

# CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

## BOARD OF DIRECTORS

### REVISED AGENDA

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

**Friday, January 14, 2011  
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](http://www.carmajpa.org).*

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<b>1. CALL TO ORDER</b>	
<b>2. INTRODUCTIONS</b>	
<b>3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)</b>	
<b>4. PUBLIC COMMENTS</b> - 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.	
<b>5. CONSENT CALENDAR</b>	<b>1</b>
*A. Minutes of the November 2, 2010, Special Board Meeting	<b>2</b>
*B. Minutes of the September 10, 2010, Board Meeting	<b>4</b>
*C. Warrant Listings for September 1, 2010, through December 31, 2010	<b>11</b>
*D. Treasurer's Report at September 30, 2010	<b>12</b>
*E. Financial Statements as of September 30, 2010	<b>32</b>



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	*F. Farley Consulting Services Contract	44
	*G. Memo on SB 719 – “The Police Pursuit Bill” by Michael Groff <i>Recommendation: Approval of Consent Calendar.</i>	46
6.	<b>ANNUAL WORKSHOP RECAP</b>	
	*A. Establishment of Goals and Objectives <i>Recommendation: The Board of Directors adopt the 2011 Goals and Objectives.</i>	47
7.	<b>FINANCIAL MATTERS</b>	
	*A. Retrospective Adjustment Policy / Return of Equity <i>Recommendation: The Board approve the Retrospective Adjustment Policy as presented.</i>	48
	*B. California Asset Management Program Portfolio Review <i>Recommendation: None, information only.</i>	53
8.	<b>ADMINISTRATIVE MATTERS</b>	
	*A. Appointment of Board Secretary <i>Recommendation: The Board appoint Ms. Ramona Buchanan as CARMA Board Secretary.</i>	68
	*B. Reaffirmation of the Conflict of Interest Policy <i>Recommendation: The Board reaffirm the Conflict of Interest Policy as presented for the 2011 and 2012 calendar years.</i>	69
	*C. Bay Actuarial Consultants Letter of Engagement for Actuarial Services <i>Recommendation: The Board discuss the proposal from Bay Actuarial Consultants for actuarial services to CARMA and provide direction to staff if it desires to go out for Request for Proposal for these services, or accept the proposal submitted by Bay Actuarial Consultants.</i>	73
	*D. Updated CARMA Website <i>Recommendation: Discuss the enhanced CARMA website and provide direction to staff on any enhancement the Board desires.</i>	76
	*E. Medicare Set-Aside (MSA) Update <i>Recommendation: None, information only.</i>	77
	*F. Genex Contract Fees for 2011/2012 Program Year <i>Recommendation: None, information only.</i>	78
	*G. Duties of the Litigation Manager Regarding Coverage Letters <i>Recommendation: (1) The Board of Directors provide direction as to whether staff should implement the early process of identifying potential coverage issues into the Litigation Manager’s duties as outlined in the governing documents; and (2) the Board of Directors provide direction as to what the “trigger” would be to cause the matter to be referred to Coverage Counsel for a formal coverage opinion.</i>	80

\* = Material on agenda item enclosed

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

9. **COVERAGE MATTERS** **82**
- \*A. Transfer of Risk Draft Policy for Issuing Excess Certificates of Coverage
- Recommendation: (1) The Board of Directors approve the revised Procedures for Issuance of Certificates of Coverage to state the underlying member shall submit for review and approval to the Litigation Manager the written agreement or contract as well as the Request for Coverage when an Additional Covered Party is requested from CARMA. All requests shall be submitted prior to the issuance of the Certificate; and (2) the Board approve the addition of the recommended language noted in the staff report to the CARMA Certificate.*
10. **MARKETING MATTERS** **130**
- \*A. Commercial Marketing Strategy
- Recommendation: Staff will have a recommendation at the meeting pending the outcome of the discussion of this issue at the 2011 Annual Workshop.*
11. **CLAIMS MATTERS** **132**
- A. Closed Session Pursuant to Government Code Section 54956.95(a) to Discuss Claims
- Pursuant to Government Code Section 54956.95(a), the Board will hold a closed session to discuss the following claims for the payment of tort liability losses, public liability losses, or workers' compensation liability incurred by the joint powers authority.
- Affholter, et al. v. City of Merced, et al. (CSJVRMA)**  
**Huerta v. Redwood City (BCJPIA)**  
**Katzman v. Clayton (MPA)**  
**Ross Valley Watershed v. Town of Anselmo (BCJPIA)**
- B. Report from Closed Session
- Pursuant to Government Code Section 54957.1, the Board must report in open session any action, or lack thereof, taken in closed session.
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

\* = Material on agenda item enclosed

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

13. **ADJOURNMENT**

**NOTICES:**

The next Board of Directors' meeting is currently scheduled for Wednesday, April 20, 2011, 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**

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**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 November 2, 2010, Special Board Meeting
- \*B. Minutes of the September 10, 2010, Board Meeting
- \*C. Warrant Listings for September 1, 2010, through December 31, 2010
- \*D. Treasurer's Report at September 30, 2010
- \*E. Financial Statement as of September 30, 2010
- \*F. Farley Consulting Services Contract
- \*G. Memo on SB 719 – "The Police Pursuit Bill" by Michael Groff

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

**MINUTES OF THE SPECIAL BOARD OF DIRECTORS  
MEETING OF NOVEMBER 2, 2010**

A special meeting of the Board of Directors of CARMA was held on November 2, 2010, via teleconference.

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

**BOARD MEMBERS ABSENT:** None

**ALTERNATE MEMBERS PRESENT:** None

**OTHERS PRESENT:** Karen Thesing, Executive Director  
Sandra Spiess, Board Secretary  
Michael Groff, Bickmore Risk Services

**1. CALL TO ORDER**

The November 2, 2010, Special Board of Directors' meeting was called to order at 2:35 p.m. by Mr. Geoff Grote.

**2. INTRODUCTIONS**

Those present introduced themselves.

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

**John Stroh moved to approve the agenda as posted. Seconded by Linda Abid-Cummings. Motion passed unanimously.**

**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 2:40 p.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:

Huerta v. City of Redwood (BCJPIA)

B. **Report from Closed Session**

The Board reconvened to open session at 2:50 a.m. and it was noted the following action was taken in closed session: The Board provided the Litigation Manager with settlement authority with respect to the Huerta v. City of BCJPIA claim.

6. **CLOSING COMMENTS**

A. **Board**

None

B. **Staff**

None

7. **ADJOURNMENT**

**Jake O'Malley moved to adjourn the meeting at 2:55 p.m. Seconded by Linda Abid-Cummings. Motion passed unanimously.**

**Sandra Spiess**  
\_\_\_\_\_  
Sandra Spiess, Board Secretary

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

**MINUTES OF THE BOARD OF DIRECTORS'  
MEETING OF SEPTEMBER 10, 2010**

A regular meeting of the Board of Directors of CARMA was held on September 10, 2010, at the Embassy Suites Lake Tahoe, located in South Lake Tahoe, California.

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

**BOARD MEMBERS ABSENT:** None

**ALTERNATE MEMBERS PRESENT:** Jeff Cardell, CSJVRMA

**OTHERS PRESENT:** Karen Thesing, Executive Director  
Sandra Spiess, Board Secretary  
Linzie Kramer, Litigation Manager  
Rob Kramer, Bickmore Risk Services  
Jeanette Workman, Bickmore Risk Services  
Brian Kelley, Bickmore Risk Services  
Michael Groff, Bickmore Risk Services  
Ramona Buchanan, Bickmore Risk Services  
Adrienne Beatty, Bickmore Risk Services  
Conor Boughey, Alliant Insurance Services  
Susan Adams, Alliant Insurance Services  
Bill Patterson, Sampson and Sampson (*exited at 10:10 a.m.*)  
Craig Smith, Farmer Smith & Lane

**1. CALL TO ORDER**

The September 10, 2010, Board of Directors' meeting was called to order at 9:05 a.m. by President Geoff Grote.



2. **INTRODUCTIONS**

Those present introduced themselves.

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

**John Stroh moved to approve the agenda as presented. Seconded by Jake O'Malley. Motion passed unanimously.**

4. **PUBLIC COMMENTS**

None.

5. **CONSENT CALENDAR**

Ms. Linda Abid-Cummings requested the June 23, 2010, Board of Directors' meeting minutes be pulled. Ms. Abid-Cummings confirmed that the minutes should be corrected to reflect her as the primary Board Representative for the CSJVRMA.

**John Stroh moved to approve/accept the following items: B) Warrant Listings for June 1, 2010 through July 31, 2010; C) Internal Financial Statements for the Year Ended June 30, 2010; D) Treasurer's Report as of June 30, 2010; E) Reinsurance Binder Confirmation from Everest Reinsurance; F) Excess Binder Confirmation from Colony National Insurance Company. Seconded by Linda Abid-Cummings. Motion passed unanimously.**

**John Stroh moved to approve Consent Calendar Item A) Minutes of the June 23, 2010, Board of Directors' Meeting, as amended. Seconded by Linda Abid-Cummings. Motion passed unanimously.**

6. **ADMINISTRATIVE MATTERS**

A. **Welcome and Review of CARMA for Visiting JPA Directors**

Ms. Karen Thesing, Executive Director, indicated this time was set aside on the agenda to provide guest JPA Directors with the opportunity to learn about the CARMA program; however, there were no guests in attendance.

B. **Review of 2010 Strategic Goals**

Ms. Karen Thesing confirmed each of the 2010 Strategic Goals, with the exception of one, the new vendor survey process, had been successfully achieved. Ms. Thesing confirmed that the survey process would be discussed a little later in the meeting.

Ms. Thesing briefly reviewed each of the strategic goals in the areas of coverage, communications/marketing, and operations. Ms. Thesing then briefly explained the steps taken by the Board and staff in achieving these goals and how the outcomes in each area lead to improvements to the language in the CARMA Memorandum of Coverage, improvements in the marketing of reinsurance and excess renewals, and improved communication with members.

C. Discussion Regarding the 2010/2011 CARMA Board of Directors' Annual Workshop

Ms. Thesing confirmed the 2010/2011 Annual Workshop was scheduled for January 13-14, 2011, at the Bodega Bay Lodge and Spa. Ms. Thesing then directed the Board to the draft workshop agenda and confirmed the topics included are items the Board has indicated a need to address and discuss at the workshop during the course of the last program year.

Ms. Thesing inquired if the Board wished to amend the draft agenda by either changing any of the items for discussion or adding any new items that may not have been included. The Board indicated a need to add an item to the agenda under the experience modification factors (ex-mods) section to discuss how any possible recalculation or application of ex-mods to excess insurance may affect marketing efforts or new members.

D. Procedures for Issuance of Certificates of Coverage

Ms. Thesing explained that in 2005 the Board reviewed and established a procedure for the issuance of certificates. The policy, as it stands, seems to contradict itself in that it first indicates that members can issue certificates as evidence only; they are not allowed to convey rights to third parties. The policy then seems to change course and becomes contradictory by allowing members to issue certificates with additional insured status.

The policy as it is currently written also appears to provide the JPA members with the authority to issue certificates beyond their \$1 million retention level and into the CARMA pooled and reinsurance layers.

Ms. Thesing went on to explain that staff was bringing this matter back before the Board to confirm the Board's intent is to allow members to continue to issue the additional covered party status to a third party and issue certificates that extend into the CARMA layer. Ms. Thesing indicated that an alternative to the current procedure would be to allow member JPAs to issue certificates into the CARMA layer for evidence-only requests. In a situation where a certificate requires additional covered party status it would be mandatory that the contract be submitted to CARMA for review and issuance.

Ms. Thesing confirmed this procedure would take more time and require a higher level of coordination with CARMA and the members; however, establishing this procedure will not only help to protect CARMA, but the underlying JPA members as well.

The Board discussed the current and proposed procedures, the impact on members, and the impact on CARMA at length. The Board consensus was to have staff draft a formal policy and bring examples of additional insured requests before the Board at the January 2011 Board meeting for review.

**Linda Abid-Cummings moved to direct staff to draft a formal policy and provide examples of additional insured requests to the Board at the January 2011 Board meeting for review. Seconded by John Stroh. Motion passed unanimously.**

E. Vendor Survey Process

Ms. Thesing clarified the one outstanding 2010 strategic goal was to streamline the vendor survey process and move to an electronic format. Ms. Sandra Spiess explained that the new electronic format would utilize Survey Gizmo to gather responses from the Board members via a link that would be distributed by email. Ms. Spiess indicated that this process was piloted for the 2010 workshop with good success. Ms. Spiess confirmed the use of an electronic format will provide the Board with the opportunity to utilize graphs and year-to-year comparisons of the results going forward.

Ms. Spiess further explained that CARMA staff would collect the results for the vendors, with the Bickmore Risk Services (BRS) results collected by a BRS administrative assistant that does not work with CARMA to ensure confidentiality of those results.

**Linda Abid-Cummings moved to approve the use of an electronic format for the Board of Directors' vendor survey going forward. Seconded by John Stroh. Motion passed unanimously.**

7. **FINANCIAL MATTERS**

A. Consideration of June 30, 2010, Independent Financial Audit Prepared by Sampson and Sampson

Mr. Bill Patterson, Sampson and Sampson, reviewed the financial audit for the year ended June 30, 2010, and indicated that a qualified opinion was issued. Mr. Patterson informed the Board of Directors that CARMA experienced a \$2.8 million increase in assets, attributable to an increase in cash and investments and a reduction in claims payments over the prior year. At the same time, CARMA experienced a \$4 million increase in liabilities due to the recognition of the claims

liabilities for insured events for the current fiscal year as well as increased liabilities for prior years.

Mr. Patterson then reviewed the notes to the financial statements and answered subsequent questions.

**Linda Abid-Cummings moved to receive and file the financial audit for the year ended June 30, 2010, as presented. Seconded by Robert Galvan. Motion passed unanimously.**

## 8. COVERAGE MATTERS

### A. Review of 2010/2011 Excess and Reinsurance Coverage Policies

Ms. Susan Adams, Alliant Insurance Services (Alliant), provided the Board with a brief review of the 2010/2011 excess insurance renewal. Ms. Adams explained that while Alliant approached 13 different markets for the 2010/2011 renewal, only the incumbent carriers, Everest Reinsurance Company (Everest) and Colony Excess Insurance (Colony), quoted CARMA. Ms Adams confirmed that while Everest was looking for an increased premium due to adverse loss experience, she was able to secure coverage with Everest and Colony with an overall flat renewal.

Ms. Adams went on to explain that the challenge in getting the markets to quote CARMA lies with the inverse condemnation issue. This coverage makes carriers very nervous and CARMA's loss experience in this area is also a negative factor.

Ms. Thesing indicated that she has spoken with representatives from C.V. Starr and they are interested in looking at CARMA for the 2011/2012 and possibly providing a quote.

### B. Feedback from Underlying Members Regarding Memorandum of Coverage Changes

Ms. Thesing indicated that during the last program year there were four areas of coverage reviewed by the Board of Directors to ensure the language contained in the CARMA Memorandum of Coverage (MOC) was clear and unambiguous. Ms. Thesing confirmed that the four areas reviewed were custodial care/medical malpractice; airport vehicle coverage; uninsured/underinsured motorist law; and inverse condemnation sublimits.

Ms. Thesing inquired of the Board as to any feedback they may have garnered from their underlying members regarding changes made to the MOC in the areas of airport vehicle coverage and inverse condemnation sublimits.

It was requested that board legal counsel for CARMA and board legal counsel for the underlying JPAs have the opportunity to discuss the changes to the CARMA

MOC and for CARMA legal counsel to help the JPAs to mirror the philosophy of the CARMA changes.

Ms. Jeanette Workman confirmed that CSJVRMA has adopted the MPA policy for the administration of medicine / custodial care coverage. The policy has been distributed to the CSJVRMA membership.

**9. MARKETING MATTERS**

A. Update on Marketing Efforts

Ms. Thesing explained that in accordance with the CARMA Marketing Plan staff updated the marketing materials for the 2010/2011 program year and distributed the marketing letter and brochure to potential JPA prospects. The letter invited the JPA directors to attend the CARMA September 10, 2010, Board meeting to obtain more information about the program.

Ms. Thesing confirmed the invitation did not result in any attendees at the September meeting; however, there is a JPA that has indicated an interest in attending the 2011 workshop to learn more about CARMA.

Ms. Thesing confirmed that staff would continue to distribute the marketing materials as appropriate.

**10. 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 10:20 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:

Abarca, et al. v. Merced (CSJVRMA)  
McIntosh v. City of Wasco, et al. (CSJVRMA)  
Padett v. Loventhal (BCJPIA)

B. Report from Closed Session

The Board reconvened to open session at 11:50 a.m. The Board reported that the appropriate authority had been granted to the Litigation Manager.

**11. CLOSING COMMENTS**

A. Board

None

B. Staff

None

**12. ADJOURNMENT**

The September 10, 2010, Board of Directors' meeting adjourned at 11:55 a.m. by general consensus of the Board.

*Sandra Spiess*

Sandra Spiess, Board Secretary

DRAFT

Ranges: From: To: From: To:  
 Check Number First Last Check Date 9/1/2010 12/31/2010  
 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
1654	BI100	Bickmore Risk Services	9/7/2010	CBT GENERAL	PMCHK00000079	\$25,546.93
1655	DR100	Alliant Insurance Services, In	9/7/2010	CBT GENERAL	PMCHK00000079	\$1,033.00
1656	FA115	Farmer Smith & Lane, LLP	9/7/2010	CBT GENERAL	PMCHK00000079	\$4,585.00
1657	GI105	Gibbons & Conley	9/7/2010	CBT GENERAL	PMCHK00000079	\$12,112.60
1658	LO110	Longyear, O'Dea & Lavra, LLP	9/7/2010	CBT GENERAL	PMCHK00000079	\$225.00
1659	MC100	McNamara, Ney, Beatty, Slatter	9/7/2010	CBT GENERAL	PMCHK00000079	\$12,431.63
1661	OR100	Orrick, Herrington & Sutcliffe	9/7/2010	CBT GENERAL	PMCHK00000079	\$24,276.36
1662	SC100	Schroeder-Vanderlind, CSR	9/7/2010	CBT GENERAL	PMCHK00000079	\$422.80
1663	AI100	Aiken & Welch	9/17/2010	CBT GENERAL	PMCHK00000080	\$262.95
1664	DI105	Diablo Valley Reporting Servic	9/17/2010	CBT GENERAL	PMCHK00000080	\$1,802.31
1665	HE100	Heenan Communications	9/17/2010	CBT GENERAL	PMCHK00000080	\$25,000.00
1666	CR100	Orrick, Herrington & Sutcliffe	9/17/2010	CBT GENERAL	PMCHK00000080	\$9,431.00
1667	RO105	Irene Rodriguez, CSR, CRR	9/17/2010	CBT GENERAL	PMCHK00000080	\$4,344.00
1668	SA100	Sampson, Sampson & Partners, L	9/17/2010	CBT GENERAL	PMCHK00000080	\$6,500.00
1669	SI110	Terry Simpson dba Simpson Inve	9/17/2010	CBT GENERAL	PMCHK00000080	\$1,028.50
1670	AT100	Atticus Analytics	10/5/2010	CBT GENERAL	PMCHK00000081	\$4,682.69
1671	BI100	Bickmore Risk Services	10/5/2010	CBT GENERAL	PMCHK00000081	\$30,240.68
1672	CA100	Ca Bank & Trust	10/5/2010	CBT GENERAL	PMCHK00000081	\$954.08
1673	FA115	Farmer Smith & Lane, LLP	10/5/2010	CBT GENERAL	PMCHK00000081	\$7,920.95
1674	HO100	Howard Rome Martin & Ridley LL	10/5/2010	CBT GENERAL	PMCHK00000081	\$18,514.18
1675	MC100	McNamara, Ney, Beatty, Slatter	10/5/2010	CBT GENERAL	PMCHK00000081	\$40,344.50
1676	BO100	Bodega Bay Lodge	10/7/2010	CBT GENERAL	PMCHK00000082	\$2,000.00
1677	BC100	BCJPIA	11/9/2010	CBT GENERAL	PMCHK00000083	\$811.25
1678	BI100	Bickmore Risk Services	11/9/2010	CBT GENERAL	PMCHK00000083	\$29,587.33
1679	CO110	Copy Tec Legal Services, LLC	11/9/2010	CBT GENERAL	PMCHK00000083	\$2,335.73
1680	FA115	Farmer Smith & Lane, LLP	11/9/2010	CBT GENERAL	PMCHK00000083	\$4,377.50
1681	GE105	GENEX Services, Inc.	11/9/2010	CBT GENERAL	PMCHK00000083	\$3,000.00
1682	HE100	Heenan Communications	11/9/2010	CBT GENERAL	PMCHK00000083	\$5,000.00
1683	MC100	McNamara, Ney, Beatty, Slatter	11/9/2010	CBT GENERAL	PMCHK00000083	\$17,895.48
1684	MU100	Murphy, Campbell, Guthrie & Al	11/9/2010	CBT GENERAL	PMCHK00000083	\$5,918.36
1685	ON100	One Hour Delivery Service	11/9/2010	CBT GENERAL	PMCHK00000083	\$115.56
1686	OR100	Orrick, Herrington & Sutcliffe	11/9/2010	CBT GENERAL	PMCHK00000083	\$5,355.00
1687	PA100	PARMA	11/9/2010	CBT GENERAL	PMCHK00000083	\$100.00
1688	SA100	Sampson, Sampson & Partners, L	11/9/2010	CBT GENERAL	PMCHK00000083	\$1,600.00
1689	MC100	McNamara, Ney, Beatty, Slatter	11/19/2010	CBT GENERAL	PMCHK00000084	\$137,514.37
1690	BE105	Thomas Beatty	11/19/2010	CBT GENERAL	PMCHK00000084	\$666.42
1691	HE100	Heenan Communications	11/19/2010	CBT GENERAL	PMCHK00000084	\$5,000.00
1692	HU115	Francisco Huerta - MSA Trust A	11/19/2010	CBT GENERAL	PMCHK00000084	\$50,000.00
1693	HU120	Francisco Huerta and his attor	11/19/2010	CBT GENERAL	PMCHK00000084	\$1,200,000.00
1694	ON100	One Hour Delivery Service	11/19/2010	CBT GENERAL	PMCHK00000084	\$214.29
1695	BI100	Bickmore Risk Services	12/16/2010	CBT GENERAL	PMCHK00000085	\$24,133.33
1696	FA100	Farley Consulting Services	12/16/2010	CBT GENERAL	PMCHK00000085	\$7,475.00
1697	FA115	Farmer Smith & Lane, LLP	12/16/2010	CBT GENERAL	PMCHK00000085	\$1,942.50
1698	MC100	McNamara, Ney, Beatty, Slatter	12/16/2010	CBT GENERAL	PMCHK00000085	\$9,439.08
1699	SA100	Sampson, Sampson & Partners, L	12/16/2010	CBT GENERAL	PMCHK00000085	\$1,600.00
1700	WO100	Richard L. Word	12/16/2010	CBT GENERAL	PMCHK00000085	\$37,247.46

Total Checks: 46

Total Amount of Checks: \$1,784,987.82

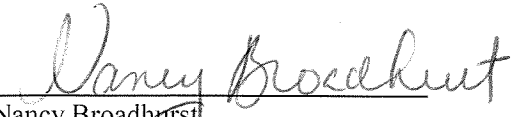
**California Affiliated Risk Management Authorities**  
**Treasurer's Report**  
As of September 30, 2010

	<b>Book Value</b>	<b>Market Value</b>	<b>% of Total</b>	<b>Effective Yield</b>
California Bank & Trust – Petty Cash	\$ 732	\$ 732	0.00%	0.00%
California Bank & Trust – General Operating	(38,976)	(38,976)	-0.13%	0.00%
California Bank & Trust - Promotional Money Market	514,186	514,186	1.70%	0.15%
State of California Local Agency Investment Fund	6,108,715	6,120,413	20.23%	0.50%
CAMP - Money Market	30,987	30,987	0.10%	0.27%
CAMP - Investments managed by PFM	23,459,374	23,631,548	78.10%	1.56%
<b>Total Cash and Investments</b>	<b>\$ 30,075,018</b>	<b>\$ 30,258,890</b>	<b>100.00%</b>	<b>1.32%</b>

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.

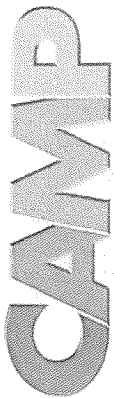
Respectfully submitted,

  
\_\_\_\_\_  
Nancy Broadhurst  
Assistant Treasurer

Accepted,

\_\_\_\_\_  
Jake O'Malley  
Treasurer





**Account Statement - Transaction Summary**

For the Month Ending **September 30, 2010**

**CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA - 615-00**

<b>CAMP Pool</b>	
Opening Market Value	46,163.84
Purchases	3,317,530.36
Redemptions	(3,332,707.14)
Unsettled Trades	0.00
Change in Value	0.00

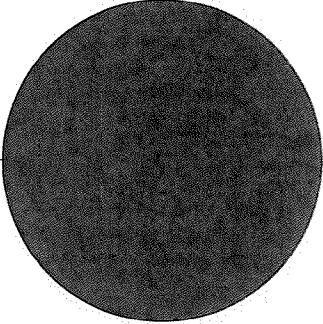
<b>Closing Market Value</b>	<b>\$30,987.06</b>
Cash Dividends and Income	19.32

<b>CAMP Managed Account</b>	
Opening Market Value	23,585,819.81
Purchases	3,318,733.00
Redemptions	(3,284,302.41)
Unsettled Trades	0.00
Change in Value	11,297.90

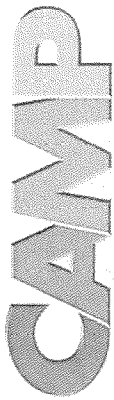
<b>Closing Market Value</b>	<b>\$23,631,548.30</b>
Cash Dividends and Income	58,275.34

<b>Asset Summary</b>		
	<b>September 30, 2010</b>	<b>August 31, 2010</b>
<b>CAMP Pool</b>	30,987.06	46,163.84
<b>CAMP Managed Account</b>	23,631,548.30	23,585,819.81
<b>Total</b>	<b>\$23,662,535.36</b>	<b>\$23,631,983.65</b>

<b>Asset Allocation</b>	
CAMP Managed Account	99.87%
CAMP Pool	0.13%



CAMP Managed Account 99.87%  
CAMP Pool 0.13%



**Managed Account Detail of Securities Held**

For the Month Ending September 30, 2010

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

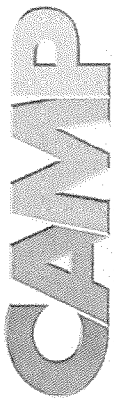
Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>U.S. Treasury Bond / Note</b>												
US TREASURY NOTES	DTD 04/30/2006 4.875% 04/30/2011	912828FD7	750,000.00	TSY	TSY	04/29/08	05/02/08	800,039.07	2.55	15,300.61	760,009.06	770,214.75
US TREASURY NOTES	DTD 05/31/2009 0.875% 05/31/2011	912828KU3	250,000.00	TSY	TSY	12/07/09	12/08/09	251,386.72	0.50	735.14	250,624.08	251,093.75
US TREASURY NOTES	DTD 06/30/2009 1.125% 06/30/2011	912828LF5	750,000.00	TSY	TSY	06/03/10	06/03/10	755,302.73	0.46	2,132.30	753,690.11	754,921.50
US TREASURY NOTES	DTD 08/31/2006 4.625% 08/31/2011	912828FS4	500,000.00	TSY	TSY	08/28/08	08/29/08	528,593.75	2.63	1,980.32	508,934.19	519,844.00
US TREASURY NOTES	DTD 11/30/2009 0.750% 11/30/2011	912828MM9	750,000.00	TSY	TSY	06/03/10	06/03/10	750,644.53	0.69	1,890.37	750,503.40	753,779.25
US TREASURY NOTES	DTD 11/30/2009 0.750% 11/30/2011	912828MM9	1,000,000.00	TSY	TSY	12/04/09	12/08/09	998,359.38	0.83	2,520.49	999,031.72	1,005,039.00
<b>Security Type Sub-Total</b>			<b>4,000,000.00</b>					<b>4,084,326.18</b>	<b>1.27</b>	<b>24,559.23</b>	<b>4,022,792.56</b>	<b>4,054,892.25</b>

**U.S. Government Supported Corporate Debt**

REGIONS BANK (FDIC) GLOBAL NOTE	DTD 12/11/2008 3.250% 12/09/2011	7591EAAB9	450,000.00	AAA	Aaa	12/08/08	12/11/08	449,581.50	3.28	4,550.00	449,828.82	464,609.70
HSBC USA INC (FDIC) GLOBAL NOTE	DTD 12/16/2008 3.125% 12/16/2011	4042EPAA5	375,000.00	AAA	Aaa	07/23/09	07/28/09	388,503.75	1.58	3,417.97	381,908.96	387,122.25
JOHN DEERE CAPITAL CORP (FDIC) GL MTN	DTD 12/19/2008 2.875% 06/19/2012	24424DAA7	500,000.00	AAA	Aaa	12/16/08	12/19/08	498,845.00	2.94	4,072.92	499,419.03	519,699.00
<b>Security Type Sub-Total</b>			<b>1,325,000.00</b>					<b>1,336,930.25</b>	<b>2.67</b>	<b>12,040.89</b>	<b>1,331,156.81</b>	<b>1,371,430.95</b>
<b>Federal Agency Bond / Note</b>												
FNMA GLOBAL BENCHMARK NOTES	DTD 04/21/2006 5.125% 04/15/2011	31359MM26	215,000.00	AAA	Aaa	04/01/08	04/04/08	229,696.54	2.76	5,080.87	217,702.47	220,719.43
FFCB BONDS	DTD 04/21/2008 2.625% 04/21/2011	31331YG46	1,050,000.00	AAA	Aaa	12/19/08	12/22/08	1,071,126.00	1.74	12,250.00	1,055,114.97	1,063,637.40



**PFM Asset Management LLC**



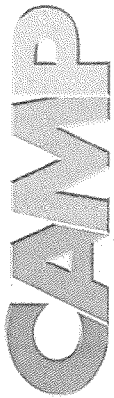
**Managed Account Detail of Securities Held**

For the Month Ending **September 30, 2010**

**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
<b>Federal Agency Bond / Note</b>											
FHLB GLOBAL BONDS	DTD 06/12/2009 1.625% 07/27/2011	3133XTXH4	AAA	Aaa	08/20/09	08/21/09	503,310.00	1.28	1,444.44	501,417.68	505,270.00
FNMA GLOBAL NOTES	DTD 10/09/2009 1.000% 11/23/2011	31398AZN5	AAA	Aaa	10/08/09	10/09/09	274,334.50	1.12	977.78	274,638.87	277,031.98
FHLB GLOBAL BONDS	DTD 11/16/2009 1.000% 12/28/2011	3133XVRS2	AAA	Aaa	11/18/09	11/23/09	500,115.00	0.99	1,291.67	500,067.84	503,752.00
FHLB GLOBAL BONDS (CALLABLE)	DTD 10/27/2009 1.625% 04/27/2012	3133XVJA0	AAA	Aaa	12/23/09	12/24/09	500,000.00	1.62	3,475.69	500,000.00	500,359.50
FNMA NOTES (CALLABLE)	DTD 05/25/2010 1.300% 05/25/2012	31398AS37	AAA	Aaa	05/24/10	05/25/10	1,000,800.00	1.26	4,550.00	1,000,520.85	1,004,066.00
FHLMC GLOBAL NOTES	DTD 05/28/2010 1.125% 07/27/2012	3137EACK3	AAA	Aaa	06/03/10	06/03/10	750,187.50	1.11	2,882.81	750,161.06	758,698.50
FHLB GLOBAL BONDS	DTD 07/23/2009 1.750% 08/22/2012	3133XUE41	AAA	Aaa	07/22/09	07/23/09	898,758.00	1.80	1,706.25	899,226.45	920,520.90
FHLB GLOBAL BONDS	DTD 10/05/2007 4.625% 10/10/2012	3133XML66	AAA	Aaa	09/22/09	09/23/09	541,650.00	1.80	10,984.38	527,932.76	541,417.50
FNMA GLOBAL NOTES	DTD 01/15/2010 1.750% 02/22/2013	31398AE24	AAA	Aaa	01/14/10	01/15/10	179,740.80	1.80	341.25	179,798.08	184,580.64
FNMA GLOBAL NOTES	DTD 01/15/2010 1.750% 02/22/2013	31398AE24	AAA	Aaa	06/03/10	06/03/10	251,970.00	1.45	473.96	251,738.15	256,362.00
FHLMC GLOBAL NOTES	DTD 03/04/2010 1.625% 04/15/2013	3137EACJ6	AAA	Aaa	05/26/10	05/27/10	527,341.50	1.47	4,905.47	527,073.28	536,901.75
FHLMC GLOBAL NOTES	DTD 03/04/2010 1.625% 04/15/2013	3137EACJ6	AAA	Aaa	03/03/10	03/04/10	1,148,390.00	1.67	10,745.31	1,148,689.30	1,176,070.50
FHLMC GLOBAL NOTES (CALLABLE)	DTD 05/03/2010 2.000% 05/03/2013	3128X97A2	AAA	Aaa	05/06/10	05/07/10	499,900.00	2.01	4,111.11	499,913.43	500,630.50
FNMA GLOBAL NOTES	DTD 05/21/2010 1.500% 06/26/2013	31398AT44	AAA	Aaa	06/03/10	06/03/10	498,630.00	1.59	1,979.17	498,772.37	509,771.50





**Managed Account Detail of Securities Held**

For the Month Ending September 30, 2010

**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
<b>Federal Agency Bond / Note</b>												
FHLMC NOTES (CALLABLE)	DTD 07/12/2010 1.500% 07/12/2013	3134G1KL7	625,000.00	AAA	Aaa	07/08/10	07/12/10	626,562.50	1.41	2,057.29	626,220.68	628,420.00
FHLMC NOTES (CALLABLE)	DTD 07/26/2010 1.400% 07/26/2013	3134G1ML5	900,000.00	AAA	Aaa	07/09/10	07/26/10	900,000.00	1.40	2,275.00	900,000.00	902,057.40
FNMA NOTES (CALLABLE)	DTD 07/29/2010 1.250% 07/29/2013	31398AZ47	1,050,000.00	AAA	Aaa	08/06/10	08/10/10	1,053,675.00	1.13	2,260.42	1,053,139.28	1,053,946.95
FANNIE MAE GLOBAL NOTES	DTD 08/06/2010 1.000% 09/23/2013	31398A2S0	220,000.00	AAA	Aaa	08/09/10	08/10/10	219,832.80	1.02	48.89	219,839.82	220,872.30
FHLMC NOTES	DTD 08/20/2010 0.875% 10/28/2013	3137EACL1	1,100,000.00	AAA	Aaa	09/01/10	09/07/10	1,095,072.00	1.02	1,096.18	1,095,175.86	1,099,565.50

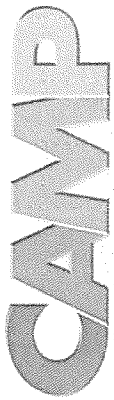
**Security Type Sub-Total 13,190,000.00 13,271,092.14 1.45 74,937.94 13,227,143.20 13,364,652.25**

