

**CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES
BOARD OF DIRECTORS**

AGENDA

**Bickmore
1750 Creekside Oaks Drive, Suite 200
Sacramento, California 95833
(800) 541-4591**

**Wednesday, April 17, 2013
10:00 a.m. - 2:00 p.m.
Lunch will be provided**

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 Ms. Jaesa Ng at (916) 244-1130 or (916) 244-1199 (fax). Requests must be made as early as possible, and at least one full business day before the start of the meeting.

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

	<u>Page</u>
1. CALL TO ORDER	
2. INTRODUCTIONS	
3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)	
4. PUBLIC COMMENTS – This time is reserved for members of the public to address the Board relative to matters of the California Affiliated Risk Management Authorities not on the agenda. No action may be taken on non-agenda items unless authorized by law. Comments will be limited to five minutes per person and twenty minutes in total.	
5. CONSENT CALENDAR	
*A. Minutes of the January 11, 2013, Board of Directors' Meeting	5
*B. Warrant Listing from January 31, 2013, through March 31, 2013	16
*C. Treasurer's Report as of December 31, 2012	17
*D. Internal Financial Statements for the Quarter Ended December 31, 2012	37
*E. CARMA Records for Disposal - 2012	45
*F. California Association of Joint Powers Authorities (CAJPA) Journal – Winter 2012 Edition	46
*G. Memorandum of Coverage (MOC) Endorsement #2	49
*H. Letter from CAMP Regarding New Custodial Agreement	51
<i>Recommendation: Approval of the Consent Calendar.</i>	

* = Material on agenda item enclosed

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

6. **ADMINISTRATIVE MATTERS**
- *A. Consideration of the Liability Claims Audit Prepared by Farley Consulting Services, LLC **68**
Recommendation: Staff recommends Mr. Farley's findings be accepted and approved.
 - *B. Agreement Between CARMA and Alliant Insurance Services for Brokerage Services – Draft Three-Year Agreement **95**
Recommendation: Staff recommends the Board approve the three-year agreement between CARMA and Alliant Insurance Services as presented.
 - *C. CARMA/GENEX Contract – Medicare Reporting Agent and Set Aside Services **114**
Recommendation: None.
 - *D. CARMA Reserving Philosophy **129**
Recommendation: Staff recommends the Board informally adopt the CARMA Liability Reserving Philosophy and direct the Litigation Manager to implement this philosophy according to his/her best judgment.
7. **COVERAGE MATTERS**
- *A. Report from Alliant Insurance Services on the Status of the Excess Insurance Renewal for CARMA **133**
Recommendation: A recommendation will be provided at the meeting following the report from Mr. Seth Cole, Alliant Insurance Services.
8. **FINANCIAL MATTERS**
- *A. Review of Actuarial Study Provided by Mr. Jack Joyce of Bay Actuarial Consultants **135**
Recommendation: Staff recommends the Board accept and file the actuarial study as presented.
 - *B. Consideration of the Proposed Annual Budget Scenarios for the 2013/14 Fiscal Year **172**
Recommendation: Staff recommends approval of the 2013/2014 Proposed Annual Operating Budget at the 75% confidence level, using a discount factor of 2.0%.
9. **CLAIMS MATTERS**
- **A. Closed Session Pursuant to Government Code Section 54956.95(a) to Discuss Claims **198**
- Pursuant to Government Code Section 54956.95(a), the Board will hold a closed session to discuss any claims for the payment of tort liability losses, public liability losses, or workers' compensation liability incurred by the joint powers authority:
- Padgett v. Loventhal and Wright (Monte Sereno)
10. **CLOSING COMMENTS**
- This time is reserved for comments by the Board members and staff and to identify matters for future Board business.

* = Material on agenda item enclosed

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

- A. Board
- B. Staff

10. **ADJOURNMENT**

- ❖ The next Board of Directors' meeting is scheduled for Wednesday, June 19, 2013, at 10:00 a.m. at the offices of Bickmore, 1750 Creekside Oaks Drive, Suite 200, in Sacramento.

CONSENT CALENDAR

SUBJECT: Consent Calendar

BACKGROUND AND STATUS:

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

RECOMMENDATION:

Approval of the Consent Calendar.

REFERENCE MATERIALS ATTACHED:

- *A. Minutes of the January 11, 2013, Board of Directors' Meeting
- *B. Warrant Listing from January 31, 2013, through March 31, 2013
- *C. Treasurer's Report as of December 31, 2012
- *D. Internal Financial Statements for the Quarter Ended December 31, 2012
- *E. CARMA Records for Disposal - 2012
- *F. California Association of Joint Powers Authorities (CAJPA) Journal – Winter 2012 Edition
- *G. Memorandum of Coverage (MOC) Endorsement #2
- *H. Letter from CAMP Regarding New Custodial Agreement

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

**DRAFT MINUTES OF THE BOARD OF DIRECTORS’
MEETING OF JANUARY 11, 2013**

A regular meeting of the Board of Directors of CARMA was held on January 11, 2013, at the Bodega Bay Lodge, Bodega Bay, California.

BOARD MEMBERS PRESENT:

Geoff Grote, BCJPIA, President
Robert Galvan, MBASIA, Vice President
Jake O’Malley, MPA, Treasurer
Robert Gay, VCJPA
Tim Przybyla, CSJVRMA

ALTERNATE MEMBERS PRESENT:

Gary Goodman, VCJPA
Robert Ewing, MPA

OTHERS PRESENT:

Rob Kramer, Executive Director
Michael Groff, Litigation Manager
Craig Farmer, Board Counsel
Nancy Broadhurst, Financial Manager
Jaesa Ng, Board Secretary
Conor Boughey, Alliant Insurance Services/MBASIA
Administrator
Seth Cole, Alliant Insurance Services
Mike Simmons, Alliant Insurance Services
Carlos Oblites, Public Financial Management
Jeanette Workman, Bickmore, CSJVRMA
Administrator
Adrienne Beatty, Bickmore, BCJPIA Assistant
Administrator
Brian Kelley, Bickmore, VCJPA Administrator
Chrissy Mack, Bickmore, CSJVRMA, Assistant
Administrator

1. CALL TO ORDER

The January 11, 2013, Board of Directors’ meeting was called to order at 9:00 a.m. by President Geoff Grote.

2. INTRODUCTIONS

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

3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

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

4. PUBLIC COMMENTS

None.

5. CONSENT CALENDAR

Jake O'Malley moved to approve/accept the following items: A) Minutes of the September 21, 2012, Board of Directors' Meeting; B) Warrant Listing for August 16, 2012, through December 31, 2012; C) Treasurer's Report at September 30, 2012; D) Financial Statements as of September 30, 2012; E) CARMA 2012/2013 Liability Renewal – Alliant Underwriting Fees Annual Disclosure; and F) Craig Farmer's Response to the MBASIA's Capitola Flood Claim/CARMA Closed Session Procedure. Seconded by Bob Gay. Motion passed unanimously.

6. ANNUAL WORKSHOP RECAP

A. Establishment of Goals and Objectives

Mr. Rob Kramer, Executive Director, provided a recap of the goals and objectives that were discussed at the January 10, 2013, CARMA Board of Directors' 20th Annual Workshop as follows:

1. Possible Decrease in Discount Rates

Mr. Kramer confirmed that staff will bring back various discount rate options, including 2% and 2.5%.

2. Equity – How the Organization May Want to Use Equity

Mr. Kramer noted that the Board had various options, including establishing a mid-layer pool, returning funds, and holding funds. Staff will evaluate and provide options for the Board to consider during the course of the next year.

3. Litigation Management Program and the Reserving Philosophy

Mr. Kramer noted that the Board provided direction to create an informal reserving

policy. Mr. Kramer confirmed that the Board would like the Litigation Manager to continue using his best judgment when reserving at the CARMA level, regardless of the reserves at the underlying level. Mr. Kramer noted that the Board would like staff to discuss with the auditor a way to analyze the methodologies utilized by the underlying members when reserving, to ensure there is not a large discrepancy in reserve levels. Mr. Kramer concluded that it is important to continue strong communication between the underlying Third Party Administrators (“TPAs”) and the Litigation Manager. It was requested that staff also request Claims Development Information, also known as loss triangles, from the underlying members and review the loss development factors and bring back any that have a large variance.

Tim Przybyla moved to establish the goals and objectives as stated. Seconded by Bob Gay. Motion passed unanimously.

7. ADMINISTRATIVE MATTERS

A. CARMA Staffing Plan

Mr. Kramer advised the Board that he is currently acting as the Interim Executive Director to CARMA, and that the Board should consider whether to formally appoint him as the Executive Director, or provide direction as to how the evaluation/selection process should proceed. President Grote informed Mr. Kramer that the Board would like to appoint him as the CARMA Executive Director.

Jake O’Malley moved to appoint Rob Kramer as the Executive Director to CARMA, effective January 11, 2013. Seconded by Bob Gay. Motion passed unanimously.

B. Appointment of CARMA Board Secretary – Ms. Jaesa Ng

Mr. Kramer advised that Ms. Jaesa Ng has been assigned to the position of Analyst on CARMA, and staff is recommending the Board appoint Ms. Ng as the CARMA Board Secretary.

Tim Przybyla moved to appoint Jaesa Ng as the CARMA Board Secretary. Seconded by Bob Gay. Motion passed unanimously.

C. Approval of the Endorsement for Successor Agencies and Covered Member Appointees to Oversight Boards

Mr. Kramer reminded the Board that at the September Board meeting, the Board determined that CARMA is willing to provide coverage to the successor agencies of the dissolved Redevelopment Agencies (“RDAs”) and will provide coverage to an employee/official of a Covered Member that may sit on an oversight board. Mr.

Kramer advised that staff had received a full list of successor agencies from each underlying member.

Prior to the meeting, the Board received a draft endorsement to the CARMA Memorandum of Coverage (MOC) that would extend CARMA's coverage to the successor agencies, retroactive to July 1, 2012, and to covered member appointees to oversight boards. Mr. Craig Farmer, Legal Counsel, was present to review the endorsement with the Board. Mr. Farmer noted that the newly formed successor agencies are performing the same activities that were carried out by the RDAs, therefore, CARMA is able to provide coverage through an endorsement. He noted that the endorsement also provided limited coverage to an individual from a Member City who may be appointed to sit on the oversight board.

It was questioned if the language in the endorsement should be amended to include officers that are appointed to an oversight board, as well as employees. Mr. Kramer advised that the intent was to provide coverage to officers who may be appointed to an oversight board, so the language should be amended to reflect this.

Discussion ensued regarding if former employees and former officials that are serving on an oversight board would be covered under CARMA. It was expressed that the intent of the endorsement is to cover the individual that is appointed to the oversight board by the Covered Member, because that individual would be acting on behalf of the City.

Mr. Farmer suggested amending the language in the endorsement in the third and fourth paragraphs, to read as follows:

“Coverage under this Memorandum of Coverage is hereby extended to those successor agencies which are created pursuant to Health & Safety Code Sections 34170 et seq. by the Covered Parties defined in Section II(b) hereof, but only for those types of activities that were performed previously by such creating Covered Parties’ former redevelopment agencies and which are not otherwise excluded in the Memorandum of Coverage.

There shall be no coverage under this Memorandum of Coverage for any “oversight board” created pursuant to Health & Safety Code Sections 34179 et seq. However, coverage under this Memorandum of Coverage shall be extended to any current or former employee, volunteer or elected or appointed official who is appointed by a Covered Party to such “oversight board” while acting in the course and scope of that individual’s duties to, or for the benefit of, such Covered Party at the time of the Occurrence, as defined in this Memorandum of Coverage.”

Tim Przybyla moved to approve the endorsement with the amended language presented by Craig Farmer. Seconded by Jake O’Malley. Motion passed unanimously.

D. Agreement Between CARMA and Alliant Insurance Service, Inc. for Insurance Brokerage and Consulting Services

Mr. Kramer noted that CARMA entered into a one-year agreement with Alliant Insurance Services, Inc. (Alliant) that will expire on June 30, 2013. President Grote advised that the Board had discussed the Alliant agreement at the Annual Workshop the previous day, and felt that the service provided by Alliant over the past year was very good. President Grote advised that the Board would like to enter into a multi-year agreement with Alliant and requested staff work with Alliant to bring a draft contract back for the Board's review at the April Board meeting, with a three-year term, effective July 1, 2013.

E. Reaffirmation of the CARMA Conflict of Interest Code

Mr. Kramer advised the Board that CARMA's Conflict of Interest Code must be reviewed annually and this year staff was not recommending any substantial changes to the code from last year.

Jake O'Malley moved to approve the Conflict of Interest Code as presented. Seconded by Tim Przybyla. Motion passed unanimously.

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

Mr. Kramer reminded the Board that CARMA entered into an agreement with GENEX in 2009 as their reporting agent to perform services regarding Medicare secondary reporting. Mr. Kramer reminded the Board that in 2009 many of the Third Party Administrators ("TPAs") were not prepared to fully perform these services. Since then, many TPAs are now able to offer this service, but since CARMA does not have a TPA, staff recommends that CARMA renew their contract with GENEX.

It was questioned what kind of claims GENEX handles for CARMA. Mr. Kramer advised that due to new reporting requirements, any claim that involves someone who is Medicare eligible must reported to Medicare. Mr. Kramer noted that although the underlying members should be reporting the claims to Medicare, CARMA is also responsible for reporting claims that reach the CARMA level. Mr. Michael Groff, Litigation Manager, added that it is a necessary service to have. CARMA currently has approximately five claims that qualify to be reported to Medicare.

Conversation ensued regarding the contract fees, which would remain at \$12,000 per year. It was inquired if there was a possibility of receiving a lower rate from GENEX due to the fact that CARMA has a very low number of claims. Mr. Kramer advised that staff could work with GENEX on the proposed fee, but also advised that GENEX had a fixed cost of \$12,000 for administrative fees.

Discussion ensued regarding other reporting mechanisms. It was questioned whether

CARMA staff would be able to report directly to Medicare or if the underlying TPAs could report to Medicare on claims reaching the CARMA layer. Mr. Kramer noted that there is a “self-reporting” mechanism for entities, and Bickmore could look into that option on behalf of CARMA. It was noted that contracting with the underlying TPAs may not be the best option for CARMA as the TPAs likely would not want the additional liability and they do not have a direct nexus with CARMA. Mr. Kramer noted that his main concern with Bickmore doing the self-reporting for CARMA, if feasible, is the liability that Bickmore might assume in handling this process. Ms. Adrienne Beatty, Bickmore, added to the conversation that there are other similar reporting agencies, but that they have comparable fees to GENEX.

The Board directed staff to inquire if GENEX is willing to lower the fees and research self-reporting mechanisms for smaller entities with a low volume of claims. Staff will make a report back to the Board at the next meeting.

G. Resolution of Appreciation of Honorable Service of Ramona Buchanan to CARMA

President Grote noted that the Board is very grateful for the service of Ms. Ramona Buchanan, as CARMA’s prior Board Secretary. The Board wished Ms. Buchanan the best of luck in her new position.

Tim Przybyla moved to approve the Resolution of Appreciation of Honorable Service of Ramona Buchanan to CARMA. Seconded by Bob Gay. Motion passed unanimously.

H. Resolution of Appreciation for Honorable Service of Karen Thesing to CARMA

President Grote expressed that the Board is very appreciative of Ms. Karen Thesing’s service to CARMA, who served as the prior Executive Director, and the Board would like to formally express its appreciation of Ms. Thesing’s dedicated service and contributions to CARMA through a resolution.

Tim Przybyla moved to approve the Resolution of Appreciation of Honorable Service of Karen Thesing to CARMA. Seconded by Jake O’Malley. Motion passed unanimously.

I. Commercial Marketing Strategy

Mr. Seth Cole, Alliant Insurance Services, Inc., was present to provide an update on the status of the current excess market and present a plan for the upcoming renewal of CARMA’s reinsurance and excess policies.

Mr. Cole indicated that the insurance market is “firming” which indicates that

premiums may increase. Mr. Cole noted that most of these premium increases would likely be seen in the property programs, especially in those policies that have catastrophic exposures. Mr. Cole also noted that the tort environment is expected to worsen for the defense bar, with adverse loss frequency and severity trends likely emerging for insurers. Mr. Cole indicated that this could lead to upward pressure on liability rates in coming years.

Mr. Cole advised that he did not expect anything extraordinary to happen with CARMA's current program for the upcoming renewal. Mr. Cole indicated that CARMA should plan to budget an approximate 5-10% increase for the upcoming year, but was realistically hoping to end up with an increase between 0-5%. Mr. Cole reminded the Board that in the previous year, CARMA was able to negotiate an early deal with Amtrust in March, which worked out well for CARMA.

Mr. Cole's recommendation for the upcoming year is that CARMA continue to work with Amtrust for their 2013 renewal. In the event that anything extraordinary happens with the premium increase from Amtrust, then he recommends that CARMA do a full scale marketing effort. Mr. Cole advised that STAR was not a good option if CARMA were to do a full scale marketing effort, due to their sexual abuse molestation exclusion on all public entity accounts. Mr. Mike Simmons, Alliant Insurance Services, Inc., noted that he agreed that CARMA should not buy a policy with that exclusion.

Mr. Cole informed the Board that Colony has been the carrier above the Amtrust layer for the past nine years. Mr. Cole advised that the Second Excess Layer should always be marketed, and has been regularly; due to this, the rates from Colony have remained competitive.

It was questioned if the best course of action for the upcoming renewal would be to lock in an early agreement with Amtrust with a small percentage increase in rates. Mr. Cole advised that he felt that was the best course of action for CARMA. Mr. Cole advised that with the Board's direction to work with Amtrust, they would bring back a proposal to the April meeting.

There was a question regarding an issue that occurred two years ago with the renewal, where the renewal discussions came right down to the end and the quotes were very competitive. Mr. Simmons advised the Board that the Alliant Municipal Liability (ANML) program originally was with CV Star, and that every three years Alliant markets the ANML program. Two years ago they switched most accounts to Amtrust.

It was questioned how the Board can validate that they are receiving the best rates. Mr. Simmons explained full marketing effort would be needed to validate the rates. It was questioned why CARMA should not go through a full marketing effort at this time. Mr. Simmons informed the Board that it is beneficial to stay with a carrier for a number of years until one of the following occurs: 1) the carrier raises their premiums significantly; 2) the carrier starts restricting coverage; and/or 3) the

marketplace changes and other carriers start offering the same product for a significantly lower price. Mr. Simmons noted that they are currently in a “soft” market place, but the Board should expect that carriers are going to want to increase their rates by a small percentage. Mr. Simmons advised that it is best to lock in the nominal increase and maintain the continuity of the relationship with the current carrier when feasible. However, he noted that CARMA should do a full marketing effort every three to four years.

The Board requested that Alliant bring back information in April regarding Amtrust. If at that time Alliant advises that the increase Amtrust is proposing is too high, then the Board could then direct Alliant to conduct a full marketing effort.

8. FINANCIAL MATTERS

A. Review of CARMA Investment Policy

Mr. Carlos Oblites, Senior Managing Consultant with Public Financial Management, Inc. (PFM), was present to review the CARMA Investment Policy with the Board. Mr. Oblites noted that many of the suggested changes to the Investment Policy are to align the policy with the sample policy that the Association of Public Treasurers of the United States and Canada has put forth. Mr. Oblites noted that many of the changes are from a governance standpoint.

Mr. Oblites reviewed the recommended changes to the policy, including the following:

- Adding a statement regarding delegation of authority;
- Adding a section addressing Ethics and Conflicts of Interest;
- Adding a section on qualified financial dealers and institutions;
- Expanding the section on Safekeeping to clarify the policy;
- Adding language that limits any investment that is a non-governmental issuer to an exposure of 5% per an issuer; and
- Changing the title of “Appendix A” to “Glossary”

President Grote inquired if the Board had any questions, and hearing none, Mr. Oblites concluded his presentation.

Tim Przybyla moved to approve the CARMA Investment Policy, as presented. Seconded by Jake O’Malley. Motion passed unanimously.

B. California Asset Management Program Portfolio Review

Mr. Oblites provided an overview of CARMA’s California Asset Management Program (CAMP) Portfolio. Mr. Oblites noted the following regarding CARMA’s portfolio:

- U.S. Treasury yields remain very low;
- Investors are demanding Corporates, which are driving prices up and yields down;
- CARMA's long-term portfolio total return from December 21, 2011 to December 31, 2012 was 1.28%;
- CARMA sold securities for Treasuries with higher yield in longer maturities; and
- PFM is actively managing the portfolio to capture inefficiencies

Mr. Oblites then reviewed the economic outlook with the Board, noting that economic growth expectations are moderate. Mr. Oblites informed the Board that property values are increasing and interest rates are low, both which have helped boost existing home sales. Conversation ensued regarding if any political activity may affect the yield rates over the next year. Mr. Oblites answered that there is activity happening with the buying of Treasuries that will drive the yield up.

Mr. Oblites advised the Board that PFM would continue to actively manage CARMA's portfolio.

C. Return of Equity to Withdrawn or Terminated Members

Ms. Nancy Broadhurst, Financial Manager, advised that the Public Entity Risk Management Authority (PERMA) withdrew from CARMA on July 1, 1998, and continued to pay administrative costs through the 2002/2003 program year. Program years 1993/1994 through 1995/1996 were closed in 2006 and PERMA received its allocated share of equity for those years at that time. They also received their allocated share of equity at the 80% confidence level for the 1996/1997 and 1997/1998 program years. These program years were closed as of June 30, 2011, and the equity was applied to the 2004/2005 program years. Ms. Broadhurst noted that PERMA's allocated share of equity for the two closed program years of 1996/1997 and 1997/1998 is \$1,318.

Jake O'Malley moved to issue \$1,318 to PERMA. Seconded by Robert Galvan.

Discussion ensued regarding returning the funds to PERMA. However, it was noted that the Public Agency Risk Sharing Authority of California (PARSAC), who also withdrew from CARMA, also has funds in closed program years. It was questioned if there was a distinction between PERMA's funds and PARSAC's funds. It was noted that PERMA withdrew in 1998 and all of the program years in which they participated are closed. PARSAC withdrew in 2009 and still has claims in open years.

President Grote noted that he felt the consensus made at the Annual Workshop was that the Board would wait until next year to release any funds. Mr. O'Malley reminded the Board that PARSAC participated in years that remain open and

PERMA withdrew 15 years ago and all the program years in which they participated are now closed.

President Grote inquired if Mr. Farmer had a recommendation. Mr. Farmer advised that he recommended waiting until the next year.

There was an original motion to release the small amount of funds remaining owed to PERMA. After discussion, the motion maker and the second withdrew their motion.

The Board concluded they will discuss returning funds to withdrawn members next year.

9. CLAIMS MATTERS

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

Pursuant to Government Code Section 54956.95(a), the Board recessed to closed session at 10:53 a.m. 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:

- Capitola Flooding cases v. city of Capitola
- Padgett v. City of Monte Sereno

B. Report from Closed Session

The Board reconvened to open session at 11:21 a.m. It was reported that no action or authority was given on either case.

10. CLOSING COMMENTS

A. Board

None.

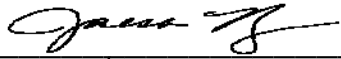
B. Staff

None.

11. ADJOURNMENT

The January 11, 2013, Board of Directors' meeting adjourned at 11:21 a.m. by general

consensus of the Board.

A handwritten signature in black ink, appearing to read "Jaesa Ng", written over a horizontal line.

