



A California Public Agency

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

AGENDA

**Bodega Bay Lodge & Spa
103 Coast Highway One
Bodega Bay, California 94923
(707) 875-3525**

**Friday, January 11, 2013
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 Ng at (916) 244-1130, 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	1
*A. Minutes of the September 21, 2012, Board Meeting	2
*B. Warrant Listings for August 16, 2012, through December 31, 2012	10
*C. Treasurer's Report at September 30, 2012	11
*D. Financial Statements as of September 30, 2012	31
*E. CARMA 2012/2013 Liability Renewal – Alliant Underwriting Fees Annual Disclosure	39
*F. Craig Farmer's response to the MBASIA's Capitola Flood	41

Claim/CARMA Closed Session Procedure

Recommendation: Approval of the Consent Calendar.

6. **ANNUAL WORKSHOP RECAP**
- *A. Establishment of Goals and Objectives 44
Recommendation: The Board of Directors adopts the 2013 Goals and Objectives.
7. **ADMINISTRATIVE MATTERS**
- A. CARMA Staffing Plan 45
Recommendation: None. Information only.
- B. Appointment of CARMA Board Secretary – Ms. Jaesa Ng 46
Recommendation: The Board of Directors appoints Ms. Jaesa Ng as the CARMA Board Secretary.
- *C. Approval of the Endorsement for Successor Agencies and Covered Member Appointees to Oversight Boards 47
Recommendation: The Board approves the Endorsement#2 for Successor Agencies and Covered Member Appointees to Oversight Boards effective July 1, 2012.
- *D. Agreement between CARMA and Alliant Insurance Services, Inc. for Insurance Brokerage and Consulting Services 49
Recommendation: Provide direction to staff to renew the agreement between CARMA and Alliant Insurance Services, Inc., or begin the Request for Proposal process for brokerage services.
- *E. Reaffirmation of the CARMA Conflict of Interest Code 68
Recommendation: The Board reaffirms the CARMA Conflict of Interest Code as presented for the 2013 and 2014 calendar years.
- *F. CARMA/GENEX Contract – Medicare Reporting Agent and Set Aside Services 72
Recommendation: Renew the existing CARMA/GENEX contract, using the same terms and conditions, for the 2013-14 fiscal year.
- *G. Resolution of Appreciation for Honorable Service of Ramona Buchanan to CARMA 86
Recommendation: The Board approves the Resolution of Honorable Appreciation of Service for Board Secretary, Ms. Ramona Buchanan.
- *H. Resolution of Appreciation for Honorable Service of Karen Thesing to CARMA 88
Recommendation: The Board approves the Resolution of Honorable Appreciation of Service for Executive Director, Ms. Karen Thesing.
- *I. Commercial Marketing Strategy 90
Recommendation: None, information only.
8. **FINANCIAL MATTERS**
- *A. Review of CARMA Investment Policy 93
Recommendation: The Board of Directors approves the CARMA Investment Policy, as presented.

* = Material on agenda item enclosed

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

- *B. California Asset Management Program Portfolio Review 107
Recommendation: None, information only.
- *C. Return of Equity to Withdrawn or Terminated Members 108
Recommendation: The Board approves the return of PERMA's allocated share in the amount of \$1,318.

9. CLAIMS MATTERS 110

- **A. Closed Session Pursuant to Government Code Section 54956.95(a) to Discuss Claims.

Pursuant to Government Code Section 54956.95(a), the Board will hold a 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:

Capitola Flooding cases v. City of Capitola
Padgett, Joseph & Darla v. City of Monte Sereno

- *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.

10. 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

11. ADJOURNMENT

NOTICES

- The next Board of Directors' meeting is currently scheduled for Wednesday, April 17, 2013, at the offices of Bickmore in Sacramento, California.

* = Material on agenda item enclosed

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

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 Consent Calendar.

REFERENCE MATERIALS ATTACHED:

- *A. Minutes of the September 21, 2012, Board Meeting
- *B. Warrant Listings for August 16, 2012, through December 31, 2012
- *C. Treasurer's Report at September 30, 2012
- *D. Financial Statements as of September 30, 2012
- *E. CARMA 2012/2013 Liability Renewal – Alliant Underwriting Fees Annual Disclosure
- *F. Craig Farmer's response to the MBASIA's Capitola Flood Claim/CARMA Closed Session Procedure

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

**APPROVED MINUTES OF THE BOARD OF DIRECTORS'
MEETING OF SEPTEMBER 21, 2012**

A regular meeting of the Board of Directors of CARMA was held on September 21, 2012, at the Embassy Suites Resorts, South Lake Tahoe, California.

BOARD MEMBERS PRESENT: Robert Galvan, MBASIA, Vice President
Jake O'Malley, MPA, Treasurer
Robert Gay, VCJPA
Tim Przybyla, CSJVRMA

ALTERNATE MEMBERS PRESENT: Geoff Grote, BCJPIA, President

OTHERS PRESENT: Karen Thesing, Executive Director
Michael Groff, Litigation Manager
Rebecca Lane, Assistant Litigation Manager
Craig Farmer, Board Counsel
Jillian Stoorza, Board Secretary, Bickmore
Conor Boughey, Alliant Insurance Services
Seth Cole, Alliant Insurance Services
Bill Patterson, Sampson, Sampson, & Partners, LLP
Rob Kramer, Bickmore
Jeanette Workman, Bickmore
Adrienne Beatty, Bickmore

1. CALL TO ORDER

The September 21, 2012, Board of Directors' meeting was called to order at 9:01 a.m. by Vice President Robert Galvan.

2. INTRODUCTIONS

Those in attendance introduced themselves, and a quorum of the Board was present.

3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

Tim Przybyla moved to approve the agenda as posted. Seconded by Bob Gay. Motion passed unanimously.

4. **PUBLIC COMMENTS**

None.

5. **CONSENT CALENDAR**

Tim Przybyla moved to approve/accept the following items: A) Minutes of the June 20, 2012, Board of Directors' Meeting; B) Warrant Listing from June 1, 2012, through August 31, 2012; C) Internal Financial Statements for the Year Ended June 30, 2012; D) Treasurer's Report as of June 30, 2012; E) Reinsurance Binder Confirmation from AmTrust Reinsurance; and F) Excess Binder Confirmation from Colony National Insurance Company. Seconded by Bob Gay. Motion passed unanimously.

6. **ADMINISTRATIVE MATTERS**

A. **Appointment of CARMA Board Secretary – Ms. Jillian Stoorza**

Ms. Karen Thesing, Executive Director, informed the Board of Directors that Bickmore has restructured several of the pool teams due to a variety of issues and, as a result, Ms. Jillian Stoorza was promoted from an Administrative Assistant to an Analyst. Ms. Stoorza will be replacing Ms. Ramona Buchanan, the former Board Secretary for CARMA. Ms. Thesing reported that Ms. Buchanan remains with Bickmore; however, she has been assigned to other clients at this time.

Ms. Thesing confirmed that CARMA has a policy where the Board of Directors appoints the Board Secretary and asked the Board of Directors to affirm the decision in appointing Ms. Stoorza as the Board Secretary.

Tim Przybyla moved to approve the appointment of CARMA Board Secretary, Ms. Jillian Stoorza, as presented. Seconded by Bob Gay. Motion passed unanimously.

B. **Update of Marketing Strategy / Efforts**

Ms. Thesing informed the Board of Directors that the marketing information provided in the agenda was intended to address one of the 2012 Goals; continuing the marketing efforts to key Joint Power Authorities (JPAs) who may be interested in joining CARMA. The updated cover letter that was included in the agenda, highlighted CARMA's upcoming 20th year anniversary. The letters were sent to JPAs in order to reintroduce CARMA and to invite them to the September meeting. Ms. Thesing pointed out that none of the representatives of the JPAs were present at the meeting but, Ms. Thesing has been in contact with the General Manager at San Diego Pooled Insurance Program Authority (SANDPIPA). Ms. Thesing concluded by informing the Board of Directors that CARMA will continue to try and outreach

JPAs in order to inform them of CARMA and CARMA's accomplishments.

C. Review of the CARMA Goals and Objectives for 2012

Ms. Thesing reported that, included in the agenda, is an update on the CARMA 2012/2013 Strategic Goals and Objectives that were established at the 2012 Annual Workshop, namely: (1) Provide Budgets Representing a 75% Confidence Level with a Decrease in Discount Rates; (2) Modify the Litigation Management's Approach Regarding Police Liability Cases by Participating Earlier Than When the 50% Self-Insured Retention (SIR) is Reached; (3) Revisit Marketing Strategies; and (4) Outreach to JPA Members; and assist JPAs Regarding the Finances of CARMA.

Mr. Thesing informed the Board of Directors that all of the goals are on target with the majority being complete. Discussion regarding the police liability cases will continue with the Litigation Manager, Mr. Michael Groff, and the Assistant Litigation Manager, Rebecca Lane, at the January Workshop. A more detailed approach will develop for the January workshop to include: what the cases were, how many more has the litigation team seen, and how including CARMA earlier in case will impact the outcome.

Ms. Thesing informed the Board of Directors that she is always available to attend each of the primary members Board of Directors' meetings to discuss CARMA.

D. Discussion Regarding the 20th Board of Directors' Annual Workshop on January 10-11, 2013, at Bodega Bay Lodge

Ms. Thesing introduced the topic of the 20th Board of Directors' Annual Workshop to the Board of Directors in order to receive input regarding the topics for the agenda and the format of the workshop. Ms. Thesing reminded the Board of Directors that the workshop is a collaborative effort between Bickmore and Alliant, in identifying the challenges and concerns of the members. The first item of discussion is the "occupy" cities movement, where protests are unfolding in and around some of the primary member cities. One of the members in particular, is Bay Cities Joint Powers Insurance Authority (BCJPIA), where protests have impacted the City of Oakland and surrounding cities. Ms. Thesing recommends monitoring the cases as they develop to see whether caution needs to be taken into consideration regarding the CARMA level.

Mr. Seth Cole, Alliant, informed the Board of Directors that Alliant will address the emerging risks that are developing as a result of the protests. These risks are ones that have not needed to be addressed until now. Further discussion will take place at the 2013 January workshop.

Mr. Tim Przybyla opened discussion with the Board of Directors, asking whether there will be any changes to the current Board Members prior to the next meeting in January. Ms. Thesing addressed this inquiry reporting she is not aware of any forthcoming changes. Ms. Adrienne Beatty, Bickmore, informed the Board of

Directors that the Alternate Board Member for BCJPIA, Mr. Dave Hodgkins, will be retiring at the end of this month. BCJPIA will begin looking for a replacement who can attend the Board meetings with President Grote.

7. **FINANCIAL MATTERS**

A. Consideration of the June 30, 2012, 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, 2012, Independent Financial Audit for CARMA, including the following highlights:

- The auditors are presenting an unqualified opinion that the financial statements for CARMA present fairly, in all material respects, CARMA's financial position as of June 30, 2012. The audit was conducted in accordance with auditing standards contained in the Government Auditing Standards;
- Financial highlights indicate that the revenues at June 30, 2012, are \$6.3 million (including a decrease of 8% in premium revenue over the prior year); expenses are \$4.5 million (a decrease of 8%); assets are \$25.8 million (a decrease of 10%) due to significantly higher claims payments over the prior year; and liabilities are \$13.8 million (a decrease of 25%) mainly due to the increase in claims payments resulting in a commensurate reduction in claims reserves;
- Per the balance sheet, cash and cash equivalents total \$1.3 million, down from \$3.6 million last year, non-current assets total \$20.7 million, and total liabilities total \$13.8 million in comparison to \$18.5 million last year;
- Per the statement of revenues and expenses, deposit premiums decreased by approximately \$500,000 from the previous year when CARMA funded at the 80% confidence level. Currently CARMA is funding at the 75% confidence level;
- Per the statement of revenues and expenses, total expenses are \$4.4 million as compared to \$4.8 million last year;
- There was a significant increase in claims paid totaling \$7.1 million, in comparison to last year's \$3.6 million;
- The majority of investments are in AA rated investments, approximately \$17 million;
- The total unpaid claims and claim adjustment expenses at the end of the fiscal year totaled \$13.8 million, as compared to \$18.5 million from last year; and
- There were no unfavorable findings related to internal controls.

Vice President Galvan inquired why there was a significant increase in the amount of claims paid for this past fiscal year. Ms. Thesing informed the Board that there were

particularly large claims that became due to be paid. Ms. Thesing does not anticipate the same activity in the next fiscal year because of the rarity of these particular claims. Mr. Michael Groff, Bickmore, reported that there was an adverse jury verdict in a Bay Cities trial; in addition, there was a flooding jury verdict from the 2005/2006 program year that was in appeal for a long time in an effort to get it resolved. Mr. Groff also added that there were police cases that developed quickly and are in the process of being resolved. All of these claims were the result of the increase in claims payments in 2011/12.

Mr. Jake O'Malley stated to the Board that CARMA has made an increase in the liability reserves of \$4.7 million. Mr. O'Malley inquired whether it was by coincidence or does the litigation department believe the claims will settle down. Mr. Groff informed the Board that he does not see the liability cases settling down unless the underlining pools try to be more aggressive with their defense attorneys in resolving matters and having shorter trials.

Mr. Rob Kramer, Bickmore, added to the discussion by addressing the reserves as to whether the reserves are high enough for the prospective cases in order to avoid them rising again. Mr. Groff added to Mr. Kramer's statement by reiterating the importance of reporting the police cases to the litigation department as soon as possible in order to work with the underlying pool to a successful resolution.

Mr. O'Malley recommended the Board ensure that the underlying members are adequately reserving. Mr. O'Malley reminded the Board that a discussion has taken place in the past regarding reserving to \$1 million, and that if CARMA is not reserving until the underlying member has put up their \$1 million, that should be a concern to avoid what happened in 2005/06 when there were not sufficient reserves to fund the claims. Mr. O'Malley is recommending this item be a topic for the 2013 workshop. Mr. Groff agreed.

Ms. Thesing confirmed with the Board of Directors that reserving philosophies will be included in the January workshop.

Tim Przybyla moved to accept and file the June 30, 2012, Independent Financial Audit for CARMA, as presented. Second by Bob Gay. Motion passed unanimously.

8. COVERAGE MATTERS

A. Discussion Regarding Coverage for Potential Liability Exposures of "Successor Agencies" and "Oversight Boards" to the Now-Dissolved Redevelopment Agencies

The topic of the now-dissolved Redevelopment Agencies ("RDAs"), AB x1 26, was brought to the Board of Directors attention in the closing comments of the June 20, 2012 meeting. CARMA members are requesting information on whether there is CARMA liability coverage for appointees or staff members of Successor

Agencies and/or Oversight Boards. Ms. Thesing informed the Board that she, Mr. Craig Farmer, Legal Counsel, and Mr. Groff have met numerous times in order to discuss what this will mean for CARMA and the underlining members. MBASIA has taken action to affirm coverage for their Cities RDA Successor Agencies and the Member Appointees to those Boards. Ms. Thesing has not been informed by any other members taking action at this time. Ms. Thesing informed the Board that the discussion that will take place will include what the Successor Agencies and the Oversight Board create in terms of exposure for CARMA and the recommendation regarding coverage.

Mr. Farmer explained that the new legislation dissolved the RDAs and has now put the RDA's obligations into the Successor Agencies. The Successor Agencies have the responsibility to wind down the RDA business activities for that particular RDA.

The Oversight Boards, who are not necessarily the same individuals who are in the Successor Agencies, are composed of people outside of those who formally ran the RDAs. Mr. Farmer explained that there is a control issue with regard to what the Oversight Board does in relation to the new activities by the Successor Agencies. From the standpoint of liability exposures, Mr. Farmer informed the Board that CARMA has not seen any RDA lawsuits from the members that have RDAs. The Successor Agencies will have the same liabilities that the old RDAs had and those liabilities were mostly contractual exposures that would not be covered under the Memorandum of Coverage (MOC). The other possible exposures could be environmental, premises liability, and public officials' errors and omissions exposures. The types of liabilities are similar and the RDAs would be considered affiliated parts of the CARMA Covered Party. Mr. Farmer asked the Board to determine whether the Successor Agencies liabilities will be covered. Mr. Farmer informed the Board that Oversight Boards are outside of the control of the cities, as opposed to RDAs, which were in control of the cities.

Mr. Groff informed the Board that the only claims that arose from the RDAs were sidewalk or property claims that the city owned. When the RDAs were covered previously, they were not named as covered parties, but as employees of the city of the underlining pool. Now that the Successor Agencies are separate legal public entities, they can sue, be sued, and can purchase their own liability insurance. If the employees of the members are still sitting on the Governing Board of the Successor Agencies, then it would be reasonable for CARMA to cover their exposures for liabilities arising out of the Successor Agencies. Staff recommends that the Board extend coverage to employees of the members in the Successor Agencies. Staff will provide direction to how that can be done; however, staff does not recommend extending coverage to the Oversight Board due to the lack of control.

Ms. Beatty stated that if the Successor Entity is in the member city, and only city employees are running it, then they would they be covered because their payroll is included in CARMA. Mr. Groff addressed her inquiry by adding that the Successor Agencies are now separate public entities and recommended that staff contact the member cities in order to clarify what other cities are doing with their RDAs and payroll. Mr. Przybyla added that employees can be paid through the Successor

Agency because the City is provided a minimum of \$250,000 a year to administer the dissolution of the RDA. The time spent on the Successor Agency items would be paid by the Successor Agency. Ms. Thesing addressed Ms. Beatty's point and added that payroll was collected in June 2012, prior to when AB 1484, the law that names Successor Agencies as separate public entities, went into effect. This may complicate how payroll will be collected in the future.

Vice President Galvan informed the Board that the coverage for the appointees in the Successor Agencies from the underline entities should be covered through CARMA. Mr. Groff added that the placement of coverage, either through the MOC, endorsement or covered party, needs to be established.

Mr. Kramer added that coverage should be included for the city individuals appointed to the Oversight Board and not necessarily the whole Board. Mr. Groff informed the Board that if the Oversight Board is sued, and there are individuals with coverage from different entities, then each different pool will need to determine their role. Mr. Groff stated he believes this will be a difficult situation to undertake.

Mr. O'Malley recommended to the Board and staff, to ask each member to list what their Successor Agencies are and have those added as an endorsement to the MOC as an additional covered party. Ms. Thesing informed the Board that if the MOC language is altered, then the MOC will need to be taken back to the reinsurers for review. However, Ms. Thesing added that if CARMA covers Successor Agencies and the city appointee is added via an endorsement than the reinsurer will follow form and also provide coverage. This was confirmed by Alliant.

Ms. Thesing informed the Board that the next step would be to send an inquiry to all CARMA members requesting a list of their Successor Agencies by city and affirm that the Successor Agencies will be covered by the city's own MOC. Regarding the Oversight Board, city appointees serving on the Oversight Board will have coverage but the whole Oversight Board will not be covered in its full activities.

Ms. Thesing also added that the coverage will be retroactively adjusted to July 1, 2012, as long as there are no known losses.

Tim Przybyla moved to approve the recommendation that the Board of Directors approves that liability coverage, subject to all conditions and exclusion, be extended to Successor Agencies, limiting coverage to Occurrences arising out of the specifically-described activities of the Successor Agencies. The Board of Directors further affirms there is no liability coverage for the Oversight Board; however, liability coverage, subject to all conditions and exclusions, will be provided for personal liability, if any, for the Covered Member's employee appointed to the Oversight Board. Coverage will be afforded by Endorsement to the CARMA MOC and retroactively effective as of July 1, 2012. Second by Bob Gay. Motion passed unanimously.

9. CLAIMS MATTERS

A. Closed Session Pursuant to Government Code Section 54956.95(a) to Discuss Claims

Pursuant to Government Code Section 54956.95(a), the Board recessed to closed session at 10:23 a.m. to discuss any claims for the payment of tort liability losses, public liability losses, or workers' compensation liability incurred by the joint powers authority.

B. Report from Closed Session

The Board reconvened to open session at 10:56 a.m. Vice President Galvan reported that no direction was given to legal counsel.

10. CLOSING COMMENTS

A. Board


1. Mr. Przybyla requested staff provide a plaque of appreciation to Ms. Buchanan for all of the hard work she provided to the CARMA Board of Directors. Ms. Thesing confirmed that this can and will be provided to her.

B. Staff

1. Ms. Thesing announced that the service provider survey will be sent out to members in December and will be reviewed at the January meeting.

