that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CARMA's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that CARMA is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Management Responsibilities

Management is responsible for the financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will assist with preparation of your financial statements and related notes. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. You agree to assume all management responsibilities relating to the financial statements and related notes and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statement in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and agreements.

Management is also responsible for making all financial records and related information available to us and for ensuring that management is reliable and financial information is reliable and properly recorded. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within CARMA from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting CARMA involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting CARMA received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that CARMA complies with applicable laws, regulations, contracts, and agreements, for taking timely and appropriate steps to remedy any fraud, violations of contracts or agreements, or abuse that we may report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's view on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements.

However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures – Internal Control

Our audit will include obtaining an understanding of CARMA and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of CARMA's compliance with the provisions of applicable laws, regulations, contracts and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Audit Administration, Fees, and Other

Our fee for the audit of the June 30, 2015 through 2017 financial statements of CARMA will be \$9,100, \$9,300 and \$9,500, respectively, including any out-of-pocket expenses. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. The above fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

We appreciate the opportunity to be of service to CARMA and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign below and return it to us.

Very truly yours,

Sampson, Sampson & Patterson, LLP

Sampson, Sampson & Patterson, LLP

RESPONSE:

This letter correctly sets forth the understanding of CARMA.

By: _____

Title: _____

Date: _____

ADMINISTRATIVE MATTERS

SUBJECT: Resolution of Appreciation for Honorable Service of Jake O'Malley to CARMA

BACKGROUND AND STATUS:

Mr. Jake O'Malley, MPA and CARMA Treasurer, is retiring from MPA and therefore his position as CARMA Treasurer. Mr. O'Malley has served on the CARMA Board since September 2000. This time is reserved for the Board to formally express its appreciation of Mr. O'Malley's dedicated service and contributions to CARMA.

RECOMMENDATION:

The Board of Directors considers the Resolution and extends its appreciation to Mr. O'Malley for his years of service to the CARMA Board.

REFERENCE MATERIALS ATTACHED:

- Resolution No. 1-2014/2015

RESOLUTION NO. 1-2014/2015

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES
EXPRESSING APPRECIATION FOR THE HONORABLE SERVICE OF
JAKE O'MALLEY FOR CARMA**

WHEREAS, the California Affiliated Risk Management Authorities (CARMA) has been fortunate to have dedicated Board members committed to the mission of the Authority, and

WHEREAS, Mr. Jake O'Malley served on the CARMA Board from September 2000 through April 2015, and

WHEREAS, the CARMA Board of Directors wishes to extend its utmost appreciation for Mr. O'Malley's contributions as CARMA Treasurer and Board member and offer its sincere best wishes in his retirement, and

WHEREAS, we, as members of CARMA, are making a permanent record of our appreciation and respect for Mr. O'Malley's dedication and service.

NOW, THEREFORE, IT IS RESOLVED, on this 9th day of January 2015, that the members of the CARMA Board of Directors commend Mr. O'Malley for contributions to the organization as Treasurer, and express gratitude for all his efforts on their behalf.

AYES _____
NOES _____
ABSTAIN _____
ABSENT _____

PRESIDENT, BOARD OF DIRECTORS

ATTEST:

ADMINISTRATOR

FINANCIAL MATTERS

SUBJECT: Review of CARMA Investment Policy

BACKGROUND AND STATUS:

The CARMA Investment Policy was last amended at the January 10, 2014, Board of Directors' meeting. Mr. Carlos Oblites, Director with Public Financial Management, Inc. (PFM), has reviewed the policy and is recommending the changes outlined in his memo to the Board, and found in the red-lined strike-out version of the Policy. Ms. Nancy Broadhurst, Finance Manager, and Mr. Jake O'Malley, Treasurer, are in agreement with the changes.

Ms. Lauren Brant, Managing Director with PFM, will be in attendance to guide the Board through the suggested changes.

RECOMMENDATION:

The Board of Directors considers approval of the CARMA Investment Policy, as presented.