Jaesa Ng, Board Secretary

Ranges: From: To: From: To:
 Check Number First Last Check Date 1/31/2013 3/31/2013
 Vendor ID First Last Checkbook ID First Last
 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
1888	BI100	Bickmore	2/12/2013	CBT GENERAL	PMCHK00000114	\$28,637.65
1889	BO100	Bodega Bay Lodge	2/12/2013	CBT GENERAL	PMCHK00000114	\$6,049.88
1890	FA115	Farmer Smith and Lane, LLP	2/12/2013	CBT GENERAL	PMCHK00000114	\$3,337.70
1891	GE105	GENEX Services, Inc.	2/12/2013	CBT GENERAL	PMCHK00000114	\$6,000.00
1892	HO100	Howard Rome Martin and Ridley	2/12/2013	CBT GENERAL	PMCHK00000114	\$7,247.92
1893	PR115	Tim Przybyla	2/12/2013	CBT GENERAL	PMCHK00000114	\$267.68
1894	BI100	Bickmore	3/11/2013	CBT GENERAL	PMCHK00000115	\$25,466.67
1895	FA100	Farley Consulting Services	3/11/2013	CBT GENERAL	PMCHK00000115	\$22,425.00
1896	FA115	Farmer Smith and Lane, LLP	3/11/2013	CBT GENERAL	PMCHK00000115	\$507.50
Total Checks: 9						Total Amount of Checks: \$99,940.00


California Affiliated Risk Management Authorities
Treasurer's Report
As of December 31, 2012

	Book Value	Market Value	% of Total	Effective Yield
California Bank & Trust – Petty Cash	\$ 1,348	\$ 1,348	0.00%	0.00%
California Bank & Trust – General Operating	5,099	5,099	0.02%	0.00%
State of California Local Agency Investment Fund	8,288,873	8,298,216	27.08%	0.33%
CAMP - Money Market	107,164	107,164	0.35%	0.18%
CAMP - Investments managed by PFM	22,178,602	22,226,941	72.55%	0.77%
Total Cash and Investments	\$ 30,581,086	\$ 30,638,768	100.01%	0.65%

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

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 **December 31, 2012**

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA - 615-00

CAMP Pool

Opening Market Value	53,490.41
Purchases	1,067,235.46
Redemptions	(1,013,562.24)
Unsettled Trades	0.00
Change in Value	0.00

Closing Market Value **\$107,163.63**

Cash Dividends and Income 15.63

CAMP Managed Account

Opening Market Value	22,237,819.56
Purchases	0.00
Redemptions	0.00
Unsettled Trades	0.00
Change in Value	(10,878.84)

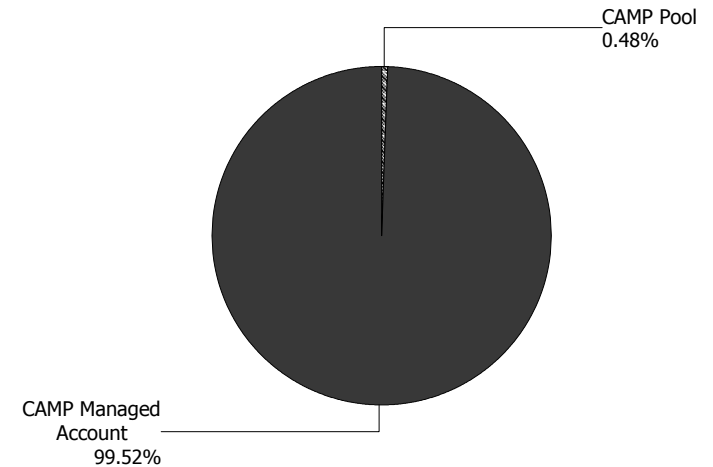
Closing Market Value **\$22,226,940.72**

Cash Dividends and Income (5,463.77)

Asset Summary

	December 31, 2012	November 30, 2012
CAMP Pool	107,163.63	53,490.41
CAMP Managed Account	22,226,940.72	22,237,819.56
Total	\$22,334,104.35	\$22,291,309.97

Asset Allocation





Managed Account Detail of Securities Held

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

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

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note												
US TREASURY NOTES	DTD 05/16/2011 1.000% 05/15/2014	912828QM5	1,275,000.00	AA+	Aaa	03/27/12	03/29/12	1,291,833.99	0.38	1,655.39	1,285,848.77	1,288,646.33
US TREASURY NOTES	DTD 07/15/2011 0.625% 07/15/2014	912828QU7	600,000.00	AA+	Aaa	10/27/11	10/31/11	602,906.25	0.44	1,732.34	601,656.07	603,679.80
US TREASURY N/B	DTD 07/31/2012 0.125% 07/31/2014	912828TF7	220,000.00	AA+	Aaa	10/23/12	10/26/12	219,372.66	0.29	115.08	219,437.30	219,630.40
US TREASURY NOTES	DTD 09/15/2011 0.250% 09/15/2014	912828RG7	500,000.00	AA+	Aaa	10/12/11	10/14/11	495,957.03	0.53	372.93	497,636.89	500,117.00
US TREASURY NOTES	DTD 12/15/2011 0.250% 12/15/2014	912828RV4	625,000.00	AA+	Aaa	01/05/12	01/06/12	622,558.59	0.38	72.97	623,374.92	625,000.00
US TREASURY NOTES	DTD 02/01/2010 2.250% 01/31/2015	912828MH0	500,000.00	AA+	Aaa	01/23/12	01/26/12	527,753.91	0.40	4,707.88	519,204.70	520,469.00
US TREASURY NOTES	DTD 02/15/2012 0.250% 02/15/2015	912828SE1	700,000.00	AA+	Aaa	02/22/12	02/27/12	696,363.28	0.43	661.01	697,394.18	699,671.70
US TREASURY NOTES	DTD 08/02/2010 1.750% 07/31/2015	912828NP1	220,000.00	AA+	Aaa	10/23/12	10/26/12	228,189.84	0.39	1,611.14	227,653.24	228,043.64
US TREASURY NOTES	DTD 08/02/2010 1.750% 07/31/2015	912828NP1	590,000.00	AA+	Aaa	08/22/12	08/23/12	613,369.53	0.39	4,320.79	610,551.76	611,571.58
US TREASURY NOTES	DTD 08/02/2010 1.750% 07/31/2015	912828NP1	705,000.00	AA+	Aaa	06/27/12	06/28/12	732,952.15	0.46	5,162.98	728,374.71	730,776.21
US TREASURY NOTES	DTD 08/02/2010 1.750% 07/31/2015	912828NP1	975,000.00	AA+	Aaa	09/06/12	09/10/12	1,014,761.72	0.33	7,140.29	1,010,553.18	1,010,647.95
US TREASURY NOTES	DTD 11/30/2010 1.375% 11/30/2015	912828PJ3	870,000.00	AA+	Aaa	11/01/12	11/05/12	895,760.16	0.40	1,051.65	894,456.36	895,556.25
US TREASURY NOTES	DTD 11/30/2010 1.375% 11/30/2015	912828PJ3	950,000.00	AA+	Aaa	11/29/12	12/05/12	978,908.20	0.35	1,148.35	978,193.30	977,906.25
Security Type Sub-Total			8,730,000.00					8,920,687.31	0.40	29,752.80	8,894,335.38	8,911,716.11



Managed Account Detail of Securities Held

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

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

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Municipal Bond / Note											
CA ST REV BONDS DTD 08/23/2012 2.500% 06/20/2013	13063BB68	270,000.00	SP-1	MIG1	08/17/12	08/23/12	274,592.70	0.43	2,422.60	272,593.88	272,797.20
METRO WTR DIST AUTH, CA REV BONDS DTD 06/28/2012 0.616% 07/01/2014	59266THP9	275,000.00	AAA	Aa1	06/21/12	06/28/12	275,000.00	0.62	847.00	275,000.00	275,203.50
CA ST DEPT OF WATER REV BONDS DTD 09/27/2012 0.650% 12/01/2015	13066KX87	165,000.00	AAA	Aa1	09/19/12	09/27/12	165,000.00	0.65	89.38	165,000.00	165,237.60
Security Type Sub-Total		710,000.00					714,592.70	0.55	3,358.98	712,593.88	713,238.30
Federal Agency Bond / Note											
FNMA GLOBAL NOTES DTD 02/01/2011 1.250% 02/27/2014	3135G0AP8	300,000.00	AA+	Aaa	11/28/11	11/30/11	304,347.00	0.60	1,291.67	302,248.16	304,001.10
FREDDIE MAC GLOBAL NOTES DTD 08/05/2011 0.750% 09/22/2014	3134G2WG3	50,000.00	AA+	Aaa	09/28/11	09/30/11	50,100.00	0.68	103.13	50,058.18	50,409.90
FREDDIE MAC GLOBAL NOTES DTD 08/05/2011 0.750% 09/22/2014	3134G2WG3	950,000.00	AA+	Aaa	08/30/11	08/31/11	954,978.00	0.58	1,959.38	952,818.04	957,788.10
FANNIE MAE GLOBAL NOTES DTD 04/19/2012 0.500% 05/27/2015	3135G0KM4	305,000.00	AA+	Aaa	04/17/12	04/19/12	304,118.55	0.59	144.03	304,315.70	306,107.15
FNMA NOTES (CALLABLE) DTD 08/07/2012 0.500% 08/07/2015	3135G0NG4	1,050,000.00	AA+	Aaa	08/02/12	08/07/12	1,049,895.00	0.50	2,100.00	1,049,908.91	1,050,088.20
FREDDIE MAC GLOBAL NOTES DTD 07/11/2012 0.500% 08/28/2015	3134G3ZA1	1,175,000.00	AA+	Aaa	07/30/12	07/31/12	1,176,371.23	0.46	2,007.29	1,176,186.23	1,178,861.05
FANNIE MAE GLOBAL NOTES DTD 11/16/2012 0.375% 12/21/2015	3135G0SB0	550,000.00	AA+	Aaa	11/14/12	11/16/12	548,718.50	0.45	57.29	548,769.71	549,318.00
Security Type Sub-Total		4,380,000.00					4,388,528.28	0.52	7,662.79	4,384,304.93	4,396,573.50
Corporate Note											
US BANCORP NOTE (CALLABLE) DTD 09/13/2010 1.375% 09/13/2013	91159HGY0	500,000.00	A+	A1	09/08/10	09/13/10	499,355.00	1.42	2,062.50	499,847.14	502,922.00



Managed Account Detail of Securities Held

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

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

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
BERKSHIRE HATHAWAY FIN CORP NOTE DTD 01/11/2011 1.500% 01/10/2014	084664BR1	125,000.00	AA+	Aa2	01/03/11	01/11/11	124,665.00	1.59	890.63	124,883.64	126,407.25
BERKSHIRE HATHAWAY FIN CORP NOTE DTD 01/11/2011 1.500% 01/10/2014	084664BR1	325,000.00	AA+	Aa2	01/03/11	01/11/11	324,697.75	1.53	2,315.63	324,895.07	328,658.85
XTO ENERGY INC DTD 01/22/2004 4.900% 02/01/2014	98385XAD8	230,000.00	AAA	Aaa	01/13/11	01/19/11	253,795.80	1.40	4,695.83	238,613.19	241,142.12
WAL MART STORES INC. CORP NOTES DTD 04/18/2011 1.625% 04/15/2014	931142DA8	205,000.00	AA	Aa2	04/11/11	04/18/11	204,446.50	1.72	703.26	204,758.11	208,393.98
IBM CORP GLOBAL NOTES DTD 05/12/2011 1.250% 05/12/2014	459200GW5	360,000.00	AA-	Aa3	05/09/11	05/12/11	359,661.60	1.28	612.50	359,844.58	364,283.28
JOHNSON & JOHNSON GLOBAL NOTE DTD 05/20/2011 1.200% 05/15/2014	478160AX2	475,000.00	AAA	Aaa	05/17/11	05/20/11	474,444.25	1.24	728.33	474,742.01	480,610.23
JP MORGAN CHASE & CO NOTES DTD 05/18/2009 4.650% 06/01/2014	46625HHN3	715,000.00	A	A2	12/16/11	12/21/11	752,873.55	2.41	2,770.63	737,218.01	753,327.58
PROCTER & GAMBLE CO CORP NOTES DTD 08/15/2011 0.700% 08/15/2014	742718DU0	250,000.00	AA-	Aa3	08/10/11	08/15/11	248,972.50	0.84	661.11	249,441.25	251,607.50
GENERAL ELEC CAP CORP GLOBAL NOTES DTD 01/09/2012 2.150% 01/09/2015	36962G5M2	405,000.00	AA+	A1	01/04/12	01/09/12	404,578.80	2.19	4,160.25	404,713.09	415,989.68
GENERAL ELEC CAP CORP GLOBAL NOTES DTD 01/09/2012 2.150% 01/09/2015	36962G5M2	500,000.00	AA+	A1	05/23/12	05/29/12	505,445.00	1.72	5,136.11	504,241.09	513,567.50
BANK OF NEW YORK MELLON (CALLABLE) NOTES DTD 02/21/2012 1.200% 02/20/2015	06406HCC1	150,000.00	A+	Aa3	02/13/12	02/21/12	149,863.50	1.23	655.00	149,902.21	151,610.55
JOHN DEERE CAPITAL CORP GLOBAL NOTES DTD 04/17/2012 0.875% 04/17/2015	24422ERQ4	155,000.00	A	A2	04/12/12	04/17/12	154,903.90	0.90	278.78	154,926.28	155,681.54
MCDONALDS CORP NOTES DTD 05/29/2012 0.750% 05/29/2015	58013MEP5	175,000.00	A	A2	05/23/12	05/29/12	174,518.75	0.84	116.67	174,612.29	176,253.18
CATERPILLAR FIN CORP NOTES DTD 05/30/2012 1.100% 05/29/2015	14912L5D9	200,000.00	A	A2	05/22/12	05/30/12	199,936.00	1.11	195.56	199,948.34	201,660.60



Managed Account Detail of Securities Held

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

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

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note												
CATERPILLAR INC GLOBAL NOTES DTD 06/26/2012 0.950% 06/26/2015		149123BY6	150,000.00	A	A2	06/21/12	06/26/12	149,968.50	0.96	19.79	149,973.83	151,252.50
JOHN DEERE CAPITAL CORP GLOBAL NOTES DTD 06/29/2012 0.950% 06/29/2015		24422ERS0	225,000.00	A	A2	06/26/12	06/29/12	224,939.25	0.96	11.88	224,949.37	226,247.85
JPMORGAN CHASE & CO GLOBAL NOTES DTD 10/18/2012 1.100% 10/15/2015		46623EJR1	550,000.00	A	A2	10/15/12	10/18/12	549,774.50	1.11	1,226.81	549,789.53	549,982.95
BANK OF NEW YORK MELLON (CALLABLE) DTD 10/25/2012 0.700% 10/23/2015		06406HCD9	125,000.00	A+	Aa3	10/18/12	10/25/12	124,871.25	0.73	160.42	124,879.06	124,535.75
Security Type Sub-Total			5,820,000.00					5,881,711.40	1.48	27,401.69	5,852,178.09	5,924,134.89
Commercial Paper												
TOYOTA MOTOR CREDIT CORP COMM PAPER -- 0.000% 05/17/2013		89233GSH0	550,000.00	A-1+	P-1	08/22/12	08/23/12	548,082.79	0.47	0.00	549,023.44	549,485.20
Security Type Sub-Total			550,000.00					548,082.79	0.47	0.00	549,023.44	549,485.20
Certificate of Deposit												
STANDARD CHARTERED BANK NY CERT DEPOS DTD 09/21/2012 0.650% 03/18/2013		85325BOV9	550,000.00	A-1+	P-1	09/19/12	09/21/12	550,000.00	0.65	1,012.92	550,000.00	550,412.94
BANK OF NOVA SCOTIA HOUS (FLOATING) DTD 02/10/2012 0.790% 02/10/2014		06417EYU1	575,000.00	A+	Aa1	02/07/12	02/10/12	575,000.00	0.99	647.57	575,000.00	576,573.78
WESTPAC BANKING CORP NY (FLOAT) CD DTD 02/16/2012 1.260% 02/14/2014		96121TLT3	600,000.00	AA-	Aa2	02/14/12	02/16/12	600,000.00	1.47	1,008.00	600,000.00	604,806.00
Security Type Sub-Total			1,725,000.00					1,725,000.00	1.05	2,668.49	1,725,000.00	1,731,792.72
Managed Account Sub-Total			21,915,000.00					22,178,602.48	0.77	70,844.75	22,117,435.72	22,226,940.72
Money Market Fund												



Managed Account Detail of Securities Held

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

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

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Money Market Fund												
CAMP Pool			107,163.63	AAAm	NR			107,163.63		0.00	107,163.63	107,163.63
Money Market Sub-Total			107,163.63					107,163.63		0.00	107,163.63	107,163.63
Securities Sub-Total			\$22,022,163.63					\$22,285,766.11	0.77%	\$70,844.75	\$22,224,599.35	\$22,334,104.35
Accrued Interest												\$70,844.75
Total Investments												\$22,404,949.10



Managed Account Security Transactions & Interest

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

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

Transaction Type					Principal	Accrued		Realized G/L	Realized G/L	Sale
Trade	Settle	Security Description	CUSIP	Par	Proceeds	Interest	Total	Cost	Amort Cost	Method
BUY										
11/29/12	12/05/12	US TREASURY NOTES DTD 11/30/2010 1.375% 11/30/2015	912828PJ3	950,000.00	(978,908.20)	(179.43)	(979,087.63)			
Transaction Type Sub-Total				950,000.00	(978,908.20)	(179.43)	(979,087.63)			
INTEREST										
12/01/12	12/01/12	JP MORGAN CHASE & CO NOTES DTD 05/18/2009 4.650% 06/01/2014	46625HHN3	715,000.00	0.00	16,623.75	16,623.75			
12/01/12	12/01/12	CA ST DEPT OF WATER REV BONDS DTD 09/27/2012 0.650% 12/01/2015	13066KX87	165,000.00	0.00	190.67	190.67			
12/15/12	12/15/12	US TREASURY NOTES DTD 12/15/2011 0.250% 12/15/2014	912828RV4	625,000.00	0.00	781.25	781.25			
12/21/12	12/21/12	FANNIE MAE GLOBAL NOTES DTD 11/16/2012 0.375% 12/21/2015	3135G0SB0	550,000.00	0.00	200.52	200.52			
12/26/12	12/26/12	CATERPILLAR INC GLOBAL NOTES DTD 06/26/2012 0.950% 06/26/2015	149123BY6	150,000.00	0.00	712.50	712.50			
12/29/12	12/29/12	JOHN DEERE CAPITAL CORP GLOBAL NOTES DTD 06/29/2012 0.950% 06/29/2015	24422ERS0	225,000.00	0.00	1,068.75	1,068.75			
Transaction Type Sub-Total				2,430,000.00	0.00	19,577.44	19,577.44			
SELL										
11/29/12	12/05/12	BANK OF NEW YORK MELLON GLOBAL NOTES DTD 03/27/2008 4.500% 04/01/2013	06406HBJ7	210,000.00	212,814.00	1,680.00	214,494.00	(12,730.20)	982.83	SPEC LOT
11/29/12	12/05/12	BANK OF TOKYO MITSUBISHI COMM PAPER -- 0.000% 12/24/2012	06538BMO3	275,000.00	274,970.97	0.00	274,970.97	356.20	30.48	SPEC LOT
11/29/12	12/05/12	CHEVRON CORP GLOBAL NOTES (CALLED) DTD 03/03/2009 3.950% 12/28/2012	166751AH0	500,000.00	521,185.00	5,047.22	526,232.22	(19,215.00)	1,292.16	SPEC LOT
Transaction Type Sub-Total				985,000.00	1,008,969.97	6,727.22	1,015,697.19	(31,589.00)	2,305.47	



Managed Account Security Transactions & Interest

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

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

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L	Realized G/L	Sale Method
Trade	Settle							Cost	Amort Cost	
Managed Account Sub-Total					30,061.77	26,125.23	56,187.00	(31,589.00)	2,305.47	
Total Security Transactions					\$30,061.77	\$26,125.23	\$56,187.00	(\$31,589.00)	\$2,305.47	



Managed Account Security Transactions & Interest

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

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

Transaction Type					Principal	Accrued		Realized G/L	Realized G/L	Sale
Trade	Settle	Security Description	CUSIP	Par	Proceeds	Interest	Total	Cost	Amort Cost	Method
BUY										
11/01/12	11/05/12	US TREASURY NOTES DTD 11/30/2010 1.375% 11/30/2015	912828PJ3	1,400,000.00	(1,441,453.13)	(8,310.11)	(1,449,763.24)			
11/14/12	11/16/12	FANNIE MAE GLOBAL NOTES DTD 11/16/2012 0.375% 12/21/2015	3135G0SB0	550,000.00	(548,718.50)	0.00	(548,718.50)			
11/29/12	12/05/12	US TREASURY NOTES DTD 11/30/2010 1.375% 11/30/2015	912828PJ3	950,000.00	(978,908.20)	(179.43)	(979,087.63)			
Transaction Type Sub-Total				2,900,000.00	(2,969,079.83)	(8,489.54)	(2,977,569.37)			
INTEREST										
11/12/12	11/12/12	IBM CORP GLOBAL NOTES DTD 05/12/2011 1.250% 05/12/2014	459200GW5	360,000.00	0.00	2,250.00	2,250.00			
11/13/12	11/13/12	BANK OF NOVA SCOTIA HOUS (FLOATING) DTD 02/10/2012 0.790% 02/10/2014	06417EYU1	575,000.00	0.00	1,391.04	1,391.04			
11/14/12	11/14/12	WESTPAC BANKING CORP NY (FLOAT) CD DTD 02/16/2012 1.260% 02/14/2014	96121TLT3	600,000.00	0.00	2,126.73	2,126.73			
11/15/12	11/15/12	JOHNSON & JOHNSON GLOBAL NOTE DTD 05/20/2011 1.200% 05/15/2014	478160AX2	475,000.00	0.00	2,850.00	2,850.00			
11/15/12	11/15/12	US TREASURY NOTES DTD 05/16/2011 1.000% 05/15/2014	912828OM5	1,275,000.00	0.00	6,375.00	6,375.00			
11/27/12	11/27/12	FANNIE MAE GLOBAL NOTES DTD 04/19/2012 0.500% 05/27/2015	3135G0KM4	305,000.00	0.00	762.50	762.50			
11/29/12	11/29/12	CATERPILLAR FIN CORP NOTES DTD 05/30/2012 1.100% 05/29/2015	14912L5D9	200,000.00	0.00	1,093.89	1,093.89			
11/29/12	11/29/12	MCDONALDS CORP NOTES DTD 05/29/2012 0.750% 05/29/2015	58013MEP5	175,000.00	0.00	656.25	656.25			
11/30/12	11/30/12	US TREASURY NOTES DTD 11/30/2010 1.375% 11/30/2015	912828PJ3	870,000.00	0.00	5,981.25	5,981.25			
Transaction Type Sub-Total				4,835,000.00	0.00	23,486.66	23,486.66			

SELL



Managed Account Security Transactions & Interest

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

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

Transaction Type					Principal	Accrued		Realized G/L	Realized G/L	Sale
Trade	Settle	Security Description	CUSIP	Par	Proceeds	Interest	Total	Cost	Amort Cost	Method
SELL										
11/01/12	11/05/12	ROYAL BANK OF CANADA NY CERT DEPOS DTD 02/10/2012 0.490% 02/08/2013	78009NDY9	600,000.00	600,456.00	2,196.83	602,652.83	456.00	456.00	SPEC LOT
11/01/12	11/05/12	FNMA GLOBAL NOTES DTD 02/01/2011 1.250% 02/27/2014	3135G0AP8	850,000.00	860,990.50	2,006.94	862,997.44	(1,326.00)	3,766.58	SPEC LOT
11/14/12	11/16/12	US TREASURY NOTES DTD 11/30/2010 1.375% 11/30/2015	912828PJ3	530,000.00	546,417.58	3,364.99	549,782.57	724.61	877.21	SPEC LOT
11/29/12	12/05/12	CHEVRON CORP GLOBAL NOTES DTD 03/03/2009 3.950% 03/03/2014	166751AH0	500,000.00	521,185.00	5,047.22	526,232.22	(19,215.00)	1,292.16	SPEC LOT
11/29/12	12/05/12	BANK OF TOKYO MITSUBISHI COMM PAPER -- 0.000% 12/24/2012	06538BMQ3	275,000.00	274,970.97	0.00	274,970.97	356.20	30.48	SPEC LOT
11/29/12	12/05/12	BANK OF NEW YORK MELLON GLOBAL NOTES DTD 03/27/2008 4.500% 04/01/2013	06406HBJ7	210,000.00	212,814.00	1,680.00	214,494.00	(12,730.20)	982.83	SPEC LOT
Transaction Type Sub-Total				2,965,000.00	3,016,834.05	14,295.98	3,031,130.03	(31,734.39)	7,405.26	
Managed Account Sub-Total					47,754.22	29,293.10	77,047.32	(31,734.39)	7,405.26	
Total Security Transactions					\$47,754.22	\$29,293.10	\$77,047.32	(\$31,734.39)	\$7,405.26	

Bolded items are forward settling trades.



Managed Account Security Transactions & Interest

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

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

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
BUY										
10/15/12	10/18/12	JPMORGAN CHASE & CO GLOBAL NOTES DTD 10/18/2012 1.100% 10/15/2015	46623EJR1	550,000.00	(549,774.50)	0.00	(549,774.50)			
10/18/12	10/25/12	BANK OF NEW YORK MELLON (CALLABLE) DTD 10/25/2012 0.700% 10/23/2015	06406HCD9	125,000.00	(124,871.25)	0.00	(124,871.25)			
10/23/12	10/26/12	US TREASURY N/B DTD 07/31/2012 0.125% 07/31/2014	912828TF7	220,000.00	(219,372.66)	(65.01)	(219,437.67)			
10/23/12	10/26/12	US TREASURY NOTES DTD 08/02/2010 1.750% 07/31/2015	912828NP1	220,000.00	(228,189.84)	(910.19)	(229,100.03)			
Transaction Type Sub-Total				1,115,000.00	(1,122,208.25)	(975.20)	(1,123,183.45)			

INTEREST										
10/01/12	10/01/12	BANK OF NEW YORK MELLON GLOBAL NOTES DTD 03/27/2008 4.500% 04/01/2013	06406HBJ7	210,000.00	0.00	4,725.00	4,725.00			
10/15/12	10/15/12	WAL MART STORES INC. CORP NOTES DTD 04/18/2011 1.625% 04/15/2014	931142DA8	205,000.00	0.00	1,665.63	1,665.63			
10/17/12	10/17/12	JOHN DEERE CAPITAL CORP GLOBAL NOTES DTD 04/17/2012 0.875% 04/17/2015	24422ERO4	155,000.00	0.00	678.13	678.13			
Transaction Type Sub-Total				570,000.00	0.00	7,068.76	7,068.76			

SELL										
10/15/12	10/18/12	US TREASURY NOTES DTD 07/15/2011 0.625% 07/15/2014	912828OU7	550,000.00	553,480.47	887.40	554,367.87	816.41	1,762.12	SPEC LOT
10/18/12	10/25/12	US TREASURY NOTES DTD 08/02/2010 1.750% 07/31/2015	912828NP1	120,000.00	124,439.06	490.76	124,929.82	(318.75)	177.48	SPEC LOT
10/23/12	10/26/12	SAN FRANCISCO CITY & CNTY, CA GO BONDS DTD 11/30/2011 5.000% 06/15/2014	797646PU4	200,000.00	215,294.00	3,638.89	218,932.89	(6,440.00)	1,262.35	SPEC LOT



Managed Account Security Transactions & Interest

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

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

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
SELL										
10/23/12	10/26/12	SAN FRANCISCO CITY & CNTY, CA GO BONDS DTD 11/30/2011 5.000% 06/15/2015	797646PV2	200,000.00	224,042.00	3,638.89	227,680.89	(3,500.00)	3,449.69	SPEC LOT
Transaction Type Sub-Total				1,070,000.00	1,117,255.53	8,655.94	1,125,911.47	(9,442.34)	6,651.64	
Managed Account Sub-Total					(4,952.72)	14,749.50	9,796.78	(9,442.34)	6,651.64	
Total Security Transactions					(\$4,952.72)	\$14,749.50	\$9,796.78	(\$9,442.34)	\$6,651.64	

<p style="text-align: center;">CARMA LAIF Fair Market Valuation 12/31/12</p>

LAIF Statement Balance	8,288,872.66
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FAIR VALUE FACTOR:	
Performance Rate as of 12/31/12	1.001127231

Market Value	<u><u>\$8,298,216.13</u></u>
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Local Agency Investment Fund
 P.O. Box 942809
 Sacramento, CA 94209-0001
 (916) 653-3001

www.treasurer.ca.gov/pmia-laif
 January 02, 2013

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

PMIA Average Monthly Yields

Account Number:
 35-34-009

Tran Type Definitions

December 2012 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
12/18/2012	12/18/2012	RW	1382158	NANCY BROADHURST	-10,000.00

Account Summary

Total Deposit:	0.00	Beginning Balance:	8,298,872.66
Total Withdrawal:	-10,000.00	Ending Balance:	8,288,872.66



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 01/15/2013, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 12/31/2012.

