

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

BOARD OF DIRECTORS

AGENDA

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

**Friday, January 13, 2012
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 Sandra Spiess at (916) 244-1182, 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.

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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.	
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<ul style="list-style-type: none"> *F. CARMA/GENEX Contract – Medicare Reporting Agent and Set-Aside Services <i>Recommendation: Approval of Consent Calendar.</i> 	45
6. ANNUAL WORKSHOP RECAP	
<ul style="list-style-type: none"> *A. Establishment of Goals and Objectives <i>Recommendation: The Board of Directors adopts the 2012 Goals and Objectives.</i> 	58
7. ADMINISTRATIVE MATTERS	
<ul style="list-style-type: none"> *A. Reaffirmation of the CARMA Conflict of Interest Code <i>Recommendation: The Board reaffirms the CARMA Conflict of Interest Code as presented for the 2012 and 2013 calendar years.</i> 	59
<ul style="list-style-type: none"> *B. Agreement between CARMA and Alliant Insurance Services, Inc. for Insurance Brokerage and Consulting Services <i>Recommendation: Provide direction for staff to re-negotiate the agreement between CARMA and Alliant Insurance Services, Inc., or to begin the Request for Proposal process for brokerage services.</i> 	63
<ul style="list-style-type: none"> *C. Agreement between CARMA and Bickmore Risk Services (BRS) for Administration, Litigation Management, and Financial Services <i>Recommendation: The Board of Directors appoints an ad hoc committee to negotiate the agreement between CARMA and Bickmore Risk Services, or begins the Request for Proposal process for Administration Services.</i> 	73
8. FINANCIAL MATTERS	
<ul style="list-style-type: none"> A. California Asset Management Program Portfolio Review <i>Recommendation: None, information only.</i> 	87
9. COVERAGE MATTERS	
<ul style="list-style-type: none"> *A. Report from the CARMA Cyber Liability Ad Hoc Committee <i>Recommendation: The ad hoc committee will recommend to the Board that the CARMA MOC be revised effective July 1, 2012, to provide 3rd party liability coverage for Cyber Liability subject to the applicable sub-limits discussed above and also subject to any other exclusions and conditions in the MOC.</i> 	88
10. MARKETING MATTERS	
<ul style="list-style-type: none"> *A. Commercial Marketing Strategy <i>Recommendation: None, information only.</i> 	90

* = Material on agenda item enclosed

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

11. PRESENTATIONS

- *A. Board of Directors' Service Plaques – Ms. Linda Abid-Cummings 95
(CSJVRMA) and Mr. John Stroh (VCJPA)

Recommendation: Present plaques in recognition of the service and dedication to the CARMA Board of Directors by these CARMA Board Members.

12. 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

13. ADJOURNMENT

NOTICES:

The next Board of Directors' meeting is currently scheduled for Wednesday, April 18, 2012, at the offices of Bickmore Risk Services 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 October 26, 2011, Special Board Teleconference Meeting
- *B. Minutes of the September 9, 2011, Board Meeting
- *C. Warrant Listings for August 16, 2011, through December 31, 2011
- *D. Treasurer's Report at September 30, 2011
- *E. Financial Statements as of September 30, 2011
- *F. CARMA/GENEX Contract – Medicare Reporting Agent and Set-Aside Services

Agenda Item 5.A.-F.

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

**DRAFT MINUTES OF THE SPECIAL BOARD OF DIRECTORS'
MEETING OF OCTOBER 26, 2011**

A special meeting of the Board of Directors of CARMA was held on October 26, 2011, via teleconference.

BOARD MEMBERS PRESENT: Geoff Grote, BCJPIA, President
Linda Abid-Cummings, CSJVRMA
John Stroh, VCJPA

BOARD MEMBERS ABSENT: Robert Galvan, MBASIA, Vice President
Jake O'Malley, MPA, Treasurer

ALTERNATE MEMBERS PRESENT: Bill Lewis, CSJVRMA [*left at 9:42 a.m.*]

OTHERS PRESENT: Karen Thesing, Executive Director
Ramona Buchanan, Board Secretary
Michael Groff, Bickmore Risk Services
Linzie Kramer, Bickmore Risk Services
Craig Farmer, Legal Counsel, Farmer, Smith, & Lane
LLP

1. CALL TO ORDER

The October 26, 2011, Special Board of Directors' meeting was called to order at 9:41 a.m. by Mr. Geoff Grote, President.

2. INTRODUCTIONS

Those present introduced themselves.

3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

By consensus of the Board members present, the revised agenda as posted was approved.

4. PUBLIC COMMENTS

None

5. 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 convened to closed session at 9:42 a.m. to discuss the following claim for the payment of tort liability losses, public liability losses, or workers' compensation liability incurred by the joint powers authority:

Williams, et al. v. City of Antioch (MPA)

B. Report from Closed Session

The Board reconvened to open session at 9:58 a.m. and it was noted the following action was taken in closed session: In the matter of Williams, et al. v City of Antioch (MPA), Mr. Craig Farmer, Legal Counsel, reported that the Board met regarding the case, and based on the recommendations, voted to approve the recommendations for resolution.

6. CLOSING COMMENTS

A. Board

None

B. Staff

None

7. ADJOURNMENT

By consensus of the Board members present, the meeting was adjourned at 9:59 a.m.

Ramona Buchanan
Ramona Buchanan, Board Secretary

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

**DRAFT MINUTES OF THE BOARD OF DIRECTORS’
MEETING OF SEPTEMBER 9, 2011**

A regular meeting of the Board of Directors of CARMA was held on September 9, 2011, at the Embassy Suites Resorts, South Lake Tahoe, California.

BOARD MEMBERS PRESENT: Geoff Grote, BCJPIA, President
Robert Galvan, MBASIA, Vice President
Jake O’Malley, MPA, Treasurer
John Stroh, VCJPA
Linda Abid-Cummings, CSJVRMA

ALTERNATE MEMBERS PRESENT: None

OTHERS PRESENT: Rob Kramer, Bickmore Risk Services
Linzie Kramer, Litigation Manager
Michael Groff, Litigation Manager
Craig Farmer, Legal Counsel
Gerry Preciado, Bickmore Risk Services
Ramona Buchanan, Board Secretary, Bickmore Risk Services
Jeanette Workman, Bickmore Risk Services
Brian Kelley, Bickmore Risk Services
Adrienne Beatty, Bickmore Risk Services
Susan Adams, Alliant Insurance Services
Conor Boughey, Alliant Insurance Services
Carlos Oblites, PFM Asset Management, LLC
Bill Patterson, Sampson, Sampson, & Partners, LLP
Mike Fleming, CAJPA Representative, CSAC-Excess Insurance Authority [*arrived at 9:45 a.m.*]

1. CALL TO ORDER

The September 9, 2011, Board of Directors’ meeting was called to order at 9:06 a.m. by President Geoff Grote.

2. INTRODUCTIONS

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

3. **APPROVAL OF AGENDA AS POSTED (OR AMENDED)**

Jake O'Malley moved to approve the agenda as posted. Second by John Stroh. Motion passed unanimously.

4. **PUBLIC COMMENTS**

Mr. Rob Kramer, Bickmore Risk Services, and acting CARMA Executive Director, reported that due to surgery, Ms. Karen Thesing, CARMA Executive Director, was unable to attend the September 9, 2011, CARMA meeting; however, she is recovering well. On behalf of the Board, President Grote wished Ms. Thesing a speedy recovery.

5. **CONSENT CALENDAR**

Robert Galvan moved to approve/accept the following items: A) Minutes of the June 22, 2011, Board of Directors' Meeting; B) Minutes of the August 18, 2011, Special Board of Directors' Meeting; C) Warrant Listing from June 1, 2011, through August 15, 2011; D) Internal Financial Statements for the Year Ended June 30, 2011; E) Treasurer's Report as of June 30, 2011; F) Reinsurance Binder Confirmation from AmTrust Reinsurance; G) Excess Binder Confirmation from Colony National Insurance Company; and H) Sampson, Sampson, and Partners, LLP – Engagement Letter for Financial Audit Services for CARMA dated June 20, 2011. Second by Linda Abid-Cummings. Motion passed unanimously.

6. **FINANCIAL MATTERS**

A. **Discussion on the Current Market Situation and the Economy, Mr. Carlos Oblites, PFM**

Mr. Carlos Oblites, PFM Asset Management, LLC (PFM), provided an overview of the current market conditions, the current position of the CARMA investment portfolio and the actions being taken to manage the CARMA investments. Mr. Oblites discussed the current national debt ceiling, the debt-limit deal and ultimately the downgrading of the U.S.'s long-term rating from an AAA to an AA+ with a negative outlook by Standard & Poor's (S&P). Discussing the impact of this downgrade on the 2-year U.S. Treasury Yields, Mr. Oblites advised that the S&P also downgraded Fannie Mae, Fannie Mac, 15 insurance companies and the FDIC.

Mr. Oblites further noted that the economy is slowing down, i.e., the gross domestic product, labor market, housing sector, consumer confidence, etc., and the stock market at the end of July 2011, remains in turmoil. As such, the yield on 2-year U.S. Treasury notes is now at 19 to 20 basis points, much below the yield of 33 basis points at June 11, 2011.

Mr. Oblites reported that these conditions have a direct impact on the CARMA portfolio. As such, the portfolio is being managed on a return basis by enhancing the yield and also positioning the portfolio so as to create gains and drive the returns. Mr. Oblites advised it is believed that within the next six to twelve months, the rates will generally remain the same and the yields may come back up.

Discussion ensued, with the inquiry on how the CARMA portfolio is performing under these conditions. Mr. Oblites advised that by comparing the portfolio to the benchmarks, and for the first quarter, the portfolio seems to be performing well with basis points; which, when compounded, works out to about 3%+ on an annualized basis.

B. Review of CARMA Investment Policy

Mr. Rob Kramer reported that the CARMA Investment Policy has been included on the agenda for consideration by the Board. Mr. Kramer further noted that CARMA went through its CAJPA review for Re-Accreditation with Excellence, and that the review/approval of the investment policy is one of the requirements for this accreditation. The other requirement by CAJPA is the delegation of the CARMA Treasurer as the CARMA Investment Manager, which is addressed on page 1 of the policy.

Mr. Kramer directed the Board's attention to a memorandum from PFM that outlined the proposed amendments to the CARMA Investment Policy and the draft investment policy contained in the agenda. Proposed changes to the following sections of the policy were: (1) Reporting; (2) Permitted Investments Section 4 (Notes and Bonds of Other 49 States); (3) Section 8 (Corporate Notes) and 10 (Negotiable Certificates of Deposits); (4) Section 11 (California's Local Agency Investment Fund); and (5) Section 12 (Insured Savings Accounts or Money Market Accounts).

Mr. Oblites advised that one of the recommendations in the Investment Policy, and due to the current corporate landscape, is the Board's acceptance of the revision in the rating language so that corporate securities in the "A" rating are eligible for purchase. This recommendation is due to the reduction in the number of "AA" investments and now the majority falls within the "AA"/"A" threshold. Mr. Oblites further discussed the proposed changes to the Policy including the recommended amount of LAIF investments; changing the term "money market accounts" to a more updated term, "insured savings accounts;" and now the medium-termed corporate notes shall be rated by the Nationally-Recognized Statistical Rating Organization (NRSRO).

John Stroh moved to approve the CARMA Investment Policy, as presented. Second by Jake O'Malley. Motion passed unanimously.

C. Consideration of the June 30, 2011, Independent Financial Audit Prepared by Sampson, Sampson, and Partners, LLP

Mr. Bill Patterson, Sampson, Sampson, and Partners, LLP, provided an overview of the June 30, 2011, Independent Financial Audit for CARMA, including the following highlights:

- The auditors are presenting an unqualified opinion that the financial statements for CARMA are presented in accordance with accounting principles of the Government Auditing Standards;
- Financial highlights indicate that the revenues at June 30, 2011, are \$6.9 million (decreased by 39% in interest earnings over the prior year); expenses at \$4.8 million (decreased by 42%); assets at \$28.7 million (increase of 3%); and liabilities at \$18.5 million (decrease of 6%);
- Cash represents the majority of the CARMA assets;
- The investments make up the majority of the combined total of \$28 million for cash and investments;
- The ratings shown in the financial audit do not reflect the “A” downgrade rating that was just approved in the CARMA Investment Policy. As such, at June 30, 2011, the majority of investments are in AAA/A-1 very secured investments;
- There was a significant increase in claims liabilities over the prior year; however, at year’s end due to payments/recoveries and settlements, there was a decrease in the total outstanding claims over the prior year;
- For claims development from 2001/2002 through 2010/2011, there were two favorable years, and two years with unfavorable claims development; and
- There were no findings related to unfavorable internal controls.

Linda Abid-Cummings moved to accept and file the June 30, 2011, Independent Financial Audit for CARMA, as presented. Second by Jake O’Malley. Motion passed unanimously.

7. ADMINISTRATIVE MATTERS

A. CARMA’s Re-Accreditation with Excellence by the California Association of Joint Powers Authorities (CAJPA)

Mr. Rob Kramer reported that there are approximately 150 joint powers authorities (JPAs) in California. Although approved by the State of California, these JPAs are unique in that there is relatively little California regulatory oversight, and as such, the pooling industry is self-regulated. The California Association of Joint Powers Authorities (CAJPA) provides a large portion of the self-regulation process for the JPAs through education and accreditation.

Mr. Kramer further reported that of these 150 JPAs, there are approximately 50 JPAs that have received their CAJPA accreditation, and noted that CARMA has once again received its CAJPA Re-Accreditation with Excellence.

Mr. Kramer concluded by advising there were two recommendations in CAJPA's Final Accreditation Report, which were acted on by the Board earlier in the meeting. Further, CAJPA suggested that for policies approved by the CARMA Board of Directors, the date of approval is indicated on the policy. This procedure has already been implemented by staff.

Mr. Mike Fleming, CAJPA Representative, and with the CSAC-Excess Insurance Authority, advised this is quite an accomplishment for CARMA since there are only 30 JPAs in California that have achieved the highest form of accreditation—the Accreditation with Excellence.

Mr. Fleming provided an overview on the purpose of CAJPA, and the process involved in the accreditation and re-accreditation for a JPA. Mr. Fleming noted that by a JPA receiving its accreditation, it assures the JPA's board that the pool is being managed in a professional manner and is meeting industry standards and best practices. Mr. Fleming presented to the Board of Directors the CAJPA Certificate of Re-Accreditation with Excellence which will be for a period of three years—August 23, 2011, through August 23, 2014, and extended congratulations to the Board for this accomplishment.

Mr. Kramer extended appreciation to Mr. John Wilson, the CAJPA consultant that worked with CARMA on its accreditation process, Mr. Geoff Grote for his involvement in the process, and Ms. Karen Thesing, Executive Director and Ramona Buchanan, Analyst/Board Secretary and other staff for their part in working with Mr. Wilson on the accreditation.

B. CARMA/GENEX Contract – Medicare Reporting Agent and Set-Aside Services

Mr. Rob Kramer provided an overview of the Medicare Set-Aside reporting requirements and advised that with the onset of the Medicare reporting process to the Center for Medicare and Medicaid Services (CMS), Bickmore Risk Services (BRS) took the lead for its clients to ensure the process is correctly followed. Part of this included BRS recommending to its clients the use of GENEX as a Reporting Agent (RA). Thereafter, BRS entered into a master contract with GENEX, and CARMA entered into a two-year contract with GENEX as its RA, which terminates on December 31, 2011.

Mr. Kramer advised that BRS has been working with GENEX in an effort to establish an appropriate arrangement going forward and has a meeting scheduled for September 12, 2011. Since the next CARMA Board of Directors' meeting occurs on January 13, 2012, and after the CARMA/GENEX contract expires, staff is requesting authorization/approval by the CARMA Board of Directors to work collaboratively with the Executive Director and legal counsel on the fees, services and terms as outlined in the staff report.

From a financial perspective, Mr. Kramer noted, staff believes it would be positive to

move forward with GENEX and to make the appropriate financial arrangements for the services to be provided, rather than to begin the process all over with a new firm.

Discussion ensued on the original agreed-upon setup and Medicare Set-Aside fees for the services provided by GENEX, with Mr. Kramer advising that BRS is working with GENEX to clarify the fees that will be applied for these services. The issue is how to appropriately compensate GENEX for its services. A question was posed on how many of the BRS clients are using GENEX for the reporting services. Ms. Adrienne Beatty, Bickmore Risk Services, advised that most of the liability pools administered by BRS are using GENEX for their reporting.

Further discussion ensued on the fees incurred to date for the services that GENEX has performed and the impact on these fees due to the postponement of the Medicare Set-Aside reporting dates that were imposed by the CMS. Mr. Kramer clarified that the second half of the \$12,000 fee for CARMA in the amount of \$6,000 was to be billed in July 2012, and due to the financial hardship to GENEX, BRS is recommending the second half be paid in January 2012, in conjunction with the approval of the new contract's terms.