REFERENCE MATERIALS ATTACHED:

- Memo from Mr. Carlos Oblites regarding changes to the current CARMA Investment Policy
- CARMA Investment Policy with Proposed Changes



The PFM Group

Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

50 California Street
Suite 2300
San Francisco, CA 94111

415 982-5544
415 982-4513 fax
www.pfm.com

December 15, 2014

Memorandum

To: Nancy Broadhurst, Director, Finance & Accounting Services
Bickmore

From: Carlos Oblites, Director
Charles Cook, Analyst
PFM Asset Management LLC

Re: Investment Policy Review

We have completed our review of CARMA's Investment Policy. There were no changes to California Government Codes ("Code") that regulate the investment of public funds requiring CARMA to change its policy. We do, however recommend some changes to reflect current industry standards for the prudent management of public funds. This memorandum explains our recommended revisions to the Policy.

Allowable Investment Instruments (15)

We recommend the Authority consider including **supranational investments** to the list of permitted investments. Bonds issued by supranational entities are securities that have been recently permitted by Code for investment by California local governments. A supranational entity is formed by two or more central governments with the purpose of promoting economic development for the member countries. Supranational institutions finance their activities by issuing debt, such as supranational bonds. Examples of supranational institutions include the European Investment Bank and the World Bank. Supranationals will be allowed under Code beginning January 1, 2015, and including the sector in the investment policy now will allow the Authority to take advantage of any opportunities as soon as possible. Please note this asset type is limited to 30% of the Authority's investments by Code.

Allowable Investment Instruments (16)

We recommend the Authority pass-through securities (specifically, **asset-backed securities**) to the list of permitted investments. An asset-backed security ("ABS") is a security whose income payments and hence value is derived from and collateralized (or "backed") by a specified pool of underlying assets (generally receivables). Pooling the assets into financial instruments allows them to be sold to general investors—a process called securitization, and allows the risk of investing in the underlying assets to be diversified because each security will represent a fraction of the total value of the diverse pool of underlying assets. The pools of underlying assets can comprise common payments credit cards, auto loans, mortgage



loans, and other types of assets. ABS are permitted under Code section 53601(o). Please note the language for this section allows different types of pass-through securities, including mortgage-backed issues (“MBS”). In practice, MBS are difficult to find with a legal final maturity of less than five years, and will not be purchased for the Authority. Inclusion of this sector may provide the Authority the opportunity to increase diversification and value to the portfolio.

Glossary

We recommend inclusion of the definitions of supranational investments and ABS to the glossary.

We will contact you in the coming days to answer any questions you may have. In the meantime, please do not hesitate to call me with any questions or feedback you may have.

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES
INVESTMENT POLICY
December 20, ~~2013~~2014

SCOPE

This investment policy applies to activities of the California Affiliated Risk Management Authorities (Authority) with regard to investing the Authority's financial assets of the Administrative and Trust Funds.

OBJECTIVES

It is the objective of this policy to provide a system which will accurately monitor and forecast revenues and expenditures so that the Authority can invest funds to the fullest extent possible. Funds of the Authority will be invested in accordance with sound treasury management principles with the following objectives, in priority orders:

1. Safety: Safety of principal is the foremost objective of the Authority's investment program. Investments of the Authority will be undertaken in a manner that seeks to ensure preservation of capital in the portfolio.
2. Liquidity: The investment portfolio will remain sufficiently liquid to meet the Authority's cash flow needs; and
3. Return on Investment: The Authority seeks to attain market rates of return on its investments, consistent with constraints imposed by law, its safety objectives, and its cash flow consideration.

DELEGATION OF AUTHORITY

The Treasurer is designated as investment manager of the Authority and is responsible for ensuring that all investment activities are within the guidelines of these policies. The Treasurer and Assistant Treasurer shall develop and maintain administrative procedures for the operation of the investment program. In order to optimize total return through active portfolio management, resources shall be allocated to the investment program. This commitment of resources shall include financial and staffing considerations.

The Treasurer may delegate investment decision making and execution authority to an investment advisor. The advisor shall follow the Investment Policy and such other written instructions as are provided.

PRUDENCE

The Treasurer shall manage the investment portfolio of the Authority under the Prudent Investor Standard which states, in essence, that "a trustee shall act with care, skill, prudence, and diligence

Approved by the CARMA Board of Directors
January 10, 2014

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. " The application of this rule leaves open a broad spectrum of investment opportunities as long as the investment is deemed prudent and is permissible under currently effective legislation of the State of California and this policy.

ETHICS AND CONFLICTS 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.