Earnings Ratio		.00000881899236296
Interest Rate		0.32%
Dollar Day Total	\$	765,740,216.60
Quarter End Principal Balance	\$	8,288,872.66
Quarterly Interest Earned	\$	6,753.06

Bill Lockyer, State Treasurer

Inside the State Treasurer's Office

Local Agency Investment Fund (LAIF)



PMIA Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
12/31/2012	0.32	0.33	208
1/1/2013	0.31	0.31	208
1/2/2013	0.32	0.31	221
1/3/2013	0.31	0.31	224
1/4/2013	0.31	0.31	225
1/5/2013	0.31	0.31	225
1/6/2013	0.31	0.31	225
1/7/2013	0.31	0.31	225
1/8/2013	0.31	0.31	227
1/9/2013	0.31	0.31	229
1/10/2013	0.31	0.31	231
1/11/2013	0.31	0.31	232
1/12/2013	0.31	0.31	232
1/13/2013	0.31	0.31	232

*Daily yield does not reflect capital gains or losses

LAIF Performance Report

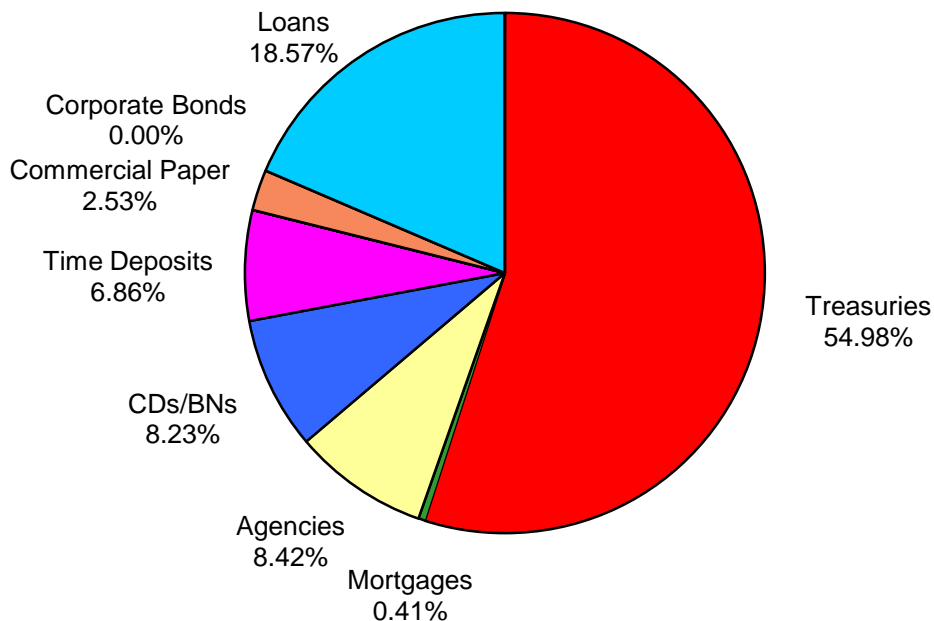
Quarter ending 12/31/2012

Apportionment Rate: 0.32%
 Earnings Ratio: .00000881899236296
 Fair Value Factor: 1.001127231
 Daily: 0.32%
 Quarter To Date: 0.33%
 Average Life: 208

PMIA Average Monthly Effective Yields

DECEMBER 2012 0.326%
 NOVEMBER 2012 0.324%
 OCTOBER 2012 0.340%

Pooled Money Investment Account Portfolio Composition \$63.2 Billion 12/31/12



**State of California
Pooled Money Investment Account
Market Valuation
12/31/2012**

Description	Carrying Cost Plus		Fair Value	Accrued Interest
	Accrued Interest	Purch.		
United States Treasury:				
Bills	\$ 20,014,359,193.25	\$ 20,028,817,536.91	\$ 20,033,448,800.00	NA
Notes	\$ 14,732,478,642.74	\$ 14,732,478,642.74	\$ 14,775,668,500.00	\$ 12,869,927.00
Federal Agency:				
SBA	\$ 525,864,983.85	\$ 525,864,983.85	\$ 526,379,724.76	\$ 543,304.13
MBS-REMICs	\$ 256,334,642.80	\$ 256,334,642.80	\$ 278,039,972.37	\$ 1,226,041.18
Debentures	\$ 1,200,310,087.04	\$ 1,200,310,087.04	\$ 1,201,248,000.00	\$ 1,182,334.00
Debentures FR	\$ -	\$ -	\$ -	\$ -
Discount Notes	\$ 3,194,940,722.24	\$ 3,197,374,444.44	\$ 3,198,546,000.00	NA
GNMA	\$ 4,952.66	\$ 4,952.66	\$ 4,986.48	\$ 49.61
IBRD Debenture	\$ 399,961,857.92	\$ 399,961,857.92	\$ 400,580,000.00	\$ 83,332.00
IBRD Deb FR	\$ -	\$ -	\$ -	\$ -
CDs and YCDs FR	\$ 400,000,000.00	\$ 400,000,000.00	\$ 400,000,000.00	\$ 272,747.22
Bank Notes	\$ -	\$ -	\$ -	\$ -
CDs and YCDs	\$ 4,800,000,000.00	\$ 4,800,000,000.00	\$ 4,799,224,554.94	\$ 618,736.09
Commercial Paper	\$ 1,599,600,611.08	\$ 1,599,644,083.29	\$ 1,598,907,347.22	NA
Corporate:				
Bonds FR	\$ -	\$ -	\$ -	\$ -
Bonds	\$ -	\$ -	\$ -	\$ -
Repurchase Agreements	\$ -	\$ -	\$ -	\$ -
Reverse Repurchase	\$ -	\$ -	\$ -	\$ -
Time Deposits	\$ 4,333,640,000.00	\$ 4,333,640,000.00	\$ 4,333,640,000.00	NA
AB 55 & GF Loans	\$ 11,739,482,016.23	\$ 11,739,482,016.23	\$ 11,739,482,016.23	NA
TOTAL	\$ 63,196,977,709.81	\$ 63,213,913,247.88	\$ 63,285,169,902.00	\$ 16,796,471.23

Fair Value Including Accrued Interest

\$ 63,301,966,373.23

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 (**1.001127231**). 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 \$20,022,544.61 or \$20,000,000.00 x **1.001127231**.

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

www.treasurer.ca.gov/pmia-laif
 January 02, 2013

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

PMA Average Monthly Yields

Account Number:
 35-34-009

Tran Type Definitions

November 2012 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
11/13/2012	11/9/2012	RW	1379462	NANCY BROADHURST	-35,000.00

Account Summary

Total Deposit:	0.00	Beginning Balance:	8,333,872.66
Total Withdrawal:	-35,000.00	Ending Balance:	8,298,872.66

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

www.treasurer.ca.gov/pmia-laif
 November 06, 2012

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

PMIA Average Monthly Yields

Account Number:
 35-34-009

Tran Type Definitions

October 2012 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
10/15/2012	10/12/2012	QRD	1375709	SYSTEM	5,790.58
10/25/2012	10/24/2012	RW	1378170	NANCY BROADHURST	-40,000.00

Account Summary

Total Deposit:	5,790.58	Beginning Balance:	8,368,082.08
Total Withdrawal:	-40,000.00	Ending Balance:	8,333,872.66

California Affiliated Risk Management Authorities

~ BALANCE SHEET ~

As of December 31, 2012

(Unaudited)

ASSETS

CURRENT ASSETS

Cash in Bank	\$	6,447
Local Agency Investment Fund		8,288,873
Market Valuation - LAIF		9,343
Investments - Managed Portfolio		1,979,194
Market Valuation - Investment		3,587
Accounts Receivable		0
Interest Receivable		77,598
Prepaid Expenses		29,214
Prepaid Insurance		841,759

TOTAL CURRENT ASSETS 11,236,015

NONCURRENT ASSETS

Investments - Managed Portfolio (Net of Rate Stabilization Fund)	20,215,109
Market Valuation - Investment	44,751

TOTAL OTHER ASSETS 20,259,860

TOTAL ASSETS \$ 31,495,875

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$3,830
Deferred Revenue	3,303,762
Equity Payable to Withdrawing Member	0
Reserve for Claims	2,198,003
Reserve for IBNR	601,997

TOTAL CURRENT LIABILITIES \$6,107,592

NONCURRENT LIABILITIES

Reserve for IBNR	12,835,574
------------------	------------

TOTAL NONCURRENT LIABILITIES 12,835,574

TOTAL LIABILITIES 18,943,166

NET ASSETS

Unrestricted Net Assets - Prior Years	11,967,109
Net Assets - Current Year	585,600

TOTAL NET ASSETS 12,552,709

TOTAL LIABILITIES AND NET ASSETS \$ 31,495,875

California Affiliated Risk Management Authorities
~ INCOME STATEMENT ~
For the Year Ended December 31, 2012
(Unaudited)

	<u>Actual</u>	<u>Budget</u>	<u>% Used</u>	<u>\$ Variance</u>
OPERATING REVENUES				
Deposit Premium	\$3,323,737	\$ 6,607,524	50%	\$ 3,283,787
Investment Income	152,039	0		(152,039)
Misc Income	0	0		0
TOTAL OPERATING REVENUES	<u>\$3,475,776</u>	<u>6,607,524</u>	<u>53%</u>	<u>3,131,748</u>
OPERATING EXPENSES				
Direct Expenses				
Claims Paid	\$3,233	4,474,891	* { 41%	2,626,644
Incr/(Decr) in Reserves	<u>1,845,014</u>	<u>0</u>		<u>(1,845,014)</u>
Subtotal Claims Expense	1,848,247	4,474,891	41%	2,626,644
Reinsurance	582,600	1,165,200	50%	582,600
Excess Insurance	<u>258,641</u>	<u>517,283</u>	<u>50%</u>	<u>258,642</u>
Subtotal All Direct Expenses	2,689,488	6,157,374	44%	3,467,886
General & Administrative Expenses				
Program Management	152,500	305,000	50%	152,500
Membership Dues	934	1,600	58%	666
Financial Audit	8,550	8,550	100%	0
Claims Audit	7,475	29,900	25%	22,425
Actuarial Services	0	7,000	0%	7,000
Legal Services	8,562	40,000	21%	31,438
Marketing, Consultants and Website	300	1,000	30%	700
Board Meetings	1,207	2,000	60%	793
Annual Retreat	0	10,000	0%	10,000
Fidelity Bond	518	1,100	47%	583
Accreditation	1,425	1,500	95%	75
Investment Management Fees	13,000	26,000	50%	13,000
Genex Reporting Fees	6,000	6,500	92%	500
Bank Fees	218	0		(218)
Contingency	<u>0</u>	<u>10,000</u>	<u>0%</u>	<u>10,000</u>
Subtotal General & Admin Expenses	200,688	450,150	45%	249,462
Member Equity Distribution	0	0		0
TOTAL OPERATING EXPENSES	<u>2,890,176</u>	<u>6,607,524</u>	<u>44%</u>	<u>3,717,348</u>
CHANGE IN NET ASSETS	<u><u>\$585,600</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 December 31, 2012
(Unaudited)

Assets:	2001/2002	2002/2003	2003/2004	2004/2005 *	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	Total
Cash, L.A.I.F. & Investments	307,366	1,407,987	2,956,409	730,395	(1,579,951)	2,108,616	3,974,565	3,581,288	4,239,228	4,205,315	3,977,295	4,581,115	30,489,622
Market Valuation-LAIF & Investments												57,682	57,682
Prepaid Expenses												870,973	870,973
Interest Receivable												77,598	77,598
Accounts Receivable												0	0
Total Assets	307,366	1,407,987	2,956,409	730,395	(1,579,951)	2,108,616	3,974,565	3,581,288	4,239,228	4,205,315	3,977,295	5,587,368	31,495,875 *

* Total Assets do not include Rate Stabilization Funds of \$91,463.26 at December 31, 2012

Liabilities:													
Accounts Payable												3,830	3,830
Deferred Revenue												3,303,762	3,303,762
Return of Equity												0	0
Equity Payable												0	0
Reserve for Claims (1)	0	364,125	441,825	0	10,453	0	378,400	0	463,000	91,700	448,500	0	2,198,003
Reserve for IBNR (2)	(0)	97,354	308,010	451,661	1,835,953	779,910	265,718	856,464	932,945	2,903,451	3,157,440	1,848,672	13,437,572
Total Liabilities	(0)	461,479	749,834	451,661	1,846,406	779,910	644,118	856,464	1,395,945	2,995,151	3,605,940	5,156,263	18,943,166

Retained Earnings:													
Reserve for Adverse Development (3)	0	0	0	0	0	0	158,282	399,599	900,613	1,809,988	2,055,386	1,053,743	6,377,612
Contingency Funds (4)	307,366	946,508	2,206,575	278,733	(3,426,356)	1,328,707	3,172,165	2,325,224	1,942,670	(599,825)	(1,684,031)	(622,639)	6,175,095
Total Retained Earnings	307,366	946,508	2,206,575	278,733	(3,426,356)	1,328,707	3,330,447	2,724,824	2,843,283	1,210,163	371,355	431,104	12,552,709
Total Liabilities and Retained Earnings	307,366	1,407,987	2,956,409	730,395	(1,579,951)	2,108,616	3,974,565	3,581,288	4,239,228	4,205,315	3,977,295	5,587,368	31,495,875

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

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

- (1) Reserve for claims has been discounted from the loss run balance of \$2,465,019 by \$267,016 as calculated utilizing the discount factors prepared by Bay Actuarial Consultants.
- (2) IBNR has been established at the discounted expected confidence level as calculated by Bay Actuarial Consultants.
- (3) This line represents the additional reserves needed to fund up to the 80% confidence level.
- (4) Provided there are sufficient contingency funds available for each program year and the JPA overall is funded at the 70% confidence level, this amount would be available for possible refund to members.

California Affiliated Risk Management Authorities

~ Income Statement ~

For the Year Ended December 31, 2012

(Unaudited)

Revenue:	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	Total
Deposit Premiums											19,976	3,303,761	3,323,737
Interest Income	1,583	7,252	15,245	3,762	(8,137)	10,863	20,465	18,445	21,833	21,659	21,127	4,943 *	139,039 *
Misc Income												0	0
Total Revenue	1,583	7,252	15,245	3,762	(8,137)	10,863	20,465	18,445	21,833	21,659	41,103	3,308,704	3,462,776
													<i>* Net of Investment Management Fees and Rate Stabilization Funds interest</i>
Direct Expenses:													
Claims Paid	0	0	4,455	0	0	1,205	(2,427)	0	0	0	0	0	3,233
Incr./(Decr.) in Reserves	(455)	0	(4,357)	0	(0)	(1,154)	2,307	0	0	0	0	1,848,672	1,845,013
Incr./(Decr.) in Rate Stab Due Member													0
Dividend/Assessment/Equity Distribution													0
Reinsurance / Excess												841,241	841,241
Total Direct Expenses	(455)	0	99	0	(0)	51	(120)	0	0	0	0	2,689,913	2,689,487
Indirect Expenses:													
General Management												152,500	152,500
Membership Dues												934	934
Financial Audit												8,550	8,550
Claims Audit												7,475	7,475
Actuarial Services												0	0
Legal Services**												8,562	8,562
Marketing/Consultants/Website												300	300
Board Meetings												1,207	1,207
Annual Retreat												0	0
Fidelity Bond												518	518
Accreditation Fees												1,425	1,425
Genex Reporting Fees												6,000	6,000
Bank Fees												218	218
Contingency												0	0
Total Indirect Expenses	0	0	0	0	0	0	0	0	0	0	0	187,688	187,688
Net Income/(Loss)	2,038	7,251	15,146	3,761	(8,137)	10,812	20,585	18,445	21,833	21,659	41,103	431,103	585,600

** Includes services for general counsel and coverage matters.

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

California Affiliated Risk Management Authorities

~ Member Allocation of Pool Equity ~

As of December 31, 2012

Program Year	Member	"Expected" Fund Balance	Additional IBNR at 75% Conf. Level	"75% Conf." Fund Balance	Additional IBNR at 80% Conf. Level	"80% Conf." Fund Balance
2001/2002:	BCJPIA	97,201	0	97,201	0	97,201
	CSJVRMA	67,043	0	67,043	0	67,043
	MPA	69,331	0	69,331	0	69,331
	PARSAC	61,291	0	61,291	0	61,291
	VCJPA	12,501	0	12,501	0	12,501
	PERMA	0	0	0	0	0
	Total	<u>307,366</u>	<u>0</u>	<u>307,366</u>	<u>0</u>	<u>307,366</u>
2002/2003:	BCJPIA	245,018	0	245,018	0	245,018
	CSJVRMA	214,391	0	214,391	0	214,391
	MPA	279,416	0	279,416	0	279,416
	PARSAC	172,612	0	172,612	0	172,612
	VCJPA	35,071	0	35,071	0	35,071
	PERMA	0	0	0	0	0
	Total	<u>946,508</u>	<u>0</u>	<u>946,508</u>	<u>0</u>	<u>946,508</u>
2003/2004	BCJPIA	593,886	0	593,886	0	593,886
	CSJVRMA	570,799	0	570,799	0	570,799
	MBASIA	66,028	0	66,028	0	66,028
	MPA	522,518	0	522,518	0	522,518
	PARSAC	376,786	0	376,786	0	376,786
	VCJPA	76,558	0	76,558	0	76,558
	Total	<u>2,206,575</u>	<u>0</u>	<u>2,206,575</u>	<u>0</u>	<u>2,206,575</u>
2004/2005*	BCJPIA	899,771	0	899,771	0	899,771
	CSJVRMA	(763,060)	0	(763,060)	0	(763,060)
	MBASIA	(151,999)	0	(151,999)	0	(151,999)
	MPA	(740,662)	0	(740,662)	0	(740,662)
	PARSAC	925,092	0	925,092	0	925,092
	VCJPA	108,273	0	108,273	0	108,273
	PERMA*	1,318	0	1,318	0	1,318
Total	<u>278,733</u>	<u>0</u>	<u>278,733</u>	<u>0</u>	<u>278,733</u>	
2005/2006	BCJPIA	(850,261)	0	(850,261)	0	(850,261)
	CSJVRMA	(827,478)	0	(827,478)	0	(827,478)
	MBASIA	(130,608)	0	(130,608)	0	(130,608)
	MPA	(893,859)	0	(893,859)	0	(893,859)
	PARSAC	(593,501)	0	(593,501)	0	(593,501)
	VCJPA	(130,651)	0	(130,651)	0	(130,651)
	Total	<u>(3,426,356)</u>	<u>0 *</u>	<u>(3,426,356)</u>	<u>0 *</u>	<u>(3,426,356)</u>

California Affiliated Risk Management Authorities

~ Member Allocation of Pool Equity ~

As of December 31, 2012

Program Year	Member	"Expected" Fund Balance	Additional IBNR at 75% Conf. Level	"75% Conf." Fund Balance	Additional IBNR at 80% Conf. Level	"80% Conf." Fund Balance
2006/2007	BCJPIA	306,048	0	306,048	0	306,048
	CSJVRMA	384,321	0	384,321	0	384,321
	MBASIA	47,189	0	47,189	0	47,189
	MPA	306,739	0	306,739	0	306,739
	PARSAC	226,673	0	226,673	0	226,673
	VCJPA	57,737	0	57,737	0	57,737
	Total	<u>1,328,707</u>	<u>0</u>	<u>1,328,707</u>	<u>0</u>	<u>1,328,707</u>
2007/2008	BCJPIA	722,276	0	722,276	(34,327)	687,950
	CSJVRMA	952,327	0	952,327	(45,260)	907,067
	MBASIA	110,258	0	110,258	(5,240)	105,018
	MPA	788,055	0	788,055	(37,453)	750,602
	PARSAC	620,799	0	620,799	(29,504)	591,295
	VCJPA	136,731	0	136,731	(6,498)	130,233
	Total	<u>3,330,447</u>	<u>0</u>	<u>3,330,447</u>	<u>(158,282)</u>	<u>3,172,165</u>
2008/2009	BCJPIA	589,938	(5,191)	584,747	(86,515)	503,422
	CSJVRMA	736,170	(6,478)	729,693	(107,960)	628,210
	MBASIA	91,416	(804)	90,612	(13,406)	78,010
	MPA	649,591	(5,716)	643,875	(95,263)	554,328
	PARSAC	553,985	(4,875)	549,110	(81,243)	472,742
	VCJPA	103,723	(913)	102,810	(15,211)	88,512
	Total	<u>2,724,824</u>	<u>(23,976)</u>	<u>2,700,848</u>	<u>(399,599)</u>	<u>2,325,224</u>
2009/2010	BCJPIA	1,001,097	(181,803)	819,293	(317,099)	683,997
	CSJVRMA	936,009	(169,983)	766,026	(296,482)	639,527
	MBASIA	122,865	(22,313)	100,552	(38,918)	83,947
	MPA	683,632	(124,150)	559,482	(216,541)	467,091
	VCJPA	99,680	(18,102)	81,578	(31,574)	68,107
	PARSAC	0	0	0	0	0
	Total	<u>2,843,283</u>	<u>(516,352)</u>	<u>2,326,931</u>	<u>(900,613)</u>	<u>1,942,670</u>
2010/2011	BCJPIA	453,118	(437,231)	15,887	(677,708)	(224,589)
	CSJVRMA	338,100	(326,246)	11,853	(505,682)	(167,582)
	MBASIA	48,876	(47,163)	1,714	(73,102)	(24,226)
	MPA	325,536	(314,123)	11,413	(486,891)	(161,355)
	VCJPA	44,533	(42,972)	1,561	(66,606)	(22,073)
	PARSAC	0	0	0	0	0
	Total	<u>1,210,163</u>	<u>(1,167,735)</u>	<u>42,428</u>	<u>(1,809,988)</u>	<u>(599,825)</u>
2011/2012	BCJPIA	141,774	(509,364)	(367,590)	(784,695)	(642,921)
	CSJVRMA	97,446	(350,102)	(252,656)	(539,346)	(441,900)

California Affiliated Risk Management Authorities

~ Member Allocation of Pool Equity ~

As of December 31, 2012

Program Year	Member	"Expected" Fund Balance	Additional IBNR at 75% Conf. Level	"75% Conf." Fund Balance	Additional IBNR at 80% Conf. Level	"80% Conf." Fund Balance
	MBASIA	16,501	(59,284)	(42,783)	(91,330)	(74,829)
	MPA	100,731	(361,905)	(261,174)	(557,529)	(456,798)
	VCJPA	14,903	(53,543)	(38,640)	(82,486)	(67,583)
	PARSAC	0	0	0	0	0
	Total	<u>371,355</u>	<u>(1,334,198)</u>	<u>(962,843)</u>	<u>(2,055,386)</u>	<u>(1,684,031)</u>
2012/13	BCJPIA	165,561	(262,686)	(97,125)	(404,679)	(239,118)
	CSJVRMA	113,178	(179,573)	(66,395)	(276,640)	(163,462)
	MBASIA	18,400	(29,194)	(10,794)	(44,974)	(26,574)
	MPA	117,535	(186,486)	(68,951)	(287,290)	(169,755)
	VCJPA	16,431	(26,070)	(9,639)	(40,161)	(23,731)
	PARSAC	0	0	0	0	0
	Total	<u>431,104</u>	<u>(684,009)</u>	<u>(252,904)</u>	<u>(1,053,744)</u>	<u>(622,640)</u>
Total:	BCJPIA	4,365,424	(1,396,275)	2,969,149	(2,305,023)	2,060,402
	CSJVRMA	2,819,245	(1,032,382)	1,786,863	(1,771,370)	1,047,875
	MBASIA	238,927	(158,757)	80,170	(266,970)	(28,042)
	MPA	2,208,563	(992,381)	1,216,183	(1,680,967)	527,596
	PARSAC	2,343,737	(4,875)	2,338,863	(110,747)	2,232,991
	VCJPA	575,491	(141,600)	433,891	(242,537)	332,954
	PERMA	1,318	0	1,318	0	1,318
Total Equity		<u>12,552,709</u>	<u>(3,726,269)</u>	<u>8,826,443</u>	<u>(6,377,614)</u>	<u>6,175,095</u>

Program Year Closures:

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

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

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

California Affiliated Risk Management Authorities

~ Rate Stabilization Fund ~

As of December 31, 2012

Member	Original Balance @ 7/1/2002	Cumulative Interest 2002/2003 - 2005/2006	2006/2007			2007/2008			2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	Balance @ 12/31/12
			Interest as of 9/30/06	Member Contribution / Withdrawal 9/30/06 & 3/31/07 *	Interest from 10/1/06 - 06/30/07	YE Interest as of 6/30/08	Member Withdrawal June 2008	Member Billing 6/30/08**	YE Interest as of 06/30/09	YE Interest as of 06/30/10	YE Interest as of 6/30/11	YE Interest as of 6/30/12	YE Interest as of 12/31/12	
BCJPIA	380,979	33,811	7,692	445,979 *	31,721	63,690	(970,226)	6,354	0	0	0	0	0	(0)
PARSAC	201,011	17,839	4,058	(222,909)	0	0	0	0	0	0	0	0	0	(0)
VCJPA	28,165	2,500	569	63,251	3,481	6,989	(22,390)	0	4,130	2,095	1,217	986	471	91,463
CSJVRMA	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MBASIA	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MPA	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	610,155	54,150	12,319	286,321	35,201	70,679	(992,616)	6,354	4,130	2,095	1,217	986	471	91,463

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

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

Historical Information:

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

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

As per Resolution 3-2009/2010, resolution of the Board of Directors of CARMA for a Records Retention Policy, CARMA staff has determined that the following documents warrant destruction:

CARMA Administration - Destruction Boxes

Dept	File Name/Description	Date Range From	Date Range To
Administration	Proposals for Legal Services -Farmer, Murphy, Smith & Alliston	7/1/2002	6/30/2004
Administration	PFM Investment Performance Review First Quarter 2005	7/1/2003	6/30/2006
Administration	PFM Investment Performance Review Second Quarter 2005	7/1/2003	6/30/2006

CARMA Accounting - Destruction Boxes

Dept	File Name/Description	Date Range From	Date Range To
Accounting	Void Checks 2004/05	7/1/2004	6/30/2005
Accounting	Petty Cash Checks 2004/05	7/1/2004	6/30/2005
Accounting	Petty Cash Reimbursements 2004/05	7/1/2004	6/30/2005
Accounting	Disbursements Back Up 1st Quarter 2004/05	7/1/2004	6/30/2005
Accounting	Disbursements Back Up 2nd Quarter 2004/05	7/1/2004	6/30/2005
Accounting	Disbursements Back Up 3rd Quarter 2004/05	7/1/2004	6/30/2005
Accounting	Disbursements Back Up 4th Quarter 2004/05	7/1/2004	6/30/2005
Accounting	Disbursements A-C 2004/05	7/1/2004	6/30/2005
Accounting	Disbursements D-G 2004/05	7/1/2004	6/30/2005
Accounting	Disbursements H-K 2004/05	7/1/2004	6/30/2005
Accounting	Disbursements L-O 2004/05	7/1/2004	6/30/2005
Accounting	Disbursements R-S 2004/05	7/1/2004	6/30/2005
Accounting	Disbursements T-Z 2004/05	7/1/2004	6/30/2005
Accounting	Invoices 2004/05	7/1/2004	6/30/2005
Accounting	Transfers 2004/05	7/1/2004	6/30/2005
Accounting	Cash Receipts 2004/05	7/1/2004	6/30/2005
Accounting	Budget Prep 2004/05	7/1/2004	6/30/2005
Accounting	Audit 2003/05	7/1/2004	6/30/2005
Accounting	Accounting Workpapers 2004/05	7/1/2004	6/30/2005

CARMA Litigation - Destruction Boxes

Dept	File Name/Description	Date Range From	Date Range To
Litigation	Closed Case Files	10/17/2005	3/17/2006
Litigation	Closed Case Files	4/20/2006	12/5/2006
Litigation	Closed Case Files	11/13/2006	11/13/2006



CAJPA Journal Winter 2012 Edition

In This Issue

[President's Letter](#)

[CAJPA Fall
Conference: The
Future is Now](#)

[Master Your Meetings:
Robert's Rules in Real
Life](#)

Upcoming Events

**[Legislative Action
Day](#)**: April 18, 2012

**[Finance &
Technology Spring
Workshop](#)**:
May 2 & 3, 2012

SAVE THE DATE
**2012 CAJPA Fall
Conference**:
September 18 - 21,
2012

New CAJPA Website Launched

If you haven't visited the CAJPA website recently, you should take a few minutes to check it out. Over the past several months, the Technology Committee and Professional

President's Letter

By Martin Brady, Executive Director, Schools Insurance Authority



"Keep Calm and Carry On - Good Advice for Hard Times"

This expression was used by the British during World War II to reassure the general public during the blitz bombing campaign on London. Although the historical reference is notable, thankfully

we do not have to contend with such harsh circumstances today.

Winston Churchill was prime minister of Britain at that time. He was a charismatic figure and was known for his rather unique leadership style. As an example, in response to a reporter's question, he responded by saying, "I'm an optimist. It doesn't seem too much use being anything else."

The message of keeping calm and carrying on is helpful when one considers the California budget and managing public agencies, be they cities, counties, schools or other municipalities. In addition, Churchill's statement of optimism is a timely reminder of the qualities that are needed to persevere during difficult times.

A spirit of optimism enables leaders to rise above their current challenges and be open to new ways of tackling old problems. Optimists can inspire and motivate those around them to foster creativity and be solution-oriented.

Although the New Year will be filled with challenges for all of us, I am confident that we collectively will be bold in meeting the needs of our California public agencies.

Keep Calm and Carry On!

CAJPA Fall Conference: The Future is Now

Development Committee have worked closely with CAJPA staff to redesign, reorganize and restructure the CAJPA website. The new website was designed with accessibility in mind. Members can now easily access a wealth of information on the comprehensive website. Additions to the website include:

- Easy to find Calendar of Events
- Job Board
- News
- Education & Training Section
- Updated Advocacy Information
- and much, much more...

Visit www.cajpa.org today and do some exploring! If you have any questions, or would like to have a job opening posted to the website, feel free to call the CAJPA office at 916-231-2139.

George Hills Company (GHC), Willis Pooling, and Jenifer McDonald Host Discussion on Issues and

Join us as we look into the future of our organizations at the 2012 CAJPA Fall Conference and Training Seminar.

We will offer great educational sessions and networking opportunities that will keep you up-to-the-minute on the latest happenings with joint powers authorities.

Hotel reservations for Embassy Suites, Harveys and Harrah's, are now open. For more information and rates, please visit the [CAJPA website](#).

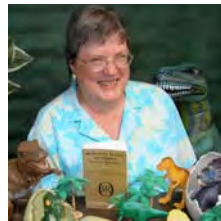
Mark your calendars for 2012!

September 18-21, 2012

Embassy Suites, South Lake Tahoe

Master Your Meetings: Robert's Rules in Real Life

By Ann G. Macfarlane, Professional Registered Parliamentarian, Jurassic Parliament



Recently, an old-time myth about Robert's Rules of Order reared its ugly head in my email inbox. I didn't scream, but it reminded me of the urban legend about crocodiles living in the New York City sewer system. A colleague wrote, "Isn't it true that once a quorum has been established, if it is not called for again, it remains during the meeting and actions can be taken even if people leave?"

You CAJPA readers are savvy enough to spot the falsity in this proposition, but just for the record I'd like to state clearly here that the "quorum" is "the minimum number of voting members who must be present for business to take place." That's the whole story. It's not "voting members who were here once" or "a fictional number of voting members," it's actual living breathing people who must be in the room and talking about the issues and voting. Or on the conference call. But in any case, hearing each other's arguments and offering their own thoughts in return. This is the essence of deliberative democracy.

The reason for this requirement is to protect the rights of all members, especially the minority. If a few people can take the bit between their teeth and do what they like in the name of the organization, it isn't fair to the rest. If some members have slipped off to Starbucks or the bar, so that we are below our minimum, we need to get them back, or recruit others, before we move forward. To think "oh, if I don't mention this no one will notice and it won't matter" is to behave in a sleazy and slipshod fashion.

Challenges Facing California JPAs Today

In early 2011, George Hills Company (GHC), Willis Pooling, and Jenifer McDonald partnered to submit a response to a proposal for JPA management services. During the process, a discussion took place on the changing environment and needs facing California's risk management JPAs. Their perception was that although every JPA is unique, they each face many of the same challenges. Or do they?

[...Continue Reading](#)

[Download It's a Small World - A Discussion of Issues and Challenges Facing JPAs](#)

This is so, even if the actions we would like to take without a quorum are unexceptionable. We need to gain the consent of a suitable number of our fellow members before we can claim to act for the organization as a whole. It is the right, the honorable, and the legally correct thing to do.

The Journal is a publication of the California Association of Joint Powers Authorities, a nonprofit trade association formed in 1981 to serve as a communication and educational resource to California Joint Powers Authorities.

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CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

MEMORANDUM OF COVERAGE

LIABILITY COVERAGE

ENDORSEMENT #2

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

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

Coverage under this Memorandum of Coverage is hereby extended to those successor agencies which are created pursuant to Health & Safety Code Sections 34170 et seq. by the Covered Parties defined in Section II.7.(b) hereof, but only for those types of activities that were performed previously by such created Covered Parties' former redevelopment agencies and which are not otherwise excluded in the Memorandum of Coverage.

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

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

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

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

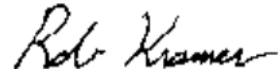
It is understood that the Named Covered Party of the Declarations is completed as follows:

Bay Cities Joint Powers Insurance Authority
Central San Joaquin Valley Risk Management Authority
Municipal Pooling Authority of Northern California
Monterey Bay Area Self Insurance Authority
Vector Control Joint Powers Agency

Endorsement #2
(7/1/2012)

Effective Date: July 1, 2012

Endorsement No.: 2



AUTHORIZED REPRESENTATIVE

RE/OK
MB
JM
FILE



The PFM Group

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

February 7, 2013

Mr. Rob Kramer
California Affiliated Risk Management Authorities
Bickmore Risk Services
1750 Creekside Oaks Dr.
Ste 200
Sacramento, CA 95833

Dear Mr. Kramer:

The Board of Trustees of the California Asset Management Program (“CAMP”) recently announced that cash management and portfolio custody services for CAMP will soon be transitioned from BNY Mellon to U.S. Bank National Association (“U.S. Bank”). We are excited about this change because the annual maintenance fee will drop from \$1,000 per year (invoiced quarterly) to \$200 per year (invoiced monthly), the asset-level based fee will be reduced from 1/2 of a basis point (0.005%) to 1/3 of a basis point (0.00333%) on an annualized basis, and the cost of security transactions will be reduced from \$12 each to \$10 each.

As a CAMP shareholder with a separately managed Individual Portfolio (“IP”), your current contract for custody services is as a party to CAMP’s banking services agreement with BNY Mellon. Effective February 25, 2013, the securities in your IP will be transferred to U.S. Bank and will be administered in accordance with the provisions of a new Custody Agreement, dated as of January 10, 2013 (the “Custody Agreement”) between CAMP and U.S. Bank. A copy of the Custody Agreement is enclosed for your review and records.

Please notify a CAMP representative within 10 business days of the date of this letter if you have any objection to the transfer of the securities in your CAMP IP to U.S. Bank. If we do not hear from you by February 25, 2013, we will assume that you have no objection to the transfer, and acknowledge and agree that your portfolio will be held by U.S. Bank in accordance with the enclosed Custody Agreement. (Please note that this transfer will not affect how PFM Asset Management LLC manages your portfolio.)

Your new U.S. Bank account number is attached on the following page. If you have any questions, please contact any of the following CAMP representatives below at (800) 729-7665.

- Nancy Jones: jonesn@pfm.com
- Lauren Brant: brantl@pfm.com
- Richard Babbe: babber@pfm.com
- Carlos Oblites: oblitesc@pfm.com
- Monique Spyke: spykem@pfm.com
- Sarah Meacham: meachams@pfm.com

Thank you for continuing to use CAMP for your investment needs.

Sincerely,

PFM Asset Management LLC

Nancy Jones
Managing Director



New U.S. Bank Account Number

Your U.S. Bank custody account number(s) will be 19-CA1001 Please note there will be no change to your CAMP portfolio number(s). If you would like to have online access to your U.S. Bank custody account, please e-mail your request to Kathleen O'Connor (kathleen.oconnor@usbank.com) at U.S. Bank, and she will help you establish access to U.S. Bank's "Trust Now Essentials" system.

CUSTODY AGREEMENT

This custody agreement (the "Agreement") dated as of January 10, 2013, is between U.S. BANK NATIONAL ASSOCIATION, a national banking association organized under the laws of the United States of America, as Custodian (the "Custodian") and the CALIFORNIA ASSET MANAGEMENT TRUST (the "Trust" and the "Customer") organized under the laws of the State of California and each of the Participants or Investors in the Trust that has signed an Account Opening Addendum as provided herein.

WITNESSETH:

WHEREAS, the Trust has been created pursuant to a Declaration of Trust dated as of December 15, 1989 (as amended from time to time, the "Declaration of Trust") in accordance with Section 6502 of Title I, Division 7, Chapter 5 of the Government Code of the State of California; and

WHEREAS, the Trust desires the Custodian to serve as custodian of the securities and cash comprising the assets ("Pool Property") of one or more separate series established under the Trust (individually a "Pool" and collectively, the "Pools"), and provide certain banking services as described herein, and the Custodian is willing to act in such capacity upon the terms and conditions herein set forth; and

WHEREAS, the Trust desires the Custodian to serve as custodian of the securities and cash comprising the assets of discrete portfolios ("Individual Portfolios") belonging to any California state department or agency, county, county board of education, county superintendent of schools, city, public corporation, public district or regional transportation commission that is a Participant or Investor, as those terms are defined in the Declaration of Trust ("Participant" herein) and provide certain banking services as described herein and the Custodian is willing to act in such capacity upon the terms and conditions herein set forth. Each Individual Portfolio Account opened shall be treated as a separate custody account as if each Account had a separately signed custody agreement identical in terms to the ones contained herein. For each Individual Portfolio Account opened, Customer and Custodian shall complete and sign an Account Opening Addendum, a copy of which is attached hereto as Exhibit A, and shall be made part of this Agreement; and

WHEREAS, the money of the Pools and Individual Portfolios to be deposited with the Custodian constitutes money of a local agency or agencies within the meaning of Title 5, Division 2, Part 1, Chapter 4, Article 2 of the Government Code of the State of California (the "Government Code");

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the parties hereto, intending to be legally bound, do hereby agree as follows:

1. Appointment and Acceptance.

1.1 The Trust hereby appoints Custodian as its agent of the Pool Property and Individual Portfolios to provide custody and other services in connection with securities, cash and other property delivered from time to time to Custodian hereunder by, or at the direction of, the Trust and income, distributions and payments received by Custodian with respect thereto (collectively the "Assets"); and Custodian hereby agrees to act in such capacity, and perform such services, and hold the Assets in custody accounts established in the name of the Trust and Participants (each an "Account" and collectively the "Accounts"), upon the terms and conditions set forth below. Custodian warrants that it is authorized under the Governmental Code and other applicable law to act as custodian and otherwise provide services hereunder.

1.2 For purposes of this Agreement, all references contained herein to actions, directions and responsibilities (other than the obligations set forth in Sections 12 and 14) of the Trust shall include, apply to and be binding upon the Trust's agents, including any investment manager or advisor, appointed

and authorized by the Trust to direct Custodian or otherwise take actions on behalf of the Trust in connection with Custodian's services and responsibilities hereunder. The Trust shall provide written notice to Custodian of the identity of all such appointed agents and the scope of their authority to act hereunder. The Trust hereby warrants that PFM Asset Management LLC (the Investment Advisor") has been appointed investment manager with authority to direct Custodian on investments and cash management. This authority shall remain in force unless and until revoked by the Trust in writing to the Custodian.

2. Asset Delivery, Transfer, Custody and Safekeeping.

2.1 The Trust will from time to time deliver, or cause to be delivered, Assets to Custodian. Custodian shall receive and accept such Assets for the Account upon appropriate directions from the Trust. Custodian shall keep records of all transactions involving the Account and Assets belonging to each Account.

2.2 Upon receipt of Appropriate Instructions, (defined in Section 11.1) Custodian shall return Assets to the Trust or Participant, as appropriate, or deliver to such location or third party as Appropriate Instructions may indicate, provided that in connection therewith it is the sole responsibility of the Trust or Participant to provide any transfer documentation as may be required by the Depository (defined in Section 3.3 below) or third party recipient. Custodian shall have no power or authority to assign, hypothecate, pledge or otherwise dispose of any Assets, except as provided herein or pursuant to Appropriate Instructions.

2.3 Custodian shall furnish the Trust or respective Participants, as part of the services for which Custodian charges its basic fee hereunder, with monthly Account statements reflecting all Asset transactions in the respective Accounts during the reporting period and ending Asset holdings. If the Trust or a Participant wishes Custodian to report on Assets that are not in control of the Custodian, the Trust or Participant requesting such report shall execute the Custodian's CLIENT CONTROL ADDENDUM, which shall be provided to the Customer upon request.

2.4 Custodian shall forward to the Trust or Participant, or its designated agent identified in Section 17.4 (or as identified in a separate written designation by the Trust or Participant that is received by Custodian) all information it receives with respect to any of the Assets concerning redemption rights that are exercisable at the Trust or Participant's option, tender or exchange offers, all proxy material it receives with respect to securities included among the Assets and all other special matters or shareholder rights. This Section 2.4 is subject to the following exceptions:

- 2.4.1 Exception: If Custodian receives a class action litigation proof of claim in respect to any of the Assets, Custodian shall file such claim on behalf of the Trust or Participant.
- 2.4.2 Exception: Custodian will not forward so-called "mini-tenders" to the Trust or Participant or its designated agent, as applicable. Mini-tenders are tender offers for a small amount of the outstanding securities of a "target" company, generally with an offer price at or below market value. For equity issues, unless a tender offer is made for 5% or greater of the outstanding securities, and is subject to Securities and Exchange Commission ("SEC") review, the tender offer will not be forwarded by Custodian.
- 2.4.3 Exception: No tender offer will be forwarded by Custodian for a debt issue if:
 - 2.4.3.1 It is not registered with the SEC;

2.4.3.2 It has a "first received, first buy" basis with no withdrawal privilege and includes a guarantee of delivery clause; and

2.4.3.3 The offer includes the statement that "the purchase price includes all accrued interest on the note and has been determined in the sole discretion of the buyer and may be more than or less than the fair market value of the notes" or similar language.

2.5 Absent specific investment directions to the contrary from the Trust or a Participant, Custodian is hereby authorized and directed by them to hold all cash and all checks and drafts (when collected funds are received) in the applicable Pool's demand deposit account ("DDA"). All disbursements made from the DDA at the Custodian are to be funded by transfers from the applicable Pool Property held by the Custodian in the applicable custody Account of the Pool to the DDA on the day of the disbursement. No disbursement shall be made by transfers from the Individual Portfolio custody accounts to the DDA.

2.6 If any of the Assets received and held by Custodian hereunder shall be plan assets ("Plan Assets") with respect to any employee benefit plan (a "Plan") as those terms are defined in Section 3 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), the Custodian shall not be deemed to be, and shall not exercise any discretionary powers or control over such Plan Assets so as to be, a fiduciary with respect to the Plan. Furthermore, the applicable Participant shall notify Custodian in writing whenever any Assets do constitute Plan Assets and thereafter, all subcontracts, agreements or other arrangements between Custodian and any subsidiary or affiliate thereof for services or products paid for from any assets of the said Plan and utilized in the performance of Custodian's duties hereunder shall be subject to the advance approval the applicable Participant.

3. Powers of Custodian. In the performance of its duties hereunder, Custodian shall have the following powers:

3.1 To register any of the Assets in the name of the Trust or Participant or in the Custodian's name or in the name of a nominee of Custodian or in the name of the Custodian's agent bank or to hold any of the Assets in unregistered form or in such form as will pass title by delivery, provided that such Assets shall at all times be recorded in Customer's Account hereunder as belonging to the Trust or Participant. In consideration of Custodian's registration of any securities or other property in the name of Custodian or its nominee or agent, the Trust or applicable Participant agrees to pay on demand to Custodian or to Custodian's nominee or agent the amount of any loss or liability for stockholders' assessments, or otherwise, claimed or asserted against Custodian or Custodian's nominee or agent by reason of such registration.

3.2 To make, execute, acknowledge and deliver any and all documents of transfer and conveyance and any or all other instruments that may be necessary or appropriate to carry out the duties described and powers granted herein.

3.3 To maintain qualifying Assets in any registered clearing agency or in a Federal Reserve Bank (collectively a "Depository") as Custodian may select and to permit such deposited Assets to be registered in the name of Custodian, Custodian's agent or nominee or Depository, on the records of a Depository and to employ and use securities depositories, clearing agencies, clearance systems, sub-custodians or agents located outside the United States in connection with transactions involving foreign securities.

3.4 Upon receipt of Appropriate Instructions, to maintain Assets in an account with a third-party custodian designated by the Trust for purposes of settling tri-party repurchase agreements.

3.5 To employ agents and to delegate duties to them as it sees fit and to employ or consult with experts, advisors and legal counsel (who may be employed also by the Trust or a Participant) and to rely on information and advice received from such agents, experts, advisors, and legal counsel.

3.6 To perform any and all other ministerial acts deemed by Custodian necessary or appropriate to the proper discharge of its duties hereunder.

3.7 To hold uninvested reasonable amounts of cash whenever it is deemed advisable to do so to facilitate disbursements or for other operational reasons, and to deposit the same, with or without interest, in the commercial or savings departments of the Custodian serving hereunder or of any other bank, trust company or other financial institution including those affiliated with the Custodian, notwithstanding Custodian's or other entity's receipt of "float" from such uninvested cash.

4. Purchases.

4.1 Upon the receipt of Appropriate Instructions from the Trust, Custodian shall purchase securities for the Trust or Participants on a contractual settlement basis. The Trust and each Participant hereby agrees that it shall not instruct Custodian to sell any Asset until such Asset has been fully paid for by Custodian. Nor shall Customer engage in a practice whereby the Trust or Participants relies on the proceeds from the sale of an Asset to pay for the earlier purchase of the same Asset.

4.2 **Notification by Agreement.** Unless the Trust or a Participant and Custodian have entered into a separate written agreement that expressly makes Custodian either an investment manager or a discretionary trustee, the Account statements described above (including their timing and form) will serve as the sole written notification to the Trust and the Participants of any securities transaction effected by Custodian for the Account. Even so, the Trust and Participants have the right to demand that the Custodian provide written notification of such transactions pursuant to 12 CFR Sections 12.4(a) or (b) at no additional cost to Customer.

5. Sales.

5.1 Upon receipt of Appropriate Instructions from the Trust, Custodian will deliver Assets held by it as Custodian hereunder and sold by or for the Trust or a Participant against payment to Custodian of the amount specified in such Appropriate Instructions in accordance with the then current securities industry practices and in form satisfactory to Custodian. The Trust and Participants acknowledge that the current securities industry practice is delivery of physical securities against later payment on delivery date. Custodian agrees to use its best efforts to obtain payment therefore during the same business day, but the Trust and each Participant confirms its respective sole assumption of all risks of payment for such deliveries. Custodian may accept checks, whether certified or not, in payment for securities delivered on Customer's direction, and the Trust or the respective Participant assumes sole responsibility for the risks of collectability of such checks.

6. Settlements.

6.1 Custodian shall provide the Trust and Participants with settlement of all purchases and sales of Assets in accordance with Custodian's then prevailing settlement policies provided that:

6.1.1 Appropriate Instructions for purchases and sales are received by Custodian in accordance with Custodian's then current published instruction deadline schedule;

6.1.2 Custodian has all other information necessary to complete the transaction.

6.1.3 To avoid a deficiency in the Accounts, the Trust and each Participant agree that they shall not initiate any trade without sufficient Assets to settle such trade, nor shall they notify a separate financial institution that they intend to settle purchases out of the Account without sufficient Assets to do so.

6.2 Custodian shall not be liable or responsible for or on account of any act or omission of any broker or other agent designated by the Trust to purchase or sell securities for the Account of the Trust or a Participant. Custodian shall not be responsible for loss occasioned by the acts, neglects, defaults or insolvency of any broker, bank, trust company or other person with whom Custodian may deal in the absence of bad faith on the part of Custodian.

7. Corporate Actions.

7.1 In connection with any mandatory conversion of Asset securities pursuant to their terms, reorganization, recapitalization, redemption in kind, consolidation or other exchange transaction that does not require or permit approval by the owner of the affected Assets, Custodian will tender or exchange securities held for other securities, for other securities and cash, or for cash alone.

8. Collections.

8.1 Custodian shall collect all income, principal and other distributions due and payable on Assets held either by Custodian or a Depository and credit it to the appropriate Account of the Trust or a Participant but shall be under no obligation or duty to take action to effect collection of any amount if the Assets upon which such payment is due are in default, or if payment is refused after due demand and presentation. Custodian shall have no responsibility to notify the Trust or Participant, as appropriate, in the event of such default or refusal to pay, but if Custodian receives notice of default or refusal to pay from an issuer or transfer agent, Custodian shall so advise the Trust or Participant as appropriate.

8.2 Collections of monies in foreign currency, to the extent possible, are to be converted into United States dollars at customary rates through customary banking channels, including Custodian's own banking facilities, and in accordance with Custodian's prevailing policies for foreign funds repatriation. All risk and expense incident to such foreign collection and conversion is the responsibility of the Account and Custodian shall have no responsibility for fluctuations in exchange rates affecting such collections or conversion.