11. ADJOURNMENT

The September 21, 2012, Board of Directors' meeting adjourned at 11:05 a.m. by general consensus of the Board.



Jillian Stoorza, Board Secretary

Ranges:	From:	To:	From:	To:
Check Number	First	Last	Check Date	8/16/2012
Vendor ID	First	Last	Checkbook ID	First
Vendor Name	First	Last		Last

Sorted By: Check Number

* Voided Checks

Check Number	Vendor ID	Vendor Check Name	Check Date	Checkbook ID	Audit Trail Code	Amount
1873	BI100	Bickmore Risk Services	9/11/2012	CBT GENERAL	PMCHK00000109	\$25,466.66
1874	FA115	Farmer Smith and Lane, LLP	9/11/2012	CBT GENERAL	PMCHK00000109	\$735.00
1875	HO100	Howard Rome Martin and Ridley	9/11/2012	CBT GENERAL	PMCHK00000109	\$921.28
1876	MC100	McNamara, Ney, Beatty, Slatter	9/11/2012	CBT GENERAL	PMCHK00000109	\$124.90
1877	BI100	Bickmore Risk Services	10/17/2012	CBT GENERAL	PMCHK00000110	\$27,807.99
1878	FA115	Farmer Smith and Lane, LLP	10/17/2012	CBT GENERAL	PMCHK00000110	\$2,740.50
1879	SA100	Sampson, Sampson and Patterson	10/17/2012	CBT GENERAL	PMCHK00000110	\$8,550.00
1880	BI100	Bickmore Risk Services	11/6/2012	CBT GENERAL	PMCHK00000111	\$27,494.17
1881	CA100	Ca Bank & Trust	11/6/2012	CBT GENERAL	PMCHK00000111	\$1,052.91
1882	FA115	Farmer Smith and Lane, LLP	11/6/2012	CBT GENERAL	PMCHK00000111	\$717.50
1883	HO100	Howard Rome Martin and Ridley	11/6/2012	CBT GENERAL	PMCHK00000111	\$3,533.99
1884	BI100	Bickmore	12/11/2012	CBT GENERAL	PMCHK00000112	\$25,466.67
1885	FA100	Farley Consulting Services	12/11/2012	CBT GENERAL	PMCHK00000112	\$7,475.00
Total Checks: 13						Total Amount of Checks: \$132,086.57

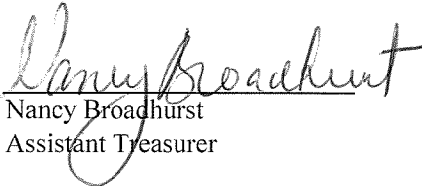
California Affiliated Risk Management Authorities
Treasurer's Report
As of September 30, 2012

	Book Value	Market Value	% of Total	Effective Yield
California Bank & Trust – Petty Cash	\$ 4,970	\$ 4,970	0.02%	0.00%
California Bank & Trust – General Operating	1,348	1,348	0.00%	0.00%
State of California Local Agency Investment Fund	8,368,082	8,379,078	27.29%	0.35%
CAMP - Money Market	6,950	6,950	0.02%	0.24%
CAMP - Investments managed by PFM	22,262,581	22,311,062	72.67%	0.79%
Total Cash and Investments	\$ 30,643,931	\$ 30,703,408	100.00%	0.67%

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, 2012**

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA - 615-00

CAMP Pool	
Opening Market Value	39,870.85
Purchases	1,763,061.29
Redemptions	(1,795,982.35)
Unsettled Trades	0.00
Change in Value	0.00

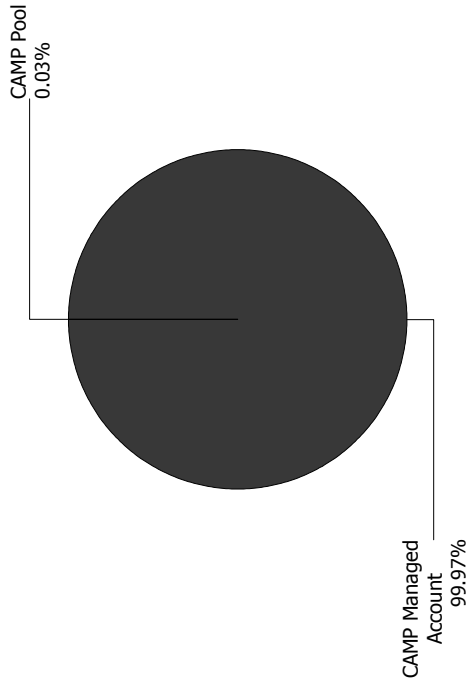
Closing Market Value	\$6,949.79
Cash Dividends and Income	5.89

CAMP Managed Account	
Opening Market Value	22,264,553.49
Purchases	1,729,761.72
Redemptions	(1,664,738.65)
Unsettled Trades	0.00
Change in Value	(18,514.71)

Closing Market Value	\$22,311,061.85
Cash Dividends and Income	(3,070.14)

Asset Summary			
	September 30, 2012	August 31, 2012	
CAMP Pool	6,949.79	39,870.85	
CAMP Managed Account	22,311,061.85	22,264,553.49	
Total	\$22,318,011.64	\$22,304,424.34	

Asset Allocation





Managed Account Detail of Securities Held

For the Month Ending September 30, 2012

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

Security Type / Description	Dated Date / Coupon / Maturity	CUSIP	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 05/16/2011 1.000% 05/15/2014	912828QM5	AA+	Aaa	03/27/12	03/29/12	1,291,833.99	0.38	4,815.90	1,287,839.07	1,290,837.89
US TREASURY NOTES	DTD 07/15/2011 0.625% 07/15/2014	912828OU7	AA+	Aaa	10/27/11	10/31/11	1,155,570.31	0.44	1,523.44	1,153,687.84	1,157,816.41
US TREASURY NOTES	DTD 09/15/2011 0.250% 09/15/2014	912828RG7	AA+	Aaa	10/12/11	10/14/11	495,957.03	0.53	55.25	497,285.60	500,039.00
US TREASURY NOTES	DTD 12/15/2011 0.250% 12/15/2014	912828RV4	AA+	Aaa	01/05/12	01/06/12	622,558.59	0.38	461.07	623,166.52	624,853.75
US TREASURY NOTES	DTD 02/01/2010 2.250% 01/31/2015	912828MH0	AA+	Aaa	01/23/12	01/26/12	527,753.91	0.40	1,895.38	521,500.35	522,969.00
US TREASURY NOTES	DTD 02/15/2012 0.250% 02/15/2015	912828SE1	AA+	Aaa	02/22/12	02/27/12	696,363.28	0.43	223.51	697,088.76	699,562.50
US TREASURY NOTES	DTD 08/02/2010 1.750% 07/31/2015	912828NP1	AA+	Aaa	08/22/12	08/23/12	613,369.53	0.39	1,739.54	612,530.65	613,968.75
US TREASURY NOTES	DTD 08/02/2010 1.750% 07/31/2015	912828NP1	AA+	Aaa	06/27/12	06/28/12	857,709.96	0.46	2,432.40	854,984.83	858,515.63
US TREASURY NOTES	DTD 08/02/2010 1.750% 07/31/2015	912828NP1	AA+	Aaa	09/06/12	09/10/12	1,014,761.72	0.33	2,874.66	1,013,979.60	1,014,609.38
Security Type Sub-Total			7,140,000.00				7,275,878.32	0.41	16,021.15	7,262,063.22	7,283,172.31

Municipal Bond / Note											
CA ST REV BONDS	DTD 08/23/2012 2.500% 06/20/2013	13063BB68	SP-1	MIG1	08/17/12	08/23/12	274,592.70	0.43	721.23	273,997.63	274,293.00
SAN FRANCISCO CITY & CNTY, CA GO BONDS	DTD 11/30/2011 5.000% 06/15/2014	797646PU4	AA	Aa2	11/10/11	11/30/11	221,734.00	0.68	2,944.44	214,623.52	215,890.00
METRO WTR DIST AUTH, CA REV BONDS	DTD 06/28/2012 0.616% 07/01/2014	59266THP9	AAA	Aa1	06/21/12	06/28/12	275,000.00	0.62	423.50	275,000.00	275,286.00





Managed Account Detail of Securities Held

For the Month Ending September 30, 2012

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

Security Type / Description	Dated Date / Coupon / Maturity	CUSIP	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Municipal Bond / Note											
SAN FRANCISCO CITY & CNTY, CA GO BONDS	DTD 11/30/2011 5.000% 06/15/2015	797646PV2	AA	Aa2	11/10/11	11/30/11	227,542.00	1.03	2,944.44	221,126.90	224,392.00
CA ST DEPT OF WATER REV BONDS	DTD 09/27/2012 0.650% 12/01/2015	13066KX87	AAA	Aa1	09/19/12	09/27/12	165,000.00	0.65	11.92	165,000.00	164,536.35
Security Type Sub-Total							1,163,868.70	0.67	7,045.53	1,149,748.05	1,154,397.35
Federal Agency Bond / Note											
FNMA GLOBAL NOTES	DTD 02/01/2011 1.250% 02/27/2014	3135G0AP8	AA+	Aaa	11/28/11	11/30/11	1,166,663.50	0.60	1,357.64	1,160,475.15	1,167,892.85
FREDDIE MAC GLOBAL NOTES	DTD 08/05/2011 0.750% 09/22/2014	3134G2WG3	AA+	Aaa	09/28/11	09/30/11	50,100.00	0.68	9.38	50,066.56	50,425.05
FREDDIE MAC GLOBAL NOTES	DTD 08/05/2011 0.750% 09/22/2014	3134G2WG3	AA+	Aaa	08/30/11	08/31/11	954,978.00	0.58	178.13	953,224.41	958,075.95
FANNIE MAE GLOBAL NOTES	DTD 04/19/2012 0.500% 05/27/2015	3135G0KM4	AA+	Aaa	04/17/12	04/19/12	304,118.55	0.59	525.28	304,245.15	305,944.28
FNMA NOTES (CALLABLE)	DTD 08/07/2012 0.500% 08/07/2015	3135G0NG4	AA+	Aaa	08/02/12	08/07/12	1,049,895.00	0.50	787.50	1,049,900.22	1,049,341.65
FREDDIE MAC GLOBAL NOTES	DTD 07/11/2012 0.500% 08/28/2015	3134G3ZA1	AA+	Aaa	07/30/12	07/31/12	1,176,371.23	0.46	538.54	1,176,297.07	1,178,413.38
Security Type Sub-Total							4,680,000.00	0.54	3,396.47	4,694,208.56	4,710,093.16
Corporate Note											
BANK OF NEW YORK MELLON GLOBAL NOTES	DTD 03/27/2008 4.500% 04/01/2013	06406HBJ7	A+	Aa3	06/11/10	06/16/10	225,544.20	1.77	4,725.00	212,841.47	214,303.32
US BANCORP NOTE (CALLABLE)	DTD 09/13/2010 1.375% 09/13/2013	91159HGY0	A+	Aa3	09/08/10	09/13/10	499,355.00	1.42	343.75	499,792.82	504,273.50





Managed Account Detail of Securities Held

For the Month Ending September 30, 2012

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

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note										
BERKSHIRE HATHAWAY FIN CORP NOTE DTD 01/11/2011 1.500% 01/10/2014	084664BR1	AA+	Aa2	01/03/11	01/11/11	124,665.00	1.59	421.88	124,855.59	126,835.00
BERKSHIRE HATHAWAY FIN CORP NOTE DTD 01/11/2011 1.500% 01/10/2014	084664BR1	AA+	Aa2	01/03/11	01/11/11	324,697.75	1.53	1,096.88	324,869.76	329,771.00
XTO ENERGY INC DTD 01/22/2004 4.900% 02/01/2014	98385XAD8	AAA	Aaa	01/13/11	01/19/11	253,795.80	1.40	1,878.33	240,581.67	243,627.73
CHEVRON CORP GLOBAL NOTES DTD 03/03/2009 3.950% 03/03/2014	166751AH0	AA	Aa1	08/16/11	08/19/11	540,400.00	0.73	1,536.11	522,722.17	524,902.50
WAL MART STORES INC. CORP NOTES DTD 04/18/2011 1.625% 04/15/2014	931142DA8	AA	Aa2	04/11/11	04/18/11	204,446.50	1.72	1,536.08	204,711.71	208,771.59
IBM CORP GLOBAL NOTES DTD 05/12/2011 1.250% 05/12/2014	459200GW5	AA-	Aa3	05/09/11	05/12/11	359,661.60	1.28	1,737.50	359,816.37	364,958.64
JOHNSON & JOHNSON GLOBAL NOTE DTD 05/20/2011 1.200% 05/15/2014	478160AX2	AAA	Aaa	05/17/11	05/20/11	474,444.25	1.24	2,153.33	474,695.46	481,966.35
JP MORGAN CHASE & CO NOTES DTD 05/18/2009 4.650% 06/01/2014	46625HHN3	A	A2	12/16/11	12/21/11	752,873.55	2.41	11,082.50	741,058.68	757,877.84
PROCTER & GAMBLE CO CORP NOTES DTD 08/15/2011 0.700% 08/15/2014	742718DU0	AA-	Aa3	08/10/11	08/15/11	248,972.50	0.84	223.61	249,355.81	251,579.75
GENERAL ELEC CAP CORP GLOBAL NOTES DTD 01/09/2012 2.150% 01/09/2015	36962G5M2	AA+	A1	01/04/12	01/09/12	404,578.80	2.19	1,983.38	404,678.56	416,811.02
GENERAL ELEC CAP CORP GLOBAL NOTES DTD 01/09/2012 2.150% 01/09/2015	36962G5M2	AA+	A1	05/23/12	05/29/12	505,445.00	1.72	2,448.61	504,754.38	514,581.50
BANK OF NEW YORK MELLON (CALLABLE) NOTES DTD 02/21/2012 1.200% 02/20/2015	06406HCC1	A+	Aa3	02/13/12	02/21/12	149,863.50	1.23	205.00	149,890.93	152,022.60
JOHN DEERE CAPITAL CORP GLOBAL NOTES DTD 04/17/2012 0.875% 04/17/2015	24422ERQ4	A	A2	04/12/12	04/17/12	154,903.90	0.90	617.85	154,918.33	156,080.20
MCDONALDS CORP NOTES DTD 05/29/2012 0.750% 05/29/2015	58013MEP5	A	A2	05/23/12	05/29/12	174,518.75	0.84	444.79	174,574.54	176,671.95



Managed Account Detail of Securities Held

For the Month Ending September 30, 2012

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

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note										
CATERPILLAR FIN CORP NOTES DTD 05/30/2012 1.100% 05/29/2015	1491215D9	A	A2	05/22/12	05/30/12	199,936.00	1.11	739.44	199,943.07	202,428.80
CATERPILLAR INC GLOBAL NOTES DTD 06/26/2012 0.950% 06/26/2015	149123BY6	A	A2	06/21/12	06/26/12	149,968.50	0.96	376.04	149,971.24	151,468.50
JOHN DEERE CAPITAL CORP GLOBAL NOTES DTD 06/29/2012 0.950% 06/29/2015	24422ERS0	A	A2	06/26/12	06/29/12	224,939.25	0.96	546.25	224,944.36	227,025.23
Security Type Sub-Total						5,973,009.85	1.47	34,096.33	5,918,974.92	6,005,957.02
Commercial Paper										
BANK OF TOKYO MITSUBISHI COMM PAPER -- 0.000% 12/24/2012	06538BMQ3	A-1	P-1	08/22/12	08/23/12	274,614.77	0.41	0.00	274,736.92	274,818.50
TOYOTA MOTOR CREDIT CORP COMM PAPER -- 0.000% 05/17/2013	89233GSH0	A-1+	P-1	08/22/12	08/23/12	548,082.79	0.47	0.00	548,362.83	549,153.00
Security Type Sub-Total						825,000.00	0.45	0.00	823,099.75	823,971.50
Certificate of Deposit										
ROYAL BANK OF CANADA NY CERT DEPOS DTD 02/10/2012 0.490% 02/08/2013	78009NDY9	A-1+	P-1	02/08/12	02/10/12	600,000.00	0.49	1,911.00	600,000.00	600,417.96
STANDARD CHARTERED BANK NY CERT DEPOS DTD 09/21/2012 0.650% 03/18/2013	85325BOV9	A-1+	P-1	09/19/12	09/21/12	550,000.00	0.65	99.31	550,000.00	550,032.07
BANK OF NOVA SCOTIA HOUS (FLOATING) DTD 02/10/2012 0.917% 02/10/2014	06417EYU1	AA-	Aa1	02/07/12	02/10/12	575,000.00	0.99	717.48	575,000.00	576,870.48
WESTPAC BANKING CORP NY (FLOAT) CD DTD 02/16/2012 1.387% 02/14/2014	96121TLT3	AA-	Aa2	02/14/12	02/16/12	600,000.00	1.47	1,109.60	600,000.00	606,150.00
Security Type Sub-Total						2,325,000.00	0.91	3,837.39	2,325,000.00	2,333,470.51



Managed Account Detail of Securities Held

For the Month Ending **September 30, 2012**

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
Managed Account Sub-Total			21,935,000.00					22,262,580.71	0.79	64,396.87	22,173,094.50	22,311,061.85
Money Market Fund												
CAMP Pool			6,949.79	AAAm	NR			6,949.79		0.00	6,949.79	6,949.79
Money Market Sub-Total			6,949.79					6,949.79		0.00	6,949.79	6,949.79
Securities Sub-Total			\$21,941,949.79					\$22,269,530.50	0.79%	\$64,396.87	\$22,180,044.29	\$22,318,011.64
Accrued Interest												\$64,396.87
Total Investments												\$22,382,408.51





Managed Account Security Transactions & Interest

For the Month Ending **September 30, 2012**

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
BUY											
	09/06/12	09/10/12	US TREASURY NOTES DTD 08/02/2010 1.750% 07/31/2015	912828NP1	975,000.00	(1,014,761.72)	(1,900.99)	(1,016,662.71)			
	09/19/12	09/21/12	STANDARD CHARTERED BANK NY CERT DEPOS	85325BOV9	550,000.00	(550,000.00)	0.00	(550,000.00)			
	09/19/12	09/27/12	CA ST DEPT OF WATER REV BONDS DTD 09/27/2012 0.650% 12/01/2015	13066KX87	165,000.00	(165,000.00)	0.00	(165,000.00)			
Transaction Type Sub-Total					1,690,000.00	(1,729,761.72)	(1,900.99)	(1,731,662.71)			

INTEREST

	09/03/12	09/03/12	CHEVRON CORP GLOBAL NOTES	166751AH0	500,000.00	0.00	9,875.00	9,875.00			
	09/13/12	09/13/12	DTD 03/03/2009 3.950% 03/03/2014 US BANCORP NOTE (CALLABLE)	91159HGY0	500,000.00	0.00	3,437.50	3,437.50			
	09/15/12	09/15/12	DTD 09/13/2010 1.375% 09/13/2013 US TREASURY NOTES	912828RG7	500,000.00	0.00	625.00	625.00			
	09/22/12	09/22/12	DTD 09/15/2011 0.250% 09/15/2014 FREDDIE MAC GLOBAL NOTES	3134G2WG3	50,000.00	0.00	187.50	187.50			
	09/22/12	09/22/12	DTD 08/05/2011 0.750% 09/22/2014 FREDDIE MAC GLOBAL NOTES	3134G2WG3	950,000.00	0.00	3,562.50	3,562.50			
Transaction Type Sub-Total					2,500,000.00	0.00	17,687.50	17,687.50			

SELL

	09/06/12	09/10/12	FHLMC GLOBAL REFERENCE NOTES DTD 10/17/2003 4.875% 11/15/2013	3134A4UK8	940,000.00	991,192.40	14,638.54	1,005,830.94	(62,444.20)	7,693.51	SPEC LOT
	09/19/12	09/21/12	WELLS FARGO & COMPANY GLOBAL SR NOTES	949746NY3	500,000.00	507,215.00	3,098.96	510,313.96	25,415.00	8,850.22	SPEC LOT
	09/19/12	09/27/12	DTD 01/31/2008 4.375% 01/31/2013 US TREASURY NOTES	912828NP1	160,000.00	166,331.25	441.30	166,772.55	(6.25)	197.91	SPEC LOT
Transaction Type Sub-Total					1,600,000.00	1,664,738.65	18,178.80	1,682,917.45	(37,035.45)	16,741.64	