**Corporate Note**

GENERAL ELECTRIC CAPITAL CORP (FLOAT)	DTD 11/01/2006 0.596% 11/01/2012	36962GZ49	500,000.00	AA+	Aa2	04/08/10	04/13/10	490,810.00	1.11	502.95	492,587.38	493,213.00
WELLS FARGO & COMPANY GLOBAL SR NOTES	DTD 01/31/2008 4.375% 01/31/2013	949746NY3	500,000.00	AA-	A1	09/02/08	09/05/08	481,800.00	5.31	3,706.60	489,863.03	533,607.00
BANK OF NEW YORK MELLON GLOBAL NOTES	DTD 03/27/2008 4.500% 04/01/2013	06406HBJ7	360,000.00	AA-	Aa2	06/11/10	06/16/10	386,647.20	1.77	8,100.00	383,931.87	390,799.08
WAL MART STORES INC GLOBAL NOTES	DTD 04/15/2008 4.250% 04/15/2013	931142CL5	500,000.00	AA	Aa2	03/22/10	03/25/10	535,025.00	1.88	9,798.61	529,244.60	542,515.00
US BANCORP NOTE (CALLABLE)	DTD 09/13/2010 1.375% 09/13/2013	91159HGY0	500,000.00	A+	Aa3	09/08/10	09/13/10	499,355.00	1.42	343.75	499,365.56	502,297.00
GENERAL ELECTRIC CAPITAL CORP NOTES	DTD 09/16/2010 1.875% 09/16/2013	36962G4O4	400,000.00	AA+	Aa2	09/13/10	09/16/10	399,396.00	1.93	312.50	399,404.19	401,203.20
JPMORGAN CHASE & CO NOTES	DTD 09/30/2010 1.650% 09/30/2013	46623EID2	750,000.00	A+	Aa3	09/27/10	09/30/10	749,910.00	1.65	34.38	749,910.08	751,302.75



**PFM Asset Management LLC**



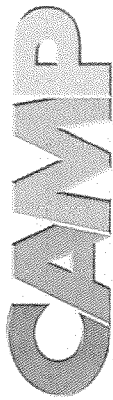
**Managed Account Detail of Securities Held**

For the Month Ending **September 30, 2010**

**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
<b>Security Type Sub-Total</b>			<b>3,510,000.00</b>					<b>3,542,943.20</b>	<b>2.16</b>	<b>22,798.79</b>	<b>3,544,306.71</b>	<b>3,614,937.03</b>
<b>Commercial Paper</b>												
CREDIT AGR I NORTH AMERIC COMM PAPER	22532CKC7		650,000.00	A-1+	P-1	07/13/10	07/14/10	649,081.88	0.57	0.00	649,887.78	649,961.00
--	0.000% 10/12/2010											
<b>Security Type Sub-Total</b>			<b>650,000.00</b>					<b>649,081.88</b>	<b>0.57</b>	<b>0.00</b>	<b>649,887.78</b>	<b>649,961.00</b>
<b>Certificate of Deposit</b>												
BARCLAYS BANK PLC NY CERT DEPOS	06740MINK5		575,000.00	A-1+	P-1	09/02/10	09/07/10	575,000.00	0.90	345.00	575,000.00	575,674.82
DTD 09/07/2010 0.900% 09/02/2011												
<b>Security Type Sub-Total</b>			<b>575,000.00</b>					<b>575,000.00</b>	<b>0.90</b>	<b>345.00</b>	<b>575,000.00</b>	<b>575,674.82</b>
<b>Managed Account Sub-Total</b>			<b>23,250,000.00</b>					<b>23,459,373.65</b>	<b>1.56</b>	<b>134,681.85</b>	<b>23,350,287.06</b>	<b>23,631,548.30</b>
<b>Money Market Fund</b>												
CAMP Pool			30,987.06	AAAmm	NR			30,987.06		0.00	30,987.06	30,987.06
<b>Money Market Sub-Total</b>			<b>30,987.06</b>					<b>30,987.06</b>		<b>0.00</b>	<b>30,987.06</b>	<b>30,987.06</b>
<b>Securities Sub-Total</b>			<b>\$23,280,987.06</b>					<b>\$23,490,360.71</b>	<b>1.56%</b>	<b>\$134,681.85</b>	<b>\$23,381,274.12</b>	<b>\$23,662,535.36</b>
<b>Accrued Interest</b>												<b>\$134,681.85</b>
<b>Total Investments</b>												<b>\$23,797,217.21</b>





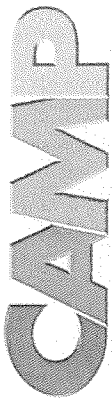
**Managed Account Security Transactions & Interest**

For the Month Ending **September 30, 2010**

**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
<b>BUY</b>											
	09/01/10	09/07/10	FHLMC NOTES DTD 08/20/2010 0.875% 10/28/2013	3137EACL1	1,100,000.00	(1,095,072.00)	(454.51)	(1,095,526.51)			
	09/02/10	09/07/10	BARCLAYS BANK PLC NY CERT DEPOS DTD 09/07/2010 0.900% 09/02/2011	06740MNK5	575,000.00	(575,000.00)	0.00	(575,000.00)			
	09/08/10	09/13/10	US BANCORP NOTE (CALLABLE) DTD 09/13/2010 1.375% 09/13/2013	91159HGY0	500,000.00	(499,355.00)	0.00	(499,355.00)			
	09/13/10	09/16/10	GENERAL ELECTRIC CAPITAL CORP NOTES DTD 09/16/2010 1.875% 09/16/2013	36962G404	400,000.00	(399,396.00)	0.00	(399,396.00)			
	09/27/10	09/30/10	JPMORGAN CHASE & CO NOTES DTD 09/30/2010 1.550% 09/30/2013	46623EJD2	750,000.00	(749,910.00)	0.00	(749,910.00)			
<b>Transaction Type Sub-Total</b>					<b>3,325,000.00</b>	<b>(3,318,733.00)</b>	<b>(454.51)</b>	<b>(3,319,187.51)</b>			
<b>INTEREST</b>											
	09/23/10	09/23/10	FANNIE MAE GLOBAL NOTES DTD 08/06/2010 1.000% 09/23/2013	31398A250	220,000.00	0.00	287.22	287.22			
<b>Transaction Type Sub-Total</b>					<b>220,000.00</b>	<b>0.00</b>	<b>287.22</b>	<b>287.22</b>			
<b>SELL</b>											
	09/01/10	09/07/10	FFCB BONDS DTD 02/24/2009 2.250% 04/24/2012	31331GNO8	450,000.00	462,370.50	3,740.63	466,111.13	12,379.50	12,378.50	FIFO
	09/01/10	09/07/10	FNMA GLOBAL NOTES DTD 04/19/2010 1.250% 06/22/2012	31398AP71	155,000.00	156,739.10	403.65	157,142.75	1,791.80	1,783.18	FIFO
	09/01/10	09/07/10	FNMA GLOBAL NOTES DTD 04/19/2010 1.250% 06/22/2012	31398AP71	770,000.00	778,639.40	2,005.21	780,644.61	9,509.50	9,360.70	FIFO
	09/01/10	09/07/10	FNMA GLOBAL NOTES DTD 04/19/2010 1.250% 06/22/2012	31398AP71	300,000.00	303,366.00	781.24	304,147.24	2,850.00	2,931.40	FIFO
	09/08/10	09/13/10	FNMA GLOBAL NOTES DTD 01/15/2010 1.750% 02/22/2013	31398AE24	500,000.00	510,885.00	510.42	511,395.42	6,945.00	7,337.13	LIFO





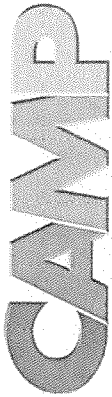
**Managed Account Security Transactions & Interest**

For the Month Ending **September 30, 2010**

**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	09/13/10	09/16/10	GENERAL ELEC CAP CORP GLOBAL NOTES	36962G4E1	400,000.00	415,636.00	1,283.33	416,919.33	15,896.00	15,804.20	FIFO
			DTD 08/13/2009 3.500% 08/13/2012								
	09/27/10	09/30/10	JPMORGAN CHASE & CO GLOBAL SR NOTES	46625HBA7	500,000.00	502,600.00	8,437.50	511,037.50	(5,190.00)	2,199.07	FIFO
			DTD 11/07/2003 4.500% 11/15/2010								
	09/27/10	09/30/10	US TREASURY NOTES	912828FD7	150,000.00	154,066.41	3,040.25	157,106.66	(5,941.40)	2,055.34	FIFO
			DTD 04/30/2006 4.875% 04/30/2011								
<b>Transaction Type Sub-Total</b>					<b>3,225,000.00</b>	<b>3,284,302.41</b>	<b>20,202.23</b>	<b>3,304,504.64</b>	<b>38,240.40</b>	<b>53,849.52</b>	
<b>Managed Account Sub-Total</b>					<b>6,770,000.00</b>	<b>(34,430.59)</b>	<b>20,034.94</b>	<b>(14,395.65)</b>	<b>38,240.40</b>	<b>53,849.52</b>	
<b>Total Security Transactions</b>					<b>\$6,770,000.00</b>	<b>(\$34,430.59)</b>	<b>\$20,034.94</b>	<b>(\$14,395.65)</b>	<b>\$38,240.40</b>	<b>\$53,849.52</b>	





**Managed Account Security Transactions & Interest**  
**CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA - 615-00 - (12510310)**

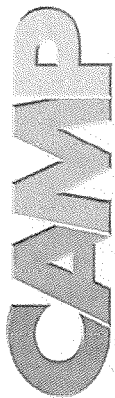
For the Month Ending August 31, 2010

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
<b>BUY</b>											
08/06/10	08/10/10		FNMA NOTES (CALLABLE) DTD 07/29/2010 1.250% 07/29/2013	31398AZ47	1,050,000.00	(1,053,675.00)	(401.04)	(1,054,076.04)			
08/09/10	08/10/10		FANNIE MAE GLOBAL NOTES DTD 08/06/2010 1.000% 09/23/2013	31398A250	220,000.00	(219,832.80)	(24.44)	(219,857.24)			
<b>Transaction Type Sub-Total</b>					<b>1,270,000.00</b>	<b>(1,273,507.80)</b>	<b>(425.48)</b>	<b>(1,273,933.28)</b>			
<b>INTEREST</b>											
08/02/10	08/02/10		GENERAL ELECTRIC CAPITAL CORP (FLOAT) NT	36962GZ49	500,000.00	0.00	592.98	592.98			
08/10/10	08/10/10		DTD 11/01/2006 0.596% 11/01/2012								
08/10/10	08/10/10		FHLMC GLOBAL NOTES (CALLED, OMD 5/10/12)	3134G1AW4	675,000.00	0.00	2,193.75	2,193.75			
08/10/10	08/10/10		DTD 05/10/2010 1.300% 08/10/2010								
08/10/10	08/10/10		FHLMC GLOBAL NOTES (CALLED, OMD 5/10/12)	3134G1AW4	500,000.00	0.00	1,625.00	1,625.00			
08/13/10	08/13/10		DTD 05/10/2010 1.300% 08/10/2010								
08/13/10	08/13/10		GENERAL ELEC CAP CORP GLOBAL NOTES	36962G4E1	400,000.00	0.00	7,000.00	7,000.00			
08/22/10	08/22/10		DTD 08/13/2009 3.500% 08/13/2012								
08/22/10	08/22/10		FNMA GLOBAL NOTES	31398AE24	750,000.00	0.00	6,562.50	6,562.50			
08/22/10	08/22/10		DTD 01/15/2010 1.750% 02/22/2013								
08/22/10	08/22/10		FHLB GLOBAL BONDS	3133XUE41	900,000.00	0.00	7,875.00	7,875.00			
08/22/10	08/22/10		DTD 07/23/2009 1.750% 08/22/2012								
08/22/10	08/22/10		FNMA GLOBAL NOTES	31398AE24	180,000.00	0.00	1,575.00	1,575.00			
08/31/10	08/31/10		DTD 01/15/2010 1.750% 02/22/2013								
08/31/10	08/31/10		US TREASURY NOTES	912828FS4	500,000.00	0.00	11,562.50	11,562.50			
08/31/10	08/31/10		DTD 08/31/2006 4.625% 08/31/2011								
<b>Transaction Type Sub-Total</b>					<b>4,405,000.00</b>	<b>0.00</b>	<b>38,986.73</b>	<b>38,986.73</b>			
<b>MATURITY</b>											



**PFM Asset Management LLC**





**Managed Account Fair Market Value & Analytics**

For the Month Ending August 31, 2010

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

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Duration to Worst	YTM at Mkt
WAL MART STORES INC GLOBAL NOTES	04/15/2008 4.250% 04/15/2013	931142CL5	500,000.00	JPMCHASE		108.32	541,602.50	6,577.50	11,424.27	2.47	1.03

**Security Type Sub-Total** 2,760,000.00 2,877,122.58 75,310.38 79,961.15 1.90 1.17

**Commercial Paper**

CREDIT AGRI NORTH AMERIC COMM PAPER	0.000% 10/12/2010	22532CKC7	650,000.00	CITIGRP		99.97	649,813.45	731.57	231.71	0.11	0.25
-------------------------------------	-------------------	-----------	------------	---------	--	-------	------------	--------	--------	------	------

**Security Type Sub-Total** 650,000.00 649,813.45 731.57 231.71 0.11 0.25

**Managed Account Sub-Total** 23,150,000.00 23,585,819.81 199,117.15 316,621.06 1.38 0.76

**Money Market Fund**

CAMP Pool			46,163.84			1.00	46,163.84	0.00	0.00	0.00	
-----------	--	--	-----------	--	--	------	-----------	------	------	------	--

**Money Market Sub-Total** 46,163.84 46,163.84 0.00 0.00 0.00 0.00

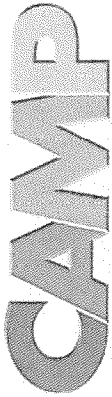
**Securities Sub-Total** \$23,196,163.84 \$23,631,983.65 \$199,117.15 \$316,621.06 1.38 0.76%

**Accrued Interest** \$116,216.88

**Total Investments** \$23,748,200.53



**PFM Asset Management LLC**



**Managed Account Security Transactions & Interest**

For the Month Ending July 31, 2010

**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
<b>BUY</b>											
	07/08/10	07/12/10	FHLMC NOTES (CALLABLE) DTD 07/12/2010 1.500% 07/12/2013	3134G1KL7	625,000.00	(626,562.50)	0.00	(626,562.50)			
	07/09/10	07/26/10	FHLMC NOTES (CALLABLE) DTD 07/26/2010 1.400% 07/26/2013	3134G1ML5	900,000.00	(900,000.00)	0.00	(900,000.00)			
	07/13/10	07/14/10	CREDIT AGRI NORTH AMERIC COMM PAPER -- 0.000% 10/12/2010	22532CKC7	650,000.00	(649,081.88)	0.00	(649,081.88)			

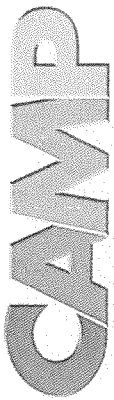
<b>Transaction Type Sub-Total</b>											
				<b>2,175,000.00</b>	<b>(2,175,644.38)</b>		<b>0.00</b>	<b>(2,175,644.38)</b>			
<b>INTEREST</b>											
	07/27/10	07/27/10	FHLB GLOBAL BONDS DTD 06/12/2009 1.625% 07/27/2011	3133XTXH4	500,000.00	0.00	4,062.50	4,062.50			
	07/31/10	07/31/10	WELLS FARGO & COMPANY GLOBAL SR NOTES DTD 01/31/2008 4.375% 01/31/2013	949746NY3	500,000.00	0.00	10,937.50	10,937.50			

<b>Transaction Type Sub-Total</b>											
				<b>1,000,000.00</b>	<b>0.00</b>		<b>15,000.00</b>	<b>15,000.00</b>			
<b>SELL</b>											
	07/08/10	07/12/10	FNMA NOTES (CALLED, OMD) 4/19/2012	31398AM41	625,000.00	625,143.75	2,017.36	627,161.11	143.75	143.75	FIFO
	07/09/10	07/14/10	FHLMC GLOBAL NOTES DTD 02/19/2009 2.125% 03/23/2012	3137EABY4	900,000.00	922,014.00	5,896.87	927,910.87	2,817.00	6,792.03	SPEC LOT
	07/13/10	07/26/10	FHLMC GLOBAL NOTES DTD 05/21/2009 1.750% 06/15/2012	3137EACC1	500,000.00	509,175.00	996.53	510,171.53	6,965.00	7,623.33	FIFO
	07/13/10	07/26/10	FHLMC GLOBAL NOTES DTD 05/21/2009 1.750% 06/15/2012	3137EACC1	150,000.00	152,752.50	298.96	153,051.46	3,238.50	3,055.04	FIFO

<b>Transaction Type Sub-Total</b>											
				<b>2,175,000.00</b>	<b>2,209,085.25</b>		<b>9,209.72</b>	<b>2,218,294.97</b>	<b>13,164.25</b>	<b>17,614.15</b>	



**PFM Asset Management LLC**



**Managed Account Security Transactions & Interest**

For the Month Ending July 31, 2010

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

Transaction Type	Trade	Settle	Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
			Managed Account Sub-Total		5,350,000.00	33,440.87	24,209.72	57,650.59	13,164.25	17,614.15	
			Total Security Transactions		\$5,350,000.00	\$33,440.87	\$24,209.72	\$57,650.59	\$13,164.25	\$17,614.15	



**CARMA**  
**LAIF Fair Market Valuation**  
**9/30/10**

**LAIF Statement Balance** **6,108,715.32**

**FAIR VALUE FACTOR:**  
**Performance Rate as of 9/30/10** **1.00191485**

**Market Value** **\$6,120,412.59**

**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](http://www.treasurer.ca.gov/pmia)  
 -laif

October 12, 2010

PMIA Average Monthly Yields

Account Number: 35-34-009

Transactions

Tran Type Definitions

September 2010 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
9/9/2010	9/8/2010	RD	1286323	NANCY BROADHURST	865,000.00

Account Summary

Total Deposit:	865,000.00	Beginning Balance:	5,243,715.32
Total Withdrawal:	0.00	Ending Balance:	6,108,715.32



JOHN CHIANG

California State Controller

LOCAL AGENCY INVESTMENT FUND  
REMITTANCE ADVICE

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

As of 10/15/2010, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 09/30/2010.

Earnings Ratio		.00001404107774697
Interest Rate		0.51%
Dollar Day Total	\$	414,989,274.88
Quarter End Principal Balance	\$	6,108,715.32
Quarterly Interest Earned	\$	5,826.90

**State of California  
Pooled Money Investment Account  
Market Valuation  
9/30/2010**

Description	Carrying Cost Plus		Fair Value	Accrued Interest
	Accrued Interest	Purch.		
United States Treasury:				
Bills	\$ 24,816,931,118.17	\$ 24,858,325,694.52	\$ 24,874,766,500.00	NA
Notes	\$ 6,650,737,268.34	\$ 6,650,737,268.34	\$ 6,713,763,000.00	\$ 20,297,606.50
Federal Agency:				
SBA	\$ 536,095,922.14	\$ 536,095,922.14	\$ 534,807,383.32	\$ 582,741.65
MBS-REMICs	\$ 600,821,430.62	\$ 600,821,430.62	\$ 639,701,411.07	\$ 2,837,845.26
Debentures	\$ 349,964,845.47	\$ 349,964,845.47	\$ 351,390,000.00	\$ 1,645,424.50
Debentures FR	\$ 200,000,000.00	\$ 200,000,000.00	\$ 200,094,000.00	\$ 114,289.00
Discount Notes	\$ 5,731,358,943.02	\$ 5,738,936,818.03	\$ 5,749,019,200.00	NA
GNMA	\$ 65,019.56	\$ 65,019.56	\$ 66,655.24	\$ 643.17
IBRD Deb FR	\$ 300,000,000.00	\$ 300,000,000.00	\$ 300,786,000.00	\$ 403,568.92
CDs and YCDs FR	\$ 600,000,000.00	\$ 600,000,000.00	\$ 600,000,000.00	\$ 425,990.11
Bank Notes	\$ 200,000,000.00	\$ 200,000,000.00	\$ 200,001,332.02	\$ 6,750.00
CDs and YCDs	\$ 6,590,000,000.00	\$ 6,590,000,000.00	\$ 6,589,992,339.44	\$ 683,569.45
Commercial Paper	\$ 6,571,530,470.81	\$ 6,573,108,985.25	\$ 6,573,127,226.10	NA
Corporate:				
Bonds FR	\$ -	\$ -	\$ -	\$ -
Bonds	\$ -	\$ -	\$ -	\$ -
Repurchase Agreements	\$ -	\$ -	\$ -	NA
Reverse Repurchase	\$ -	\$ -	\$ -	\$ -
Time Deposits	\$ 4,226,650,000.00	\$ 4,226,650,000.00	\$ 4,226,650,000.00	NA
AB 55 & GF Loans	\$ 10,183,216,588.52	\$ 10,183,216,588.52	\$ 10,183,216,588.52	NA
<b>TOTAL</b>	<b>\$ 67,557,371,606.65</b>	<b>\$ 67,607,922,572.45</b>	<b>\$ 67,737,381,635.71</b>	<b>\$ 26,998,428.56</b>

Fair Value Including Accrued Interest

\$ 67,764,380,064.27

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 (**1.001914850**). 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 \$20,038,297.01 or \$20,000,000.00 x **1.001914850**.

# Bill Lockyer, State Treasurer

Inside the State Treasurer's Office

Local Agency Investment Fund (LAIF)



## LAIF CONFERENCE REGISTRATION

### PMIA Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
10/3/2010	0.49	0.50	190
10/4/2010	0.49	0.50	191
10/5/2010	0.49	0.50	190
10/6/2010	0.49	0.50	189
10/7/2010	0.48	0.50	186
10/8/2010	0.49	0.49	186
10/9/2010	0.49	0.49	186
10/10/2010	0.49	0.49	186
10/11/2010	0.49	0.49	184
10/12/2010	0.49	0.49	185
10/13/2010	0.49	0.49	187
10/14/2010	0.48	0.49	184
10/15/2010	0.48	0.49	184
10/16/2010	0.48	0.49	184
10/17/2010	0.48	0.49	184

### LAIF Performance Report

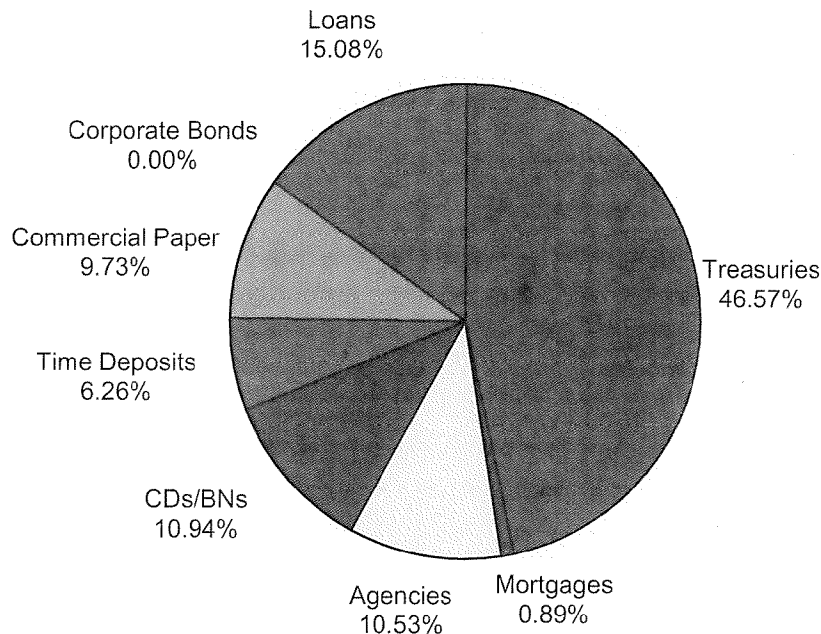
Quarter end 09/30/2010

Apportionment Rate: 0.51%  
 Earnings Ratio: .00001404107774697  
 Fair Value Factor: 1.001914850  
     Daily: 0.47%  
 Quarter To Date: 0.51%  
 Average Life: 185

### PMIA Average Monthly Effective Yields

SEP 2010 0.500%  
 AUG 2010 0.513%  
 JUL 2010 0.531%

### Pooled Money Investment Account Portfolio Composition \$67.6 Billion 09/30/10





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

[www.treasurer.ca.gov/pmia](http://www.treasurer.ca.gov/pmia)  
 -laif  
 September 30,  
 2010

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

August 2010 Statement

Effective Date	Transaction Date	Tran Type	Tran Number	Confirm Number	Authorized Caller	Amount
8/4/2010	8/4/2010	RD	1282879		NANCY BROADHURST	2,060,000.00
8/18/2010	8/17/2010	RW	1284174		NANCY BROADHURST	-88,000.00

Account Summary

Total Deposit:	2,060,000.00	Beginning Balance:	3,271,715.32
Total Withdrawal:	-88,000.00	Ending Balance:	5,243,715.32

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

[www.treasurer.ca.gov/pmia](http://www.treasurer.ca.gov/pmia)  
 -laif  
 August 04, 2010

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 2010 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
7/15/2010	7/14/2010	QRD	1280337	SYSTEM	10,681.04
7/16/2010	7/16/2010	RW	1280932	NANCY BROADHURST	-2,448,000.00
7/30/2010	7/29/2010	RD	1282323	NANCY BROADHURST	1,973,000.00

Account Summary

Total Deposit:	1,983,681.04	Beginning Balance:	3,736,034.28
Total Withdrawal:	-2,448,000.00	Ending Balance:	3,271,715.32

# California Affiliated Risk Management Authorities

~ BALANCE SHEET ~

As of September 30, 2010

(Unaudited)

## ASSETS

### CURRENT ASSETS

Cash in Bank	\$	475,942	
Local Agency Investment Fund		6,108,715	
Market Valuation - LAIF		11,697	
Investments - Managed Portfolio		5,394,524	
Market Valuation - Investment		(52,200)	
Accounts Receivable		0	
Interest Receivable		140,509	
Prepaid Expenses		24,982	
Prepaid Insurance		1,477,412	
		<hr/>	
<b>TOTAL CURRENT ASSETS</b>			<b>13,581,581</b>

### NONCURRENT ASSETS

Investments - Managed Portfolio (Net of Rate Stabilization Fund)		18,006,530	
Market Valuation - Investment		224,375	
		<hr/>	
<b>TOTAL OTHER ASSETS</b>			<b>18,230,905</b>
			<hr/>
<b>TOTAL ASSETS</b>			<b>\$ 31,812,486</b>

## LIABILITIES AND NET ASSETS

### CURRENT LIABILITIES

Accounts Payable	\$	15,788	
Deferred Revenue		4,853,049	
Equity Payable to Withdrawing Member		14,523	
Reserve for Claims		3,500,000	
		<hr/>	
<b>TOTAL CURRENT LIABILITIES</b>			<b>8,383,360</b>

### NONCURRENT LIABILITIES

Equity Payable to Withdrawing Member - Long Term Portion		7,262	
Reserve for Claims		3,705,822	
Reserve for IBNR		9,869,976	
		<hr/>	
<b>TOTAL NONCURRENT LIABILITIES</b>			<b>13,583,060</b>
			<hr/>
<b>TOTAL LIABILITIES</b>			<b>21,966,420</b>

### NET ASSETS

Unrestricted Net Assets - Prior Years		8,128,642	
Net Assets - Current Year		1,717,424	
		<hr/>	
<b>TOTAL NET ASSETS</b>			<b>9,846,066</b>
			<hr/>
<b>TOTAL LIABILITIES AND NET ASSETS</b>			<b>\$ 31,812,486</b>

**California Affiliated Risk Management Authorities**  
**~ INCOME STATEMENT ~**  
**For the Quarter Ended September 30, 2010**  
**(Unaudited)**

	<u>Actual</u>	<u>Budget</u>	<u>% Used</u>	<u>\$ Variance</u>
<b>OPERATING REVENUES</b>				
Deposit Premium	\$ 1,617,683	\$ 6,470,731	25%	\$ 4,853,048
Investment Income	163,624	0		(163,624)
Misc Income	0	0		0
<b>TOTAL OPERATING REVENUES</b>	<u>\$ 1,781,307</u>	<u>6,470,731</u>	<u>28%</u>	<u>4,689,424</u>
<b>OPERATING EXPENSES</b>				
<b>Direct Expenses</b>				
Claims Paid	\$ 2,082,515	4,051,081	* { -13%	4,593,456
Incr/(Decr) in Reserves	(2,624,890)			
<b>Subtotal Claims Expense</b>	<u>(542,375)</u>	<u>4,051,081</u>	<u>-13%</u>	<u>4,593,456</u>
Reinsurance	355,406	1,421,625	25%	1,066,219
Excess Insurance	136,806	547,225	25%	410,419
<b>Subtotal All Direct Expenses</b>	<u>(50,162)</u>	<u>6,019,931</u>	<u>-1%</u>	<u>6,070,093</u>
<b>General &amp; Administrative Expenses</b>				
Program Management	72,250	289,000	25%	216,750
Membership Dues	332	1,800	18%	1,468
Financial Audit	6,500	7,800	83%	1,300
Claims Audit	0	29,900	0%	29,900
Actuarial Services	0	7,800	0%	7,800
Legal Services	26,224	60,000	44%	33,776
Marketing, Consultants and Website	150	5,000	3%	4,850
Board Meetings	954	2,000	48%	1,046
Annual Retreat	0	15,000	0%	15,000
Fidelity Bond	258	1,000	26%	742
Accreditation	1,500	1,500	100%	0
Investment Management Fees	5,878	20,000	29%	14,122
Contingency	0	10,000	0%	10,000
<b>Subtotal General &amp; Admin Expenses</b>	<u>114,046</u>	<u>450,800</u>	<u>25%</u>	<u>336,754</u>
Member Equity Distribution	0	0		0
<b>TOTAL OPERATING EXPENSES</b>	<u>63,883</u>	<u>6,470,731</u>	<u>1%</u>	<u>6,406,848</u>
<b>CHANGE IN NET ASSETS</b>	<u><u>\$ 1,717,424</u></u>	<u><u>0</u></u>		

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

# California Affiliated Risk Management Authorities

~ Balance Sheet ~  
As of September 30, 2010  
(Unaudited)

Assets:	1996/1997	1997/1998	1998/1999	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	Total
Cash, L.A. I.F. & Investments	208,712	137,288	1,576,900	1,288,429	113,924	300,116	1,374,774	3,057,971	(2,612,087)	3,774,407	3,868,222	4,838,666	3,834,741	4,139,229	4,084,427	29,985,711
Market Valuation-LAIF & Investments															183,872	183,872
Prepaid Expenses															1,502,394	1,502,394
Interest Receivable															140,509	140,509
Accounts Receivable															0	0
<b>Total Assets</b>	<b>208,712</b>	<b>137,288</b>	<b>1,576,900</b>	<b>1,288,429</b>	<b>113,924</b>	<b>300,116</b>	<b>1,374,774</b>	<b>3,057,971</b>	<b>(2,612,087)</b>	<b>3,774,407</b>	<b>3,868,222</b>	<b>4,838,666</b>	<b>3,834,741</b>	<b>4,139,229</b>	<b>5,911,202</b>	<b>31,812,486</b>
* Total Assets do not include Rate Stabilization Funds of \$89,306 at September 30, 2010																
<b>Liabilities:</b>																
Accounts Payable															15,788	15,788
Deferred Revenue															4,853,049	4,853,049
Return of Equity															21,785	21,785
Equity Payable															0	0
Reserve for Claims (1)	0	71,427	0	0	0	0	200,025	549,600	0	5,557,100	454,000	0	373,670	0	0	7,205,822
Reserve for IBNR (2)	(0)	358	0	0	18,159	38,879	88,357	180,161	581,251	1,056,012	1,123,051	1,337,814	2,258,380	2,538,500	649,054	9,869,976
<b>Total Liabilities</b>	<b>(0)</b>	<b>71,785</b>	<b>0</b>	<b>0</b>	<b>18,159</b>	<b>38,879</b>	<b>288,382</b>	<b>729,761</b>	<b>581,251</b>	<b>6,613,112</b>	<b>1,577,051</b>	<b>1,337,814</b>	<b>2,632,050</b>	<b>2,538,500</b>	<b>5,539,676</b>	<b>21,966,419</b>
<b>Retained Earnings:</b>																
Reserve for Adverse Development (3)	0	0	0	0	0	0	0	0	254,138	1,071,592	1,214,016	1,278,895	1,910,350	1,591,238	369,371	7,689,600
Contingency Funds (4)	208,712	65,503	1,576,900	1,288,429	95,765	261,237	1,086,392	2,328,210	(3,447,477)	(3,910,287)	1,077,155	2,221,957	(707,659)	9,491	2,156	2,156,474
<b>Total Retained Earnings</b>	<b>208,712</b>	<b>65,503</b>	<b>1,576,900</b>	<b>1,288,429</b>	<b>95,765</b>	<b>261,237</b>	<b>1,086,392</b>	<b>2,328,210</b>	<b>(3,193,339)</b>	<b>(2,838,705)</b>	<b>2,291,171</b>	<b>3,500,852</b>	<b>1,202,691</b>	<b>1,600,729</b>	<b>371,527</b>	<b>9,846,067</b>
<b>Total Liabilities and Retained Earnings</b>	<b>208,712</b>	<b>137,288</b>	<b>1,576,900</b>	<b>1,288,429</b>	<b>113,924</b>	<b>300,116</b>	<b>1,374,774</b>	<b>3,057,971</b>	<b>(2,612,087)</b>	<b>3,774,407</b>	<b>3,868,222</b>	<b>4,838,666</b>	<b>3,834,741</b>	<b>4,139,229</b>	<b>5,911,202</b>	<b>31,812,486</b>

**NOTE: CARMA's first three program years 1993/1994 - 1995/1996 are now closed and no longer appear on the financial statements.**

- 1) Reserve for claims has been discounted from the loss run balance of \$8,105,000 by \$899,178 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, 2010

(Unaudited)

Revenue:	1996/1997	1997/1998	1998/1999	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	Total
Deposit Premiums	1,209	795	9,131	7,460	660	1,738	7,960	17,719	(15,125)	21,855	22,750	28,040	25,093	25,183	1,617,683	1,617,683
Interest Income															3,277	157,746 *
Misc Income															0	0
<b>Total Revenue</b>	<b>1,209</b>	<b>795</b>	<b>9,131</b>	<b>7,460</b>	<b>660</b>	<b>1,738</b>	<b>7,960</b>	<b>17,719</b>	<b>(15,125)</b>	<b>21,855</b>	<b>22,750</b>	<b>28,040</b>	<b>25,093</b>	<b>25,183</b>	<b>1,620,960</b>	<b>1,775,429</b>
<b>Direct Expenses:</b>																
Claims Paid	0	0	0	0	0	0	0	4,344	0	0	121,957	7,848	1,948,366	0	0	2,082,515
Incr/(Decr.) in Reserves	(0)	(0)	0	0	0	(0)	(0)	(3,999)	0	0	(111,291)	(7,059)	(3,151,595)	0	649,054	(2,624,890)
Incr/(Decr.) in Rate Stab Due Member																0
Dividend/Assessment/Equity Distribution																0
Reinsurance / Excess																0
<b>Total Direct Expenses</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>345</b>	<b>0</b>	<b>0</b>	<b>10,667</b>	<b>789</b>	<b>(1,203,229)</b>	<b>0</b>	<b>1,141,266</b>	<b>(50,162)</b>
<b>Indirect Expenses:</b>																
General Management															72,250	72,250
Membership Dues															332	332
Financial Audit															6,500	6,500
Claims Audit															0	0
Actuarial Services															0	0
Legal Services**															26,224	26,224
Marketing/Consultants/Website															150	150
Board Meetings															954	954
Annual Retreat															0	0
Fidelity Bond															258	258
Accreditation Fees															1,500	1,500
Contingency															0	0
<b>Total Indirect Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>108,168</b>	<b>108,168</b>
<b>Net Income/(Loss)</b>	<b>1,209</b>	<b>795</b>	<b>9,131</b>	<b>7,460</b>	<b>660</b>	<b>1,738</b>	<b>7,961</b>	<b>17,375</b>	<b>(15,125)</b>	<b>21,855</b>	<b>12,084</b>	<b>27,251</b>	<b>1,228,323</b>	<b>25,182</b>	<b>371,527</b>	<b>1,717,424</b>

\*\* Includes services for general counsel and coverage matters.