President Grote recapped the understanding that there is a remaining balance of \$6,000 of the \$12,000 first-year fee that needs to be paid, and for the second year of the contract a fee of \$12,000 will once again be applied. This \$12,000 is subject to the final negotiated amount of fees under the potential new contract. Further, the request is to move the payment of the \$6,000 that is due to GENEX to a later date, pending finalization of the new contract's terms. Mr. Kramer confirmed this understanding.

John Stroh moved to approve to pay the second-half of the \$12,000 first-year's contract fee in the amount of \$6,000 at a later date, and to authorize staff to negotiate the terms, fees, and renewal of the CARMA contract with GENEX and to work with the President and Board counsel in this regard. Second by Linda Abid-Cummings. Motion passed unanimously.

C. Vector Control Joint Powers Agency (VCJPA) Request to Opt-Out of the CARMA Excess Layer

Mr. Kramer reported that the Vector Control Joint Powers Agency (VCJPA) recently evaluated its requirements for liability excess coverage and based upon this analysis, has submitted a formal request to opt out of the excess coverage layer, which is currently \$15 million excess the first \$14 million of coverage, effective July 1, 2012 and going forward.

Mr. Kramer advised that the CARMA governing documents do not prohibit a member opting out of this layer. Further, due to the small payroll for VCJPA, Alliant Insurance Services has advised this would have little or no impact on the marketing or pricing of the program.

Mr. John Stroh, VCJPA, reported that the study examined VCJPA's scope and level of coverage to determine if the coverage is appropriate for the VCJPA membership and the pool as a whole. Mr. Brian Kelley, VCJPA Program Administrator, further reported that this request does not arise out of dissatisfaction with CARMA, but rather was a due diligence process of the VCJPA Board of Directors to evaluate its coverage program.

Discussion ensued on the estimated savings in premium, with Ms. Susan Adams, Alliant Insurance Services, confirming that the payroll for the VCJPA is small in comparison to the other CARMA members, and by the VCJPA not participating in this layer, she does not anticipate an impact to the other CARMA member premiums.

Mr. Stroh advised that the types and level of coverage were the primary focus of the evaluation and echoed Mr. Kelley's comment that this should not be perceived as dissatisfaction with CARMA, its Board, Administrators, or the pool's layers of coverage, but rather just the VCJPA Board's due diligence of examining what is appropriate for their pool as a whole. Although the cost savings is not that large, the savings could be applied to other levels and types of coverage for the VCJPA, as needed.

Jake O'Malley moved that the CARMA Board of Directors grant permission to the Vector Control Joint Powers Agency (VCJPA) to opt-out of the CARMA \$15 million excess \$14 million Excess Layer, effective July 1, 2012, forward. Second by John Stroh. Motion passed unanimously.

D. Review of the CARMA Goals and Objectives for 2011

Mr. Kramer reported that included in the agenda is an update on the CARMA 2011/2012 Strategic Goals & Actions that were established at the 2011 Annual Workshop, namely: (1) Marketing of Excess/Reinsurance – More Aggressive Marketing and Quota Sharing Above the \$3 Million Pooling Level; (2) Marketing – Continued Outreach to Members, with an Emphasis on Claims Reporting and Litigation Management; (3) Experience Modification Factors – The Application of the Ex-Mod to the Reinsurance Layer above the \$3 Million excess the \$1 Million Pool Layer; and (4) Retrospective Adjustment Policy – Evaluate Method of Calculation and Member Allocation – Clarify Definition of “Member Equity.”

Mr. Kramer provided an overview of the progress of each goal, noting that goals #1 and #4 have been accomplished, and the actions of goals #2 and #3 are continuing.

E. Discussion Regarding the 19th Annual Board of Directors' Annual Workshop to be held on January 12-13, 2012, at Bodega Bay Lodge & Resort

Mr. Kramer reported that the 19th Annual Board of Directors' Annual Workshop is to be held on January 12-13, 2012, at the Bodega Bay Lodge & Resort, in Bodega Bay, California. Normally, each year, and prior to the workshop, staff provides a draft

workshop agenda for the Board's consideration and feedback on the focus of the workshop, as well as to provide an opportunity for the Board to consider the long-term goals and objectives for the next program year.

Mr. Kramer directed the Board's attention to and discussed the draft workshop agenda contained in the agenda packet. Mr. Kramer referred to Item C. – *Legal Trends and Case Law Update* and advised this item was placed on the agenda for the Board to provide feedback on cases and topics to be included under this item so that staff will have ample opportunity to research the cases as requested by the Board.

Discussion ensued on potential topics and it was noted that CARMA now has a good case example with the claim under Closed Session. After discussion, it was the consensus of the Board that under Item C. – *Legal Trends and Case Law Update*, the following be added:

1. The Rapid Evolving Landscape of Cyber Risk – What is the responsibility of underlying members to help reduce risk?
2. Claims/MOC Overview on issues identified by Michael Groff and Craig Farmer, e.g., civil rights' violations and intentional acts (case study), are they covered and how is that articulated to the primary pools. Identify the major components, e.g., earth movement and discuss the conflicting areas.
3. The articulation and education of other evolving legal trends that are financially impacting the primary pools and how to articulate this information.

For any other suggestions under this category, President Grote requested the members contact Rob Kramer at BRS at (800) 541-4591, extension 1117.

8. COVERAGE MATTERS

A. Review of Cyber Liability Issues and the Inclusion or Exclusion Under the CARMA Memorandum of Coverage (MOC)

Mr. Craig Farmer, Legal Counsel, reported that this item was addressed at the June 22, 2011, Board of Directors' meeting, and at that time, it appeared there was no real consensus reached as to whether the CARMA Memorandum of Coverage (MOC) should include or exclude cyber liability coverage. Mr. Farmer noted that the MOC, as written, does not appear to exclude cyber liability.

As a recap, Mr. Farmer advised that cyber liability is a generic term for different types of issues that revolve around data information, and handling the confidentiality of personal and private records that typically are in a data format. Mr. Farmer noted the Board's direction was for staff and legal counsel to review what types of actual exposures exist in the cyber world that would relate to the members of CARMA. Mr. Farmer mentioned that the exposure exists for any individual working with

computers and private/personal data, where the clientele or the members of the public have information of that nature; however, and most likely, the damage exposures in that situation revolves around the theft of financial records, or the ability to obtain this information that allows access to the dollars of an account.

Mr. Farmer noted that Case Law of the 9th Circuit Court advises a party has the standing to pursue an action for this type of a privacy breach just by the virtue of the privacy breach itself and does not have to show an actual monetary loss. The possibility exists that anyone in the CARMA group of members can be sued for breaches, if they occur. Mr. Farmer advised the largest expense to this will be for legal expenses. One more exposure is the notification of the parties to which this exposure has occurred outside of the data system.

Mr. Farmer discussed three options that are being provided for the Board's consideration:

1. Leave the Memorandum of Coverage (MOC) as it is; or
2. Exclude cyber liability coverage from the MOC; or
3. Exclude the coverage under the MOC and then issue an endorsement to the MOC for those members requesting coverage, presumably for an additional premium or contribution for the coverage.

Mr. Michael Groff, Litigation Manager, advised that this is an emerging risk that commercial insurers are trying to determine as to whether or not to provide coverage, and this is also an emerging risk for which CARMA should be prepared. Mr. Groff noted that for CARMA, some of the underlying pools have specifically excluded the coverage under their MOCs, and some participate in the Alliant Public Entity Property Insurance Program (PEPIP) that has some limited first- and third-party coverage.

Mr. Groff advised that from an actuarial perspective, there is no experience to use to determine a premium for this coverage. Further, no claims have been filed for this exposure; however, it is just a matter of time.

Mr. Groff concluded by advising staff is seeking direction from the Board if it wishes to include or exclude cyber liability under the CARMA MOC.

Mr. Jake O'Malley suggested a fourth option, whereby a sub-limit, e.g., \$1 million per member and an aggregate of \$2 million, could be considered. Mr. John Stroh suggested a hybrid of Option #3, and the sub-limits as suggested by Mr. O'Malley.

A question was posed that if CARMA were to provide coverage, what type of onus would be placed on the underlying member to reduce this type of risk, e.g., best practices, risk analysis, apply it on a case-by-case basis, or across the board, etc.? Discussion ensued on the development of a risk assessment or formal red flag policy outlining specific procedures or programs for compliance purposes.

After further discussion, it was determined that an ad hoc committee be formed with the purpose to collect information from the underlying member agencies, determine the best coverage option should coverage be provided, determine the potential of defining and developing criteria as a precondition of coverage, and make a recommendation to the CARMA Board of Directors at the January 12, 2012, workshop.

Based on their availability, the members of the ad hoc committee include: Mr. Rob Kramer (BRS), Mr. Jake O'Malley (MPA), City Attorney (selected by Mr. O'Malley), Mr. Michael Groff (BRS), Mr. Rick Buys (MPA), Ms. Charlotte Hemker-Smith (Legal Counsel – BCJPIA), and Mr. Robert Galvan (MBASIA). President Groff requested that Mr. Kramer organize this committee.

B. City of Novato (BCJPIA) – Purchase of Commercial Insurance by a Member of a CARMA Member to Cover BCJPIA's Retained Limit

Mr. Rob Kramer reported that the City of Novato, a member of the BCJPIA, took ownership of a mobile home country club, which subsequently suffered a loss. Mr. Kramer advised that the underlying member will be purchasing commercial insurance to satisfy the BCJPIA self-insured retention not the CARMA self-insured retention, and as such this is a BCJPIA issue rather than a CARMA-related issue.

Ms. Adrienne Beatty reported that it is uncertain how much coverage is being provided; however the bond requires \$8 million in coverage for this specific property; \$1 million is being provided and the city is in the process of obtaining the additional \$7 million. Ms. Beatty will be following up with the City on the status of this.

Discussion ensued on the layers of coverage and who would be the primary. Ms. Beatty advised that for the City of Novato, and should a \$10 million loss occur, the commercial policy pays \$8 million, BCJPIA pays \$1 million, and it would pierce the CARMA layer for \$1 million of coverage. Ms. Beatty further advised that on the current policy, the mobile home country club is the named insured; however, the City of Novato has been advised to be added as an additional covered party. Ms. Beatty advised she will follow-up with the City to ensure this occurs.

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 10:59 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 11:15 a.m. and President Grote reported that in the matter of *Williams, et al. v. City of Antioch (MPA)*, the Board of Directors discussed the case and gave directions to legal counsel.

10. CLOSING COMMENTS

A. Board

1. Linda Abid-Cummings announced her retirement in December 2011. President Grote expressed appreciation to Ms. Abid-Cummings for her service and contribution to CARMA and the Board of Directors.

B. Staff

1. Rob Kramer announced that the service provider survey will be sent out to members in December and will be reviewed at the January meeting. Further, the CARMA / Alliant Renewal Application will be sent in November and will be due at the end of December.

11. ADJOURNMENT

The September 9, 2011, Board of Directors' meeting adjourned at 11:19 a.m. by general consensus of the Board.

Ramona Buchanan

Ramona Buchanan, Board Secretary

Ranges: From: To: From: To:
 Check Number First Last Check Date 8/16/2011 12/31/2011
 Vendor ID First Last Checkbook ID CBT GENERAL CBT GENERAL
 Vendor Name First Last

Sorted By: Check Number

* Voided Checks

Check Number	Vendor ID	Vendor Check Name	Check Date	Checkbook ID	Audit Trail Code	Amount
1782	MU100	Murphy, Campbell, Guthrie and	8/30/2011	CBT GENERAL	PMCHK00000095	\$4,960.08
1783	BI100	Bickmore Risk Services	10/6/2011	CBT GENERAL	PMCHK00000096	\$24,090.00
1784	CA100	Ca Bank & Trust	10/6/2011	CBT GENERAL	PMCHK00000096	\$857.64
1785	FA115	Farmer Smith and Lane, LLP	10/6/2011	CBT GENERAL	PMCHK00000096	\$1,085.00
1786	HE100	Michael Patrick Heenan	10/6/2011	CBT GENERAL	PMCHK00000096	\$30,000.00
1787	HO100	Howard Rome Martin and Ridley	10/6/2011	CBT GENERAL	PMCHK00000096	\$57,936.20
1788	JA105	JAMS, Inc.	10/6/2011	CBT GENERAL	PMCHK00000096	\$2,025.00
1789	MC100	McNamara, Ney, Beatty, Slatter	10/6/2011	CBT GENERAL	PMCHK00000096	\$97,212.48
1790	SA100	Sampson, Sampson and Partners,	10/6/2011	CBT GENERAL	PMCHK00000096	\$6,500.00
1791	BI100	Bickmore Risk Services	11/7/2011	CBT GENERAL	PMCHK00000097	\$49,895.17
1792	CO105	Copymat Walnut Creek, Inc.	11/7/2011	CBT GENERAL	PMCHK00000097	\$427.44
1793	FA115	Farmer Smith and Lane, LLP	11/7/2011	CBT GENERAL	PMCHK00000097	\$2,397.50
1794	MC100	McNamara, Ney, Beatty, Slatter	11/7/2011	CBT GENERAL	PMCHK00000097	\$55,268.35
1795	SA100	Sampson, Sampson and Partners,	11/7/2011	CBT GENERAL	PMCHK00000097	\$1,900.00
1796	HA120	Law Offices of Haddad and Sher	11/16/2011	CBT GENERAL	PMCHK00000098	\$1,500,000.00
1797	LA105	Law Offices of Alan M. Mayer,	11/16/2011	CBT GENERAL	PMCHK00000098	\$4,392,785.64
1798	LA105	Law Offices of Alan M. Mayer,	11/16/2011	CBT GENERAL	PMCHK00000098	\$747,458.14
1799	AT105	Atkinson-Baker, Inc.	12/5/2011	CBT GENERAL	PMCHK00000099	\$277.29
1800	BI100	Bickmore Risk Services	12/5/2011	CBT GENERAL	PMCHK00000099	\$27,740.14
1801	BU100	Douglas Burns and Haddad and S	12/5/2011	CBT GENERAL	PMCHK00000099	\$917,784.00
1802	CA130	Cameron Consulting	12/5/2011	CBT GENERAL	PMCHK00000099	\$12,211.50
1803	EX100	Exponent, Inc.	12/5/2011	CBT GENERAL	PMCHK00000099	\$16,829.50
1804	FA100	Farley Consulting Services	12/5/2011	CBT GENERAL	PMCHK00000099	\$4,725.00
1805	FA115	Farmer Smith and Lane, LLP	12/5/2011	CBT GENERAL	PMCHK00000099	\$1,505.00
1806	GE105	GENEX Services, Inc.	12/5/2011	CBT GENERAL	PMCHK00000099	\$6,129.44
1807	HE100	Michael Patrick Heenan	12/5/2011	CBT GENERAL	PMCHK00000099	\$5,000.00
1808	JA105	JAMS, Inc.	12/5/2011	CBT GENERAL	PMCHK00000099	\$600.00
1809	MC100	McNamara, Ney, Beatty, Slatter	12/5/2011	CBT GENERAL	PMCHK00000099	\$50,162.86
1810	MP100	Municipal Pooling Authority	12/5/2011	CBT GENERAL	PMCHK00000099	\$213,027.51
1811	MU100	Murphy, Campbell, Guthrie and	12/5/2011	CBT GENERAL	PMCHK00000099	\$682.50
1812	OR100	Orrick, Herrington and Sutclif	12/5/2011	CBT GENERAL	PMCHK00000099	\$315.00
1813	PA100	PARMA	12/5/2011	CBT GENERAL	PMCHK00000099	\$100.00

Total Checks: 32 Total Amount of Checks: \$8,231,888.38
 =====

Ranges: From: To: From: To:
Check Number First Last Check Date 8/16/2011 12/31/2011
Vendor ID First Last Checkbook ID CBT PETTY CBT PETTY
Vendor Name First Last

Sorted By: Check Number

* Voided Checks

Check Number	Vendor ID	Vendor Check Name	Check Date	Checkbook ID	Audit Trail Code	Amount
001264	HA115	Hannibal's Catering and Events	11/29/2011	CBT PETTY	PMTRX00000141	\$332.36
001265	CA100	Ca Bank & Trust	11/30/2011	CBT PETTY	PMTRX00000141	\$30.00
Total Checks: 2						Total Amount of Checks: \$362.36

California Affiliated Risk Management Authorities
Treasurer's Report
As of September 30, 2011

	Book Value	Market Value	% of Total	Effective Yield
California Bank & Trust – Petty Cash	\$ 1,829	\$ 1,829	0.01%	0.00%
California Bank & Trust – General Operating	867	867	0.00%	0.00%
State of California Local Agency Investment Fund	8,071,731	8,086,644	25.21%	0.38%
CAMP - Money Market	59,198	59,198	0.18%	0.12%
CAMP - Investments managed by PFM	23,805,504	23,924,587	74.59%	1.06%
Total Cash and Investments	\$ 31,939,129	\$ 32,073,125	100.00%	0.89%

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.