Managed Account Security Transactions & Interest

For the Month Ending **September 30, 2012**

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
Managed Account Sub-Total						(65,023.07)	33,965.31	(31,057.76)	(37,035.45)	16,741.64	
Total Security Transactions						(\$65,023.07)	\$33,965.31	(\$31,057.76)	(\$37,035.45)	\$16,741.64	





Managed Account Security Transactions & Interest

For the Month Ending **August 31, 2012**

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
BUY											
	08/02/12	08/07/12	FNMA NOTES (CALLABLE) DTD 08/07/2012 0.500% 08/07/2015	3135GONG4	1,050,000.00	(1,049,895.00)	0.00	(1,049,895.00)			
	08/17/12	08/23/12	CA ST REV BONDS DTD 08/23/2012 2.500% 06/20/2013	130638B68	270,000.00	(274,592.70)	0.00	(274,592.70)			
	08/22/12	08/23/12	TOYOTA MOTOR CREDIT CORP COMM PAPER	89233GSH0	550,000.00	(548,082.79)	0.00	(548,082.79)			
	08/22/12	08/23/12	-- 0.000% 05/17/2013 BANK OF TOKYO MITSUBISHI COMM PAPER	06538BMO3	275,000.00	(274,614.77)	0.00	(274,614.77)			
	08/22/12	08/23/12	-- 0.000% 12/24/2012 US TREASURY NOTES DTD 08/02/2010 1.750% 07/31/2015	912828NP1	750,000.00	(779,707.03)	(820.31)	(780,527.34)			
Transaction Type Sub-Total					2,895,000.00	(2,926,892.29)	(820.31)	(2,927,712.60)			

INTEREST

	08/01/12	08/01/12	XTO ENERGY INC DTD 01/22/2004 4.900% 02/01/2014	98385XAD8	230,000.00	0.00	5,635.00	5,635.00			
	08/10/12	08/10/12	BANK OF NOVA SCOTIA HOUS (FLOATING)	06417EYU1	575,000.00	0.00	1,389.87	1,389.87			
	08/14/12	08/14/12	WESTPAC BANKING CORP NY (FLOAT) CD	96121TLT3	600,000.00	0.00	2,172.50	2,172.50			
	08/15/12	08/15/12	PROCTER & GAMBLE CO CORP NOTES DTD 08/15/2011 0.700% 08/15/2014	742718DU0	250,000.00	0.00	875.00	875.00			
	08/15/12	08/15/12	US TREASURY NOTES DTD 02/15/2012 0.250% 02/15/2015	912828SE1	700,000.00	0.00	875.00	875.00			
	08/20/12	08/20/12	BANK OF NEW YORK MELLON (CALLABLE) NOTES	06406HCC1	150,000.00	0.00	895.00	895.00			
	08/27/12	08/27/12	FNMA GLOBAL NOTES DTD 02/01/2011 1.250% 02/27/2014	3135G0AP8	1,150,000.00	0.00	7,187.50	7,187.50			
	08/28/12	08/28/12	FREDDIE MAC GLOBAL NOTES DTD 07/11/2012 0.500% 08/28/2015	3134G3ZA1	1,175,000.00	0.00	767.02	767.02			





Managed Account Security Transactions & Interest

For the Month Ending **August 31, 2012**

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
Transaction Type Sub-Total						4,830,000.00	0.00	19,796.89		19,796.89	
SELL											
08/02/12	08/03/12		FHLB TAP BONDS DTD 12/04/2008 3.125% 12/13/2013	3133XSP93	615,000.00	638,880.45	2,669.27	641,549.72	(11,469.75)	4,206.72	SPEC LOT
08/02/12	08/07/12		FNMA GLOBAL BENCHMARK NOTES DTD 09/26/2003 4.625% 10/15/2013	31359MTG8	350,000.00	368,182.50	5,036.11	373,218.61	(12,805.10)	1,389.41	SPEC LOT
08/22/12	08/23/12		FHLB NOTES DTD 11/18/2010 0.875% 12/27/2013	313371UC8	1,050,000.00	1,058,389.50	1,429.17	1,059,818.67	4,893.00	6,495.08	SPEC LOT
08/22/12	08/23/12		FNMA NOTES DTD 11/01/2010 0.750% 12/18/2013	31398A5W8	800,000.00	804,960.00	1,083.33	806,043.33	5,000.00	4,981.29	SPEC LOT
Transaction Type Sub-Total						2,815,000.00	10,217.88	2,880,630.33	(14,381.85)	17,072.50	
Managed Account Sub-Total						(56,479.84)	29,194.46	(27,285.38)	(14,381.85)	17,072.50	
Total Security Transactions						(\$56,479.84)	\$29,194.46	(\$27,285.38)	(\$14,381.85)	\$17,072.50	





Managed Account Security Transactions & Interest

For the Month Ending July 31, 2012

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
BUY											
	07/30/12	07/31/12	FREDDIE MAC GLOBAL NOTES DTD 07/11/2012 0.500% 08/28/2015	313463ZA1	1,175,000.00	(1,176,371.23)	(326.39)	(1,176,697.62)			
Transaction Type Sub-Total					1,175,000.00	(1,176,371.23)	(326.39)	(1,176,697.62)			
INTEREST											
	07/09/12	07/09/12	GENERAL ELEC CAP CORP GLOBAL NOTES	36962G5M2	405,000.00	0.00	4,353.75	4,353.75			
	07/09/12	07/09/12	DTD 01/09/2012 2.150% 01/09/2015								
	07/09/12	07/09/12	GENERAL ELEC CAP CORP GLOBAL NOTES	36962G5M2	500,000.00	0.00	5,375.00	5,375.00			
	07/10/12	07/10/12	DTD 01/09/2012 2.150% 01/09/2015								
	07/10/12	07/10/12	BERKSHIRE HATHAWAY FIN CORP NOTE	084664BR1	125,000.00	0.00	937.50	937.50			
	07/10/12	07/10/12	DTD 01/11/2011 1.500% 01/10/2014								
	07/10/12	07/10/12	BERKSHIRE HATHAWAY FIN CORP NOTE	084664BR1	325,000.00	0.00	2,437.50	2,437.50			
	07/15/12	07/15/12	DTD 01/11/2011 1.500% 01/10/2014								
	07/15/12	07/15/12	US TREASURY NOTES	912828QU7	1,150,000.00	0.00	3,593.75	3,593.75			
	07/31/12	07/31/12	DTD 07/15/2011 0.625% 07/15/2014								
	07/31/12	07/31/12	WELLS FARGO & COMPANY GLOBAL SR NOTES	949746NY3	500,000.00	0.00	10,937.50	10,937.50			
	07/31/12	07/31/12	DTD 01/31/2008 4.375% 01/31/2013								
	07/31/12	07/31/12	US TREASURY NOTES	912828MH0	500,000.00	0.00	5,625.00	5,625.00			
	07/31/12	07/31/12	DTD 02/01/2010 2.250% 01/31/2015								
	07/31/12	07/31/12	US TREASURY NOTES	912828NP1	825,000.00	0.00	7,218.75	7,218.75			
	07/31/12	07/31/12	DTD 08/02/2010 1.750% 07/31/2015								
Transaction Type Sub-Total					4,330,000.00	0.00	40,478.75	40,478.75			
SELL											
	07/30/12	07/31/12	FREDDIE MAC GLOBAL NOTES DTD 10/20/2011 0.500% 10/15/2013	3134623H3	775,000.00	777,449.00	1,140.97	778,589.97	2,712.50	2,609.50	SPEC LOT
	07/30/12	07/31/12	FNMA GLOBAL BENCHMARK NOTES DTD 09/26/2003 4.625% 10/15/2013	31359MTG8	375,000.00	394,743.75	5,106.77	399,850.52	(13,457.25)	1,499.82	SPEC LOT





Managed Account Security Transactions & Interest

For the Month Ending July 31, 2012

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
Transaction Type Sub-Total				1,150,000.00	1,172,192.75	6,247.74	1,178,440.49	(10,744.75)	4,109.32	
Managed Account Sub-Total					(4,178.48)	46,400.10	42,221.62	(10,744.75)	4,109.32	
Total Security Transactions					(\$4,178.48)	\$46,400.10	\$42,221.62	(\$10,744.75)	\$4,109.32	



CARMA LAIF Fair Market Valuation 9/30/12

LAIF Statement Balance	8,368,082.08
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FAIR VALUE FACTOR:	
Performance Rate as of 9/30/12	1.001314072

Market Value	<u><u>\$8,379,078.34</u></u>
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Local Agency Investment Fund
 P.O. Box 942809
 Sacramento, CA 94209-0001
 (916) 653-3001

www.treasurer.ca.gov/pmia-laif
 October 05, 2012

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 2012 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
9/12/2012	9/11/2012	RW	1372345	NANCY BROADHURST	-25,000.00

Account Summary

Total Deposit:	0.00	Beginning Balance:	8,393,082.08
Total Withdrawal:	-25,000.00	Ending Balance:	8,368,082.08



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 10/15/2012, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 09/30/2012.

Earnings Ratio		.00000970563155028
Interest Rate		0.35%
Dollar Day Total	\$	596,620,359.64
Quarter End Principal Balance	\$	8,368,082.08
Quarterly Interest Earned	\$	5,790.58

Bill Lockyer, State Treasurer



Inside the State Treasurer's Office

Local Agency Investment Fund (LAIF)

2012 LAIF CONFERENCE REGISTRATION

PMIA Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
10/3/2012	0.36	0.36	256
10/4/2012	0.35	0.36	250
10/5/2012	0.35	0.36	250
10/6/2012	0.35	0.36	250
10/7/2012	0.35	0.36	250
10/8/2012	0.35	0.36	248
10/9/2012	0.36	0.36	249
10/10/2012	0.36	0.36	253
10/11/2012	0.36	0.36	252
10/12/2012	0.36	0.36	247
10/13/2012	0.36	0.36	247
10/14/2012	0.36	0.36	247
10/15/2012	0.33	0.36	246
10/16/2012	0.33	0.35	246

*Daily yield does not reflect capital gains or losses

LAIF Performance Report

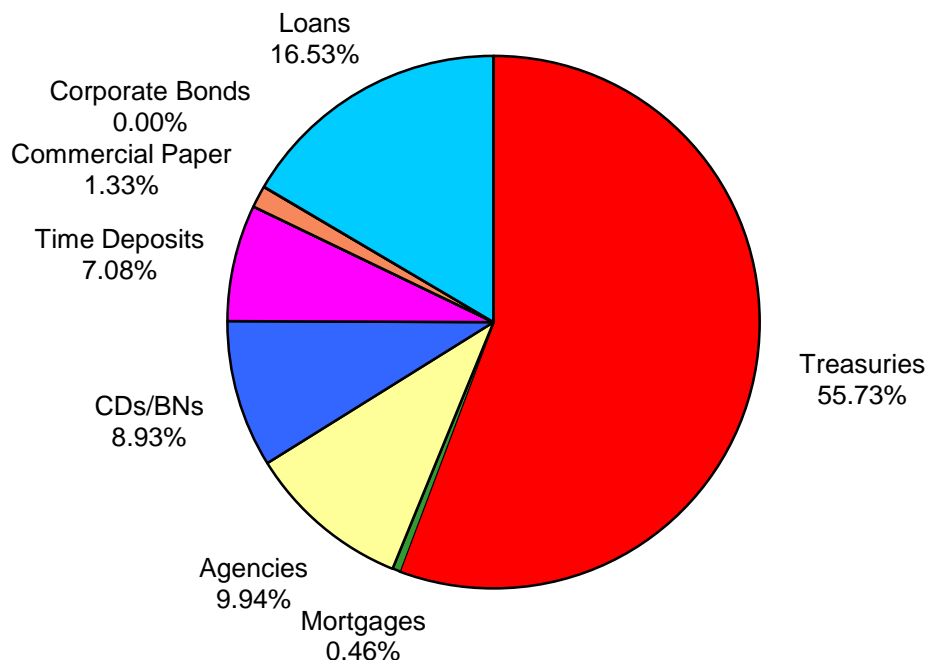
Quarter ending 09/30/2012

Apportionment Rate: 0.35%
 Earnings Ratio: .00000970563155028
 Fair Value Factor: 1.001314072
 Daily: 0.35%
 Quarter To Date: 0.36%
 Average Life: 242

PMIA Average Monthly Effective Yields

SEPTEMBER 2012 0.348%
 AUGUST 2012 0.377%
 JULY 2012 0.363%

Pooled Money Investment Account
 Portfolio Composition
 \$62.2 Billion
 09/30/12



**State of California
Pooled Money Investment Account
Market Valuation
9/30/2012**

Description	Carrying Cost Plus		Fair Value	Accrued Interest
	Accrued Interest	Purch.		
United States Treasury:				
Bills	\$ 18,622,718,015.43	\$ 18,633,178,830.48	\$ 18,635,752,500.00	NA
Notes	\$ 16,030,416,483.54	\$ 16,030,283,286.84	\$ 16,083,000,000.00	\$ 25,090,146.00
Federal Agency:				
SBA	\$ 537,943,833.73	\$ 537,943,833.73	\$ 538,479,078.66	\$ 556,597.69
MBS-REMICs	\$ 289,018,179.51	\$ 289,018,179.51	\$ 313,485,757.91	\$ 1,380,307.69
Debentures	\$ 750,426,660.88	\$ 750,426,660.88	\$ 751,330,500.00	\$ 1,246,665.50
Debentures FR	\$ -	\$ -	\$ -	\$ -
Discount Notes	\$ 4,493,107,222.16	\$ 4,495,775,805.52	\$ 4,496,997,000.00	NA
GNMA	\$ 9,091.91	\$ 9,091.91	\$ 9,168.82	\$ 90.18
IBRD Debenture	\$ 399,951,803.28	\$ 399,951,803.28	\$ 400,000,000.00	\$ 583,332.00
IBRD Deb FR	\$ -	\$ -	\$ -	\$ -
CDs and YCDs FR	\$ 400,000,000.00	\$ 400,000,000.00	\$ 400,000,000.00	\$ 345,585.56
Bank Notes	\$ -	\$ -	\$ -	\$ -
CDs and YCDs	\$ 5,150,000,000.00	\$ 5,150,000,000.00	\$ 5,149,301,400.29	\$ 1,963,819.45
Commercial Paper	\$ 824,860,041.65	\$ 824,971,430.55	\$ 824,932,222.22	NA
Corporate:				
Bonds FR	\$ -	\$ -	\$ -	\$ -
Bonds	\$ -	\$ -	\$ -	\$ -
Repurchase Agreements	\$ -	\$ -	\$ -	\$ -
Reverse Repurchase	\$ -	\$ -	\$ -	\$ -
Time Deposits	\$ 4,402,640,000.00	\$ 4,402,640,000.00	\$ 4,402,640,000.00	NA
AB 55 & GF Loans	\$ 10,280,783,040.72	\$ 10,280,783,040.72	\$ 10,280,783,040.72	NA
TOTAL	\$ 62,181,874,372.81	\$ 62,194,981,963.42	\$ 62,276,710,668.62	\$ 31,166,544.07

Fair Value Including Accrued Interest

\$ 62,307,877,212.69

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 **(1.001314072)**.
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 \$20,026,281.45 or \$20,000,000.00 x **1.001314072**.

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

www.treasurer.ca.gov/pmia-laif
 September 20, 2012

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 2012 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
8/7/2012	8/6/2012	RD	1369673	NANCY BROADHURST	4,244,000.00

Account Summary

Total Deposit:	4,244,000.00	Beginning Balance:	4,149,082.08
Total Withdrawal:	0.00	Ending Balance:	8,393,082.08

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

www.treasurer.ca.gov/pmia-laif
 August 24, 2012

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 2012 Statement

Effective Date	Transaction Date	Tran Type	Tran Confirm Number	Authorized Caller	Amount
7/13/2012	7/12/2012	QRD	1366695	SYSTEM	3,349.31
7/31/2012	7/30/2012	RD	1369080	NANCY BROADHURST	600,000.00

Account Summary

Total Deposit:	603,349.31	Beginning Balance:	3,545,732.77
Total Withdrawal:	0.00	Ending Balance:	4,149,082.08

California Affiliated Risk Management Authorities

~ BALANCE SHEET ~ As of September 30, 2012 (Unaudited)

ASSETS

CURRENT ASSETS

Cash in Bank	\$	6,318	
Local Agency Investment Fund		8,368,082	
Market Valuation - LAIF		10,996	
Investments - Managed Portfolio		2,979,139	
Market Valuation - Investment		(4,898)	
Accounts Receivable		0	
Interest Receivable		70,187	
Prepaid Expenses		32,456	
Prepaid Insurance		1,262,638	
		<hr/>	
TOTAL CURRENT ASSETS			12,724,918

NONCURRENT ASSETS

Investments - Managed Portfolio (Net of Rate Stabilization Fund)		19,199,015	
Market Valuation - Investment		53,379	
		<hr/>	
TOTAL OTHER ASSETS			19,252,394
			<hr/>
TOTAL ASSETS			\$ 31,977,312

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable		\$17,789	
Deferred Revenue		4,955,643	
Equity Payable to Withdrawing Member		0	
Reserve for Claims		2,800,000	
		<hr/>	
TOTAL CURRENT LIABILITIES			\$7,773,432

NONCURRENT LIABILITIES

Reserve for Claims		1,634,683	
Reserve for IBNR		10,280,416	
		<hr/>	
TOTAL NONCURRENT LIABILITIES			11,915,099
			<hr/>
TOTAL LIABILITIES			19,688,531

NET ASSETS

Unrestricted Net Assets - Prior Years		11,967,109	
Net Assets - Current Year		321,672	
		<hr/>	
TOTAL NET ASSETS			12,288,781
			<hr/>
TOTAL LIABILITIES AND NET ASSETS			\$ 31,977,312

California Affiliated Risk Management Authorities
~ INCOME STATEMENT ~
For the Year Ended September 30, 2012
(Unaudited)

	<u>Actual</u>	<u>Budget</u>	<u>% Used</u>	<u>\$ Variance</u>
OPERATING REVENUES				
Deposit Premium	\$1,651,880	\$ 6,607,524	25%	\$ 4,955,644
Investment Income	118,252	0		(118,252)
Misc Income	0	0		0
TOTAL OPERATING REVENUES	<u>\$1,770,132</u>	<u>6,607,524</u>	<u>27%</u>	<u>4,837,392</u>
OPERATING EXPENSES				
Direct Expenses				
Claims Paid	(\$249)	4,474,891	* { 21%	3,550,601
Incr/(Decr) in Reserves	924,539			
Subtotal Claims Expense	<u>924,290</u>	<u>4,474,891</u>	<u>21%</u>	<u>3,550,601</u>
Reinsurance	291,300	1,165,200	25%	873,900
Excess Insurance	129,321	517,283	25%	387,962
Subtotal All Direct Expenses	<u>1,344,911</u>	<u>6,157,374</u>	<u>22%</u>	<u>4,812,463</u>
General & Administrative Expenses				
Program Management	76,250	305,000	25%	228,750
Membership Dues	692	1,600	43%	908
Financial Audit	8,550	8,550	100%	0
Claims Audit	0	29,900	0%	29,900
Actuarial Services	0	7,000	0%	7,000
Legal Services	5,817	40,000	15%	34,183
Marketing, Consultants and Website	150	1,000	15%	850
Board Meetings	1,207	2,000	60%	793
Annual Retreat	0	10,000	0%	10,000
Fidelity Bond	259	1,100	24%	841
Accreditation	1,425	1,500	95%	75
Investment Management Fees	6,140	26,000	24%	19,860
Genex Reporting Fees	3,000	6,500	46%	3,500
Bank Fees	60	0		(60)
Contingency	0	10,000	0%	10,000
Subtotal General & Admin Expenses	<u>103,549</u>	<u>450,150</u>	<u>23%</u>	<u>346,601</u>
Member Equity Distribution	0	0		0
TOTAL OPERATING EXPENSES	<u>1,448,460</u>	<u>6,607,524</u>	<u>22%</u>	<u>5,159,064</u>
CHANGE IN NET ASSETS	<u><u>\$321,672</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, 2012
(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	Total
Cash, L.A.I.F. & Investments	307,074	1,406,649	2,957,134	729,701	(1,578,450)	2,106,614	3,970,739	3,577,887	4,235,202	4,201,320	3,953,564	4,685,123	30,552,553
Market Valuation-LAIF & Investments												59,477	59,477
Prepaid Expenses												1,295,094	1,295,094
Interest Receivable												70,187	70,187
Accounts Receivable												0	0
Total Assets	307,074	1,406,649	2,957,134	729,701	(1,578,450)	2,106,614	3,970,739	3,577,887	4,235,202	4,201,320	3,953,564	6,109,882	31,977,312 *
* Total Assets do not include Rate Stabilization Funds of \$91,376.47 at September 30, 2012													
Liabilities:													
Accounts Payable												17,789	17,789
Deferred Revenue												4,955,643	4,955,643
Return of Equity												0	0
Equity Payable												0	0
Reserve for Claims (1)	0	364,125	441,825	0	1,444,453	9,530	614,900	139,950	879,700	91,700	448,500	0	4,434,683
Reserve for IBNR (2)	455	97,354	311,466	451,661	401,953	770,380	29,169	716,514	516,245	2,903,451	3,157,440	924,336	10,280,418
Total Liabilities	455	461,479	753,290	451,661	1,846,406	779,910	644,069	856,464	1,395,945	2,995,151	3,605,940	5,897,768	19,688,533
Retained Earnings:													
Reserve for Adverse Development (3)	0	0	0	0	0	0	158,282	399,599	900,613	1,809,988	2,055,386	526,873	5,850,742
Contingency Funds (4)	306,619	945,171	2,203,844	278,039	(3,424,856)	1,326,704	3,168,388	2,321,823	1,938,644	(603,822)	(1,707,761)	(314,758)	6,438,038
Total Retained Earnings	306,619	945,171	2,203,844	278,039	(3,424,856)	1,326,704	3,326,670	2,721,423	2,839,257	1,206,169	347,625	212,114	12,288,780
Total Liabilities and Retained Earnings	307,073	1,406,650	2,957,134	729,700	(1,578,450)	2,106,614	3,970,739	3,577,887	4,235,202	4,201,320	3,953,565	6,109,882	31,977,312