QUALIFIED FINANCIAL DEALERS AND INSTITUTIONS

The Treasurer shall maintain a list of financial dealers and institutions qualified and authorized to transact business with the Authority.

The purchase by the Authority of any investment other than those purchased directly from the issuer, shall be purchased either from an institution licensed by the State as a broker-dealer, as defined in Section 25004 of the Corporations Code, which is a member of the Financial Industry Regulatory Authority (FINRA), or a member of a federally regulated securities exchange, a national or state chartered bank, a federal or state association (as defined by Section 5102 of the Financial Code), or a brokerage firm designated as a Primary Government Dealer by the Federal Reserve Bank.

The Treasurer shall investigate all institutions that wish to do business with the Authority, to determine if they are adequately capitalized, make markets in securities appropriate for the Authority's needs, and agree to abide by the conditions set forth in CARMA's Investment Policy and any other guidelines that may be provided. This will be done annually by having the financial institutions:

1. Provide written notification that they have read, and will abide by, the Authority's Investment Policy.
2. Submit their most recent audited Financial Statement within 120 days of the institution's fiscal year end.

If the Authority has an investment advisor, the investment advisor may use its own list of authorized broker/dealers to conduct transactions on behalf of the Authority.

Purchase and sale of securities shall be made on the basis of competitive bids and offers with a minimum of three quotes being obtained, when practical.

REPORTING

The Treasurer shall make a monthly report of investment transactions in compliance with California Government Code §53607 and may submit a quarterly investment report in compliance with California Government Code §53646.

SAFEKEEPING

All securities owned by the Authority except time deposits and securities used as collateral for repurchase agreements, shall be kept in safekeeping by a third-party bank's trust department, acting as an agent for the Authority under the terms of a custody agreement executed by the bank and the Authority.

All securities will be received and delivered using standard delivery versus payment procedures.

INTERNAL CONTROL

The Treasurer will establish an annual process of independent review by a financial auditor. This review will provide internal control by assuring compliance with policies and procedures.

POLICY REVISION

This policy can be revised whenever necessary and will be reviewed by the Board annually.

INVESTMENT POOLS/MONEY MARKET FUNDS

A thorough investigation of investment pools and money market funds is required prior to investing, and on a continual basis.

ALLOWABLE INVESTMENT INSTRUMENTS

The following is a summary of the authorized investment instruments and the applicable limitations of each. Credit criteria and maximum percentages listed in this section are calculated at the time the security is purchased. If an investment's credit rating falls below the minimum rating required at the time of purchase, the Treasurer will perform a timely review and decide whether to sell or hold the investment.

The Authority shall limit investments in any one non-government issuer, except investment pools, to no more than 5% regardless of security type.

Permitted Investment Instruments

1. Government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest.
2. Federal agency or United States government-sponsored enterprise obligations, 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.
3. Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue producing property owned, controlled or operated by the state or any local agency or by a department, board, agency or authority of the state or any local agency, provided that the obligations are rated in one of the two highest categories by a nationally recognized statistical rating organization (NRSRO).
4. Registered treasury notes or bonds of any of the other 49 United 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 other 49 United States, in addition to California, provided that the obligations are rated in one of the two highest categories by a NRSRO.
5. Repurchase Agreements. Only U.S. Treasury securities or Federal Agency securities will be acceptable collateral. All securities underlying Repurchase Agreements must be delivered to the Authority's custodian bank by book entry, physical delivery, or by a third party custodial agreement. The total of all collateral for each Repurchase Agreement must equal or exceed, on the basis of market value, 102 percent of the funds borrowed against those securities. For any Repurchase Agreement with a term of more than one day, the value of the underlying securities must be reviewed on a weekly basis. Market value must be calculated each time there is a substitution of collateral.

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 Authority may enter into Repurchase Agreements only with primary dealers of the Federal Reserve Bank of New York. The Authority will have specific written agreements with each firm with which it enters into Repurchase Agreements.

Maximum maturity: 15 days.

6. Bankers' 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 a NRSRO.

Purchases of Bankers' Acceptances may not exceed 180 days maturity or 40 percent of the Authority's investment portfolio. The sum of investments in certificates of deposit,

commercial paper, and bankers acceptances in any one institution shall not exceed 5 percent of the portfolio.

7. Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or paragraph (2):

- (1) The entity meets the following criteria:

- (A) Is organized and operating in the United States as a general corporation.

- (B) Has total assets in excess of five hundred million dollars (\$500,000,000).

- (C) Has debt other than commercial paper, if any, that is rated "A" or higher by a NRSRO.

- (2) The entity meets the following criteria:

- (A) Is organized within the United States as a special purpose corporation, trust, or limited liability company.

- (B) Has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond.

- (C) Has commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.

Purchases of eligible commercial paper may not exceed 270 days maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation.

Purchases of commercial paper may not exceed 25 percent of the Authority's investment portfolio.

8. Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued 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. Medium-term corporate notes shall be rated in a rating category "A" or its equivalent or better by a NRSRO.

Purchase of medium-term notes may not exceed 30 percent of the Authority's investment portfolio.

9. FDIC insured or fully collateralized time certificates of deposit in financial institutions located in California.

To be eligible to receive local agency deposits a financial institution must have received a minimum overall satisfactory rating for meeting the credit needs of California Communities in its most recent evaluation.

10. Negotiable certificates of deposit or deposit notes issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally- or state-licensed branch of a foreign bank.; provided that the senior debt obligations of the issuing institution are rated "A" or by a NRSRO.

Purchase of negotiable certificates of deposit may not exceed 30 percent of the Authority's investment portfolio.

11. State of California's Local Agency Investment Fund

Funds may be invested in LAIF up to the current deposit limit permitted by the State Treasurer's Office (STO).

12. Insured savings accounts

13. Money Market Funds.

Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.). To be eligible for investment pursuant to this subdivision these companies shall either: (1) attain the highest ranking letter or numerical rating provided by not less than two of the three largest nationally recognized rating services or (2) have an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years experience managing money market mutual funds and with assets under management in excess of \$500,000,000. The purchase price of shares shall not exceed 15 percent of the investment portfolio of the Authority.

14. California Asset Management Program

15. Supranationals which are United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated "AA", its equivalent, or better by at least one NRSRO.

Purchases of supranationals shall not exceed 30 percent of the investment portfolio of the Authority. Supranationals will be permitted by California Government Code § 53601 (q) and this Policy effective January 1, 2015.

16. Mortgage passthrough securities, collateralized mortgage obligations, mortgage-backed or other pay-through bonds, equipment lease-backed certificates, consumer receivable passthrough certificates, or consumer receivable-backed bonds of a maximum of five years'

maturity. Securities eligible for investment under this subdivision shall be issued by an issuer having an "A" or higher rating for the issuer's debt as provided and rated in a rating category of "AA" or its equivalent or better by at least one NRSRO. Purchase of securities authorized by this subdivision may not exceed 20 percent of the Authority's surplus moneys that may be invested pursuant to this section.

See Appendix A for description of the above securities.

Other Limitations

- A. Where a section does not specify a limitation on the term or remaining maturity at the time of purchase, no investment shall be made in any security, other than a security underlying a repurchase agreement, that at the time of the investment has a term remaining to maturity in excess of five years, unless the Board has granted express authority to make that investment either specifically or as a part of an investment program approved by the Board no less than three months prior to the investment.
- B. The Authority will not place any funds with any institution that is less than three (3) years old.

Appendix A Glossary

Asset-Backed Securities (“ABS”): An asset-backed security (ABS) is a security whose income payments and hence value is derived from and collateralized (or “backed”) by a specified pool of underlying assets which are receivables. Pooling the assets into financial instruments allows them to be sold to general investors, a process called securitization, and allows the risk of investing in the underlying assets to be diversified because each security will represent a fraction of the total value of the diverse pool of underlying assets. The pools of underlying assets can comprise common payments credit cards, auto loans, mortgage loans, and other types of assets. Interest and principal is paid to investors from borrowers who are paying down their debt.

Bankers’ Acceptances: A bankers' acceptance is a time draft drawn on and accepted by a bank for payment of the shipment or storage of merchandise. The initial obligation of payment rests with the drawer, but the bank substitutes its credit standing for that of the borrower and assumes the obligation to pay face value at maturity.

Broker-Dealer: A broker-dealer is a person or a firm who can act as a broker or a dealer depending on the transaction. A broker brings buyers and sellers together for a commission. They do not take a position. A dealer acts as a principal in all transactions, buying and selling for his own account.