**NOTE: CARMA's first three program years 1993/1994 - 1995/1996 are now closed and no longer appear on the financial statements.**

# California Affiliated Risk Management Authorities

~ Summary of Member Equity ~  
As of September 30, 2010

Program Year	Member	"Expected" Fund Balance	IBNR at 70% Conf. Level	"70% Conf." Fund Balance	IBNR at 80% Conf. Level	"80% Conf." Fund Balance
<b>1996/97:</b>	BCJPIA	131,301	0	131,301	0	131,301
	PERMA	17,061 *	0	17,061	0	17,061
	PARSAC	46,385	0	46,385	0	46,385
	VCJPA	13,964	0	13,964	0	13,964
	<b>Total</b>	<b>208,712</b>	<b>0</b>	<b>208,712</b>	<b>0</b>	<b>208,712</b>
<b>1997/98:</b>	BCJPIA	84,662	0	84,662	0	84,662
	PERMA	(117,347) *	0	(117,347) **	0	(117,347) **
	PARSAC	86,207	0	86,207	0	86,207
	VCJPA	11,982	0	11,982	0	11,982
	<b>Total</b>	<b>65,503</b>	<b>0</b>	<b>65,503</b>	<b>0</b>	<b>65,503</b>
<b>1998/99:</b>	BCJPIA	802,992	0	802,992	0	802,992
	PARSAC	684,591	0	684,591	0	684,591
	VCJPA	89,317	0	89,317	0	89,317
	PERMA	0	0	0	0	0
	<b>Total</b>	<b>1,576,900</b>	<b>0</b>	<b>1,576,900</b>	<b>0</b>	<b>1,576,900</b>
<b>1999/2000:</b>	BCJPIA	703,422	0	703,422	0	703,424
	PARSAC	507,358	0	507,358	0	507,358
	VCJPA	77,649	0	77,649	0	77,649
	PERMA	0	0	0	0	0
	<b>Total</b>	<b>1,288,429</b>	<b>0</b>	<b>1,288,429</b>	<b>0</b>	<b>1,288,429</b>
<b>2000/2001:</b>	BCJPIA	28,596	0	28,596	0	28,596
	CSJVRMA	18,576	0	18,576	0	18,576
	MPA	25,023	0	25,023	0	25,023
	PARSAC	21,055	0	21,055	0	21,055
	VCJPA	2,515	0	2,515	0	2,515
	<b>Total</b>	<b>95,765</b>	<b>0</b>	<b>95,765</b>	<b>0</b>	<b>95,765</b>
<b>2001/2002:</b>	BCJPIA	90,134	0	90,134	0	90,134
	CSJVRMA	63,963	0	63,963	0	63,963
	MPA	65,243	0	65,243	0	65,243
	PARSAC	32,119	0	32,119	0	32,119
	VCJPA	9,778	0	9,778	0	9,778
	<b>Total</b>	<b>261,237</b>	<b>0</b>	<b>261,237</b>	<b>0</b>	<b>261,237</b>

# California Affiliated Risk Management Authorities

~ Summary of Member Equity ~  
As of September 30, 2010

Program Year	Member	"Expected" Fund Balance	IBNR at 70% Conf. Level	"70% Conf." Fund Balance	IBNR at 80% Conf. Level	"80% Conf." Fund Balance
<b>2002/2003:</b>	BCJPIA	259,463	0	259,463	0	259,463
	CSJVRMA	253,417	0	253,417	0	253,417
	MPA	347,746	0	347,746	0	347,746
	PARSAC	184,623	0	184,623	0	184,623
	VCJPA	41,143	0	41,143	0	41,143
	PERMA	0	0	0	0	0
	Total	1,086,392	0	1,086,392	0	1,086,392
<b>2003/2004</b>	BCJPIA	598,036	0	598,036	0	598,036
	CSJVRMA	625,734	0	625,734	0	625,734
	MBASIA	52,805	0	52,805	0	52,805
	MPA	567,846	0	567,846	0	567,846
	PARSAC	411,662	0	411,662	0	411,662
	VCJPA	72,126	0	72,126	0	72,126
	Total	2,328,210	0	2,328,210	0	2,328,210
<b>2004/2005</b>	BCJPIA	(793,571)	0	(793,571)	(64,774)	(858,345)
	CSJVRMA	(822,523)	0	(822,523)	(64,664)	(887,188)
	MBASIA	(115,233)	0	(115,233)	(10,533)	(125,766)
	MPA	(874,966)	0	(874,966)	(68,116)	(943,082)
	PARSAC	(508,884)	0	(508,884)	(40,465)	(549,349)
	VCJPA	(78,162)	0	(78,162)	(5,585)	(83,748)
	Total	(3,193,339)	0	(3,193,339)	(254,138)	(3,447,477)
<b>2005/2006</b>	BCJPIA	(631,590)	(58,380)	(689,970)	(243,251)	(874,841)
	CSJVRMA	(936,513)	(70,725)	(1,007,238)	(294,688)	(1,231,201)
	MBASIA	(92,556)	(8,230)	(100,785)	(34,291)	(126,847)
	MPA	(596,893)	(65,324)	(662,217)	(272,184)	(869,077)
	PARSAC	(520,092)	(46,807)	(566,899)	(195,030)	(715,122)
	VCJPA	(61,062)	(7,715)	(68,777)	(32,148)	(93,210)
	Total	(2,838,705)	(257,182)*	(3,095,886)	(1,071,592)*	(3,910,297)
<b>2006/2007</b>	BCJPIA	419,811	(84,228)	335,583	(276,750)	143,060
	CSJVRMA	761,416	(111,481)	649,935	(366,294)	395,122
	MBASIA	59,105	(11,013)	48,092	(36,185)	22,920
	MPA	555,787	(87,257)	468,530	(286,702)	269,085
	PARSAC	382,221	(63,125)	319,097	(207,410)	174,811
	VCJPA	112,831	(12,379)	100,452	(40,674)	72,157
	Total	2,291,171	(369,483)	1,921,688	(1,214,016)	1,077,154



# California Affiliated Risk Management Authorities

~ Summary of Member Equity ~  
As of September 30, 2010

Program Year	Member	"Expected" Fund Balance	IBNR at 70% Conf. Level	"70% Conf." Fund Balance	IBNR at 80% Conf. Level	"80% Conf." Fund Balance
<b>2007/2008</b>	BCJPIA	667,545	(85,690)	581,854	(276,546)	390,999
	CSJVRMA	1,068,504	(116,652)	951,852	(376,469)	692,036
	MBASIA	85,771	(11,124)	74,647	(35,900)	49,871
	MPA	861,258	(95,642)	765,616	(308,664)	552,594
	PARSAC	677,447	(74,533)	602,914	(240,538)	436,909
	VCJPA	140,327	(12,636)	127,691	(40,779)	99,548
	<b>Total</b>	<b>3,500,852</b>	<b>(396,277)</b>	<b>3,104,575</b>	<b>(1,278,895)</b>	<b>2,221,957</b>
<b>2008/2009</b>	BCJPIA	139,923	(155,885)	(15,962)	(412,636)	(272,714)
	CSJVRMA	331,282	(199,186)	132,097	(527,256)	(195,974)
	MBASIA	22,596	(20,929)	1,667	(55,400)	(32,804)
	MPA	309,504	(175,370)	134,134	(464,215)	(154,711)
	PARSAC	338,795	(148,668)	190,127	(393,532)	(54,737)
	VCJPA	60,590	(21,651)	38,940	(57,310)	3,280
	<b>Total</b>	<b>1,202,691</b>	<b>(721,688)</b>	<b>481,004</b>	<b>(1,910,350)</b>	<b>(707,659)</b>
<b>2009/2010</b>	BCJPIA	607,015	(209,398)	397,617	(573,569)	33,445
	CSJVRMA	526,244	(194,429)	331,815	(532,567)	(6,322)
	MBASIA	39,163	(20,114)	19,049	(55,095)	(15,932)
	MPA	418,909	(140,124)	278,785	(383,818)	35,091
	VCJPA	9,398	(16,863)	(7,465)	(46,190)	(36,792)
	PARSAC	0	0	0	0	0
	<b>Total</b>	<b>1,600,729</b>	<b>(580,929)</b>	<b>1,019,801</b>	<b>(1,591,238)</b>	<b>9,491</b>
<b>2010/2011</b>	BCJPIA	159,398	(52,433)	106,966	(142,708)	16,690
	CSJVRMA	81,254	(37,886)	43,369	(103,115)	(21,860)
	MBASIA	5,217	(4,399)	818	(11,972)	(6,755)
	MPA	123,113	(36,958)	86,154	(100,591)	22,522
	VCJPA	2,544	(4,036)	(1,492)	(10,986)	(8,441)
	PARSAC	0	0	0	0	0
	<b>Total</b>	<b>371,527</b>	<b>(135,711)</b>	<b>235,815</b>	<b>(369,371)</b>	<b>2,156</b>
<b>Total:</b>	BCJPIA	3,267,132	(646,014)	2,621,124	(1,990,234)	1,276,904
	CSJVRMA	1,971,355	(730,359)	1,240,996	(2,265,052)	(293,698)
	MBASIA	56,869	(75,808)	(18,939)	(239,376)	(182,507)
	MPA	1,802,570	(600,676)	1,201,894	(1,884,290)	(81,720)
	PARSAC	2,343,487	(333,133)	2,010,354	(1,076,975)	1,266,512
	VCJPA	504,941	(75,280)	429,661	(233,672)	271,269
	<b>PERMA *</b>	<b>(100,286)</b>	<b>0</b>	<b>(100,286)</b>	<b>0</b>	<b>(100,286)</b>
	<b>Total Equity</b>	<b>9,846,067</b>	<b>(2,461,271)</b>	<b>7,384,804</b>	<b>(7,689,600)</b>	<b>2,156,474</b>

\* Return of Equity to PERMA as of 6/30/06 at 80% Confidence Level; Negative equity represents continuing adverse development

**Note:** Dividends returned to BCJPIA, VCJPA and PARSAC for program years 1993/94; 1994/95; and 1995/96 as of 9/30/06. These three program years are now closed, and no longer appear on the financial statements.

# California Affiliated Risk Management Authorities

## ~ Member's Equity ~

As of September 30, 2010

1996/97 Program Year														
Member	Deposit Premium	Re-allocated Reserve	6/30/02 (Dividend) Assessment	Equity Distributions	Interest Earned	Admin. Expenses	Excess Insurance	Incurred Losses	IBNR	"Expected" Fund Balance	80% Conf. Contingency IBNR Reserves	"80% Conf." Fund Balance	Actual Payroll	Budgeted % of Losses
BC/JPIA	814,332	172,156	98,684		143,857	(34,598)	(302,123)	(761,008)	0	131,301	0	131,301	189,027,168	36.12%
PERMA	527,407	159,765	63,268	(67,919) *	79,237	(34,598)	(114,758)	(595,340)	0	17,061	0	17,061	71,799,960	28.26%
PARSAC	657,924	110,641	137,114	(72,615) **	121,205	(34,598)	(199,822)	(673,465)	0	46,385	0	46,385	125,021,091	31.97%
VC/JPA	116,305	0	18,679		20,074	(34,598)	(29,679)	(76,817)	0	13,964	0	13,964	18,569,072	3.65%
<b>Total</b>	<b>2,115,968</b>	<b>442,562</b>	<b>317,745</b>	<b>(140,534)</b>	<b>364,374</b>	<b>(138,392)</b>	<b>(646,382)</b>	<b>(2,106,630)</b>	<b>0</b>	<b>208,712</b>	<b>0</b>	<b>208,712</b>	<b>404,417,291</b>	<b>100.00%</b>

\* Dividend - 6/30/06

\*\* Deduction payable to Future Admin Costs - 6/30/09

Re-allocated Reserve: Allocated to members by contribution percentage of 1993/94 program year.

1997/98 Program Year														
Member	Deposit Premium	Re-allocated Reserve	6/30/02 (Dividend) Assessment	Dividend (Return of Equity) 6/30/06	Interest Earned	Admin. Expenses	Reinsurance	Incurred Losses	IBNR	"Expected" Fund Balance	80% Conf. Contingency IBNR Reserves	"80% Conf." Fund Balance	Actual Payroll	Budgeted % of Losses
BC/JPIA	636,940		262,014		226,395	(41,745)	(284,332)	(714,483)	(126)	84,662	0	84,662	195,827,843	35.13%
PERMA	316,590		166,056	(119,075)	75,211	(41,745)	(104,369)	(409,943)	(72)	(117,347) *	0	(117,347) *	71,882,162	20.15%
PARSAC	609,421		326,378		230,337	(41,745)	(200,568)	(837,467)	(148)	86,207	0	86,207	138,137,331	41.17%
VC/JPA	100,424		21,714		32,087	(41,745)	(28,280)	(72,205)	(13)	11,982	0	11,982	19,477,430	3.55%
<b>Total</b>	<b>1,663,375</b>		<b>776,162</b>	<b>(119,075)</b>	<b>564,030</b>	<b>(166,980)</b>	<b>(617,550)</b>	<b>(2,034,098)</b>	<b>(358)</b>	<b>65,503</b>	<b>0</b>	<b>65,503</b>	<b>425,324,766</b>	<b>100.00%</b>

(3mil ~ 10mil)

1998/99 Program Year													
Member	Deposit Premium	Re-allocated Reserve	6/30/02 (Dividend) Assessment	Admin. Expenses To Date	Interest Earned	Reinsurance	Incurred Losses	IBNR	"Expected" Fund Balance	80% Conf. Contingency IBNR Reserves	"80% Conf." Fund Balance	Budgeted Payroll	Budgeted % of Losses
BC/JPIA	793,751			(49,798)	315,909	(255,534)	(1,336)	0	802,992	0	802,992	198,356,800	50.59%
PARSAC	658,615			(49,798)	262,126	(185,181)	(1,171)	0	684,591	0	684,591	143,745,259	44.34%
VC/JPA	117,920			(49,798)	46,932	(25,603)	(134)	0	89,317	0	89,317	19,874,114	5.07%
PERMA*	42,666			(42,666)	n/a	n/a	n/a	n/a	0	n/a	0	n/a	n/a
<b>Total</b>	<b>1,612,952</b>			<b>(192,060)</b>	<b>624,967</b>	<b>(466,318)</b>	<b>(2,641)</b>	<b>0</b>	<b>1,576,900</b>	<b>0</b>	<b>1,576,900</b>	<b>361,976,173</b>	<b>100.00%</b>

(3mil ~ 10mil)

Effective 7/1/98, Public Entity Risk Management Authority (PERMA) has withdrawn from membership.

They contributed towards administration expenses only through 2002/03.

\* Return of Equity to PERMA as of 6/30/06 at Expected Confidence Level: 1993/94 - 1996/97

\*\* Return of Equity to PERMA as of 6/30/06 at 80% Confidence Level - 1997/98

# California Affiliated Risk Management Authorities

~ Member's Equity ~

As of September 30, 2010

1999/2000 Program Year		Admin. Expenses To Date	Interest Earned	Deposit Premium	Assessment 6/30/08	Interest Earned	Reinsurance (250,172)	Incurred Losses	IBNR	"Expected" Fund Balance	70% Conf. Contingency IBNR Reserves	"70% Conf." Fund Balance	80% Conf. Contingency IBNR Reserves	"80% Conf." Fund Balance	Budgeted Payroll	Budgeted % of Losses
Member																
BC/JPIA	752,117	(43,819)	245,293	794,604	275,982	45,982	(250,172)	0	0	703,422	0	703,422	0	703,422	213,117,753	55.10%
PARSAC	522,375	(43,819)	170,366	575,048	171,651	33,277	(141,564)	0	0	507,358	0	507,358	0	507,358	120,595,797	40.77%
VC/JPA	108,966	(43,819)	35,538	664,940	245,164	38,479	(23,036)	0	0	77,649	0	77,649	0	77,649	19,624,227	4.14%
PERMA*	38,687	(38,687)	n/a	529,800	234,457	30,658	n/a	n/a	n/a	0	n/a	0	n/a	0	n/a	n/a
<b>Total</b>	<b>1,422,145</b>	<b>(170,143)</b>	<b>451,196</b>	<b>2,707,152</b>	<b>949,644</b>	<b>154,958</b>	<b>(414,772)</b>	<b>0</b>	<b>0</b>	<b>1,288,429</b>	<b>0</b>	<b>1,288,429</b>	<b>0</b>	<b>1,288,429</b>	<b>353,337,777</b>	<b>100.00%</b>

2000/2001 Program Year		Admin. Expenses To Date	Interest Earned	Assessment 6/30/08	Interest Earned	Reinsurance (289,204)	Incurred Losses	IBNR	"Expected" Fund Balance	70% Conf. Contingency IBNR Reserves	"70% Conf." Fund Balance	80% Conf. Contingency IBNR Reserves	"80% Conf." Fund Balance	Budgeted Payroll	Budgeted % of Losses	
Member																
BC/JPIA	794,604	(51,593)	45,982	794,604	275,982	(289,204)	(741,751)	(5,428)	28,596	0	28,596	0	28,596	218,824,174	29.89%	
CS/JVRMA	575,048	(51,593)	33,277	575,048	171,651	(233,192)	(473,153)	(3,462)	18,576	0	18,576	0	18,576	176,443,369	19.07%	
MPA	664,940	(51,593)	38,479	664,940	245,164	(213,601)	(653,582)	(4,783)	25,023	0	25,023	0	25,023	161,619,598	26.34%	
PARSAC	529,800	(51,593)	30,658	529,800	234,457	(163,911)	(554,300)	(4,056)	21,055	0	21,055	0	21,055	124,022,512	22.34%	
VC/JPA	113,388	(51,593)	6,562	113,388	22,390	(28,987)	(58,814)	(430)	2,515	0	2,515	0	2,515	21,932,586	2.37%	
PERMA*	29,372	(29,372)	n/a	29,372	0	n/a	n/a	n/a	0	n/a	0	n/a	0	n/a	n/a	n/a
<b>Total</b>	<b>2,707,152</b>	<b>(287,339)</b>	<b>154,958</b>	<b>2,707,152</b>	<b>949,644</b>	<b>(928,895)</b>	<b>(2,481,600)</b>	<b>(18,159)</b>	<b>95,765</b>	<b>0</b>	<b>95,765</b>	<b>0</b>	<b>95,765</b>	<b>702,842,239</b>	<b>100.00%</b>	

2001/2002 Program Year		Admin. Expenses To Date	Interest Earned	Premium	Assessment 6/30/08	Interest Earned	Reinsurance (287,278)	Incurred Losses	IBNR	"Expected" Fund Balance	70% Conf. Contingency IBNR Reserves	"70% Conf." Fund Balance	80% Conf. Contingency IBNR Reserves	"80% Conf." Fund Balance	Budgeted Payroll	Budgeted % of Losses
Member																
BC/JPIA	905,484	(54,880)	37,329	905,484	275,982	45,982	(287,278)	(497,543)	(12,974)	90,134	0	90,134	0	90,134	232,743,275	33.37%
CS/JVRMA	624,524	(48,622)	25,747	624,524	171,651	33,277	(235,486)	(294,520)	(7,680)	63,963	0	63,963	0	63,963	190,762,705	19.75%
MPA	645,844	(52,540)	26,626	645,844	245,164	38,479	(213,966)	(332,063)	(8,659)	65,243	0	65,243	0	65,243	173,347,743	22.27%
PARSAC	570,948	(60,266)	23,538	570,948	234,457	30,658	(161,268)	(332,172)	(8,662)	32,119	0	32,119	0	32,119	130,653,728	22.28%
VC/JPA	116,448	(47,785)	4,801	116,448	22,390	6,562	(28,079)	(34,702)	(905)	9,778	0	9,778	0	9,778	22,748,765	2.33%
PERMA*	20,749	(20,749)	n/a	20,749	0	n/a	n/a	n/a	n/a	0	n/a	0	n/a	0	n/a	n/a
<b>Total</b>	<b>2,883,997</b>	<b>(284,842)</b>	<b>118,040</b>	<b>2,883,997</b>	<b>949,644</b>	<b>154,958</b>	<b>(926,077)</b>	<b>(1,491,000)</b>	<b>(38,879)</b>	<b>261,237</b>	<b>0</b>	<b>261,237</b>	<b>0</b>	<b>261,237</b>	<b>750,276,216</b>	<b>100.00%</b>

Effective 7/1/98, Public Entity Risk Management Authority (PERMA) has withdrawn from membership. They contributed towards administration expenses only through 2002/03.

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<b>2002/2003 Program Year</b>													
Member	Premium	Interest Earned	Admin. Expenses To Date	Reinsurance	Incurred Losses	IBNR	"Expected" Fund Balance	70% Conf. Contingency IBNR Reserves	"70% Conf." Fund Balance	80% Conf. Contingency IBNR Reserves	"80% Conf." Fund Balance	Budgeted Payroll	Budgeted % of Losses
BCJPIA	954,516	106,090	(45,285)	(424,920)	(309,906)	(21,029)	259,463	0	259,463	0	259,463	279,900,212	23.80%
CSJVRMA	835,195	92,828	(48,768)	(317,151)	(289,072)	(19,615)	253,417	0	253,417	0	253,417	208,910,912	22.20%
MPA	1,088,511	120,983	(52,749)	(372,386)	(408,868)	(27,744)	347,746	0	347,746	0	347,746	245,295,487	31.40%
PARSAC	672,441	74,739	(58,223)	(219,284)	(266,936)	(18,113)	184,623	0	184,623	0	184,623	144,445,370	20.50%
VCJPA	136,626	15,185	(43,792)	(37,676)	(27,345)	(1,855)	41,143	0	41,143	0	41,143	24,817,761	2.10%
PERMA*	10,569	n/a	(10,569)	0	n/a	0	0	n/a	0	n/a	0		
<b>Total</b>	<b>3,697,858</b>	<b>409,825</b>	<b>(259,386)</b>	<b>(1,371,418)</b> (3mil ~ 10mil)	<b>(1,302,128)</b>	<b>(88,357)</b>	<b>1,086,392</b>	<b>0</b>	<b>1,086,392</b>	<b>0</b>	<b>1,086,392</b>	<b>903,369,742</b>	<b>100.00%</b>
<b>2003/2004 Program Year</b>													
Member	Premium	Interest Earned	Admin. Expenses To Date	Reinsurance	Incurred Losses	IBNR	"Expected" Fund Balance	70% Conf. Contingency IBNR Reserves	"70% Conf." Fund Balance	80% Conf. Contingency IBNR Reserves	"80% Conf." Fund Balance	Budgeted Payroll	Budgeted % of Losses
BCJPIA	1,263,251	203,313	(42,230)	(503,421)	(274,414)	(48,463)	598,036	0	598,036	0	598,036	301,387,622	26.90%
CSJVRMA	1,214,146	195,410	(46,497)	(412,047)	(276,454)	(48,824)	625,734	0	625,734	0	625,734	246,683,846	27.10%
MBAIF	140,449	22,604	(41,448)	(42,394)	(22,443)	(3,964)	52,805	0	52,805	0	52,805	25,380,378	2.20%
MPA	1,111,447	178,881	(45,103)	(389,311)	(244,830)	(43,239)	567,846	0	567,846	0	567,846	233,072,259	24.00%
PARSAC	801,461	128,991	(46,328)	(264,811)	(176,482)	(31,168)	411,662	0	411,662	0	411,662	158,537,145	17.30%
VCJPA	162,847	26,209	(43,476)	(43,447)	(25,503)	(4,504)	72,126	0	72,126	0	72,126	26,010,996	2.50%
<b>Total</b>	<b>4,693,601</b>	<b>755,409</b>	<b>(265,082)</b>	<b>(1,655,431)</b> (4mil ~ 10mil)	<b>(1,020,127)</b>	<b>(180,161)</b>	<b>2,328,210</b>	<b>-</b>	<b>2,328,210</b>	<b>0</b>	<b>2,328,210</b>	<b>991,072,246</b>	<b>100.00%</b>
<b>2004/2005 Program Year</b>													
Member	Premium	Interest Earned	Admin. Expenses To Date	Reinsurance	Incurred Losses	IBNR	"Expected" Fund Balance	70% Conf. Contingency IBNR Reserves	"70% Conf." Fund Balance	80% Conf. Contingency IBNR Reserves	"80% Conf." Fund Balance	Budgeted Payroll	Budgeted % of Losses
BCJPIA	1,583,927	120,276	(47,798)	(557,112)	(1,744,715)	(148,148)	(793,571)	0	(793,571)	(64,774)	(858,345)	310,247,058.00	25.49%
CSJVRMA	1,469,177	111,562	(51,703)	(461,905)	(1,741,758)	(147,897)	(822,523)	0	(822,523)	(64,664)	(887,188)	257,228,148.00	25.44%
MBAIF	295,609	22,447	(52,390)	(73,103)	(283,705)	(24,090)	(115,233)	0	(115,233)	(10,533)	(125,766)	40,710,135.00	4.14%
MPA	1,514,082	114,972	(53,011)	(460,474)	(1,834,742)	(155,792)	(874,966)	0	(874,966)	(68,116)	(943,082)	256,430,900.00	26.80%
PARSAC	943,711	71,661	(51,614)	(290,152)	(1,089,941)	(92,550)	(508,884)	0	(508,884)	(40,465)	(549,349)	161,581,032.00	15.92%
VCJPA	169,123	12,842	(47,111)	(49,796)	(150,446)	(12,775)	(78,162)	0	(78,162)	(5,585)	(83,748)	27,730,726.00	2.20%
<b>Total</b>	<b>5,975,629</b>	<b>453,760</b>	<b>(303,627)</b>	<b>(1,892,542)</b> (4mil ~ 10mil)	<b>(6,845,307)</b>	<b>(581,251)</b>	<b>(3,193,339)</b>	<b>0</b>	<b>(3,193,339)</b>	<b>(254,138)</b>	<b>(3,447,477)</b>	<b>1,053,927,999</b>	<b>100.00%</b>

Effective 7/1/98, Public Entity Risk Management Authority (PERMA) has withdrawn from membership. They contributed towards administration expenses only through 2002/03.

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<b>2005/2006 Program Year</b>													
Member	Premium	Interest Earned	Admin. Expenses To Date	Reinsurance / Excess Ins	Incurred Losses	IBNR	"Expected" Fund Balance	70% Conf. Contingency IBNR Reserves	"70% Conf." Fund Balance	80% Conf. Contingency IBNR Reserves	"80% Conf." Fund Balance	Budgeted Payroll	Budgeted % of Losses
BCJPIA	1,576,921	200,936	(42,878)	(704,681)	(1,422,174)	(239,715)	(631,590)	(58,380)	(689,970)	(243,251)	(874,841)	322,869,644	22.70%
CSJVRMA	1,534,667	195,552	(49,979)	(603,452)	(1,722,898)	(290,403)	(936,513)	(70,725)	(1,007,238)	(294,688)	(1,231,201)	276,488,400	27.50%
MBAIF	242,229	30,866	(45,668)	(85,707)	(200,483)	(33,792)	(92,556)	(8,230)	(100,785)	(34,291)	(126,847)	39,268,949	3.20%
MPA	1,657,780	211,239	(50,002)	(556,352)	(1,591,331)	(268,227)	(596,893)	(65,324)	(662,217)	(272,184)	(869,077)	254,908,400	25.40%
PARSAC	1,100,726	140,258	(51,476)	(377,160)	(1,140,245)	(192,194)	(520,092)	(46,807)	(566,899)	(195,030)	(715,122)	172,806,534	18.20%
VCJPA	242,309	30,876	(50,728)	(63,886)	(187,953)	(31,680)	(61,062)	(7,715)	(68,777)	(32,148)	(93,210)	29,271,222	3.00%
<b>Total</b>	<b>6,354,632</b>	<b>809,727</b>	<b>(290,731)</b>	<b>(2,391,237)</b>	<b>(6,265,084)</b>	<b>(1,056,012)</b>	<b>(2,838,705)</b>	<b>(257,182)</b>	<b>(3,095,886)</b>	<b>(1,071,592)</b>	<b>(3,910,297)</b>	<b>1,095,613,149</b>	<b>100.00%</b>

<b>2006/2007 Program Year</b>													
Member	Premium	Interest Earned	Admin. Expenses To Date	Reinsurance / Excess Ins	Incurred Losses	IBNR	"Expected" Fund Balance	70% Conf. Contingency IBNR Reserves	"70% Conf." Fund Balance	80% Conf. Contingency IBNR Reserves	"80% Conf." Fund Balance	Budgeted Payroll	Budgeted % of Losses
BCJPIA	1,498,514	156,968	(49,857)	(699,362)	(230,438)	(256,014)	419,811	(84,228)	335,583	(276,750)	143,060	334,978,892	22.80%
CSJVRMA	1,881,767	197,114	(59,194)	(614,426)	(304,997)	(338,848)	761,416	(111,481)	649,935	(366,294)	395,122	294,296,063	30.17%
MBAIF	231,052	24,203	(52,475)	(80,071)	(30,130)	(33,474)	59,105	(11,013)	48,092	(36,185)	22,920	38,352,066	2.98%
MPA	1,501,897	157,323	(55,996)	(543,493)	(238,724)	(285,220)	555,787	(87,257)	468,530	(286,702)	269,085	260,320,790	23.62%
PARSAC	1,109,870	116,258	(54,146)	(425,190)	(172,701)	(191,869)	382,221	(63,125)	319,097	(207,410)	174,811	203,656,346	17.08%
VCJPA	282,700	29,613	(58,813)	(69,175)	(33,867)	(37,626)	112,831	(12,379)	100,452	(40,674)	72,157	33,133,287	3.35%
<b>Total</b>	<b>6,505,800</b>	<b>681,478</b>	<b>(330,481)</b>	<b>(2,431,716)</b>	<b>(1,010,859)</b>	<b>(1,123,051)</b>	<b>2,291,171</b>	<b>(369,483)</b>	<b>1,921,688</b>	<b>(1,214,016)</b>	<b>1,077,155</b>	<b>1,164,737,446</b>	<b>100.00%</b>

<b>2007/2008 Program Year</b>													
Member	Premium	Interest Earned	Admin. Expenses To Date	Reinsurance / Excess Ins	Incurred Losses	IBNR	"Expected" Fund Balance	70% Conf. Contingency IBNR Reserves	"70% Conf." Fund Balance	80% Conf. Contingency IBNR Reserves	"80% Conf." Fund Balance	Budgeted Payroll	Budgeted % of Losses
BCJPIA	1,617,841	117,645	(53,322)	(519,211)	(206,123)	(289,286)	667,545	(85,690)	581,854	(276,546)	390,999	358,263,487	21.62%
CSJVRMA	2,133,137	155,116	(62,957)	(482,379)	(280,600)	(393,812)	1,068,504	(116,662)	951,852	(376,469)	692,036	332,848,968	29.44%
MBAIF	246,970	17,959	(56,560)	(68,287)	(26,758)	(37,554)	85,771	(11,124)	74,647	(35,900)	49,871	40,218,695	2.81%
MPA	1,765,180	128,359	(61,322)	(418,012)	(230,063)	(322,884)	861,258	(95,642)	765,616	(308,664)	552,594	288,434,476	24.14%
PARSAC	1,390,539	101,116	(61,692)	(321,611)	(179,285)	(251,620)	677,447	(74,533)	602,914	(240,538)	436,909	221,916,854	18.81%
VCJPA	306,267	22,271	(63,024)	(52,135)	(30,394)	(42,657)	140,327	(12,636)	127,691	(40,779)	99,548	35,973,784	3.19%
<b>Total</b>	<b>7,459,934</b>	<b>542,466</b>	<b>(358,877)</b>	<b>(1,851,634)</b>	<b>(953,223)</b>	<b>(1,337,814)</b>	<b>3,500,852</b>	<b>(396,277)</b>	<b>3,104,575</b>	<b>(1,278,895)</b>	<b>2,221,957</b>	<b>1,277,656,264</b>	<b>100.00%</b>

\* Return of Equity to PERMA as of 6/30/06 at Expected Confidence Level: 1993/94 - 1996/97

\* Return of Equity to PERMA as of 6/30/06 at 80% Confidence Level - 1997/98

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<b>2008/2009 Program Year</b>		Admin. Expenses To Date		Reinsurance / Excess Ins		Incurred Losses		IBNR		"Expected" Fund Balance		70% Conf. Contingency IBNR Reserves		"70% Conf." Fund Balance		80% Conf. Contingency IBNR Reserves		"80% Conf." Fund Balance		Budgeted Payroll		Budgeted % of Losses	
Member	Premium	Interest Earned																					
BC/JPIA	1,777,509	56,615	(50,987)	(653,844)	(487,810)	(501,560)	(487,810)	(155,885)	139,923	(15,962)	(412,636)	(15,962)	(412,636)	(272,715)	381,179,313	21.60%							
CSJVRMA	2,218,108	70,649	(57,899)	(635,381)	(623,313)	(640,882)	(623,313)	(199,186)	331,282	132,087	(527,256)	132,087	(527,256)	(195,974)	370,415,527	27.60%							
MBASIA	275,441	8,773	(54,587)	(74,199)	(65,493)	(67,339)	(65,493)	(20,929)	22,596	1,667	(55,400)	1,667	(55,400)	(32,804)	43,256,460	2.90%							
MIPA	1,957,242	62,340	(59,022)	(538,015)	(548,786)	(564,255)	(548,786)	(175,370)	309,504	134,134	(464,215)	134,134	(464,215)	(154,711)	313,652,761	24.30%							
PARSAC	1,669,177	53,165	(65,386)	(374,595)	(465,226)	(478,339)	(465,226)	(148,668)	338,795	190,127	(393,532)	190,127	(393,532)	(54,737)	218,382,079	20.60%							
VC/JPA	312,521	9,954	(59,943)	(64,529)	(67,751)	(69,661)	(67,751)	(21,651)	60,590	38,940	(57,310)	38,940	(57,310)	3,280	37,619,142	3.00%							
<b>Total</b>	<b>8,209,998</b>	<b>261,496</b>	<b>(347,824)</b>	<b>(2,340,563)</b>	<b>(2,258,380)</b>	<b>(2,322,036)</b>	<b>(2,258,380)</b>	<b>(721,688)</b>	<b>1,202,691</b>	<b>481,005</b>	<b>(1,910,350)</b>	<b>481,005</b>	<b>(1,910,350)</b>	<b>(707,659)</b>	<b>1,364,505,282</b>	<b>100.00%</b>							

(4mil ~ 29mil)

<b>2009/2010 Program Year</b>		Admin. Expenses To Date		Reinsurance / Excess Ins		Incurred Losses		IBNR		"Expected" Fund Balance		70% Conf. Contingency IBNR Reserves		"70% Conf." Fund Balance		80% Conf. Contingency IBNR Reserves		"80% Conf." Fund Balance		Budgeted Payroll		Budgeted % of Losses	
Member	Premium	Interest Earned																					
BC/JPIA	2,262,791	28,335	(81,210)	(687,887)	(915,014)	0	(915,014)	(209,398)	607,015	397,617	(573,569)	397,617	(573,569)	33,445	401,025,744	36.05%							
CSJVRMA	2,115,672	26,493	(78,703)	(687,615)	(849,602)	0	(849,602)	(194,429)	526,244	331,815	(532,567)	331,815	(532,567)	(6,322)	400,867,123	33.47%							
MBASIA	277,713	3,478	(75,628)	(78,506)	(87,894)	0	(87,894)	(20,114)	39,163	19,049	(55,095)	19,049	(55,095)	(15,932)	45,767,695	3.46%							
MIPA	1,545,223	19,349	(81,912)	(451,448)	(612,304)	0	(612,304)	(140,124)	418,909	278,785	(383,018)	278,785	(383,018)	35,091	263,185,935	24.12%							
VC/JPA	225,309	2,821	(73,087)	(71,959)	(73,686)	0	(73,686)	(16,863)	9,398	(7,465)	(46,190)	9,398	(46,190)	(36,792)	41,950,723	2.90%							
PARSAC*	29,046		(29,046)	0	0	0	0	0	0	0	0	0	0	0	-	0.00%							
<b>Total</b>	<b>6,455,754</b>	<b>80,476</b>	<b>(419,586)</b>	<b>0</b>	<b>(2,538,500)</b>	<b>0</b>	<b>(2,538,500)</b>	<b>(580,929)</b>	<b>1,600,729</b>	<b>1,019,802</b>	<b>(1,591,238)</b>	<b>1,019,802</b>	<b>(1,591,238)</b>	<b>9,491</b>	<b>1,152,797,220</b>	<b>100.00%</b>							

(4mil ~ 29mil)

<b>2010/2011 Program Year</b>		Admin. Expenses To Date		Reinsurance / Excess Ins		Incurred Losses		IBNR		"Expected" Fund Balance		70% Conf. Contingency IBNR Reserves		"70% Conf." Fund Balance		80% Conf. Contingency IBNR Reserves		"80% Conf." Fund Balance		Budgeted Payroll		Budgeted % of Losses	
Member	Premium	Interest Earned																					
BC/JPIA	603,664	1,227	(21,897)	(172,831)	(250,765)	0	(250,765)	(52,433)	159,398	106,966	(142,708)	106,966	(142,708)	16,690	412,307,996	38.64%							
CSJVRMA	450,433	916	(19,383)	(169,520)	(181,192)	0	(181,192)	(37,886)	81,254	43,369	(103,115)	43,369	(103,115)	(21,860)	404,407,339	27.92%							
MBASIA	65,115	132	(19,417)	(19,577)	(21,037)	0	(21,037)	(4,399)	5,217	818	(11,972)	5,217	(11,972)	(6,755)	46,702,440	3.24%							
MIPA	433,695	882	(22,735)	(111,973)	(176,757)	0	(176,757)	(36,958)	123,113	86,154	(100,591)	86,154	(100,591)	22,522	267,123,031	27.23%							
VC/JPA	59,329	121	(19,289)	(18,312)	(19,304)	0	(19,304)	(4,036)	2,544	(1,492)	0	2,544	(10,986)	(8,441)	43,685,667	2.97%							
PARSAC*	5,446		(5,446)	0	0	0	0	0	0	0	0	0	0	0	-	0.00%							
<b>Total</b>	<b>1,617,683</b>	<b>3,277</b>	<b>(108,188)</b>	<b>(492,212)</b>	<b>(649,054)</b>	<b>0</b>	<b>(649,054)</b>	<b>(135,711)</b>	<b>371,527</b>	<b>235,816</b>	<b>(369,371)</b>	<b>235,816</b>	<b>(369,371)</b>	<b>2,156</b>	<b>1,174,226,473</b>	<b>100.00%</b>							

(4mil ~ 29mil)

PARSAC\* Beginning in the 2009/2010 program year, PARSAC is no longer in the program and will pay a pro-rata share of admin costs through the 2012/2013 program year.