**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 \$4,825,019 by \$390,336 as calculated utilizing the discount factors prepared by Bay Actuarial Consultants.
- 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 Year Ended September 30, 2012

(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	Total
Deposit Premiums													1,651,880
Interest Income	1,291	5,914	12,436	3,068	(6,637)	8,860	16,691	15,044	17,807	17,665	17,373	2,599 *	112,112 *
Misc Income												0	0
Total Revenue	1,291	5,914	12,436	3,068	(6,637)	8,860	16,691	15,044	17,807	17,665	17,373	1,654,479	1,763,992
Direct Expenses:													
Claims Paid	0	0	921	0	0	1,205	(2,375)	0	0	0	0	0	(249)
Incr./(Decr.) in Reserves	(0)	0	(901)	0	(0)	(1,154)	2,258	0	0	0	0	924,336	924,539
Incr./(Decr.) in Rate Slab Due Member Dividend/Assessment/Equity Distribution													0
Reinsurance / Excess													0
Total Direct Expenses	(0)	0	20	0	(0)	51	(117)	0	0	0	0	420,621	420,621
													1,344,911
Indirect Expenses:													
General Management													76,250
Membership Dues													692
Financial Audit													8,550
Claims Audit													0
Actuarial Services													0
Legal Services**													0
Marketing/Consultants/Website													5,817
Board Meetings													150
Annual Retreat													1,207
Fidelity Bond													0
Accreditation Fees													259
Genex Reporting Fees													1,425
Bank Fees													3,000
Contingency													60
													0
Total Indirect Expenses	0	0	0	0	0	0	0	0	0	0	0	97,409	97,409
Net Income/(Loss)	1,291	5,914	12,415	3,068	(6,636)	8,809	16,808	15,044	17,807	17,665	17,373	212,114	321,671

** 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, 2012

Program Year	Member	"Expected" Fund Balance	Additional IBNR at 75% Conf. Level	"75% Conf." Fund Balance	Additional IBNR at 80% Conf. Level	"80% Conf." Fund Balance
2001/2002:	BCJPIA	96,964	0	96,964	0	96,964
	CSJVRMA	66,880	0	66,880	0	66,880
	MPA	69,163	0	69,163	0	69,163
	PARSAC	61,142	0	61,142	0	61,142
	VCJPA	12,470	0	12,470	0	12,470
	PERMA Total	0 306,619	0 306,619	0 306,619	0 306,619	0 306,619
2002/2003:	BCJPIA	244,672	0	244,672	0	244,672
	CSJVRMA	214,088	0	214,088	0	214,088
	MPA	279,021	0	279,021	0	279,021
	PARSAC	172,369	0	172,369	0	172,369
	VCJPA	35,022	0	35,022	0	35,022
	PERMA Total	0 945,171	0 945,171	0 945,171	0 945,171	0 945,171
2003/2004	BCJPIA	593,151	0	593,151	0	593,151
	CSJVRMA	570,093	0	570,093	0	570,093
	MBASIA	65,947	0	65,947	0	65,947
	MPA	521,871	0	521,871	0	521,871
	PARSAC	376,320	0	376,320	0	376,320
	VCJPA Total	76,464 2,203,844	0 2,203,844	76,464 2,203,844	0 2,203,844	76,464 2,203,844
2004/2005*	BCJPIA	899,587	0	899,587	0	899,587
	CSJVRMA	(763,231)	0	(763,231)	0	(763,231)
	MBASIA	(152,033)	0	(152,033)	0	(152,033)
	MPA	(740,838)	0	(740,838)	0	(740,838)
	PARSAC	924,983	0	924,983	0	924,983
	VCJPA PERMA* Total	108,253 1,318 278,039	0 0 278,039	108,253 1,318 278,039	0 0 278,039	108,253 1,318 278,039
2005/2006	BCJPIA	(849,888)	0	(849,888)	0	(849,888)
	CSJVRMA	(827,115)	0	(827,115)	0	(827,115)
	MBASIA	(130,550)	0	(130,550)	0	(130,550)
	MPA	(893,468)	0	(893,468)	0	(893,468)
	PARSAC	(593,241)	0	(593,241)	0	(593,241)
	VCJPA Total	(130,593) (3,424,856)	0 0*	(130,593) (3,424,856)	0 0*	(130,593) (3,424,856)

California Affiliated Risk Management Authorities

~ Member Allocation of Pool Equity ~
As of September 30, 2012

Program Year	Member	"Expected" Fund Balance	Additional IBNR at 75% Conf. Level	"75% Conf." Fund Balance	Additional IBNR at 80% Conf. Level	"80% Conf." Fund Balance
2006/2007	BCJPIA	305,586	0	305,586	0	305,586
	CSJVRMA	383,742	0	383,742	0	383,742
	MBASIA	47,118	0	47,118	0	47,118
	MPA	306,276	0	306,276	0	306,276
	PARSAC	226,332	0	226,332	0	226,332
	VCJPA Total	57,650 1,326,704	0 0	57,650 1,326,704	0 0	57,650 1,326,704
2007/2008	BCJPIA	721,457	0	721,457	(34,327)	687,130
	CSJVRMA	951,247	0	951,247	(45,260)	905,987
	MBASIA	110,133	0	110,133	(5,240)	104,893
	MPA	787,161	0	787,161	(37,453)	749,708
	PARSAC	620,095	0	620,095	(29,504)	590,591
	VCJPA Total	136,576 3,326,670	0 0	136,576 3,326,670	(6,498) (158,282)	130,078 3,168,388
2008/2009	BCJPIA	589,202	(5,191)	584,011	(86,515)	502,686
	CSJVRMA	735,251	(6,478)	728,774	(107,960)	627,291
	MBASIA	91,302	(804)	90,498	(13,406)	77,896
	MPA	648,780	(5,716)	643,064	(95,263)	553,517
	PARSAC	553,293	(4,875)	548,419	(81,243)	472,051
	VCJPA Total	103,593 2,721,423	(913) (23,976)	102,681 2,697,447	(15,211) (399,599)	88,382 2,321,823
2009/2010	BCJPIA	999,679	(181,803)	817,876	(317,099)	682,579
	CSJVRMA	934,683	(169,983)	764,700	(296,482)	638,201
	MBASIA	122,691	(22,313)	100,378	(38,918)	83,773
	MPA	682,664	(124,150)	558,514	(216,541)	466,123
	VCJPA	99,539	(18,102)	81,437	(31,574)	67,965
	PARSAC Total	0 2,839,257	0 (516,352)	0 2,322,905	0 (900,613)	0 1,938,644
2010/2011	BCJPIA	451,622	(437,231)	14,391	(677,708)	(226,084)
	CSJVRMA	336,984	(326,246)	10,738	(505,682)	(168,698)
	MBASIA	48,715	(47,163)	1,552	(73,102)	(24,387)
	MPA	324,462	(314,123)	10,339	(486,891)	(162,429)
	VCJPA	44,386	(42,972)	1,414	(66,606)	(22,220)
	PARSAC Total	0 1,206,169	0 (1,167,735)	0 38,434	0 (1,809,988)	0 (603,818)

California Affiliated Risk Management Authorities

~ Member Allocation of Pool Equity ~
As of September 30, 2012

Program Year	Member	"Expected" Fund Balance	Additional IBNR at 75% Conf. Level	"75% Conf." Fund Balance	Additional IBNR at 80% Conf. Level	"80% Conf." Fund Balance
2011/2012	BCJPIA	133,162	(511,082)	(377,920)	(787,342)	(654,180)
	CSJVRMA	91,527	(351,283)	(259,756)	(541,165)	(449,639)
	MBASIA	14,326	(54,984)	(40,658)	(84,705)	(70,379)
	MPA	94,612	(363,126)	(268,513)	(559,410)	(464,797)
	VCJPA	13,998	(53,724)	(39,726)	(82,764)	(68,766)
	PARSAC	0	0	0	0	0
	Total	347,625	(1,334,198)	(986,573)	(2,055,386)	(1,707,761)
2012/13	BCJPIA	81,460	(131,343)	(49,883)	(202,340)	(120,880)
	CSJVRMA	55,686	(89,787)	(34,100)	(138,320)	(82,634)
	MBASIA	9,053	(14,597)	(5,544)	(22,487)	(13,434)
	MPA	57,830	(93,243)	(35,413)	(143,645)	(85,815)
	VCJPA	8,084	(13,035)	(4,951)	(20,081)	(11,996)
	PARSAC	0	0	0	0	0
	Total	212,114	(342,004)	(129,890)	(526,873)	(314,759)
Total:	BCJPIA	4,266,653	(1,266,650)	3,000,003	(2,105,330)	2,161,323
	CSJVRMA	2,749,835	(943,776)	1,806,058	(1,634,869)	1,114,965
	MBASIA	226,702	(139,860)	86,841	(237,858)	(11,156)
	MPA	2,137,536	(900,358)	1,237,178	(1,539,203)	598,333
	PARSAC	2,341,291	(4,875)	2,336,417	(110,747)	2,230,545
	VCJPA	565,442	(128,746)	436,697	(222,734)	342,708
	PERMA	1,318	0	1,318	0	1,318
	Total Equity	12,288,780	(3,384,265)	8,904,519	(5,850,742)	6,438,038

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, 2012

Member	Original Balance @ 7/1/2002	Cumulative Interest 2002/2003 - 2005/2006		2006/2007		2007/2008		2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	Balance @ 9/30/12
		Interest as of 9/30/06	Member Contribution / Withdrawal 9/30/06 & 3/31/07 * 10/1/06 - 06/30/07	Member Withdrawal June 2008	Member Billing 6/30/08**	YE Interest as of 6/30/08	Member Withdrawal June 2008	YE Interest as of 06/30/09	YE Interest as of 06/30/10	YE Interest as of 6/30/11	YE Interest as of 6/30/12	YE Interest as of 9/30/12	
BC/JPIA	380,979	7,692	445,979 *	(970,226)	6,354	63,690	0	0	0	0	0	0	(0)
PARSAC	201,011	4,058	(222,909)		0	0	0	0	0	0	0	0	(0)
VC/JPA	28,165	569	63,251	(22,390)	0	6,989	4,130	2,095	1,217	986	384	91,376	
CS/JVRMA	0	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	0
MPA	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	610,155	12,319	286,321	(922,616)	6,354	70,679	4,130	2,095	1,217	986	384	91,376	

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
BC/JPIA	147,271	594,406	(98,684)	(262,014)	380,979
PARSAC	93,146	571,357	(137,114)	(326,378)	201,011
VC/JPA		68,558	(18,679)	(21,714)	28,165
Totals	240,417	1,234,321	(254,477)	(610,106)	610,155

November 6, 2012

Ms. Karen Thesing, ARM
Manager, Program Administration
Bickmore
1750 Creekside Oaks Drive, Suite 200
Sacramento, CA 95833

CARMA 2012/2013 Liability Renewal – Alliant Underwriting Fees Annual Disclosure

Dear Karen:

Alliant is pleased to provide CARMA with full disclosure of compensation that Alliant and its affiliates earned from providing insurance related services. As a result of our settlement involving the Santa Clara litigation we are required to provide this information to our California Public Entity clients annually. A *Disclosure Letter* is provided annually (attached to this letter) that states the percentage amount earned on the policies where we provide special services that have costs in addition to the Broker Fee we earn that is documented in our contract with CARMA. The Broker/Consultant Agreement also requires that we annually disclose all compensations. This letter assures our compliance in providing the specific amounts of compensation versus just the percentages. We will diary this task each year to include the information on a scheduled basis.

As you are aware, CARMA continues to purchase a portion of its liability coverage through the Alliant National Municipal Liability Program (ANML) currently placed with AmTrust. As your retail broker, Alliant earned a fee of \$68,000 from CARMA documented in our Broker /Consultant Agreement. *This fee is equal to a 4.04% commission rate on the placement of all policy limits.* The Underwriting Services Fee earned by Alliant Underwriting Services for CARMA's participation in ANML for the 12/13 program year was 5.87%, or \$64,406.

Please do not hesitate to contact me should you have any questions or require any additional information.

Sincerely,



Seth Cole, ARM
First Vice President
(415) 403-1419
scole@alliantinsurance.com

cc: Michael Simmons, Alliant Insurance Services



November 5, 2012

Karen Thesing, ARM
Bickmore Risk Services
1750 Creekside Oaks Drive, Suite 200
Sacramento, CA 95833

Line of Coverage: CARMA / Alliant Municipal Liability Program (ANML)
Effective Date: July 1, 2012

Dear Karen

Alliant embraces a policy of transparency with respect to its compensation from insurance transactions and a policy of disclosure as to the insurance carriers with which Alliant does business.

In addition to the agreed-to fees that Alliant will receive on this placement, Alliant Underwriting Services will also receive additional compensation from the carrier for providing Underwriting services equal to 5.87%. A fee of \$0 has been included on your invoice for Loss Control, Engineering, Appraisal and/or HR services provided by Alliant Business Services.

Alliant Underwriting Services and Alliant Business Services are internal operating groups of Alliant Insurance Services, Inc.

Alliant has no ownership interest in any of the carriers or any other intermediaries (if any) that were a part of this placement.

Upon written request, Alliant will further disclose all quotes and indications sought and received by Alliant in connection with your insurance placement, and the terms, including any Alliant interest in or contractual agreement with any of the prospective insurers, of all compensation to be received by Alliant.

For additional information please send a written request to:

Alliant Insurance Services, Inc.
701 B. Street, 6th Floor
San Diego, California 92101-8156
Attention: General Counsel

FARMER SMITH & LANE LLP

Craig E. Farmer
cfarmer@farmersmithlaw.com
(916) 679-6565 ext. 208

October 8, 2012

Via Email and U.S. Mail
kthesing@brsrisk.com

Karen Thesing, CARMA Manager
Bickmore Risk Services
1750 Creekside Oaks Drive, Suite 200
Sacramento, CA 95833

Re: *MBASIA's Capitola Flood Claim/CARMA Closed Session Procedure*

Dear Ms. Thesing:

In your e-mail to me of September 24th you asked for my opinion as to the legality of MBASIA, one of the CARMA members, maintaining two persons in any closed session discussion of CARMA's Board to address the Capitola Flood Claim. This question arose because of an e-mail from Michael Simmons to you also dated September 24th. Mr. Simmons asked you to confirm with me, as CARMA's legal counsel, that a second MBASIA colleague could remain with MBASIA's current CARMA Director, Robert Galvan (MBASIA's Vice-President), for any closed session addressing this claim at the next CARMA Board meeting.

Based on my legal research regarding the Brown Act and my review of the CARMA JPA Agreement and Bylaws, it is my opinion that no provision has been made in the governing documents for attendance of more than one representative of each CARMA member to be present at closed session proceedings. Further, the Brown Act does not contemplate multiple persons from one JPA member participate in a closed session.

The JPA Agreement of CARMA defines its Board of Directors to mean the governing body of CARMA composed of a representative of each Member. "Representative" is defined to mean "...the person designated by the Member to act as a Director of CARMA." That person has the authority to bind the Member on any and all matters relating to the business of CARMA. The term "alternate" is defined to mean a person designated by the Member to act as a Director of CARMA in the absence

Ms. Karen Thesing

Re: *MBASIA's Capitola Flood Claim/CARMA Closed Session Procedure*

October 8, 2012

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of the Representative. The Alternate has those responsibilities, powers and authority of the Representative in the latter's absence. Each Member is given the power to appoint a representative and an alternate for the Board. The Board is comprised of "a *Representative* from each Member and that Representative or his/her Alternate has the authority to bind the Member on all matters pertaining to the JPA Agreement."

The CARMA Bylaws likewise define "Alternate", "Board", "Board of Directors" and "Representative" like the JPA Agreement. The Board is responsible for governing CARMA either directly or by delegation to other bodies and persons unless prohibited by law or the JPA Agreement and unless specifically reserved through the Members in the Agreement. Each Director is entitled to cast one vote in all matters requiring a vote, except in the case of an actual or potential conflict of interest. I do not find any provision in the JPA Agreement or the Bylaws to allow more than one person, whether the representative or his/her alternate, to participate as a member of the Board in closed session proceedings.

Government Code § 54956.96 addresses disclosure of specified information in closed session of Joint Powers Agencies and the authorization of designated alternates to attend closed session. This section provides in part:

"(a) Nothing in this chapter shall be construed to prevent the legislative body of a Joint Powers Agency...from adopting a policy or a bylaw or including in its Joint Powers Agreement provisions that authorize either or both of the following:

* * *

(2) Any designated alternate member of the legislative body of a Joint Powers Agency who is also a member of the legislative body of a local agency member and who is attending a proper noticed meeting of the Joint Powers Agency in lieu of a local agency member's regularly appointed member to attend closed sessions of the Joint Powers Agency." (Underlining added)

It is evident that CARMA has a policy to allow use of the Member's Alternate, in the absence of the Member's Representative to attend close sessions. However, the CARMA documents do not contemplate more than one Director for each Member in a closed session meeting. Furthermore, the statutory provision does not suggest that the CARMA Board could modify its formation documents or bylaws or adopt a policy allowing more than a single person, whether representative or alternate, for each Member to attend and participate in a closed session of CARMA.

Ms. Karen Thesing

Re: *MBASIA's Capitola Flood Claim/CARMA Closed Session Procedure*

October 8, 2012

Page 3


The alternative is to address any non-privileged aspects (i.e. those issues which are not within an exception to the open meeting law) of the Capitola Flood Claim as a regular agenda item in open session. In that case, the meeting participants would address and the minutes of the open session would record information available to the general public. That discussion of the Board and others including comments of multiple MBASIA associated persons who attend and may have information useful could take place. Thereafter, any aspects of the matter that required confidentiality could be addressed in closed session with the single MBASIA representative to CARMA's Board and its other Board members.

If MBASIA or CARMA's Board decided that particular issues (such as litigation or matters likely to be adjudicated) must be addressed only in closed session, to avoid prejudice to CARMA and MBASIA considered this should be done by someone other than its current director, Robert Galvan, MBASIA could appoint a different person as its representative to CARMA's Board so as to assure MBASIA's position in regard to closed session issues of the CARMA Board was fully addressed.

It should be kept in mind that the Brown Act contemplates discussion on issues of public interest in open session. Exceptions are statutory to protect against disclosure of strategic, confidential and potentially legally prejudicial information where necessary. Not all issues that have arisen due to the Capitola Flood Claim may present potential legal prejudice to CARMA or MBASIA so as to require their discussion only in closed session. An example might be a question about the timelines or sufficiency of information being provided from the Member to CARMA's litigation manager and potential prejudice to CARMA. This might be addressed in open session provided no reference to the content of the litigation-related information took place in that discussion and instead centered on each Member's notice obligations under the terms of CARMA's coverage document. Beyond that, a discussion likely would have to go to closed session for CARMA's and MBASIA's protection, due to pending litigation against the member.