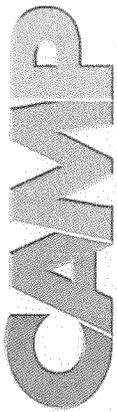
I certify that this report reflects all cash and investments and is in conformance with the Agency's Investment Policy. The investment program herein shown provides sufficient cash flow liquidity to meet the Agency's expenditures for the next six months.

Respectfully submitted,


Nancy Broadhurst
Assistant Treasurer

Accepted,

Jake O'Malley
Treasurer



Account Statement - Transaction Summary

For the Month Ending **September 30, 2011**

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA - 615-00

CAMP Pool	
Opening Market Value	21,606.78
Purchases	1,595,860.96
Redemptions	(1,558,270.19)
Unsettled Trades	0.00
Change in Value	0.00

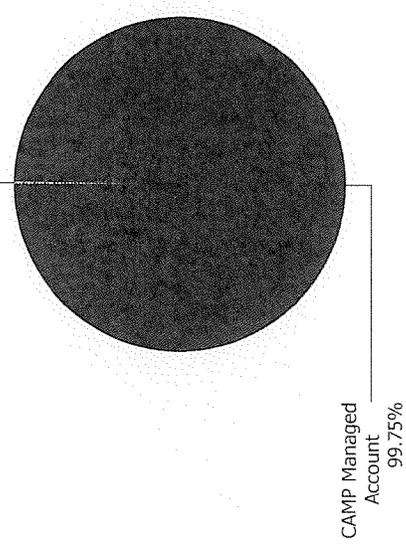
Closing Market Value	\$59,197.55
Cash Dividends and Income	54.88

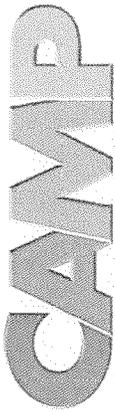
CAMP Managed Account	
Opening Market Value	23,970,556.31
Purchases	1,551,000.00
Redemptions	(1,550,739.00)
Unsettled Trades	0.00
Change in Value	(46,230.55)

Closing Market Value	\$23,924,586.76
Cash Dividends and Income	40,699.27

Asset Summary		
	September 30, 2011	August 31, 2011
CAMP Pool	59,197.55	21,606.78
CAMP Managed Account	23,924,586.76	23,970,556.31
Total	\$23,983,784.31	\$23,992,163.09

Asset Allocation	
CAMP Managed Account	99.75%
CAMP Pool	0.25%





Managed Account Detail of Securities Held

For the Month Ending **September 30, 2011**

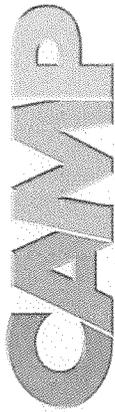
CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA - 615-00 - (12510310)

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	912828PR5	650,000.00	AA+	Aaa	02/01/11	02/04/11	650,330.08	0.60	684.44	650,221.43	653,554.85
DTD 01/31/2011 0.625% 01/31/2013											

Security Type Sub-Total **650,000.00** **650,330.08** **0.60** **684.44** **650,221.43** **653,554.85**

Federal Agency Bond / Note											
FHLB NOTES	313375605	375,000.00	AA+	Aaa	08/02/11	08/09/11	374,941.72	0.32	118.75	374,949.79	375,066.38
DTD 08/09/2011 0.300% 08/23/2012											
FNMA NOTES (FLOATING)	31398A6R8	1,250,000.00	AA+	Aaa	11/18/10	11/23/10	1,249,488.25	0.43	385.42	1,249,488.25	1,250,152.50
DTD 11/23/2010 0.280% 11/23/2012											
FNMA GLOBAL NOTES	31398AE24	180,000.00	AA+	Aaa	01/14/10	01/15/10	179,740.80	1.80	341.25	179,881.47	183,350.70
DTD 01/15/2010 1.750% 02/22/2013											
FNMA GLOBAL NOTES	31398AE24	250,000.00	AA+	Aaa	06/03/10	06/03/10	251,970.00	1.45	473.96	251,018.62	254,653.75
DTD 01/15/2010 1.750% 02/22/2013											
FHLMC NOTES	3137EAC56	615,000.00	AA+	Aaa	06/30/11	06/30/11	617,964.30	0.47	38.44	617,536.83	618,561.47
DTD 02/04/2011 0.750% 03/28/2013											
FHLMC GLOBAL NOTES	3137EAC16	525,000.00	AA+	Aaa	05/26/10	05/27/10	527,341.50	1.47	3,933.85	526,263.37	535,098.90
DTD 03/04/2010 1.625% 04/15/2013											
FHLMC GLOBAL NOTES	3137EAC16	1,150,000.00	AA+	Aaa	03/03/10	03/04/10	1,148,390.00	1.67	8,617.01	1,149,190.57	1,172,121.40
DTD 03/04/2010 1.625% 04/15/2013											
FNMA GLOBAL NOTES	31398AT44	500,000.00	AA+	Aaa	06/03/10	06/03/10	498,630.00	1.59	1,979.17	499,214.97	509,449.00
DTD 05/21/2010 1.500% 06/26/2013											
FHLB GLOBAL NOTES	313374Y61	905,000.00	AA+	Aaa	07/20/11	07/21/11	903,742.05	0.57	414.79	903,857.34	906,412.71
DTD 07/21/2011 0.500% 08/28/2013											
FNMA NOTES (CALLABLE)	3135G0DE0	1,050,000.00	AA+	Aaa	09/01/11	09/19/11	1,050,000.00	0.50	175.00	1,050,000.00	1,047,447.45
DTD 09/19/2011 0.500% 09/19/2013											
FANNIE MAE GLOBAL NOTES	31398A2S0	220,000.00	AA+	Aaa	08/09/10	08/10/10	219,832.80	1.02	48.89	219,893.07	222,213.42
DTD 08/06/2010 1.000% 09/23/2013											
FANNIE MAE GLOBAL NOTES	31398A2S0	1,385,000.00	AA+	Aaa	03/15/11	03/17/11	1,385,994.43	0.97	307.78	1,385,783.94	1,398,934.49
DTD 08/06/2010 1.000% 09/23/2013											





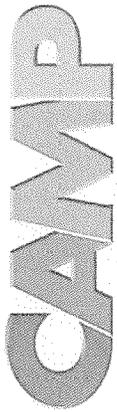
Managed Account Detail of Securities Held

For the Month Ending **September 30, 2011**

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
Federal Agency Bond / Note											
FNMA GLOBAL BENCHMARK NOTES	09/26/2003 4.625% 10/15/2013	31359MTG8	AA+	Aaa	07/29/11	08/03/11	789,188.60	0.57	15,461.53	784,518.79	785,897.83
FHLMC NOTES	08/20/2010 0.875% 10/28/2013	3137EACL1	AA+	Aaa	09/01/10	09/07/10	1,095,072.00	1.02	4,090.63	1,096,726.58	1,109,647.00
FHLMC GLOBAL REFERENCE NOTES	10/17/2003 4.875% 11/15/2013	3134A4UK8	AA+	Aaa	10/01/10	10/05/10	1,053,636.60	0.92	17,311.67	1,017,867.58	1,028,557.40
FHLB TAP BONDS	12/04/2008 3.125% 12/13/2013	3133XSP93	AA+	Aaa	06/28/11	06/29/11	650,350.20	0.76	5,765.53	646,699.66	650,422.16
FNMA NOTES	11/01/2010 0.750% 12/18/2013	31398A5W8	AA+	Aaa	06/28/11	06/29/11	799,960.00	0.75	1,716.57	799,964.25	803,543.20
FHLB NOTES	11/18/2010 0.875% 12/27/2013	313371UC8	AA+	Aaa	06/29/11	06/30/11	1,053,496.50	0.74	2,398.96	1,053,144.46	1,059,130.80
FREDDIE MAC GLOBAL NOTES	08/05/2011 0.750% 09/22/2014	3134G2WG3	AA+	Aaa	09/28/11	09/30/11	501,000.00	0.68	93.75	500,999.08	501,389.50
FREDDIE MAC GLOBAL NOTES	08/05/2011 0.750% 09/22/2014	3134G2WG3	AA+	Aaa	08/30/11	08/31/11	954,978.00	0.58	178.13	954,843.12	952,640.05
Security Type Sub-Total							15,305,717.75	0.85	63,851.38	15,261,841.74	15,364,690.11
Corporate Note											
WELLS FARGO & COMPANY GLOBAL SR NOTES	01/31/2008 4.375% 01/31/2013	949746NY3	AA-	A2	09/02/08	09/05/08	481,800.00	5.31	3,706.60	494,064.22	518,808.50
BANK OF NEW YORK MELLON GLOBAL NOTES	03/27/2008 4.500% 04/01/2013	06406HB37	AA-	Aa2	06/11/10	06/16/10	386,647.20	1.77	8,100.00	374,485.45	379,763.28
WAL MART STORES INC GLOBAL NOTES	04/15/2008 4.250% 04/15/2013	931142CL5	AA	Aa2	03/22/10	03/25/10	535,025.00	1.88	9,798.61	517,890.72	528,074.50
GECC GLOBAL NOTES (FL RATE LIB+15)	05/08/2007 0.419% 05/08/2013	36962G2U7	AA+	Aa2	11/02/10	11/05/10	491,240.00	1.28	314.54	494,270.97	495,784.50





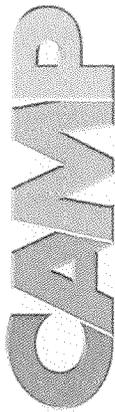
Managed Account Detail of Securities Held

For the Month Ending **September 30, 2011**

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												
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	499,577.68	503,071.50	
GENERAL ELECTRIC CAPITAL CORP NOTES	DTD 09/16/2010 1.875% 09/16/2013	36962G404	AA+	Aa2	09/13/10	09/16/10	399,396.00	1.93	312.50	399,601.83	401,838.80	
JPMORGAN CHASE & CO NOTES	DTD 09/30/2010 1.650% 09/30/2013	46623EJD2	A+	Aa3	09/27/10	09/30/10	749,910.00	1.65	34.38	749,939.60	755,365.50	
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	124,744.31	126,625.75	
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	324,769.33	329,226.95	
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	248,391.68	251,549.39	
CHEVRON CORP GLOBAL NOTES	DTD 03/03/2009 3.950% 03/03/2014	16675IAH0	AA	Aa1	08/16/11	08/19/11	540,400.00	0.73	1,536.11	538,559.27	538,557.00	
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	1,508.32	204,528.40	209,389.67	
IBM CORP GLOBAL NOTES	DTD 05/12/2011 1.250% 05/12/2014	459200GW5	A+	Aa3	05/09/11	05/12/11	359,661.60	1.28	1,737.50	359,704.46	362,973.24	
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	2,074.17	474,510.78	481,777.30	
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	249,015.81	250,509.25	
Security Type Sub-Total			5,980,000.00				6,074,456.60	1.77	33,087.18	6,054,054.51	6,133,315.13	
Certificate of Deposit												
TORONTO DOMINION BANK NY CERT DEPOS	DTD 08/16/2011 0.450% 08/13/2012	89112Y4H3	A-1+	P-1	08/12/11	08/16/11	600,000.00	0.45	345.00	600,000.00	598,924.94	





Managed Account Detail of Securities Held

For the Month Ending **September 30, 2011**

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

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Certificate of Deposit												
ROYAL BANK OF CANADA NY CERT DEPOS	78009J7L3	600,000.00	A-1+	P-1	08/23/11	08/26/11	600,000.00	0.50	300.00	600,000.00	599,101.73	
DTD 08/26/2011 0.500% 08/24/2012												
BANK OF NOVA SCOTIA HOUSTON YCD (FLOAT)	06417DSG1	575,000.00	AA-	Aa1	11/04/10	11/09/10	575,000.00	0.54	441.56	575,000.00	575,000.00	
DTD 11/09/2010 0.522% 11/09/2012												

Security Type Sub-Total	1,775,000.00	1,775,000.00	0.49	1,086.56	1,775,000.00	1,773,026.67
Managed Account Sub-Total	23,490,000.00	23,805,504.43	1.06	98,709.56	23,741,117.68	23,924,586.76

Money Market Fund						
CAMP Pool	59,197.55	AAAmt	NR	0.00	59,197.55	59,197.55

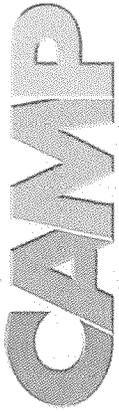
Money Market Sub-Total	59,197.55	59,197.55	0.00	0.00	59,197.55	59,197.55
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Securities Sub-Total	\$23,549,197.55	\$23,864,701.98	1.06%	\$98,709.56	\$23,800,315.23	\$23,983,784.31
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Accrued Interest						\$98,709.56
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Total Investments						\$24,082,493.87
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Managed Account Security Transactions & Interest

For the Month Ending **September 30, 2011**

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											
	09/01/11	09/19/11	FNMA NOTES (CALLABLE) DTD 09/19/2011 0.500% 09/19/2013	3135G0DE0	1,050,000.00	(1,050,000.00)	0.00	(1,050,000.00)			
	09/28/11	09/30/11	FREDDIE MAC GLOBAL NOTES DTD 08/05/2011 0.750% 09/22/2014	3134G2WG3	500,000.00	(501,000.00)	(83.33)	(501,083.33)			

Transaction Type Sub-Total

1,550,000.00 (1,551,000.00) (83.33) (1,551,083.33)

INTEREST

09/03/11	09/03/11		CHEVRON CORP GLOBAL NOTES DTD 03/03/2009 3.950% 03/03/2014	166751AH0	500,000.00	0.00	9,875.00	9,875.00			
09/13/11	09/13/11		US BANCORP NOTE (CALLABLE) DTD 09/13/2010 1.375% 09/13/2013	91159HGY0	500,000.00	0.00	3,437.50	3,437.50			
09/16/11	09/16/11		GENERAL ELECTRIC CAPITAL CORP NOTES DTD 09/16/2010 1.875% 09/16/2013	36962G404	400,000.00	0.00	3,750.00	3,750.00			
09/22/11	09/22/11		FREDDIE MAC GLOBAL NOTES DTD 08/05/2011 0.750% 09/22/2014	3134G2WG3	950,000.00	0.00	930.21	930.21			
09/23/11	09/23/11		FANNIE MAE GLOBAL NOTES DTD 08/06/2010 1.000% 09/23/2013	31398A2S0	220,000.00	0.00	1,100.00	1,100.00			
09/23/11	09/23/11		FANNIE MAE GLOBAL NOTES DTD 08/06/2010 1.000% 09/23/2013	31398A2S0	1,385,000.00	0.00	6,925.00	6,925.00			
09/28/11	09/28/11		FHLMC NOTES DTD 02/04/2011 0.750% 03/28/2013	3137EACS6	615,000.00	0.00	2,306.25	2,306.25			
09/30/11	09/30/11		JPMORGAN CHASE & CO NOTES DTD 09/30/2010 1.650% 09/30/2013	46623EID2	750,000.00	0.00	6,187.50	6,187.50			

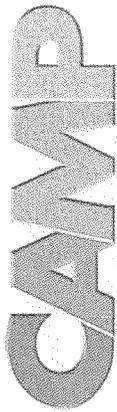
Transaction Type Sub-Total

5,320,000.00 0.00 34,511.46 34,511.46

MATURITY

09/02/11	09/02/11		BARCLAYS BANK PLC NY CERT DEPOS DTD 09/07/2010 0.900% 09/02/2011	06740MNK5	575,000.00	575,000.00	5,175.00	580,175.00	0.00	0.00	
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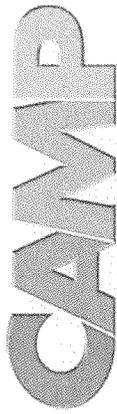
Managed Account Security Transactions & Interest

For the Month Ending **September 30, 2011**

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
SELL					575,000.00	575,000.00	5,175.00	580,175.00	0.00	0.00	
09/02/11	09/06/11		FHLB NOTES	313375605	475,000.00	475,304.00	51.46	475,355.46	377.81	372.53	FIFO
			DTD 08/09/2011 0.300% 08/23/2012								
09/28/11	09/30/11		FHLB NOTES	313375605	500,000.00	500,435.00	154.17	500,589.17	512.70	502.15	SPEC LOT
			DTD 08/09/2011 0.300% 08/23/2012								
Transaction Type Sub-Total											
						975,000.00	205.63	975,944.63	890.51	874.68	
Managed Account Sub-Total											
						(261.00)	39,808.76	39,547.76	890.51	874.68	
Total Security Transactions											
						(\$261.00)	\$39,808.76	\$39,547.76	\$890.51	\$874.68	