**TOTAL ALL YEARS      9,846,067      (2,461,270)      7,384,809      (7,689,600)      2,156,474**

**NOTE:** CARM's first three program years 1993/1994 - 1995/1996 are now closed and no longer appear on the financial statements.

# California Affiliated Risk Management Authorities

~ Rate Stabilization Fund ~  
As of September 30, 2010

Member	Original Balance @ 7/1/2002	Cumulative Interest 2002/2003 - 2005/2006	2006/2007		2007/2008		2008/2009	2009/2010	2010/2011	Balance @ 09/30/10
			Interest as of 9/30/06	Member Contribution / Withdrawal 9/30/06 & 3/31/07 * 10/1/06 - 06/30/07	Member Withdrawal June 2008	Member Billing 6/30/08**	YE Interest as of 06/30/09	YE Interest as of 06/30/10	YE Interest as of 09/30/10	
BC/JPIA	380,979	33,811	7,692	445,979 *	(970,226)	6,354	0	0		(0)
PARSAC	201,011	17,839	4,058	(222,909)	(22,390)		0	0	517	(0)
VC/JPA	28,165	2,500	569	63,251	3,481		4,130	2,095		89,306
CS/JVRMA	0	0	0	0	0		0	0		0
MBASIA	0	0	0	0	0		0	0		0
MPA	0	0	0	0	0		0	0		0
<b>Total</b>	<b>610,155</b>	<b>54,150</b>	<b>12,319</b>	<b>286,321</b>	<b>(992,616)</b>	<b>6,354</b>	<b>4,130</b>	<b>2,095</b>	<b>517</b>	<b>89,306</b>

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	1995/97	1997/98	Totals
BC/JPIA	147,271	594,406	(98,684)	(262,014)	380,979
PARSAC	93,146	571,357	(137,114)	(326,378)	201,011
VC/JPA	68,558	(18,679)	(21,714)	28,165	68,558
<b>Totals</b>	<b>240,417</b>	<b>1,234,321</b>	<b>(254,477)</b>	<b>(610,106)</b>	<b>610,155</b>



December 9, 2010

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

*by email: sspiess@brsrisk.com, kthesing@brsrisk.com*

## **CARMA Audit Proposal – 2011-2013**

Dear Karen,

This presents my proposal to conduct annual audits for the California Affiliated Risk Management Authorities (CARMA) for the next three years (2011-2013). As you know, I currently conduct an expanded audit scope in even numbered years. Those expanded audits include a separate break out audit report for each underlying JPA.

### **1. Audit Size and Fees**

The current CARMA audit fee for the standard audit is \$18,900. Expanded audit fees (applicable for the current 2010 audit) are \$29,900. The proposed fees for the three audit periods mentioned in this letter have not changed. They are:

- 2011 (standard scope) – \$18,900
- 2012 (expanded scope) – \$29,900\*
- 2013 (standard scope) – \$18,900

Any additional services requested outside the scope of these audits will be billed at a fee agreed to by CARMA and FCS.

The annual audit will, of course, continue to incorporate the findings of all the CARMA members and the excess files at BRS.

The proposed expanded audit process will require a separate audit and report for each CARMA member.

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\*FCS acknowledges that CARMA reserves the right to conduct only standard scope audits in all 3 years due to the declining number of PARSAC claims impacting CARMA. None of the underlying JPAs will receive a separate break out report when the standard scope is utilized.

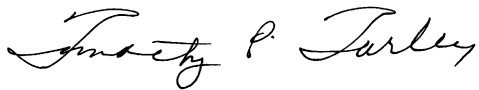


## 2. Project Timing

FCS will usually complete this project during the month of November. FCS requests payment of 25% of the project fee (\$7,475 for the expanded audit; \$4,725 for the standard audit) at the beginning of the audit process. The balance (\$22,425; \$14,175) will be due after completion of all project tasks.

FCS appreciates the opportunity to present this proposal and greatly values the confidence CARMA has shown throughout the years. FCS looks forward to CARMA's response.

Sincerely,



Timothy P. Farley, CPCU  
President

**Memo on SB 719 – “The Police Pursuit Bill”**  
**By Michael Groff, Litigation Manager**

Senate Bill 719 created Cal. Vehicle Code Section 17004.7 that will become “operative” or effective July 1, 2007. This code section provides further guidelines for law enforcement departments to secure the vehicle pursuit immunity defenses provided by law.

The statute can be fully reviewed by accessing [www.leginfo.ca.gov](http://www.leginfo.ca.gov) under “California Law”, clicking the box for “Vehicle Code,” then typing in “17004.” Essentially, this law outlines new statutory requirements to maintain the police pursuit immunity. *The purpose of this memo is to emphasize the requirements of training and documentation by each department. The next attack on the police pursuit immunity will be focused on the alleged failure to train and document the required training.*

According to the new law, public agencies employing peace officers must provide “regular and periodic” training on their pursuit policy annually. In addition, all peace officers must “certify in writing that they have received, read and understand” the policy.” The new statute clearly mandates certain specified minimum standards for the adopted policy which must be followed to maintain the immunity defense.

All agencies must insure that each officer has read and signed an acknowledgement of reading the updated pursuit policy. The agency must then retain this documentation for an extended period of time to be determined by your legal counsel. CVC Sec. 17004.7 (e) provides that these are “minimum” requirements that are consistent with the 1995 California Law Enforcement Vehicle Pursuit Guidelines developed by the Commission on Peace Officer Standards and Training pursuant to Penal Code Sec. 13919.8. These guidelines can be used to “assist agencies in the development of their pursuit policies.” While P.O.S.T. continues to develop specific training guidelines, each agency should provide in-house training at least annually on their new pursuit policy. For those agencies which subscribe to LEXIPOL’s DTBs (on-line Daily Training Bulletins), training is provided by them to comply with the new law.

According to Bruce Praet at LEXIPOL, 80% of the law enforcement departments in California subscribing to their services have had their policies and procedures amended to comply with CVC 17004.7. That means that 20% of the agencies may not have updated amended policies and procedures in place to enjoy the benefits of immunity. However, even if an agency has adopted the amended policies, the failure to train and to document the training may cause a loss of the immunity to a claim by an innocent 3<sup>rd</sup> party who is injured during the pursuit of the bad guy.

**PLEASE BE ADVISED THAT BICKMORE RISK SERVICES IS NOT A LAW FIRM AND THIS INFORMATION IS NOT INTENDED TO BE LEGAL ADVICE. EACH AGENCY OR JOINT POWERS AUTHORITY IS ADMONISHED TO CONSULT WITH THEIR OWN LEGAL COUNSEL REGARDING THEIR POLICE PURSUIT POLICIES AND PROCEDURES.**

**ANNUAL WORKSHOP RECAP**

**SUBJECT:** Establishment of Goals and Objectives

---

**BACKGROUND AND STATUS:**

This time is reserved for the Board to re-cap and to take action on any items brought forth from the 2011 Annual Workshop.

**RECOMMENDATION:**

*The Board of Directors adopt the 2011 Goals and Objectives.*

**REFERENCE MATERIALS ATTACHED:**

None

**FINANCIAL MATTERS**

**SUBJECT: Retrospective Adjustment Policy / Return of Equity**

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**BACKGROUND AND STATUS:**

At yesterday's Annual Workshop, staff presented a Proposed Retrospective Adjustment Policy for the Board's consideration.

Based on the outcome of discussions at the Workshop, staff requests approval of the Policy, with any revisions that may have been agreed upon during the meeting.

**RECOMMENDATION:**

*The Board approve the Retrospective Adjustment Policy as presented.*

**REFERENCE MATERIALS ATTACHED:**

- Retrospective Adjustment Policy

**Agenda Item 7.A.**

## CARMA RETROSPECTIVE ADJUSTMENT POLICY

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### A. Purpose

The purpose of this Retrospective Adjustment Policy is to insure the long-term financial viability and stability of the California Affiliated Risk Management Authorities (CARMA). It is intended to be used as a tool by the Board of Directors to guide them in their funding and equity decisions. The Policy is intentionally conservative to reflect the difficulty in accurately forecasting excess liability costs and to reduce the possibility of assessments in future program years.

### B. Target Confidence Level Funding

Each year an actuarial study is conducted by an accredited independent actuary. The study reflects the expected outstanding losses for the historical years and the expected losses for the upcoming year. The actuary also provides a margin for contingency which represents funding above the expected level. This margin is expressed in terms of various confidence levels. The CARMA Board of Directors does hereby establish the *70% confidence level* as the Target Confidence Level Funding (Target) for the Program.

### C. Historical Years

Each program year is accounted for separately. All program years will remain open until all claims incurred during the program year are closed and the actuary has determined there is no longer a need for any incurred but not reported (IBNR) reserves. At this time, a program year can be formally closed by the Board of Directors. However, any program year can be re-opened if any claims are re-opened. The actuary's estimate of all historical years combined will be compared to the target each year to determine the funding position of the program.

### D. Assessment

If the funding position for all historical years combined falls below the actuarial expected level creating a deficit position, the Board of Directors shall declare an assessment sufficient to eliminate the deficit. Such an assessment will be collected based solely on the total premiums paid by each member to coincide with how the premiums would have been collected had sufficient premiums been collected originally. The assessment will be collected as follows:

1. The deficit/equity position of each program year will be calculated based on the expected outstanding losses projected for each year. (The total deficit/equity position for all years will equal the amount of the assessment to be collected.)

2. Each Member's share of the assessment shall be based upon the deposit premiums collected for the Program Year being assessed provided that the amount of any assessment levied may not exceed 25% of the deposit premium paid during the assessed Program Year. If such assessment is not sufficient to relieve the pool of its actuarial deficit in the year of the assessment, such assessment shall be levied each subsequent year until the actuarial deficit is relieved.
3. The deficit/equity position for each program will be distributed among the members who participated in the program for that year based on the percentage of their premium to all premiums contributed for that year.
4. Each Member's deficit/equity for all years will equal their total deficit/equity position and their assessment.

**E. Dividend**

If the funding for all program years exceeds the 70% confidence level, the Board of Directors may consider declaring a dividend provided that the funding remains above the 70% confidence level after such a dividend is paid. The dividend would be distributed in the same manner as described above for the collection of an assessment.

1. Timing:

- (a) Annually, the Board of Directors shall review the funding of the program to determine whether dividends may be issued. If the aggregate equity for all program years exceeds the 70% confidence level, the Board of Directors may consider declaring a dividend from program years that are at least five years old.

2. Calculation:

The following calculation will be made annually to determine the aggregate equity at the 70% confidence level:

- (a) First, the equity for each program year shall be calculated as follows:

- i. Contributions earned for each program year shall be credited to each respective program year.
- ii. Interest income earned during the program year shall be credited to each respective program year.
- iii. Administrative expenses and excess insurance costs incurred during each program year shall be deducted from the available assets of each respective program year.
- iv. Losses incurred within CARMA's self-insured layer for each program year will be deducted from available assets for each respective program year.
- v. The amount of Incurred but not Reported (IBNR) and Unallocated Loss Adjustment Expenses (ULAE) as determined by an actuary will be deducted from available assets at the 70% confidence level.
- vi. Prior dividends and assessments, if any, will be added or

subtracted from available assets of each program, respectively.

- (b) Next, the equity calculated in section 2(a) shall be combined for all program years and become the aggregate equity at the 70% confidence level.
- (c) Dividends may only be issued if the aggregate equity is equal to or exceeds the 70% confidence level as determined by the most recent actuarial study.
- (d) The aggregate dividend shall be determined by the Board of Directors, subject to the following:
  - i. A program year shall be eligible for a dividend from the assets of that year if the program year has existed for at least five (5) full years.
  - ii. The aggregate equity for all program years may not be reduced below the 70% confidence level after the dividend. Dividends declared shall be first issued from the oldest program year but only to the extent that program year maintains equity in excess of the 70% confidence level. Any unapplied dividend (70% Program Year Fund Balance) may be carried forward to the next oldest program years in the same fashion until the calculation has been applied to all eligible years, but does not exceed the Dividends Available to be issued.
  - iii. The entire eligible dividend balance may not be fully applied if the carry-over would extend to program years not fully five years old.
  - iv. As the aggregate dividend is carried forward for application, it may be used to offset program years that are funded below the 70% confidence level, but only to the extent that the applied amount brings that year's equity to the 70% confidence level.
  - v. Any ineligible years with a negative Fund Balance must be added to the equation, to arrive at the Final Cumulative Net Dividend. This added precaution is to prevent issuing dividends prematurely.
  - vi. If the Final Cumulative Net Dividend yields a negative adjustment (assessment) to one or more members, a dividend will not be issued until a future year in which the calculation yields a positive result for all members.

#### **F. Funding for Future Years**

The actuarial evaluation of the funding for historical years will be considered when setting rates for the next program year. If the funding for all historical years meets or exceeds the Target, the Board of Directors will fund the next program year at or above the Target. If, however, the funding for all historical years falls

below the Target, the Board of Directors will consider funding the next program year at a confidence level above the Target in order to raise the funding level for the Program as a whole. Premiums at the selected confidence level will be determined based on the total payroll for the group and the rate determined by the actuary. This premium will be distributed among the members based on each member's payroll and experience modification factor (ex-mod), which reflects their relative loss experience over the oldest four of the past six years.

The Board of Directors may re-evaluate this plan from time to time and make changes to it as deemed necessary by a majority vote of the Board.

PROPOSED



**FINANCIAL MATTERS**

**SUBJECT: California Asset Management Program Portfolio Review**

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**BACKGROUND AND STATUS**

At the September 19, 2008, CARMA Board meeting, the Board unanimously approved CARMA's participation in the California Asset Management Program (CAMP) program. Mr. Carlos Oblites, Public Financial Management, will be in attendance to provide the Board with a review of the CARMA portfolio and provide an update on current market conditions.

**RECOMMENDATION**

*None, information only.*

**REFERENCE MATERIALS ATTACHED**

- CARMA Investment Performance Review, Second Quarter 2010

**Agenda Item 7.B.**

**CARMA**  
CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

**Investment Performance Review  
Second Quarter 2010**

**PFM Asset Management LLC**

50 California Street, Suite 2300  
San Francisco, CA 94111  
(415)982-5544  
fax (415)982-4513  
brantl@pfm.com

## California Affiliated Risk Management Association

## Investment Report - Quarter Ended June 30, 2010

Investors who employed defensive strategies were rewarded in the second quarter as the European sovereign debt crisis dominated all markets, punishing global stock markets, widening credit spreads, and pushing some U.S. Treasury yields down to all-time lows.

The sovereign debt crisis, a product of years of poor fiscal policies and over spending, will create significant financial headwinds in the future. It will also likely be one of the main challenges for global economies and investor confidence over the next few months. Additionally, some recent economic indicators suggest that the recovery may be losing momentum. Despite continued growth in GDP, weaknesses still exist throughout the economy with high unemployment, a depressed real estate sector, and demands for government austerity threatening to slow what is to date only a modest recovery.

If the sovereign debt crisis is resolved and the recovery picks up speed again, ongoing volatility and the prospect for higher interest rates will continue to justify defensive strategies that are aimed at producing competitive absolute returns while limiting downside market risk.

Defensive strategies focus on maintaining durations short of benchmarks to protect against declines in market value while overweighting U.S. Treasuries and other instruments in the safest asset classes. These strategies are designed to produce competitive absolute returns while simultaneously mitigating market risk.

### Interest Rates and Returns

Through the first quarter of 2010, strength in the manufacturing sector, a rise in personal spending, and better-than-expected employment reports caused U.S. Treasury yields to continue their upward trend. However, by mid-April, investor sentiment changed as the European crisis took center stage.

As fear of contagion gripped global markets, investors fled from riskier asset classes and began aggressively purchasing U.S. Treasuries, bidding up prices and sending yields sharply lower. By the end of the quarter, the 2-year U.S. Treasury Note had fallen by 0.40% to its all-time low of 0.61%. Longer-term maturities experienced an even greater decline; the 10-year U.S. Treasury Note plummeted by 0.87% to a yield of 2.95%. The following table illustrates quarter-end yields for various U.S. Treasury securities.

In response to the panic-driven flight to quality, the June statement of the Federal Open Market Committee explicitly recognized the overseas

challenges and restated a pledge to maintain the Federal Funds target rate at a range of 0.00% to 0.25% for "an extended period." The market now predicts that the Fed will be on hold at least through the end of the year as illustrated by Fed Funds futures contracts.

### Summary of U.S. Treasury Security Yields

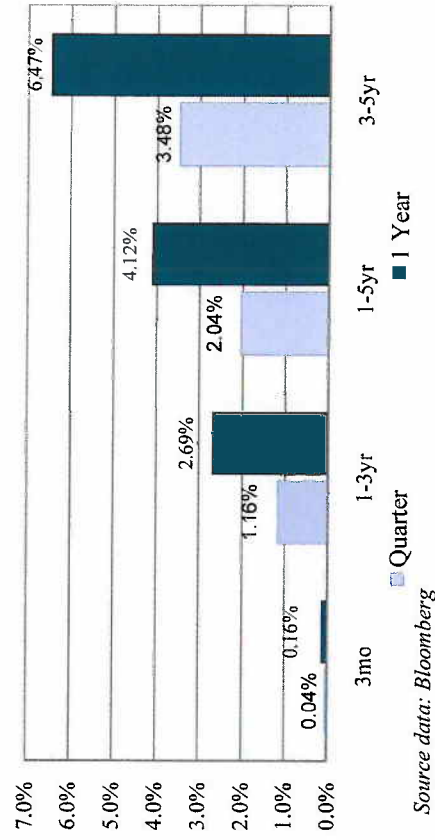
Quarter Ending	3M	6M	1Y	2Y	3Y	5Y	10Y
June 2010	0.17%	0.22%	0.32%	0.61%	0.98%	1.79%	2.95%
March 2010	0.15%	0.23%	0.38%	1.02%	1.57%	2.54%	3.83%
Change over Quarter	0.02%	-0.01%	-0.06%	-0.41%	-0.59%	-0.75%	-0.88%
June 2009	0.18%	0.34%	0.48%	1.11%	1.62%	2.56%	3.53%
Change over Year	-0.01%	-0.12%	-0.16%	-0.50%	-0.64%	-0.77%	-0.58%

Source data: Bloomberg

With the decline in interest rates, the market values of fixed-income portfolios increases. As the accompanying chart illustrates, portfolios with longer durations outperformed those with shorter durations. During the quarter the 1- to 3-year U.S. Treasury benchmark returned 1.16% (4.73% annualized), while the 3- to 5-year U.S. Treasury benchmark returned 3.48% (14.72% annualized). The duration of the 3- to 5-year U.S. Treasury benchmark was 3.80 versus 1.82 for the 1- to 3-year U.S. Treasury benchmark.

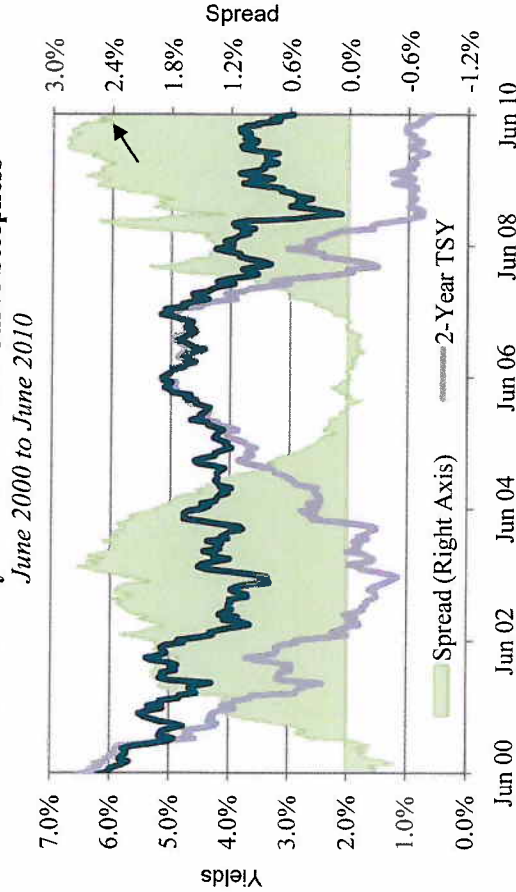
### Merrill Lynch U.S. Treasury Indices

Quarterly and 12-Month Total Return as of June 30, 2010



The yield curve remained at historically steep levels through April 2010 before flattening slightly as a fixed income market rally took hold. At the beginning of the quarter, the difference between two and ten year U.S. Treasury rates was 2.81%. By quarter end, the difference was 2.33%. With short-term rates at or near historic lows and investors chasing yield at any cost, some speculate that the steepness of the U.S. Treasury curve may be evidence that a new bubble may soon develop.

**U.S. Treasury Yields and Yield Curve Steepness**



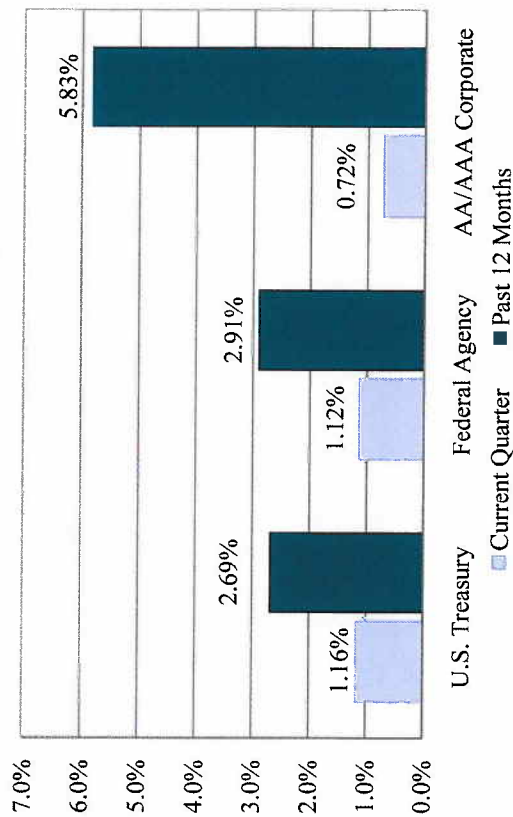
Source data: Bloomberg

**Interest Rate Spreads**

The difference, or spread, between interest rates on risk-free U.S. Treasury obligations and other asset classes widened during the second quarter. Fears of solvency contagion caused corporate bond spreads to widen during the period. As the next chart shows, this led high-quality (AA/AAA) corporate bonds to underperform U.S. Treasury and Federal Agency benchmarks of comparable duration by a significant margin. This demonstrates how during times of volatility, defensive strategies may outperform strategies that rely on riskier, higher-yielding securities. With high volatility expected to continue through the remainder of the year, we will continue to rely on the safest asset classes of securities and continue to implement defensive strategies to help

protect the market value of portfolios and give us the flexibility to restructure when appropriate.

**Duration Adjusted Returns of Merrill Lynch 1-3 Year Indices Quarterly and 12-Month Total Return as of June 30, 2010**



Source data: Bloomberg

Duration-adjusted return incorporates an adjustment to the market value return (but not the income return) of each benchmark to account for their varied durations, making it easier for investors to assess the relative risk and return of benchmarks of different lengths.

**The Economy**

With increased investor anxiety about spiraling fiscal deficits and mounting sovereign debt, the world leaders at the G20 Summit in June pledged to cut budget deficits by 2013. Paradoxically, in order to cut budget deficits, governments must reduce spending, which in turn negatively impacts GDP growth—government spending accounts for a significant portion of GDP. Decreased spending by governments can be detrimental to employment and aggregate demand, which may cause the private sector to refrain from making large business investments or hiring additional workers during this period of uncertainty. Unfortunately, with the economy already suffering from the after effects of recession, the private sector may not have enough strength to continue to be the catalyst for economic recovery.

During the first quarter, the U.S. economy expanded at a 2.7% rate, revised downwards from 3.2% that was initially reported in April. Current estimates are for the economy to expand at a rate of 3.3% for the entire year. Early reports suggest that corporations will continue to generate strong earnings. Although the oil spill in the Gulf Coast has had a devastating environmental impact and is expected to strain tourism and tourism-related industries, it is not expected to have an impact on overall U.S. GDP growth.

Although the U.S. manufacturing sector continues to expand, the pace of expansion has recently slowed. This trend has continued globally as evidenced by the China Manufacturing PMI Index and Eurozone Manufacturing PMI Market Survey (two surveys that are similar in form to the ISM Manufacturing Index), which showed a declining pace in the expansion of manufacturing. Some believe this provides further evidence that the overall recovery is losing momentum, both globally and domestically.

For many observers, the health of the economy is viewed from the perspective of employment and the housing market in the United States. During the second quarter, non-farm payrolls increased by 621,000. Although this would appear to be a strong result, much of this hiring is attributable to the government hiring census workers. These jobs are only temporary and started to disappear in June. Initial jobless claims remained above 450,000 in June for the sixth straight month. The unemployment rate ended the quarter at 9.5%, which is less than the 9.8% economists expected.

The housing market has been mixed in recent months as the Case-Shiller Home Price Indices showed home prices in major metropolitan areas increased throughout the quarter. Year-over-year, the 20-city composite index is up. However, in May, new home sales decreased by 33% to the lowest level since 1963 as the Federal homebuyer tax credit expired, leading some economists to speculate that demand for housing is not strong enough without the tax credit.

The banking sector showed some signs of strength, although bank failures remained problematic. During the second quarter, 48 banks failed, raising the year-to-date total to 85. The number of banks on the FDIC's problem list increased by 73 to 775 banks and \$431 billion of assets. The FDIC's problem list consists of banks the FDIC is closely monitoring due to concerns regarding solvency. This problem list accounts for approximately 9.8% of all banks reporting to the FDIC and 3% of total system assets. Ninety-one banks and thrifts skipped the May dividend payment under the Troubled Asset Relief Program, or TARP. It was the first missed payment for 23 of the

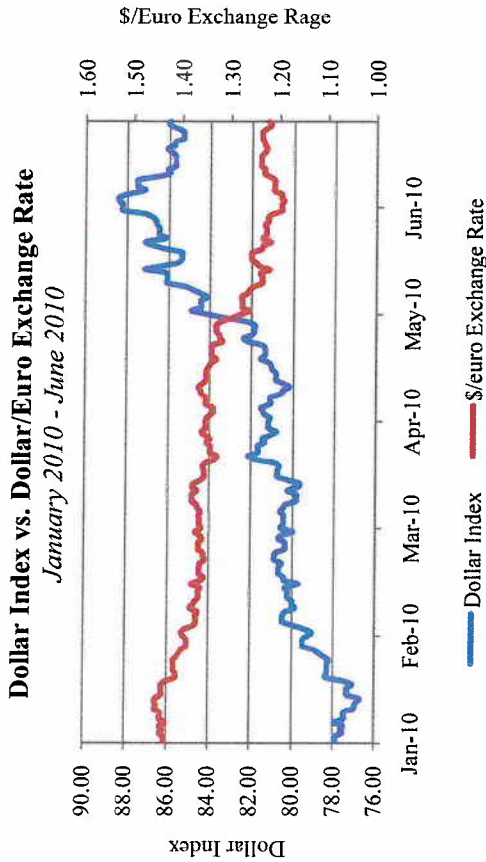
banks. However, with home prices finally stabilizing, the banking sector was able to reduce the rate of reserves to cover non-performing loans. Loan loss provisions and write-offs were down 16.6% year-over-year. During the quarter ending March 31, 2010, banks and institutions insured by the FDIC posted an \$18 billion profit, and more than half (52.2%) of banks reported growth in net income.

The sovereign debt crisis focused investors on the global economy to help formulate opinions regarding the recovery and guide investment strategies. The sovereign debt crisis stems from concerns that the debt-to-GDP and/or budget-deficit-to-GDP ratios of several countries—most notably Greece, Portugal, and Spain—exceeds thresholds as established in the 1997 Stability and Growth Pact, an agreement among all members of the European Union. Greek, Portuguese, and Spanish credit default swaps (CDS), derivative contracts that transfer default risk from the buyer of the CDS to the seller, reached record highs during the quarter. Meanwhile, Standard and Poor's and Moody's downgraded Greece's sovereign debt to junk status. The rating agencies also have taken steps, albeit less severe, to reduce the credit ratings of Portugal and Spain.

The debt crisis caused the Euro to tumble by 12.3% in value relative to the U.S. dollar in the first half of the year. As illustrated in the chart on the next page, the U.S. dollar also has strengthened relative to other currencies. The U.S. Dollar Index, a measure of the value of the dollar versus a basket of foreign currencies, including the euro, Japanese yen, British pound sterling, Canadian dollar, Swiss franc, and Swedish krona, increased by 8.4% since the beginning of 2010.

Although a stronger U.S. dollar increases the purchasing power of U.S. consumers, a rapid change can have destabilizing effects. In order to ensure ample liquidity in the U.S. dollar market, the Federal Open Market Committee in May authorized the re-establishment of currency swap lines through January 2011. These currency swap lines are with other central banks, including the European Central Bank, Bank of Japan, Bank of England, Bank of Canada, and Swiss National Bank. Currency swap lines are arrangements designed to enhance liquidity in U.S. dollars to overseas markets in which the Fed and a counterparty trade a fixed amount of currency at current market rates while agreeing to swap back at the same rate in the future.

rate rise will depress returns of longer-duration portfolios. Additionally, we will continue to underweight investments with a credit component, including corporate obligations and, to a degree, Federal Agency instruments. While these defensive strategies may underperform over the short-run if interest rates remain at current levels or decline even further, defensive strategies should perform well through the next leg of the business cycle when rates rise toward historic norms.



Source data: Bloomberg

Gold, considered a safe haven in times of financial instability, continued to reach record highs and finished the quarter up 10.7%, while the Dow Jones Industrial Average and S&P 500 Index declined by 11.35% and 12.51%, respectively, during the quarter. By June 30, 2010, the Dow Jones Industrial Average and S&P 500 Index had fallen by 7.11% and 8.30% from December 31, 2009 levels.

**Outlook**

Despite tumultuous market conditions, economists are projecting GDP growth in the range of 3.3% for the second quarter of 2010. Growth is expected to taper off for the remainder of the year, to the 2.8% to 3.0% range.

The challenges of a weak housing market, high unemployment rate, modest income growth, and tight credit remain. The sovereign debt crisis and, more importantly, the austerity measures governments put in place to provide relief will have a significant effect on the global recovery. Increasing taxes and decreasing government spending may smother the embers of a fragile economic recovery.

With volatility expected to remain high for the foreseeable future, we will continue to employ defensive strategies. With rates at such low levels, we will continue to maintain shorter durations relative to benchmarks because a

## Portfolio Summary

<u>Total Portfolio Value</u>	<u>June 30, 2010</u>	<u>December 31, 2009</u>
Market Value	\$27,386,432.66	\$28,589,094.82
Amortized Cost	\$27,089,121.69	\$28,369,394.62

**PORTFOLIO RECAP**

- The portfolio complies with CARMA's investment policy and the California Government Code.
- In this constantly changing market environment, we closely monitored market conditions and emphasized the following active management strategies to safely add return during the second quarter.
  - Selected securities based on the relative value between sectors, placement on the yield curve, and the potential to capitalize on "roll down" when securities appreciate in value as they move closer to maturity.
  - Extended the portfolio's duration when rates were higher at the beginning of the quarter and shortened the portfolio's duration when rates were near historical lows at the end of the quarter.
  - Sold U.S. Treasuries, bought in previous quarters when yield spreads were narrow, and purchased Federal Agencies as the spreads widened.
- The portfolio continues to provide CARMA with excellent performance through an investment management process that focuses on achieving CARMA's specific investment objectives:
  - Safety: The portfolio is conservatively managed, appropriately diversified, and has very high credit quality. There were no downgrades of securities in the portfolio during the quarter.
  - Liquidity: The portfolio is structured to provide adequate liquidity, emphasizes only highly marketable securities, and has the flexibility to respond to changes in liquidity needs and market conditions.
  - Return: During this period, when short-term rates have remained near 0%, the portfolio generated a total return of 1.04% for the quarter, and 3.09% over the past 12 months.
- This performance was achieved through a combination of careful stewardship of CARMA's funds, active management to take advantage of safe opportunities to add value, and continued adherence to a disciplined, long-term investment program.