9. No Discretionary Authority; Standard of Care.

9.1 The Custodian shall care for the Assets in its custody as if, and to the same standard as it would its own property. The Trust and Participants and Custodian acknowledge that, except to the extent set forth in any separate instrument signed by the parties with respect to this Agreement, Custodian is not a fiduciary with respect to any Asset and the duties of Custodian hereunder do not include discretionary authority, control or responsibility with respect to the management or disposition of any Asset; or authority or responsibility to render investment advice with respect to any Asset. In addition, it is agreed that:

9.1.1 Custodian shall have no duty to make any evaluation or to advise anyone of the suitability or propriety of action or proposed action of the Trust or a Participants in any particular transaction involving an Asset or the suitability or propriety of retaining any particular investment as an Asset. Custodian shall have no duty or authority to review, question, approve or make inquiries as to any investment instructions given pursuant hereto. Custodian shall be under no duty or obligation to review the securities or other property held in the Account with respect to prudence or diversification.

- 9.1.2 Custodian shall not be liable for any loss or diminution of Assets by reason of investment experience or for its actions taken in reliance upon a direction or other instruction from the Trust or its agent.
- 9.1.3 Custodian shall have no duty or responsibility to monitor or otherwise investigate the actions or omissions of the Trust or Participants.
- 9.1.4 Custodian shall have no responsibility for the accuracy of Asset valuations quoted by outside services or sources in cases involving assets under the control of the Trust or Participants.
- 9.1.5 Custodian shall only be responsible for the performance of such duties as are expressly set forth herein or in Appropriate Instructions received by Custodian from the Trust or its agent which are not contrary to the provisions of this Agreement. Custodian shall exercise reasonable care in the performance of its services hereunder. In no event shall Custodian be liable for indirect, special or consequential damages.
- 9.1.6 Custodian shall not be liable for a failure to take an action required under this Agreement in the event and to the extent that the taking of the action is prevented or delayed by war (whether declared or not and including existing wars), revolutions, insurrection, riot, civil commotion, acts of God, accident, fire explosion, stoppage of labor, strikes or other differences with employees, laws regulations, orders or other acts of any governmental authority or any other cause beyond its reasonable control; nor shall any such failure or delay give Customer the right to terminate this Agreement, except as provided in Section 15 of this Agreement.

10. Books, Records and Accounts.

10.1 Custodian will make and maintain proper books of account and complete records of all Assets and transactions in the Account maintained by Custodian hereunder on behalf of the Trust and Participants. Custodian will preserve for the periods prescribed by applicable federal statute or regulation all records required to be maintained.

10.2 On reasonable notice, which shall in no event be less than forty eight (48) hours notice, Custodian will make available to and permit inspection during Custodian's regular business hours by the Trust or a Participant and its auditors of all books, records and accounts relating to the Trust or such Participant and retained by Custodian (or, to the extent practicable, its agents) in connection with its duties hereunder on behalf of the Trust or such Participant.

11. Instructions and Directions.

11.1 Custodian shall be deemed to have received appropriate instructions ("Appropriate Instructions") upon receipt of written instructions:

- 11.1.1 Given by any person whose name is listed on the most recent certificate delivered by the Trust and the Investment Advisor to Custodian which lists those persons authorized to give orders, and instructions in the name of and on behalf of the Trust and Participants or
- 11.1.2 Given by any other person duly authorized by the Trust for the Pool Property or by a Participant in respect to its individual Account or Accounts to give

instructions or directions to Custodian hereunder or who Custodian reasonably believes to be so authorized (such as an investment adviser or other agent designated by the Trust, for example).

11.2 Appropriate Instructions shall include instructions sent to Custodian or its agent by letter, memorandum, telegram, cable, facsimile, internet e-mail or similar means of written communication. The parties to this Agreement assume full responsibility for the security of electronically transmitted communications they send.

11.3 Any communication addressed and mailed shall be deemed to be given when received; and any communication sent by electronic transmission shall be deemed to be given when receipt of such transmission is acknowledged; and any communication delivered in person shall be deemed to be given when actually received by an authorized officer of Custodian or the Trust.

11.4 In the event that Custodian is directed to deliver Assets to any party other than the Trust or a Participant or its respective agent, Appropriate Instructions shall include and the Trust or Participant shall supply, customary transfer documentation as required by such party, and to the extent that such documentation has not been supplied, Custodian shall not be deemed to have received Appropriate Instructions.

12. Compensation, Security.

12.1 The Trust and Participants, in the case of Individual Portfolios, shall pay to Custodian fees for its services under this Agreement and shall reimburse Custodian for costs incurred by it hereunder as set forth in Schedule B or such other fee arrangement as Custodian and the Trust may otherwise agree in writing. Custodian agrees that it will not raise the fees for a period of three years from the effective date of this agreement. Invoices shall be sent either to the Trust or to the appropriate Participant in the case of an Individual Portfolio. If any such invoice is not paid within sixty (60) days, the Custodian may pay itself the amount of such invoice from the appropriate Account. Custodian shall give the Investment Advisor at least 10 days notice of such action.

12.2 If any advance of funds is made by Custodian on behalf of the Trust or a Participant to purchase, or to make payment on or against delivery of securities or there shall arise for whatever reason an overdraft in the Trust or Participant's Account, or if the Trust or Participant is for any other reason indebted to Custodian, including, but not limited to, any advance of immediately available funds (i) with respect to payments to be received by Custodian in next-day funds for the Pool (which Customer acknowledges Customer is liable to repay if Custodian does not receive final payment), the Trust agrees to repay Custodian on demand the amount of the advance, overdraft or other indebtedness and accrued interest at a rate per annum (based on a 360-day year for the actual number of days involved) equal to the Federal Funds effective rate in effect from time to time; and (ii) with respect to payments to be received by Custodian in next-day funds for an Individual Portfolio (which Participant acknowledges it is liable to repay if Custodian does not receive final payment), the Participant agrees to repay Custodian on demand the amount of the advance, overdraft or other indebtedness and accrued interest thereon at a rate per annum (based on a 360 day year for the actual number of days involved) equal to the Federal Funds effective rate in effect from time to time.

12.3 In the event of an advance of funds by Custodian, or if any overdraft is created by Account transactions, or if the Trust or a Participant is otherwise in default of any obligation to Custodian, Custodian may directly charge the applicable Account and receive such payment therefrom.

12.4 In the event that a compensation payment due Custodian is past due by more than 30 days, such amount may also be charged to the applicable Account and Custodian may receive such payment therefrom

12.5 [Intentionally omitted.]

12.6 None of the provisions of this Agreement shall require Custodian to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers hereunder, if Custodian shall have reasonable grounds for believing that repayment of such funds, or indemnity satisfactory to Custodian against such risk or liability is not assured.

13. Customer Responsibility.

13.1 The Trust and each Participant shall be responsible for the review of all reports, accountings and other statements applicable to its Accounts provided thereto by the Custodian, and shall within 90 days following receipt thereof notify the Custodian of any mistakes, defects or irregularities contained or identified therein, after which time all such matters shall be presumed to be ratified, approved and correct and shall not provide any basis for claim or liability against the Custodian.

14. Indemnification.

14.1 The Trust and each Participant hereby agrees to fully and promptly indemnify Custodian and its affiliates, officers, directors, employees and agents (each a "Custodian Indemnified Party") and hold each Custodian Indemnified Party harmless from and against any cost, losses, claims, liabilities, fines, penalties, damages and expenses (including reasonable attorneys' and other professionals' fees) (collectively, a "Claim") arising out of:

14.1.1 The Trust or Participant's actions or omissions with respect to its respective Accounts or

14.1.2 Custodian's action taken or omitted hereunder with respect to its respective Accounts in reliance upon the Trust or Participant's directions or instructions, or upon any information, order, indenture, stock certificate, power of attorney, assignment, affidavit or other instrument delivered hereunder to Custodian in respect to such Accounts, reasonably believed by Custodian to be genuine or bearing the signature of a person or persons authorized by the Trust to sign, countersign or execute the same;

14.1.3 However the Trust and each Participant shall not indemnify a Custodian Indemnified Party for any Claim arising from the Custodian Indemnified Party's judicially determined willful misfeasance, bad faith or gross negligence in the performance of its duties under this Agreement in respect to its respective Accounts.

14.1.4 It is expressly understood and agreed by the parties hereto that the indemnity obligations herein are several as to the Trust and each Participant with respect to its respective Accounts, and the Trust shall have no indemnity obligation with respect to Individual Portfolios, and each Participant shall have no individual indemnity obligation with respect to the Trust Pool.

14.2 Custodian hereby agrees to indemnify the Trust and Participants and their respective controlling person, officers, directors, employee and agents ("Customer Indemnified Parties") and hold each of them harmless from and against any and all Claims arising out of:

14.2.1 Custodian's breach of this Agreement, willful misfeasance, bad faith or gross negligence in the performance of its duties under this Agreement, or

14.2.2 Any loss of Assets, including theft or destruction thereof but expressly excluding investment losses or other diminution of Assets resulting from the Custodian's proper performance of its duties hereunder.

14.3 Custodian shall not indemnify a Customer Indemnified Party for any Claim arising from the Trust or Participant Indemnified Party's breach of this Agreement, willful misfeasance, bad faith or gross negligence with respect to its duties and responsibilities under this Agreement.

14.4 This Section 14 shall survive the termination of this Agreement.

15. Termination.

15.1 This Agreement will remain in effect for three years from the effective date, with up to two one year renewals at the option of the Customer. Notwithstanding the foregoing, this agreement may be terminated by either party on not less than 60 days written notice to the other party, provided however that Custodian will continue to serve and this Agreement will not be terminated until such time as a successor custodian has been appointed and the Assets' custody and records have been transferred to the successor custodian .

15.2 Following notice of termination of this Agreement, Custodian shall follow such reasonable Trust instructions concerning the transfer of Assets' custody and records, provided:

15.2.1 Custodian shall have no liability for shipping and insurance costs associated therewith;

15.2.2 [Intentionally omitted];

15.2.3 Prior to termination, Custodian shall have been reimbursed for any advances of monies or securities made hereunder to the Trust or any Participant. If any Assets remain in an Account, the Trust and Participants acknowledge and agree that Custodian may designate the Trust or applicable Participant as successor Custodian hereunder and deliver the same directly to the Trust or applicable Participant.

15.3 Upon termination of this Agreement, all indemnification provisions herein shall survive with respect to any Claims arising from events prior to such termination.

16. Binding Obligations.

16.1 The Trust and Participants and Custodian each hereby represent that this Agreement constitutes its legal, valid and binding obligation enforceable in accordance with the terms hereof; subject, as to enforcement of remedies, to applicable bankruptcy and insolvency laws, and to general principles of equity.

17. General Provisions.

17.1. Tax Responsibility. Unless indicated below in this section or required by law, Custodian shall not undertake any federal, state, or local tax reporting in connection with Assets, the Account or transactions therein, notwithstanding any other terms or conditions contained herein

In addition to those required by law, the Custodian shall perform the following additional services: NA (if no additional services are to be performed, leave blank or mark NA)

17.2. Tax Lot Methods. For the purpose of complying with Internal Revenue Service regulations requiring cost basis reporting, please select the tax lot selection method you wish for your Account. *We recommend that you consult with your tax advisor if you are unsure of the option that is best for you.*

- Minimize Gain** - Shares are sold from tax lots having the highest per unit federal tax cost with a holding period of more than one year.
- First In First Out (FIFO)** - Shares are sold from tax lots having the earliest federal tax acquisition date.
- Last In First Out (LIFO)** - Shares are sold from tax lots having the most recent federal tax acquisition date.
- Highest Federal Cost First Out (HIFO)** - Shares are sold from tax lots having the highest federal tax cost per share.
- Lowest Federal Cost First Out (LOFO)** - Shares are sold from tax lots having the lowest federal tax cost per share.
- Specify Tax Lot** - Shares are sold from tax lots that you specify.
- Average Federal Tax Cost** - Shares are sold across all tax lots using the average cost. If your Account(s) holds investments for which this method is not permitted, the First-In First-Out default method will be used, unless you direct otherwise.
- Maximize Gain** - Shares are sold from tax lots having the lowest per unit federal tax cost.

If you do not specify a particular tax lot or method, the First-In First-Out method will be used. If you wish to use a tax lot selection method that is different from what you selected above, on an individual investment or transaction basis, you may make that selection when you execute your trade.

17.3 Shareholder Communications Act Authorization. The Shareholder Communications Act of 1985, as amended, requires Custodian to make an effort to permit direct communications between a company that issues securities and the shareholder that exercises shareholder rights with respect to those securities. Unless the Trust or a Participant specifically directs Custodian in writing not to release its name, address and security position to requesting companies, Custodian is required by law to disclose the Trust or Participant's name and address to such companies. Therefore the Trust and Participants hereby responds to the following question [no response will mean "yes"]. Does the Trust and Participants authorize Custodian to provide its name, address and security position to requesting companies whose stock is owned in this Account? ____ Yes / X No

17.4 Customer's Agent - Shareholder Rights. Should the Trust or any Participant require that a designated agent for the Account, such as an investment advisor, be responsible for proxy voting and other special matters and shareholder rights as specified in Section 2.4, above, the Trust or such Participant shall provide the name and address of that agent below. Such agent shall be removed upon Custodian's receipt of a written removal from the Trust or Participant. The Trust or Participant may designate more than one agent to be responsible for separate sub-Accounts or investment Accounts under this Agreement by providing a clear, written designation to that effect to Custodian. Custodian hereunder has no authority or responsibility with regard to proxy voting or any similar special matters. Therefore, it may not be designated below unless it has separately agreed in writing to act as investment advisor for the Account.

Designated Agent: _____
Address: _____
Telephone Number: _____

17.5 Notice. Except as provided in Section 11 above, any notice or other communication under this Agreement shall be in writing and shall be considered given when delivered by certified mail, return receipt requested, to the parties at the addresses set forth on the execution page hereof (or at such other address as a party may specify by notice to other). Notice shall be effective upon receipt if by mail, or on the date of personal delivery (by private messenger, courier service or otherwise) or facsimile, whichever occurs first, to the addressed indicated below. The below addresses and individuals may be

changed at any time by an instrument in writing executed by the party giving same and given to the other party, in accordance with the procedure set forth above.

17.6 Complete Agreement; Modification. This Agreement contains a complete statement of all the arrangements between the parties with respect to its subject matter, supersedes all existing agreements between them concerning the subject, and cannot be amended or modified in any manner except by a written agreement executed by both parties. Notwithstanding the foregoing, if at any time Custodian is holding assets or property of the Trust or a Participant pursuant to any other custodial, pledge or other agency agreement with Customer (or which Customer has acknowledged in instructions to Custodian) and one or more third parties that involves Custodian's duties or obligations to a third party (which may be affiliates to Custodian) with respect to Assets, the terms and requirements of the other agreements concerning such Assets shall supersede and control the provisions and duties set forth herein.

17.7 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California applicable to agreements made and to be performed in California.

17.8 Assignment. No party may assign any of its rights hereunder without the consent of the other, which consent shall not be unreasonably withheld. The foregoing consent requirement does not apply if either party shall merge or consolidate with or sell substantially all of its assets to another corporation, provided that such other corporation shall assume without qualification or limitation all obligations of that party hereunder either by operation of law or by contract.

17.9 Separability. If any provision of this Agreement is invalid or unenforceable, the balance of the Agreement shall remain in effect, and if any provision is inapplicable to any person or circumstances, it shall nevertheless remain applicable to all other persons and circumstances.

17.10 No Third Party Rights. In performing its services hereunder, Custodian is acting solely on behalf of the Trust. No agency, contractual or service relationship shall be deemed to be established hereby between Custodian and any other persons.

17.11 Counterparts and Duplicates. This Agreement may be executed in any number of counterparts, each of which shall be considered an original, but all of which together shall constitute the same instrument. This Agreement and any administrative form under the Agreement may be proved either by a signed original or by a reproduced copy thereof (including, not by way of limitation, a microfiche copy or an electronic file copy).

17.12 Legal Actions Affecting Account. If Custodian is served with a subpoena, restraining order, writ of attachment or execution, levy, garnishment, search warrant or similar order relating to the Account, (a "Legal Action") Custodian will comply with that Legal Action and shall be held harmless therefrom. the Trust or applicable Participant will reimburse Custodian for any fees or expenses Custodian incurs in responding to any Legal Action affecting the Account (including but not limited to attorneys' fees and other professionals' fees).

17.13 Abandoned Property. Any Assets remaining unclaimed or abandoned by the Trust or a Participant shall be delivered to the proper public official pursuant to applicable state's abandoned property, escheat or similar law and Custodian shall be held harmless therefrom. This Section 17.14 shall survive the termination of the Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representative effective as of the date first written above.

CALIFORNIA ASSET MANAGEMENT TRUST
(The Trust)

U.S. BANK NATIONAL ASSOCIATION,
as Custodian

By: *[Signature]*

By: _____

Title: PRESIDENT

Title: _____

Date: 1/11/13

Date: _____

Address: 50 CALIFORNIA ST #23
SAN FRANCISCO, CA 94111

Address: _____

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representative effective as of the date first written above.

**CALIFORNIA ASSET MANAGEMENT TRUST
(The Trust)**

**U.S. BANK NATIONAL ASSOCIATION,
as Custodian**

By: _____

Title: _____

Date: _____

Address: _____

By: John M. Olson

Title: Vice President

Date: February 2013

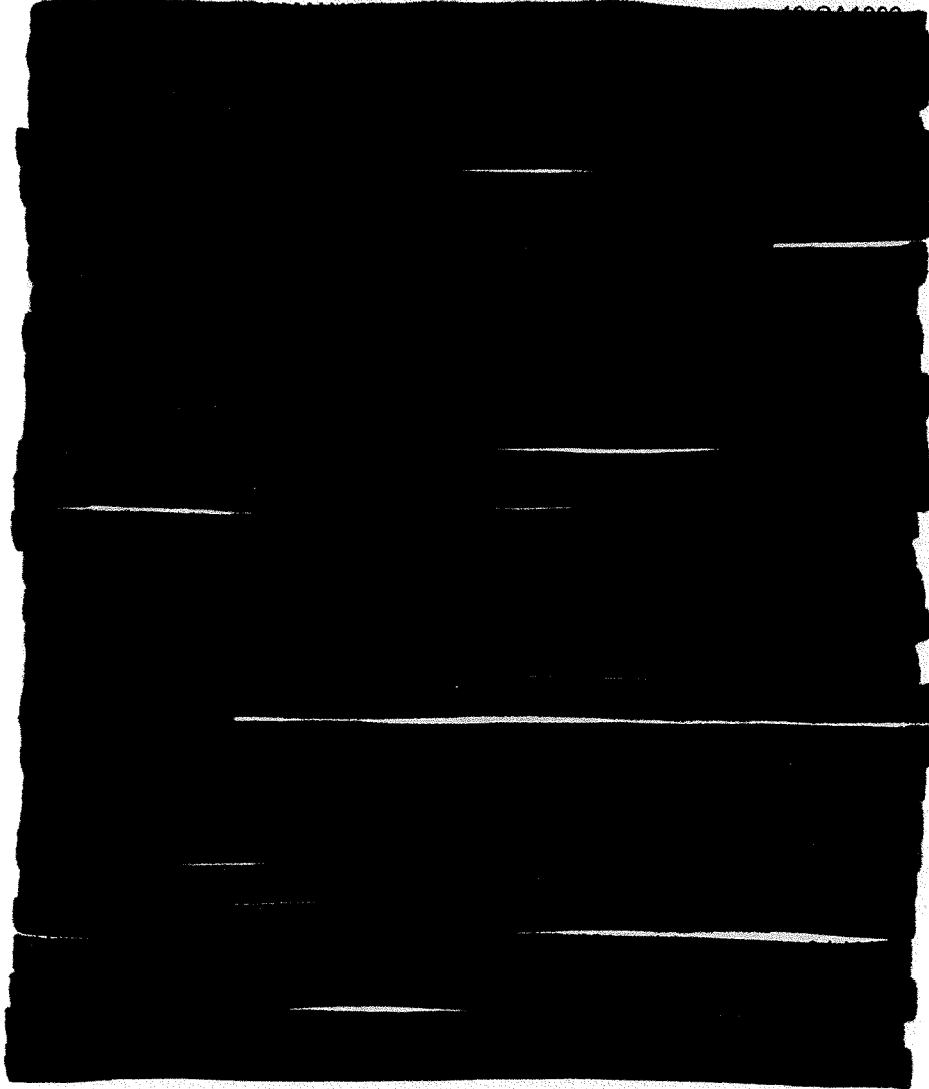
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St Paul MN 55107

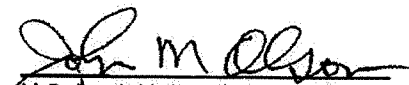
Exhibit A
Account Opening Addendum
Effective:

Account Name

Account Number

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES 19-CA1001




U.S. Bank National Association



PFM Asset Management LLC
as Program Administrator of
The California Asset Management Program

EXHIBIT B
U.S. Bank Custody Fee Schedule
California Asset Management Program

Cash Reserve Portfolio:

Annual Administrative Fee	\$7200
Market Value Based Fee	0.333 basis points (annual rate)
Transactions:	
FED/DTC buys/sells faxed	\$10 per
FED/DTC buys/sells electronic	\$6 per
Interest Payments	No charge
Maturities/Calls	\$10 per
Repos	\$6 per

Individually Managed Portfolios:

Annual Administrative Fee	\$200
Market Value Based Fee	0.333 basis points (annual rate)
Transactions:	
FED/DTC buys/sells faxed	\$10 per
FED/DTC buys/sells electronic	\$6 per
Interest Payments	No charge
Maturities/Calls	\$10 per
Repos	\$6 per
Cash Transfers	\$2.50 per

Fees to be invoiced monthly.

ADMINISTRATIVE MATTERS

SUBJECT: Consideration of the Liability Claims Audit Prepared by Farley Consulting Services, LLC

BACKGROUND AND STATUS:

In January 2013, Mr. Tim Farley of Farley Consulting Services, LLC, conducted an independent audit of general liability claims for the five underlying members of CARMA. His audit findings are summarized in his report dated February 11, 2013. Mr. Farley will be present to summarize his audit procedures and findings and to respond to any questions that may arise. Mr. Michael Groff, Litigation Manager, will also be present to comment on the independent audit findings.

According to the Executive Summary, Mr. Farley concluded that “claims handling of all underlying entities continues to be effective. All claims handling entities are performing at or above industry standards. This has been a consistent finding over the past several audit cycles.”

This year’s project included the creation and distribution of separate audit reports for each underlying Member and a separate discussion of the handling of CARMA files by its Litigation Manager. In addition, Mr. Farley was asked to augment his evaluation of the case reserving philosophy and whether there is consistency among the Members and their respective claims administrators. This is fully discussed in the report with the conclusion that “the general practices observed are effective and sensitive to vital claim valuation criteria.” As for the cases reported to CARMA, the four files with case reserves were reserved properly.

RECOMMENDATION:

Staff recommends Mr. Farley’s findings be accepted and approved.

REFERENCE MATERIALS ATTACHED:

- Farley Consulting Liability Claims Audit – 2012 for CARMA February 11, 2013



February 11, 2013

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

Attn: Mr. Rob Kramer
Executive Director

by email: rkramer@brsrisk.com

2012 Liability Claims Audit

Dear Rob:

This report presents a summary of findings for the audit of member joint powers authorities (JPAs) for the California Affiliated Risk Management Authorities (CARMA). This report will be presented at the 4/18/13 Board of Director's meeting. Let me know if you have any questions in the interim.

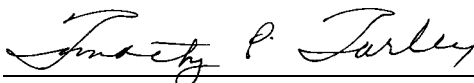
Observations presented here are as of the completion of the on-site auditing (approximate date: 1/31/13).

The Executive Summary lists each major finding in condensed form. The remainder of the report discusses those points and other findings in more detail. A chapter is devoted to each member JPA. A separate chapter is devoted to the review of the files reportable to CARMA's administrator, Bickmore Risk Services (BRS).

FCS appreciates the opportunity to provide this analysis to CARMA.