California Asset Management Program (CAMP): Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7 that invests in the securities and obligations authorized in Government Code Section 53601 subdivisions (a) to (o), inclusive. If CARMA has funds invested in CAMP, it shall maintain CAMP’s current information statement on file. In addition, CARMA’s investments in CAMP should be reviewed periodically.

Certificate of Deposit (CDs): CDs are receipts for funds deposited in a Bank or Savings and Loan Association for a specified period of time at a specific rate of interest. The first \$250,000 of a certificate of deposit is guaranteed by the Federal Deposit Insurance Corporation (FDIC) if with a bank. Nonnegotiable CDs with a face value in excess of \$250,000 can be collateralized by Treasury Department Securities, which must be at least 110% of the face value of the CDs in excess of the first \$100,000, or by the first mortgage loans which must be at least 150% of the face value of the CD balance in excess of the first \$250,000. Negotiable CDs are marketable securities; they are not collateralized.

Collateral: Collateral is securities, evidence of deposits, or other property that a borrower pledges to secure repayment of a loan. It also refers to securities pledged by a bank to secure deposits. In California, repurchase agreements, reverse repurchase agreements, and public deposits must be collateralized.

Commercial Paper: Commercial Paper is a short-term unsecured obligation issued by both financial companies and nonfinancial companies to help satisfy their short-term funding needs.

Issuer: Any corporation, governmental unit, or financial institution that borrows money through the sale of securities.

Liquidity: The ease and speed with which an asset can be converted into cash without loss of value. In the money market, a security is said to be liquid if the difference between the bid and asked prices is narrow and reasonably sized trades can be done at those quotes.

Local Agency Investment Fund (LAIF): LAIF is a voluntary program offering local agencies the opportunity to participate in a multi-billion dollar portfolio. LAIF is part of the State of California's Pooled Money Investment Account (PMIA). Oversight of the PMIA is provided by a board whose members include the State Treasurer, Director of Finance, and the State Controller. All securities are purchased under the authority of the California Government Code.

Market Value: The the price at which a security is trading and could presumably be purchased or sold.

Maturity: The date upon which the principal or stated value of an investment becomes due and payable.

Medium-Term Notes (MTNs): MTNs are unsecured promissory notes issued by corporations and financial institutions. MTNs are typically issued through a shelf registration process filed with the SEC, with original maturities of one to five years. MTNs offer higher yields than Treasury or agency securities because of the additional risk of purchasing unsecured corporate debt for a period of years. Credit quality varies with the issuer and MTNs are rated by several national securities rating services such as Standard & Poor's or Moody's.

Money Market Funds: Pooled investment funds, which legally are shares of beneficial interest issued by diversified management companies registered with the Securities and Exchange Commission. Money market funds operate under strict guidelines regarding maximum maturities and diversification requirements and seek to maintain a constant net asset value of \$1.00 per share.

Principal: The original cost of a security. It represents the amount of capital or money that the investor pays for the investment.

Repurchase Agreement: Repurchase Agreements are a contractual arrangement between a financial institution or dealer and an investor. This agreement normally can run for one or more days. The investor puts up his funds for a certain number of days at a stated yield. In return, he takes a given block of securities as collateral. At maturity, the securities are repurchased and the funds repaid plus interest.

Supranational Debt: A supranational entity is formed by two or more central governments with the purpose of promoting economic development for the member countries. Supranational institutions finance their activities by issuing debt, such as supranational bonds. Examples of supranational institutions include the European Investment Bank and the World Bank. Similarly to the government bonds, the bonds issued by these institutions are considered direct obligations of the

issuing nations and have a high credit rating. These have recently been added to California Government Code as a permitted investment, and will be legal to purchase on January 1 of 2015.

U.S. Government Agency Issues: U. S. Government Agency issues include securities which fall into these categories: 1) Issues which are unconditionally backed by the full faith and credit of the United States, 2) Issues which are conditionally backed by the full faith and credit of the United States, and 3) Issues which are not backed by the full faith and credit of the United States.

Issues which are unconditionally backed by the full faith and credit of the United States include the Small Business Administration (SBA) and the General Services Administration (GSA).