## Portfolio Summary - continued

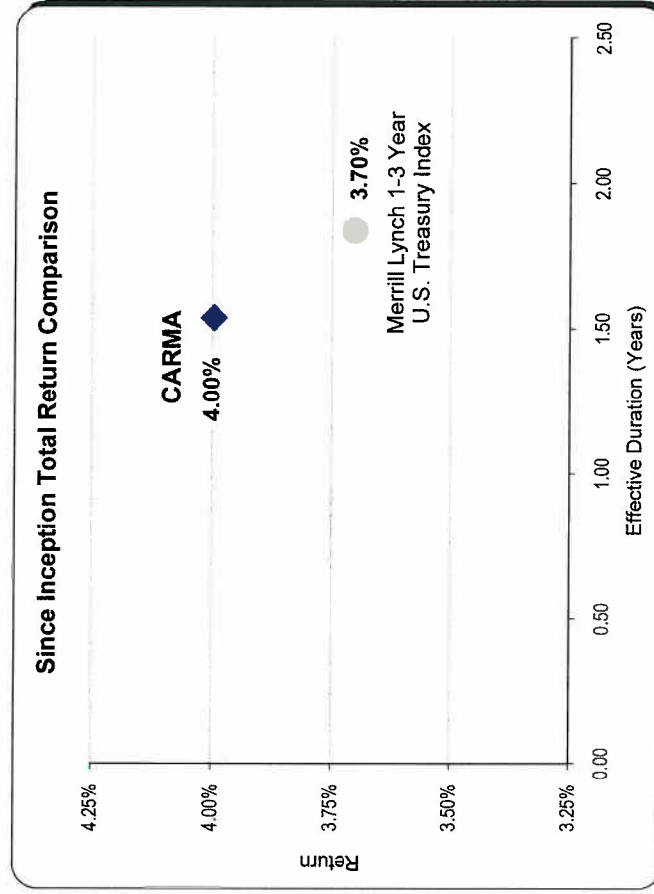
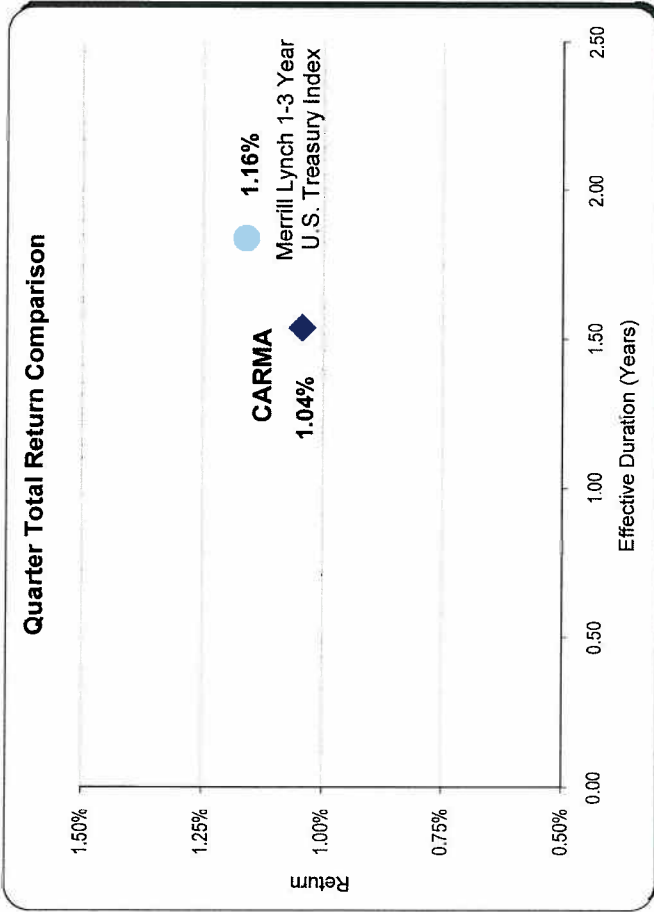
**PORTFOLIO STRATEGY**

- The economic outlook in the third quarter has weakened. This, combined with concerns regarding sovereign debt in Europe earlier in the quarter, has pushed yields on Treasuries maturing 2 years and shorter to all-time lows.
- With interest rates at such depressed levels, there are few opportunities to enhance the portfolio's total return without taking a lot of additional risk. As a result, we emphasize earning a positive return, rather than managing the portfolio to outperform the benchmark. Trying to exceed the benchmark when rates are so low risks large negative returns. Our strategy for the third quarter will include the following:
  - Maintain a conservative portfolio duration relative to the benchmark's duration in light of the market risk inherent in such a low interest rate environment.
  - Limit longer-term purchases unless market conditions change, there is an exceptional opportunity, or the portfolio duration drifts shorter than we believe is prudent.
  - Maintain a well-diversified portfolio and evaluate all investment options available to CARMA.
  - Emphasize Treasury and Federal Agency securities, while shifting the portfolio's allocation between the two sectors to take advantage of changes in yield spreads.
  - Evaluate callable Agency securities, which can offer higher yields and favorable return characteristics in a range-bound or gradually rising rate environment.
- As always, our strategy will remain flexible and may change in response to changes in interest rates, economic data, market outlook, or as specific opportunities arise.



**Portfolio Performance**

Total Return <sup>1,2,3,4,5</sup>	Quarter Ended June 30, 2010	Past 12 Months	Past 2 Years	Past 3 Years	Since Inception
<b>CARMA</b>	<b>1.04%</b>	<b>3.09%</b>	<b>4.35%</b>	<b>5.16%</b>	<b>4.00%</b>
Merrill Lynch 1-3 Yr. UST Index	1.16%	2.69%	3.54%	4.77%	3.70%
<b>Effective Duration<sup>4</sup></b>	<b>June 30, 2010</b>	<b>December 31, 2009</b>	<b>Yields</b>	<b>June 30, 2010</b>	<b>December 31, 2009</b>
<b>CARMA</b>	<b>1.54</b>	<b>1.66</b>	<b>Yield at Market</b>	<b>0.90%</b>	<b>1.28%</b>
Merrill Lynch 1-3 Yr. UST Index	1.82	1.84	<b>Yield on Cost</b>	<b>1.72%</b>	<b>2.28%</b>



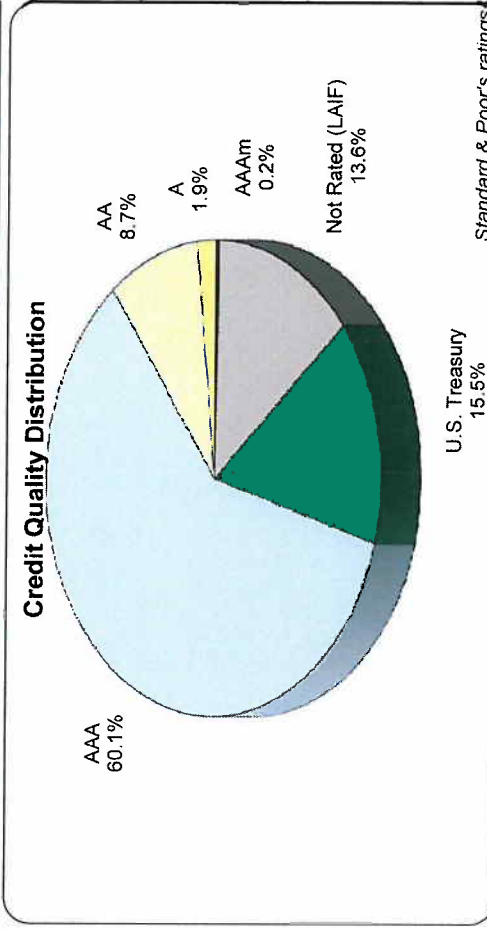
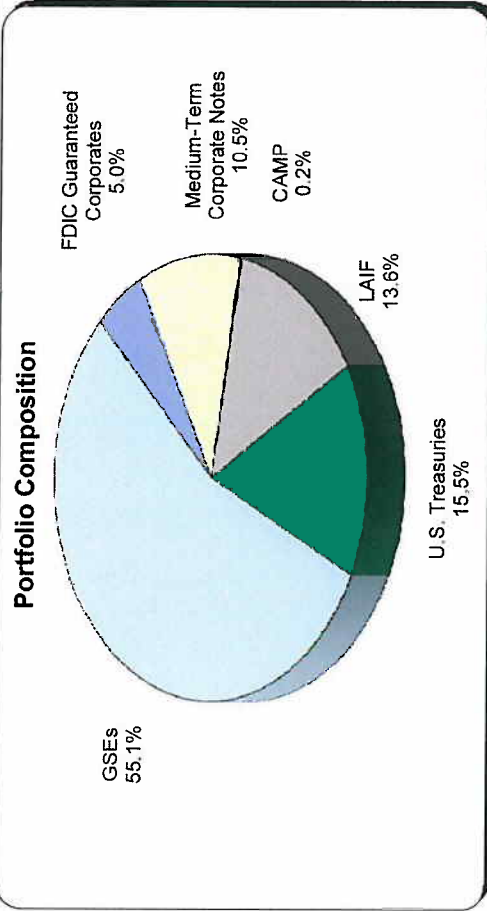
Notes:

1. Performance on trade date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).
2. Performance numbers for periods greater than one year are presented on an annualized basis. Quarterly returns are presented on an unannualized basis.
3. Merrill Lynch Indices provided by Bloomberg Financial Markets.
4. Excludes LAIF in duration and performance computations; includes money market fund in duration and performance computations.
5. Inception date is March 31, 2002.

**California Affiliated Risk Management Association**

**Investment Report - Quarter Ended June 30, 2010**

<u>Security Type</u> <sup>1</sup>	<u>June 30, 2010</u>	<u>% of Portfolio</u>	<u>December 31, 2009</u>	<u>% of Portfolio</u>	<u>Permitted by Policy</u>
U.S. Treasuries	\$4,237,642.90	15.5%	\$5,597,614.56	19.6%	100%
Federal Agencies	\$16,472,538.94	60.1%	\$10,937,625.77	38.3%	100%
GSEs <sup>2</sup>	\$15,095,938.21	55.1%	\$9,049,619.50	31.7%	100%
FDIC Guaranteed Corporate <sup>3</sup>	\$1,376,600.73	5.0%	\$1,888,006.27	6.6%	100%
Commercial Paper	\$0.00	0.0%	\$0.00	0.0%	25%
Certificates of Deposit	\$0.00	0.0%	\$0.00	0.0%	30%
Bankers Acceptances	\$0.00	0.0%	\$0.00	0.0%	40%
Repurchase Agreements	\$0.00	0.0%	\$0.00	0.0%	100%
California Municipal Obligations	\$0.00	0.0%	\$0.00	0.0%	100%
Medium-Term Corporate Notes	\$2,887,318.97	10.5%	\$2,722,835.14	9.5%	30%
CAMP/Money Market Fund	\$52,897.85	0.2%	\$33,855.27	0.1%	15%
LAIF	\$3,736,034.00	13.6%	\$9,297,164.08	32.5%	\$40 million
<b>Totals</b>	<b>\$27,386,432.66</b>	<b>100.0%</b>	<b>\$28,589,094.82</b>	<b>100.0%</b>	

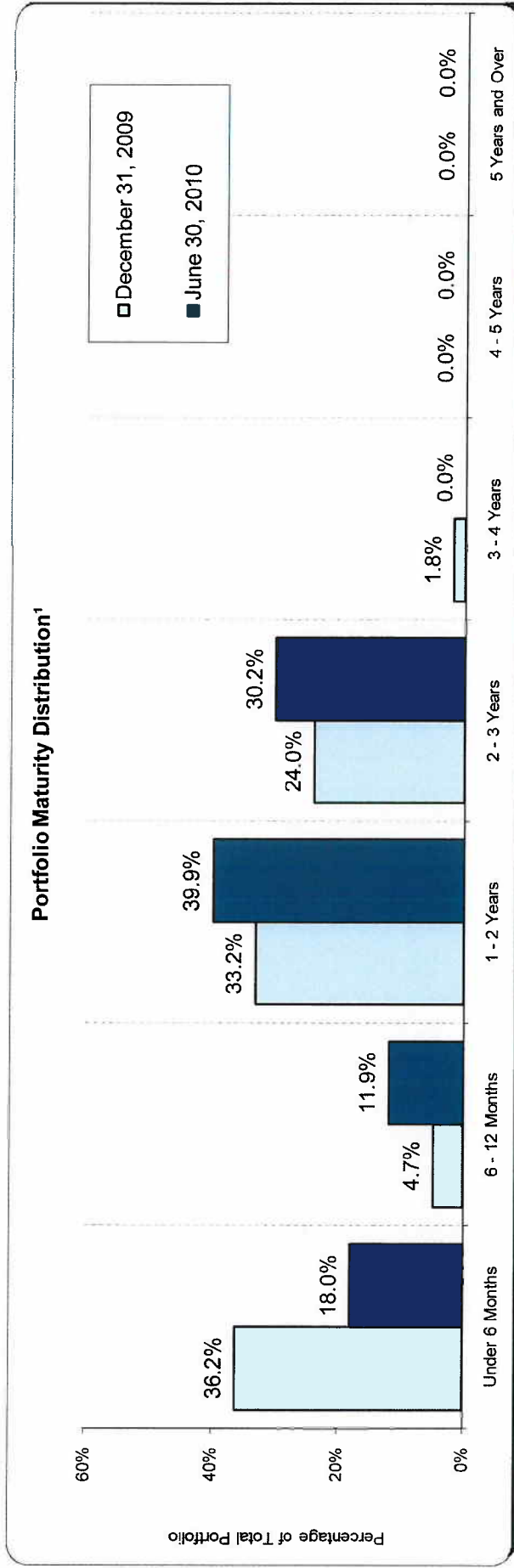


**Notes:**

1. End of quarter trade-date market values of portfolio holdings, including accrued interest.
2. Government sponsored enterprises including, but not limited to Fannie Mae, Freddie Mac, Federal Home Loan Bank system and the Federal Farm Credit Banks.
3. Debt guaranteed under the Federal Deposit Insurance Corporation's Temporary Liquidity Guarantee Program and backed by the full faith and credit of the United States.

Portfolio Maturity Distribution

Maturity Distribution <sup>1</sup>	June 30, 2010	December 31, 2009
Under 6 Months	\$4,925,412.66	\$10,350,121.75
6 - 12 Months	\$3,247,480.32	\$1,356,746.50
1 - 2 Years	\$10,936,073.50	\$9,501,273.38
2 - 3 Years	\$8,277,466.18	\$6,852,437.84
3 - 4 Years	\$0.00	\$528,515.35
4 - 5 Years	\$0.00	\$0.00
5 Years and Over	\$0.00	\$0.00
<b>Totals</b>	<b>\$27,386,432.66</b>	<b>\$28,589,094.82</b>



Notes:

1. Callable securities in portfolio are included in the maturity distribution analysis to their stated maturity date, although they may be called prior to maturity.



## Managed Account Detail of Securities Held

For the Month Ending June 30, 2010

### CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA

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
<b>U.S. Treasury Bond / Note</b>											
US TREASURY NOTES	DTD 04/30/2006 4.875% 04/30/2011	912828FD7	TSY	TSY	04/29/08	05/02/08	960,046.88	2.55	7,391.98	917,118.50	933,750.00
US TREASURY NOTES	DTD 05/31/2009 0.875% 05/31/2011	912828KU3	TSY	TSY	12/07/09	12/08/09	251,386.72	0.50	185.28	250,859.92	251,191.50
US TREASURY NOTES	DTD 06/30/2009 1.125% 06/30/2011	912828LF5	TSY	TSY	06/03/10	06/03/10	755,302.73	0.46	22.93	754,922.71	755,420.25
US TREASURY NOTES	DTD 08/31/2006 4.625% 08/31/2011	912828FS4	TSY	TSY	08/28/08	08/29/08	528,593.75	2.63	7,729.28	511,352.10	524,277.50
US TREASURY NOTES	DTD 11/30/2009 0.750% 11/30/2011	912828MM9	TSY	TSY	06/03/10	06/03/10	750,644.53	0.69	476.43	750,611.60	752,812.50
US TREASURY NOTES	DTD 11/30/2009 0.750% 11/30/2011	912828MM9	TSY	TSY	12/04/09	12/08/09	998,359.38	0.83	635.25	998,823.73	1,003,750.00
<b>Security Type Sub-Total</b>							<b>4,244,333.99</b>	<b>1.32</b>	<b>16,441.15</b>	<b>4,183,688.56</b>	<b>4,221,201.75</b>
<b>U.S. Government Supported Corporate Debt</b>											
REGIONS BANK (FDIC) GLOBAL NOTE	DTD 12/11/2008 3.250% 12/09/2011	7591EAAB9	AAA	Aaa	12/08/08	12/11/08	449,581.50	3.28	893.75	449,793.55	466,378.65
HSBC USA INC (FDIC) GLOBAL NOTE	DTD 12/16/2008 3.125% 12/16/2011	4042EPAAS	AAA	Aaa	07/23/09	07/28/09	388,503.75	1.58	488.28	383,324.49	388,417.88
JOHN DEERE CAPITAL CORP (FDIC) GL MTN	DTD 12/19/2008 2.875% 06/19/2012	24424DAA7	AAA	Aaa	12/16/08	12/19/08	498,845.00	2.94	479.17	499,336.56	519,943.00
<b>Security Type Sub-Total</b>							<b>1,336,930.25</b>	<b>2.67</b>	<b>1,861.20</b>	<b>1,332,454.60</b>	<b>1,374,739.53</b>
<b>Federal Agency Bond / Note</b>											
FNMA GLOBAL BENCHMARK NOTES	DTD 04/21/2006 5.125% 04/15/2011	31359MMZ6	AAA	Aaa	04/01/08	04/04/08	229,696.54	2.76	2,326.18	218,940.35	223,129.69
FFCB BONDS	DTD 04/21/2008 2.625% 04/21/2011	31331YG46	AAA	Aaa	12/19/08	12/22/08	1,071,126.00	1.74	5,359.38	1,057,398.83	1,068,703.13



PFM Asset Management LLC



## Managed Account Detail of Securities Held

For the Month Ending June 30, 2010

### CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA

Security Type/Description Dated Date/Coupon/Maturity Federal Agency Bond / Note	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
FHLB GLOBAL BONDS DTD 06/12/2009 1.625% 07/27/2011	3133XTXH4	500,000.00	AAA	Aaa	08/20/09	08/21/09	503,310.00	1.28	3,475.69	501,846.27	505,937.50
FNMA GLOBAL NOTES DTD 10/09/2009 1.000% 11/23/2011	31398AZN5	275,000.00	AAA	Aaa	10/08/09	10/09/09	274,334.50	1.12	290.28	274,560.56	276,718.75
FHLB GLOBAL BONDS DTD 11/16/2009 1.000% 12/28/2011	3133XVRS2	500,000.00	AAA	Aaa	11/18/09	11/23/09	500,115.00	0.99	41.67	500,081.42	502,968.75
FHLMC GLOBAL NOTES DTD 02/19/2009 2.125% 03/23/2012	3137EABY4	900,000.00	AAA	Aaa	02/02/10	02/03/10	919,197.00	1.11	5,206.25	915,543.72	922,218.75
FNMA NOTES (CALLABLE) DTD 04/19/2010 1.400% 04/19/2012	31398AM41	625,000.00	AAA	Aaa	05/07/10	05/07/10	625,000.00	1.40	1,750.00	625,000.00	625,195.31
FFCB BONDS DTD 02/24/2009 2.250% 04/24/2012	31331GNO8	450,000.00	AAA	Aaa	02/19/09	02/24/09	449,991.00	2.25	1,884.38	449,991.13	462,656.25
FHLB GLOBAL BONDS (CALLABLE) DTD 10/27/2009 1.625% 04/27/2012	3133XVJAO	500,000.00	AAA	Aaa	12/23/09	12/24/09	500,000.00	1.62	1,444.44	500,000.00	501,562.50
FHLMC GLOBAL NOTES (CALLABLE) DTD 05/10/2010 1.300% 05/10/2012	3134G1AW4	500,000.00	AAA	Aaa	06/03/10	06/03/10	500,000.00	1.30	920.83	500,000.00	500,480.00
FHLMC GLOBAL NOTES (CALLABLE) DTD 05/10/2010 1.300% 05/10/2012	3134G1AW4	675,000.00	AAA	Aaa	06/02/10	06/04/10	675,000.00	1.30	1,243.13	675,000.00	675,648.00
FNMA NOTES (CALLABLE) DTD 05/25/2010 1.300% 05/25/2012	31398AS37	1,000,000.00	AAA	Aaa	05/24/10	05/25/10	1,000,800.00	1.26	1,300.00	1,000,720.24	1,005,625.00
FHLMC GLOBAL NOTES DTD 05/21/2009 1.750% 06/15/2012	3137EACC1	150,000.00	AAA	Aaa	05/19/09	05/21/09	149,514.00	1.86	116.67	149,686.49	152,953.13
FHLMC GLOBAL NOTES DTD 05/21/2009 1.750% 06/15/2012	3137EACC1	500,000.00	AAA	Aaa	09/29/09	09/30/09	502,210.00	1.58	388.89	501,608.09	509,843.75
FNMA GLOBAL NOTES DTD 04/19/2010 1.250% 06/22/2012	31398AP71	155,000.00	AAA	Aaa	04/15/10	04/19/10	154,947.30	1.27	48.44	154,951.46	156,453.13
FNMA GLOBAL NOTES DTD 04/19/2010 1.250% 06/22/2012	31398AP71	300,000.00	AAA	Aaa	05/05/10	05/06/10	300,516.00	1.17	93.75	300,478.64	302,812.50

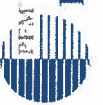


## Managed Account Detail of Securities Held

For the Month Ending June 30, 2010

### CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA

Security Type/Description Dated Date/Coupon/Maturity Federal Agency Bond / Note	CUSIP	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
FNMA GLOBAL NOTES DTD 04/19/2010 1.250% 06/22/2012	31398AP71	AAA	Aaa	04/15/10	04/19/10	769,129.90	1.30	240.63	769,205.69	777,218.75
FHLMC GLOBAL NOTES DTD 05/28/2010 1.125% 07/27/2012	3137EACK3	AAA	Aaa	06/03/10	06/03/10	750,187.50	1.11	773.44	750,181.22	755,390.63
FHLB GLOBAL BONDS DTD 07/23/2009 1.750% 08/22/2012	3133XUE41	AAA	Aaa	07/22/09	07/23/09	898,758.00	1.80	5,643.75	899,126.16	917,437.50
FHLB GLOBAL BONDS DTD 10/05/2007 4.625% 10/10/2012	3133XML66	AAA	Aaa	09/22/09	09/23/09	541,650.00	1.80	5,203.13	531,305.50	542,812.50
FNMA GLOBAL NOTES DTD 01/15/2010 1.750% 02/22/2013	31398AE24	AAA	Aaa	01/14/10	01/15/10	179,740.80	1.80	1,128.75	179,777.47	183,487.50
FNMA GLOBAL NOTES DTD 01/15/2010 1.750% 02/22/2013	31398AE24	AAA	Aaa	06/03/10	06/03/10	755,910.00	1.45	4,703.13	755,745.92	764,531.25
FHLMC GLOBAL NOTES DTD 03/04/2010 1.625% 04/15/2013	3137EAC16	AAA	Aaa	05/26/10	05/27/10	527,341.50	1.47	2,772.66	527,267.95	532,875.00
FHLMC GLOBAL NOTES DTD 03/04/2010 1.625% 04/15/2013	3137EAC16	AAA	Aaa	03/03/10	03/04/10	1,148,390.00	1.67	6,073.44	1,148,559.17	1,167,250.00
FHLMC GLOBAL NOTES (CALLABLE) DTD 05/03/2010 2.000% 05/03/2013	3128X97A2	AAA	Aaa	05/06/10	05/07/10	499,900.00	2.01	1,611.11	499,905.04	502,416.00
FNMA GLOBAL NOTES DTD 05/21/2010 1.500% 06/26/2013	31398AT44	AAA	Aaa	06/03/10	06/03/10	498,630.00	1.59	104.17	498,662.62	505,468.75
<b>Security Type Sub-Total</b>						<b>14,925,395.04</b>	<b>1.50</b>	<b>54,144.19</b>	<b>14,885,543.94</b>	<b>15,041,794.02</b>
<b>Corporate Note</b>										
JPMORGAN CHASE & CO GLOBAL SR NOTES DTD 11/07/2003 4.500% 11/15/2010	46625HBA7	A+	Aa3	05/01/08	05/06/08	507,790.00	3.85	2,875.00	501,193.86	506,660.50
GENERAL ELEC CAP CORP GLOBAL NOTES DTD 08/13/2009 3.500% 08/13/2012	36962G4E1	AA+	Aa2	08/12/09	08/17/09	399,740.00	3.52	5,366.67	399,814.11	412,876.80



PFM Asset Management LLC



**Managed Account Detail of Securities Held**

For the Month Ending June 30, 2010

**CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA**

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
<b>Corporate Note</b>											
GENERAL ELECTRIC CAPITAL CORP (FLOAT)		36962GZ49	AA+	Aa2	04/08/10	04/13/10	490,810.00	1.11	392.66	491,553.32	487,157.00
NT	DTD 11/01/2006 0.474%										
WELLS FARGO & COMPANY GLOBAL SR NOTES		949746NY3	AA-	A1	09/02/08	09/05/08	481,800.00	5.31	9,175.35	488,844.31	528,586.00
NT	DTD 01/31/2008 4.375%										
BANK OF NEW YORK MELLON GLOBAL NOTES		06406HB37	AA-	Aa2	06/11/10	06/16/10	386,647.20	1.77	4,050.00	386,259.30	387,812.88
NT	DTD 03/27/2008 4.500%										
WAL MART STORES INC GLOBAL NOTES		931142CL5	AA	Aa2	03/22/10	03/25/10	535,025.00	1.88	4,486.11	532,045.51	537,880.00
NT	DTD 04/15/2008 4.250%										
<b>Security Type Sub-Total</b>							<b>2,801,812.20</b>	<b>2.95</b>	<b>26,345.79</b>	<b>2,799,710.41</b>	<b>2,860,973.18</b>
<b>Managed Account Sub-Total</b>							<b>23,308,471.48</b>	<b>1.72</b>	<b>98,792.33</b>	<b>23,201,397.51</b>	<b>23,498,708.48</b>
<b>Money Market Fund</b>											
CAMP Pool			AAAm	NR			52,897.85		0.00	52,897.85	52,897.85
<b>Money Market Sub-Total</b>							<b>52,897.85</b>		<b>0.00</b>	<b>52,897.85</b>	<b>52,897.85</b>
<b>Securities Sub-Total</b>							<b>\$23,361,369.33</b>	<b>1.72%</b>	<b>\$98,792.33</b>	<b>\$23,254,295.36</b>	<b>\$23,551,606.33</b>
<b>Accrued Interest</b>											<b>\$98,792.33</b>
<b>Total Investments</b>											<b>\$23,650,398.66</b>



**ADMINISTRATIVE MATTERS**

**SUBJECT: Appointment of Board Secretary**

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**BACKGROUND AND STATUS:**

As the Board of Directors has been previously advised, Ms. Sandra Spiess, Analyst and CARMA Board Secretary, has received a promotion from Bickmore Risk Services to serve in the Risk Consulting Department on a full-time basis. As such, effective January 14, 2011, Ms. Ramona Buchanan, Bickmore Risk Services, has been assigned to replace Ms. Spiess on CARMA as the Analyst.

For several years, Ms. Buchanan worked directly for a joint powers authority comprised of small and medium-sized municipalities, and in 2005 joined Bickmore Risk Services as an Analyst and board secretary to a large fire and community services district JPA, as well as being part of the team for a public housing authority JPA.

Ms. Spiess and the CARMA team have been working closely with Ms. Buchanan during the last six months on transitioning the role of Board Secretary and Analyst, and full and effective transition is now complete. As such, staff is recommending that the Board appoint Ms. Buchanan as Board Secretary effective January 14, 2011.

**RECOMMENDATION:**

*The Board appoint Ms. Ramona Buchanan as CARMA Board Secretary.*

**REFERENCE MATERIALS ATTACHED**

None



**ADMINISTRATIVE MATTERS**

**SUBJECT: Reaffirmation of the Conflict of Interest Policy**

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**BACKGROUND AND STATUS:**

The Political Reform Act requires every local government agency to review its Conflict of Interest Policy 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 reaffirm the Conflict of Interest Policy as presented for the 2011 and 2012 calendar years.*

**REFERENCE MATERIALS ATTACHED:**

- Conflict of Interest Policy for the 2011 and 2012 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 14, 2011

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: Bay Actuarial Consultants Letter of Engagement for Actuarial Services**

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**BACKGROUND AND STATUS:**

Since 2002, Bay Actuarial Consultants, in particular Mr. Jack Joyce, has been providing annual actuarial consulting services for CARMA. Much of these services include projecting the CARMA estimated liability; future loss funding rates; determining probability levels at the 60%, 70%, 75%, 80%, and 90% probability levels; and projecting cash flows. This assists CARMA in not only establishing its annual rates, but also in the development of premiums and the annual operating budget based on the approved rate and funding level.

This item has been placed on the agenda to provide the Board of Directors an opportunity to determine if it desires to continue with Bay Actuarial Consultants for its annual actuarial services, or issue a Request for Proposal (RFP) for these services.

In anticipation of this, Mr. Joyce has provided CARMA with a proposal for fiscal year ended June 30, 2011, which has been included with this report. The scope of the proposal includes:

- Estimated Liability for unpaid losses as of June 30, 2011;
- Future Loss Funding Rates for 2011/2012 per \$100 of payroll, including \$3 million xs \$1 million and also 1x1, 2x1, 4x1, 2x2, and 2x3;
- Estimates take into consideration anticipated interest income to offset future claims costs and will be provided on a discounted and undiscounted basis;
- Probability levels are estimated at the 60%, 70%, 75%, 80%, and 90% probability levels; and
- Claims expenditures will be projected for 2011/2012.

For the 2011/2012 fiscal year, Bay Actuarial Consultants is proposing a flat fee of \$6,724, and will limit future fee increases to no more than 2% per year through June 30, 2015.

Staff will discuss this proposal and answer questions of the Board.

**RECOMMENDATION:**

*The Board discusses the proposal from Bay Actuarial Consultants for actuarial services to CARMA and provide direction to staff if it desires to go out for Request for Proposal for these services, or accept the proposal submitted by Bay Actuarial Consultants.*

**REFERENCE MATERIALS ATTACHED**

- Proposal for Actuarial Services for June 30, 2011 – Bay Actuarial Consultants

**Agenda Item 8.C.**

# **Bay Actuarial Consultants**

December 15, 2010

Ms. Sandra Spiess  
California Affiliated Risk Management Authorities  
c/o Bickmore Risk Services  
1750 Creekside Oaks Drive, Suite 200  
Sacramento, CA 95833

Dear Ms. Spiess:

We are pleased to have the opportunity to provide actuarial consulting services to the California Affiliated Risk Management Authorities ("CARMA").

## **Scope of the Review**

We will perform an actuarial analysis of CARMA's excess liability program and provide a written report describing our analysis and explaining our conclusions. The report will contain various charts and graphs that illustrate the important points. We will provide similar reports annually in 2012 through 2015.

The report will address the following topics:

- 1) *Estimated Liability.* We will estimate CARMA's liability for unpaid losses as of June 30, 2011.
- 2) *Future Loss Funding Rates.* We will provide loss funding rates for 2011-12 as rates per \$100 of payroll. We will provide rates for the \$3 million xs of \$1 million layer of loss as well as other layers including 1x1, 2x1, 4x1, 2x2, and 2x3.
- 3) *Discounting.* We will provide all estimates on discounted and undiscounted (nominal) bases. Discounting takes anticipated interest income into account as an offset to the future claims costs.
- 4) *Probability Levels.* We will estimate the funding levels required to provide 60%, 70%, 75%, 80%, and 90% probability levels.

5) *Cash Flow Projection*. We will provide a projection of the claims expenditures for 2011-12.

**Data and Fees**

We will obtain the claims, payroll, and excess insurance data from Bickmore Risk Services. Our flat fee for this work will be \$6,724. We will limit future fee increases to no more than 2% per year.

We will provide you with timely and professional service. If you have any questions or suggestions, please call me at (925) 377-5269.

Respectfully,

BAY ACTUARIAL CONSULTANTS

A handwritten signature in black ink, appearing to read "Jack Joyce". The signature is fluid and cursive, with the first name "Jack" and last name "Joyce" clearly distinguishable.

Jack Joyce

Principal

Fellow, Casualty Actuarial Society

Member, American Academy of Actuaries

**ADMINISTRATIVE MATTERS**

**SUBJECT: Updated CARMA Website**

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**BACKGROUND AND STATUS:**

Over the past several years, a focus has been made on marketing CARMA which has included, but has not been limited to, annually identifying and inviting interested pools to join CARMA for excess liability coverage. The impact of expanding the CARMA membership lends not only to the stability of the JPA, but also increases the availability of reasonably-priced excess coverage to potential agencies and their members.

Such past marketing efforts have included an annual presentation to potential members, as well as the availability and distribution of CARMA marketing materials. One additional resource, the CARMA website, has a strong potential to augment this marketing focus and also provide a pleasing “picture” of what CARMA offers to its members in the way of excess coverage.

The CARMA website was developed several years ago to provide CARMA members immediate access to coverage, governing and meeting documents, and to provide an overview of the services and coverage provided to its members. The “face” of the website has remained consistent since its development and has not changed since its implementation.

Recognizing the potential marketing value of the website and the need to update the site to a more modern look, staff has worked with the BRS IS Department to produce an enhanced version of the CARMA website. A careful analysis and consideration was taken on how the website has been accessed by users, and what features would enhance and provide an appealing look and make it user-friendly to both CARMA and potential members. The contents of the website have not changed, rather only an enhanced appearance and user accessibility have been updated.

As such, staff will be unveiling the enhanced CARMA website to the Board of Directors, and eliciting discussion on any further enhancements that the Board would like made to this new website.

**RECOMMENDATION:**

*Discuss the enhanced CARMA website and provide direction to staff on any enhancement the Board desires.*

**REFERENCE MATERIALS ATTACHED**

None

**Agenda Item 8.D.**



**ADMINISTRATIVE MATTERS**

**SUBJECT: Medicare Set-Aside (MSA) Update**

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**BACKGROUND AND STATUS:**

CARMA continues to be the Registered Reporting Entity ultimately responsible for reporting payments, settlements, judgments, and awards made to Medicare eligible beneficiaries and/or Medicare beneficiaries, for resolving Medicare conditional liens and for adequately protecting Medicare's future payment interests. The staff at Bickmore Risk Services (BRS) have implemented computerized reporting protocols and satisfied the initial testing phases required by the Centers for Medicare and Medicaid Services (CMS). BRS is strongly committed to protecting CARMA from any and all penalties and fines for failing to protect Medicare's interests, including monitoring of the process at the underlying pool level and transferring the risk to another entity to collect and report the appropriate data to CMS.