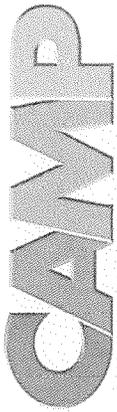
Managed Account Security Transactions & Interest

For the Month Ending August 31, 2011

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										
	07/29/11	FNMA GLOBAL BENCHMARK NOTES DTD 09/26/2003 4.625% 10/15/2013	31359MTG8	725,000.00	(789,188.60)	(10,059.38)	(799,247.98)			
	08/02/11	FHLB NOTES DTD 08/09/2011 0.300% 08/23/2012	313375605	1,350,000.00	(1,349,790.21)	0.00	(1,349,790.21)			
	08/10/11	PROCTER & GAMBLE CO CORP NOTES (CALLABLE) DTD 08/15/2011 0.700% 08/15/2014	742718DU0	250,000.00	(248,972.50)	0.00	(248,972.50)			
	08/12/11	TORONTO DOMINION BANK NY CERT DEPOS DTD 08/16/2011 0.450% 08/13/2012	89112Y4H3	600,000.00	(600,000.00)	0.00	(600,000.00)			
	08/16/11	CHEVRON CORP GLOBAL NOTES DTD 03/03/2009 3.950% 03/03/2014	166751AH0	500,000.00	(540,400.00)	(9,106.94)	(549,506.94)			
	08/23/11	ROYAL BANK OF CANADA NY CERT DEPOS DTD 08/26/2011 0.500% 08/24/2012	78009J7L3	600,000.00	(600,000.00)	0.00	(600,000.00)			
	08/30/11	FREDDIE MAC GLOBAL NOTES DTD 08/05/2011 0.750% 09/22/2014	3134G2WG3	950,000.00	(954,978.00)	(514.58)	(955,492.58)			
Transaction Type Sub-Total				4,975,000.00	(5,083,329.31)	(19,680.90)	(5,103,010.21)			
INTEREST										
	08/01/11	XTO ENERGY INC (CALLABLE) DTD 01/22/2004 4.900% 02/01/2014	98385XAD8	230,000.00	0.00	5,635.00	5,635.00			
	08/08/11	GECC GLOBAL NOTES (FL RATE LIB+15) DTD 05/08/2007 0.419% 05/08/2013	36962G2U7	500,000.00	0.00	528.62	528.62			
	08/09/11	BANK OF NOVA SCOTIA HOUSTON YCD (FLOAT) DTD 11/09/2010 0.522% 11/09/2012	06417DSG1	575,000.00	0.00	761.54	761.54			
	08/22/11	FNMA GLOBAL NOTES DTD 01/15/2010 1.750% 02/22/2013	31398AE24	250,000.00	0.00	2,187.50	2,187.50			



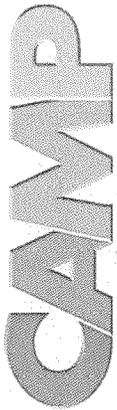


Managed Account Security Transactions & Interest

For the Month Ending August 31, 2011

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

Transaction Type	Trade Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
INTEREST										
08/22/11	08/22/11	FNMA GLOBAL NOTES DTD 01/15/2010 1.750% 02/22/2013	31398AE24	180,000.00	0.00	1,575.00	1,575.00			
08/23/11	08/23/11	FHLB NOTES DTD 08/09/2011 0.300% 08/23/2012	313375605	1,350,000.00	0.00	157.50	157.50			
08/23/11	08/23/11	FNMA NOTES (FLOATING) DTD 11/23/2010 0.280% 11/23/2012	31398A6R8	1,250,000.00	0.00	920.83	920.83			
08/28/11	08/28/11	FHLB GLOBAL NOTES DTD 07/21/2011 0.500% 08/28/2013	313374Y61	905,000.00	0.00	465.07	465.07			
Transaction Type Sub-Total				5,240,000.00	0.00	12,231.06	12,231.06			
SELL										
08/02/11	08/09/11	US TREASURY NOTES DTD 06/30/2010 0.625% 06/30/2012	912828NS5	1,050,000.00	1,053,896.48	713.32	1,054,609.80	(533.21)	193.05	FIFO
08/10/11	08/15/11	FEDERAL HOME LOAN BANK GLOBAL NOTES DTD 04/15/2011 1.375% 05/28/2014	313373JR4	225,000.00	231,007.50	661.72	231,669.22	6,306.75	6,276.25	FIFO
08/12/11	08/16/11	FNMA GLOBAL NOTES DTD 10/09/2009 1.000% 11/23/2011	31398AZN5	275,000.00	275,649.00	634.03	276,283.03	1,314.50	734.35	FIFO
08/12/11	08/16/11	US TREASURY NOTES DTD 11/30/2009 0.750% 11/30/2011	912828MM9	75,000.00	75,149.41	118.34	75,267.75	84.96	136.85	FIFO
08/12/11	08/16/11	US TREASURY NOTES DTD 11/30/2009 0.750% 11/30/2011	912828MM9	250,000.00	250,498.05	394.47	250,892.52	908.21	558.46	FIFO
08/16/11	08/19/11	US TREASURY NOTES DTD 01/31/2011 0.625% 01/31/2013	912828PR5	500,000.00	503,183.59	161.35	503,344.94	2,929.68	2,998.36	FIFO
08/23/11	08/26/11	US TREASURY NOTES DTD 11/30/2009 0.750% 11/30/2011	912828MM9	600,000.00	601,148.44	1,069.67	602,218.11	632.81	1,057.46	FIFO
08/30/11	08/31/11	US TREASURY NOTES DTD 11/30/2009 0.750% 11/30/2011	912828MM9	75,000.00	75,137.70	141.39	75,279.09	73.25	126.92	FIFO



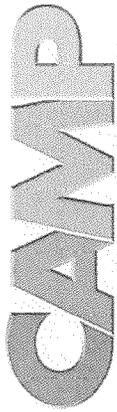
Managed Account Security Transactions & Interest

For the Month Ending August 31, 2011

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
SELL	08/30/11	08/31/11	HSBC USA INC (FDIC) GLOBAL NOTE DTD 12/16/2008 3.125% 12/16/2011	4042EPAA5	375,000.00	378,281.25	2,441.41	380,722.66	(10,222.50)	1,603.62	FIFO
	08/30/11	08/31/11	FHLB GLOBAL BONDS DTD 11/16/2009 1.000% 12/28/2011	3133XVRS2	500,000.00	501,475.00	875.00	502,350.00	1,360.00	1,457.17	FIFO
Transaction Type Sub-Total					3,925,000.00	3,945,426.42	7,210.70	3,952,637.12	2,854.45	15,142.49	
Managed Account Sub-Total						(1,137,902.89)	(239.14)	(1,138,142.03)	2,854.45	15,142.49	
Total Security Transactions						(\$1,137,902.89)	(\$239.14)	(\$1,138,142.03)	\$2,854.45	\$15,142.49	





Managed Account Security Transactions & Interest

For the Month Ending July 31, 2011

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										
	07/20/11	FHLB GLOBAL NOTES DTD 07/21/2011 0.500% 08/28/2013	313374Y61	905,000.00	(903,742.05)	0.00	(903,742.05)			
	07/29/11	08/03/11 FNMA GLOBAL BENCHMARK NOTES DTD 09/26/2003 4.625% 10/15/2013	31359MTG8	725,000.00	(789,188.60)	(10,059.38)	(799,247.98)			

Transaction Type Sub-Total **1,630,000.00 (1,692,930.65) (10,059.38) (1,702,990.03)**

INTEREST

	07/10/11	BERKSHIRE HATHAWAY FIN CORP NOTE DTD 01/11/2011 1.500% 01/10/2014	084664BR1	325,000.00	0.00	2,423.96	2,423.96			
	07/10/11	BERKSHIRE HATHAWAY FIN CORP NOTE DTD 01/11/2011 1.500% 01/10/2014	084664BR1	125,000.00	0.00	932.29	932.29			
	07/29/11	FNMA NOTES (CALLED, OMD) 7/29/2013 DTD 07/29/2010 1.250% 07/29/2011	31398AZ47	1,050,000.00	0.00	6,562.50	6,562.50			
	07/31/11	WELLS FARGO & COMPANY GLOBAL SR NOTES DTD 01/31/2008 4.375% 01/31/2013	919746NV3	500,000.00	0.00	10,937.50	10,937.50			
	07/31/11	US TREASURY NOTES DTD 01/31/2011 0.625% 01/31/2013	912828PR5	1,150,000.00	0.00	3,593.75	3,593.75			

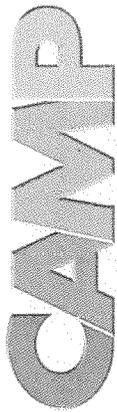
Transaction Type Sub-Total **3,150,000.00 0.00 24,450.00 24,450.00**

MATURITY

	07/29/11	FNMA NOTES (CALLED, OMD) 7/29/2013 DTD 07/29/2010 1.250% 07/29/2011	31398AZ47	1,050,000.00	1,050,000.00	0.00	1,050,000.00	(3,675.00)	0.00	
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Transaction Type Sub-Total **1,050,000.00 1,050,000.00 0.00 1,050,000.00 (3,675.00) 0.00**





Managed Account Security Transactions & Interest

For the Month Ending July 31, 2011

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
SELL	07/20/11	07/21/11 US TREASURY NOTES DTD 01/31/2011 0.625% 01/31/2013	912828PR5	900,000.00	904,078.13	2,657.11	906,735.24	3,621.10	3,726.56	FIFO
Transaction Type Sub-Total				900,000.00	904,078.13	2,657.11	906,735.24	3,621.10	3,726.56	
Managed Account Sub-Total					261,147.48	17,047.73	278,195.21	(53.90)	3,726.56	
Total Security Transactions					\$261,147.48	\$17,047.73	\$278,195.21	(\$53.90)	\$3,726.56	

Bolded items are forward settling trades.



<p style="text-align: center;">CARMA LAIF Fair Market Valuation 9/30/11</p>
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LAIF Statement Balance	8,071,731.13
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FAIR VALUE FACTOR:	
Performance Rate as of 9/30/11	1.001847592

	<hr/>
Market Value	<u><u>\$8,086,644.40</u></u>

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

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

www.treasurer.ca.gov/pmia-laif

October 19, 2011

PMIA Average Monthly Yields

Account Number: 35-34-009

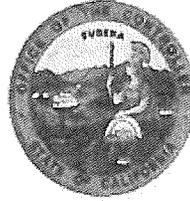
Transactions

Tran Type Definitions

September 2011 Statement

Account Summary

Total Deposit:	0.00	Beginning Balance:	8,071,731.13
Total Withdrawal:	0.00	Ending Balance:	8,071,731.13



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

Earnings Ratio		.00001042339247730
Interest Rate		0.38%
Dollar Day Total	\$	621,723,979.14
Quarter End Principal Balance	\$	8,071,731.13
Quarterly Interest Earned	\$	6,480.47

**State of California
Pooled Money Investment Account
Market Valuation
9/30/2011**

Description	Carrying Cost Plus Accrued Interest Purch.	Amortized Cost	Fair Value	Accrued Interest
United States Treasury:				
Bills	\$ 22,800,252,375.07	\$ 22,827,667,444.55	\$ 22,842,245,500.00	NA
Notes	\$ 11,849,418,843.39	\$ 11,848,596,177.11	\$ 11,919,996,500.00	\$ 23,544,525.00
Federal Agency:				
SBA	\$ 531,261,033.00	\$ 531,261,033.00	\$ 530,762,331.31	\$ 565,112.89
MBS-REMICs	\$ 430,068,338.80	\$ 430,068,338.80	\$ 467,663,708.91	\$ 2,040,680.67
Debentures	\$ 1,376,078,433.27	\$ 1,376,071,322.15	\$ 1,376,591,250.00	\$ 3,536,315.25
Debentures FR	\$ -	\$ -	\$ -	\$ -
Discount Notes	\$ 4,341,750,166.58	\$ 4,344,729,583.36	\$ 4,348,491,500.00	NA
GNMA	\$ 35,793.20	\$ 35,793.20	\$ 36,569.96	\$ 352.44
IBRD Deb FR	\$ 300,000,000.00	\$ 300,000,000.00	\$ 300,402,000.00	\$ 270,866.67
CDs and YCDs FR	\$ 600,000,000.00	\$ 600,000,000.00	\$ 600,000,000.00	\$ 285,269.11
Bank Notes	\$ -	\$ -	\$ -	\$ -
CDs and YCDs	\$ 6,360,015,094.92	\$ 6,360,015,094.92	\$ 6,354,916,983.41	\$ 1,849,916.67
Commercial Paper	\$ 4,097,472,486.09	\$ 4,099,395,437.44	\$ 4,099,089,138.89	NA
Corporate:				
Bonds FR	\$ -	\$ -	\$ -	\$ -
Bonds	\$ -	\$ -	\$ -	\$ -
Repurchase Agreements	\$ -	\$ -	\$ -	\$ -
Reverse Repurchase	\$ -	\$ -	\$ -	\$ -
Time Deposits	\$ 4,089,140,000.00	\$ 4,089,140,000.00	\$ 4,089,140,000.00	NA
AB 55 & GF Loans	\$ 9,417,191,533.16	\$ 9,417,191,533.16	\$ 9,417,191,533.16	NA
TOTAL	\$ 66,192,684,097.48	\$ 66,224,171,757.69	\$ 66,346,527,015.64	\$ 32,093,038.70

Fair Value Including Accrued Interest

\$ 66,378,620,054.34

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 (**1.001847592**). 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 \$20,036,951.84 or \$20,000,000.00 x **1.001847592**.

Bill Lockyer, State Treasurer

Inside the State Treasurer's Office

Local Agency Investment Fund (LAIF)



2011 LAIF CONFERENCE REGISTRATION

PMIA Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
9/30/2011	0.37	0.39	236
10/1/2011	0.37	0.37	235
10/2/2011	0.37	0.37	235
10/3/2011	0.38	0.38	242
10/4/2011	0.38	0.38	241
10/5/2011	0.38	0.38	242
10/6/2011	0.38	0.38	242
10/7/2011	0.38	0.38	241
10/8/2011	0.38	0.38	241
10/9/2011	0.38	0.38	241
10/10/2011	0.38	0.38	238
10/11/2011	0.39	0.38	240
10/12/2011	0.39	0.38	241
10/13/2011	0.39	0.38	241

*Daily yield does not reflect capital gains or losses

LAIF Performance Report

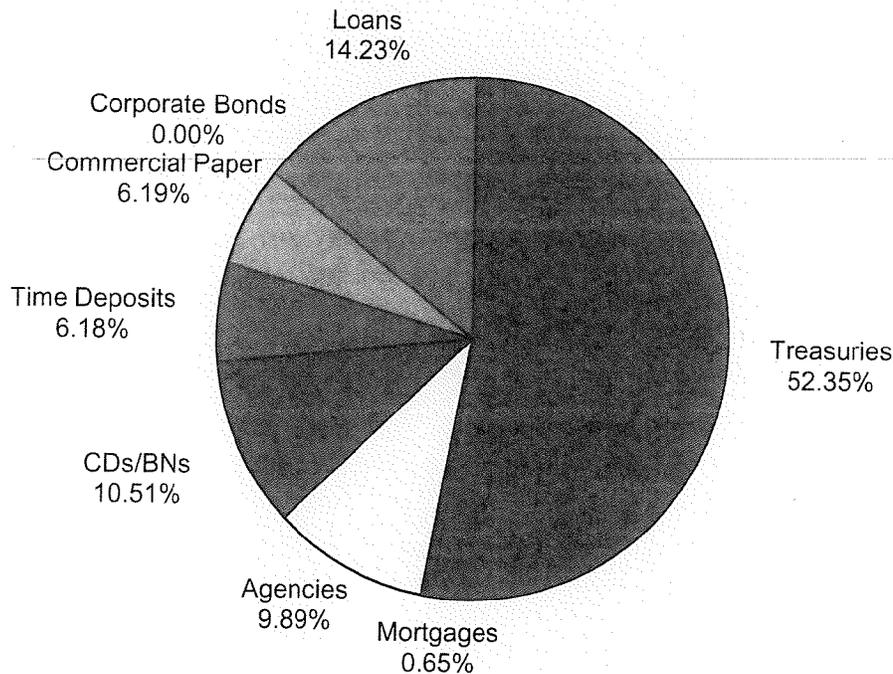
Quarter ending 09/30/2011

Apportionment Rate: 0.38%
 Earnings Ratio: .00001042339247730
 Fair Value Factor: 1.001847592
 Daily: 0.37%
 Quarter To Date: 0.39%
 Average Life: 236