Issues which are not backed by the full faith and credit of the United States include the Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Farm Credit System, Banks for Cooperation (Co-ops), Federal Lands Banks (FLB), Federal Immediate Credit Banks (FICB), and the Federal Home Loan Mortgage Corporation (FHLMC).

While all of the above issues are not unconditionally backed by the full faith and credit of the United States, they do in fact have de facto backing from the federal government, and it would be most unlikely that the government would let any of these agencies default on its obligations.

U.S. Treasuries:

U.S. Treasury Bills: U.S. Treasury bills, commonly referred to as T-Bills, are short-term marketable securities sold as obligations of the U.S. Government. They are offered in three-month, six-month, and one-year maturities. T-Bills do not accrue interest but are sold at a discount to pay face value at maturity.

U.S. Treasury Notes: U.S. Treasury Notes are marketable, interest-bearing securities sold as obligations of the U.S. Government with original maturities of one to ten years. Interest is paid semi-annually.

U.S. Treasury Bonds: U.S. Treasury Bonds are the same as U.S. Treasury Notes, except they have original maturities of ten years or longer.

Yield to Maturity: Yield to Maturity (YTM) is the rate of income return on an investment, minus any premium above par or plus any discount with the adjustment spread over the period from the date of the purchase to the date of maturity of the bond.

FINANCIAL MATTERS

SUBJECT: California Asset Management Program Portfolio Review

BACKGROUND AND STATUS:

Since September 2008, CARMA has participated in the California Asset Management Program (CAMP). On an annual basis, the CARMA investment portfolio is reviewed and an update on the investment activities related to the CARMA investment portfolio, and in compliance with the CARMA Investment Policy, is provided to the Board of Directors.

As such, Ms. Lauren Brant, Public Financial Management, Inc., will be in attendance to provide the Board with a review of the CARMA portfolio, as well as a brief update on the current market conditions.

RECOMMENDATION:

None.

REFERENCE MATERIALS ATTACHED:

None.

FINANCIAL MATTERS

SUBJECT: Return of Equity

BACKGROUND AND STATUS:

At the annual workshop on January 8, 2015, staff presented the annual retrospective adjustment calculation and the resulting options for a return of equity to the CARMA members. This agenda item gives the board an opportunity to act upon the options discussed at the workshop.

RECOMMENDATION:

The Board of Directors considers a return of equity to the CARMA members based on the discussion held during the January 8, 2015, Annual Workshop.

REFERENCE MATERIALS ATTACHED:

None.

FINANCIAL MATTERS

SUBJECT: Mid-Layer Pool Discussion

BACKGROUND AND STATUS:

At the annual workshop on January 8, 2015, staff presented an analysis of the Mid-layer Pool and the resulting options for its possible implementation. This agenda item gives the board an opportunity to act upon the options discussed at the workshop.

RECOMMENDATION:

The Board of Directors considers implementation of a mid-layer pool based on the discussion held during the January 8, 2015, Annual Workshop.

REFERENCE MATERIALS ATTACHED:

None.

FINANCIAL MATTERS

SUBJECT: Discussion Regarding Ex-Modification Factors

BACKGROUND AND STATUS:

At the annual workshop on January 8, 2015, staff presented an overview of the historic and current experience modification formulas utilized by CARMA over the years. Staff also explained the benefits and detriments to changing any of the current elements. This agenda item gives the Board an opportunity to act upon the options discussed at the workshop.

RECOMMENDATION:

The Board of Directors considers potential changes to the current experience modification formula based on the discussion held during the January 8, 2015, Annual Workshop.

REFERENCE MATERIALS ATTACHED:

None.

CLAIMS MATTERS

SUBJECT: Closed Session Pursuant to Government Code Section 54956.95(a) to Discuss Claims

BACKGROUND AND STATUS:

Due to the content of the Litigation Manager's Report, staff has been advised to place this report within the parameters of closed session.

Pursuant to Government Code section 54956.95(a), the Board of Directors will hold a closed session to discuss the claims for the payment of tort liability losses, public liability losses, or workers' compensation liability incurred by the joint powers authority.

By placing the Litigation Manager's Report as a closed session item, the Board of Directors may discuss any or none of the claims presented.

REFERENCE MATERIALS ATTACHED:

- The December 2014 Litigation Manager's Report was e-mailed under separate cover with the agenda packet and will be collected at the meeting.