Very truly yours,

FARMER SMITH & LANE, LLP


Craig E. Farmer

CEF:slh

32273

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 2013 Annual Workshop.

RECOMMENDATION:

The Board of Directors adopts the 2013 Goals and Objectives.

REFERENCE MATERIALS ATTACHED:

None.

ADMINISTRATIVE MATTERS

SUBJECT: CARMA Staffing Plan

BACKGROUND AND STATUS:

As the Board has been previously advised, Ms. Karen Thesing, CARMA Executive Director, will be leaving Bickmore effective December 31, 2012. This time is reserved for Mr. Rob Kramer to discuss the CARMA staffing plan with the Board, and answer any questions or concerns posed by the Board.

RECOMMENDATION:

None. Information only.

REFERENCE MATERIALS ATTACHED:

None.

ADMINISTRATIVE MATTERS

SUBJECT: Appointment of CARMA Board Secretary – Ms. Jaesa Ng

BACKGROUND AND STATUS:

With the staffing changes previously mentioned, Ms. Jillian Stoorza, Analyst and CARMA Board Secretary, has been assigned to different accounts at Bickmore. As such, effective December 15, 2012, Ms. Jaesa Ng at Bickmore has been assigned to replace Ms. Stoorza on CARMA as the Analyst.

Ms. Ng has been employed with Bickmore for a year and a half, and also supports two other groups administered by Bickmore – the Employment Risk Management Authority (ERMA) and the Vector Control Joint Powers Agency (VCJPA). CARMA members can expect her to carry on the tradition of excellent service they have experienced over the years with Bickmore.

Staff is recommending that the Board appoint Ms. Ng as the CARMA Board Secretary effective January 11, 2013.

RECOMMENDATION:

The Board of Directors appoints Ms. Jaesa Ng as the CARMA Board Secretary.

REFERENCE MATERIALS ATTACHED:

None.

ADMINISTRATIVE MATTERS

SUBJECT: Approval of the Endorsement for Successor Agencies and Covered Member Appointees to Oversight Board

BACKGROUND AND STATUS:

At the September 21, 2012, Board of Directors meeting, the topic of Successor Agencies and Oversight Boards was extensively discussed in order to determine whether coverage through CARMA should be afforded to the Successor Agencies and/or Oversight Boards. This area of discussion took place because the 400 Redevelopment Agencies (RDAs) and Community Development Agencies that existed in the State of California were dissolved by legislation, effective February 1, 2012. RDAs were formed to promote affordable housing and for renovation and restoration of public property, among other purposes. That legislation was subsequently modified by a California Supreme Court decision. In the end, RDAs were disbanded and "Successor Agencies" to the RDAs were created.

These Successor Agencies are considered public entities and are separate from the city or county that originally established RDAs. Each Successor Agency has an "Oversight Board," who will have the authority to direct and control the decisions of the Successor Agency.

After thoroughly evaluating the topic, the CARMA Board of Directors approved coverage for Members' Successor Agencies. The Board instructed staff to create an endorsement, without amending the Memorandum of Coverage (MOC); coverage will be retroactively adjusted to July 1, 2012, as there are no known losses.

Staff, in conjunction with Craig Farmer, CARMA's Board Counsel, has drafted the applicable endorsement which is included for review. Although the endorsement provides coverage for Successor Agencies, no coverage however will be provided for any Oversight Board. One exception to the above is that coverage will be extended to the employee of a Covered Member who is appointed to the Oversight Board while acting in the course and scope of that employee's duties.

RECOMMENDATION:

The Board approves the Endorsement#2 for Successor Agencies and Covered Member Appointees to Oversight Boards effective July 1, 2012.

REFERENCE MATERIALS ATTACHED:

- Endorsement #2 for Successor Agencies and Oversight Boards

Agenda Item 7.C.

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

MEMORANDUM OF COVERAGE

LIABILITY COVERAGE

ENDORSEMENT #2

This endorsement, effective 12:01 a.m. 7/1/2012, to 12:01 a.m. 7/1/2013, forms a part of Policy No. CARMA 2012-19GL.

It is understood and agreed that the Memorandum of Liability Coverage is endorsed as follows:

Coverage under this Memorandum of Coverage is hereby extended to those successor agencies which are created pursuant to Health & Safety Code Sections 34170 et seq. by the Covered Members, but only for those types of activities that were performed previously by the Covered Members former redevelopment agencies and which are not otherwise excluded in the Memorandum of Coverage.

There shall be no coverage under this Memorandum of Coverage for any "oversight board" created pursuant to Health & Safety Code sections 34179 et seq., by the Covered Member or otherwise. Notwithstanding the foregoing, coverage under this Memorandum of Coverage shall be extended to an employee of a Covered Member who is appointed to such "oversight board" while acting in the course and scope of that employee's duties to, or for the benefit of, such Covered Member at the time of an Occurrence, as defined in this Memorandum of Coverage.

All other terms, conditions, provisions, and limitations of the Memorandum of Coverage shall remain in effect.

This coverage is retroactively effective as of July 1, 2012.

Attached to and forming part of Policy No. CARMA 2012-19GL

Effective Date: July 1, 2012

Endorsement No.: 2



AUTHORIZED REPRESENTATIVE

ADMINISTRATIVE MATTERS

SUBJECT: Agreement between CARMA and Alliant Insurance Services, Inc. for Insurance Brokerage and Consulting Services

BACKGROUND AND STATUS:

The brokerage firm of Alliant Insurance Services, Inc. has performed brokerage services for CARMA since July 1, 1999. At the January 13, 2012, Board of Directors meeting, the CARMA Board of Directors directed the CARMA staff to develop a draft one-year agreement with Alliant Insurance Services, Inc.

The one-year agreement with Alliant Insurance Services, Inc. expires June 30, 2013. The renewal has been placed on the agenda for the Board's consideration to determine if it desires to re-negotiate the existing agreement with Alliant Insurance Services, Inc., or send out a Request for Proposal for Brokerage Services (RFP).

The agreement between CARMA and Alliant Insurance Services, Inc. reflects a set minimum annual compensation for the year's services. A historical overview of the agreements since July 1, 1999, indicates the following compensation:

Term: 7/1/1999 – 6/30/2002	Year 1: 45,000 Year 2: 60,000
Term: 7/1/2002 – 6/30/2005	Year 1: 65,000 Year 2: 67,600 (4% increase) Year 3: 70,300 (4% increase)
Term: 7/1/2005 – 6/30/2006	Year 1: 55,000
Term: 7/1/2006 – 6/30/2009	Year 1: 57,500 Year 2: 59,500 (4% increase) Year 3: 62,000 (4% increase)
Term: 7/1/2009 – 6/30/2012	Year 1: 65,000 Year 2: 66,625 (2.5% increase) Year 3: 68,290 (2.5% increase)
Term: 7/1/2012 – 6/30/2013	Year 1: 68,000 (.4% decrease)

RECOMMENDATION:

Provide direction to staff to renew the agreement between CARMA and Alliant Insurance Services, Inc., or begin the Request for Proposal process for brokerage services.

REFERENCE MATERIALS ATTACHED:

- Contract between CARMA and Alliant Insurance Services, Inc.

INSURANCE BROKERAGE AND CONSULTING AGREEMENT
BETWEEN
CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES
AND
ALLIANT INSURANCE SERVICES, INC.

The parties to this Agreement are the CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES (“Client”), a Joint Powers Authority established pursuant to the provisions of the laws of the State of California, and ALLIANT INSURANCE SERVICES, INC. (“Broker”).

Client and Broker agree to the following terms and conditions of this Agreement:

DESIGNATION OF BROKER OF RECORD

The Client hereby engages and designates Broker as its exclusive insurance broker of record to present risks of Client and its participating members to insurance and reinsurance markets, with the objective of presenting to the officer(s) and committee(s) designated by Client insurance proposals, as appropriate: considering factors such as cost, coverage, and continuity, in compliance with the terms, conditions, and warranties in this Agreement.

I. TERM

The Agreement shall be for a one (1) year period beginning on July 1, 2012, and ending 12:01 a.m. June 30, 2013, unless extended for an additional period by mutual written agreement of the parties. Both parties retain the right to terminate this Agreement, with or without cause, upon sixty (60) days written notice.

In the event of termination or expiration of this Agreement, Broker will assist Client in arranging a smooth transition to another broker, including, but not limited to, providing Client with copies of all products, files, records, computations, quotations, studies and other data prepared or obtained in connection with this Agreement, and any prior Brokerage/Consulting Agreement, which copies shall become the permanent property of the Client.

Except for this transition assistance, Broker’s obligation to provide services to Client will cease at 12:01 a.m. upon the effective date of termination or expiration. In the event of a mid-term termination by either party, the annual compensation to Broker will be prorated as agreed in the Compensation section.

II. ACCOUNT TEAM

For the purposes of this Agreement, the following individuals shall be designated by Broker as members of the Account Team and shall be responsible for all matters relating to Client's account (changes to the Account Team may be made upon mutual written consent between the parties, not to be unreasonably withheld):

1. Michael Simmons, Vice Chairman – Public Entities
2. Seth Cole, First Vice President

III. SCOPE OF SERVICES PROVIDED

A. General Provisions.

Client agrees to designate Broker as Client's sole representative for marketing and placement of insurance coverage, services and products in the following program areas:

Excess Liability and/or Liability Reinsurance.

Broker agrees to:

1. Act as Client's insurance broker and perform all duties specified in this Agreement to be performed by Broker for Client's insurance program, including marketing to insurance and reinsurance carriers, reviewing and verifying insurance documents received from insurers, providing insurance documents to Client, forwarding questions from Client and/or its participating members to the insurance carriers, identifying, reviewing and commenting on loss-control activities and recommendations by insurers, evaluating the appropriateness of insurance coverage and offering alternatives as requested based on comparison of quotations, and preparing insurance certificates as requested by Client and/or its participating members to be received within 48 hours of request.
2. Work closely with Client to manage its risks and to control the costs of insurance;
3. Analyze factors that drive the cost of insuring Client's risks, and develop and recommend to Client insurance, reinsurance and other risk financing or loss funding programs, techniques and methods, whenever they will benefit Client;
4. Seek out creative solutions and explore reasonable alternatives to traditional risk management techniques;

5. Develop, recommend, negotiate and use its best commercially reasonable efforts to implement cost-effective insurance and/or alternative risk financing programs;
6. Represent Client's interests, not those of any insurance company or other organization;
7. Market and solicit comprehensive quotes from all available financially acceptable insurance markets and reinsurance markets;
8. Negotiate, on the Client's behalf, with all insurance markets and submit to Client written details of its marketing efforts. To the extent reasonably available, Broker will identify all contacts and amounts quoted at least 30 calendar days prior to the renewal date(s). Copies of the formal underwriting submissions made by Broker will be provided (electronically) to Client at least 72 hours prior to submission to carrier(s). The Broker will represent and assist Client in all discussions and transactions with all insurers, and will not place any insurance unless so authorized by Client;
9. Keep Client informed of all significant developments relating to Broker's obligations under this Agreement;
10. Monitor published financial information of the Client's current insurers, and alert Client when the financial strength or management status of these insurers falls below a Best Rating of A VII or other minimum financial guidelines set by Broker and Client. Broker will not be responsible for the management, solvency or ability to pay claims of any insurance carrier;
11. Assist Client members with mid-term coverage additions and changes;
12. Follow up within 60 – 90 days with insurance carriers for timely issuance of policies and endorsements;
13. Within 30 days of receipt for any insurer, review policies and endorsements for accuracy and conformity to specifications and negotiated coverages;
14. Within 30 days of receipt from any policy from any insurer, provide coverage summaries for all lines of coverage;
15. Verify rates and premiums prepared for Client and its members by the insurance carriers;
16. Within one week of receipt from insurer(s), provide Client with detailed invoices showing Client's insurance costs (delineated by line of coverage, insurer and member), including any applicable surplus lines taxes or fees; and

17. Provide copies of reports and/or documents relating to the Client's account to the Client in a timely manner. Client agrees that files (other than insurance policies) are generally not retained for more than five (5) years after the expiration of a particular policy term.

Broker shall not be responsible for the failure of members to make premium payments.

B. Services.

Broker agrees, as respects the liability insurance or liability reinsurance purchased by Client in excess of Client's retained limits, to perform the following services:

1. Act, upon request of Client, as a liaison for communications among or between all parties involved in the program including Client, participating members, insurance carriers and others. Assist Client in settlement issues with coverage providers. However, it is understood and agreed that Broker is not providing claims management services or claims consulting services under this Agreement.
2. Prepare written reports to Client management to include:
 - (a) Reports of pending rate, coverage or renewal problems including significant changes in the financial status of major insurers and reinsurers for the program for the Client's April meeting.
 - (b) Review marketing plan with Client prior to approaching insurers or reinsurers or alternative markets on program during the first quarter of the calendar year.
 - (c) Annually review underwriting information for completeness and request updated exposure and loss data from Client members in preparation of the renewal marketing at renewal time.
 - (d) Develop underwriting information and marketing specifications in conjunction with Client.
 - (e) Inform Client of significant changes or trends in the marketplace and providing an annual written forecast of market conditions six months prior to renewal.
3. Evaluate existing coverage documents as to the adequacy of coverage, retention levels, restrictions in coverage, stability of forms and other related matters. Upon such evaluation make recommendation in writing regarding these subjects to the Client, for review.
4. Deliver authorized binders or other evidences of coverage as soon as practicable, but not later than fifteen (15) days, after the placement of coverage under the program to be effective until such time as the policy or agreements for the placement are received by Client from the coverage providers.

5. Monitor the program to assure its continuing balance of coverage scope, costs, service and stability.
6. Assist Client, as requested, in the development of marketing materials for development of new members and meet with new members as directed by Client.
7. Review insurance policies, binders, certificates and other documents related to the program for accuracy and obtain revisions in such documents when needed.
8. Monitor program to assure continuing balance of coverage scope, cost, services and stability.
9. Attend and present information at meetings, as requested by Client.
10. Acknowledge the mutual trust and confidence by both Parties, and that all actions of Broker shall be for the specific benefit of Client and Client's program as a whole.

IV. OBLIGATION OF THE CLIENT

Client agrees to cooperate with Broker in the performance of Broker's services by providing Broker with reasonable access to Client's personnel and information, including providing Broker with complete and accurate information as to Client's loss experience, risk exposures and any other pertinent information that Broker requests. In addition, when known, Client shall have the responsibility to keep record of and immediately report significant changes in exposures, loss-related data, and/or any other material changes to Broker. This reporting must be memorialized in writing and delivered to Alliant in accordance with the notice provisions below.

Client shall promptly review coverage documents delivered by Broker for consistency with Client's specifications, and shall designate one or more officers or committees of Client to receive and evaluate recommendations to the officers(s) or committee(s) of Client having ultimate decision-making authority on such matters.

V. INVOICES, TAXES, FEES AND USE OF INTERMEDIARIES

A. Surplus Lines Fees and Taxes.

In certain circumstances, placement of insurance services made by Broker on behalf of Client, with the prior approval of Client, may require the payment of surplus lines assessments, taxes and/or fees to state regulators, boards and associations. Such assessments, taxes and/or fees will be charged to Client and identified separately on invoices covering these placements. Client shall be responsible for all such assessments, taxes and fees, whether or not separately

invoiced. Broker shall not be responsible for the payment of any such fees, taxes or assessments, except to the extent such fees, taxes or assessments have already been collected from Client.

B. Intermediaries.

Broker may determine from time to time that it is necessary or appropriate to utilize the services of intermediaries (such as surplus lines brokers, underwriting managers, London market brokers, and reinsurance brokers) to assist in marketing the Client insurance program. Subject to the provisions of Section VII.B, these intermediaries may be affiliates of Broker or may be unrelated intermediaries. Compensation of such intermediaries will be paid by the insurance company out of paid insurance premiums. Where a placement through such intermediaries will result in any compensation to a Broker affiliate, Broker will, prior to placement, make reasonable inquires to allow full disclose, in writing, to Client its relationship to the affiliate, the reason(s) recommended for the placement of coverage through the affiliate, and why such placement is in the best interest of the Client, and an estimate of the amount of compensation to be received by Broker and all its affiliated intermediaries for such placement. Should Broker determine, subsequent to placement of Client's business, that one or more affiliate received compensation by Broker's placement; Broker shall promptly disclose this information in writing to the Client.

VI. ADDITIONAL SERVICES

Broker may be asked to provide services not included in this Agreement for additional compensation and subject to negotiation in separate agreements. Such services include, but are not limited to:

1. Risk management claims information systems, including appropriate software programs, and related services;
2. Claims services other than those specified above, including catastrophic claims, mass tort claims, claims advocacy services, and archival research;
3. Establishment and administration of captive insurers; and
4. Non-recurring insurance placements involving significant quantitative or actuarial analysis or modeling, placements of risks with financial institutions other than insurance carriers, and placements of risks not customarily accepted by insurers.

VII. COMPENSATION

With respect to the **SCOPE OF SERVICES** (Section III), Broker shall receive compensation as follows:

A. Compensation from Client.

With respect to liability insurance or reinsurance purchased by Client in excess of Client's retained limits and in compensation for the services, Broker shall receive fees beginning July 1, 2012, as follows:

- \$68,000 for FY 12/13.
- If new members join CARMA, or current member leave the program during the term of this Agreement this annual fee will be modified to reflect the additional change in exposure, but only if in excess of a 20% "Swing Clause"¹ in overall payroll exposure.
- Compensation for any additional years added by mutual agreement will be negotiated and documented by an amendment to this Agreement.

This amount is subject to adjustment annually if Client creates a coverage program other than listed in the **General Provisions** (Section III A.), or if the Client membership changes (pursuant to the "Swing Clause" noted above).

If this Agreement is terminated or canceled midterm, the annual fee is pro-rated with a minimum earned of 50%. The fee shall be paid annually within thirty (30) days of the Agreement's anniversary date and adjusted the last month of each year's Agreement anniversary.

The Annual Fee set forth herein is in consideration of only those services specifically listed in this Agreement. Fees for additional services desired by Client shall be separately negotiated, and not subject to the Annual Fee of this Agreement.

During the time for which this Agreement is in effect, Broker will disclose in writing any commissions received by Broker in connection with any insurance placements on behalf of Client, and will offset such commissions against compensation due Broker by Client hereunder. In the event such commissions, plus fees pre-paid by Client under this Agreement, exceed the Annual Fee set forth herein, Broker will reimburse Client for such excess commissions. Or at the Client's request, excess commissions can be carried forward and applied against any compensation due Broker from Client during any subsequent periods that this Agreement is in effect, extended or renewed. This Annual Fee does not include services listed in Section IV.D, **Other Alliant Services**.

As used in this section, the term "commissions" refers to compensation made to Broker by insurance carriers with respect to a specific placement of insurance by those carriers, and is in addition to contingent payment or other allowances (as defined in Section IV.C.3. below) by insurance carriers, markets or companies based on the overall levels of insurance premiums on policies placed by Broker

¹ The Exposure "Swing Clause" impacts from Growth from potential New Members and potential loss of a member in the program as a reduction in the fee on renewal each year.

and/or its affiliates. These such contingent payments or other allowances, if any received, shall be included in the offset of the Annual Fee.

In the event of a mid-term termination of this Agreement by either party, all excess compensation will be paid to Client within sixty (60) days of the date of termination.

B. Disclosures.

1. **Exclusions.** Commissions on Bonds are not included in the Compensation agreed to above.
2. **Transparency and Disclosure.** During the term of this Agreement, Broker will annually disclose any commissions received by Broker, or any affiliated company, in connection with any insurance placements on behalf of Client under Broker's "Transparency and Disclosure" policy, a copy of which is made available upon request. Pursuant to its policy, Alliant will conduct business in conformance with all applicable insurance regulations and in advancement of the best interests of its clients. In addition, Broker's conflict of interest policy precludes it from accepting any form of broker incentives that would result in business being placed with carriers in conflict with the interests of Broker's clients.

C. Compensation From Others for Placement of Client's Business.

Where Broker or any affiliate of such Broker receives (or is to receive) any compensation or payment from the Client for the placement of insurance, or represents Client with respect to that placement, neither Broker nor an affiliate of Broker shall accept nor receive any compensation or income from an insurer or other third party for that placement of insurance, unless the Broker has, prior to the Client's authorization to purchase of insurance:

1. Obtained the Client's written acknowledgment that such compensation will be received; and
2. Disclose in writing the full amount of compensation received by Broker and its affiliates from the insurers and other third parties involving the placement. If the amount of compensation is not known at the time of disclosure, Broker shall disclose the specific method for calculating such compensation and, if possible, a reasonable estimate of the amount. Broker shall make such disclosure without being requested by Client to disclose such information.
3. For purposes of this section, "compensation" shall include, but is not limited to payments, retail or wholesale commissions, premium finance compensation, fees, awards, overrides, bonuses, contingent commissions, loans, stock options, gifts, prizes or any other form of valuable consideration, whether or not payable pursuant to a written agreement.