PMIA Average Monthly Effective Yields

SEP 2011 0.378%
 AUG 2011 0.408%
 JUL 2011 0.381%

Pooled Money Investment Account Portfolio Composition \$66.2 Billion 09/30/11



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

www.treasurer.ca.gov/pmia
 -laif
 September 09,
 2011

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

Transactions

August 2011 Statement

Tran Type Definitions

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
8/4/2011	8/3/2011	RD	1327954	NANCY BROADHURST	5,400,000.00
8/23/2011	8/22/2011	RW	1329586	NANCY BROADHURST	-465,000.00

Account Summary

Total Deposit:	5,400,000.00	Beginning Balance:	3,136,731.13
Total Withdrawal:	-465,000.00	Ending Balance:	8,071,731.13

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

www.treasurer.ca.gov/pmia
 -laif
 August 29, 2011

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

Transactions

Tran Type Definitions

July 2011 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
7/15/2011	7/14/2011	QRD	1325197	SYSTEM	5,734.63
7/25/2011	7/22/2011	RW	1326807	NANCY BROADHURST	-1,590,000.00

Account Summary

Total Deposit:	5,734.63	Beginning Balance:	4,720,996.50
Total Withdrawal:	-1,590,000.00	Ending Balance:	3,136,731.13

California Affiliated Risk Management Authorities

~ BALANCE SHEET ~ As of September 30, 2011 (Unaudited)

ASSETS

CURRENT ASSETS

Cash in Bank	\$	2,696	
Local Agency Investment Fund		8,071,731	
Market Valuation - LAIF		14,913	
Investments - Managed Portfolio		1,634,138	
Market Valuation - Investment		(1,849)	
Accounts Receivable		29,168	
Interest Receivable		105,190	
Prepaid Expenses		5,740	
Prepaid Insurance		1,243,354	
		<hr/>	
TOTAL CURRENT ASSETS			11,105,082

NONCURRENT ASSETS

Investments - Managed Portfolio (Net of Rate Stabilization Fund)		22,140,276	
Market Valuation - Investment		120,931	
		<hr/>	
TOTAL OTHER ASSETS			22,261,207
			<hr/>
TOTAL ASSETS			\$ 33,366,289

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$	15,134	
Deferred Revenue		4,448,987	
Equity Payable to Withdrawing Member		7,261	
Reserve for Claims		4,200,000	
		<hr/>	
TOTAL CURRENT LIABILITIES			8,671,382

NONCURRENT LIABILITIES

Reserve for Claims		3,089,894	
Reserve for IBNR		11,052,061	
		<hr/>	
TOTAL NONCURRENT LIABILITIES			14,141,955
			<hr/>
TOTAL LIABILITIES			22,813,337

NET ASSETS

Unrestricted Net Assets - Prior Years		10,172,475	
Net Assets - Current Year		380,477	
		<hr/>	
TOTAL NET ASSETS			10,552,952
			<hr/>
TOTAL LIABILITIES AND NET ASSETS			\$ 33,366,289

California Affiliated Risk Management Authorities
~ INCOME STATEMENT ~
For the Quarter Ended September 30, 2011
(Unaudited)

	<u>Actual</u>	<u>Budget</u>	<u>% Used</u>	<u>\$ Variance</u>
OPERATING REVENUES				
Deposit Premium	\$ 1,482,996	\$ 5,931,983	25%	\$ 4,448,987
Investment Income	96,033	0		(96,033)
Misc Income	0	0		0
TOTAL OPERATING REVENUES	\$ 1,579,028	5,931,983	27%	4,352,955
OPERATING EXPENSES				
Direct Expenses				
Claims Paid	\$ 842,347	3,829,470	* { 18%	3,147,777
Incr/(Decr) in Reserves	(160,654)			
Subtotal Claims Expense	681,693	3,829,470	18%	3,147,777
Reinsurance	284,873	1,139,490	25%	854,618
Excess Insurance	129,321	517,283	25%	387,962
Subtotal All Direct Expenses	1,095,886	5,486,243	20%	4,390,357
General & Administrative Expenses				
Program Management	72,120	288,480	25%	216,360
Membership Dues	350	1,600	22%	1,250
Financial Audit	8,400	8,400	100%	0
Claims Audit	0	18,900	0%	18,900
Actuarial Services	0	6,860	0%	6,860
Legal Services	6,158	60,000	10%	53,842
Marketing, Consultants and Website	150	5,000	3%	4,850
Board Meetings	1,028	1,500	69%	472
Annual Retreat	0	10,000	0%	10,000
Fidelity Bond	258	1,000	26%	742
Accreditation	1,400	1,500	93%	100
Investment Management Fees	6,526	26,000	25%	19,474
Genex Reporting Fees	6,129	6,500	94%	371
Bank Fees	144	0		(144)
Contingency	0	10,000	0%	10,000
Subtotal General & Admin Expenses	102,664	445,740	23%	343,076
Member Equity Distribution	0	0		0
TOTAL OPERATING EXPENSES	1,198,550	5,931,983	20%	4,733,433
CHANGE IN NET ASSETS	\$ 380,477	0		

* 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, 2011
(Unaudited)

Assets:	2001/2002	2002/2003	2003/2004	2004/2005 *	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	Total
Cash, L.A.I.F. & Investments	303,409	1,389,863	2,982,016	720,993	2,440,620	3,315,584	4,888,741	3,543,515	4,184,662	4,151,183	3,928,260	31,848,841
Market Valuation-LAIF & Investments											133,996	133,996
Prepaid Expenses											1,249,094	1,249,094
Interest Receivable											105,190	105,190
Accounts Receivable											29,168	29,168
Total Assets	303,409	1,389,863	2,982,016	720,993	2,440,620	3,315,584	4,888,741	3,543,515	4,184,662	4,151,183	5,445,708	33,366,289 *
Liabilities:												
Accounts Payable											15,134	15,134
Deferred Revenue											4,448,987	4,448,987
Return of Equity												0
Equity Payable											7,261	7,261
Reserve for Claims (1)	0	361,125	487,956	188,000	5,162,391	1,014,790	0	0	177,400	0	0	7,391,662
Reserve for IBNR (2)	19,588	133,743	239,841	154,601	418,452	578,950	1,578,411	2,152,702	2,389,237	2,604,570	680,202	10,950,298
Total Liabilities	19,588	494,868	727,797	342,601	5,580,843	1,593,740	1,578,411	2,152,702	2,566,637	2,604,570	5,151,584	22,813,337
Retained Earnings:												
Reserve for Adverse Development (3)	0	0	0	0	676,145	850,972	1,053,253	1,278,061	1,551,034	1,588,787	408,681	7,406,933
Contingency Funds (4)	283,821	894,995	2,254,219	378,391	(3,816,367)	870,873	2,257,077	112,752	66,990	(42,174)	(114,558)	3,146,020
Total Retained Earnings	283,821	894,995	2,254,219	378,391	(3,140,223)	1,721,844	3,310,330	1,390,813	1,618,025	1,546,613	294,123	10,552,953
Total Liabilities and Retained Earnings	303,409	1,389,863	2,982,016	720,993	2,440,620	3,315,584	4,888,741	3,543,515	4,184,662	4,151,183	5,445,708	33,366,289

* Total Assets do not include Rate Stabilization Funds of \$90,006 at June 30, 2011

**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 \$7,865,760 by \$575,866 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 Quarter Ended September 30, 2011

(Unaudited)

Revenue:	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	Total
Deposit Premiums	940	4,308	9,300	2,235	8,480	10,609	15,153	10,983	12,970	12,867	1,482,996	1,482,996
Interest Income											1,662	89,507 *
Misc Income											0	0
Total Revenue	940	4,308	9,300	2,235	8,480	10,609	15,153	10,983	12,970	12,867	1,484,657	1,572,502
Direct Expenses:												
Claims Paid	0	0	37,074	0	590,737	214,536	0	0	0	0	0	842,347
Incr./(Decr.) in Reserves	0	200,000	(35,508)	0	(805,694)	(199,654)	0	0	(0)	(0)	680,202	(160,654)
Incr./(Decr.) in Rate Stab Due Member Dividend/Assessment/Equity Distribution												0
Reinsurance / Excess												0
Total Direct Expenses	0	200,000	1,566	0	(214,957)	14,882	0	0	(0)	(0)	1,094,395	1,095,886
Indirect Expenses:												
General Management											72,120	72,120
Membership Dues											350	350
Financial Audit											8,400	8,400
Claims Audit											0	0
Actuarial Services											0	0
Legal Services**											6,158	6,158
Marketing/Consultants/Website											150	150
Board Meetings											1,028	1,028
Annual Retreat											0	0
Fidelity Bond											258	258
Accreditation Fees											1,400	1,400
Genex Reporting Fees											6,129	6,129
Bank Fees											144	144
Contingency											0	0
Total Indirect Expenses	0	0	0	0	0	0	0	0	0	0	96,138	96,138
Net Income/(Loss)	940	(195,692)	7,734	2,234	223,438	(4,273)	15,153	10,983	12,971	12,867	294,123	380,478

** 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, 2011

Program Year	Member	"Expected" Fund Balance	Additional IBNR at 70% Conf. Level	"70% Conf." Fund Balance	Additional IBNR at 80% Conf. Level	"80% Conf." Fund Balance
2001/2002:	BCJPIA	89,755	0	89,755	0	89,755
	CSJVRMA	61,907	0	61,907	0	61,907
	MPA	64,020	0	64,020	0	64,020
	PARSAC	56,596	0	56,596	0	56,596
	VCJPA	11,543	0	11,543	0	11,543
	PERMA Total	0 283,821	0 283,821	0 283,821	0 283,821	0 283,821
2002/2003:	BCJPIA	231,682	0	231,682	0	231,682
	CSJVRMA	202,723	0	202,723	0	202,723
	MPA	264,209	0	264,209	0	264,209
	PARSAC	163,218	0	163,218	0	163,218
	VCJPA	33,163	0	33,163	0	33,163
	PERMA Total	0 894,995	0 894,995	0 894,995	0 894,995	0 894,995
2003/2004	BCJPIA	606,709	0	606,709	0	606,709
	CSJVRMA	583,124	0	583,124	0	583,124
	MBASIA	67,454	0	67,454	0	67,454
	MPA	533,800	0	533,800	0	533,800
	PARSAC	384,922	0	384,922	0	384,922
	VCJPA Total	78,211 2,254,219	0 2,254,219	78,211 2,254,219	0 2,254,219	78,211 2,254,219
2004/2005*	BCJPIA	926,187	0	926,187	0	926,187
	CSJVRMA	(738,558)	0	(738,558)	0	(738,558)
	MBASIA	(147,069)	0	(147,069)	0	(147,069)
	MPA	(715,411)	0	(715,411)	0	(715,411)
	PARSAC	940,831	0	940,831	0	940,831
	VCJPA PERMA* Total	111,094 1,318 378,391	0 0 378,391	111,094 1,318 378,391	0 0 378,391	111,094 1,318 378,391
2005/2006	BCJPIA	(779,255)	(11,985)	(791,240)	(167,787)	(947,043)
	CSJVRMA	(758,375)	(11,664)	(770,039)	(163,291)	(921,667)
	MBASIA	(119,701)	(1,841)	(121,542)	(25,774)	(145,474)
	MPA	(819,213)	(12,599)	(831,813)	(176,391)	(995,604)
	PARSAC	(543,938)	(8,366)	(552,304)	(117,119)	(661,057)
	VCJPA Total	(119,740) (3,140,222)	(1,842) (48,296)*	(121,582) (3,188,517)	(25,782) (676,145)*	(145,522) (3,816,368)

California Affiliated Risk Management Authorities

~ Member Allocation of Pool Equity ~
As of September 30, 2011

Program Year	Member	"Expected" Fund Balance	Additional IBNR at 70% Conf. Level	"70% Conf." Fund Balance	Additional IBNR at 80% Conf. Level	"80% Conf." Fund Balance
2006/2007	BCJPIA	396,601	(36,001)	360,600	(196,009)	200,591
	CSJVRMA	498,034	(45,209)	452,825	(246,139)	251,895
	MBASIA	61,151	(5,551)	55,600	(30,222)	30,929
	MPA	397,496	(36,083)	361,414	(196,451)	201,045
	PARSAC	293,741	(26,664)	267,077	(145,173)	148,568
	VCJPA	74,820	(6,792)	68,028	(36,978)	37,842
	Total	1,721,844	(156,300)	1,565,544	(850,972)	870,871
2007/2008	BCJPIA	717,914	(63,450)	654,464	(228,420)	489,494
	CSJVRMA	946,575	(83,659)	862,916	(301,173)	645,402
	MBASIA	109,592	(9,686)	99,907	(34,869)	74,723
	MPA	783,295	(69,228)	714,067	(249,222)	534,073
	PARSAC	617,049	(54,535)	562,513	(196,327)	420,721
	VCJPA	135,905	(12,011)	123,894	(43,241)	92,664
	Total	3,310,330	(292,570)	3,017,760	(1,053,253)	2,257,077
2008/2009	BCJPIA	301,118	(96,246)	204,872	(276,707)	24,412
	CSJVRMA	375,758	(120,103)	255,655	(345,296)	30,463
	MBASIA	46,661	(14,914)	31,747	(42,878)	3,783
	MPA	331,566	(105,978)	225,588	(304,686)	26,880
	PARSAC	282,767	(90,380)	192,387	(259,843)	22,924
	VCJPA	52,943	(16,922)	36,021	(48,651)	4,292
	Total	1,390,813	(444,543)	946,270	(1,278,061)	112,753
2009/2010	BCJPIA	569,693	(202,588)	367,105	(546,106)	23,586
	CSJVRMA	532,654	(189,416)	343,237	(510,600)	22,053
	MBASIA	69,919	(24,864)	45,055	(67,024)	2,895
	MPA	389,034	(138,344)	250,690	(372,927)	16,107
	VCJPA	56,725	(20,172)	36,553	(54,377)	2,349
	PARSAC	0	0	0	0	0
	Total	1,618,025	(575,384)	1,042,641	(1,551,034)	66,990
2010/2011	BCJPIA	579,093	(214,548)	364,545	(594,884)	(15,791)
	CSJVRMA	432,099	(160,088)	272,010	(443,882)	(11,783)
	MBASIA	62,465	(23,143)	39,322	(64,168)	(1,703)
	MPA	416,042	(154,140)	261,903	(427,387)	(11,345)
	VCJPA	56,914	(21,086)	35,828	(58,466)	(1,552)
	PARSAC	0	0	0	0	0
	Total	1,546,613	(573,005)	973,608	(1,588,787)	(42,175)

California Affiliated Risk Management Authorities

~ Member Allocation of Pool Equity ~
As of September 30, 2011

Program Year	Member	"Expected" Fund Balance	Additional IBNR at 70% Conf. Level	"70% Conf." Fund Balance	Additional IBNR at 80% Conf. Level	"80% Conf." Fund Balance
2011/2012	BCJPIA	112,757	(56,875)	55,882	(156,675)	(43,916)
	CSJVRMA	77,268	(38,974)	38,294	(107,364)	(30,095)
	MBASIA	12,131	(6,119)	6,012	(16,856)	(4,725)
	MIPA	80,114	(40,410)	39,704	(111,318)	(31,204)
	VCJPA	11,853	(5,979)	5,874	(16,469)	(4,617)
	PARSAC	0	0	0	0	0
	Total	294,123	(148,357)	145,766	(408,681)	(114,556)
Total:	BCJPIA	3,752,251	(681,693)	3,070,557	(2,166,588)	1,585,665
	CSJVRMA	2,213,208	(649,114)	1,564,094	(2,117,745)	95,463
	MBASIA	162,603	(86,117)	76,486	(281,791)	(119,187)
	MIPA	1,724,954	(556,782)	1,168,172	(1,838,383)	(113,429)
	PARSAC	2,195,185	(179,946)	2,015,240	(718,463)	1,476,723
	VCJPA	503,430	(84,803)	418,627	(283,964)	219,467
	PERMA	1,318	0	1,318	0	1,318
	Total Equity	10,552,953	(2,238,456)	8,314,499	(7,406,933)	3,146,020

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, 2011

Member	Original Balance @ 7/1/2002		Cumulative Interest 2002/2003 - 2005/2006		2006/2007		2007/2008		2008/2009		2009/2010		2010/2011		2011/2012		Balance @ 9/30/11	
	Interest as of 9/30/06	Member Contribution / Withdrawal 9/30/06 & 3/31/07 *	Interest from 10/1/06 - 06/30/07	YE Interest as of 6/30/08	Member Withdrawal June 2008	Member Billing 6/30/08**	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 9/30/11	Balance @ 9/30/11							
BCJPIA	380,979	33,811	7,692	445,979 *	31,721	63,690	(970,226)	6,354	0	0	0	0	0	(0)				(0)
PARSAC	201,011	17,839	4,058	(222,909)	0	6,989	(22,390)	0	0	0	0	0	0	0	0	0	0	0
VCJPA	28,165	2,500	569	63,251	3,481	0	0	0	4,130	2,095	1,217	1,217	280	90,286				90,286
CSJVRMA	0	0	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	0				0
MPA	0	0	0	0	0	0	0	0	0	0	0	0	0	0				0
Total	610,155	54,150	12,319	286,321	35,201	70,679	(992,616)	6,354	4,130	2,095	1,217	1,217	280	90,286				90,286

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

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

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

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

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: _____

By: _____

Name: Paul Neff

Name: Karen Thesing

Title: Vice President –National Sales

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

- **Comprehensive Drug Utilization Review** \$600
- **Conditional Lien Search** Free
- **Conditional Lien Disputes** \$275-flat 3 hrs
\$125/hr thereafter
- **Rush Turn Around of the Cost Projection** \$600
 - Less than 3 business Days
 - 4-7 business days
- **Projection Update** \$500
applies 3 months after original projection completion) \$125/hr (only
- **Field Case Management** \$ 89/hr
- **Peer to Peer Review/Peer Review** \$250-500 depending
upon specialty
- **Structured Annuity Services** \$ rates contingent
upon settlement

This Agreement with Respect to Reporting Software is amended, accepted as-is, and entered into this _____ day of _____, 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: _____

By: _____

Name: Paul Neff

Name: Karen Thesing

Title: Vice President –National Sales

Title: Executive Director - CARMA

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 2012 Annual Workshop.