Respectfully submitted,

FARLEY CONSULTING SERVICES

by 

Timothy P. Farley, CPCU
President



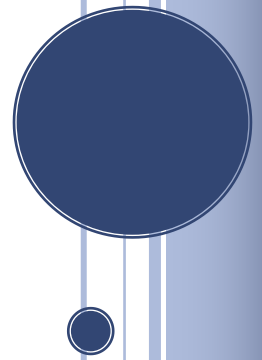
Liability Claims Audit – 2012

for

California Affiliated Risk Management Authorities

February 11, 2013

FARLEY CONSULTING SERVICES
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Contents

I.	Executive Summary	1
A.	Bay Cities Joint Powers Insurance Authority (BCJPIA) – TPA: York Risk Services- Concord as of 7/1/12	2
B.	Vector Control Joint Powers Agency (VCJPA) – TPA: Bickmore Risk Services (BRS), Sacramento	3
C.	Central San Joaquin Valley Risk Management Authority (CSJVRMA) – TPA: Acclamation Insurance Management Services (AIMS), Fresno	4
D.	Municipal Pooling Authority (MPA) Walnut Creek – Internally Administered.....	5
E.	Monterey Bay Area Self-Insurance Authority (MBASIA) – TPA: Risk Management Services, Cotati	5
F.	California Affiliated Risk Management Authorities (CARMA) – Excess Claims Handling – TPA: Bickmore Risk Services (BRS), Sacramento	6
II.	Bay Cities Joint Powers Insurance Authority (BCJPIA)	7
A.	Case Reserve Accuracy	7
B.	Payments/Settlements	7
C.	Investigation	8
D.	Litigation Management	8
E.	Diary/File Closure.....	9
F.	Risk Management Information System (RMIS).....	9
G.	File Organization/Documentation	9
H.	Excess Reporting.....	9
III.	Vector Control Joint Powers Agency (VCJPA)	10
A.	Case Reserving Accuracy	10
B.	Investigation	10
C.	Litigation Management	10
D.	File Organization/Documentation	10
E.	Diary/File Closure.....	11
F.	Excess Reporting.....	11
IV.	Central San Joaquin Valley Risk Management Authority (CSJVRMA)	12
A.	Case Reserve Accuracy	12
B.	Investigation	13
C.	Litigation Management	13
D.	Diary/File Closure.....	13
E.	File Organization/Documentation	13
F.	Excess Reporting.....	13
V.	Municipal Pooling Authority (MPA)	14
A.	Case Reserve Accuracy	14
B.	Investigation	14
C.	Litigation Management	14
D.	Diary/File Closure.....	14
E.	File Organization/Documentation	15
F.	Risk Management Information System	15
G.	Excess Reporting.....	15

VI.	Monterey Bay Area Self-Insurance Authority (MBASIA)	16
A.	Case Reserve Accuracy	16
B.	Investigation	16
C.	Litigation Management	16
D.	Diary/File Closure.....	16
E.	File Organization/Documentation	16
F.	Excess Reporting.....	16
VII.	Public Agency Risk Sharing Authority of California (PARSAC)	17
A.	Staffing.....	17
B.	Case Reserves.....	17
C.	Investigation	17
D.	Litigation Management	17
E.	Documentation	17
F.	Diary.....	17
G.	Excess Reporting.....	18
VIII.	California Affiliated Risk Management Authorities (CARMA) – Excess Claims Handling	19
A.	Case Reserve Accuracy	19
B.	Litigation Management	19
C.	Investigation	20
D.	Diary/File Closure.....	20
E.	File Organization/Documentation	20
F.	Risk Management Information System (RMIS).....	20

I. Executive Summary

The primary objectives for the review of CARMA claims continue to be to:

1. Determine the efficiency and effectiveness of claims handling procedures exhibited by the third party administrators (TPAs) and BRS, including compliance with applicable California tort claim laws.
2. Evaluate the accuracy of the claims database and the report generated by each TPA to assure that CARMA is receiving accurate information on its members' claims.
3. Determine whether the TPAs for member JPAs and BRS are establishing accurate reserves based on sound investigative techniques. CARMA's ability to properly evaluate the liability loss exposure of each JPA is dependent on the accurate assessment of each claim incurred by its members.
4. Provide a document that permits CARMA and its members to fulfill the audit requirements of the California Association of Joint Powers Authorities (CAJPA) accreditation standards.
5. Provide suggestions for improvements in claims handling, reserving, and reporting accuracy.
6. Evaluate the efficiency with which any changes to underlying claims handling arrangements are implemented.

FCS has benchmarked claims handling performance against these objectives in all past CARMA audits.

This year's project includes the creation and distribution of separate audit reports for each underlying member. PARSAC claims were reviewed for this year's project and are incorporated into this comprehensive document, but no separate break out report was generated.

CARMA requested that FCS augment its evaluation of case reserving policy and consistency among the members and their respective claims administrators. This report provides that emphasis. See discussion in the section below.

Audit Conclusion

Claims handling of all underlying entities continues to be effective. All claims handling entities are performing at or above industry standards. This has been a consistent finding over the past several audit cycles. The findings for each member JPA and CARMA are presented separately. The involved claims handling entity's performance and recommendations for improvement are detailed in the chapter of the report devoted to each JPA or CARMA.

Case Reserving

This year's project can find no system-wide case reserving deficiency or inconsistency. It is expected that slight deviations in case reserve philosophy and process among the different administrators exist, but the general practices observed are effective and sensitive to vital claim valuation criteria. These include:

- The settlement trend of the venue where the loss occurred and/or where the value of the case could be determined by a trier of fact (jury).
- The particular member's own settlement history.
- Application of available statutory defenses.
- The estimated cost of defending the claim.
- Results of thorough investigation that can incorporate mitigating information (e.g., the claimant's injury history; the existence of other tortfeasors).
- The invocation of indemnifying contractual language.

The project also acknowledges the reserving practices of BRS when evaluating potential CARMA exposure on the underlying claims reported to it. It is not uncommon for BRS to establish a nominal CARMA reserve despite only partial deterioration of the underlying retention level. FCS finds no fault with this philosophy/practice. When conducting these evaluations, FCS assesses the reasonableness of case reserves of all member administrators and provides criticism of those claims it deems incorrectly reserved. FCS also acknowledges that case reserves are, routinely, precautionary and CARMA's establishment of a reserve on a claim where, for example, the underlying incurred costs are only \$700,000 is not ill advised.

PARSAC

The Public Agency Risk Sharing Authority of California (PARSAC) discontinued its membership in the CARMA program effective 7/1/09. PARSAC files were reviewed for this year's project, but no separate breakout report was created.

All audited entities are reporting excess qualifying claims timely.

A. Bay Cities Joint Powers Insurance Authority (BCJPIA) – TPA: York Risk Services-Concord as of 7/1/12

Based on the review of 40 BCJPIA claims, the audit concludes that York has effectively transitioned the claims administration. York acquired the account from the prior administrator on 7/1/12. Minor deficiencies in the key areas of case reserve accuracy, timely litigation status updates, and claim investigation are noted. Specific claims handling performance findings are discussed in Chapter II, which is devoted exclusively to BCJPIA.

Specific observations and recommendations are:

1. BCJPIA's primary claims adjuster at the previous administrator was retained by York and is still on the account. This continuity is invaluable to BCJPIA. York is properly staffed to handle BCJPIA claims.
2. Two claims reviewed require reserve adjustment. Those claims are discussed in detail in BCJPIA's breakout report. None of the recommended reserve changes are significant.
3. Settlements reached by York continue to be based on a logical assessment of damages and the degree of liability attributable to the BCJPIA member. Release/ dismissal documentation appears in all files of settled claims.
4. The audit identified two files with an investigation deficiency. Those files are discussed on page 8.
5. Twenty-six of the claims reviewed are litigated. Four of these claims lack timely status updates from defense counsel. Those files are listed on page 9.
6. All of the claims reviewed adhere to industry standards for diary review. No diary deficiencies are identified.
7. The BCJPIA loss run provided to FCS by York reconciles with data appearing in the claims information system accessed for this audit. There are no information system deficiencies.
8. York is clearly documenting BCJPIA claim activity into the Claims Connect information system. City of Berkeley claims still lack consistent incorporation of vital claims handling documents (e.g., release/settlement information).
9. Eleven of the claims reviewed qualify for excess reporting to the JPA. Six of these are reportable to CARMA. All six qualifying claims were reported to the CARMA excess administrator timely.

B. Vector Control Joint Powers Agency (VCJPA) – TPA: Bickmore Risk Services (BRS), Sacramento

FCS reviewed all 12 open VCJPA claims administered by BRS. Two of the claims reviewed were under the authority of the ERMA pool and did not received extensive scrutiny for this project.

BRS continues to effectively administer the account. This has been a consistent finding in past audits. Specific observations and recommendations are:

1. All files are accurately reserved. There are no deficiencies.
2. The files reviewed comply with industry standards for investigation. No investigation deficiencies are identified.

3. Six of the files reviewed involve some element of litigation. BRS's management of the litigation process is thorough on all but one of those claims. BRS did not respond timely to correspondence from the claimant's attorney on that claim.
Correspondence to defense counsel is timely on all litigated claims.
4. Information for all claims was presented via electronic flash drive device. The material viewed is organized and in chronological order.
5. All of the files reviewed comply with industry standards for diary review.
6. None of the claims reviewed qualify for excess reporting to BRS, CARMA's excess administrator.
7. Information observed on the loss run provided reconciles with information documented in the claim files.

C. Central San Joaquin Valley Risk Management Authority (CSJVRMA) – TPA: Acclamation Insurance Management Services (AIMS), Fresno

FCS reviewed 40 active CSJVRMA claims. The review reveals that AIMS continues to effectively administer the CSJVRMA account. Case reserve accuracy generated multiple deficiencies. Specific observations and recommendations are:

1. Three claims generated findings of reserve deficiency. Two of these claims have legal reserves even though the claimant has not even retained counsel. The claims are discussed on page 12.
2. All of the claims reviewed are thoroughly investigated. No investigation deficiencies are identified.
3. AIMS continues to effectively manage litigation on the claims reviewed. Correspondence to and from defense counsel is documented in the claim files. Immunities and defenses available to the JPA members are invoked. Cases are referred to defense counsel timely.
Nearly every claim reviewed involved some element of litigation. Most of the claims reviewed generated incurred costs of more than \$25,000. These files are routinely litigated.
4. Diary maintenance is compliant. No diary deficiencies are identified.
5. The claim files are organized and in chronological order. No documentation deficiencies are identified.
6. Sixteen claims reviewed qualify for reporting to CSJVRMA due to potential excess exposure. Twelve of these were also reported to CARMA. All of these claims were timely reported to CSJVRMA and BRS, respectively.

7. Information contained on the loss run provided reconciles with all payment/reserve information appearing in the claim files.

D. Municipal Pooling Authority (MPA) Walnut Creek – Internally Administered

FCS reviewed 40 claims reported to MPA. MPA's internal claims handling unit (the Unit) continues to effectively administer these claims. Caseloads of all adjustors are below the recommended maximum of 150. Specific observations and recommendations are:

1. Two claims reviewed require reserve adjustment. Those claims are discussed on page 14.
2. Investigation is thorough and clearly documented in the claim files. Unit staff conducts all field investigation.
3. Most of the files reviewed involve some element of litigation. Status updates from defense counsel are timely on all but one litigated claim.
4. All files reviewed comply with industry standards for diary/case closure.
5. The files reviewed are organized. There are no documentation deficiencies, but one claim that closed in November 2012 was still listed as open on the 1/8/13 loss run provided.
6. Eight of the claims reviewed meet CARMA excess reporting requirements. All of the claims were reported timely.

E. Monterey Bay Area Self-Insurance Authority (MBASIA) – TPA: Risk Management Services, Cotati

FCS reviewed all 15 active claims with incurred costs of \$10,000 or more at Risk Management Services (RMS) in Cotati. Discussions with Mr. Ken Maiolini and Ms. Lena Bowen were conducted throughout the audit process. An exit discussion with Mr. Maiolini was conducted by phone on 1/25/13.

Specific findings and recommendations are:

1. All claims reviewed are accurately reserved.
2. All files reviewed are thoroughly investigated. No investigation deficiencies are identified.
3. Twelve of the claims involve some degree of litigation. Litigation management is effective. Status updates from defense counsel are timely on all claims.
4. All files reviewed exhibit compliance with timely diary maintenance.

5. All files reviewed are clearly documented and chronologically accurate. No file documentation deficiencies are identified, but FCS recommends that RMS begin including the date of loss on file jackets housing claim material.
6. Eight of the claims reviewed were reported to MBASIA and CARMA. All eight were reported timely.

F. California Affiliated Risk Management Authorities (CARMA) – Excess Claims Handling – TPA: Bickmore Risk Services (BRS), Sacramento

FCS reviewed 21 open claims at BRS in Sacramento. All 21 of the underlying primary claims were reviewed at the respective primary claims handling site.

Specific findings and recommendations are:

1. FCS acknowledges the high attachment point (\$1,000,000) for CARMA. Four of the CARMA claims reviewed have an established reserve. These four claims are reserved appropriately.
2. BRS is effectively managing litigation on CARMA excess reportable claims. The files clearly document BRS's litigation management activity.
3. All CARMA (BRS) files exhibit timely diary activity.
4. The open loss run provided by CARMA (BRS) reconciles with financial information and general claim information appearing on all 21 claim files reviewed.
5. The loss run provided did not list a Capitola claim that is active. That claim is discussed on page 20.

II. Bay Cities Joint Powers Insurance Authority (BCJPIA)

This audit fulfills audit requirements set forth in the CAJPA accreditation standards.

Forty liability claims incurred by BCJPIA members including Marin Cities JPA claims were reviewed. York Risk Services (York) assumed claims administration responsibilities on 7/1/12. All claims were reviewed via access to York's Claims Connect information system. The audit sample includes claims from all BCJPIA members.

A. Case Reserve Accuracy

Two claims reviewed require reserve adjustment and are discussed in detail in BCJPIA's breakout report. The two claims are:

- BCJP 16835 (City of Brisbane)
- BCJP 16867 (City of Sausalito)

B. Payments/Settlements

BCJPIA payment procedures and authority levels have not changed.

Settlement authority for Marin Cities varies by member. Authority levels range from \$1,000 to \$5,000.

The audit identified compliance with assigned settlement authority levels. All claims that have been settled and those with settlements pending exhibit thorough evaluation of the following settlement criteria:

- Degree of liability attributable to the BCJPIA member.
- A thorough evaluation of damages submitted by claimants.
- Application of immunities or indemnification language to mitigate the member's exposure.

Settlements continue to be based on a logical assessment of damages and the degree of liability attributable to the member.

Files that have been settled, and for which settlement funds have been distributed, contain signed release documents.

These positive findings have been evident for the past few audits.

C. Investigation

For liability claims against BCJPIA member entities, a detailed investigation includes:

- Making prompt contact with the injured claimant.
- Verifying the extent of the member's and the underlying JPA's liability through medical reports or property damage estimates.
- Applying indemnification/hold harmless language appearing in contracts the member enters into with potentially culpable vendors.
- Accounting for injury history to determine pre-existing conditions.
- Canvassing for possible witnesses to the incident.
- Obtaining recorded or written statements regarding the incident from the claimant and witnesses when possible.
- Obtaining police accident reports, if applicable, when the damage or injury is the result of a traffic accident.
- Obtaining photographs of accident scenes and instruments causing the injury, when applicable.
- Aggressive pursuit of additional responsible parties (tortfeasors) to offset the members' or the JPA's contribution to damage/injury awards.

Investigation on BCJPIA claims is performed by York staff.

Two claims reviewed lack photographic evidences. These claims pertain to trip and fall incidents and are discussed in detail in BCJPIA's breakout report.

D. Litigation Management

The selection of defense counsel is made by Mr. Michael Groff of BRS after consultation with the member and the claims administrator. The only exception is for cities that utilize their own City Attorney or have a designated defense firm.

Routinely, the claims administrator will contact Mr. Groff and request approval of the use of a particular firm. After receiving Mr. Groff's approval, the referral (including any related documentation) is made by the claims administrator. This policy is common to similar pooling entities.

Past audits have concluded that litigation management was effective on BCJPIA claims.

Status reports from defense counsel are not consistently timely. Four of the litigated files reviewed lack timely updates. Those files are:

- BCJP 14599 (City of Menlo Park)
- BCJP 15114 (City of Berkeley)
- BCJP 16634 (City of Novato)
- BCJP 16940 (City of Emeryville)

E. Diary/File Closure

Industry standards and FCS's own guidelines recommend some activity be conducted and documented every 30 days on the type of active liability claims routinely incurred by public entities such as the BCJPIA members. All claims reviewed comply with diary standards.

F. Risk Management Information System (RMIS)

The BCJPIA loss run provided by York reconciles with data in the claim files. There are no information system accuracy deficiencies.

G. File Organization/Documentation

York is clearly documenting BCJPIA claim files. Claim number BCJP 16940 (City of Emeryville) does not clearly describe the cause of loss.

H. Excess Reporting

Eleven of the claims reviewed qualify for excess reporting to the JPA. Six of these qualified for reporting to CARMA. All six files were reported timely to BRS.

III. Vector Control Joint Powers Agency (VCJPA)

This audit fulfills audit requirements set forth in the CAJPA accreditation standards.

FCS reviewed all 12 open VCJPA claims administered by BRS in Sacramento. Two of these claims are under the purview of the Employment Risk Management Authority (ERMA) and were not scrutinized closely by FCS. Comments in this chapter pertain only to the 10 CARMA claims.

BRS is complying with industry standards for all elements of claims handling. One claim lacks thorough litigation management. It is discussed within this chapter. This conclusion is based on analysis of the following claims handling categories.

A. Case Reserving Accuracy

Case reserves on all 10 claims are accurate. No reserving deficiencies are identified.

B. Investigation

Field investigation continues to be performed by various claims administration firms. VCJPA members are located throughout California. Accordingly, local claims investigation firms are required.

All claims reviewed exhibit thorough investigation. There are no deficiencies.

C. Litigation Management

Six of the files reviewed involve some element of litigation. BRS's management of the litigation process is thorough on all, but one of these claims. That deficient claim lacks a reply to correspondence sent by the claimant's attorney on 9/21/12.

Correspondence with defense counsel is clearly documented in all files.

D. File Organization/Documentation

The files reviewed do not house paper documentation because BRS utilizes a paperless file process. This process is efficient. VCJPA claim file correspondence is organized. FCS was able to evaluate all elements of the handling of VCJPA claims. There are no deficiencies.

E. Diary/File Closure

All files reviewed comply with industry standards for diary review. No diary maintenance deficiencies are identified.

F. Excess Reporting

None of the files reviewed qualify for excess reporting to BRS, CARMA's excess administrator.

IV. Central San Joaquin Valley Risk Management Authority (CSJVRMA)

This audit fulfills audit requirements set forth in the CAJPA accreditation standards.

FCS reviewed 40 open claims at the Fresno office of Acclamation Insurance Management Services (AIMS), CSJVRMA's TPA.

AIMS staff assigned to CSJVRMA claims have been on the account for a number of years. There has been minor change to staff since last year's audit, but this project identified no deterioration in claims administration effectiveness. All claims handling staff have caseloads below the recommended maximum of 150 and have requisite public entity claims handling experience.

Based on the review of these claims, FCS concludes that AIMS is in compliance with CARMA and industry standards for claims handling techniques.

Specific findings are detailed in the remainder of this chapter.

A. Case Reserve Accuracy

Three claims exhibit inaccurate case reserves. Two of these claims have significant established legal reserves despite no legal representation. The three claims are:

- 14995 (Tulare) – The claimant tripped and fell on a sidewalk. The claim was just recently received (11/29/12). AIMS has established a \$20,000 legal reserve despite no legal representation. FCS recommends the deletion of this reserve until/if the claimant retains counsel.
- 14877 (Tulare) – The claimant tripped and fell in a hole in a grassy area. AIMS has established a \$20,000 legal reserve despite no legal representation (as of the day of this review).
- 13667 (Tracy) – The claimant alleges excess force by City police. File documentation indicates the claim was settled for \$30,000. The loss reserve of \$5000 needs to be increased to accommodate this settlement.

B. Investigation

The claims reviewed are thoroughly investigated. This was a finding in past audits as well. This conclusion is based on the following:

- The files reflect the indexing of all injured claimants. This is to ensure that any unrelated injury history will be considered to help mitigate the CSJVRMA member's liability.
- Photographs of accident scenes are consistently taken and documented in the file.
- Police accident reports are consistently obtained and documented to the claim file.

C. Litigation Management

Nearly all of the claims reviewed involve some element of litigation because only high exposure claims were chosen for the audit.

AIMS continues to effectively manage litigation on the claims reviewed. Correspondence to and from defense counsel is documented in the claim files. Immunities and defenses available to the JPA members are invoked. Cases are referred to defense counsel timely.

D. Diary/File Closure

Industry standards require that some adjusting activity be conducted and documented every 30 days on open active cases. The failure to adhere to an aggressive, timely diary routinely results in the failure to respond to settlement/resolution opportunities and the failure to close claims timely.

AIMS is consistently adhering to industry standards for diary. No diary deficiencies are identified.

E. File Organization/Documentation

CSJVRMA claim files are organized and chronologically accurate. No file documentation deficiencies are identified.

F. Excess Reporting

CARMA provides excess coverage above the layer of coverage provided by the members' retention and CSJVRMA limit. CARMA requires notification on any claim meeting certain severity criteria (e.g., fatalities, brain/spinal injuries) and claims within incurred costs meeting or exceeding 50% of the underlying coverage limit.

Sixteen of the claims reviewed qualify for reporting to CSJVRMA. Twelve of these qualify for reporting to CARMA/BRS. All 12 were reported timely.

V. Municipal Pooling Authority (MPA)

This audit fulfills audit requirements set forth in the CAJPA accreditation standards.

Forty files were reviewed at the MPA office in Walnut Creek where its own internal claims management unit (The Unit) provides claims handling services to the JPA. MPA staff conducts most field investigation on MPA claims.

The Unit continues to effectively administer claims. Specific findings are discussed in the remainder of this chapter.

A. Case Reserve Accuracy

The claims reviewed are, generally, accurately reserved. Two claims may require reserve adjustment:

- GL-004098; City of Richmond – The current outstanding legal expense reserve of more than \$172,000 is excessive. It should be reduced to \$50,000.
- GL-010106; City of Clayton – This claim was resolved with a defense verdict in October 2012. The current loss reserve of \$25,000 can be eliminated.

B. Investigation

Investigation is thorough and clearly documented in the files reviewed. No investigation deficiencies are identified.

C. Litigation Management

Nearly every claim reviewed involves some element of litigation. The Unit is providing effective litigation management and is invoking risk transfer opportunities such as additional insured endorsements and/or indemnity language contained in its contracts with outside vendors.

Status updates from defense counsel are consistently timely on all, but one litigated claim reviewed. The last status from counsel on this claim is October 2012.

D. Diary/File Closure

FCS recommends that some activity take place every 30 days on open active claims. All of the files reviewed are in compliance with industry standards for diary/case closure. MPA claims staff maintain reasonable workloads. This facilitates the compliant diary performance.

E. File Organization/Documentation

MPA claim files are organized. No documentation deficiencies are identified.

F. Risk Management Information System

MPA provided a current loss run during the on-site auditing. Information documented on the loss run provided reconciles with documentation appearing in the respective claim files and the iVOS claims management information system, but claim number GL-010734 (City of San Pablo) is still listed as open on the 1/8/13 loss run provided, despite its closure on 11/15/12.

G. Excess Reporting

CARMA provides excess coverage above the layer of coverage provided by MPA. CARMA requires notification on any claim meeting certain severity criteria (e.g., fatalities, brain/spinal injuries) once the incurred costs exceed 25% of MPA's retention level and suit has been filed. Claims with incurred costs meeting or exceeding 50% of MPA's coverage limit require reporting regardless of litigation status.

Eighteen of the claims reviewed meet criteria warranting reporting to MPA. About half of these also required reporting to CARMA. All claims were reported timely.

VI. Monterey Bay Area Self-Insurance Authority (MBASIA)

MBASIA joined CARMA on 7/1/03. Risk Management Services (RMS) of Cotati assumed the administration of the account in 2010.

All 15 claims with incurred costs of \$10,000 or more were reviewed on January 24, 2011 at RMS in Cotati.

Mr. Ken Maiolini is the primary claim handler on this account. He is assisted by Lena Bowen.

The audit generated the following findings:

A. Case Reserve Accuracy

All claims reviewed are accurately reserved. There are no deficiencies.

B. Investigation

All claims reviewed exhibit thorough investigation. No deficiencies are identified.

C. Litigation Management

Twelve of the claims reviewed involve some element of litigation. Cases were referred to defense counsel timely to ensure that responsive pleadings complied with statutory guidelines. Status reports from counsel to RMS are timely for all claims where defense counsel has been retained.

D. Diary/File Closure

RMS is maintaining an active diary on all claims reviewed. No diary deficiencies are identified.

E. File Organization/Documentation

The files are consistently organized and chronologically accurate, but claim files currently do not exhibit the date of loss. FCS recommends that RMS begin documenting claim files with this information.

F. Excess Reporting

Eight claims qualify for reporting to MBASIA and CARMA on an excess basis. All eight claims were reported to CARMA timely.

VII. Public Agency Risk Sharing Authority of California (PARSAC)

PARSAC is no longer a member of CARMA, but the 10 claims still active during its CARMA membership were reviewed. Two closed claims that occurred during the CARMA coverage period were also reviewed.

A separate break out report was not created for PARSAC.

A. Staffing

PARSAC claims are administered by George Hills in Sacramento. The audit was conducted there on 1/31/13. FCS coordinated the audit with Ms. Pat Vitale. An exit discussion of findings was conducted with Ms. Vitale at the conclusion of the audit. Ms. Vitale's caseload (including other George Hills clients) is acceptable.

B. Case Reserves

All 10 open claims are accurately reserved. No reserving deficiencies are identified.

C. Investigation

No investigation deficiencies are identified. Many of these claims occurred several years ago. The investigation on those claims was completed then.

D. Litigation Management

Ten of the claims reviewed involve some element of litigation. No litigation management deficiencies are identified. Communication with defense counsel is timely in all instances.

E. Documentation

The files housing claim information are organized. One claim generated a finding of deficiency:

- RI 140; City of Rialto – This claim for inverse condemnation is actively litigated. File material lacks updated legal expense financial data. It was difficult to confirm the adequacy of the outstanding legal expense reserve.

F. Diary

George Hills is maintaining an appropriate diary on all open claims reviewed. No deficiencies are identified.

G. Excess Reporting

Two of the claims reviewed qualified for reporting to the CARMA excess administrator. One of these claims recently closed without excess penetration. Both claims were reported timely.

VIII. California Affiliated Risk Management Authorities (CARMA) – Excess Claims Handling

FCS reviewed 21 open claims at Bickmore Risk Services (BRS) in Sacramento. All of the underlying primary claims were reviewed in conjunction with the excess claims.

The primary focus when reviewing CARMA excess claims is confirmation that communication between underlying administrators and CARMA is effective and accurate. The main categories for evaluation are:

- Reserve accuracy
- Litigation management
- File documentation (e.g., confirmation that notices from underlying administrators to CARMA and CARMA's acknowledgement of the receipt of those notices are documented in CARMA's files).

A. Case Reserve Accuracy

Only four of the files reviewed have established case reserves. All four claims are reserved properly.

BRS only establishes reserves if penetration above the underlying JPA's coverage limit (\$1,000,000) is anticipated. This does not imply that the underlying incurred cost *must* exceed the JPA coverage limit before BRS will establish a reserve. Rather, BRS anticipates the possibility of excess exposure and reserves as a precaution.