Broker shall not accept any form of compensation from any profit-based contingent commission agreements such as, but not limited to, market service agreements, profit sharing arrangements, placement service agreements, tie-ins, retrocession tie-ins, finders' fees, notional incentives, structuring broker commissions, strategic partner commissions, volumetric incentives, volumetric premiums, introducing broker commissions, referring broker commissions, facultative reinsurance agreements, any "back-end" sources of compensation and/or revenue, or any additional compensation based on premium volume given to any particular insurer, by whatever names these contingent commissions are or may be called.

The Broker and its affiliates will not engage in any so called "bid-rigging," or any similar conduct, or accept undisclosed volume based override commissions, "B quotes," or any commissions based on volume, renewal rates, or underwriting profitability, by whatever term such conduct is described. Broker will not accept any indirect income, including, but not limited to, insurance carrier contingency arrangements, compensation incentives from insurers, contingent commissions, or rebates on business placed on behalf of Client.

4. Broker will disclose in writing the markets it intends to approach on Client's behalf, and how such markets will be approached, whether to a Broker-owned wholesaler or an outside wholesaler.
5. Broker agrees to provide an annual written disclosure report of any and all compensation or income received from any source on placement of insurance coverage or products placed for Client.
6. The compensation due to Broker or any affiliate of such Broker is subject to the terms and conditions in the **ETHICS AND CONFLICT OF INTEREST STATEMENT** (Section IX) of this Agreement.

D. Other Alliant Services.

1. **Alliant Specialty Insurance Services (ASIS).** In addition to the COMPENSATION that Broker receives, its related entity, Alliant Specialty Insurance Services (ASIS) and its underwriting operations, Alliant Underwriting Services (AUS), may receive compensation from Broker and/or carriers for providing underwriting services. The financial impact of the compensation received by ASIS is a cost included in the premium. Compensation received by ASIS will be disclosed in writing to Client and is agreed to by Client as part of the premium. Client further acknowledges that Broker and ASIS maintain an arm's length relationship. Client understands that while Broker represents Client as an individual entity, ASIS independently administers its program as a whole and not on behalf of any particular member.

2. **Alliant Business Services (ABS); Strategic HR.** Additionally, Alliant's internal operating groups, Alliant Business Services (ABS) and/or Strategic HR, may receive compensation from Broker and/or carriers for providing designated, value-added services. Services contracted for by the Client directly will be invoiced accordingly. Otherwise, services will be provided at the expense of Broker and/or the carrier.

VIII. CONFIDENTIALITY

A. Client Information.

Broker will not disclose to any third party any of Client's confidential information, protected tangible or intangible property rights, intellectual property, or trade secrets ("Client Information") that are obtained in the course of providing Services to Client and that are marked or stamped by Client as "confidential." Nothing in this Agreement is intended to preclude Broker from disclosing Client Information in the furtherance of insurance brokerage, risk management, risk transfer, employee benefits or other insurance related Services or products provided by Broker to Client so long as such insurers and financial institutions are informed of the confidential nature of such information. This information may include information relevant to the underwriting and/or evaluation of the Client's risks and the processing of claims.

B. Confidential Information.

The services and work product exchanged by the Parties under this Agreement are to be used exclusively to carry out the terms, conditions, and purposes set forth herein. The Parties acknowledge that during the term of this Agreement, they may each exchange information considered confidential, proprietary and/or trade secret including, without limitation, data, recommendations, proposals, reports and similar information, Client Information (as defined above), and work product (collectively, "Confidential Information"). For purposes of this Agreement, the party disclosing Confidential Information shall be called the Disclosing Party and the party receiving Confidential Information shall be called the Recipient Party. The Parties understand and agree that they will not distribute, use, or rely upon Confidential Information received from the other without the permission of the Disclosing Party.

1. **Ownership.** Except as otherwise provided in this Agreement, Confidential Information is and remains the absolute and exclusive property of the Disclosing Party and/or its affiliates, and is its unique and variable asset. Unless otherwise authorized by this Agreement, no copies of Confidential Information shall be made without the written permission of the Disclosing Party. The Parties agree that, except as otherwise provided herein, they will not directly or indirectly communicate, divulge, or otherwise disclose any of the other's Confidential Information to any unauthorized person, firm, or corporation, and shall prevent, to the best of

their ability, the unauthorized disclosure of such Confidential Information to others.

2. **Exclusions.** The following types of information shall not be considered confidential:
- (a) Information in the public domain or that becomes a part of the public domain, other than as a result of a breach of the confidentiality provisions of this Agreement;
 - (b) Information that is independently developed by either Party without the use of Confidential Information as demonstrated by the Party's records;
 - (c) Information that is disclosed by a third party whom the Recipient Party has no reason to believe is prohibited from transmitting such information by a contractual, legal, or fiduciary obligation to the Disclosing Party or owner of such information; or
 - (d) Information that is required to be disclosed by law or judicial process, provided the disclosing party gives the non-disclosing party prior notice of subpoena or request for information so that the non-disclosing party can seek a protective order, or other appropriate injunctive relief.

C. Reasonable Efforts.

The Parties agree to employ reasonable and customary business practices to protect and secure both Client Information and Confidential Information from unauthorized release or distribution and to limit access and usage of such information to those employees, officers, agents, and representatives who "need to know" in order to provide the products and services under this Agreement. The Parties further agree that those employees, officers, agents, and representatives who are privy to Client Information and/or Confidential Information shall be informed about the confidential nature of the information and required to maintain its confidentiality as provided under this Agreement.

D. Survival.

The Parties agree that the obligations contained herein shall survive the termination of this Agreement, for a period of two (2) years, or longer if required by applicable law. Nothing in this section limits or otherwise diminishes the protections afforded by applicable law to trade secrets or other proprietary information.

IX. ETHICS AND CONFLICT OF INTEREST STATEMENT

The Broker understands and agrees that Client desires to compare the cost of obtaining services or insurance products from Broker against other viable and competitive options and expects that the Broker will make its compensation agreements and revenue streams known to Client, so as to provide Client with a clear accounting of the costs of the placement of insurance services and products.

The Broker shall conduct its business so as to fulfill all legal and ethical requirements and standards of the industry and the State of California, and shall place the best interests of Client ahead of any other concerns in the placement of insurance services and products. To this end, Broker:

1. Warrants that it will adhere to its ethical obligations to Client to deliver honest, competitive, and meaningful service and advice on the placement of any insurance products, services, or coverages, and to provide access to an open, fair, and competitive insurance market place;
2. Will exercise due diligence in making a full and complete disclosure of all quotes and declinations from all markets contacted for each specific line of coverage, including the date and time of contact, and the name, address, phone number and email address of the individual contact for each market;
3. Will make every good faith attempt to avoid even the appearance of a conflict of interest between the Broker, Client, and any provider of any insurance product or service, and will promptly notify Client of any real or potential conflict of interest;
4. Agrees to provide to Client a copy of Broker's own Ethics Statement or Code, or Broker Compliance Statement, or to make such statements available on the Broker's website;
5. Will require that all insurance carriers show any commission rates on their insurance policies and ensure those rates are known to Client; and
6. As available, Broker will provide Client with premium benchmarking information to acknowledge competitiveness of Client's program.

X. INSURANCE REQUIREMENTS

A. Coverage and Limits:

During the term of this Agreement, Broker shall maintain the following insurance coverage and limits or the equivalent self-insurance coverage:

1. Professional Liability insurance with minimum limits of \$2 million per claim providing coverage for any errors and omissions which the Broker or its agents may make resulting in financial loss to Client;
2. Commercial General and Automobile Liability insurance with limits of at least \$2 million combined single limit per occurrence and in the aggregate for bodily injury and property damage. The policies are to contain, or be endorsed to contain the following provisions:
 - (a) Client, its trustees, officers, employees, and volunteers are to be covered as additional insureds with respect to liability arising out of the work or operations performed by the Broker or on behalf of

the Broker, or “any auto,” whether owned leased, hired or borrowed by the Broker.

(b) For any covered claims related to this Agreement, the Broker’s insurance coverage shall be primary insurance as respects Client, its trustees, officers, employees, or volunteers. Any insurance or self-insurance maintained by Client or any of its members shall be excess to the Broker’s insurance and shall not contribute with it.

3. Workers’ Compensation coverage in compliance with the laws of the State of California, and Employers’ Liability insurance in the amount of at least \$1 million per accident or aggregate.
4. Excess Liability of at least \$4 million per occurrence (and in the aggregate) over General Liability, Professional Liability and Auto primary coverages.

A. Carrier Rating.

All insurance carriers providing the coverages required by this section shall have a financial rating of at least an “A-” published A.M. Best, or an equivalent financial rating firm. Published reports will be used to confirm the insurance carriers’ rating, unless the BROKER has obtained the CLIENT’S written acknowledgment that an insurance carrier with a lower financial rating is permitted.

B. Certificates of Insurance/Endorsements.

Broker shall also provide to Client certificates of insurance and copies of applicable endorsements evidencing the above coverages and limits, and will maintain these coverages during the term of this Agreement.

XI. HOLD HARMLESS AND INDEMNITY

Broker agrees to hold harmless and indemnify, reimburse and defend Client at all times against any claims, costs, expense, liability, obligation, loss or damage (including reasonable legal fees and costs) of any nature, incurred by or imposed upon Client and based upon any act, error, or omission of Broker, its agents or employees, with respect to services provided or to be afforded by Broker under this Agreement, unless the act, error, or omission arises from Broker’s reliance on information provided by Client or from Broker’s following instructions from Client.

Client agrees to hold harmless and indemnify, reimburse and defend Broker at all times against any claims, cost, expense, liability, obligation, loss or damage (including reasonable legal fees and costs) of any nature, incurred by or imposed upon Broker and based upon any act, error or omission of Client, its agents or employees, under this Agreement, unless the act, error or omission arises from

Client's reliance on information provided by Broker or from Client's following instructions from Broker.

In the event that Client tenders its defense and requests that the Broker hold Client harmless, under the above indemnity provision in favor of Client, Broker shall accept such defense tender and defense of Client shall be conducted by qualified counsel selected and approved mutually by Client and Broker and paid for by Broker. In the event that Broker tenders its defense and requests that Client hold Broker harmless under the above indemnity provision in favor of Broker, Client shall accept such defense tender and the defense of Broker shall be conducted by qualified counsel selected and approved mutually by Client and Broker, and paid for by Client.

XII. NON-SOLICITATION

Broker agrees that, during the Term of this Agreement, Broker's personnel shall not purposely solicit Client Members, and their current pool Members, from Programs or lines of coverage, and on which they work or worked. Client understands and agrees that Broker has offices, staff, client's, and prospects nationwide and nothing in this paragraph shall restrict it from responding to any request for proposal, or from otherwise providing services or products when asked by a Client member, or their members after receiving permission from Client. In addition, this paragraph shall not prohibit Broker from engaging in general advertising, or marketing campaigns. Nothing in this paragraph shall be applied in a manner that violates any state or federal law or regulation.

XIII. DISPUTE RESOLUTION

Any dispute arising under the terms of this Agreement which is not resolved within a reasonable period of time by authorized representatives of the Broker and the Client shall be brought to the attention of the Chief Executive Officer (or designated representative) of the Broker and the Chair (or designee) of the Client for joint resolution. At the request of either party, the Client shall provide a forum for discussion of the disputed item(s). If resolution of the dispute through these means is pursued without success, such dispute may be submitted to final and binding arbitration, upon agreement of both parties, or either party may elect to and pursue any rights and remedies by legal action. In any dispute arising out of or under the terms of this Agreement, the prevailing party shall be entitled to recover its legal fees and costs from the other party. Any such arbitration or legal action shall be venued in Sacramento County, California unless the parties mutually agree in writing to another location.

Despite an unresolved dispute, the Broker shall continue without delay to perform its responsibilities under this Agreement. The Broker shall keep accurate records of its Services in order to document the extent of its Service under the **Scope of Services** in this Agreement.

XIV. AUTHORITY

Client and Broker each represent and warrant to the other that (i) the execution and delivery of this Agreement and their performance thereunder have been duly authorized and approved by all requisite agency and/or corporate action; and (ii) the execution, delivery, and performance of this Agreement does not violate, nor require any consent, under any law, order of any court or other agency of government, or the Articles of Incorporation or Organization or the Bylaws of Broker or Client, respectively.

XV. ENTIRE AGREEMENT AND GOVERNING LAW

This Agreement contains the entire agreement between Broker and Client. It can be amended only by a written agreement signed by both parties. If one part of this Agreement is determined to be unenforceable, the rest of the provisions of the Agreement will remain valid and enforceable. This Agreement shall be governed by the laws of the State of California without regard to any conflict of law provisions.

XVI. NON-ASSIGNABILITY

This Agreement is binding upon the Parties hereto and their respective successors by merger, sale, consolidation, or reorganization. This Agreement is otherwise personal to the Parties and cannot be assigned or delegated without prior written consent of the other Party.

XVII. DISASTER RECOVERY; CONTINUITY

Broker agrees that it has a disaster recovery plan in place that is intended to secure, and if necessary, restore information adversely affected by a security breach, force majeure or natural disaster. In addition, Broker will make commercially reasonable efforts to ensure that, at all times, it has a sufficient number of trained personnel on hand to meet its obligations under this Agreement including in the event of a force majeure, natural disaster, or pandemic.

XVIII. OWNERSHIP OF RECORDS

Any reports, documents, electronic records of any sort, or other materials produced in whole or in part under this Agreement shall be the property of Client and none shall be subject to an application for copyright by or on behalf of Broker. Broker shall provide Client with copies of all products, files, records, computations, quotations, studies and other data prepared or obtained in connection with this Agreement, which copies shall become the permanent property of the Client.

Broker will be required to maintain and store copies of the above described documents for the length of time prescribed by the laws of the State of California.

XIX. WAIVER

No provision of this Agreement shall be considered waived, unless such waiver is in writing and signed by the Party that benefits from the enforcement of such provision. No waiver of any provision in this Agreement, however, shall be deemed a waiver of a subsequent breach of such provision or a waiver of a similar provision. In addition, a waiver of any breach or a failure to enforce any term or condition of this Agreement shall not in any way affect, limit, or waive a Party's right under this Agreement at any time to enforce strict compliance thereafter with every term and condition of this Agreement.

XX. HEADINGS AND CONSTRUCTION

The Parties agree that the headings and sections of this Agreement are used for convenience only and shall not be used to interpret the provisions herein. The Parties also agree that the terms of this Agreement were jointly negotiated and each has had an opportunity to review and discuss each provision with legal counsel, to the extent desired. Therefore, the normal rule of construction that construes any ambiguities against the drafting Party shall not be employed in the interpretation of this Agreement.

XXI. NOTICES

All notices hereunder shall be given in writing and mailed, postage prepaid, by certified mail, addressed as follows:

CLIENT:

California Affiliated Risk Management Authorities
c/o Bickmore Risk Services
1750 Creekside Drive, Suite 200
Sacramento, CA 95833
Attn.: Karen Thesing, Executive Director

BROKER:

Alliant Insurance Services, Inc
100 Pine Street, 11th Floor
San Francisco, CA 94111
Attn.: Seth Cole, First Vice President

IN WITNESS WHEREOF, Client and Broker hereby execute this Agreement on _____.

CLIENT

By: *Kenneth H. Mesing*
Name
Title: *Executive Director*

Date: *8.7.12*

BROKER

By: *Michael L. Simmons*
Michael L. Simmons
Title: Vice Chairman – Public Entities

Date: *July 31, 2012*

ADMINISTRATIVE MATTERS

SUBJECT: Reaffirmation of the CARMA Conflict of Interest Code

BACKGROUND AND STATUS:

The Political Reform Act requires every local government agency to review its Conflict of Interest Code biennially to determine if it is accurate and up-to-date or, alternatively, if the Code must be amended. At this time, there are no substantive changes being recommended to the Conflict of Interest Code.

RECOMMENDATION:

The Board reaffirms the CARMA Conflict of Interest Code as presented for the 2013 and 2014 calendar years.

REFERENCE MATERIALS ATTACHED:

- Conflict of Interest Code for the 2013 and 2014 calendar years

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES
(CARMA)

CONFLICT OF INTEREST CODE

The Political Reform Act (Government Code Section 81000, et. seq.) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code of Regs. Sec. 18730) which contains the terms of the standard conflict of interest code, which can be incorporated by reference in an agency's code. After public notice and hearing it may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 Cal. Code of Regs. Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendix designating officials and employees and establishing disclosure categories, shall constitute the conflict of interest code of the **CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES**.

It has been determined that the positions listed below manage public investments and will file a statement of economic interests pursuant to Government Code Section 87200:

Treasurer
Assistant Treasurer

Designated employees shall file their statements with the **CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES** who will make the statements available for public inspection and reproduction. (Gov. Code Section 81008). Statements for all designated employees shall be retained by the agency.

APPROVED
JANUARY 11, 2013

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES
(CARMA)

APPENDIX TO THE CONFLICT OF INTEREST CODE

<u>Designated Positions</u>	<u>Disclosure Category</u>
Members and Alternates of the Board of Directors	1, 2, 3, and 4
Administrator	1, 2, 3, and 4
Litigation Manager	1, 2, 3, and 4
Risk Manager	1, 2, 3, and 4
Consultants	* * *

DISCLOSURE CATEGORIES:

Disclosure Category 1

Persons designated in this category must disclose business entities in which they have an investment, business position, or which are sources of income to them if such entities filed claims against the California Affiliated Risk Management Authorities or any of its members during the reporting period.

Disclosure Category 2

Persons designated in this category must disclose business entities in which they have an investment, business position, or which are sources of income to them if such entities are of the type in which the California Affiliated Risk Management Authorities is empowered to invest its funds.

Disclosure Category 3

Persons designated in this category must disclose business entities in which they have an investment, business position, or which are sources of income to them if such entities are of the type that contract with the California Affiliated Risk Management Authorities to supply goods, services, materials, supplies, or leased space.

Disclosure Category 4

Persons designated in this category must disclose investments and business positions in business entities and sources of income that are insurance companies, holding companies investing in insurance companies, insurance underwriting agencies, insurance brokers, or insurance agencies.

* * *Disclosure Category - Consultants

Consultants shall be included in the list of designated employees and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitations:

As to consultants, the administrator may determine in writing that a particular consultant, although a "designated position", is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements in this section. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The administrator's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code.

ADMINISTRATIVE MATTERS

SUBJECT: CARMA/GENEX Contract – Medicare Reporting Agent and Set Aside Services

BACKGROUND AND STATUS:

The current GENEX/CARMA contract will be ending on June 30, 2013.

In December 2009, Bickmore entered into a Master Preferred Contract with GENEX Services, Inc. on behalf of Bickmore and its Medicare Responsible Reporting Entity (RRE) members. In addition to Bickmore entering into a Master Preferred Contract, each of Bickmore's RRE members, including CARMA, entered into individual agreements with GENEX as their reporting agent to perform services regarding the Medicare secondary reporting.

As of July 1, 2013, Bickmore will no longer be entering into a Master Preferred Contract due to the withdrawal of a number of the Joint Power Authorities (JPAs) that will utilize their current claims third party vendor.

In evaluating CARMA's reporting agent options, renew with GENEX or issue a Request for Proposal, it is staff's recommendation to renew with GENEX. Over the last two years, GENEX has performed all data uploads, ensured system compatibility, and performed beta testing. As a result, CARMA's data is successfully being transmitted to Medicare. To change reporting agents/vendors at this juncture would cost CARMA not only duplicative staff time, including Board Counsel, but CARMA may also run the risk of interfacing errors and reporting delays if systems are not working and reporting correctly to Medicare. The proposed July 1, 2013 GENEX/CARMA contract will have the same terms and fees, which is \$12,000 annually.

If the CARMA Board chooses to renew with GENEX, the contract will be brought forward in April 2013 for approval.

RECOMMENDATION:

Renew the existing CARMA/GENEX contract, using the same terms and conditions, for the 2013-14 fiscal year.