RECOMMENDATION:

The Board of Directors adopts the 2012 Goals and Objectives.

REFERENCE MATERIALS ATTACHED:

None

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 2012 and 2013 calendar years.

REFERENCE MATERIALS ATTACHED:

- Conflict of Interest Code for the 2012 and 2013 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 13, 2012

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: 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. CARMA's agreement with Alliant Insurance Services expires June 30, 2012. 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).

Alliant began serving as CARMA's broker in 1999 up through the current year's marketing efforts. Over the years, Alliant has recommended various insuring agreements, ranging from pure reinsurance and excess arrangements to some years where the best options included a quota sharing arrangement. Placement of insurance is the majority of Alliant's responsibilities, and they provide other services including assistance in evaluating coverage documents, attending meetings; developing written reports related to rates, coverage, renewal problems, and underwriting information; and marketing specifications.

The agreement between CARMA and Alliant Insurance Services, Inc. reflects a set minimum annual compensation for the year's services. An 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)

Agenda Item 7.B.

For transparency and disclosure purposes, the agreement stipulates that Alliant will disclose in writing any commissions received in connection with any insurance placements on behalf of CARMA and that these commissions will offset any compensation CARMA owes Alliant under the agreement. Further, should the commissions and any fees that are pre-paid by CARMA for a particular year exceed the agreed-upon compensation in the agreement Alliant will reimburse CARMA for these excess commissions, or apply it against any compensation due to Alliant for subsequent periods. No adjustments have been made to date.

In addition, the broker will inform CARMA of any contingent income received. Thus, included in this agenda item is a copy of the letter provided to CARMA that notates Alliant received an additional compensation equal to 5.86% for the renewal of the excess coverage for the 2012/2013 fiscal year. The additional income was specifically for underwriting services since CARMA continued its participation in an Alliant-sponsored program, ANML.

Should the Board determine to proceed with the RFP process, a sample RFP for brokerage services has been included with this agenda which includes a suggested timeline for the receipt and review of the proposals, interviews, notification to the candidate firms, and commencement of services for July 1, 2012.

RECOMMENDATION:

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

REFERENCE MATERIALS ATTACHED:

- Contingency Letter from Alliant Insurance Services, Inc. dated July 13, 2011
- Sample Request for Proposal for Brokerage Services (RFP)



July 13, 2011

CARMA
c/o Bickmore Risk Services
1750 Creekside Oaks Drive #200
Sacramento, CA 95833

Line of Coverage: Excess Liability-Wesco Insurance
Effective Date: July 1, 2011

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 5.86%. 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

Request for Proposal
For
Excess Liability Insurance Brokerage Services

Dated: _____

RETURN RFP RESPONSES TO:

DEADLINE FOR RESPONSES:

January 23, 2012 - 5:00 p.m.

REQUEST FOR PROPOSAL TO PROVIDE

EXCESS LIABILITY INSURANCE BROKERAGE SERVICES

NOTICE IS HEREBY GIVEN that the California Affiliated Risk Management Authorities (CARMA) is soliciting proposals from qualified firms to provide Excess Liability Insurance Brokerage Services for CARMA.

IMPORTANT NOTE: This Request for Proposal (RFP) is not an authorization to approach the insurance marketplace or service agencies on behalf of CARMA. CARMA specifically directs that no solicitation of insurance markets or market reservations be made on behalf of CARMA. Failure to comply with this condition will be grounds for disqualification from this RFP process.

BASIS OF AWARD: CARMA reserves the right to award a contract, or make no award, whichever is in the best interests of CARMA. CARMA also reserves the right to negotiate the terms and conditions of any contract resulting from this solicitation. Final award, if any, will be made by the CARMA Governing Board.

EVALUATION CRITERIA: All proposals received by the closing date and time, will be evaluated by CARMA which will review and judge the merit of the proposals received in accordance with all criteria and specifications contained in the RFP document.

It is CARMA's intent to create a short list, minimum of three, of qualified firms from the proposals received in accordance with all criteria and specifications contained in the RFP document. An oral presentation and/or additional information may be required from the firms on the short list.

DEADLINE: Proposals must be received in the CARMA offices at the street address shown hereinafter prior to the deadline of 5:00 P.M. Pacific Standard Time, January 23, 2012. It is the responsibility of the respondent to see that any proposal sent through the mail shall have sufficient time to be received by the specified date and time. Telegraphic, telephonic or facsimile (fax) proposals will not be accepted.

COSTS INCURRED BY PROPOSERS: All expenses involved with the preparation and submission of the proposal to CARMA, or any work performed in connection therewith, shall be borne by the proposer(s). No payment will be made for any responses received, or for any other effort required of or made by the proposer(s) prior to the commencement of work as defined by a written agreement approved by the Governing Board.

Karen Thesing

Executive Director – CARMA

California Affiliated Risk Management Authorities

Request for Proposal for Brokerage Services

Page 2

_____, 2012

TO: PROSPECTIVE PROPOSERS

SUBJECT: REQUEST FOR PROPOSALS TO PROVIDE EXCESS LIABILITY INSURANCE
BROKERAGE SERVICES.

PURPOSE:

The California Affiliated Risk Management Authorities is seeking proposals from qualified firms to provide excess liability insurance brokerage services.

DESCRIPTION OF THE POOL:

CARMA is an excess joint powers authority comprised of affiliated joint powers authorities to protect member resources by minimizing risk and stabilizing cost in a reliable, economical and innovative manner, while providing broad coverage and quality risk management services utilizing sound business practices.

In 1993 CARMA was formed to jointly purchase excess liability coverage at a reduced cost. The pooling concept was the result of insurance companies ceasing to provide needed commercial liability insurance coverage to member cities. This action motivated affiliated joint powers authorities to join CARMA and participate in the pooled excess liability insurance program.

Pooled excess and group purchase coverage programs include general liability that provides for Bodily Injury and Property Damage, Personal Injury, and Public Officials Errors and Omissions coverage under the terms and conditions set forth in the CARMA Memorandum of Coverage. The member JPA provides \$1,000,000 of primary coverage to their underlying members, and CARMA self-funds its excess layer of \$1,000,000 to \$4,000,000. The reinsurance layer coverage to cover losses in excess of the CARMA pooled coverage layer to \$14,000,000 is purchased. Additionally, excess coverage is purchased to cover losses from \$14,000,000 to \$29,000,000.

Membership and Governance

CARMA consists of five joint powers authority member entities and is governed by a Board of Directors represented by the President, Vice President, Board Secretary, and Treasurer. Each CARMA member appoints a representative and an alternate representative to serve on the Board of Directors.

California Affiliated Risk Management Authorities

Request for Proposal for Brokerage Services

Page 3

Members

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

Website Address

<http://www.carmajpa.org>

REQUIREMENTS OF THE CONTRACTOR:

The successful firm shall:

1. Have the capability of accessing insurance markets on an international basis to maximize the availability of coverage for the pool's consideration.
2. Demonstrate that it possesses the necessary resources to fulfill the requirements of the Scope of Services as detailed in the Insurance Brokerage Agreement. Proposers shall assume that this will be the document for framing any agreement arising from this RFP process.
3. Demonstrate that the firm and proposed team members have a proven record of at least 10 years in providing services of this type to clients of the size, nature and complexity of CARMA.
4. Have a California presence and the ability to service CARMA from a California location.
5. Possess all necessary licenses to perform the above-mentioned services as may be required by the State of California.
6. Demonstrate a creative and innovative approach to providing the services required.
7. Have a proven record of successful negotiations with insurance carriers on difficult losses involving coverage issues.
8. Disclose all fees, commissions, and other profit-sharing arrangements with insurance companies, and any real or potential conflicts of interest.
9. Provide copies of all underwriting submissions and quotations from insurers to CARMA within a reasonable period after completion or receipt.

SCOPE OF PROPOSAL

Proposers shall submit proposals formatted to provide the information requested in items 1 – 13 of this section. Additional information may be provided, however, the proposal shall not exceed 20 pages, single-sided.

1. Provide a brief profile of the firm, including the types of services offered, the year founded, form of the organization (corporation, partnership, sole proprietor); number, size and location of offices, and number of licensed Brokers.
2. Describe the firm's ability to assist CARMA in developing a work plan to include project timelines for planning, review, presentations and implementation meetings prior to the expiration date of the insurance policies due for renewal.
3. Provide a general description of the firm's financial condition and identify any condition occurring since 7/01/2007 or planned to occur before 7/01/2012 (e.g. bankruptcy, pending litigation, planned office closings, impending merger) that may impede the firm's ability to complete the project.
4. Provide the names and experience of each individual who would be assigned to work on the CARMA account team. This would include account executives, marketing personnel and others who would actively work on the CARMA account. Be sure to identify the individual(s) within your firm who will have overall responsibility for the CRMA account, the office in which each account team member is located, and how they fit into the organization as a whole. Please specify which individuals on the project team will conduct the negotiations with insurance companies. Also, state the total premium value and number of accounts he/she handles. CARMA shall reserve the right to approve all personnel assigned to act in the interest of CARMA, in accordance with the Agreement.
5. Describe the firm's and account team leader's experience in providing insurance brokerage services to joint powers insurance authorities and other public agencies. (Experience with California public agencies should be emphasized). Provide at least five public agency references: (1) specifying the types of insurance and/or services provided, (2) dates of service, (3) the name, address and telephone number of an official that may be contacted as a reference, (4) describing the responsibilities for these accounts held by the account team members that you have proposed to work on the CARMA account. If the firm has been replaced as the Broker of record in the experience cited, provide an explanation for such replacement.
6. Describe any special expertise and experience your firm and account team has in providing insurance to municipal pools, cities or other governmental agencies.
7. Describe any changes or new situations in risk management and insurance that are likely to affect CARMA members in the next three years and the types of products or solutions you offer to best meet these problems and opportunities.
8. Describe what you will do to keep abreast of CARMA loss exposures, if your firm is awarded this account and your firm's capabilities in assisting CRMA members reduce loss costs.
9. Describe your firm's ability to provide assistance to individual CARMA members on various risk management questions or concerns.
10. Describe your experience in developing self-funding and pooling programs.

California Affiliated Risk Management Authorities

Request for Proposal for Brokerage Services

Page 5

11. Describe your approximate annual casualty premium volume.
12. Describe any services or programs your firm can provide CARMA which have not been mentioned above and any additional fees that might be required for these services (i.e. loss control services).
13. Describe how your firm could assist in increasing CARMA membership.

BROKER COMPENSATION

Brokers shall detail the compensation form and amount proposed to provide all services in the attached Insurance Brokerage Agreement, including how the compensation is determined and how it will be adjusted over time. Compensation shall be presented for each of the three years of the agreement. Compensation for optional services shall be shown separately.

INSURANCE REQUIREMENTS

Proposers shall take out and maintain during the entire term of the agreement insurance pertaining to the activities associated with the agreement. Proposers will be required to obtain, at their own costs and expense; all insurance required below and shall provide a certificate of insurance as evidence of insurance upon signing of the agreement for services.

Insurance:

Workers' Compensation	Statutory Limits
Employers Liability	\$1,000,000 per occurrence limit
Commercial General Liability and Property Damage	\$1,000,000 CSL per occurrence
Professional Liability	\$1,000,000 per claim limit
Fidelity Bond (Employee Dishonesty)	\$1,000,000 per occurrence limit

SELECTION PROCESS

A. **DEADLINE:** All proposals must be received **no later than 5:00 p.m. on January 23, 2012.** Late proposals will be rejected.

B. **INQUIRIES:** Question regarding this RFP should be directed to: Karen Thesing – Executive Director, CARMA, 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833, or telephone number (800) 541-4591, extension 1181. CARMA will provide the question and responses to all firms who receive this RFP.

SELECTION TIMELINE*

January 23, 2012	Proposals due by 5:00 pm
February 6-7, 2012	Review of proposals
February 20, 2012	Firms selected are notified for interviews
To Be Determined	Interview day of selected firms
March 22, 2012	Board approves selection of firm.
March 26, 2012	Selected Firm Notified. Non-selected firms also notified
July 1, 2012	Contract start date

*CARMA reserves the right to cancel and/or modify the above dates at any time or to make a dual appointment.

ADMINISTRATIVE MATTERS

SUBJECT: Agreement between CARMA and Bickmore Risk Services (BRS) for Administration, Litigation Management, and Financial Services

BACKGROUND AND STATUS:

Bickmore Risk Services has performed administration, litigation management and financial services for CARMA since 1993. CARMA's agreement with Bickmore Risk Services expires June 30, 2012. The renewal has been placed on the agenda for the Board's consideration to determine if it desires to form an ad hoc committee to re-negotiate the existing agreement with BRS, or send out a Request for Proposal (RFP) for Administration, Litigation Management, and Financial Services (RFP).

BRS has been the only CARMA pool administrator from 1993 up through the current year's administration. Over the years, BRS has provided CARMA with services including general, administrative, board secretarial, risk management, liability program, financial, and support services.

The agreement between CARMA and BRS reflects a set minimum annual compensation for the year's services. An overview of the agreements since July 1, 2007, indicates the following compensation:

Term of Agreement	Annual Base Contract Price (ABCP)
7/01/07 – 6/30/12	*\$272,000 (year one); \$285,820 (year two); \$289,053 (year three); \$289,000 (year four); and \$288,480 (year five).

**In 2009, BRS provided CARMA with a fee reduction due to the withdrawal of PARSAC.*

In addition to the Annual Base Contract Price (ABCP), the ABCP is adjusted based on the addition or withdrawal of members. An example occurred in 2009 when PARSAC withdrew from CARMA, and BRS proposed and the Board approved a reduction in the ABCP, reflecting this withdrawal.

Should the Board determine to proceed with the RFP process, a sample RFP for administration, litigation management, and financial services has been included with this agenda. It includes a suggested timeline for the receipt and review of the proposals, interviews, notification to the candidate firms, and commencement of services for July 1, 2012. Conversely, should the Board determine to re-negotiate the agreement, it is suggested that an ad hoc committee be appointed to negotiate the agreement between CARMA and BRS.

Agenda Item 7.C.

RECOMMENDATION:

The Board of Directors appoints an ad hoc committee to negotiate the agreement between CARMA and Bickmore Risk Services, or begins the Request for Proposal process for Administration Services.

REFERENCE MATERIALS ATTACHED:

- Sample Request for Proposal for Administration, Litigation Management, and Financial Services

Request for Proposal
For
Administration, Litigation Management,
And Financial Services

Dated: _____

RETURN RFP RESPONSES TO:

DEADLINE FOR RESPONSES:

5:00 p.m.

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Draft

I. INTRODUCTION

Overview

The California Affiliated Risk Management Authorities (CARMA) was created in 1993 to provide a pooled approach to excess liability coverage pursuant to the California Government Code. CARMA is a partnership of five joint powers authorities (JPA) that was formed in order to address the challenges of traditional insurance. By pooling assets, members of CARMA jointly control their risks and pay their own claims rather than purchase excess insurance from carriers. In order to help members control their risks and protect their assets, CARMA provides resources such as loss control and prevention services to help the members and their underlying members reduce catastrophic losses.