B. Litigation Management

Mr. Michael Groff at BRS is actively involved in litigation management activity for all CARMA members. Any litigation activity on claims meeting excess reporting requirements is also monitored by him. Due to the high exposure inherent with excess reportable claims, all CARMA claims reviewed involve litigation. Mr. Groff's involvement is active and effective on those claims. This has been a consistent finding in past audits.

Defense attorneys are consistently providing timely case status updates to Mr. Groff. However, it seems performance in this key area improved significantly within the past 8 to 10 months. This audit identified several instances of late or absent status updates prior to that. These findings were prevalent in the last audit completed in December 2011.

C. Investigation

Nearly all investigation observed on CARMA excess claims is performed by administrators for the underlying JPA. No investigation deficiencies are identified.

D. Diary/File Closure

All CARMA (BRS) files exhibit timely diary activity.

E. File Organization/Documentation

The files reflect consistent documentation of the notices generated by underlying administrators to CARMA. Material on claims received recently is scanned and incorporated into BRS's information system.

F. Risk Management Information System (RMIS)

The open loss run provided by CARMA (BRS) reconciles with financial information claim information appearing on all 21 claim files reviewed. No RMIS inconsistencies are identified.

Appendix

CARMA Excess Audit File List

CARMA Excess

JPA	Member	Claim #
1. BCJPIA	Monte Serrano	C2004-043
2. CSJVRMA	Atwater	C2011-008
3. CSJVRMA	Dinuba	C2009-048
4. CSJVRMA	Madera	C2003-006
5. CSJVRMA	Merced	C2012-019
6. CSJVRMA	Selma	C2010-028
7. CSJVRMA	Tulare	C2012-005
8. MBASIA	--	C2011-005
9. MBASIA	Capitola	C2010-022
10. MBASIA	Greenfield	C2012-004
11. MBASIA	King City	C2011-018
12. MBASIA	Soledad	C2011-011
13. MPA	Antioch	C2003-059
14. MPA	Antioch	C2010-038
15. MPA	Antioch	C2012-017
16. MPA	Danville	C2012-011
17. MPA	El Cerrito	C2010-033
18. MPA	San Pablo	C2011-006
19. PARSAC	Hesperia	C2008-018
20. PARSAC	Rialto	C2008-008
21. PARSAC	Twenty-Nine Palms	C2009-034

ADMINISTRATIVE MATTERS

SUBJECT: Agreement Between CARMA and Alliant Insurance Services for Brokerage Services – Draft Three-Year Agreement

BACKGROUND AND STATUS:

CARMA's agreement with its current brokerage partner, Alliant Insurance Services (Alliant), expires June 30, 2013. Since July 1, 1999, Alliant has performed brokerage services for CARMA. Over the years, Alliant has recommended various insuring agreements, ranging from pure reinsurance and excess arrangements to some years where the best options included a quota sharing arrangement. Placement of insurance constitutes the majority of Alliant's responsibilities. However, they also provide additional services under the contract, including assistance in evaluating coverage documents; attending meetings; developing written reports related to rates and coverage, analyzing renewal options, and underwriting information; and helping to develop marketing and underwriting specifications.

At the January 11, 2013, Board of Directors' meeting, staff was directed to work with Alliant and Board counsel to develop a draft three-year extension between CARMA and Alliant for presentation at the April 17, 2013, meeting.

Included with this report is a draft of the three-year agreement between CARMA and Alliant for Brokerage Services for the Board's consideration.

The draft three-year agreement between CARMA and Alliant has been reviewed by Mr. Craig Farmer, Legal Counsel.

RECOMMENDATION:

Staff recommends the Board approve the three-year agreement between CARMA and Alliant Insurance Services as presented.

REFERENCE MATERIALS ATTACHED:

- Draft Three-Year Contract Between CARMA and Alliant Insurance Services

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

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

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

DESIGNATION OF BROKER OF RECORD

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

I. TERM

The Agreement shall be for a ~~one~~ three (13) year period beginning on July 1, ~~2012~~2013, and ending 12:01 a.m. June 30, ~~2013~~2016, unless extended for an additional period by mutual written agreement of the parties. Client shall have an option to extend this Agreement for two additional one-year periods, exercisable by Client by notifying Broker of such extension prior to the anniversary date. Both parties retain the right to terminate this Agreement, with or without cause, upon sixty (60) days written notice.

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

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

II. ACCOUNT TEAM

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

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

III. SCOPE OF SERVICES PROVIDED

~~A.~~ **General Provisions.**

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

Excess Liability and/or Liability Reinsurance.

Broker agrees to:

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

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

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

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

B. Services.

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

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

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

IV. OBLIGATION OF THE CLIENT

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

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

V. INVOICES, TAXES, FEES AND USE OF INTERMEDIARIES

A. Surplus Lines Fees and Taxes.

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

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

B. ~~Intermediaries~~ Third Party Brokers.

Broker may determine from time to time that it is necessary or appropriate to utilize the services of ~~intermediaries~~ third party brokers (such as surplus lines brokers, underwriting managers, London market brokers, and reinsurance brokers) to assist in marketing the Client insurance program. Subject to the provisions of Section VII.B, these ~~intermediaries~~ third party brokers may be affiliates of Broker (e.g., other companies of ALLIANT that provide services other than those included within the scope of Services of this Agreement), or may be unrelated ~~intermediaries~~ third party brokers. Compensation of such ~~intermediaries~~ third party brokers will be paid by the insurance company out of paid insurance premiums.

Where a placement through such ~~intermediaries~~ third party brokers will result in any compensation to a Broker affiliate, Broker will, prior to placement, make reasonable inquiry to allow full disclosure, in writing, to Client its relationship to the affiliate, the reason(s) recommended for the placement of coverage through the affiliate, and why such placement is in the best interest of the Client, and an estimate of the amount of compensation to be received by Broker and all its affiliated ~~intermediaries~~ third party brokers for such placement. Should Broker determine, subsequent to placement of Client's business, that one or more affiliate received compensation by Broker's placement,; Broker shall promptly disclose this information in writing to the Client.

VI. ADDITIONAL SERVICES

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

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

VII. COMPENSATION

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

A. **Compensation from Client.**

With respect to liability insurance or reinsurance purchased by Client in excess of Client's retained limits and in compensation for the services, Broker shall receive fees beginning July 1, ~~2012~~2013, as follows:

- ~~\$68,000~~\$70,000 for FY ~~1213~~1314; increase 2% each consecutive year.
- If new members join CARMA or current members leave the program during the term of this Agreement this annual fee will be modified to reflect the additional change in exposure, but only if in excess of a 20% "Swing Clause"¹ in overall payroll exposure.
- ~~Compensation for any additional years added by mutual agreement will be negotiated and documented by an amendment to this Agreement.~~

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

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

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

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

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

As used in this section, the term “commissions” refers to compensation made to Broker by insurance carriers with respect to a specific placement of insurance by those carriers, and is ~~in addition to separate from the concept of contingent payment-Indirect Income~~ or other allowances (as defined in Section IV.C.3. below) by insurance carriers, markets or companies based on the overall levels of insurance premiums on policies placed by Broker and/or its affiliates. ~~These such contingent payments or other allowances~~ This Indirect Income, if any received, shall be included in the offset of the Annual Fee.

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

B. Disclosures.

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

~~C. Compensation From Others for Placement of Client’s Business.~~

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

- ~~1. Obtained the Client’s written acknowledgment that such compensation will be received; and~~

- ~~2. Disclose in writing the full amount of compensation received by Broker and its affiliates from the insurers and other third parties involving the placement. If the amount of compensation is not known at the time of disclosure, Broker shall disclose the specific method for calculating such compensation and, if possible, a reasonable estimate of the amount. Broker shall make such disclosure without being requested by Client to disclose such information.~~
- ~~3. For purposes of this section, "compensation" shall include, but is not limited to payments, retail or wholesale commissions, premium finance compensation, fees, awards, overrides, bonuses, contingent commissions, loans, stock options, gifts, prizes or any other form of valuable consideration, whether or not payable pursuant to a written agreement. Broker shall not accept any form of compensation from any profit-based contingent commission agreements such as, but not limited to, market service agreements, profit sharing arrangements, placement service agreements, tie ins, retrocession tie ins, finders' fees, notional incentives, structuring broker commissions, strategic partner commissions, volumetric incentives, volumetric premiums, introducing broker commissions, referring broker commissions, facultative reinsurance agreements, any "back end" sources of compensation and/or revenue, or any additional compensation based on premium volume given to any particular insurer, by whatever names these contingent commissions are or may be called.~~
- ~~The Broker and its affiliates will not engage in any so called "bid-rigging," or any similar conduct, or accept undisclosed volume based override commissions, "B quotes," or any commissions based on volume, renewal rates, or underwriting profitability, by whatever term such conduct is described. Broker will not accept any indirect income, including, but not limited to, insurance carrier contingency arrangements, compensation incentives from insurers, contingent commissions, or rebates on business placed on behalf of Client.~~
- ~~4. Broker will disclose in writing the markets it intends to approach on Client's behalf, and how such markets will be approached, whether to a Broker owned wholesaler or an outside wholesaler.~~
- ~~5. Broker agrees to provide an annual written disclosure report of any and all compensation or income received from any source on placement of insurance coverage or products placed for Client.~~
- ~~6. The compensation due to Broker or any affiliate of such Broker is subject to the terms and conditions in the **ETHICS AND CONFLICT OF INTEREST STATEMENT** (Section IX) of this Agreement.~~

C. Indirect Income. “Indirect Income” includes such items as insurance carrier contingency arrangements. Broker will not accept these compensation incentives from insurers, including contingent commissions, market service agreements (MSA), volume-based commissions, incentives and rebates on business placed on behalf of Client within the scope of Services of this Agreement.

D. Other Alliant Services.

1. **Alliant Specialty Insurance Services (ASIS).** In addition to the COMPENSATION that Broker receives, its related entity, Alliant Specialty Insurance Services (ASIS) and its underwriting operations, Alliant Underwriting Services (AUS), may receive compensation from Broker and/or carriers for providing underwriting services. The financial impact of the compensation received by ASIS is a cost included in the premium. Compensation received by ASIS will be disclosed in writing to Client and is agreed to by Client as part of the premium. Client further acknowledges that Broker and ASIS maintain an arm’s length relationship. Client understands that while Broker represents Client as an individual entity, ASIS independently administers its program as a whole and not on behalf of any particular member.
2. **Alliant Business Services (ABS); Strategic HR.** Additionally, Alliant’s internal operating groups, Alliant Business Services (ABS) and/or Strategic HR, may receive compensation from Broker and/or carriers for providing designated, value-added services. Services contracted for by the Client directly will be invoiced accordingly. Otherwise, services will be provided at the expense of Broker and/or the carrier.

VIII. CONFIDENTIALITY

A. Client Information.

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

B. Confidential Information.

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

1. **Ownership.** Except as otherwise provided in this Agreement, Confidential Information is and remains the absolute and exclusive property of the Disclosing Party and/or its affiliates, and is its unique and variable asset. Unless otherwise authorized by this Agreement, no copies of Confidential Information shall be made without the written permission of the Disclosing Party. The Parties agree that, except as otherwise provided herein, they will not directly or indirectly communicate, divulge, or otherwise disclose any of the other’s Confidential Information to any unauthorized person, firm, or corporation, and shall prevent, to the best of their ability, the unauthorized disclosure of such Confidential Information to others.
2. **Exclusions.** The following types of information shall not be considered confidential:
 - (a) Information in the public domain or that becomes a part of the public domain, other than as a result of a breach of the confidentiality provisions of this Agreement;
 - (b) Information that is independently developed by either Party without the use of Confidential Information as demonstrated by the Party’s records;
 - (c) Information that is disclosed by a third party whom the Recipient Party has no reason to believe is prohibited from transmitting such information by a contractual, legal, or fiduciary obligation to the Disclosing Party or owner of such information; or
 - (d) Information that is required to be disclosed by law or judicial process, provided the disclosing party gives the non-disclosing party prior notice of subpoena or request for information so that the non-disclosing party can seek a protective order, or other appropriate injunctive relief.

C. Reasonable Efforts.

The Parties agree to employ reasonable and customary business practices to protect and secure both Client Information and Confidential Information from unauthorized release or distribution and to limit access and usage of such

information to those employees, officers, agents, and representatives who “need to know” in order to provide the products and services under this Agreement. The Parties further agree that those employees, officers, agents, and representatives who are privy to Client Information and/or Confidential Information shall be informed about the confidential nature of the information and required to maintain its confidentiality as provided under this Agreement.

D. Survival.

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

IX. ETHICS AND CONFLICT OF INTEREST STATEMENT

The Broker understands and agrees that Client desires to compare the cost of obtaining services or insurance products from Broker against other viable and competitive options and expects that the Broker will make its compensation agreements and revenue streams known to Client, so as to provide Client with a clear accounting of the costs of the placement of insurance services and products. The Broker shall conduct its business so as to fulfill all legal and ethical requirements and standards of the industry and the State of California, and shall place the best interests of Client ahead of any other concerns in the placement of insurance services and products. To this end, Broker:

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

6. As available, Broker will provide Client with premium benchmarking information to acknowledge competitiveness of Client's program.

X. INSURANCE REQUIREMENTS

A. Coverage and Limits:

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

1. Professional Liability insurance with minimum limits of ~~\$2~~15 million per claim providing coverage for any errors and omissions which the Broker or its agents may make resulting in financial loss to Client;
2. Commercial General and Automobile Liability insurance with limits of at least \$2 million combined single limit per occurrence and in the aggregate for bodily injury and property damage. The policies are to contain, or be endorsed to contain the following provisions:
 - (a) Client, its trustees, officers, employees, and volunteers are to be covered as additional insureds with respect to liability arising out of the work or operations performed by the Broker or on behalf of the Broker, or "any auto," whether owned leased, hired or borrowed by the Broker.
 - (b) For any covered claims related to this Agreement, the Broker's insurance coverage shall be primary insurance as respects Client, its trustees, officers, employees, or volunteers. Any insurance or self-insurance maintained by Client or any of its members shall be excess to the Broker's insurance and shall not contribute with it.
3. Workers' Compensation coverage in compliance with the laws of the State of California, and Employers' Liability insurance in the amount of at least \$1 million per accident or aggregate.
4. Excess Liability of at least \$4 million per occurrence (and in the aggregate) over General Liability, Professional Liability and Auto primary coverages.

A.B. Carrier Rating.

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

B.C. Certificates of Insurance/Endorsements.

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

XI. HOLD HARMLESS AND INDEMNITY

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

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

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

XII. NON-SOLICITATION

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

XIII. DISPUTE RESOLUTION

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

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

XIV. AUTHORITY

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

XV. ENTIRE AGREEMENT AND GOVERNING LAW

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

XVI. NON-ASSIGNABILITY

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

XVII. DISASTER RECOVERY; CONTINUITY

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

XVIII. OWNERSHIP OF RECORDS

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

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

XIX. WAIVER

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

XX. HEADINGS AND CONSTRUCTION

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

XXI. NOTICES

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

CLIENT:

California Affiliated Risk Management Authorities

c/o Bickmore ~~Risk Services~~

1750 Creekside Drive, Suite 200

Sacramento, CA 95833

Attn.: ~~Karen Thesing~~ Rob Kramer, Executive Director

BROKER:

Alliant Insurance Services, Inc

100 Pine Street, 11th Floor

San Francisco, CA 94111

Attn.: Seth Cole, First Vice President

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

CLIENT

By: _____
Name
Title: _____

Date: _____

BROKER

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

Date: _____

ADMINISTRATIVE MATTERS

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

BACKGROUND AND STATUS:

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

In December 2009, Bickmore entered into a Master Preferred Contract with GENEX Services, Inc. on behalf of Bickmore and its Medicare Responsible Reporting Entity (RRE) members. In addition to Bickmore entering into a Master Preferred Contract, each of Bickmore's RRE members, including CARMA, entered into individual agreements with GENEX as their Reporting Agent to perform services regarding the Medicare secondary reporting. Any services that are in addition to Medicare secondary reporting (*i.e.*, conditional lien searches, Medicare Set Aside Agreements, etc.) are provided by GENEX for an additional fee that is allocated to each respective file.

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

In evaluating CARMA's Reporting Agent options, there are two primary options for consideration: (1) renew with GENEX or (2) undertake Direct Data Entry (DDE) by Bickmore on behalf of CARMA as the RRE.

1. Renew with GENEX: Over the last two years, GENEX has ensured system compatibility and performed beta testing on behalf of CARMA. As a result, any data to be reported by CARMA would be successfully transmitted to Medicare. Changing reporting agents/vendors at this juncture would involve duplicative staff time (including that of Board Counsel) and expose CARMA to the risk of interfacing errors and reporting delays if systems with a new agent/vendor were not timely put into place. The proposed July 1, 2013, GENEX/CARMA contract would have the same terms and fees as the prior contract (\$12,000 annually). A benefit of this option is that much of the risk associated with failure to timely and/or accurately report appropriate claims data to the Centers for Medicare and Medicaid Services (CMS) is assumed by GENEX. [It should be noted, however, that in January 2013, the SMART (Strengthening Medicare and Repaying Taxpayers) Act was signed into law. One of the highlights of this Act is that it eliminates the former mandatory civil penalties (up to \$1,000 per day) for noncompliance with Medicare reporting obligations and requires that CMS establish and publish specific acts that will or will not result in sanctions. The Act further indicates that "good faith efforts to identify a beneficiary" will not result in sanctions being imposed. Although the specific details of this mandate remain to be worked out by CMS, it appears that the original ominous fines have been neutralized, to some extent.] If the

CARMA Board chooses to renew with GENEX, the contract can be considered in principal here, and/or it will be brought forward in June 2013 for approval.

2. Direct Data Entry (DDE): DDE is a direct reporting option designed for smaller RREs that will report less than 500 claims per year and is the simplest method of reporting data. Reporting of claims payments is done manually directly at the Coordination of Benefits Secured Website (COBSW). There is no “query” function with this option, but can be accomplished by completing the initial step of the reporting function. This quasi-query function would count against the 500 limit. Even so, it is unlikely CARMA would exceed the 500-per-year claims limit. Although the SMART Act, referenced above, has diminished the threat of overly-burdensome penalties and fines, the risk associated with a failure to timely and/or accurately report appropriate claims data to CMS would not be transferred under this option. Bickmore staff has determined that it would be operationally feasible for us to manage the claims reporting in this way. However, we are not willing to do so unless CARMA agrees to fully defend, hold harmless and indemnify Bickmore for this exposure. Accordingly, if the CARMA Board chooses to implement DDE, Staff proposes the contract for services with Bickmore be amended to reflect the following indemnification language:

With respect to the Medicare, Medicaid and SCHIP Extension Act of 2007 (“MMSEA”) and any related or subsequent law or legislation, AUTHORITY agrees to defend any demand, claim, or legal action commenced against BICKMORE regarding a matter or incident allegedly caused by or resulting from wrongful or negligent acts or omissions of BICKMORE, its officers, employees, agents, or others engaged by BICKMORE, in the course of, or resulting from, its performance under this Agreement, and to indemnify and hold BICKMORE harmless against any liability, loss, cost, or damages, or attorneys’ fees resulting therefrom, including liability for inaccurate data, loss or dissemination of data, or breach of BICKMORE’s computer system by Cyber Liability, as defined in the CARMA Liability Memorandum of Coverage.

AUTHORITY shall defend, indemnify, and hold harmless BICKMORE and its directors, agents, and employees from and against all liability, damages, claims, penalties, demands, actions, causes of action, cost and expense (including, without limitation, court costs, expert fees and reasonable attorneys’ fees) to the extent such are attributable to the negligent or otherwise wrongful act or omission of BICKMORE including without limitation any fines, penalties, or assessments (including interest) imposed by the Medicare, Medicaid and SCHIP Extension Act of 2007 (“MMSEA”) as a result of BICKMORE’s failure to timely and accurately report the appropriate claims data to the Centers for Medicare and Medicaid Services.

RECOMMENDATION:

None.

REFERENCE MATERIALS ATTACHED:

- CARMA/GENEX Contract

AGREEMENT WITH RESPECT TO REPORTING SOFTWARE

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

BACKGROUND

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

NOW, THEREFORE, GENEX and Client agree as follows:

1. Grant of License

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

2. Use and Access

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

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

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

3. Fees and Services

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

4. Technical Support

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

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

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

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

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

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

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

5. Term and Termination

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

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

6. Ownership of Intellectual Property

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

7. Confidentiality

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

8. Software Warranties and Disclaimer

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

9. Limitation of Liability; Indemnification

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

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

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

10. Relation of Parties

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

11. Non-assignment

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

12. Governing Law

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

13. Arbitration

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

14. Equitable Remedies

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

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

15. Notice

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

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

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

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

16. Non-Solicitation

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

17. Attorneys' Fees

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

18. Severability

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

19. Force Majeure

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

20. Waiver and Modification

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

21. References; Headings

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

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

22. Further Actions

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

23. Survival

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

24. Counterparts

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

25. Entire Agreement

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

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

GENEX SERVICES, INC

**CALIFORNIA AFFILIATED RISK
MANAGEMENT AUTHORITIES**

By: 

Name: Paul Neff

Title: Vice President –National Sales

By: 

Name: Karen Thesing

Title: Executive Director - CARMA

SCHEDULE A

MSA Medicare Set-Aside Services

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

Liability MSA Services

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

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

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

GENEX SERVICES, INC

**CALIFORNIA AFFILIATED RISK
MANAGEMENT AUTHORITIES**

By: 

Name: Paul Neff

Title: Vice President –National Sales

By: 

Name: Karen Thesing

Title: Executive Director - CARMA

ADMINISTRATIVE MATTERS

SUBJECT: CARMA Reserving Philosophy

BACKGROUND AND STATUS:

At the Annual Workshop in Bodega Bay on January 10, 2013, the Board fully vetted and discussed how CARMA cases are reserved by the underlying Member and when CARMA sets its own reserve. The vital importance of continuing communication between the underlying Third Party Administrator and the CARMA Litigation Manager was also fully established. The Board directed Staff to draft an informal reserving philosophy. In addition, the Board requested that Staff request Claims Development Information, also known as “loss triangles” from the underlying Members to determine any significant factors to consider or if there were large variances among the reserves in the underlying claims files.

Staff did request, receive, and review the “loss triangles” from each Member. The loss triangles reveal that four out of five members and CARMA itself had four to six years out of the nine shown that are currently showing an increase in estimated incurred claims as compared to the end of the policy year when first estimated. The fifth member had two of eight years currently showing an increase. This is not a factor of reserving practices as much as it is the uncertainty involved in the actuary’s ability to accurately predict the ultimate loss of a program year in advance. The variances in the triangles reflect this volatility.

RECOMMENDATION:

Staff recommends the Board informally adopt the CARMA Liability Reserving Philosophy and direct the Litigation Manager to implement this philosophy according to his/her best judgment.

REFERENCE MATERIALS ATTACHED:

- CARMA Reserving Philosophy

CARMA LIABILITY RESERVING PHILOSOPHY

It is well known that excessive or insufficient claims reserves can adversely affect rates, surplus adequacy, and profitability of a self-insured pool. This, in and of itself, belies the importance of the reserve management process.

When establishing and adjusting reserves, many factors come into play including the experience of the person setting the reserves, type of case, jurisdiction or venue, the settlement or jury verdict trends of the venue where the loss occurred, the experience and capability of attorneys for all parties, information developed during discovery, available statutory defenses, estimated costs of defending the claim, unsuccessful Motions for Summary Judgment, other potential defendants, applicable contractual indemnification agreements, or decisions to try a case to a jury. Best practices require that (1) the initial reserves be timely established based on initial report information; (2) the analysis performed in establishing/adjusting reserves for each individual claim component be documented; (3) the accuracy and adequacy of the reserves be evaluated regularly; and (4) changes in liability or damages that support revisions to reserves be recognized and adjustments to reserves be made within 30 days of recognition. The practice of increasing reserves incrementally without the benefit of an analysis (“stair stepping”) should be avoided. As outlined below, indemnity reserves should be based on the most probable ultimate outcome (MPUO) of the loss.

Therefore, the conservative reserving philosophy of CARMA includes the following guidelines:

Initial CARMA Reserve. As an excess self-insured pool consisting of underlying Member pools, most general liability cases that are reported to CARMA pursuant to the Liability Memorandum of Coverage (MOC) already have established reserves on the file.

Many matters are not reported to CARMA until such time as the total incurred reaches either 25% of the retained limit (42 USC 1983 matters in which a Complaint has not yet been filed) or 50% of the retained limit of the underlying Member (\$1,000,000). For these matters, the establishment and adjusting of initial reserves falls within the purview of the underlying JPA. Once the afore-mentioned matters are reported to CARMA, the Litigation Manager will review the most recent comprehensive status report to determine if reserves (as currently set by the underlying JPA) are adequate. CARMA relies on the experience and “best judgment” of its Litigation Manager when setting the reserves at the CARMA level, regardless of the established reserves set by the underlying Member. The importance of continued communication between the Litigation Manager and the Third Party Administrators for the underlying Members cannot be overemphasized. If the Litigation Manager believes the reserves should be adjusted, he/she will work with the underlying JPA to reach consensus regarding increasing/decreasing the reserves.

For matters that are immediately reportable to CARMA, the Litigation Manager will review the Initial Case Analysis and Litigation Budget and work with the underlying JPA in establishing initial reserves.

In either instance, the Litigation Manager will document the analysis utilized in establishing and/or adjusting the reserves to the claim file. It is not uncommon for CARMA to establish a nominal case reserve even though the matter is not fully reserved at the underlying members retained limit.

Further Adjustments to Reserves. Using the periodic status reports from defense counsel, the Litigation Manager will regularly evaluate the adequacy/accuracy of the reserves on a matter. Any changes in the liability and/or damage analyses having an impact on the MPUO will be discussed with the underlying JPA, and the current reserve status will be evaluated. Adjustments to the reserves, if any, will be made within 30 days of any substantive change to the liability and/or damage analyses. The Litigation Manager will document the analysis utilized in adjusting the reserves to the claim file.