Due to the complexity of the federal regulations and the lack of staff to enforce the rules, CMS has again pushed back the date for Mandatory Insurance Reporting on liability cases with no on-going responsibility for medicals (ORM) to the first quarter of 2012 for all cases that settle on or after Oct. 1, 2011, over \$5,000. The current mandatory reporting date of January 1, 2011, remains in effect for workers' compensation, no fault, and liability cases with ORM. It is important to remember that the reporting responsibilities are separate and apart from the statutory obligation to satisfy any Medicare conditional liens and to protect Medicare's future interests.

CARMA staff continues to closely monitor all cases involving a Medicare eligible claimant or one who is currently a Medicare beneficiary to make sure that the case has been reported to CMS, that all conditional liens have been satisfied, and that any future interests of Medicare are protected before any settlement is reached, agreed to, or finalized. In addition, BRS staff has created a set of protocol guidelines to be used by TPAs and others in deciding when to use the various tools to protect Medicare's interests. It is important to remember that Medicare has a "lien" even though it may not have actually filed a formal lien in the underlying case. Lastly, BRS staff has created a "bank" of sample MSA Settlement Agreement/Releases for use and distribution to anyone who deals with this complicated situation.

**RECOMMENDATION:**

*None, information only.*

**REFERENCE MATERIALS ATTACHED**

None

**Agenda Item 8.E.**

**ADMINISTRATIVE MATTERS**

**SUBJECT: Genex Contract Fees for 2011/2012 Program Year**

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**BACKGROUND AND STATUS:**

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

As part of the fee structure of the BRS Master Preferred Contract and the individual member contracts, GENEX agreed to forego all or part of an upfront implementation and access fee of \$12,000 to provide BRS and each member access to the GENEX software application, assist with the registration process, the mapping requirements, reporting, and provision of technical support. Foregoing this \$12,000 fee for each RRE was contingent upon a minimum combined volume of 150 expected Medicare Set-Aside (MSA) referrals each year amongst all of the RRE's under the BRS pricing umbrella for both workers' compensation and liability services. As such, the total of 150 combined MSA referrals should have been achieved by March 31, 2011, in order for the set-up fee to be waived by GENEX.

The contract between CARMA and GENEX, in particular the fees for the Liability MSA Services, also indicates that in the event the BRS clients collectively fail to make at least 150 MSA referrals during each one-year period, CARMA would be responsible to pay its portion of \$12,000 for the combined MSA referrals not met.

Unfortunately, BRS has advised it is anticipated that by March 31, 2011, this quota of 150 MSA referrals will not be met. BRS has further advised that after the first of the year it will be meeting with GENEX to discuss fees. However, in the interim, and until this meeting has occurred, BRS is recommending that each of the clients, including CARMA, place \$13,000 in their budgets as a placeholder, as a maximum potential payment fee that each BRS client could pay.

As recommended by BRS, \$13,000 has been placed as a line item in the CARMA budget. As mentioned, BRS and GENEX will be discussing options for renewal of the Master Preferred Contract after the first of 2011, and as such, that is the purpose of the recommendation for a \$13,000 placeholder in each client's, including CARMA's, budget.

Staff will be prepared to discuss this further and answer questions of the Board.

**Agenda Item 8.F.**

**RECOMMENDATION:**

*None, information only.*

**REFERENCE MATERIALS ATTACHED**

None

**ADMINISTRATIVE MATTERS**

**SUBJECT: Duties of the Litigation Manager Regarding Coverage Letters**

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**BACKGROUND AND STATUS:**

In recent discussions with staff, the Board requested a review of the duties of the CARMA Litigation Manager as it relates to indentifying potential coverage issues (number of occurrences, punitive damages, intentional acts, out of course and scope of work, late reporting to CARMA, etc.). The idea is to, as early as possible, either verbally or in writing, submit a "Reservation of Rights" letter and/or some sort of Coverage Alert memorandum to the member entities when appropriate.

As an excess pool, by the time the case is reported to CARMA, a coverage determination has usually already been made by the underlying primary pool and the case has been proceeding in litigation for some time. Although CARMA does have its own Liability Memorandum of Coverage, its philosophy, as much as possible, has always been to find coverage wherever possible and to follow form with coverage provided by the primary pool member. However, occasionally, "coverage issues" will surface at the time the case is reported to CARMA.

The Litigation Manager generally reviews all the documents provided by the Member from the CARMA First Report Form including the Complaint(s), discovery and legal status reports. Traditionally, if the Litigation Manager sees a "coverage issue", it is referred to CARMA's Board and Coverage Counsel for an official coverage opinion that is sent directly to the Member.

There are "pros" and "cons" to having the Litigation Manager send out a preliminary mechanical Coverage Alert to the Member without a formal coverage opinion from CARMA's Coverage Counsel. Some of the benefits of an early identification of coverage questions include the Member being advised early so that it can plan better to make its own decisions on coverage and financing of the loss; there is no prejudice to the Member at some later stage when CARMA again asserts it position and denies contribution; and the Member can always request a formal coverage opinion from Coverage Counsel.

Some of downsides to having the CARMA Litigation Manager send these coverage letters include the creation of an actual or perceived "conflict of interest" situation that might cause an adversarial relationship to develop with the Member. Advocating "no coverage" tends to interfere with effective litigation management of the claim. Also, the licensed attorneys at BRS do not "practice law" and do not have professional liability coverage for legal work. The area of insurance coverage is so complicated and volatile that it takes a specialist who keeps up with coverage law to render competent legal coverage opinions. The Litigation Manager does not recommend that it be directed to send formal legal coverage opinion letters to Members.

**Agenda Item 8.G.**

**RECOMMENDATION:**

*(1) The Board of Directors provide direction as to whether staff should implement the early process of identifying potential coverage issues into the Litigation Manager's duties as outlined in the governing documents; and (2) the Board of Directors provide direction as to what the "trigger" would be to cause the matter to be referred to Coverage Counsel for a formal coverage opinion.*

**REFERENCE MATERIALS ATTACHED**

None

**COVERAGE MATTERS**

**SUBJECT: Transfer of Risk Draft Policy for Issuing Excess Certificates of Coverage**

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**BACKGROUND AND STATUS:**

Historically, entities of the underlying Member primary pool enter into contracts and agreements with third parties wherein the third party requires that the Member entity provide evidence of General Liability coverage and to indemnify the third party through an Additional Covered Party endorsement. Often, the amount of required liability coverage is \$1 million per occurrence which is the amount of the limits of liability of the primary pool. In this case, the underlying pool will issue its own Certificate of Coverage to the third party.

However, given today's litigious environment, many times the contract or agreement requires the Member entity to provide evidence of liability coverage sometimes up to \$4 million per occurrence and to indemnify the third party for all claims arising out of the work or services to be performed under the agreement. It is rare that CARMA ever receives a request for coverage in excess of \$5 million per occurrence.

Examples of these agreements include the State wanting to use a city police firing range, a member city wanting to use a county firing range or firefighting training facility, an agreement to maintain "quiet zones" near railroad tracks, agreements to dig a public works project under a railroad line, pollution clean-up situations, the transportation of hazardous materials on public roadways, operation of skateboard parks, the annexation of properties into city infrastructures, and Special Events.

Many times, these agreements contain a "reverse" transfer of risk that requires the Member entity to assume all risks of liability exposures even those caused or created by the third party. To obtain the additional liability coverage above their \$1 million retained limit, the Member needs a Certificate of Coverage from CARMA that may or may not include a request for Additional Covered Party protection.

Under the current procedure, Members can issue Certificates not only through CARMA's layer of \$3 million in excess of \$1 million, but can issue Additional Covered Party certificates to include the reinsurance layer with Everest Reinsurance Company up to \$10 million in excess of \$3 million. CARMA is not authorized to issue a Certificate above the CARMA layer into the excess layers without the express, written approval of the excess carriers.

At the most recent Board meeting in September 2010, it was determined that the review process needed to be revised and strengthened to assure that CARMA Certificates of Coverage with the Additional Covered Party protection were only issued after a full review of the underlying agreement and contract and a determination is made that there is, most likely, coverage under the CARMA Memorandum of Coverage (MOC).

**Agenda Item 9.A.**

To this end, the Litigation Manager has been reviewing all agreements and contracts entered into by the underlying Member entity before the Certificates are executed and issued. Two examples of CARMA Certificates of Coverage are attached as Exhibit "A" and Exhibit "B" along with the Certificate Requests and agreements. Standard language in the Certificate includes statements to the effect that:

"Pursuant to Section (c) of the definition of 'Covered Party' in the memorandum of coverage, the certificate holder named above is an additional covered party for covered claims arising out of the covered activity stated above and is subject to the limits stated above."

*" . . . The coverage afforded as described herein is subject to all the terms, exclusions, and conditions of the memorandum of coverage of the California Affiliated Risk Management Authority which is available for your review upon request."*

This is why it is important to determine if, in fact, there is coverage for the liability assumed by contract under the CARMA Liability MOC. Fortunately, we are not able to report any "horror stories" or situations where a claim has penetrated into the CARMA layer and a determination has been made that there is no coverage. However, only time will tell as to whether this situation will arise in the future. That is why staff is bringing this matter to the Board for further discussion.

Concerns have been raised in the following situations:

- Where CARMA issues its Certificate of Coverage and then it is determined there is no coverage under the CARMA MOC; must the underlying Member reimburse CARMA for any payment made pursuant to the Certificate of Coverage?;
- What if there is disagreement between the underlying Member and CARMA as to whether the liability exposure is covered under the CARMA MOC; should there be a process for an appeal and decision by the Board? This is often difficult to implement when the request needs to be fulfilled immediately or there is not enough time to challenge the decision of the Litigation Manager and/or Board Counsel.

Additionally, for cohesiveness between the documents, the Litigation Manager also recommends that language in the CARMA Certificate be amended to state:

*" . . . The coverage afforded as described herein is subject to all the terms, exclusions, and conditions of the Liability Memorandum of Coverage of \_\_\_\_\_ (the underlying Member), as well as to all the terms, exclusions and conditions of the Liability Memorandum of Coverage of the California Affiliated Risk Management Authorities which are available for your review upon request."*

**RECOMMENDATION:**

*(1) The Board of Directors approve the revised Procedures for Issuance of Certificates of Coverage to state the underlying member shall submit for review and approval to the Litigation Manager the written agreement or contract as well as the Request for Coverage when an Additional Covered Party is requested from CARMA. All requests shall be submitted prior to the issuance of the Certificate; and (2) the Board approve the addition of the recommended language noted in the staff report to the CARMA Certificate.*

**REFERENCE MATERIALS ATTACHED:**

- Exhibit A – Certificate Package Example, West Hills Community College District
- Exhibit B – Certificate Package Example, Martinez Unified School District
- Draft Revised Procedures for Issuance of Certificates of Coverage – December 2010



**California Affiliated Risk Management Authorities  
1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833  
(916) 244-1117 ~ (916) 244-1199**

**Liability Certificate of Coverage**

**Additional Covered Party**

**Certificate Number: 2010-4744**

**Certificate Holder:** Martinez Unified School District

**Attn:** Facilities Scheduling  
921 Susana Street  
Martinez, CA 94553

**Covered Party:** MPA-City of Martinez

**Description of Covered Activity:** As respects Fee for Service and Joint Facilities Use Agreement between the City of Martinez and the Martinez Unified School District for the City's use of the District's swimming pool located at Alhambra High School, facilities identified in Exhibit A, and space available at the District's Corporation Yard, located at 921 Susan Street, Martinez, CA and/or other District facilities for the purpose of parking City vehicles and equipment at the Yard; Martinez Unified School District is an additional covered party with regard to any negligent acts or omissions of the City of Martinez, its officers, officials, employees, and volunteers.

**Memo Policy**

**Number:** CARMA 2010-17GL

**Effective Date:** 11/23/2010

**Limits:** \$1,000,000 (per occurrence)

**Expiration Date:** 7/1/2011

**Excess of:** \$1,000,000

**The Following Coverage is in effect:** General and automobile liability as defined in the memorandum of coverage on file with the covered party named above.

This is to certify that the coverage listed above has been issued to the Covered Party named above for the policy period indicated, notwithstanding any requirement, term, or condition of any contract or other document with respect to which this certificate may be issued or may pertain. The coverage afforded as described herein is subject to all the terms, exclusions, and conditions of the memorandum of coverage of the California Affiliated Risk Management Authorities which is available for your review upon request.

Pursuant to Section (c) of the definition of 'Covered Party' in the memorandum of coverage, the certificate holder named above is an additional covered party for covered claims arising out of the covered activity stated above and is subject to the limits stated above.

Coverage is in effect as stated above and will not be canceled, limited, or allowed to expire except upon 30-days written notice to the certificate holder.

**Date Issued:** 11/24/2010

**Renewal:** Yes

**Excess Coverage Included:** No

**Risk Manager:**



# CARMA EXCESS LIABILITY CERTIFICATE REQUEST

2010 - 4744

Date: November 23, 2010

To: Mindy Yang  
Bickmore & Associates

Phone: (800) 541-4591, ext. 1182

Fax: (916) 491-1436

e-mail: [myang@brsrisk.com](mailto:myang@brsrisk.com)

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**From:**

*Teri Pacioni, Administrative Services Manager, Municipal Pooling Authority*

Phone: (925) 943-1100 ext 22

Fax: (925) 946-4183

E-mail: [tpacioni@mpa-nc.com](mailto:tpacioni@mpa-nc.com)

**Insured Information:**

Member City: City of Martinez

Contact Name: Michael Chandler, Sr. Management Assistant

Address: 525 Henrietta Street, Martinez, CA 94553

**Certificate Holder:**

Organization: Martinez Unified School District

Address: 921 Susana Street, Martinez, CA 94553

Attention: Facilities Scheduling

Description of activity for which coverage is requested: It is hereby agreed that the Martinez Unified School District is named as an additional covered party as respects the use of their facilities by the City of Martinez and its Permittees under the Facilities Use Agreement dated July 27, 2009, but only to the extent assumed by the City under the agreement, subject to the Memorandum of Coverage terms, conditions, and exclusions.

Date(s) of Activity: 7/1/10 - 6/30/2011

Limits of Liability: \$1,000,000 SIR: \$1,000,000

Additional Covered Party:  Yes  No

Please provide back up documentation such as a contract or lease agreement, which clearly indicates the insurance requirements.

FEE FOR SERVICE AND JOINT FACILITIES USE AGREEMENT BETWEEN THE CITY OF MARTINEZ AND THE MARTINEZ UNIFIED SCHOOL DISTRICT

THIS FEE FOR SERVICE AND JOINT FACILITIES USE AGREEMENT (hereinafter "Agreement"), is entered as of the 27<sup>th</sup> day of July, 2009 ("Effective Date"), by and between the City of Martinez, a California general law city ("City") and the Martinez Unified School District, a school district formed and existing under the laws of the State of California ("MUSD" or "District"), in reference to the following facts:

RECITALS

- A. For a variety of reasons, the District's next fiscal year operating budget shows that the District will not have sufficient funds, as of the beginning of the 2009-2010 school year, to retain and/or hire seventeen K-3 teachers for the upcoming school year (2009-2010). The District represents that it has exhausted every available resource to secure the funding necessary to pay for the salary and benefits required to retain said seventeen teachers, but has been unsuccessful in obtaining such funding. Consequently, the MUSD has turned to the City, and requested that the City assist the District with funds necessary to retain and/or hire seventeen K-3 teachers for the upcoming school year (2009-2010).
- B. Among other things, the retention of said seventeen teachers is critical to maintaining class room sizes in the District's K-3 grades such that the average teacher-student ratio in each such class is no greater than 23 to 1. The District represents that without being able to maintain this average student-teacher ratio, the opportunities for superior educational experiences are lessened, one-on-one teacher to student relationships and assistance are jeopardized, and the overall education afforded to the District's K-3 students will be adversely affected.
- C. The studies are voluminous which establish that the quality of education provided to children of K-3rd grade age is critical to their overall educational development which, in turn, impacts their intellectual capabilities, emotional stability, psychological well-being, and economic achievements during their lives. Without quality education being offered to their citizens, societies flounder and are unable to compete and sustain in a global economy. On an individual basis, uneducated or poorly educated persons are statistically more likely to become involved in criminal activities and other dysfunctional and unproductive societal conduct. Such conduct is inimical and costly to the communities in which such individuals live. The obverse is also true; well educated individuals are more likely to live their lives in a more emotionally and psychologically healthy fashion and to achieve economic well-being and self-sufficiency. This, in turn, redounds to the benefit and advantage of their communities through citizenship, commitment to community and the ability to pay taxes to support the services and

programs offered by the community's governments.

- D. The City and District mutually recognize the services that each has provided to the other and the importance of ongoing collaboration and cooperation, including services and joint use of District facilities that will benefit the District pupils and the citizens of Martinez.
- E. Consequently, the retention of said seventeen teachers and assuring the continuation of the class sizes and described above are of significant interest and importance to Martinez and its citizens. For the reasons articulated above, the continued excellence in educational opportunities and programs the MUSD will be able to offer through utilization of the proceeds granted to the District by this Agreement will redound to the benefit of the City and its citizens.

Now, therefore, for good and valuable consideration, the receipt and adequacy of which are acknowledged, the parties agree as follows:

#### AGREEMENT

1. Agreement to Fund. The City agrees to provide to the District a total of five hundred thousand dollars (\$500,000.00) ("Proceeds"), to assist in the payment of the salary and benefits of seventeen teachers who shall teach at the K-3 grade levels at the District's elementary schools, subject to the terms, conditions, representations and covenants set forth in this Agreement. And the District agrees that it shall apply said Proceeds solely for the purpose of paying for the salary and benefits of said seventeen teachers.
2. Disbursement of Proceeds. The City shall disburse said Proceeds to the District immediately upon this Agreement's and the attached Preliminary Development Agreement's approval by the City and District and their full execution by all parties. Approval of this Agreement shall be deemed approval of the attached Preliminary Development Agreement.
3. Term of Agreement. The term of this Agreement shall be five years and shall terminate on July 27, 2014 (the "Expiration Date").
4. District's Promise to Provide Services and Joint Facility Use. Throughout the term of this Agreement, the District shall provide the services provided for herein to the City and shall provide access to District facilities as provided herein.
5. Credits Towards Services Provided. Upon disbursement of the Proceeds, and up until the Expiration Date, the following ("Credits") shall be credited towards the value of services and facilities provided by the District to the City and thus operate to reduce the dollar amount of services owed by the District to the City by the amount of the Credits earned or received by the District as of the Expiration Date. It is the anticipation of the parties that the total of the Credits and services provided for herein shall equal or exceed \$500,000.

- a. Pool Usage: The District shall make available to the City and the swim teams, groups and other individuals who the City identifies in writing (the "City's Permittees"), the swimming pool located at Alhambra High School ("AHS"). Starting on May 1 and ending on August 31 ("Pool Usage Period") of each year of the term of this Agreement, the City and City's Permittees shall be entitled to use the AHS swimming pool ("Pool") up to five days per week (excluding Saturdays and Sundays). The City shall not be allowed to schedule any "open swims" at the Pool which entail allowing any and all members of the public to use the Pool.
- (1) During each and every day of the Pool Usage Period the MUSD shall have priority use of the Pool during the regular school session. The City and City's Permittees shall have second priority use of the Pool during the Pool Usage Period during the regular school session. When school is not in session, during the Pool Usage Period, the City and the City's Permittees' shall have priority use of the Pool. All City and/or City Permittees' activities that take place in the Pool which are allowed hereunder shall be scheduled through and receive the approval of the City's Recreation Division. The City shall provide written, advance notice to the District of the days and hours that the City and/or the City's Permittees shall use the Pool.
  - (2) For each week or part of a week that the City and/or the City's Permittees use the Pool pursuant to this Agreement, the District shall receive a Credit in the amount of \$1,000.00.
- b. Facilities Usage: During the term of this Agreement, the District shall make available to the City and the City's Permittees the facilities identified in Exhibit A attached hereto and incorporated by this reference. Generally, said facilities shall consist of the District's disaster preparedness facility, the Martinez Junior High School ("MJHS") training facility, the District's ball fields, the performing arts theater at AHS and the auditorium at the MJHS. During the term of this Agreement, the City and the City's Permittees shall be entitled to have priority use of said facilities whenever the District is not using said facilities. All activities that take place at or in said facilities by the City and/or the City's Permittees shall be scheduled through and receive the approval of the City's Recreation Division. The City shall provide written, advance notice to the District of the days and times that the City and/or the City's Permittees shall use said facilities.
- (1) For the City's and/or the City's Permittees' use of said facilities, the District shall receive Credits in the amounts specified in Exhibit A.

- (2) For the use of some of these facilities, such as the performing arts theater at AHS and the auditorium at the MJHS, the District typically arranges for the necessary lighting and sound systems to be handled by a third party or otherwise, and imposes a fee on the user of the facility to pay for such services. The District will continue to follow this practice for the City's and/or the City's Permittees' use of the facilities, but will not impose a fee on the user for doing so. Instead, the amount of said fees shall act as a Credit under this Agreement.
- (3) Irrespective of the actual usage of the District's facilities and Pool by the City and/or the City's Permittees during the term of this Agreement, the Credit earned by the District under subsections 5(a) and (b) during the term of this Agreement shall be deemed to equal \$100,000.00; provided, however, that should the actual usage of the District's facilities and Pool by the City and/or the City's Permittees during the term result in a Credit of an amount greater than \$100,000.00, then that greater amount shall be the Credit that the District receives under this Agreement.

c. Water Bills for Morello Park Area: Pursuant to the Morello School/Park Agreement between the District and City and dated November 1, 1991 ("Morello Park Agreement"), the City was required to pay for the water used in watering the "Park Area", as that term is defined in said Morello Park Agreement.

Inexplicably, the District has been paying for the costs of watering the Park Area since 1992. The District represents and warrants that the total amount it has paid for the water used in watering the Park Area from 1992 through the Effective Date is approximately \$156,000. Additionally, the District represents and warrants that from 2000 through the Effective Date, it has paid to the Central Contra Costa Sanitary District a sewer tax ("Sewer Tax"), associated with the District's use of water in watering the Park Area, in the approximate amount of \$23,551.

- (1) For having made said payments, the District shall receive an immediate Credit in an amount equal to that which it can verify to the reasonable satisfaction of the City, through the submittal of invoices and cancelled warrants (or other documents and evidence), it has paid for the water used in watering the Park Area and for the Sewer Tax from 1992 up until the Effective Date.
- (2) The District agrees that it shall pay and be solely responsible for paying (i) the water bills incurred in watering said Park Area and (ii) the Sewer Taxes assessed during the term of this Agreement, and upon expiration of this Agreement the responsibility for the payment of the water bills and Sewer Taxes shall immediately revert to the City. The District shall receive immediate Credits for the amounts it pays in accordance with this

subsection 5(c)(2). The District and City agree that they shall prepare and execute an amendment to the Morello Park Agreement to incorporate the agreement specified in this subsection 5(c)(2) within 90 days after the Effective Date.

- d. Credit for Waiving Debt Owed by the Martinez Opera to the District: The District warrants and represents that the Martinez Opera owes \$6,024 to the District as of the Effective Date. The District agrees to waive any claims that it may have against the Martinez Opera for this \$6,024 debt, shall release the Martinez Opera from any such claims and shall desist from taking any further actions to collect said debt from the Martinez Opera. Because the Martinez Opera plays and has played an important role in the cultural enhancement of the City and its citizens, the District shall receive a Credit of \$6,024 for waiving its claims against the Martinez Opera as specified above.
  - e. Leasing Parking Space at District Corporation Yard: Up until the Expiration Date, the District shall make available to the City space at the District's corporation yard, located at 921 Susana Street, Martinez, CA and/or other District facilities agreed upon by the parties (collectively, the "Yard") for the purpose of parking City vehicles and equipment at the Yard. The City shall provide advance, written notice to the District of the City's intentions and desire to park the latter's vehicles/equipment at the Yard, and the District shall take all reasonable steps to accommodate the City's parking needs in this regard. Unless consented to by the District in writing, the City shall, at its sole cost, remove any and all vehicles and equipment the City parks at the Yard on or before the Expiration Date.
    - (1) The District shall receive in each month an immediate Credit in the amount of \$100 per vehicle/piece of equipment per month (or partial month), for each vehicle and piece of equipment the City parks at the Yard in accordance with this Agreement.
  - f. Contribution to Joint Facility: On the Expiration Date, the District shall receive a Credit in an amount equal to the Joint Facilities Funds or the New Joint Facilities Funds, as the case may be, as those terms are defined in the Preliminary Development Agreement of even date, a true and correct copy of which is attached hereto as Exhibit B.
6. City Obligated for No More than Proceeds. Whether or not the Credits equal or exceed the original Proceeds amount, the City shall under no circumstances be required to pay, reimburse or otherwise be obligated to the District for more than the original Proceeds.
  7. Closure of Facilities. If, in the interest of public health and/or safety or for essential

repairs and maintenance, it is deemed necessary by the District to close the Pool or any of the other facilities described in Section 5 (a), (b) and (e), the District shall give the City advance written notice of such closure. Said notice may be dispensed with in the event of emergencies.

8. District to Maintain Facilities. The District shall be solely responsible for all costs of utilities, maintenance and upkeep of the facilities identified in Section 5(a), (b) and (e), above, and shall keep said facilities fully operational and in good and a safe condition throughout the term of this Agreement.
9. Maintaining Records. The parties shall keep written or electronic records of the City's and City's Permittees' usage of the facilities described in Section 5(a), (b) and (e) and the Credits earned by the District pursuant to subsections 5(a) through (e). Starting on October 1, 2009, each party shall deliver to the other party a copy of said records kept during the previous quarter. The parties shall meet and confer to reconcile any differences that may exist in their respective records pertaining to said facilities' usage.
10. Other Reports. The District shall deliver the following information to the City at the following times:
  - (1) In January, April and August 2010, the District shall deliver to the City a verified report showing the number of teachers teaching, student attendance at and the class size of each of the District's K-3 classes.
  - (2) At the same time that the Board of Trustees of the District approves this Agreement it shall adopt a binding resolution committing the expenditure of the Proceeds by the District in accordance with the terms of this Agreement and thereafter immediately transmit a copy of that resolution to the City. Said resolution shall also identify, by name and class taught, each teacher whose salaries and/or benefits are, in whole or in part, to be paid with the Proceeds.
11. Intentionally left blank.
12. Insurance and Indemnification
  - a. City shall indemnify, defend, release and hold District harmless from liability for personal injury or property damage arising out of the City's use or any City-authorized use of the Pool or any of the facilities on Exhibit A, except to the extent that such injury or damage arise out of the negligence of the District's agents or employees or the District's lessee or its agents or employees.
  - b. District shall indemnify, defend, release and hold City harmless from liability for personal injury or property damage arising out of the District use or any District-authorized use of any of the facilities on Exhibit A, except to the extent that such



injury or damage arises out of the negligence of the City, its agents or employees.

- c. During the effective date of the Agreement, the City and District shall each carry comprehensive general public liability and property damage insurance with the following minimum, limits:

City: \$2,000,000, combined single limit  
District: \$2,000,000, combined single limit

Each shall name the other as additional insured on all policies carried by each for this Agreement and shall annually furnish the other with written proof of said insurance.

13. Binding Effect. Subject to the terms and conditions hereof, this Agreement shall be binding upon and inure to the parties hereto and their respective heirs, executors, administrators, successors and assigns. Nothing in this Agreement, expressed or implied, is intended to confer upon any person other than the parties hereto and their successors and permitted assigns, any rights or remedies under or by reason of this agreement. No third party beneficiary agreement is intended by this Agreement. Nothing in this Agreement does nor is intended to violate the constitutional debt limitation restrictions applicable to school districts pursuant to Article 16, Section 18 of the California Constitution.
14. Amendments. This Agreement may only be amended or modified by a written instrument executed by the parties.
15. Authorized Signatories. Each individual executing this Agreement, or its counterpart, on behalf of the respective entity, warrants that he/she is authorized to do so and that this Agreement constitutes the legally binding obligation of the entity which he/she represents.
16. Entire Understanding. This Agreement contains the entire understanding of the parties and constitutes the sole and only agreement between them concerning the subject matter hereof or the rights and duties of any of them in connection therewith. Any agreements or representations among the parties hereto, regarding the property not expressly set forth in this Agreement are null and void.
17. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which constitute one agreement notwithstanding the fact that all parties are not signatories either on the same date or to the same counterpart.
18. Good Faith. Each of the parties hereto agrees that it shall act in good faith in an attempt

to cause all the conditions precedent to the respective obligations to be satisfied.

19. Notice. Any notice required to be given pursuant to this Agreement shall be given in writing to the other party either personally, by facsimile or by depositing the same in the United States mail, by first-class mail, registered or certified, postage prepaid, addressed to the party at the address set out below:

City of Martinez

Martinez Unified School District

City Manager  
525 Henrietta Street  
Martinez, CA 94553 - 2394

Superintendent  
921 Susana Street  
Martinez, CA 94553

Any notice delivered by mail shall be deemed delivered three (3) days after the date of deposit in the mail. Any notice delivered by facsimile must, on the same date that the facsimile communication is transmitted, also be mailed by first-class mail, registered or certified, postage prepaid, addressed to the party in question. Facsimile transmissions effected in accordance herewith shall be deemed received on the date transmitted. The address at which any notice is to be delivered may be changed by either party by compliance with the terms of this Section 19.

20. Time of Essence. Time is of the essence in this Agreement and each of its provisions and failure to comply with this provision shall be a material breach of this Agreement.

IN WITNESS WHEREOF, the parties hereto execute this Agreement on the date first written above.

CITY OF MARTINEZ

By: \_\_\_\_\_

Rob Schroder, Mayor

By: \_\_\_\_\_

Philip Vince, City Manager

MARTINEZ UNIFIED SCHOOL DISTRICT

By: \_\_\_\_\_

Denise Elskén  
President, Board of Trustees

By: \_\_\_\_\_

Rami Muth,  
Superintendent of MUSD

FINAL 7/28/09

EXHIBIT A

MARTINEZ UNIFIED SCHOOL DISTRICT FACILITIES AVAILABLE FOR USE  
BY THE CITY OF MARTINEZ

FACILITY	COST OFFSET
1) Alhambra High School Swimming Pool/Locker Rooms	\$1000.00/week
2) MUSD Disaster Preparedness Facility	\$45.00/hour
3) MUSD Training Facility	\$45.00/hour
4) School Ball Fields	\$10.00/hour
5) Performing Arts Facilities @ Alhambra High School Or Martinez Junior High School	\$100.00/hour 4 hour minimum

Notwithstanding anything to the contrary stated herein and/or in the Fee for Service and Joint Facilities Use Agreement to which this Exhibit is attached, the District shall not receive any Credits for the City's and/or the City's Permittees' use of the following facilities:

- a. the "Park Area" as that term is defined in the John Muir School Park Agreement dated October 21, 1987, between the MUSD and the City of Martinez.
- b. the "Park Area" and "Play Area No.1" as those terms are defined in the Morello School/Park Agreement dated November 1, 1991, between the MUSD and the City of Martinez.

**EXHIBIT B**

**PRELIMINARY DEVELOPMENT AGREEMENT BETWEEN THE CITY OF  
MARTINEZ AND THE MARTINEZ UNIFIED SCHOOL DISTRICT**

THIS PRELIMINARY DEVELOPMENT AGREEMENT (hereinafter "Agreement"), is entered as of the 27<sup>th</sup> day of July, 2009 ("Effective Date"), by and between the City of Martinez, a California general law city ("City") and the Martinez Unified School District, a school district formed and existing under the laws of the State of California ("MUSD" or "District"), in reference to the following facts:

**RECITALS**

A. The City and District mutually recognize the services that each has provided to the other and the importance of ongoing collaboration and cooperation, including services and joint use of District facilities that will benefit the District pupils and the citizens of Martinez.

B. The City and District desire to work together in the future to develop facilities from which both will benefit. This, in order to reduce taxpayer expense, to operate more efficiently, to share expertise, and to promote long-term cooperation and collaboration in the provision of public services to the citizens of Martinez and the District's constituencies.

Now, therefore, for good and valuable consideration, the receipt and adequacy of which are acknowledged, the parties agree as follows:

**AGREEMENT**

1. Agreement to Restrict Funds and Contribute.

a. As part of the mutual consideration for this Agreement, at the same time that the District's Board of Trustees approves this Agreement, it agrees to maintain \$150,000.00 in the District's capital improvement funds for the purpose of a joint facility development with the City as part of a future facility that benefits both the District and the City ("Joint Facility"). Said funds (the "Joint Facilities Funds") shall be restricted and, for the ten year period immediately following the Effective Date, can only be used as set forth herein. At the time the District's Board of Trustees approves this Agreement, its counsel shall deliver an opinion to the City verifying that the Board has the power to so restrict said funds and that said funds may be used as contemplated herein.

b. During said ten year period, the District and City shall regularly meet and confer in good faith about the need, desirability, funding, siting, construction and use of a Joint Facility. If within said ten year period,

- (1) the City determines that it has sufficient funding;

- (2) the parties agree on how the Joint Facility will be funded;
- (3) the parties agree on the nature and design of the Joint Facility;
- (4) the parties agree on the persons who shall be retained to design and construct the Joint Facility;
- (5) the parties agree on the location of the Joint Facility and how that property will be acquired;
- (6) the parties agree on how the Joint Facility shall be utilized; and
- (7) the parties agree on all other issues that, in good faith, must be resolved in order to execute and consummate such an agreement,

then,

- (i) said agreement ("City-District Joint Facility agreement") shall be memorialized in a mutually acceptable writing;
- (ii) the City shall set aside, commit and/or dedicate the necessary funds it must, pursuant to said agreement, contribute toward the funding, design, construction and utilization of the Joint Facility; and
- (iii) the District shall contribute, at a minimum, the Joint Facilities Funds or New Joint Facilities Funds (defined below) for the purposes specified in the written agreement.

c. Beginning on July 27, 2010 and on July 27 in each year thereafter up to and including the Expiration Date of the Fee for Service and Joint Facilities Use Agreement Between the City of Martinez and the Martinez Unified School District of even date and to which this Agreement is attached as Exhibit B ("Fee Agreement"), all of the Credits to which the District is entitled or has earned pursuant to subsections 5(a) through (e) of said Fee Agreement shall be accounted and added. The result of that addition shall be subtracted from \$500,000, and notwithstanding the above to the contrary, the difference, if any, shall become the amount of the funds which are subject to the provisions of subsection 1(a) and (b)(iii), above (the "New Joint Facilities Funds"). If the amount of the New Joint Facilities Funds is less than the Joint Facilities Funds, then, immediately after the Fee Agreement's Expiration Date, the District shall be entitled to release the difference from the restrictions imposed under subsection 1(a), above; provided, however, that in no case shall the Joint Facilities Funds or the New Joint Facilities Funds exceed \$150,000.00 without the express, written approval of the District.

d. Irrespective of whether or not an agreement is executed by the City and District to fund, construct and use a Joint Facility and irrespective of whether or not the District actually uses or pays the Joint Facilities Funds or New Joint Facilities Funds for a Joint Facility (unless the District's failure to use or pay the Joint Facilities Funds or New Joint Facilities Funds constitutes a breach of any City-District Joint Facility agreement), on the Expiration Date of the Fee Agreement, the District shall receive a Credit for the amount of the Joint Facilities Funds or New Joint Facilities Funds, as the case may be. Should no such agreement be reached during the ten year period specified in subsection 1(a), above, the District and the City may, by mutual agreement, extend this Agreement for an additional five years and, if so extended, the District shall not utilize, encumber or

expend the Joint Facilities Funds or New Joint Facilities Funds, nor remove said funds from the restricted status required under this Agreement, for the five years immediately following the end of the said ten-year period without the written consent of the City, which said consent shall not be unreasonably withheld. The intent of this proviso is to afford the parties an additional opportunity to devise a plan for the construction of a Joint Facility that will benefit the District and the City.