REFERENCE MATERIALS ATTACHED:

- CARMA/GENEX Contract

AGREEMENT WITH RESPECT TO REPORTING SOFTWARE

This Agreement with Respect to Reporting Software is entered into this 1st day of January 2012, by and between GENEX Services, Inc. (“GENEX”), with its principal office at 440 E. Swedesford Road, Suite 1000, Wayne, Pennsylvania, 19087, and the California Affiliated Risk Management Authorities (“Client”) having a place of business at 1750 Creekside Oaks Drive, Suite 200, Sacramento, California, 95833.

BACKGROUND

GENEX provides Medicare secondary payor reporting services to Client. Client is, and/or provides insurance and/or services to, a Medicare Responsible Reporting Entity (“RRE”). Client has or will designate GENEX as Client’s recommended agent to assist Client to satisfy Client’s Medicare payor reporting requirements on behalf of itself. GENEX will make available to Client, directly or through an agent (“Software Agent”), software and perform services with respect to Medicare secondary reporting. Such Software will be hosted by GENEX or the Software Agent on an application server. Client desires to access such Software and to retain GENEX to perform the services provided for in this Agreement.

NOW, THEREFORE, GENEX and Client agree as follows:

1. Grant of License

Subject to the terms and conditions herein, GENEX hereby grants Client a non-exclusive, non-transferable license to (i) access and execute its or its Software Agent’s Reporting and Informatics System, including any and all iterations and/or releases, updates and/or customizations thereof and any and all related information and documentation (the “Software”) on GENEX’s or its Software Agent’s application server over the Internet, and (ii) transmit data related to Client’s use of the Software over the Internet (“License”).

2. Use and Access

- a. Subject to the restrictions on use as set forth herein, Client will have access to the Software and GENEX’s or its Software Agent’s application server for the purpose of using the Software for its intended purpose and in accordance with the specifications set forth in any documentation relating to the Software provided by GENEX or Software Agent. Such use and access will be continuous on a 24/7 basis except for interruptions by reason of maintenance or downtime beyond GENEX’s or Software Agent’s reasonable control.
- b. Client will use the Software only for its internal business operations and will not permit the Software to be used by or for the benefit of anyone other than Client. Client will not have the right to re-license or sell rights to access and/or use the Software or to transfer or assign rights to access or use the Software, except as expressly provided herein. Client may not modify, translate, reverse engineer, decompile or create derivative works based upon the Software. Client shall use the Software in a manner that complies with all applicable laws including intellectual property and copyright laws. GENEX, on behalf of itself and Software Agent, expressly reserves all rights not expressly granted to Client herein.
- c. Client shall provide GENEX with a list of all employees authorized to access Software, which list shall be updated from time to time as necessary to provide GENEX with a current list of all authorized users. Client shall ensure that all authorized Client employees are apprised of their obligations pursuant to Sections 2 and 7 of this Agreement. GENEX shall provide Client with login procedures and passwords for each

authorized user. Client shall ensure that any authorized user whose authority is terminated for any reason is no longer able to access the Software and Client shall promptly report such action to GENEX so that GENEX or Software Agent may deactivate such user's password.

- d. Client will not: (i) transmit or share identification or password codes to persons other than authorized Client employees; (ii) permit the identification or password codes to be cached in proxy servers and accessed by individuals who are not authorized users; or (iii) permit access to the Software through a single identification or password code being made available to multiple users on a network.

3. Fees and Services

- a. The parties agree that GENEX will incur maintenance costs associated with the extended term of this agreement and for such; Client will be responsible to reimburse GENEX \$1,000.00 per month for the entire extended term of this agreement.
- b. GENEX will invoice Client accordingly for these services on the schedule listed below. Payment for each lump sum is expected within 60 days following the invoice.
 - 1. July 1, 2012 – Client will be invoiced \$12,000.00 for 12 months of service.
 - 2. January 1, 2013 – Client will be invoiced \$6,000.00 for 6 months of service.
- c. Unless the Agreement is terminated under the terms provided in Section 5 below, Client is responsible for paying the monthly recurring fees for the entire duration of the Agreement.
- d. GENEX agrees to provide directly or through its designee the implementation and support services (“Services”) set forth in the attached Schedule A, which is incorporated herein by reference, and in any statement of work subsequently agreed to between the parties in writing.
- e. The Fees do not include taxes. If Client is required to pay or collect any federal, state, local, or value-added tax on any fees charged under this Agreement, or any other similar taxes or duties levied by any governmental authority, excluding taxes levied on Client's net income, then such taxes and/or duties will be billed to and paid by Client immediately upon receipt of GENEX's invoice and supporting documentation for the taxes or duties charged.

4. Technical Support

- a. As set forth more fully on Schedule A, GENEX will supply or make available through the Software Agent email support regarding the Software to the Client on a reasonable and necessary basis during normal weekday business hours, excluding legal holidays. Additionally, GENEX will, if necessary, provide, as reasonably determined by GENEX or Software Agent, reasonable support to Client through telephone, electronic and/or written correspondence.
- b. **DISASTER RECOVERY:** GENEX Services, Inc. is a nationally-based company with hardware and application systems that operate autonomously, excluding corporate (transmissions to Wayne, PA) and financial related reporting. GENEX's Disaster Recovery plan calls for restoration of network, phone and applications at a hot-site recovery center under contract with SunGard Recovery Services. The SunGard Recovery Center is located approximately 15 miles from our production data center and is on a different segment of the Northeast Power Grid. It has its own power generation facilities.

GENEX has contracted with our network and long-distance carriers to provide redundant circuits to the Recovery Center. All network and long-distance phone traffic can be switched over to the Center with short notice. The Recovery Center provides stand-by network and server equipment sufficient to re-establish all business operations

GENEX's corporate data center is a secured facility protected by an internal Uninterruptible Power Supply (UPS) and an external diesel generator. Tape backups of all GENEX's production systems are sent off-site daily to Vital Records Inc., a secure off-site data protection vendor. We also maintain multiple DS3 circuits for voice and data, and these connect to our carriers via Sonet Ring. This network topology ensures that any loss from a local cable cut is avoided.

In the event of a disaster in any GENEX location, the GENEX ISS department would implement the following Disaster Recovery Action Plan, simultaneously where applicable. This process follows GENEX Management's disaster declaration.

1. Contact SunGard Recovery Services to declare a disaster, and determine the appropriate recovery location. The Primary Location is the SunGard Mega Center in Philadelphia. All hardware (voice, network and PC) under contract with SUNARD would be activated at the primary location or sent via SunGard to an alternate recovery location.
2. Contact the GENEX Long Distance Provider and invoke our contracted 800/888 Disaster Recovery Tree, re-pointing all relevant 800/888 GENEX office Telecommunication services to SunGard or the Wayne Data Center as the event dictates.
3. Contact Vital Records Inc. Priority ship the affected GENEX office backup tape(s) to SunGard or the Wayne Data Center.

The ISS Disaster Recovery Team would be notified so that they could arrange travel and lodging for the support team. The support team would be working on office recovery or staffing the recovery command center at SunGard.

GENEX employees from the affected location would travel to the specified SunGard location or an alternate recovery location during the disaster recovery event. In the event the GENEX Operations employees at the affected GENEX office were directly impacted by the disaster, employees from the recovery office supplemented by employees from other offices would be used to support customer services for that GENEX office. GENEX Human Resources department would assist in the notification process to those employees.

5. Term and Termination

- a. The initial term of this Agreement will effectively end on December 31, 2011. GENEX and CARMA mutually agree to renew and extend the agreed upon and amended terms for 18 months, beginning January 1, 2012. Thereafter this Agreement may be renewed for successive one (1) year periods upon the mutual consent of both parties.
- b. Either party may terminate this Agreement for material breach, provided, however, that the terminating party has given the other party at least thirty (30) days prior written notice of and the opportunity to cure the breach. Termination for breach will not preclude the terminating party from exercising any other remedies for breach.
- c. GENEX shall have the right to immediately terminate this Agreement upon written notice if Client becomes insolvent, makes a general assignment for the benefit of creditors, suffers or permits the appointment of a receiver for its business or assets, becomes

- subject to any proceeding under bankruptcy or insolvency whether domestic, foreign, or has been liquidated voluntarily or otherwise.
- d. In addition to any other remedy available to it, GENEX may, in its sole discretion, suspend access to the Software in the event any payment due and owing by Client pursuant to Schedule A is delinquent by more than sixty (60) days.
 - e. Client may terminate this Agreement upon thirty (30) days' written notice to GENEX that it is no longer an RRE and/or that it no longer has RRE members.

6. Ownership of Intellectual Property

- a. Title to any proprietary rights in the Software or GENEX's or Software Agent's web site will remain in and be the sole and exclusive property of GENEX or Software Agent, as applicable. Client will be the owner of all content created and posted by Client.
- b. Any and all trademarks, tradenames, logos or service marks used by GENEX or Software Agent on or in connection with the Software are the sole and exclusive property of GENEX or Software Agent, as applicable.

7. Confidentiality

- a. The Software and other data on GENEX's or Software Agent's application server embodies logic, design and coding methodology that constitute valuable confidential information that is proprietary to GENEX or Software Agent, as applicable. Client will safeguard the right to access the Software and other software installed on GENEX's or Software Agent's application server using the same standard of care that Client uses for its own confidential materials.
- b. All data pertaining to a Client disclosed to GENEX or Software Agent in connection with the performance of this Agreement and residing on GENEX's or Software Agent's application server will be held as confidential by GENEX and Software Agent and will not, without the prior written consent of Client, be disclosed or be used for any purposes other than the performance of this Agreement. GENEX and Software Agent will safeguard the confidentiality of such data using the same standard of care that each of GENEX and Software Agent use for its own confidential materials.
- c. The obligations set forth in Section 7(b) above do not apply to data that: (i) is or becomes, through no act or failure to act on the part of GENEX or Software Agent, generally known or available; (ii) is known by GENEX or Software Agent to not be confidential at the time of receiving such information as evidenced by its written records; (iii) is hereafter furnished to GENEX or Software Agent by a third party, as a matter of right and without restriction on disclosure; (iv) is independently developed by GENEX or Software Agent as evidenced by its written and dated records and without any breach of this Agreement; or (v) is the subject of a written permission to disclose provided by the Client. Further notwithstanding the forgoing, disclosure of data will not be precluded if such disclosure: (i) is in response to a valid order of a court or other governmental body of the United States; (ii) is otherwise required by law; or (iii) is otherwise necessary to establish rights or enforce obligations under this Agreement, but only to the extent that any such disclosure is required.
- d. GENEX, on behalf of itself and Software Agent, reserves the right to collect and use Client-generated data in anonymous form for the purposes of benchmarking, development of best practices and other research and statistical purposes. To the extent that Client's data is incorporated into industry-level reports, GENEX or Software Agent may disclose such data, in non person-specific or organization-specific form, to third parties without reimbursement or notification to Client.

8. Software Warranties and Disclaimer

- a. GENEX represents and warrants that it provides a valid license or sub-license through Software Agent to the Software provided hereunder, free and clear of all liens and encumbrances. GENEX further represents and warrants that none of the intellectual property furnished by GENEX hereunder will infringe: (i) any copyrights, trademarks, service marks, or trade names of any third party arising or enforceable under the laws of the United States, or (ii) any existing patents of any third party arising or enforceable under the laws of the United States.
- b. Client must report any material deficiencies in the Software to GENEX in writing within thirty (30) days of Client's discovery of the defect. Failure to notify GENEX within such thirty (30) day period shall be deemed to be an acceptance by Client as to that particular defect. Client's exclusive remedy for the breach of this warranty will be for GENEX to provide access to replacement Software within a commercially reasonable time that shall be no longer than forty-five (45) days after GENEX's receipt of notice of such deficiency and defect.
- c. THE WARRANTY PROVIDED BY GENEX IN SECTIONS 8(a)-(b) ABOVE IS EXCLUSIVE AND IS IN LIEU OF ALL OTHER WARRANTIES, WHETHER EXPRESS OR IMPLIED, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE AND ANY ORAL OR WRITTEN REPRESENTATIONS, PROPOSALS OR STATEMENTS MADE ON OR PRIOR TO THE EFFECTIVE DATE OF THIS AGREEMENT. CLIENT EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES TO THE EXTENT PERMITTED BY LAW. This disclaimer shall not limit the indemnification obligations set forth in Paragraph 9, *infra*.
- d. Client represents and warrants that it will not knowingly introduce a virus or disabling code (*e.g.*, any worm, trap door, back door, timer, clock, counter, or other limiting routine, instruction, or design that would erase data or programming) or knowingly allow a virus or disabling code to be introduced into the Software. Client will maintain the anti-virus software, updated with the most recent commercially available virus definitions, on all networks, computers, handhelds and other hardware through which it accesses and uses Software via the Internet. If a virus or disabling code is found to have been introduced into the Software through Client, then the party discovering such virus or disabling code shall promptly notify the other party in writing. Client shall take all commercially reasonable efforts to assist GENEX and Software Agent in eradicating any virus or disabling code introduced by the Client and reversing its effects and, if the virus or disabling code causes a loss of data or operational efficiency, to assist GENEX and Software Agent, at no expense, in mitigating and reversing such losses.

9. Limitation of Liability; Indemnification

- a. Except as set forth herein, neither party will be liable to the other for special, indirect or consequential damages incurred or suffered by the other arising as a result of or related to the use of the Software, whether in contract, tort or otherwise, even if the other has been advised of the possibility of such loss or damages. Client's and GENEX's total liability under this Agreement with respect to the Software, regardless of cause or theory of recovery, will not exceed the total amount of fees paid by the Client to GENEX during the twelve-month period immediately preceding the occurrence or act or omission giving rise to the claim.
- b. Notwithstanding Section 9a. above, Client shall indemnify and hold GENEX and its officers, directors, employees, agents (including Software Agent), successors and assigns harmless against any claims, demands, proceedings, damages, cost, penalties, fines, charges and expenses, including reasonable attorneys' fees ("Losses") arising from (i)

Client's breach of any representation, warranty or covenant hereunder or failure to perform its obligations hereunder; (ii) Client violating any federal or state law, regulation, statute or ordinance in connection with the use of Software; and/or (iii) Client failure to comply with the confidentiality obligations hereunder.

- c. Notwithstanding Section 9a. above, GENEX shall defend, indemnify and hold Client and its RRE members, and their officers, directors, employees, agents, successors and assigns, harmless from and against all Losses incurred by Client and/or its RRE members arising from (i) the use of Software (including, without limitation, arising out of the violation of any third party's trade secrets, trademarks, copyright, patent rights or other proprietary rights in connection with the Client's authorized use of the Software), (ii) GENEX's breach of any representation, warranty or covenant hereunder or failure to perform its obligations hereunder (iii) GENEX or Software Agent violating any federal or state law, regulation, statute or ordinance, and/or (iv) GENEX's or Software Agent's failure to comply with the confidentiality obligations hereunder. In the event that the Software becomes the subject of a suit, action or claim of infringement and its use is or may be enjoined, GENEX shall, at its option and subject to Client's approval, which approval may not be unreasonably withheld: (i) modify Software so that it is non-infringing and functionally equivalent; (ii) obtain for Client sufficient rights to allow Client to use the infringing Software as contemplated hereunder; or (iii) substitute non-infringing software acceptable to Client and substantially similar to Software, with the cost of any modifications to Client interfaces borne by GENEX; or (iv) in the event GENEX is unable to provide any of the remedies described in subsections (i) through (iii) above, terminate the Agreement and provide Client with a refund of any subscription and set-up Fees and any pre-paid Fees. Any replacement software shall be subject to all of the warranty and other terms and conditions of this Agreement, including, without limitation, the foregoing indemnification provisions. The foregoing indemnification provision shall not apply in the event the infringement arises directly from (a) written direction or specification from Client that is infringing; (b) modifications to the Software made by Client without the written approval of GENEX or Software Agent and without which such infringement would not have occurred; or (c) unauthorized use of the Software in combination with other software or hardware not provided or approved by GENEX or Software Agent in writing, provided that such infringement would not have occurred but for such combination.
- d. Notwithstanding the above, the parties agree that any Losses assessed or imposed by any third party, including any federal agency, for failure of reporting and/or failure of timely reporting by GENEX shall be the sole responsibility of GENEX unless that failure was caused by Client's failure timely to report accurate information to GENEX.
- e. Each party shall, at its sole cost and expense, procure and maintain such policies of comprehensive general liability, professional liability and such other insurance with such coverages as may be required to insure such party and its officers, directors, shareholders, managers, members, agents and employees in connection with the performance of or compliance with such party's promises, duties and obligations hereunder, including, without limitation, liability, loss or damage arising by reason of acts or omissions of such party, its officers, directors, shareholders, managers, members, agents or employees. Evidence of such insurance shall be furnished to the other party upon written request.

10. Relation of Parties

Nothing in this Agreement will create or imply an agency relationship between the parties, nor will this Agreement be deemed to constitute a joint venture or partnership between the parties. Software Agent shall be a third party beneficiary of Client's obligations with respect to Software Agent hereunder.

11. Non-assignment

This Agreement may not be assigned by either party without the prior written approval of GENEX, which consent may not be unreasonably withheld, but may be assigned by either party to (i) a parent or subsidiary, (ii) an acquirer of all or substantially all of such party's assets involved in the operations relevant to this Agreement, or (iii) a successor by merger or other combination. Any purported assignment in violation of this Section will be void.

12. Governing Law

This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of California, without regard to principles of conflicts of laws.

13. Arbitration

Except with respect to claims or controversies concerning Sections 2 and Section 7 above, any dispute arising under this Agreement will be subject to binding arbitration by a single Arbitrator with the American Arbitration Association (AAA), in accordance with its relevant industry rules, if any. The parties agree that this Agreement will be governed by and construed and interpreted in accordance with the laws of the State of California. The Arbitrator will have the authority to grant injunctive relief and specific performance to enforce the terms of this Agreement. Judgment on any award rendered by the Arbitrator may be entered in any Court of competent jurisdiction.

14. Equitable Remedies

Client hereby acknowledges that irreparable damage may occur if there is a violation of Sections 2 and/or Section 7 above, and that GENEX's and Software Agent's remedies at law may be inadequate, if any term or provision hereof concerning same were not performed or observed strictly in accordance herewith. GENEX and/or Software Agent may, in addition to any other remedy available to it at law or under this Agreement, obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction, or any other equitable remedy that may then be available to it.

GENEX hereby acknowledges that irreparable damage may occur to Client if there is a violation of Section 7 above, and that the remedies at law for Client may be inadequate, if any term or provision hereof concerning same were not performed or observed strictly in accordance herewith. Client may, in addition to any other remedy available to it at law or under this Agreement, obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction, or any other equitable remedy that may then be available to it.

15. Notice

All notices, requests, demands, and other communications required or permitted hereunder shall be in writing and shall be deemed to have been received by a party (i) when actually received in the case of hand delivery against a signed receipt; (ii) two (2) business days after being given to a reputable governing courier with a reliable system for tracking delivery, e.g., United Parcel Service or Federal Express; or (iii) upon receipt, when mailed by United States mail, registered or certified mail, return receipt requested, postage prepaid.

For purposes of this Agreement, the contact information of the parties is as follows:

If to Client: **California Affiliated Risk Management Authorities**
1750 Creekside Oaks Drive, Suite 200
Sacramento, California 95833
Attn: Karen Thesing

If to GENEX: **GENEX Services, Inc.**
440 East Swedesford Road, Suite 1000
Wayne, Pennsylvania 19087
Attention: Ron Skrocki

16. Non-Solicitation

- a. During the term of this Agreement and for a period of one year thereafter, Client will not, directly or indirectly: (i) solicit for employment or for performance of any services any person employed by GENEX or Software Agent; or (ii) hire or engage for any services any person employed by GENEX or Software Agent.
- b. During the term of this Agreement and for a period of one year thereafter, GENEX will not, directly or indirectly: (i) solicit for employment or for performance of any services any person employed by Client; or (ii) hire or engage for any services any person employed by Client.

17. Attorneys' Fees

If any litigation or arbitration is necessary to enforce the terms of this Agreement, the prevailing party will be entitled to reasonable attorneys' fees and costs.

18. Severability

If any term of this Agreement is found to be unenforceable or contrary to law, it will be modified to the least extent necessary to make it enforceable, and the remaining portions of this Agreement will remain in full force and effect.