Pooled excess and group purchase coverage programs include general liability that provides for Bodily Injury and Property Damage, Personal Injury, and Public Officials Errors and Omissions coverage under the terms and conditions set forth in the CARMA Memorandum of Coverage. The member JPA provides \$1,000,000 of primary coverage to their underlying members, and CARMA self-funds its excess layer of \$1,000,000 to \$4,000,000. The reinsurance layer coverage to cover losses in excess of the CARMA pooled coverage layer to \$14,000,000 is purchased. Additionally, excess coverage is purchased to cover losses from \$14,000,000 to \$29,000,000.

Membership and Governance

CARMA consists of five joint powers authority member entities and is governed by a Board of Directors represented by the President, Vice President, Board Secretary, and Treasurer. Each CARMA member appoints a representative and an alternate representative to serve on the Board of Directors.

Members

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

Website Address

<http://www.carmajpa.org>

II. SCOPE OF SERVICES

JPA/Pool Administration services will include working with the Board of Directors and Committees to conduct day-to-day management, operation, general administration, safety services, and financial affairs of CARMA and its programs of insurance, self-insurance and risk management and to provide oversight of any other contracted operations. Services to be contracted shall include:

A. General Services

- Maintain a business office in a location of the administrator's choosing within the State of California and pay all costs incidental to the occupancy and maintenance of the office;
- Retain sufficient personnel to conduct the business affairs of CARMA;
- Maintain an 800-toll free number for use by members in contacting administrator's staff;
- Once key contacts are established and agreed to by CARMA, any alternate staff must be accepted and approved by CARMA;
- A member of the Administrator's staff will be appointed as CARMA's Recording Secretary.

B. Leadership and Management

- Maintain contacts and participation in key public agency risk managers and insurance industry organizations such as PARMA (Public Agency Risk Management Authority), PRIMA (Public Risk Management Association), AGRIP (Association of Governmental Risk Pools), and CAJPA (California Joint Powers Authority);
- Advise members of proposed/newly adopted administrative law or legislative changes;
- Exercise initiative in recommending improved organization procedures in the governance of CARMA as well as produce, prepare and maintain governing documents and administrative policy manual;
- Work with CARMA in introducing and implementing pooling practices including orientation of new Board members to important trends and activities of pools. Maintain liaison between member agencies and CARMA to keep members fully informed on the current status of CARMA affairs;
- Maintain operations that meet all regulatory and operational requirements to continue to qualify for the CAJPA Accreditation with Excellence standard;
- Prepare and file updated Statement of Facts with the Secretary of State and any other required reports with State Agencies;
- Oversee and assist in the preparation and submission of annual reports to the State Controller's Office;
- Maintain the CARMA website – <http://www.carmajpa.org>;
- Monitor the performance of all external service contractors to ensure compliance with

their contractual obligations. Coordinate an annual evaluation by the Board of the service provider (including Pool Administration). Recommend changes or improvements in the services provided when needed;

- Maintain a general file of all documents, including but not limited to, correspondence, reports, insurance policies, agendas, minutes, and governing documents;
- Assist, when needed, in the selection of risk management and insurance programs, brokers, insurance companies, claims administrators, claims auditors, actuaries, loss control specialists, and other professionals whom provide services to CARMA;
- Develop, prepare and maintain the guidelines and standards for accepting new members. Review and make a recommendation for all new applications for membership to the Board.

C. Meeting, Planning and Board Relations

- Make arrangements for and attend Board of Directors and Committee meetings;
- Prepare, provide, post and distribute descriptive agendas and materials for Board and Committee meetings in accordance with the governing documents and the Ralph M. Brown Act;
- Within ten working days after the meeting, prepare and distribute minutes of all Board and Committee meetings;
- Act as a filing officer for Annual Statements of Economic Interest (Conflict of Interest filings) to ensure compliance with FPPC requirements. Disseminate, collect, and maintained required statements;
- Maintain an up-to-date mailing lists of all members, primary contacts, Board and committee members;
- Maintain a general file of all CARMA documents including, but not limited to, correspondence, reports, insurance policies (and Memorandums of Coverage), notices, agendas, minutes and all governing documents;
- Keep members informed of the affairs of CARMA, including the preparation and distribution of an annual report to the Board of Directors on the general condition of CARMA;
- Market CARMA to other interested homogeneous joint power authorities, if requested. Develop, prepare and maintain the guidelines and standards for accepting new members;
- Review applications for membership and make recommendations to the Board regarding the acceptability of such new applicants;
- Arrange, coordinate and prepare necessary documents for an annual strategic planning meeting.



D. Insurance Program Management

- Annually, perform an analysis of self-insurance compared to primary insurance. Conduct any other necessary studies on such items as loss trends and alternative methods for reducing costs and appropriate retention levels;
- Negotiate fees for services and insurance coverages on behalf of CARMA to minimize costs and obtain the best possible services. Coordinate with broker in the underwriting process;
- Prepare and distribute a Memorandum of Coverage for the self-insured programs. Prepare changes to the Memorandums as necessary;
- Apprise the Board of any new development of insurance products or programs.

E. Accounting, Finance and Reporting

- Maintain financial records in accordance with generally accepted accounting principles, including detailed records of all income, expenditures, deposits and withdrawals;
- Submit demands for payments to the fiscal agent/bank for payment. Submit payments to authorized signatories for approval and signing;
- Perform monthly bank reconciliation of all accounts;
- Prepare interim financial statements to correspond with bi-monthly Board meetings;
- Oversee financial reporting and coordinate services with financial audit, including preparation of the Management Discussion and Analysis;
- Maintain an investment policy and submit annually to the Board for its review, pursuant to Government Code requirements;
- Maintain investment records;
- Make quarterly reports to the Board on the status of the investments pursuant to Government Code Section 53445;
- Arrange for an annual financial audit by a qualified CPA firm acceptable to the Board;
- Keep the Board informed regarding the need for and timing of actuarial studies and claims audits;
- Oversee and work with CARMA's actuary in preparing the actuarial study and provide observations on results. Assist assigned actuary in their review and analysis of self-funded reserve levels, deposit premium computations, plan design, and utilization of benefits with the objective of obtaining the best coverage and benefits with the minimum cost to the members;
- Prepare for adoption of the annual budgets and recommend mid-year revisions as necessary;



- Annually calculate program year accounting; and
- Invoice accordingly for the various CARMA programs.

F. Liability Program Management

- Administer the liability coverage program, which includes the coordination and management of the program;
- Prepare and maintain governing documents of the program;
- Attend all meetings as necessary and provide the Board with legislative updates;
- Prepare and negotiate the contract for claims administration which is to include the claims administration performance standards set forth by the Board and the liability excess provider;
- Communicate with members regarding liability claims issues;
- Conduct quarterly file reviews. Provide a report including findings and recommendations as well as a response from the TPA to the Board addressing contract and performance standards compliance as well as claims handling for the TPA;
- Prepare and maintain the liability program's claims procedures manual;
- Coordinate the selection of the claims auditor as needed. Review and comment on the audit findings;
- Comply with reporting requirements of the State of California.

G. Risk Management Services

- Promote the general development, growth, and expansion of CARMA and the programs it offers;
- Maintain an appropriate website for CARMA to assist in attracting new members and to better communicate with current members;
- Develop and prepare underwriting guidelines and procedures;
- Assist CARMA in the selection of risk management and insurance programs, brokers of record, insurance companies, claims administrators, consultants, and other professionals who may provide services to CARMA;
- Review alternatives for financially strengthening CARMA's pools, and report to the Board on the status of such alternatives;
- Monitor the status of CARMA's programs and operations, member agencies' losses,



administrative and operational costs, service companies' and brokers' performance, and provide the Board with appropriate status reports pertaining thereto;

- Assist assigned actuaries in their review and analysis of self-funded reserve levels, deposit premium computations, plan design, and utilization of benefits with the objective of obtaining the best coverage and benefits with the minimum cost to the member agencies;
- Analyze loss runs and individual claims, when necessary, to minimize claims costs to CARMA;
- Maintain a computerized data base of all required statistical information on the member agencies and their claims;
- Provide certificates of coverage, as required; and
- As required, provide advice and assistance to member agencies.

H. Liability Program Services:

- Maintain the memorandum of coverage for the excess liability program;
- Prepare for Board approval, amendments to the memorandum of coverage, when necessary;
- Maintain files on all claims reported to CARMA;
- Recommend to the Board the setting of reserves for those cases that are likely to penetrate to pooled funds;
- Annually, prepare a detailed report on CARMA's Pooled Liability Program showing the activity by program year and the cumulative activity of all years, including number of claims, losses which have been incurred by each agency, and the losses which have been shared through pooling;
- Upon the reporting of each claim that has an expectation of exceeding the minimum incurred loss threshold set by the Board, review said claim for CARMA and report said claims to the Board at the next scheduled meeting;

- Throughout the duration of each claim reviewed, periodically review the progress of said claim for CARMA, and if directed by the Board, take control and assume settlement authority for the claim;
- Periodically, review claims runs submitted by the member agencies;
- Provide recommendations for alternative dispute resolution methods, when appropriate;
- Provide, as needed, evaluations and critiques of defense attorneys and defense firms handling claims for the members;
- Recommend claim settlements to the Board for approval;
- Quarterly, prepare a report of all open cases which present an exposure to CARMA pooled funds; and
- As required, provide advice and assistance to member agencies.

I. Additional Services

In the event that additional services or extra work, not covered by this RFP, are desired by CARMA, such services will be negotiated and agreed to by contract amendment. Prior to the commencing of any additional services or extra work, Administrator shall prepare a task order describing the scope of work and costs for the extra services. CARMA shall have no obligation to pay until after the approval of the task order by the Chairperson of the Board and the contract amended accordingly.

III. PROPOSAL REQUIREMENTS

Proposals should address how the prospective Pool Administrator will provide the requested services. All proposals should include, at a minimum, specific information in the following categories, in this order:

1. Technical Proposal: A section entitled “Technical Proposal” shall include the following information:
 - A. Background of the Firm: Provide an overview of the firm’s background, staff and experience performing work as requested by this RFP and a summary of the organizational structure and management approach that will be used to fulfill the RFP’s Scope of Work provisions.



B. Detailed Work Plan: Describe the approach, methodology, and processes that will be employed to accomplish the various tasks proposed. Firm should discuss any value added services and resources it can provide.

C. Professional Qualifications: Provide a detailed description of the relevant experience of both your organization and personnel who will be assigned to CARMA (clerical staff need not be individually named). Detail the roles and responsibilities of each person proposed and the tasks they will generally perform. Also, provide an estimate of the number of hours per year and each individual that will be dedicated exclusively to CARMA. Provide an organizational chart depicting the hierarchy of the firm's approach to managing CARMA's contract. Resumes for each individual named (except clerical) in the proposal shall be included.

D. Firm and Staff Experience: Provide a detailed description of projects that the firm and/or key staff have worked on that are similar in size, scope and complexity to the services required under this RFP. Include at least four (4) client or employer references (including the name of a contact person, street and e-mail address as well as a telephone number) that may be used in contacting the individual for information concerning qualifications of your firm or staff assigned to this RFP. These references should be able to directly assess you or your staff's ability to provide administrative and technical support to a California public agency insurance risk pool.

E. Eligibility Requirements: Prospective service providers must meet all of the following eligibility requirements:

- i. Must be incorporated and qualified to operate as a business in the State of California and principal staff members servicing the account must be housed in a California office;
- ii. Must have a minimum of five years' experience in providing pool administration services, preferably with experience in managing risks of public school district JPAs. In addition, the firm must demonstrate management experience working with a California Public Agency Insurance Pool providing risk shared and/or excess insurance coverage and related services. Management experience can be gained as a direct employee or through contract with the public agency insurance risk pool;
- iii. Must demonstrate a minimum of three years' experience providing services to public agency insurance pools and possess a familiarity with, and experience applying, California laws and regulations related to Joint Power Authorities and public agency insurance risk pools, the California Government Code and other applicable statutes, and general risk and insurance practices;



- iv. Must be capable of providing full range of services outlined in the Scope of Services, and;
- v. Must warrant there is no conflict of interest that would conflict in any manner with the performance of services required in this proposal. For prospective service providers who also provide broker services, describe the name and type of such services, and describe how you intend to avoid real or perceived financial conflicts of interest in providing both administrative and broker services to the Authority.

F. Cost Proposal: This section should contain a complete breakdown of all costs relating to the contents of the proposal, including the maximum total costs, as well as an itemized breakdown of the compensation required to accomplish the full performance of all tasks outlined in this RFP.

IV. INSURANCE REQUIREMENTS

Proposers shall take out and maintain during the entire term of the agreement insurance pertaining to the activities associated with the agreement. Proposers will be required to obtain, at their own costs and expense; all insurance required below and shall provide a certificate of insurance as evidence of insurance upon signing of the agreement for services.

Insurance:

Workers' Compensation	Statutory Limits
Employers Liability	\$1,000,000 per occurrence limit
Commercial General Liability and Property Damage	\$1,000,000 CSL per occurrence
Professional Liability	\$1,000,000 per claim limit
Fidelity Bond (Employee Dishonesty)	\$1,000,000 per occurrence limit

V. SELECTION PROCESS

Upon receipt of the proposal, each firm's response will be reviewed by the _____ and a _____ of CARMA. Failure to properly address all the items set forth above may disqualify the prospective responder's proposal. CARMA reserve the right to reject any or all proposals at their sole discretion. At its discretion, CARMA may interview one or more firms to further assist in the review and selection

Accredited with Excellence



process. CARMA reserves the right to award the contract to the successful candidate at its discretion depending upon multiple areas of criteria.

A. **DEADLINE:** Please send four (4) copies of your proposal and correspondence to: _____ by Friday, January 23, 2012, no later than 5:00 p.m. (late proposals will be rejected).

B. **INQUIRIES:** Question regarding this RFP should be directed to: _____. CARMA will provide the question and responses to all firms who receive this RFP.

VI. SELECTION TIMELINE*

January 23, 2012	Proposals due by 5:00 pm
February 6-7, 2012	Review of proposals
February 20, 2012	Firms selected are notified for interviews
To Be Determined	Interview day of selected firms
March 22, 2012	Board approves selection of firm.
March 26, 2012	Selected Firm Notified. Non-selected firms also notified
July 1, 2012	Contract start date

*CARMA reserves the right to cancel and/or modify the above dates at any time or to make a dual appointment.

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

Agenda Item 8.A.

COVERAGE MATTERS

SUBJECT: Report from the CARMA Cyber Liability Ad Hoc Committee

BACKGROUND AND STATUS:

On November 15, 2011, the Cyber Liability ad hoc committee met via teleconference. Present were CARMA Staff Karen Thesing, Executive Director; Michael Groff, Litigation Manager; Ramona Buchanan, Board Secretary; Board Counsel, Craig Farmer; and members of the committee including Rob Kramer (BCJPIA), Robert Galvan, (MBASIA), Jake O'Malley, Rick Buys, and Robert Ewing (all with MPA), and Charlotte Hemker-Smith. Prior to the meeting, examples of this emerging exposure were distributed to the members of the ad hoc committee.

After a full and open discussion, it was decided that CARMA should provide 3rd party liability coverage for Cyber Liability, but sub-limit the exposure to \$1 million per occurrence and subject to an aggregate of \$4 million per CARMA Member to be effective July 1, 2012. The consensus of the ad hoc committee was to make this recommendation to the Board at the next Board of Directors' meeting in Bodega Bay on January 13, 2012.

A definition of Cyber Liability had been drafted by Mr. Farmer and Mr. Groff based on similar definitions in other Memorandums of Coverage (MOC) including CSJVRMA and BCJPIA. It was decided to incorporate that definition into the CARMA revised Liability MOC.

Two (2) CARMA Members (CSJVRMA and BCJPIA) currently exclude Cyber Liability in their Liability MOCs. Three (3) Members (MPA, VCJPA, and MBASIA) currently do not exclude Cyber Liability potentially allowing coverage for 3rd party liability. All of the Members (except two cities in MBASIA) participate in PEPiP, an add-on property program which has limited 1st and 3rd party coverage with self-insured retentions ("Retained Limits") and sub-limits.

The gravamen of the ad hoc committee's discussion and recommendation is that, notwithstanding any potential coverage from PEPiP, for any Member who now covers Cyber Liability losses, that the underlying CARMA Member must first exhaust its Retained Limit before the CARMA sub-limits even come into play. For any Member who currently excludes this coverage, the Member's underlying member or Covered Party must pay the Retained Limit of \$1 million before the CARMA sub-limits will apply. It was also agreed that the PEPiP coverage will not be considered as "Other Coverage" to satisfy the CARMA Member's Retained Limit.

For information only, the CARMA MOC defines a "Member" as "any organization that is a party to the Agreement creating the California Affiliated Risk Management Authorities." A "Covered Party" means (a) A Member of the Authority. This includes all entities named in the Declarations page . . ." In the CARMA Master Plan Document, a "Member" is defined as "any organization that is a party to this Agreement." For all intent and purpose, a "Member" refers to CSJVRMA, BCJPIA, VCJPA, MPA, or MBASIA.