2. Binding Effect. Subject to the terms and conditions hereof, this Agreement shall be binding upon and inure to the parties hereto and their respective heirs, executors, administrators, successors and assigns. Nothing in this Agreement, expressed or implied, is intended to confer upon any person other than the parties hereto and their successors and permitted assigns, any rights or remedies under or by reason of this agreement. No third party beneficiary agreement is intended by this Agreement.

3. Amendments. This Agreement may only be amended or modified by a written instrument executed by the parties.

4. Authorized Signatories. Each individual executing this Agreement, or its counterpart, on behalf of the respective entity, warrants that he/she is authorized to do so and that this Agreement constitutes the legally binding obligation of the entity which he/she represents.

5. Entire Understanding. This Agreement and the Fee Agreement contain the entire understanding of the parties and constitutes the sole and only agreement between them concerning the subject matter hereof or the rights and duties of any of them in connection therewith. Any agreements or representations among the parties hereto, regarding the property not expressly set forth in this Agreement or in the Fee Agreement are null and void.

6. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which constitute one agreement notwithstanding the fact that all parties are not signatories either on the same date or to the same counterpart.

7. Good Faith. Each of the parties hereto agrees that it shall act in good faith in an attempt to cause all the conditions precedent to the respective obligations to be satisfied.

8. Notice. Any notice required to be given pursuant to this Agreement shall be given in writing to the other party either personally, by facsimile or by depositing the same in the United States mail, by first-class mail, registered or certified, postage prepaid, addressed to the party at the address set out below:

City of Martinez

Martinez Unified School District

City Manager  
525 Henrietta Street  
Martinez, CA 94553 - 2394

Superintendent  
921 Susana Street  
Martinez, CA 94553

Any notice delivered by mail shall be deemed delivered three (3) days after the date of deposit in the mail. Any notice delivered by facsimile must, on the same date that the facsimile communication is transmitted, also be mailed by first-class mail, registered or certified, postage prepaid, addressed to the party in question. Facsimile transmissions effected in accordance herewith shall be deemed received on the date transmitted. The address at which any notice is to be delivered may be changed by either party by compliance with the terms of this Section 8.

9. Time of Essence. Time is of the essence in this Agreement and each of its provisions and failure to comply with this provision shall be a material breach of this Agreement.

IN WITNESS WHEREOF, the parties hereto execute this Agreement on the date first written above.

CITY OF MARTINEZ

By: \_\_\_\_\_

Rob Schroder, Mayor

By: \_\_\_\_\_

Philip Vince, City Manager

MARTINEZ UNIFIED SCHOOL DISTRICT

By: \_\_\_\_\_

Denise Elskan  
President, Board of Trustees

By: \_\_\_\_\_

Rami Muth,  
Superintendent of MUSD

## Michael Groff

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**From:** Mindy Yang  
**Sent:** Wednesday, November 24, 2010 11:10 AM  
**To:** Teri Pacioni  
**Cc:** Michael Groff; Sandra Spiess  
**Subject:** CARMA: Certificate of Liability Coverage for Martinez Unified School District  
**Attachments:** Martinez.2010.4744.pdf

Good morning Teri,

Per the City of Martinez's request, attached is a certificate of liability coverage naming Martinez Unified School District as an additional covered party for the use of the District's facilities per the Service and Joint Facilities Use Agreement.


The Agreement also states that the District is required to provide the City evidence of the same insurance coverage. Please forward the District's certificate of coverage naming the City as an additional insured to me for CARMA's records. If you have any questions, please contact me at any time.

Regards,

**Mindy Yang**  
*Administrative Assistant*  
**Bickmore Risk Services**  
1750 Creekside Oaks Drive, Suite 200  
Sacramento, CA 95833  
916.244.1180  
916.244.1199(FAX)  
[myang@brsrisk.com](mailto:myang@brsrisk.com)

**Confidentiality Notice:** This e-mail transmission, and any documents, files or previous e-mail messages attached to it, may contain confidential information that is legally privileged. If you are not the intended recipient, or person responsible for delivering it to the intended recipient, you are hereby notified that any disclosure, copying, distribution or use of any of the information contained in or attached to this message is STRICTLY PROHIBITED. Interception of e-mail is a crime under the Electronic Communications Privacy Act, 18 U.S.C. 2510-2521 and 2107-2709. If you have received this transmission in error, please immediately notify me by replying to this e-mail or by telephone and destroy the original transmission and its attachments without reading them or saving them to disk.



Northern California ReLIEF		<b>CERTIFICATE OF COVERAGE</b>			Issue Date 11/19/2010
<b>ADMINISTRATOR:</b> Keenan & Associates 1111 Broadway, Suite 2000 Oakland, CA 94607 510-986-6750 www.keenan.com		LICENSE # 0451271		THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE COVERAGE DOCUMENTS BELOW.	
<b>COVERED PARTY:</b> Martinez Unified School District CC Solano SIA 921 Susana Street Martinez CA 94553		<b>ENTITIES AFFORDING COVERAGE:</b> ENTITY A: Northern California ReLIEF ENTITY B: ENTITY C: ENTITY D: ENTITY E:			
THIS IS TO CERTIFY THAT THE COVERAGES LISTED BELOW HAVE BEEN ISSUED TO THE COVERED PARTY NAMED ABOVE FOR THE PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN. THE COVERAGE AFFORDED HEREIN IS SUBJECT TO ALL THE TERMS AND CONDITIONS OF SUCH COVERAGE DOCUMENTS.					
ENT LTR	TYPE OF COVERAGE	COVERAGE DOCUMENTS	EFFECTIVE/ EXPIRATION DATE	MEMBER RETAINED LIMIT / DEDUCTIBLE	LIMITS
A	<b>GENERAL LIABILITY</b> <input checked="" type="checkbox"/> GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCURRENCE <input checked="" type="checkbox"/> GOVERNMENT CODES <input checked="" type="checkbox"/> ERRORS & OMISSIONS <input type="checkbox"/>	NCR 01708-08	7/1/2010 7/1/2011	\$ 25,000	COMBINED SINGLE LIMIT EACH OCCURRENCE \$ 2,000,000
A	<b>AUTOMOBILE LIABILITY</b> <input checked="" type="checkbox"/> ANY AUTO <input checked="" type="checkbox"/> HIRED AUTO <input checked="" type="checkbox"/> NON-OWNED AUTO <input checked="" type="checkbox"/> GARAGE LIABILITY <input checked="" type="checkbox"/> AUTO PHYSICAL DAMAGE	NCR 01708-08	7/1/2010 7/1/2011	\$ 25,000	COMBINED SINGLE LIMIT EACH OCCURRENCE \$ 1,000,000
A	<b>PROPERTY</b> <input checked="" type="checkbox"/> ALL RISK <input checked="" type="checkbox"/> EXCLUDES EARTHQUAKE & FLOOD <input type="checkbox"/> BUILDER'S RISK	NCR 01708-08	7/1/2010 7/1/2011	\$ 25,000	\$ 250,000,000 EACH OCCURRENCE
A	<b>STUDENT PROFESSIONAL LIABILITY</b>	NCR 01708-08	7/1/2010 7/1/2011	\$ 25,000	Included EACH OCCURRENCE
	<b>WORKERS COMPENSATION</b> <input type="checkbox"/> EMPLOYERS' LIABILITY			\$	<input type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER \$ E.L. EACH ACCIDENT
	<b>EXCESS WORKERS COMPENSATION</b> <input type="checkbox"/> EMPLOYERS' LIABILITY			\$	\$ E.L. DISEASE - EACH EMPLOYEE \$ E.L. DISEASE - POLICY LIMITS
	<b>OTHER</b>			\$ \$	
<b>DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/RESTRICTIONS/SPECIAL PROVISIONS:</b> As respects to the Service and Joint Facilities Use Agreement between the City of Martinez and the Martinez Unified School District through the coverage expiration date.  Annual Aggregate of \$24,000,000 applies in total for all members in the layer \$4,000,000 occurrence excess of \$1,000,000					
<b>CERTIFICATE HOLDER:</b> City of Martinez Attn: Michael Chandler, Sr. Management Asst. 525 Henrietta Street Martinez CA 94553-2394		<b>CANCELLATION.....</b> SHOULD ANY OF THE ABOVE DESCRIBED COVERAGES BE CANCELED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING ENTITY/JPA WILL ENDEAVOR TO MAIL <u>30</u> DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE ENTITY/JPA, ITS AGENTS OR REPRESENTATIVES.			
		 Graham Grice AUTHORIZED REPRESENTATIVE			

## DISCLAIMER

The Certificate of Coverage on the reverse side of this form does not constitute a contract between the issuing entity(ies), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the coverage documents listed thereon.

ENDORSEMENT

ADDITIONAL COVERED PARTY

COVERED PARTY Martinez Unified School District CC Solano SIA	COVERAGE DOCUMENT NCR 01708-08	ADMINISTRATOR Keenan & Associates
--	-----------------------------------	--------------------------------------

Subject to all its terms, conditions, exclusions, and endorsements, such additional covered party as is afforded by the coverage document shall also apply to the following entity but only as respects to liability arising directly from the actions and activities of the covered party described under "as respects" below.

**Additional Covered Party:**

City of Martinez  
Attn: Michael Chandler, Sr. Management Asst.  
525 Henrietta Street  
Martinez CA 94553-2394

**As Respects:**

As respects to the Service and Joint Facilities Use Agreement between the City of Martinez and the Martinez Unified School District through the coverage expiration date.

The City of Martinez, its officers, agents, employees and servants are included as an Additional Covered Party as respects the actions and activities of the Covered Party. The City of Martinez is not responsible for premium/contributions or assessments.



Authorized Representative

Issue Date: 11/19/2010

EXHIBIT B  
California Affiliated Risk Management Authorities  
1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833  
(916) 244-1117 ~ (916) 244-1199

Liability Certificate of Coverage  
Additional Covered Party  
Certificate Number: 2010-4741

Certificate Holder: West Hills Community College District

Attn: Dr. Frank Gornick  
9800 Cody Street  
Coalinga, CA 93210

Covered Party: CSJVRMA-City of Lemoore

**Description of Covered Activity:** As respects Easement Agreement between the City of Lemoore and West Hills Community College District for the City of Lemoore to install a water well and attach a water line within college property as described in Exhibits A and B of the Agreement; West Hills Community College District, its agents, and employees are additional covered parties with regard to any negligent acts or omissions of the City of Lemoore, its officers, officials, employees, and volunteers. This coverage is primary and non-contributory.

**Memo Policy Number:** CARMA 2010-17GL  
**Limits:** \$1,000,000 (per occurrence)  
**Excess of:** \$1,000,000

**Effective Date:** 11/17/2010  
**Expiration Date:** 7/1/2011

**The Following Coverage is in effect:** General and automobile liability as defined in the memorandum of coverage on file with the covered party named above.

This is to certify that the coverage listed above has been issued to the Covered Party named above for the policy period indicated, notwithstanding any requirement, term, or condition of any contract or other document with respect to which this certificate may be issued or may pertain. The coverage afforded as described herein is subject to all the terms, exclusions, and conditions of the memorandum of coverage of the California Affiliated Risk Management Authorities which is available for your review upon request.

Pursuant to Section (c) of the definition of 'Covered Party' in the memorandum of coverage, the certificate holder named above is an additional covered party for covered claims arising out of the covered activity stated above and is subject to the limits stated above.

Coverage is in effect as stated above and will not be canceled, limited, or allowed to expire except upon 30-days written notice to the certificate holder.

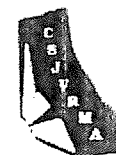
Date Issued: 11/18/2010

Renewal: Yes      Excess Coverage Included: No

Risk Manager:



Central San Joaquin Valley Risk Management Authority  
1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833  
(916) 244-1100 ~ (916) 244-1199



Liability Certificate of Coverage

Additional Covered Party

Certificate Number: 2010-4740

Certificate Holder: West Hills Community College District

Attn: Dr. Frank Gornick  
9800 Cody Street  
Coalinga, CA 93210

Covered Party: City of Lemoore

**Description of Covered Activity:** As respects Easement Agreement between the City of Lemoore and West Hills Community College District for the City of Lemoore to install a water well and attach a water line within college property as described in Exhibits A and B of the Agreement; West Hills Community College District, its agents, and employees are additional covered parties with regard to any negligent acts or omissions of the City of Lemoore, its officers, officials, employees, and volunteers. This coverage is primary and non-contributory.

**Memo Policy Number:** CSJVRMA 2010-GL

**Effective Date:** 11/17/2010

**Limits:** \$1,000,000 (per occurrence)

**Expiration Date:** 7/1/2011

**The Following Coverage is in effect:** General and automobile liability as defined in the memorandum of coverage on file with the covered party named above.

This is to certify that the coverage listed above has been issued to the Covered Party named above for the policy period indicated, notwithstanding any requirement, term, or condition of any contract or other document with respect to which this certificate may be issued or may pertain. The coverage afforded as described herein is subject to all the terms, exclusions, and conditions of the memorandum of coverage of the Central San Joaquin Valley Risk Management Authority which is available for your review upon request.

Pursuant to Section (c) of the definition of 'Covered Party' in the memorandum of coverage, the certificate holder named above is an additional covered party for covered claims arising out of the covered activity stated above and is subject to the limits stated above.

Coverage is in effect from 12:01 a.m. Pacific Standard Time of effective date to 12:01 a.m. Pacific Standard Time of expiration date as stated above and will not be canceled, limited, or allowed to expire except upon 30-days written notice to the certificate holder.

**Date Issued:** 11/18/2010

**Renewal:** Yes

**Excess Coverage Included:** Yes

**Risk Manager:**

2010-4740

# CSJVRMA LIABILITY CERTIFICATE REQUEST

2010-4741

Date: 11/17/2010



To: Mindy Yang (myang@brsrisk.com)  
Central San Joaquin Valley RMA  
1750 Creekside Oaks Drive, Suite 200  
Sacramento, CA 95833

Phone: (916) 244-1180  
Fax: (916) 244-1199

**From:**

Member City: City of Lemoore  
Contact Name: J.P. Prichard  
Department: City Manager's Office  
Street Address: 119 Fox Street  
City, State, and Zip: Lemoore CA 93245  
Phone: 559-924-6726  
Fax: 559-924-9003  
E-mail: jprichard@lemoore.com

**Certificate Holder:**

Name: West Hills Community College  
Street Address: 9800 Cody Street  
City, State, and Zip: Coalinga CA 93210  
Attention: Dr. Frank Gornick  
Phone: 559-934-2107  
Fax: 559-934-2910  
E-mail: Frank.Gornick@whccd.edu

Mail or Fax: Requires original be mailed:  Fax Acceptable:   
(Check One)

Description of activity for which coverage is requested: Granting of an easement

please see attached agreement for easement pp. 7-8

Date(s) of Activity: \_\_\_\_\_

Limits of Liability: \$ 2M/occurrence \$5M aggregate

Additional Covered Party:  Yes  No (please check one)

Other Requested Coverage: Workers Comp, Business Auto Liability, Professional Liability,  
(such as property, workers' compensation, etc.) Comprehensive general liability

**For Additional Covered Party, you must provide back up documentation such as a contract or lease agreement, which clearly indicates the insurance requirements.**

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**SETTLEMENT AGREEMENT AND  
GENERAL RELEASE**

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THIS SETTLEMENT AGREEMENT AND GENERAL RELEASE ("Agreement") is made and entered into between the City of Lemoore (hereafter referred to as "CITY") and West Hills Community College District (hereinafter referred to as "DISTRICT"). The CITY and DISTRICT are also referred to in this Agreement collectively as "PARTIES."

RECITALS

A. A dispute has arisen between the CITY and DISTRICT relating to the City's partial installation of a waterwell and purchase of two easements on property owned by the DISTRICT defined as the "Well #14 Easement Area" and the "Water Line Easement Area" depicted in ATTACHMENT 1 which is incorporated herein by reference and expressly made a part of this Agreement as if fully set forth. In particular, the parties are in disagreement as to the CITY'S right to use the DISTRICT property and as to the fair market value of the DISTRICT property.

B. CITY and DISTRICT are parties to a July 27, 1999, Economic Development Assistance Agreement ("EDA Agreement"). A dispute has arisen between the CITY and DISTRICT regarding the EDA Agreement. In particular and without limitation as to disagreements regarding other various sections of the EDA Agreement, the parties are in disagreement regarding the part of Section 2(d) which reads "Any reimbursements will be paid to the District from, and only from, payments collected by the City from developers or others, if any, who tie into or otherwise benefit from the oversized Public Improvements, following the date of the City's acceptance, during a 15-year period beginning on the date of the City's acceptance." The disagreement relates to the reimbursable amount which CITY contends is approximately \$560,000 and DISTRICT contends is approximately \$2.6 million dollars.

C. All claims and disagreements by the PARTIES against each other relating to the CITY'S partial installation of a waterwell and purchase of the property owned by the DISTRICT defined as the Well #14 Easement Area and the Waterline Easement Area as more particularly described in ATTACHMENT 1 and all claims and disagreements by the PARTIES against each other relating to the EDA Agreement are collectively referred to in this Agreement as "DISPUTE."

D. CITY and DISTRICT, in order to avoid litigation and attorneys' fees and costs connected therewith, and without admission of any liability, fact, claim, or defense by any party hereto, now desire to forever compromise and settle the referenced DISPUTE, and any other claims, wrongdoing or improper conduct asserted by the PARTIES against each other relating to the DISPUTE including all present and possible future differences, disputes, claims, debts, assertions, or obligations arising from the DISPUTE.

## AGREEMENT

The PARTIES agree that the above recitals are true and correct and in consideration of the foregoing recitals and the mutual covenants, promises and agreements under this Agreement, the CITY and DISTRICT agree and compromise as follows:

1. Matter Settled and Compromised. This Agreement constitutes a fully executed general release between CITY and DISTRICT of any claims, costs, and/or damages arising out of or in any way relating to or arising from the referenced DISPUTE.

2. Duties to be Performed.

a. Upon approval of this Agreement by the PARTIES' respective governing boards and provided that the CITY executes the Easement Agreement attached hereto and incorporated herein in full by reference as ATTACHMENT #1 and indemnifies the DISTRICT and provides the DISTRICT with an endorsement of additional insurance in accordance with this AGREEMENT and the Easement Agreement, the DISTRICT shall grant CITY immediate access to the property defined as the Water Line Easement and the Well #14 Easement Area for the purpose of completing the installation of the well and water line. This Agreement and the Easement Agreement which is attached and incorporated herein by reference in full as ATTACHMENT #1 shall be executed by the parties within 10 days from the PARTIES' respective governing boards' approval of this Agreement. The CITY shall accept the easements provided by the DISTRICT within 10 days thereafter. Except as otherwise indicated in the Easement Agreements for the Well #14 Easement and the Waterline Easement and this Agreement, there shall be no cost to the CITY for the DISTRICT'S allowance of immediate access on DISTRICT real property and for the execution of the Easement Agreement to CITY.

b. In consideration of settlement of the DISPUTE, CITY shall not charge and specifically agrees to waive any claims against DISTRICT for any and all DISTRICT impact fees or any fees related to the DISTRICT'S installation of any on-site improvements on DISTRICT real property, including, but not limited to, any fees related to the DISTRICT'S installation and construction of the Multi-Use Building currently in development and construction, and including any impact fees and any fees related to the DISTRICT'S installation of any on-site improvements on DISTRICT real property for any of the DISTRICT real property which may currently be in development or may be developed in the future on DISTRICT real property. It is estimated that the college is approximately 50% built out. The total college site is estimated to be approximately 110 acres with approximately 55 to 65 acres remaining to be constructed. The combined impact fees are estimated to be approximately \$13,000 per acre.

c. The CITY'S discharge of impact fees and on-site fees as set forth in Section 2b above, shall constitute full and final reimbursement under the EDA Agreement of any remaining reimbursement amounts. Based on this Agreement, the PARTIES agree that any and all obligations and responsibilities of the PARTIES under the EDA Agreement have been met



and satisfied and that there are no remaining obligations or performance requirements for either the CITY or the DISTRICT under the EDA Agreement.

d. General Release. The parties hereby release and forever discharge each other, their officers, employees, agents, attorneys, and others acting for, under, or in concert with each party, past and present, from any and all claims, demands, obligations, losses, causes of action, costs, expenses, attorneys' fees, liabilities, and indemnities of any nature whatsoever, and based on any legal or equitable theory of recovery, whether known or unknown, matured or to mature in the future, which they had, now have, or claim to have against one another arising out of the DISPUTE described in the above Recitals.

3. Waiver of Claims. With respect to the DISPUTE, the PARTIES expressly waive the benefit of Civil Code Section 1542; which is set forth below, and specifically agree that, except as otherwise stated herein, this release shall extend to all claims arising out of transactions prior to the date of this Agreement which they do not know or expect to exist in their favor at this time.

**Civil Code Section 1542 provides:**

**“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing this release, which if known by him or her must have materially affected his or her settlement with the debtor.”**

DISTRICT and CITY understand and acknowledge the significance and consequences of this Agreement and of such specific waiver of Section 1542 and expressly consent that this Agreement shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected claims, demands, obligations, and causes of actions, if any, as well as those relating to any other claims, demands, obligations, or causes of action hereinabove specified relating to the DISPUTE.

4. Legal Representation. The parties hereby acknowledge that they have been represented in negotiations for and in the preparation of this Agreement by counsel of their choice, that they have read the Agreement and have had it fully explained to them by counsel, or specifically declined to do so, and that they are fully aware of the contents of this Agreement and of its legal effect.

5. Entire Agreement. This Agreement contains the entire agreement between the PARTIES, and fully supersedes any and all prior agreements or understandings, written or oral, with respect to each matter hereof. No other agreements, oral or written, shall be deemed to exist or bind any of the parties hereto. An amendment or modification of this Agreement shall be effective only if in writing, signed by all PARTIES hereto.

6. Binding Effect. This Agreement shall bind and inure to the benefit of the respective successors, assigns, grantees, legatees, heirs, and personal representatives of the parties hereto.

7. Governing Law. This Agreement is entered into pursuant to the laws of the State of California, and shall be construed, interpreted, and governed in accordance therewith.

8. Good Faith of Settlement Agreement. The parties hereto acknowledge and agree that the settlement of the DISPUTE set forth in this Agreement constitutes one accomplished in good faith for purposes of the California Code of Civil Procedure, California Rules of Court, and other applicable laws.

9. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute together one and the same instrument. Facsimile and electronically scanned signatures shall have the same effect as originals.

10. Captions. The headings, titles, and captions contained in this Agreement are inserted only for the convenience of the parties and are for reference only, and in no way define, limit, extend, or describe the scope of this Agreement or the intent of any provision hereof.

11. Enforceability. This Agreement may be enforced by any of the parties hereto for the failure of any other party to comply with its terms and to seek any remedy available under law or equity, including specific performance or injunction.

Should any provision of this Agreement be declared or be determined by any court of competent jurisdiction to be illegal, invalid, or unenforceable, the legality, validity, and enforceability of the remaining parts, terms, or provisions shall not be affected thereby, and said illegal, unenforceable, or invalid part, term, or provision shall be deemed not a part of this Agreement.

12. Attorneys' Fees. Should any of the parties hereto institute an action or proceeding to enforce any term or provision of the Agreement, or for any damage by reason of any alleged breach of any term or provision of this Agreement, or for a declaration of any right or obligation hereunder, or to satisfy any term or provision hereof, or for any other judicial remedy pertaining in any way hereto, the parties hereby acknowledge and agree that the prevailing party shall be entitled to reimbursement by the losing party of all costs and expenses incurred thereby, including, but not limited to, reasonable attorneys' fees.

13. Continuing Obligations. The PARTIES agree to execute or deliver any instrument, furnish any information, or perform any other act necessary to carry out the provisions of this Agreement without undue delay or expense, including, but not limited to, mutual execution of an Easement Agreement for the Well #14 Easement and the Waterline Easement .

**City Manager Authority.** The City Manager is hereby directed and authorized to execute such other documents, including without limitation, escrow instructions and amendments thereto, certificates of acceptance, agreements for payments of lost rent, or certifications, as may be necessary or convenient to implement the terms of this Agreement.

14. City Manager and Chancellor Authority. The City Manager and District Chancellor is hereby directed and authorized to execute such other documents, including without limitation, minor amendments hereto, certificates of acceptance, or certifications, as may be necessary or convenient to implement the terms and conditions of this Agreement.

DISTRICT AND CITY ACKNOWLEDGE THAT THIS AGREEMENT IS EXECUTED VOLUNTARILY AND WITHOUT DURESS OR UNDUE INFLUENCE ON THE PART OF, OR ON BEHALF OF ANY OTHER PERSON, FIRM, OR ENTITY.

Dated: \_\_\_\_\_, 2010

**WEST HILLS COMMUNITY COLLEGE DISTRICT**

By: \_\_\_\_\_  
Chancellor

Dated: \_\_\_\_\_, 2010

**CITY OF LEMOORE**

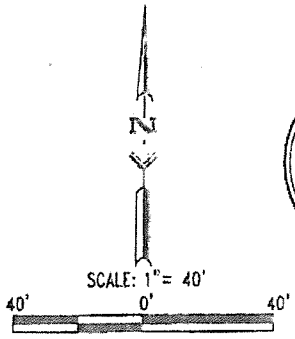
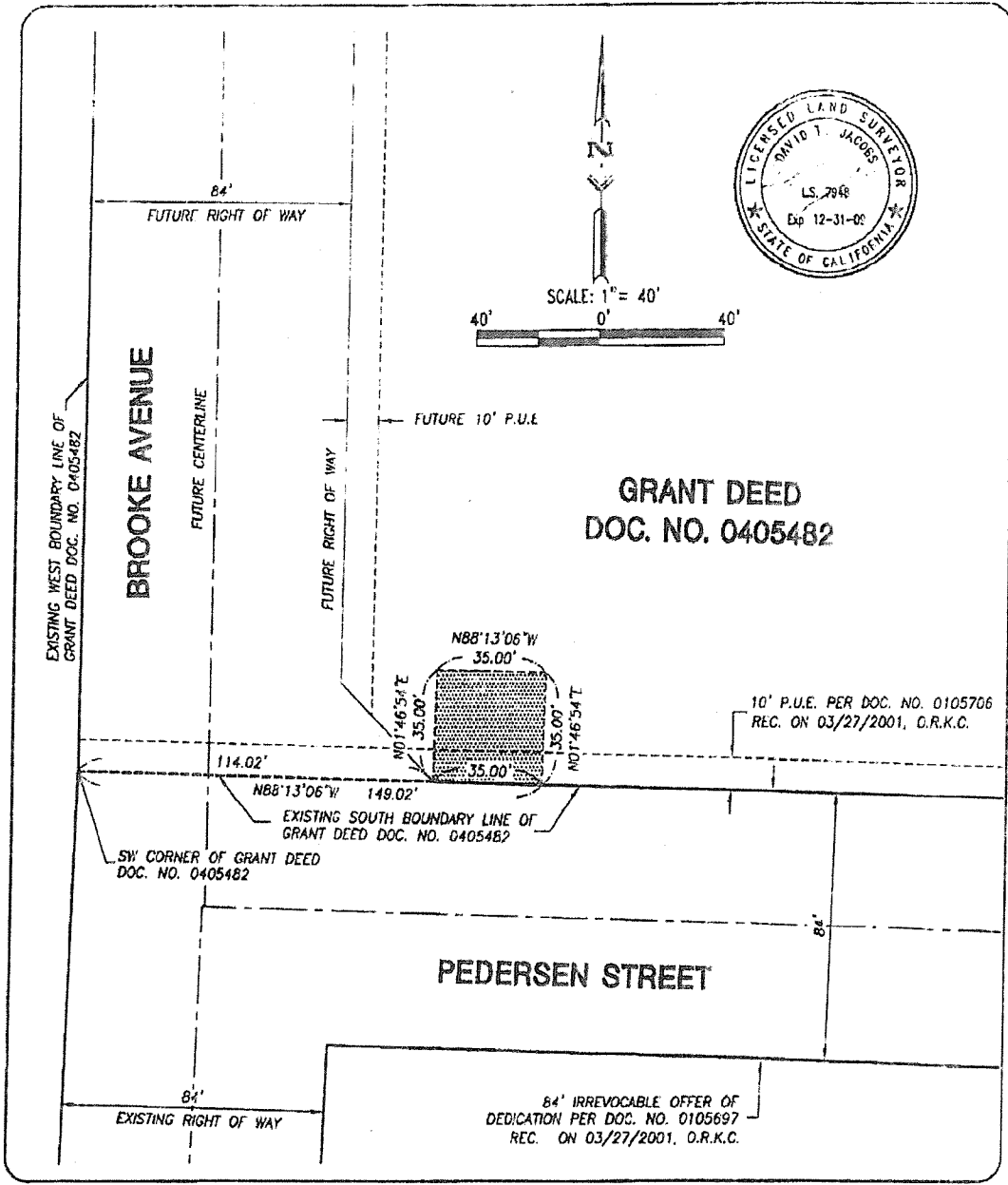
By: \_\_\_\_\_  
\_\_\_\_\_  
Mayor

Approved by the District Governing Board on \_\_\_\_\_

Approved by the City Council on \_\_\_\_\_

Attachment 1

Well Site Easement and Water Line Easement



**GRANT DEED  
DOC. NO. 0405482**

10' P.U.E. PER DOC. NO. 0105706  
REC. ON 03/27/2001, O.R.K.C.

84' IRREVOCABLE OFFER OF  
DEDICATION PER DOC. NO. 0105697  
REC. ON 03/27/2001, O.R.K.C.

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PLOT DATE:	04/27/09
JOB NO.	070437
DRG. NAME:	WELL #14 EXHIBIT
SCALE:	1"=40'
SHEET NO.:	1 OF 1

**WELL #14 EASEMENT**

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**EXHIBIT 'B'**

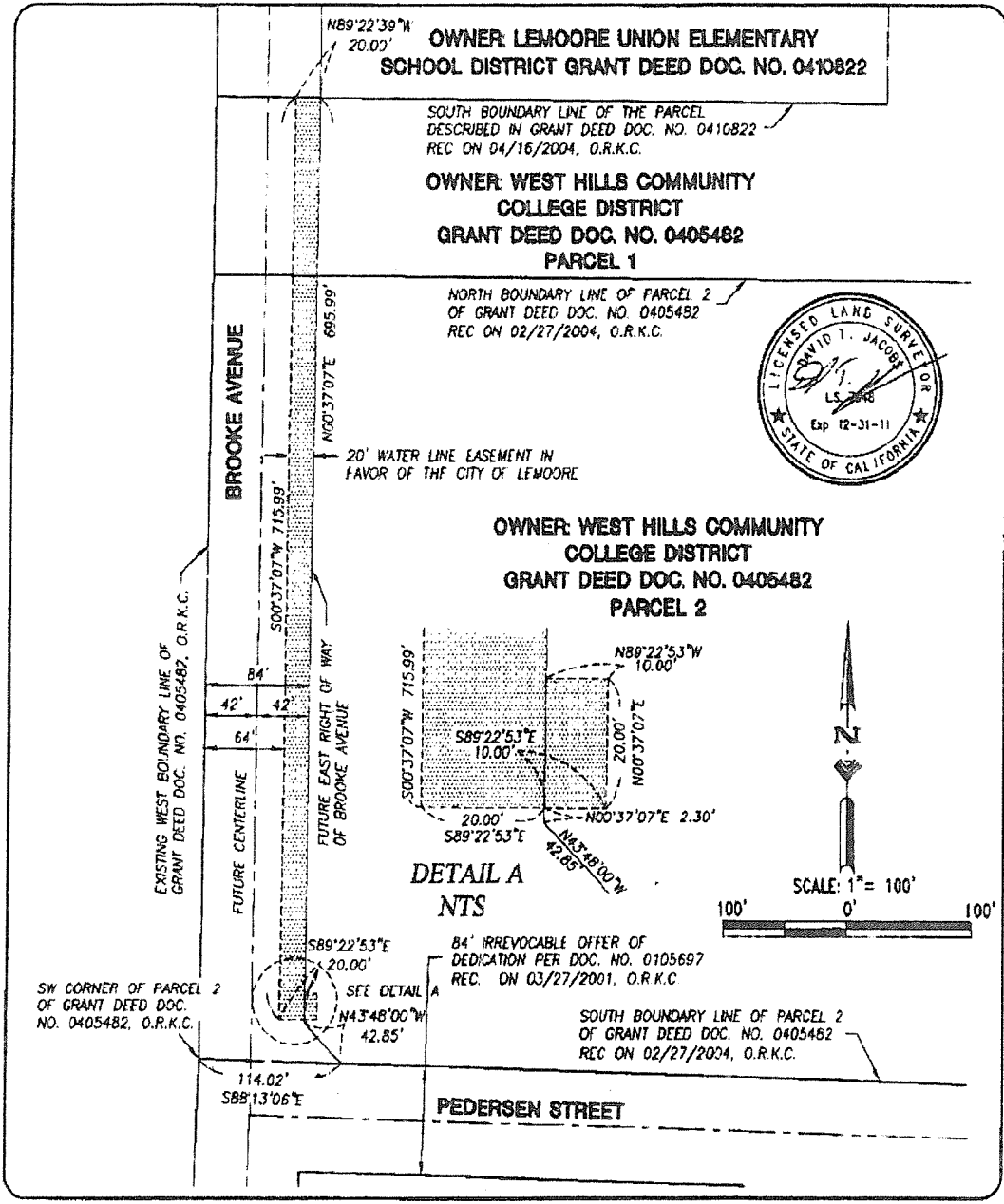
PREPARED BY:



**Quad Knopf**

570 W. GYPSUM AVE.  
P.O. BOX 8030  
VISALIA, CA 93278  
TEL: (559) 743-8446  
FAX: (559) 743-7821

DRW BY: SH      CHK BY: MJM




L:\Projects\2007\070437\ACAD\EXHIBITS\070437-WATER\_LINE EASE.dwg 7/26/2010 11:54 PM P37

PLOT DATE	07/26/10
JOB NO.	070437
DWG NAME:	WATER LINE EASEMENT
SCALE:	1" = 60'
SHEET NO.:	1 OF 1

**WEST HILLS COMMUNITY COLLEGE  
WATER LINE EASEMENT**

**EXHIBIT 'B'**

PREPARED BY



**Quad Knopf**

550 W. CYPRESS AVE  
P.O. BOX 9822  
VIRALIA, CA 95270  
TEL: (925) 750-8440  
FAX: (925) 750-7021

DRW BY: SH      CHK BY: MDJ

RECORDING REQUESTED BY AND )  
 WHEN RECORDED RETURN TO )  
 )  
 )  
 West Hills Community College District )  
 c/o Dr. Frank Gornick )  
 9800 Cody Street )  
 Coalinga, CA 93210 )  
 )

---

SPACE ABOVE THIS LINE RESERVED FOR RECORDERS' USE

**EASEMENT AGREEMENT**

This Easement Agreement ("Agreement") is made on the Effective Date as described in Section 4.11 below between the City of Lemoore (hereinafter referred to as "CITY"), a municipal corporation, whose address is 119 Fox Street, Lemoore, CA 93245 hereafter referred to as "Grantee" and the West Hills Community College District, a community college district, whose address is 9800 Cody Street, Coalinga, CA 93210, hereafter referred to as "Grantor". Grantee and Grantor are jointly referred to as "Parties".