19. Force Majeure

Neither party shall be considered in default in the performance of any obligation hereunder to the extent that performance of such obligation is prevented or delayed by a Force Majeure Event, which is defined to include a fire, flood, explosion, strike, war, insurrection, embargo, government requirement, act of civil or military authority, act of God, or any similar event, occurrence or condition which is not caused, in whole or in part, by that party, and which is beyond the reasonable control of that party. The parties shall take all reasonable action to minimize the effects of a Force Majeure Event.

20. Waiver and Modification

The waiver by any party of any breach of covenant will not be construed to be a waiver of any succeeding breach or any other covenant. All waivers must be in writing, and signed by the party waiving its rights. This Agreement may be modified only by a written instrument executed by authorized representatives of the parties hereto.

21. References; Headings

All references herein to Sections shall be deemed to be references to the appropriate Section of this Agreement. The Section headings used herein are inserted for convenience or reference only

and are not intended to be a part of or to affect the meaning or interpretation of this Agreement. All words of any gender used herein shall be deemed to include the masculine, feminine and neuter, and words used in the singular shall include the plural and vice versa, all as the context hereof may require.

22. Further Actions

Each party will take such further actions as required to ensure that the obligations assumed in the Agreement are fulfilled.

23. Survival

Any Sections of this Agreement which logically should survive the expiration or termination of the Agreement shall survive, including, but not limited to, Sections 7, 8 and 9.

24. Counterparts

This Agreement may be executed in counterparts, each of which when executed shall be deemed to be an original, and taken together shall constitute one and the same instrument.

25. Entire Agreement

This Agreement, together with all Schedules and Exhibits attached hereto, constitutes the entire agreement between the parties with respect to its subject matter, and supersedes all prior agreements, proposals, negotiations, representations or communications relating to the subject matter. Both parties acknowledge that they have not been induced to enter into this Agreement by any representations or promises not specifically stated herein.

IN WITNESS WHEREOF, intending to be legally bound, the parties have executed this Agreement with Respect to Reporting Software by their duly authorized representatives.

GENEX SERVICES, INC

**CALIFORNIA AFFILIATED RISK
MANAGEMENT AUTHORITIES**

By: 

Name: Paul Neff

Title: Vice President –National Sales

By: 

Name: Karen Thesing

Title: Executive Director - CARMA

SCHEDULE A

MSA Medicare Set-Aside Services

Recommendation for Medicare Set-Aside Submission	\$175
<ul style="list-style-type: none">• Verification of Social Security and Medicare entitlement status• Written opinion on whether the case is appropriate for submission to CMS	
Medicare Set-Aside Cost Projection	\$2500
Standard:	
<ul style="list-style-type: none">• Status determination• Medicare Set-Aside recommendation• Cost projection of Medicare covered costs• Recommendation for frequency and amount of periodic payments when structured settlement is being utilized• Determine life expectancy or rated age• Medicare conditional payment claim identification	
Medicare Set-Aside Cost Projection	\$2700
Complex:	
<ul style="list-style-type: none">• Traumatic brain Injury• Spinal Cord injury• Burns• Amputations, crush injuries, RSD• Chemical Exposures, Co- Morbidities impacting recovery	
Complete Cost Projection with Medicare Set-Aside Cost Projection	\$3300
Includes:	
<ul style="list-style-type: none">• All aspects of the Medicare Set-Aside Cost Projection plus cost projection• of non Medicare covered costs over the life expectancy.	
Complete Cost Projection with Medicare Set-Aside Cost Projection with Medicare Set-Aside Cost Projection	\$3400
Complex:	
<ul style="list-style-type: none">• Traumatic Brain Injury• Spinal Cord Injury, Burns, Amputations• Crush Injuries, RSD• Chemical Exposures, Co-Morbidities impacting recovery	
Medicare Set-Aside Submission	\$1000
(must be combined with either a Medicare cost projection or a complete cost projection)	
Includes:	
<ul style="list-style-type: none">• Recommendation regarding need for MSA Proposal submission and approval• Social Security and Medicare status determination• Medicare conditional payment claim identification• Recommendation for frequency and amount of periodic payments when structured settlement is being utilized• Projection of Medicare allowable costs• Completion of Medicare Proposal• Submission of Proposal to Medicare• Follow-up with Medicare and negotiation until approval is obtained	

Liability MSA Services

Liability Cost Projection- no submission	\$1200
Liability Medicare Set-Aside Cost Projection	\$2500
Submission of Liability MSA	\$1000
Additional Services	
<ul style="list-style-type: none">• Comprehensive Drug Utilization Review• Conditional Lien Search• Conditional Lien Disputes	\$600 Free \$275-flat 3 hrs \$125/hr thereafter \$600
<ul style="list-style-type: none">• Rush Turn Around of the Cost Projection<ul style="list-style-type: none">○ Less than 3 business Days○ 4-7 business days	\$500 \$125/hr (only
<ul style="list-style-type: none">• Projection Update applies 3 months after original projection completion)• Field Case Management• Peer to Peer Review/Peer Review upon specialty• Structured Annuity Services	\$ 89/hr \$250-500 depending \$ rates contingent upon settlement

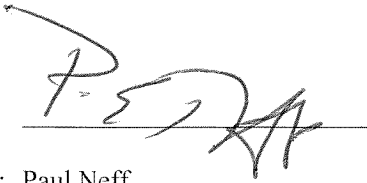
This Agreement with Respect to Reporting Software is amended, accepted as-is, and entered into this 15th day of January, 2012, ~~2011~~, by and between GENEX Services, Inc. ("GENEX"), with its principal office at 440 E. Swedesford Road, Suite 1000, Wayne, Pennsylvania 19087, and California Affiliated Risk Management Authorities ("Client") having a place of business at 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

IN WITNESS WHEREOF, intending to be legally bound, the parties have executed this Agreement with Respect to Reporting Software by their duly authorized representatives.

GENEX SERVICES, INC

**CALIFORNIA AFFILIATED RISK
MANAGEMENT AUTHORITIES**

By:



Name: Paul Neff

Title: Vice President –National Sales

By:



Name: Karen Thesing

Title: Executive Director - CARMA

ADMINISTRATIVE MATTERS

SUBJECT: Resolution of Appreciation for Honorable Service of Ramona Buchanan to CARMA

Ms. Ramona Buchanan served CARMA as its Board Secretary for one and a half years. This time is reserved for the Board to formally express its appreciation of Ms. Ramona Buchanan's dedicated service and contributions to CARMA.

RECOMMENDATION:

The Board approves the Resolution of Honorable Appreciation of Service for Board Secretary Ms. Ramona Buchanan.

REFERENCE MATERIALS ATTACHED:

- Resolution No. 03 2012-2013 Expressing Appreciation for the Honorable Service of Ms. Ramona Buchanan to CARMA.

RESOLUTION NO. 3-2012/2013

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES
EXPRESSING APPRECIATION FOR THE HONORABLE SERVICE OF
RAMONA BUCHANAN FOR CARMA**

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

WHEREAS, Ms. Buchanan served as Board Secretary during the period of January 14, 2011, through July 30, 2012, to the CARMA Board of Directors, and

WHEREAS, the CARMA Board of Directors wishes to extend our utmost appreciation for the work Ms. Buchanan has done to make the Authority run efficiently for its members and offer our sincere best wishes in her new endeavors, and

WHEREAS, we, as members of CARMA, are making a permanent record of its appreciation and respect for Ms. Buchanan's dedication and service.

NOW, THEREFORE, IT IS RESOLVED, on this 11th day of January 2013, that the members of the CARMA Board of Directors commend Ms. Buchanan for contributions to the organization as Board Secretary, and express gratitude for all her efforts on their behalf.

AYES _____
NOES _____
ABSTAIN _____
ABSENT _____

PRESIDENT, BOARD OF DIRECTORS

ATTEST:

ADMINISTRATOR

ADMINISTRATIVE MATTERS

SUBJECT: Resolution of Appreciation for Honorable Service of Karen Thesing to CARMA

As the Executive Director to CARMA, Ms. Karen Thesing has served for three years. This time is reserved for the Board to formally express its appreciation of Ms. Karen Thesing's dedicated service and contributions to CARMA.

RECOMMENDATION:

The Board approves the Resolution of Honorable Appreciation of Service for Executive Director Ms. Karen Thesing.

REFERENCE MATERIALS ATTACHED:

- Resolution No. 04 2012-2013 Expressing Appreciation for the Honorable Service of Ms. Karen Thesing to CARMA.

RESOLUTION NO. 4-2012/2013

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES
EXPRESSING APPRECIATION FOR THE HONORABLE SERVICE OF
KAREN THESING FOR CARMA**

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

WHEREAS, Ms. Thesing acknowledged for her exceptional leadership as the Executive Director during the period of September 11, 2009, through December 31, 2012, to the CARMA Board of Directors, and

WHEREAS, Ms. Thesing is known for her advanced preparation, promoting discussion of issues from all view points, and her commitment to sound decision-making.

WHEREAS, we, as members of CARMA, are making a permanent record of its appreciation and respect for Ms. Thesing's dedication and service.

NOW, THEREFORE, IT IS RESOLVED, on this 11th day of January 2013, that the members of the CARMA Board of Directors commend Ms. Thesing for contributions to the organization as Executive Director, and express gratitude for all her efforts on their behalf.

AYES _____
NOES _____
ABSTAIN _____
ABSENT _____

PRESIDENT, BOARD OF DIRECTORS

ATTEST:

ADMINISTRATOR

ADMINISTRATIVE MATTERS

SUBJECT: Commercial Marketing Strategy

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 2013/2014 program year. Mr. Cole will be present at the meeting to discuss this strategy, as well as answer questions from the Board.

RECOMMENDATION:

None, information only.

REFERENCE MATERIALS ATTACHED:

- CARMA 2013/2014 Marketing Report dated December 21, 2012

December 21, 2012

Rob Kramer, JD, MBA, ARM

President, Program Administration

Bickmore

1750 Creekside Oaks Drive, Suite 200

Sacramento, CA 95833

CARMA 2013/2014 Marketing Report

Dear Rob:

CARMA's excess liability program renews in July, and although much can happen in six months, the purpose of this letter is to provide you and the CARMA Board our thoughts on the insurance market and our renewal marketing strategy for the 2013/2014 coverage year. Alliant looks forward to reviewing our renewal strategy and receiving feedback at the upcoming meeting on January 11th.

In general, the commercial insurance market is firming across *all lines* of coverage, with more pronounced increases expected with both property and workers' compensation. The full impact of Hurricane Sandy on the commercial insurance market is still largely unknown, but it is not expected cross over to the casualty lines of insurance. According to the recent report, "Liability and Tort Trends: Trouble Around the Corner?" the tort environment is expected to worsen for the defense bar, with adverse loss frequency and severity trends likely emerging for insurers. This could lead to upward pressure on liability rates in coming years.

When thinking about the CARMA renewal, it's important to remind ourselves why reinsurance and excess liability protection is critical to the financial health of an organization. While the City of Walnut Creek verdict (\$28M) is close to home, the following is a list of other Public Entity Verdicts/Settlements that illustrate the need for adequate protection.

- Dangerous conditions street design-City of Dana Point-\$50M
- Police mistreatment class action lawsuit-City of Chicago-\$15.5M
- Negligent maintenance of building –Jones vs. City of Seattle-\$12.7M
- Premises Liability-Seschenes vs. City of Waterbury-\$8M
- Southern California Landslide Subsidence Residential Property Damage claim-\$6.3M
- Motor Vehicle-Abala vs. City of Los Angeles-\$7.3M
- Wrongful Death-Cobige vs. City of Chicago-\$5M
- Dangerous condition and Failure to Warn-Kevin Brown vs. USA (Kentucky) -\$5M

While we don't expect anything extraordinary to happen with CARMA's current program, it is expected rates will increase in the single digits, barring any major losses or industry changing events.

Currently, AmTrust provides the first \$10M in limits excess of the CARMA pooled layer. For the 2012/13 coverage year, coverage was renewed with AmTrust at a 2.5% overall increase for the reinsurance layer. This was CARMA's second renewal with AmTrust.

Based on discussions with Program Administration staff our recommendation for the 2013/2014 coverage year is to stay the course and have early discussions with AmTrust to determine if they anticipate any changes to the current program, and if nothing significant is expected, to renew the program with AmTrust. If they advise us that they will be requesting significant changes in the current program's terms or conditions, we recommend marketing CARMA to just a select few insurers, including Starr Indemnity, Houston Casualty and CivicRisk.

Colony has been your carrier above this layer for the past nine years. This Second Excess Layer should always be marketed and has been regularly. Colony's pricing has been competitive each year as a result of our marketing efforts. Colony provides \$15M in limits excess of AmTrust. We will monitor this layer as we get closer to the renewal but expect continuity in pricing through a variety of potential markets.

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

Sincerely,



Seth A. Cole, ARM
First Vice President

scole@alliantinsurance.com

cc: Michael Simmons, Alliant Insurance Services

FINANCIAL MATTERS

SUBJECT: Review of CARMA Investment Policy

BACKGROUND AND STATUS:

The CARMA Investment Policy was last amended at the September 9, 2011, Board of Directors meeting. Mr. Carlos Oblites, Senior Managing Consultant with Public Financial Management, Inc. (PFM), and Ms. Nancy Broadhurst, Finance Manager, have reviewed the policy and are recommending the changes outlined in Mr. Oblites' memo, and found in the red-lined strike-out version of the Policy.

Mr. Carlos Oblites will be in attendance to guide the Board through the suggested changes.

RECOMMENDATION:

The Board of Directors approves 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

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Suite 2300
San Francisco, CA 94111

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

December 19, 2012

Memorandum

To: Nancy Broadhurst, *Manager, Finance & Accounting Services*
Bickmore

From: Carlos Oblites, Senior Managing Consultant
PFM Asset Management LLC

Re: California Affiliated Risk Management Authorities Investment Policy Review

We have completed our review of the Authority's Investment Policy. The Policy is robust and continues to be in compliance with California Government Code sections governing the investment of public funds. We have, however, recommendations we believe will enhance the clarity and effectiveness of the Policy.

I. Delegation of Authority

We added a statement allowing the Authority to choose to delegate investment decision making to an investment advisor.

II. Ethics and Conflicts of Interest

We added a section addressing Ethics and Conflicts of Interest. The Authority's Policy did not address these issues in the past. This language is designed to help protect the Authority should any conflicts arise.

III. Qualified Financial Dealers and Institutions

The Policy did not have a section on qualified financial dealers and institutions so we added one to make sure the Authority only utilizes proper dealers. We also added that if the Authority utilizes an investment advisor, the investment advisor may use its own list of authorized broker/dealers on behalf of the Authority. Finally, we moved the trade bidding requirement to this section from the "Other Limitations" section.

IV. Safekeeping

We expanded the section on Safekeeping to clarify the policy. The policy also now notes that the Authority should be using a delivery versus payment procedure, which is considered to be a "best practice."

V. Allowable Investment Instruments

We moved the sentence at the end pertaining to credit criteria and maximum percentages being calculated at purchase to the front of this section. This makes it clearer that this



statement applies to all of the Permitted Investments and not just the California Asset Management Program which it had previously been listed under. We also added a sentence that no more than 5% of the portfolio can be invested in any non-governmental issuer other than investment pools. This is a prudent guideline that can protect the Authority if any particular issuer experiences financial difficulties. Similar language was therefore removed from individual sector bullets.

Finally, we updated the language of negotiable certificates of deposit in accordance with changes in California Government Code.

VI. Glossary

We changed the title of Appendix A “Explanation of Allowable Instruments” to “Glossary.” The Glossary still includes all of the allowable instruments, but it also includes key financial terms that appear in the Investment Policy. This can help the Policy be more understandable to anybody that reads it, including people without financial backgrounds.

I will contact you in the coming days to answer any questions you may have.

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES
INVESTMENT POLICY

~~December~~[September 9##, 2011](#)~~2012~~

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 priorities:

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

[Approved by the CARMA Board of Directors](#)
~~December~~[September #9, 2012](#)

Standard which states, in essence, that "a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. " 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.~~Securities shall be held in third party custody, in the Authority's name and control.~~

POLICY REVISION

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

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.

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. ~~No more than 10 percent of the Authority's investment portfolio may be invested in the Banker's Acceptances of any one commercial bank.~~ The sum of investments in certificates of deposit, commercial paper, and bankers acceptances in any one institution shall not exceed 20.5 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. ~~No more than 15 percent of the Authority's investment portfolio may be invested in a medium term note of any one corporation.~~

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; ~~issued by a nationally or state-chartered bank or a state or federal savings and loan association or by a 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

~~Credit criteria and maximum percentages listed in this section are calculated at the time the security is purchased.~~

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.

~~C. Purchase and sale of securities should be made on the basis of competitive offers and bids.~~

Appendix A
Explanation of Allowable InstrumentsGlossary

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.~~

~~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.

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~~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.~~

~~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.~~

~~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.~~

~~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.~~

~~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.

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~~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.~~

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~~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.~~

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:

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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, Mr. Carlos Oblites, Public Financial Management, Inc. will be in attendance to provide the Board with a review of the CARMA portfolio and to provide an update on the current market conditions.

RECOMMENDATION:

None, information only.

REFERENCE MATERIALS ATTACHED:

None

FINANCIAL MATTERS

SUBJECT: Return of Equity to Withdrawn or Terminated Members

BACKGROUND AND STATUS:

PERMA withdrew from CARMA on July 1, 1998, and continued to pay administrative costs through the 2002/2003 program year.

Program years 1993/1994 through 1995/1996 were closed in 2006, and at that time, PERMA received its allocated share of equity for those program years. In addition, they received their allocated share of equity at the 80% confidence level for the following two years in which they had been a member, 1996/1997 and 1997/1998. On June 30, 2011, these years were closed and the equity was applied to the 2004/2005 program year. PERMA's allocated share of equity for those two program years is \$1,318. As the equity is attributed to years that are closed, and are now respectively fifteen and fourteen years old, it seems prudent to return these funds to them at this time.

RECOMMENDATION:

The Board approves the return of PERMA's allocated share in the amount of \$1,318.

REFERENCE MATERIALS ATTACHED:

- Letter to Scott Ellerbrock of PERMA dated October 29, 2012

CARMA

A California Public Agency

California Affiliated Risk Management Authorities
1750 Creekside Oaks Drive, Suite 200
Sacramento, CA 95833
(800) 541-4591 ~ FAX (916) 244-1198
Email KThesing@brsrisk.com

October 29, 2012

Mr. Scott Ellerbrock
General Manager
PERMA
36-951 Cook Street, Suite 101
Palm Desert, CA 92211

RE: PERMA's Fund Balance in CARMA

Dear Scott,

As you will recall, CARMA returned the majority of PERMA's equity in the CARMA program as of June 30, 2006 in the amount of \$1,018,657. This amount was distributed on September 20, 2006.

Beginning with the internal financial statements on December 31, 2010, CARMA changed the methodology by which its equity was allocated to its members. The result of this change was favorable for PERMA. CARMA's equity allocated to PERMA totaled a deficit balance of \$13,000 on December 31, 2010 as a result of this equity reallocation in comparison to its deficit balance of \$100,310 when reported to you as of June 30, 2010.

On June 30, 2011, CARMA's Board closed program years 1996/97 through 2000/01 and applied each member's share of CARMA's equity to the 2004/05 program year. I have enclosed the detail of this program year closure as well as CARMA's Member's Allocation of Pool Equity of June 30, 2012. The detail of PERMA's balance in the two remaining program years in which PERMA participated is as follows:

- 1996/97 - PERMA's equity in this year reflects a positive balance of \$53,065 as compared to the balance of \$17,047 when last reported, due to the change in equity allocation methodology;
- 1997/98 - Equity had previously been returned to PERMA at the 80% confidence level fund balance, as there was one remaining open claim that was not expected to develop. Unfortunately, that one open claim continued to develop, and PERMA now has negative equity for this program year in the amount of \$51,747 as compared to the negative equity balance of \$117,357 when last reported, again due to the change in equity allocation methodology.

Therefore, PERMA's net equity in the CARMA program is currently a positive balance of \$1,318.

Scott, even though the equity in these two program years has been transferred to a program year which is not yet closed, I will propose a return of equity to you in the amount of \$1,318 when the Board next meets. This will satisfy CARMA's final obligation to PERMA.

Please contact me with questions or concerns.

Best regards,



Karen L. Thesing ARM, CARMA Executive Director

cc: Geoff Grote
Jake O'Malley
Nancy Broadhurst

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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 Litigation Manager's Report dated December 11, 2012, was mailed under separate cover with the agenda packet and will be collected at the meeting.

Agenda Item 9.A.