Agenda Item 9.A.

A consensus was also reached that, although encouraged, it is not CARMA's role to monitor or require the Members or their underlying members or Covered Parties to undertake certain "best practices" or to comply with federal and state "red flag" laws or policies to protect personal and private information. This responsibility falls squarely on the CARMA Member to notify their underlying members or Covered Parties of this responsibility.

Craig Farmer, Board Counsel, has proposed the following definition of Cyber Liability and the proposed exclusion language to be recommended to the Board:

Page 5 Definitions

8. *"Cyber Liability"* means any liability arising out of or related to the acquisition, storage, security, use, misuse, disclosure, or transmission of electronic data of any kind, including, but not limited to, technology errors and omissions, information security and privacy, privacy notification cost, penalties for regulatory defense or penalties, website media content, disclosure or misuse of confidential information, failure to prevent unauthorized disclosure or misuse of confidential information, improper or inadequate storage or security or personal or confidential information, unauthorized access to computer systems containing confidential information, or transmission or failure to prevent transmission of a computer virus or other damaging material.

[Thereafter the definitions that follow *Cyber Liability* beginning with the word *"Dam"* will have their numbers changed by one digit so that the current 8. Dam will be 9. Dam and so forth through the end of the definitions section.]

Page 15 Exclusions

32. Claims arising out of *Cyber Liability*.
"Notwithstanding this exclusion, coverage under this Memorandum is provided, in excess of the \$1,000,000 *Covered Party's Retained Limit* and any other available insurance first paid, for *Damages* and *Defense Costs* of up to \$1,000,000 per *Occurrence* and subject to an aggregate limit of \$4,000,000 per *Member*."

RECOMMENDATION:

The ad hoc committee will recommend to the Board that the CARMA MOC be revised effective July 1, 2012, to provide 3rd party liability coverage for Cyber Liability subject to the applicable sub-limits discussed above and also subject to any other exclusions and conditions in the MOC.

REFERENCE MATERIALS ATTACHED:

None

MARKETING 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. Michael Simmons, Alliant Insurance Services, Inc., providing CARMA with a marketing report for the 2012/2013 program year. Mr. Simmons will be present at the meeting to discuss this strategy, as well as answer questions from the Board.

Further, Alliant Insurance Services, Inc. has notified CARMA of a proposed change in the CARMA service team whereby Ms. Susan Adams will be focusing on pool management, and Mr. Seth Cole will be transitioning to the CARMA service team to replace Ms. Adams. Mr. Simmons will take this opportunity to introduce Mr. Cole to the CARMA Board of Directors.

RECOMMENDATION:

None, information only.

REFERENCE MATERIALS ATTACHED:

- CARMA 2012/2013 Marketing Report dated December 12, 2011

December 12, 2011

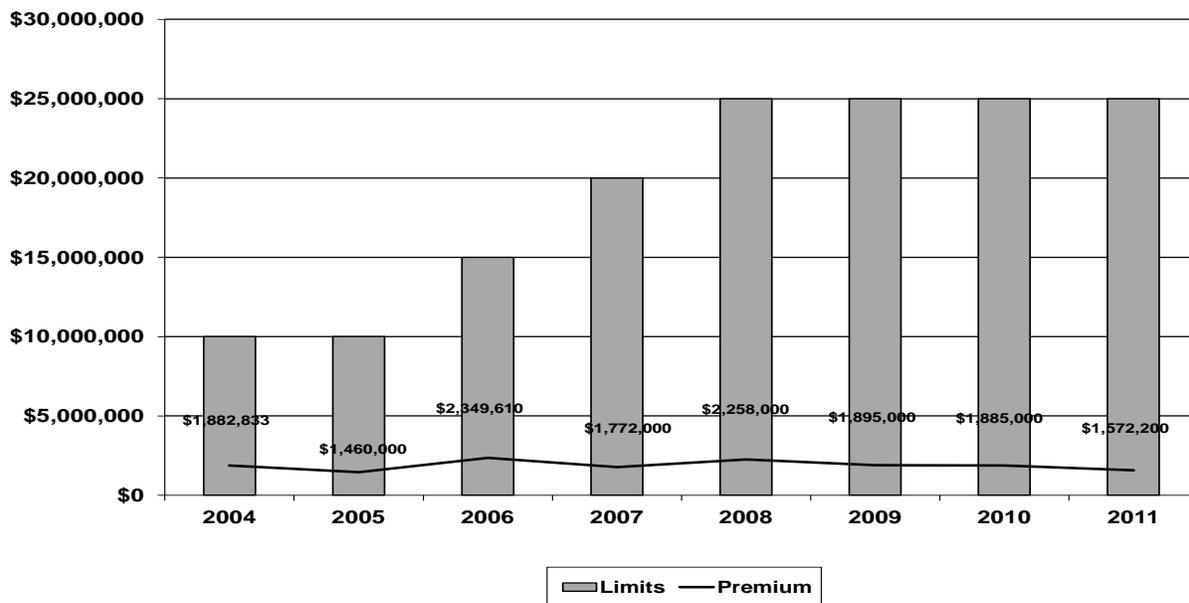
Ms. Karen Thesing
 Manager, Program Administration
 Bickmore Risk Services and Consulting
 1750 Creekside Oaks Drive, Suite 200
 Sacramento, CA 95833

CARMA 2012/2013 Marketing Report

Dear Karen:

This letter outlines our renewal marketing strategy for CARMA for the 2012/2013 coverage year for you and the CARMA Board to consider. Alliant looks forward to review this strategy and gaining feedback at the upcoming meeting on January 13th. Alliant has been successful in improving CARMA excess liability placement continually since 2007 with both 1) increased limits and 2) decreased premiums and rates, as shown in the following graphs. The graph below provides an overview of the excess limits placed and their annual premiums.

Historical Excess Premiums & Limits

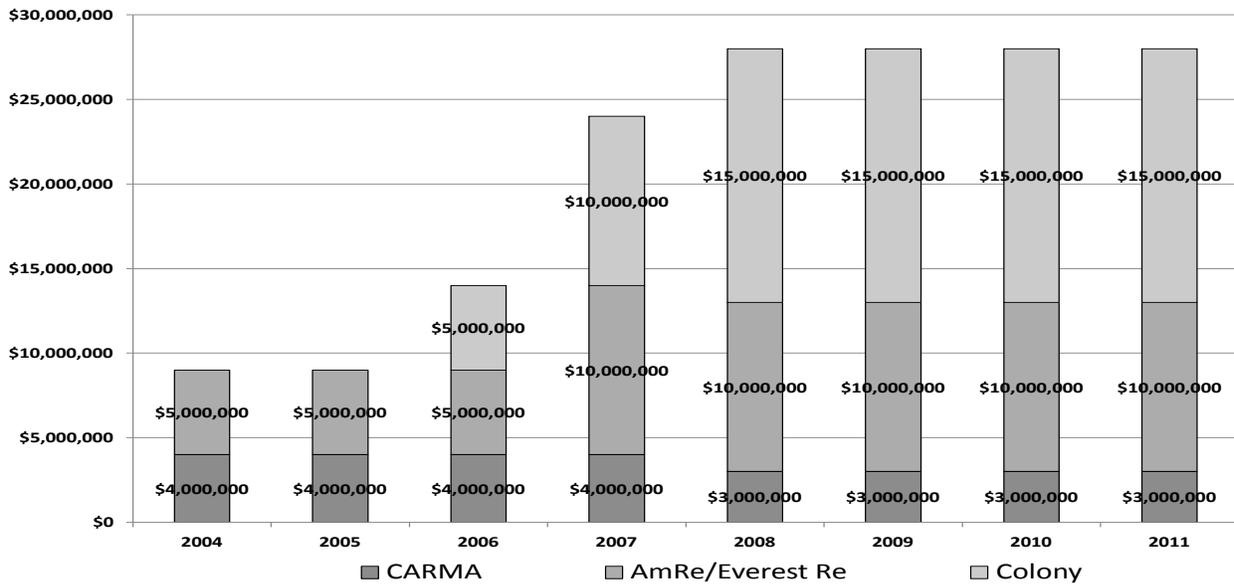


Surprisingly, the general casualty market continues to remain generally “soft”, meaning that we do not expect any *significant* increases¹. Insurers are expected to report modest, but positive, investment income, which along with another year fair loss experience will contribute to a stabilizing market. Although casualty lines have been generally stable, some segments are

¹ *SIGNIFICANT* increase is highlighted for two key reasons; We are still five months from the release of renewal quotes, and general marketplace conditions can obviously be influence with regional claims experience as well as CARMA individual experience

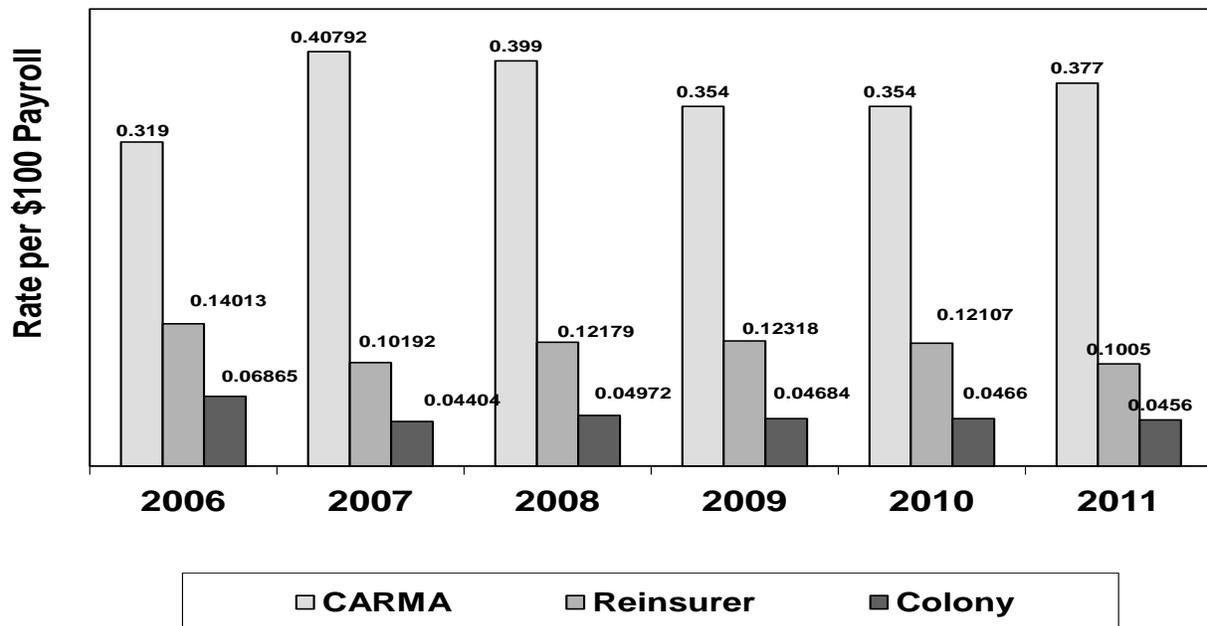
continuing to experience problem, such as California Workers' Compensation and a gradual rise in property has begun, with significant increases expected for D.I.C. (Earthquake & Flood).

Historical Limits Profile



The graph above profiles the CARMA's historical limits, including the retained limit, the first layer of excess limits and the second layer of excess limits. In 2008, CARMA reduced their retained limit from \$4,000,000 to \$3,000,000 and purchased an additional \$5,000,000 in excess limits. The rates for each of these layers are shown in the following graph.

Payroll Rates Per Layer



Our recommendation for the 2012/2013 year is to have *early discussions* with Am Trust and determine if they anticipate any changes to the current program, i.e., rate increases, changes in coverage, etc. and if nothing significant is expected, to renew the program with AmTrust. On the other hand, if they advise us that they will be requesting significant changes in the current programs terms or conditions, we recommend marketing CARMA to just the select insurers that showed interest last year in the First Excess Layer. These include:

1. Everest Re
2. Genesis
3. Ironshore
4. Selective
5. Brit

Colony has been your carrier above this layer for the past eight years. This Second Excess Layer should always be marketed and has been marketed and as is reflected in the above chart, Colony has reduced their rates/premium each year as a result of competition from marketing.

Insurance Marketing History

We have marketed CARMA's excess liability insurance program since 2007 to ascertain which carriers would be interested in providing excess liability coverage to CARMA and at what terms and conditions. Prior to 2007, CARMA purchased reinsurance from American Reinsurance from 1997 until 2007. American Re was a good partner with CARMA, but unfortunately, due to adverse loss experience, American Re was unable to offer a competitive program in 2007 as they were in a deficit position.

In 2007, we marketed CARMA to American Re (incumbent), Genesis, and C.V.Starr (Everest Re), through the Alliant National Municipal Liability Insurance program (ANML). We received quotes from American Re and C.V.Starr. The Board requested us to bind coverage with Everest Re and Colony for total limits of \$20,000,000 xs CARMA's retained limit of \$5,000,000 for a premium savings of \$577,610. This placement also increased the excess limits from \$15,000,000 in 2006 to \$20,000,000 at this premium savings.

In 2008, we did not market CARMA as we had just changed from American Re to Everest Re. We did make inquiries to the market to see if there was interest in quoting and there was not at that time given we had just changed carriers. However, we were able to obtain favorable terms from Everest Reinsurance that allowed CARMA to decrease their self insured retention from \$4,000,000 to \$3,000,000 and purchase an additional \$5,000,000 in excess limits. The combined premium increase for these two events was \$486,000 which was less than CARMA was funding.

In 2009, we did send CARMA specifications to CSAC-EIA to obtain a quotation. They quoted \$30,000,000 xs \$4,000,000 for \$1,500,000. However, they were not willing to delete their subsidence exclusion and coverage would be issued via an excess policy rather than reinsurance.

We negotiated renewal terms with Everest Re for a premium reduction from \$1,600,000 to \$1,355,000 and Colony from \$678,563 to \$540,000 for a total reduction in premium of \$383,563.

In 2010, we again sent CARMA specifications out to thirteen (13) excess liability insurance/reinsurance carriers. All but the incumbents either declined or did not respond to the request for quotation. Only the incumbents quoted. Everest Re offered renewal pricing same as expiring at \$1,355,000 and Colony reduced their premium to \$530,000.

Last spring, we sent CARMA 2011 renewal specifications to the underwriters for ANML, Everest Re, Colony, Genesis, Ironshore, Brit and Selective. We requested quota share quotations within CARMA's retained layer in addition to excess limits proposals. We did receive quota share quotation from Genesis and Selective, however the savings was not enough for CARMA to decide to transfer these liabilities. We also received excess quotations from Everest Re, Am Trust, the new ANML insurer, and Genesis whose indication was not competitive. The Everest Re and Am Trust proposals were very similar in price, with the deciding factor being that Am Trust was willing to delete the arbitration clause in their reinsurance document. Coverage was bound with Am Trust at a premium of \$1,071,200 and Colony at \$501,000 for a total premium of \$1,572,200 for a premium savings of \$164,200.

We have been successful in refining the CARMA program over the years, obtaining increased limits and reducing the premium. As this is the first year with Am Trust and we have approached the insurance market this last renewal, we would recommend renewing with Am Trust and Colony. If you have any questions, please let us know.

Sincerely,



Susan D. Adams
Assistant Vice President
sadams@alliantinsurance.com



Michael Simmons
Vice Chairman – Public Entities
msimmons@alliantinsurance.com

PRESENTATIONS

SUBJECT: Board of Directors' Service Plaques – Ms. Linda Abid-Cummings (CSJVRMA) and Mr. John Stroh (VCJPA)

BACKGROUND AND STATUS:

Currently, the CARMA Board of Directors is comprised of a Representative and Alternate Representative from each Member of CARMA. These representatives serve on the Board of Directors until the Member JPA appoints a new representative or alternate representative to the Board, or a representative leaves or retires from its Member JPA.

This item has been placed on the agenda to announce the retirement of Mr. John Stroh (VCJPA) and Ms. Linda Abid-Cummings (CSJVRMA) from the CARMA Board of Directors. Mr. Stroh has represented VCJPA since 1997, serving as Treasurer and Vice President to the Board, with Ms. Abid-Cummings serving as representative for CSJVRMA since 2008.

Plaques will be presented in appreciation and recognition of their service and dedication to the CARMA Board of Directors. Since neither representative will be present at the meeting, the plaques will be mailed to Mr. Stroh and Ms. Abid-Cummings thereafter.

RECOMMENDATION:

Present plaques in recognition of the service and dedication to the CARMA Board of Directors by these CARMA Board Members.

REFERENCE MATERIALS ATTACHED:

None

Agenda Item 11.A.