RECITALS:

1. Grantor is the owner in fee simple of certain real property generally described as approximately 35 feet by 35 feet (Well #14 Easement Area) and approximately 12 feet by 25.72 feet (Water Line Easement Area) of the West Hills Community College-Lemoore of the West Hills Community College situated in Lemoore, California (hereafter referred to as the "College Property" or "Servient Tenement"), and more particularly described in Exhibit "A" and depicted in Exhibit "B", which is attached to this Agreement and hereby incorporated in full by reference.
2. Grantor's real property is located within the City of Lemoore.
3. Grantee desires to install a water well and attached water line within the College Property in accordance with all local, state and federal laws and the approved plans and specifications, hereinafter referred to as the "Project".
4. Grantee desires to acquire certain limited rights in the Servient Tenement. Grantee desires to obtain an easement in gross, hereinafter referred to as the "Waterline Easement", over only the College Property specifically described and depicted in Exhibits "A" and "B" from the Grantor for construction, maintenance, operation and installation of a water well and waterline and the Project.
5. The Parties desire to enter into this Agreement to establish a mutually beneficial relationship between Grantee and Grantor so that construction time is minimized

and the operation of the water well and waterline has the minimal impact on Grantor, and Grantor's students and employees and the College Property.

In consideration of the mutual promises contained herein and contained in the Settlement Agreement and General Release between the CITY and DISTRICT which is executed contemporaneously with this Agreement and specifically made a part thereof in full by reference and attached hereto as Exhibit "C" hereto (hereinafter referred to as "Settlement Agreement"), the Parties agree as follows:

**1. EASEMENT:**

**1.1 Grant of Water Well Easement:** On the condition that Grantee performs all obligations, terms and conditions under this Agreement and under the Settlement Agreement and under law and in consideration that Grantee does not charge grantee any impact fees and waives all impact fees to Grantor in accordance with the Settlement Agreement, Grantor grants to Grantee an exclusive easement in gross for initial construction of the water well area and a non-exclusive easement in gross for the construction and maintenance of the waterline subject to the terms of this Agreement so long as the Well #14 Easement Area and Water Line Easement Area are used solely for the purposes of installation, operation and maintenance of the water well #14 and attached waterline and provided that the water well #14 and waterline are installed according to the approved plans, specifications, and drawings for the Project and in accordance with all applicable laws and regulations. Grantor expressly reserves for itself, its successors and its assigns, the right to use the Water Line Easement Area or to grant other easements or licenses at the same location. Accordingly, the Well #14 Easement Area and Water Line Easement Area and right of way granted herein are conveyed subject to the following:

1.1.1 Subject to the right of the Grantor and others to use the Water Line Easement Area in common with Grantee for any purpose as determined solely by Grantor, it being understood that the easement and right of way granted herein shall be nonexclusive and shall be used in common with Grantor and all other persons or entities claiming by, under and through the Grantor and its and their respective heirs, administrators, executors and successors;

1.1.2 Subject to the right of the Grantor, without the prior written consent of Grantee, to make any and all use of the subsurface of the Water Line Easement Area, the surface of the Water Line Easement Area and the air space above the Water Line Easement Area for any and all purposes, including, but not limited to, parking, driveways, pedestrian walking, or any other purposes in Grantors sole discretion. In the event that any such usage by the Grantor, in the sole judgment of Grantor, requires the realignment or relocation of the waterline, such realignment and relocation shall be accomplished in accordance with legal requirements ; and

1.1.3 The grant of the Water Line Easement Area shall in no way restrict the Grantor from constructing further buildings, structures or improvements within



the Water Line Easement area. In the event that any such usage by the Grantor, in the sole judgment of Grantor, requires the realignment or relocation of the Waterline, such realignment and relocation shall be accomplished in accordance with all legal requirements.

**1.2 Character of Easement:** The easement granted in this Agreement is an easement in gross.

**1.3 Description of Waterline Easement:** The easement granted in this Agreement is a an easement in gross of right of way in, upon, under, and across the College Property described and depicted in Exhibits "A" and "B" hereto, only for the purposes of constructing, reconstructing, maintaining and operating, inspecting and repairing (Constructing, reconstructing, maintaining, operating, inspecting and repairing all at the sole cost of Grantee) a water well and water pipe for the transmission and distribution of potable water.

**1.4 Term of Waterline Easement:** On the condition that Grantee performs all obligations, terms and conditions under this Agreement and the Settlement Agreement and under law, the Well #14 Easement and Water Line Easement in gross granted in this Agreement shall be in perpetuity.

**1.5 Incidental Rights for Well #14 Easement and Water Line Easement:** The Waterline Easement granted in this Agreement includes the following incidental rights:

1.5.1 Right of Ingress and Egress only to the extent necessary for inspection, maintenance and repair of the Well #14 and Waterline.

In exercising these rights and use of the Well #14 Easement and Water Line Easement, Grantee must 1) perform all obligations, terms and conditions under this Agreement, under the Settlement Agreement and under law, 2) defend and indemnify Grantor per the terms and conditions under this Agreement and to the maximum extent under law, 3) maintain additional insured certificates and insurance for Grantor's benefit per the terms and conditions under this Agreement, 4) use reasonable care, and 5) may not unreasonably increase the burden on the Servient Tenement or make any material changes to the Servient Tenement.

**1.6 Exclusive and Nonexclusive Easement:** The Well #14 Easement shall be considered an exclusive easement. The Water Line Easement for initial construction and maintenance of the waterline granted in this Agreement is nonexclusive. Grantor retains the right to make any use of the Servient Tenement, including the right to grant concurrent easements in the Servient Tenement to third parties, that does not interfere unreasonably with Grantee's free use and enjoyment of the Water Line Easement.

**1.7 Maintenance of Easements:** Grantee shall maintain the Servient Tenement together with any and all improvements constructed or installed therein, in good repair, including, but not limited to, repair or replacement of the well, waterlines, all casing, all piping, buildings, motors, wellheads, fixtures and appurtenances thereto, asphaltic concrete,

portland cement concrete, roadway surfaces, sidewalks, flatwork, driveways, roadway base, landscaping, underground and overhead utilities, sprinkler piping, soil (including and subsidence issues or problems), grading and compaction, or any other item located within the Servient Tenement, at Grantee's sole cost and expense. In addition, Grantee shall be responsible for any damage to Grantor's property or that of third parties resulting from any exercise of the rights herein granted, including, but not limited to, soil erosion, subsidence or damage resulting therefrom. Grantee shall promptly repair and restore to its original condition any of Grantor's property, including, but not limited to, roads, utilities, buildings and fences that may be altered, damaged or destroyed in connection with the exercise of the Waterline Easement or use of Grantor's property. If Grantee fails to commence the restoration and promptly repair Grantor's damaged property, including, but not limited to, the real property within and adjacent to the Well #14 and Water Line Easements, to its original condition within thirty days of written notice of Grantor, the Easement shall terminate and automatically revert back to Grantor.

**1.8 Liens & Encumbrances:** This Well #14 Easement and Water Line Easement is subject to all liens, encumbrances, covenants, conditions, restrictions, reservations, contracts, leases and licenses, easements, and rights of way pertaining to the College Property, whether or not of record. The use of the word "grant" shall not imply any warranty on the part of the Grantor with respect to the Well #14 Easement and Water Line Easement.

**1.9 Relocation of Well #14/Waterline Easement:** Provided that Grantor sends sixty days written notice of Grantors intent to relocate the Well #14 easement or the Water Line Easement, Grantor may relocate the Well #14 Easement and Water Line Easement if in the sole opinion of Grantor it interferes with the present or future use by Grantor of Grantor's property. Any and all relocations of the Well #14 Easement and Water Line Easement, including, but not limited to, all planning costs, construction costs, permits, fees, realignment costs, relocation costs, additional pipeline or fixtures to re-route the well or pipeline, or any and all other costs and expenses to relocate or realign the well or waterline or its fixtures and appurtenances thereto shall be at Grantor's sole cost and expense.

**1.10 Termination of Easement:** Grantor may terminate the Well #14 Easement and Water Line Easement and all of the rights granted herein any time after twelve (12) months of continuous non-use of the Well #14 Easement and Water Line Easement or the College Property by Grantee. In the event of such termination, the Well #14 Easement and Water Line Easement, or any such new easement granted if the Waterline is relocated according to Section 1.9 above, shall be quitclaimed from Grantee to Grantor, without expense to Grantor, and any and all interest in Grantor's real property conveyed in this Well #14 Easement and Water Line Easement shall automatically revert to Grantor or its assigns and successors, without the necessity of any further action to effect said reversion. On demand by Grantor and upon termination of the Well #14 Easement and Water Line Easement in accordance with this Section, Grantee shall promptly remove any and all improvements it installed in, on, under or above the Well #14 Easement and Water Line Easement areas. At the option of Grantor, all such improvements shall become the personal property of Grantor at no cost to Grantor.

## **2. CONSTRUCTION WORK FOR WELL #14 AND WATERLINE INSTALLATION:**

**2.1 Construction Work:** The Construction Work referred to in this Agreement (hereafter referred to as the "Construction Work") consists of the construction of a water well and waterline installation within the College Property pursuant to the approved plans and specifications that are hereby incorporated by reference and the details thereto.

Grantee shall locate all underground utility lines, sprinkler lines or other lines prior to any excavation or installation of the water well and waterline and shall immediately repair or replace, at Grantee's sole expense, all underground lines damaged by Grantee or Grantee's agents, affiliates, subcontractors, material suppliers, or independent contractors and pay all costs associated with the repair or replacement of any underground lines damaged by Grantee or Grantee's agents, affiliates, subcontractors, material suppliers, or independent contractors. In the event Grantee shall not promptly proceed to commence repair or replacement of any damaged underground utility line, sprinkler line, or other underground line within twenty four hours after the line is damaged by Grantee or Grantee's agents, affiliates, subcontractors, material suppliers, or independent contractors and in the event Grantee shall not promptly and diligently repair or replace said damaged line(s), the Grantor shall have the option to, but not be required to, repair the damaged underground line at Grantee's sole expense. In the event that Grantor exercises its option to repair a damaged underground line, Grantee shall promptly reimburse Grantor for all costs associated with the repair, including, but not limited to, all repair costs and expenses plus overhead at 20% of costs incurred, plus all emergency repair costs and attorney fees.

Grantee shall promptly repair or replace, as determined solely by Grantor, any damaged underground utility or sprinkler lines, trees, paving, concrete, curbs, sprinkler heads, or other items located within or near the Well #14 Easement and Water Line Easement areas which are damaged by Grantee's construction or installation of the well or waterline or damaged by Grantee or Grantee's agents, employees, or independent contractors during the Well #14 Easement and Water Line Easements term. Grantee shall inspect the Project prior to the start of the initial installation of the well and waterline and notify Grantor, in writing, of any items located within or near the construction area for the Well #14 Easement and Water Line Easement areas which show pre-existing damage or Grantee waives any and all claims that the items were damaged prior to Grantee's construction. In the event Grantee shall not promptly proceed to repair or replace any damaged item within twenty four hours after the item is damaged, the Grantor shall have the option, but not be required to, repair the damaged item at Grantee's sole expense. In the event that Grantor exercises its option to repair a damaged item, Grantee shall promptly reimburse Grantor for all costs associated with the repair, including, but not limited to, all repair costs and expenses plus overhead at 20% of costs incurred, plus all emergency repair costs and attorney fees.

Grantee shall provide Grantor, at no cost to Grantor, with at least three (3) full and complete sets of "as-built" drawings of all improvements, including, but not limited to, the well and waterline upon final installation and approval by all governmental agencies, which shall include, but not be limited to, "as-builts" showing the depth, location, all materials used and all notes and inspection records relating to the well and waterline installation in relation to the Waterline, Waterline Easement and the College Property.

Grantee shall install the well and waterline and backfill and compact the area and all excavations according to City and water agency approved plans and specifications and according to all applicable building codes and laws, including, but not limited to, the Uniform Building Codes, City of Lemoore Building Codes, County Building Codes, , and any other requirements under applicable law.

**2.2 Duty to Repair, Restore, Replace:** After completion of the Project, Grantee and Grantee's agents, employees and contractors shall remove all of Grantee's, Grantee's agents and Grantee's contractors personal property, including, but not limited to, goods, debris, barriers, construction supplies or materials, equipment, or other items related to the Project from the College Property and shall surrender possession of the College Property to Grantor in good order and repair to the satisfaction of Grantor. Grantee warrants and agrees to replace or repair any damaged property located within or near the College Property, including, but not limited to, damages to fencing, irrigation, landscaping, underground utility lines or services, portland cement concrete, sidewalks, walkways, curbs and gutters, asphaltic concrete, or other roadway surfaces, and all other damaged items located within or near the Well #14 Easement and Water Line Easement areas and the College Property (hereafter referred to as the "Warranty Work"). All repairs or replaced items shall be installed in a workmanlike quality according to industry standards or to the condition of the damaged item prior to the damage, whichever quality is greater, and shall fully comply with all applicable laws and building codes. Grantee hereby expressly warrants that the workmanship and materials to be installed for all repaired or replaced property shall be without fault or defect for a period of three (3) years after (a) acceptance of the well and waterline by all governmental agencies, including, but not limited to, the City of Lemoore and any and all applicable water agencies or (b) acceptance, in writing, of the repaired or replaced work by Grantor, whichever occurs last. Grantee agrees that it will, upon notice from Grantor or its assigns, immediately and without delay, at its own cost and expense, repair or replace any defects due to faulty work or materials arising during said warranty period. This warranty is expressly made for the benefit of Grantor, and its assigns, and shall be enforceable by any one or more of them. Nothing contained herein shall be deemed to limit Grantee's liability or responsibility for faulty materials or workmanship, or for latent or patent defects in the work, or to limit any statutory or implied warranties, or any other rights or remedies by Grantor. The requirements of this paragraph shall survive the completion of the Project and the termination of the Well #14 Easement and Water Line Easement.

**2.3 Time is of the essence:** For the installation of the well and waterline, repair and replacement of any and all items within the Servient Tenement, performance of any

Warranty Work, or any obligation by Grantee under this Agreement, time is of the essence.

### **3. INDEMNITY/INSURANCE/ SAFETY RULES:**

**3.1 Indemnity:** This Grant of the Well #14 Easement and Water Line Easement is made on the express condition that Grantor is to be free from all liability by reason of injury or death to persons or injury to property from whatever cause arising out of Grantee's, its contractors', agents', officers', members', employees', invitees', or licensees' exercise of rights granted pursuant to this Agreement or use of the Grantor's property or of the improvements or personal property of Grantee thereto or thereon, including any liability for injury or death to the person or property of Grantee, its contractors, agents, officers, members, employees, invitees, or licensees or to any property under the control or custody of Grantee. To the fullest extent permitted by law, Grantee agrees to defend (with counsel acceptable to Grantor), indemnify and hold the Grantor harmless from and against all loss, damage, liability, expense, cost, claim or lien arising out of injury to, whether bodily injury and/or personal injury, or death of persons, including, but not limited to, injury or death of any employee of Grantor, Grantee or Grantee's subcontractors, agents, or independent contractors, or loss of use or damage to property, or any other cause of action, proceeding, citation or Warranty Work stoppage arising out of or in any way connected with the alleged violation by Grantee or Grantee's subcontractors, agents, employees, or independent contractors of any Safety Rule: arising out of or relating to (i) the use of the College Property by Grantee or Grantee's subcontractors, agents, employees, or independent contractors, or (ii) obligations of Grantee or its agents, subcontractors, or independent contractor under this Agreement, or, (iii) Grantee's breach or default of its obligations hereunder: except to the extent that such indemnity is void or unenforceable at law and except for any loss, damage, liability, expense, cost, or claim to the extent such liability is the result of the active negligence or sole negligence or willful misconduct of the Grantor. Grantee shall include in all agreements with its subcontractors, agents, employees, and independent contractors, clauses similar to this paragraph wherein the Grantee's subcontractors, agents, employees, and independent contractors agree to indemnify and defend Grantor against all loss, damage, liability, expense, costs relating to the use, access, or work done relating to the Well #14 Easement and Water Line Easement or the College Property.

Grantee's duty to defend Grantor is entirely separate from and independent of Grantee's duty to indemnify Grantor, including without limitation the defense of Grantor against claims for which Grantor may be strictly liable and applies whether the issue of Grantee's negligence, breach of contract or other fault or obligation has been determined. It is the intention of the Grantee and Grantor that Grantor shall be entitled to obtain summary adjudication of Grantee's duty to defend Grantor at any stage of any claim or suit with this Section.

**3.2 Insurance:** Grantee, Grantee's subcontractors, agents, and independent contractors shall, at its sole expense, procure, carry and maintain in full force insurance on all of its operations as follows: Workers Compensation, Business Automobile Liability,

Professional Liability, and Comprehensive General Liability insurance policies, naming Grantor, its agents and employees, as additional insured in an amount not less than \$2,000,000.00 per occurrence and \$5,000,000.00 aggregate. The insurance for general liability shall cover all operations of Grantee and Grantee's subcontractors, agents, and independent contractors and shall be evidenced by Grantee's and Grantee's subcontractors, agent, and independent contractors delivery to the Grantor of an endorsement form CG 2010 11/85 or its equivalent or CG2026 11/85 or its equivalent naming Grantor and Grantor's directors, officers, agents and employees as additional insured. The insurance shall cover all operations of Grantee and Grantees contractors. The additional insured certificates shall provide that there will be no cancellation, reduction, or modification without thirty days prior written notice to Grantor. All policies and additional insured endorsements shall stipulate that the insurance afforded for the Grantor, and their officers and employees, shall cover the workmanship of the Grantee and Grantee's contractors and subcontractors and shall be primary insurance and that any insurance carried by the Grantor shall be deemed excess and not contributory insurance. The Grantee and Grantee's subcontractors, agents, employees, and independent contractors shall not enter the College Property area under this Agreement or the Settlement Agreement until the requirements of this Section have been complied with and the Grantee and all of Grantee's contractors, subcontractors and material suppliers have supplied a written additional insured certificate and endorsement to the Grantor covering the Grantee and all Grantee's subcontractors, agents, and independent contractors. As a condition of Grantor granting the Well #14 Easement and Water Line Easement to Grantee in this Agreement, Grantee shall maintain insurance for Grantor's use and benefit as identified herein and provide Grantor with renewed additional insured certificates of endorsements at least thirty days prior to any expiration of insurance in accordance with this Agreement. If Grantee fails to provide evidence of additional insured endorsements as required and indicated herein, the Well #14 Easement and Water Line Easement shall terminate and automatically revert to Grantor.

**3.3 Safety Rules:** Grantee and Grantee's subcontractors, agents, and independent contractors shall perform all installation, maintenance, and repairs for the Well #14 Easement and Water Line Easement areas and all Warranty work and use the Well #14 Easement and Water Line Easement and College Property in accordance with all federal, state, and local safety requirements, including without limitation OSHA and CAL-OSHA requirements as may be amended from time to time (such requirements being all collectively referred to as the "Safety Rules"), taking all necessary and reasonable precautions to protect the College Property, adjacent properties, all Warranty work or any other work performed relating to the use of the easement, workers, Grantee's employees, Grantee's subcontractors or their employees, Grantor or their agents and employees, and the public. Grantee represents and warrants to Grantor that while Grantee, Grantee's employees and agents and Grantee's contractors, subcontractors and material suppliers enter onto or work on the College Property, all Safety Rules, no matter what the source, shall be strictly observed. Grantee shall at its own cost and expense protect its own employees, employees of Grantor, the public, and all others from risk of death, injury or bodily harm arising out of or in any way connected with the Well #14 Easement and Water Line Easement, the Warranty work or use of the easement and College Property.

#### 4. MISCELLANEOUS PROVISIONS:

4.1 **Attorney Fees:** If any legal action or proceeding arising out of or relating to this Agreement or arising from any other action relating to the use of Grantor's property or the College Property or Well #14 Easement and Water Line Easement is brought by either party to this Agreement, whether brought in tort, equity or contract, the prevailing party shall be entitled to receive from the other party, in addition to any other relief that may be granted, all attorneys' fees, costs, and expenses incurred in the action or proceeding by the prevailing party.

4.2 **Entire Agreement:** This Agreement supersedes any and all other agreements (except the Settlement Agreement which is executed contemporaneously hereto), whether oral or in writing, between the parties with respect to the subject of this Agreement. This Agreement contains all of the covenants and agreements between the parties with respect to the subject of this Agreement, and each party acknowledges that no representations, inducements, promises, or agreements have been made by or on behalf of any party except the covenants, representations, warranties and agreements embodied in this Agreement. This Agreement constitutes the entire agreement between Grantor and Grantee relating to the above Easements and use of the College Property by Grantee or its subcontractors, agents, employees, or independent contractors.

4.3 **Binding Effect:** This Agreement shall be binding on and shall inure to the benefit of the heirs, executors, administrators, successors, and assigns of Grantor and Grantee, except as otherwise provided in this Agreement.

4.4 **Governing Law:** The validity of this Agreement and each of its terms and provisions, as well as the rights and duties of the parties under this Agreement, shall be construed pursuant to and in accordance with the law of the State of California. This Agreement and the language of all parts of this Agreement shall be construed as a whole, according to its fair meaning, and not strictly for or against Grantee or Grantor. All parties have participated fully in the negotiation, preparation and drafting of this Agreement and the language used herein is the result of that participation. It is mutually agreed that any rule of law that any ambiguous language shall be construed against the author shall not be used and have no effect as to this Agreement. Grantor and Grantee have had a chance to review this Agreement with their respective attorney's and have either done so or declined to do so.

4.5 **Severability:** If any sentence or term of this Agreement is held by a court of competent jurisdiction to be void or unenforceable, the remainder of the Agreement terms shall remain in full force and effect and shall not be affected.

4.6 **Notices:** Any notice required or permitted may be given via United States certified or registered mail at the addresses shown in this Agreement. The notice shall be considered delivered when deposited for delivery by the United States Post Office.

4.7 **Modifications:** Any modification or amendment to this Agreement shall be of no force and effect unless it is in writing and signed by Grantor and Grantee. Grantor and

Grantee each agree that they will make no claim at any time that this Agreement has been orally amended or modified.

**4.8 Other documents:** The following drawings, specifications, and other documents are incorporated into this Agreement:

**4.8.1 “Exhibit A”** -Description of Well #14 Easement and Water Line Easement and Servient Teniment.

**4.8.2 “Exhibit B”** -Depiction of Well #14 Easement and Water Line Easement and Servient Teniment.

**4.8.3 “Exhibit C”** – Settlement Agreement

**4.9 Licensing of Contractors:** Contractors and the Grantee’s subcontractors and independent contractors are required by law to be licensed and regulated by the Contractors State License Board. Grantee warrants and represents to Grantor that all contractors or persons performing any construction work relating to the installation, maintenance, repair, relocation, or realignment of the well or waterline, or performing any Warranty work or entering the College Property to perform any construction work relating to the well or waterline, College Property, Easements or any work under this Agreement, shall be properly licensed at all times by the Contractors State License Board, bonded (performance and payment bonds for 100% according to this Agreement), and insured according to the terms and limits identified in this Agreement.

**4.10 Waivers:** Any deviation from, or waiver of, any provision of this Agreement, shall not be deemed a continuing deviation or waiver. All waivers must be in writing and signed by both the Grantee and Grantor. No oral waiver shall be valid and shall be automatically null and void.

**4.11 Effective Date:** The effective date of this Agreement shall be the last date that the West Hills Community College Board and the Grantee approve and sign this Agreement.

**4.12 Legal Duties Deemed Incorporated:** All duties and responsibilities that apply to Grantee under law and which are not expressly referred to in this Agreement are hereby deemed incorporated into and made a part of this Agreement.

**4.13 Assumption of Risk:** Grantee and Grantee’s employees, agents, contractors, subcontractors, and material suppliers assumes any and all risks, whether known or unknown, whether patent or latent, relating to the College Property and Grantor’s property for use of the easements or Grantor’s property and enters the College Property and all of the adjacent real property of the Grantor at its own risk and subject to whatever hazards or conditions may exist on Grantor’s real property.

**4.14 Permits and Costs:** Grantee represents and warrants that Grantee and Grantee’s contractors, subcontractors and material suppliers shall obtain all necessary permits and licenses from the appropriate governmental agencies for any and all construction or other work relating to the Waterline, Waterline Easement, Temporary Easement, and College Property use during the term of the Waterline Easement.

**4.15 Grantee’s Duty to comply with laws:** Grantee shall comply with all applicable laws, ordinances and regulations, including but not limited to all applicable regulatory, environmental and safety requirements at Grantee’s sole cost and expense.



**4.16 Hazardous Materials:** Grantee shall not use, deposit or permit the use or deposit of any hazardous material or toxic waste or other harmful substances on the Well #14 Easement and Water Line Easement areas or on any other real or personal property of Grantor.

**4.17 Grantee's duty to use reasonable routes directed by Grantor:** Grantee shall not materially interfere with the use by and operation and activities of Grantor on its property, and Grantee shall use such routes and follow such procedures on Grantor's property as result in the least damage and inconvenience to Grantor.

**4.18 Taxes & Liens:** Grantee alone shall pay any and all taxes, charges or use fee(s) levied by any governmental agency against Grantee's interest in the Well #14 Easement and Water Line Easement areas, or against any of Grantor's real property as a result of the Well #14 Easement and Water Line Easement herein granted. Grantee shall not cause liens of any kind or stop notices to be placed against the Well #14 Easement and Water Line Easement area or any of Grantor's real property.

**4.19 Bonds:** All work to install, maintain or repair, the well and waterline or performed within the Well #14 Easement and Water Line Easement areas by Grantee or Grantee's employees and contractors shall be performed under a one hundred percent (100%) payment bond and one hundred percent (100%) performance bond.

**4.19.1 Performance Bond:** The amount of the bond to be given to secure faithful performance of the contract shall be equal to one hundred percent (100%) of the contract price thereof, and shall provide, in effect that the principal shall sell and truly perform the "contract" rather than the "work to be done".

**4.19.2 Payment Bond:** The amount of the bond to be given to secure the payment of all claims, demands, liens, stop notices, or changes of material, men, mechanics and laborers shall be equal to one hundred percent (100%) of the contract price.

(This space left blank intentionally. Signatures begin on following page.)

This Agreement is executed in Coalinga, CA and all of the above terms and conditions have been read, understood and agreed to by:

**GRANTOR:**

**West Hills Community College District:**

Signature of Grantor: \_\_\_\_\_

Print Name and Title: \_\_\_\_\_

Date: \_\_\_\_\_

Approved by the West Hills Community College Board on \_\_\_\_\_, 2010.

**GRANTEE:**

**City of Lemoore, by its authorized agent:**

Signature of Grantee: \_\_\_\_\_

Print Name and Title: \_\_\_\_\_

Date: \_\_\_\_\_

Approved by the City Council of the City of Lemoore on \_\_\_\_\_, 2010.

**Exhibit "A"**  
**Well #14**

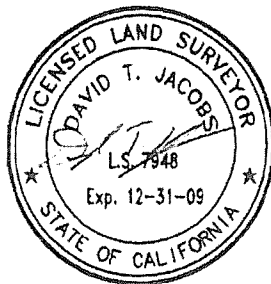
That portion of the Southwest quarter of Section 8, Township 19 South, Range 20 East, Mount Diablo Base and Meridian, in the City of Lemoore, County of Kings, State of California, described as follows:

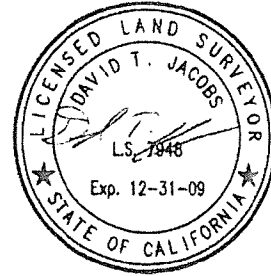
Commencing at the Southwest corner of Parcel Two described in Grant Deed recorded February 27, 2004, as Document Number 0405482 of Kings County Records; thence South 88°13'06" East along the South line of said Parcel Two, said line also being the North right of way line of Pedersen Street as described in Irrevocable Offer to Dedicate Real Property recorded March 27, 2001 as Document Number 0105697 of Kings County Records, a distance of 129.03 feet to the intersection of a line that is parallel and 129.00 feet East of the West line of said Parcel Two; thence North 00°37'07" East along said parallel line, 25.72 feet to the TRUE POINT OF BEGINNING; thence continuing North 00°37'07" East along said parallel line 35.00 feet; thence North 89°22'53" West, 35.00 feet to the intersection of a line that is parallel and 94.00 feet East of the West line of said Parcel Two; thence South 00°37'07" West along said parallel line, 35.00 feet; thence South 89°22'53" East 35.00 feet to the TRUE POINT OF BEGINNING.

TOGETHER WITH a 12.00 foot ingress and egress easement, the centerline of which is described as follows;

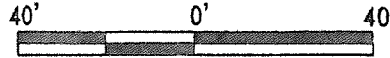
Commencing at the Southwest corner of said Parcel Two; thence South 88°13'06" East along the South line of said Parcel Two and said North right of way line of Pederson Street, 123.03 feet to the TRUE POINT OF BEGINNING; thence North 00°37'07" East, 25.59 to the South line of the above described property.

Note: The side lines of the above described 12.00 foot wide ingress and egress, shall be extended or foreshorten, so as to terminate on the North right of way line of Pedersen Street and the above described Well #14 property.





SCALE: 1" = 40'



WELL #14 LOT



12' ACCESS EASEMENT

# GRANT DEED DOC. NO. 0405482

10' P.U.E. PER DOC. NO. 0105706  
REC. ON 03/27/2001, O.R.K.C.

84' IRREVOCABLE OFFER OF  
DEDICATION PER DOC. NO. 0105697  
REC. ON 03/27/2001, O.R.K.C.

EXISTING WEST BOUNDARY LINE OF  
GRANT DEED DOC. NO. 0405482

**BROOKE AVENUE**

FUTURE CENTERLINE

FUTURE RIGHT OF WAY

FUTURE 10' P.U.E.

84'  
FUTURE RIGHT OF WAY

129'

94'

N89°22'53"W  
35.00'

35.00'

S89°22'53"E  
35.00'

35.00'

N00°37'07"E  
60.72'

60.72'

N00°37'07"E  
25.59'

25.59'

123.03'

S88°13'06"E 129.03'

EXISTING SOUTH BOUNDARY LINE OF  
GRANT DEED DOC. NO. 0405482

SW CORNER OF GRANT DEED  
DOC. NO. 0405482

**PEDERSEN STREET**

84'  
EXISTING RIGHT OF WAY

L:\Projects\2007\070437\ACAD\EXHIBITS\070437-WELL 14 EXHIBIT.dwg 6/15/2009 8:59:23 AM PDT

PLOT DATE:	06/15/09
JOB NO.	070437
DWG. NAME:	WELL #14 EXHIBIT
SCALE:	1"=40'
SHEET NO.:	1 OF 1


**WELL #14 LOT &  
ACCESS EASEMENT**

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**EXHIBIT 'B'**

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PREPARED BY:



6110 W. CYPRESS AVE.  
P.O. BOX 3899  
VISALIA, CA 93276  
TEL: (559) 733-0440  
FAX: (559) 735-7821

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DRW BY: SH      CHK BY: MM

CALIFORNIA AFFILIATED  
RISK MANAGEMENT AUTHORITY  
(CARMA)

PROCEDURES FOR ISSUANCE OF  
CERTIFICATES OF COVERAGE

~~September-December~~ 2010

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The purpose of these procedures is to balance the two (2) conflicting goals which are (1) responsiveness to demands for certificates and (2) control over extensions of coverage. This procedure establishes authority within the Member JPA to issue certificates for certain types of activities and leaving authority for the issuance of all other certificates to the discretion of the California Affiliated Risk Management Authority's (CARMA) Administrator.

The Member JPA has the authority to issue certificates provided that:

1. This certificate ***does not provide coverage*** to the certificate holder.
2. It only provides evidence of financial responsibility.
3. It may be issued ~~for any amount within the coverage limits of CARMA, up~~ through the CARMA reinsurance layer.
4. It may be issued without notice to CARMA.

~~Issuance~~ For the issuance of Certificates of Insurance naming the certificate holder as an Additional Covered Party for limits within the CARMA layer the following procedures apply:

- ~~1. The contract requiring such language must be provided to the CARMA Administrator for review and issuance. The underlying member shall submit for review and approval to the Litigation Manager the written agreement or contract as well as the Request for Coverage when an Additional Covered Party status is requested by the Member JPA.~~  
~~1.~~
2. CARMA Administrator will issue Certificate as soon as possible, but no longer than 48 business hours from time of receipt of the contract.

Please note that should there be an impasse between the review and subsequent recommendation of the CARMA Administrator and/or Litigation Manager and the underlying member's needs regarding the request for coverage, the issue will be presented to the CARMA Board of Directors for a determination and decision on the issue being presented to the Board.

**MARKETING MATTERS**

**SUBJECT: Commercial Marketing Strategy**

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**BACKGROUND AND STATUS:**

This item has been placed on the agenda for the members to evaluate the information received by Alliant Insurance Services at the 2011 Annual Workshop and their marketing plan for CARMA's upcoming renewal.

**RECOMMENDATION:**

*Staff will have a recommendation at the meeting pending the outcome of the discussion of this issue at the 2011 Annual Workshop.*

**REFERENCE MATERIALS ATTACHED:**

- CARMAS 2011/2012 Marketing – Alliant Insurance Services, Inc.

December 28, 2010

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

**CARMA 2011/2012 Marketing**

Dear Karen:

We wanted to take an opportunity to update you with our marketing plans for CARMA for the 2011/2012 coverage year.

As you are aware, CARMA is currently a member of the Alliant group purchase group ANML which Everest Reinsurance is the current reinsurer. This program is underwritten by AUS, a division of Alliant and placed through a Managing General Agency (MGA) called CV Starr. Currently CV Starr is in the process of replacing Everest with Starr Indemnity "paper", with Everest becoming a quota share treaty reinsurer on the program. It is our current understanding that policy terms will only be enhanced, and that available limits may likely increase. This new, mutually agreed, program structure represents positive changes in the current placement.

Alliant is in discussions with other insurers and reinsurers to compete on this program for the 2011/2012 coverage period. We are currently surveying the market, but likely these are the same carriers as the prior year. (We will work more closely with them to obtain cost effective options, based on their competitiveness and ability to provide the coverage form required by CARMA members and included in the current MOC).

Last year when we marketed the account, we asked insurers for an option of a "buy-down" of CARMA's retention of \$3mil xs \$1mil. We also believe that there may be an opportunity to carefully examine a Corridor layer concept, where, in combination of a lower retention, CARMA assumes a percentage of the carrier's layer - - we will discuss this in more detail with the Board at the upcoming meeting. If these ideas are of interest we will pursue these opportunities as well.

Karen, if you have any questions regarding our marketing strategy, please let us know.

Sincerely,



Susan D. Adams  
Assistant Vice President  
[sadams@alliantinsurance.com](mailto:sadams@alliantinsurance.com)

cc: Michael Simmons  
Vice Chairman  
[msimmons@alliantinsurance.com](mailto:msimmons@alliantinsurance.com)

**CLAIMS MATTERS**

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

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**BACKGROUND AND STATUS:**

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

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

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

**RECOMMENDATION:**

None.

**REFERENCE MATERIALS ATTACHED:**

- The Litigation Manager's Report dated December 3, 2010, was mailed under separate cover and will be collected at the meeting.