Fully Reserving the Underlying Layer. While it is not the intent or philosophy to dictate the setting of reserves to its underlying Members, if at any timethe Litigation Manager determines a case should be reserved at the CARMA layer, he/she will communicate to the underlying JPA his/her reasons for a CARMA reserve and request the underlying JPA fully reserve the matter within its retained limit.

Expense Reserves. Expense reserves will be established based on approved Litigation Budgets (initial and adjusted) provided by defense counsel.

Indemnity Reserves. Indemnity reserves shall be based on the MPUO, with the following parameters as a guideline only. These reserves would be set with the intent of “earmarking” funds on matters the Litigation Manager feels warrant an indemnity reserve:

- Where there is a 75% or greater chance for a favorable outcome, the indemnity reserve shall reflect the estimated favorable outcome plus 25% of the potential probable adverse outcome;
- Where there is a 51% to 74% chance for a favorable outcome, the indemnity reserve shall reflect the estimated favorable outcome plus 50% of the potential probable adverse outcome;
- Where there is a 25% to 50% chance for a favorable outcome, the indemnity reserve shall reflect the estimated favorable outcome plus 75% of the potential probable adverse outcome; and

- Where there is less than a 25% chance for a favorable outcome, the indemnity reserve shall reflect 100% of the potential probable adverse outcome.

COVERAGE MATTERS

SUBJECT: Report from Alliant Insurance Services on the Status of the Excess Insurance Renewal for CARMA

BACKGROUND AND STATUS:

CARMA currently participates in the Alliant Municipal Liability (ANML) program with \$10 million limits, and purchases \$15 million additional excess from Colony for a total of \$25 million excess of the CARMA pooled layer.

At the January 11, 2013, Board meeting, Mr. Seth Cole, Alliant Insurance Services, discussed the expectations of renewal for the CARMA excess insurance for the 2013/14 program year. The Board directed Alliant to bring to the April 17, 2013, meeting an indication of what the rates and renewal will be for the new program year.

Mr. Cole will be in attendance at the meeting to update the Board on the status of the CARMA excess insurance renewal.

RECOMMENDATION:

A recommendation will be provided at the meeting following the report from Mr. Seth Cole, Alliant Insurance Services.

REFERENCE MATERIALS ATTACHED:

- CARMA 2013/14 Renewal Update – Alliant Insurance Services

April 2, 2013

Rob Kramer, JD, MBA, ARM
President, Program Administration
Bickmore
1750 Creekside Oaks Drive, Suite 200
Sacramento, CA 95833

CARMA 2013/2014 RENEWAL UPDATE

Dear Rob:

This letter provides Bickmore and the CARMA Board with the most recent update involving CARMA's FY 2013/2014 renewal. We look forward to reviewing this with the Board on April 17th.

As agreed at the last meeting, Alliant entered into 'early discussions' with AmTrust to determine if they anticipate any significant changes to the current liability program (i.e. rate increases, changes in coverage, etc.). AmTrust continues in their process of completing the underwriting review, and while we're still 90 days out from the renewal, AmTrust's initial responses have been favorable. There are no planned changes in the reinsurance contract, and they have provided us with a **not to exceed premium increase of 5.0%**. We expect that AmTrust will complete their underwriting process and provide a firm commitment for the renewal prior to the Board meeting. We will be prepared to discuss in greater detail on April 17th. Alliant has requested that AmTrust provide options for the Board's consideration:

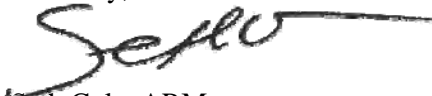
1. A two-year rate guarantee; and
2. A two-year prepaid premium.

When finalized, these options will be provided to the Board for consideration; likely not until the June 19th Board meeting.

Colony provides the Second Layer Excess. The Colony renewal pricing is triggered off of the AmTrust premium, however, they have indicated that they are **committed to providing competitive pricing** for the renewal. If this were to change, the second layer excess would be aggressively marketed.

There was Board consensus at the January 11th meeting that the Board would determine at its April meeting to renew with the current program, or market the CARMA reinsurance and excess coverage for the 2013-2014 program year if pricing was not appropriate. We believe these commitments fall within the defined parameters discussed.

Sincerely,



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

cc: Michael Simmons, Vice Chairman – Public Entities
msimmons@alliant.com

FINANCIAL MATTERS

SUBJECT: Review of Actuarial Study Provided by Mr. Jack Joyce of Bay Actuarial Consultants

BACKGROUND AND STATUS:

Mr. Jack Joyce of Bay Actuarial Consultants has completed the actuarial analysis dated April 2, 2013, and will be in attendance to present his report.

The actuarial analysis is composed of two main components. Part one of the study is a loss forecasting analysis to determine the appropriate contribution rate for the CARMA program in the 2013/14 program year. Part two is a review of the estimates of the ultimate liabilities of the CARMA program projected to June 30, 2013.

Part One – Loss Forecasting Analysis

The discounted contribution rate required to collect at the 75% confidence level for the upcoming 2013/14 program year is .456, an increase of approximately 10.9% over the prior study's 75% confidence level rate of .411. This increase is due in part to the change in the proposed discount factor from 2.5% to 2.0%. (See page 11 of the study for a complete discussion of interest rates assumed in discounting both funding rates and liabilities.) The 75% confidence level undiscounted rate is 8.4% higher than last year's, so rates have increased independent of that driver.

The Primary Proposed Budget assumes funding at the 75% confidence level, at a discount rate of 2.0%. A secondary budget model will be presented at the 75% confidence level, but using last year's discount rate of 2.5%.

Part Two – Review of the Ultimate Liability Estimates

In the new study, the estimate of CARMA's Ultimate Loss and LAE for all program years has been decreased by 11.1% or \$4,687,010.

Only one program year experienced a projected increase - the 2007/2008 program year in the amount of \$700,000.

The grid on the following page shows the changes in ultimate loss for each open program year:

Changes in Projected Ultimate Loss for All Prior Program Years Based on Actuarial Study dated March 30, 2013					
Program Year	Status+	(Prior Year) Ultimate Loss as of 6/30/12	(Current Year) Ultimate Loss as of 6/30/13	Change in Total Ultimate Loss	Percentage Change in Total Ultimate Loss
2001/2002	Open	1,988,620	1,988,620	-	0.0%
2002/2003	Open	2,100,000	2,000,000	(100,000)	-4.8%
2003/2004	Open	1,400,000	1,200,000	(200,000)	-14.3%
2004/2005	Open	7,300,000	7,059,652	(240,348)	-3.3%
2005/2006	Open	8,000,000	6,400,000	(1,600,000)	-20.0%
2006/2007	Open	3,200,000	3,026,970	(173,030)	-5.4%
2007/2008	Open	2,600,000	3,300,000	700,000	26.9%
2008/2009	Open	3,200,000	2,700,000	(500,000)	-15.6%
2009/2010	Open	1,500,000	1,000,000	(500,000)	-33.3%
2010/2011	Open	3,250,000	1,500,000	(1,750,000)	-53.8%
2011/2012	Open	4,000,000	3,700,000	(300,000)	-7.5%
2012/2013	Open	3,723,632 *	3,700,000	(23,632)	-0.6%
Totals		\$ 42,262,252	\$ 37,575,242	\$ (4,687,010)	-11.1%

+ Only open program years are shown
* Calculated based on undiscounted rate at expected * Payroll / 100

RECOMMENDATION:

Staff recommends the Board accept and file the actuarial study as presented.

REFERENCE MATERIALS ATTACHED:

- Draft Actuarial Study Dated April 2, 2013, Prepared by Bay Actuarial Consultants

California Affiliated Risk Management Authorities

Actuarial Review and Funding Recommendation

DRAFT

BAY ACTUARIAL CONSULTANTS
Moraga, California
April 2, 2013

Bay Actuarial Consultants

April 2, 2013

Board of Directors
California Affiliated Risk Management Authorities
c/o Mr. Rob Kramer, CARMA Administrator
Bickmore Risk Services
1750 Creekside Oaks Drive, Suite 200
Sacramento, CA 95833

To the Board:

We are pleased to present Bay Actuarial's Actuarial Review and Funding Recommendation for the California Affiliated Risk Management Authorities ("CARMA"). We appreciate the opportunity to serve CARMA.

If you have any questions, please call me at (925) 377-5269.

Respectfully,

BAY ACTUARIAL CONSULTANTS



Jack Joyce, FCAS, MAAA
Principal

California Affiliated Risk Management Authorities

Actuarial Review and Funding Recommendation

Table of Contents

	<u>Page</u>
Introduction	2
<i>Background & Purpose</i>	3
<i>Conditions & Limitations</i>	3
<i>Organization of the Report</i>	4
Management Summary	5
<i>Rates for 2013-14</i>	6
<i>Projected Liability as of June 30, 2013</i>	7
<i>Short-Term Liability as of June 30, 2013</i>	8
<i>Different Interest Rates</i>	8
<i>Comparison with Prior Report</i>	9
<i>Technical Approach</i>	9
<i>ULAE</i>	10
<i>Reconciling the 12/31/11 & 12/31/12 Liabilities</i>	10
<i>Interest Rates</i>	11
<i>Closing Old Program Years</i>	11
Summary Exhibits	13
Projected Liability at 6/30/13	24
Estimated 2013-14 Base Funding Rates	42

California Affiliated Risk Management Authorities

Actuarial Review and Funding Recommendation

Introduction

DRAFT

California Affiliated Risk Management Authorities

Actuarial Review and Funding Recommendation

Introduction

Background & Purpose

The California Affiliated Risk Management Authorities (“CARMA”) provides “excess” insurance coverage to public entities throughout California through a combination of self-insurance, reinsurance, and excess insurance. CARMA currently self-insures the \$3 million layer of loss between \$1 million and \$4 million. The members themselves pay the first \$1 million of each loss. From July 1, 1998 to June 30, 2003 CARMA ceded 25% of its self-insured losses to a commercial reinsurer under a quota share agreement. CARMA currently purchases reinsurance to cover 100% of the losses in the \$10 million excess of \$4 million layer. CARMA purchases excess insurance to cover the \$15 million excess of \$14 million layer of loss.

CARMA has asked Bay Actuarial Consultants to recommend member contribution rates for the 2013-14 program year. The report documents our recommendations and our projection of CARMA’s balance sheet liability for unpaid losses and loss adjustment expenses as of June 30, 2013.

Conditions & Limitations

This report has been prepared for CARMA’s internal use. Copies of this report may be supplied to CARMA’s auditors. Any other use of this report is not authorized without the prior written permission of Bay Actuarial Consultants. In particular, insurers or other entities that are considering selling insurance or reinsurance to CARMA must perform their own actuarial analysis and may not rely upon our work.

We relied upon data that Bickmore Risk Services provided. With any actuarial analysis, the accuracy and relevance of the conclusions and the reasonableness of the recommendations depend upon the accuracy and relevance of the underlying data.

The actuarial projections in this report are estimates, and as such are subject to uncertainty. This uncertainty is unavoidable because many of the events that will

affect claims costs have not yet taken place, and cannot be evaluated with certainty. These potential future events include, but are not limited to: changes in the tort liability law or its interpretation, changes in future inflation rates, the outcomes of future litigation, and the amounts of future jury awards. Our projections are based upon CARMA's historical experience. We have not anticipated any extraordinary changes in the various factors that might affect the future cost of claims. We used actuarial methods that should produce reasonable results given current information. There is no guarantee, express or implied, that losses will develop as projected in this report.

Organization of the Report

We divided the remainder of this report into four sections: the *Management Summary*, the *Summary Exhibits*, the *Estimated Liability Exhibits*, and the *Base Rate Exhibits*.

The *Management Summary* gives an overview of the results of our analysis. The *Summary Exhibits*, the *Estimated Liability Exhibits*, and the *Base Rate Exhibits* document the actual calculations used in developing our results.

California Affiliated Risk Management Authorities

Actuarial Review and Funding Recommendation

Management Summary

DRAFT

California Affiliated Risk Management Authorities

Actuarial Review and Funding Recommendation

Management Summary

Rates for 2013-14

This report documents the calculation of the recommended funding rates for 2013-14 and our projection of CARMA's liability for unpaid losses as of June 30, 2013. The analysis is based upon claims data evaluated as of December 31, 2012. Table 1 shows the projected **\$3 million excess of \$1 million** rates for 2013-14 (per \$100 of payroll):

Table 1: \$3M xs \$1M Rates for 2013-14 Discounted at 2.0% Interest

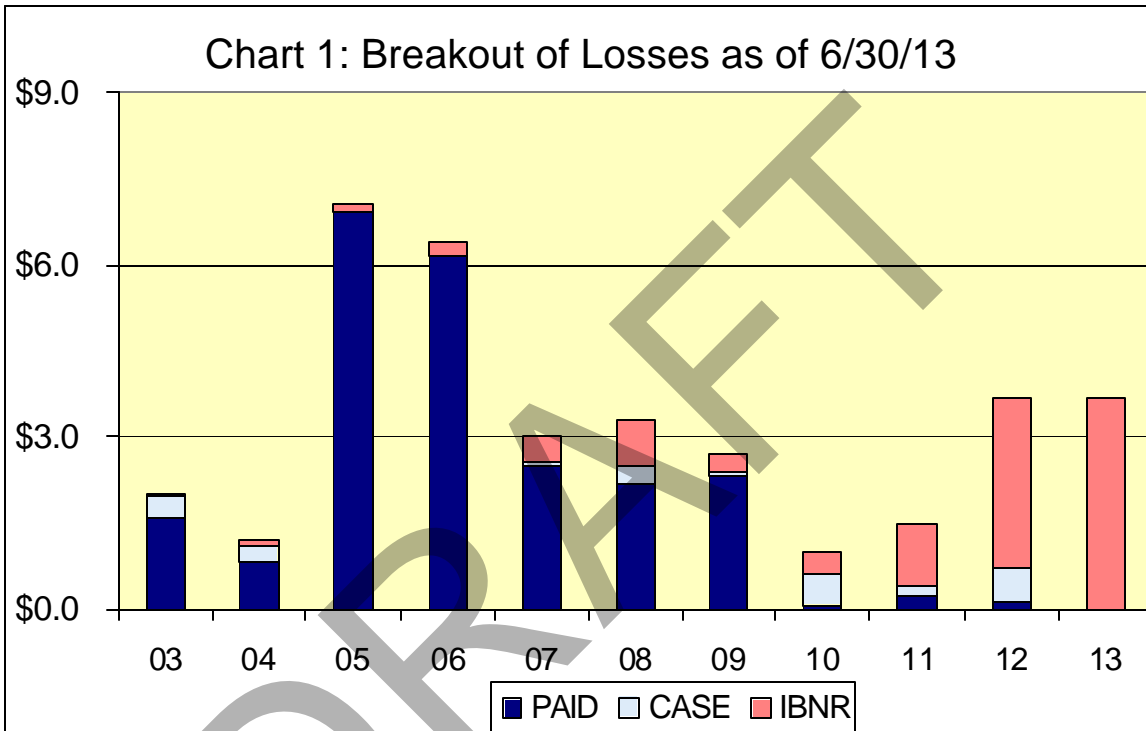
LAYER	Probability level						
	50%	60%	Central Estimate	75%	80%	85%	90%
\$3M x \$1M	25.0¢	31.6¢	33.3¢	45.6¢	52.3¢	60.6¢	72.9¢

These rates are discounted at 2.0% interest. They provide only for indemnity payments and for the legal defense and other costs associated with investigating specific claims. They do not cover the cost of program administration, claims handling, reinsurance, or excess insurance premiums. There is a Table on the bottom of page 8 that shows adjustment factors should CARMA decide to discount at other than 2.0%. There is a case for a lower interest rate (see Interest rate discussion on page 11). Pages 14 through 20 show rates for the 2x1, 4x1, 2x2, 2x3, 3x2, and 1x2 layers.

The discounted central estimate rate of 33.3¢ in Table 1 would be 36.9¢ had it not been discounted. This undiscounted central estimate 3x1 base rate is 7.9% higher than the corresponding rate we projected for 2012-13 one year ago. The undiscounted 75% probability level rate is 8.4% higher. As usual, we re-calculated the probability distributions for claims of different sizes using the 12/31/12 claims data. This, along with the observed loss development in the layers of loss below \$1,000,000 that feed into the CARMA layer, was behind the rate increase.

Projected Liability as of June 30, 2013

We project the estimated liability for unpaid losses as of June 30, 2013 at **\$12.6 million** if undiscounted or **\$11.8 million** if discounted (2.0% interest). Chart 1 reflects the 25% quota share cession that was in place in 2002-03. The projected liability is \$1.1 million lower than last year's projection of the June 30, 2012 liability. Chart 1 shows our projected breakout of estimated losses as of June 30, 2013 (\$ millions):



As of 12/31/12, the evaluation date of the data used in this analysis, we estimate that there was \$3.91 of IBNR liability for every dollar of case reserves in the CARMA retained layer. Last year the IBNR to case reserve ratio at 12/31/11 was \$2.32. The projected 6/30/13 case reserves and IBNR are \$2.43 million and \$10.20 million, respectively, which produces a projected 6/30/13 IBNR to case reserves ratio of \$4.20.

Table 2 shows the projected liabilities at various probability levels as of June 30, 2013.

**Table 2: Projected Liability for Unpaid Losses
as of June 30, 2013
(Dollars in Thousands)**

Probability Level	Undiscounted	Discounted at 2.0% Interest
Central Estimate	\$12,630	\$11,848
60%	12,378	11,611
70%	14,525	13,625
75%	15,788	14,810
80%	17,556	16,469
90%	22,735	21,326

The difference between the top number in the discounted column in Table 2 and the 75% probability level amount is \$2.96 million. We estimate that this amount of capital will provide 75% probability that the combined reserves plus capital will be adequate to pay all the claims incurred through 6/30/13. 90% probability would require \$9.48 million in capital. These probabilities are based on the assumption that CARMA's investment portfolio will earn a return of 2.0% per year from July 1, 2013 onward. We will discuss this assumption in the section on "Interest Rates" on page 11.

There is a table below that shows how to convert the discounted liability in Table 2 to what it would be if you use a different interest rate.

Short-Term Liability as of June 30, 2013

We project that CARMA will discharge approximately \$2.4 million of its June 30, 2013 liability during 2013-14. Actual expenditures during 2012 were only \$464,000, unusually low.

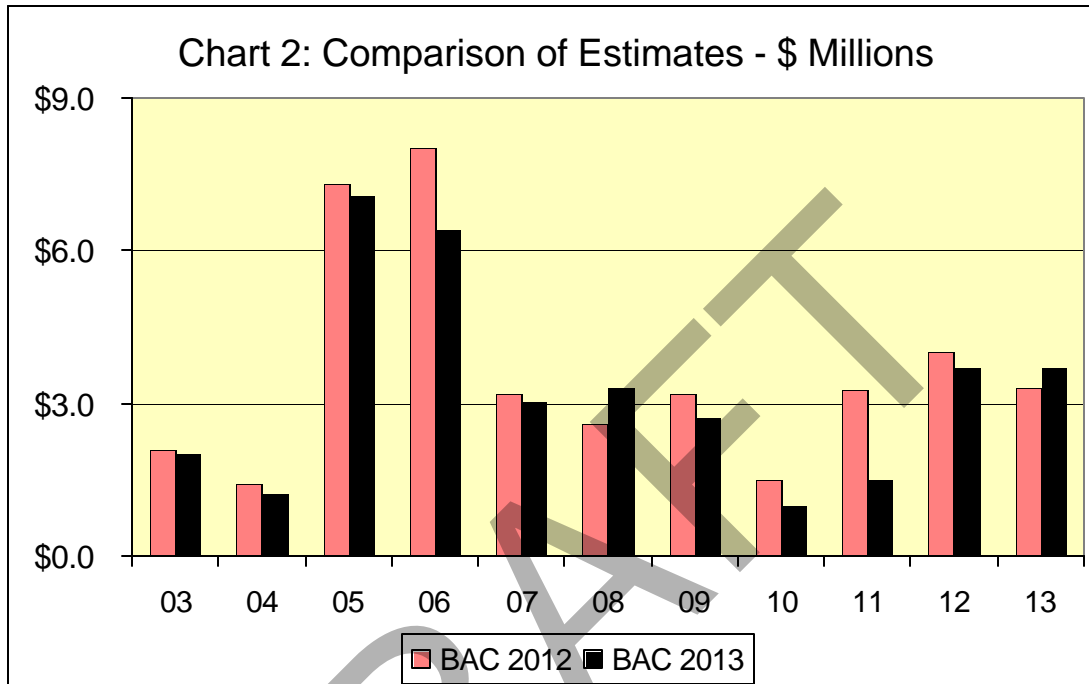
Different Interest Rates

The discounted liabilities and rates in this report were calculated using a 2.0% interest rate. The following table provides the adjustments one would make for some different interest rates:

Int. Rate	0.0%	0.51%	0.90%	1.0%	1.5%	2.0%	2.5%
Rate Adjustment	+10.9%	N/A	+5.7%	+5.3%	+2.6%	0.0%	-2.6%
Liability Adjustment	+6.6%	+4.8%	N/A	+3.2%	+1.6%	0.0%	-1.5%

Comparison with Prior Report

Chart 2 compares our current estimates of the ultimate losses by year (\$ millions) with last year's actuarial estimates. These estimates show estimated limited ultimate losses before quota share. Note that the Chart 1 loss data was after quota share.



The overall reduction for all years including 2012-13 was \$4.25 million. After six months of loss experience in 2012-13 we raised last year's initial projection for that year by \$414,000. The overall change for 2011-12 and prior was a reduction of \$4.66 million.

Technical Approach

The technical approach is similar to last year's. We continued with a 4% annual claims inflation assumption and with the assumption that "primary" first dollar claim frequency has been declining at 2% per year. We assume that CARMA's overall exposure to loss is constant each year, except for changes in the membership and the changes in inflation and claim frequency.

We continued to estimate two "size-of-loss" probability distributions, one empirical and another that is a "fit" to a gamma probability distribution. Empirical distributions become less reliable at the high end where the actual numbers of losses are very few. The CARMA data that we use for the empirical analysis contains over 10,000 liability claims but only three of these exceed \$5 million when trended to 2013-14. This data contains another nine claims that are above \$3 million but below

\$5 million. This is not a lot of data for making reliable projections at the high end, so we rely upon the gamma distribution more at the high end.

We calculated the CARMA rates as multiples of “base rates” for the following “base layers” of loss:

- \$850,000 excess of \$150,000;
- \$900,000 excess of \$100,000;
- \$750,000 excess of \$250,000;
- \$400,000 excess of \$400,000;
- \$1 million excess of \$0;
- \$2 million excess of \$0.

The results of the analysis of excess rates as multiples of the base rates for the above layers are on page 20. We obtained relatively similar excess rates regardless of which of the above layers was used for a base rate.

ULAE

We estimate that claims handling costs (“unallocated loss adjustment expenses,” or “ULAE”) are less than 0.5% of loss costs. Adding a 0.5% provision for ULAE in the rates and liabilities should fund this expense adequately.

Reconciling the 12/31/11 & 12/31/12 Liability

While we always project the liability six months forward to June 30, we also estimate the 12/31 liability and this estimate involves fewer unknowns since there is no need to project claim payments six months into the future. In last year’s report we estimated the 12/31/11 liability at \$13.384 million. Claims expenditures during calendar year 2012 were \$464,000. We reduced our estimate of the losses incurred through 12/31/11 by \$4.514 million. We estimate the losses incurred during calendar year 2012 at \$3.700 million.

Starting with the \$13.384 million 12/31/11 liability, subtracting the claims and the change in the estimates for the older years and adding the estimated losses for 2012 produces \$12.106 million, which matches our estimate of the 12/31/12 liability on page 31. This reconciliation is gross of the old quota share.

Interest Rates

The interest rate assumption has a very large effect on the amount of the required contributions for 2013-14. The 2012 calendar year payroll was \$1.083 billion and we assume that payroll will continue at this amount in through 2012-13 and 2013-14 except for member departures. Projected contributions, discounting the contribution rate at 2.0% interest, are \$3.60 million. Those same contributions using undiscounted rates would be \$4.00 million, or \$400,000 higher. This difference needs to be made up through future interest earnings.

We matched the projected timing of the payments on the 2013-14 losses with treasury bills and notes that would mature to coincide with the claims payments. This portfolio of treasuries yielded 0.90% interest. We did a similar analysis of the projected payment pattern for the 6/30/13 liabilities. A portfolio of treasuries that would mature to pay off the liability as payments are made would yield only 0.51%.

The interest rate adjustment Table on page 8 shows that rates would need to be 5.7% higher if they were discounted at 0.90% instead of 2.0%. The estimated liability would be 4.8% higher if it was discounted at 0.51% interest instead of 2.0%.

Closing Old Program Years

Self-insurers and self-insurance pools need to decide when it is prudent to “close out” old program years administratively. “Closing” an old program year becomes feasible once all the known claims from that year have been closed. There is a risk in closing a program year prematurely because the closing typically allows all the remaining equity from that year to be returned to the members that “own” it. This is fine unless an IBNR claim comes in after a year has been closed. Reopening a program year and assessing the members for the new claim typically will not ingratiate the premature program year closer with the members.

Therefore there is an argument for a conservative approach to closing program years. The degree of conservatism that is necessary varies depending upon the type of self-insurer. A self-insurer that does not pool its claims with anyone else has little to lose by closing a year prematurely. A simple self-insurer is “closer” to the claims, so it is less likely to be surprised by an IBNR, and if an IBNR does come in, it just causes a relatively trivial internal accounting problem.

When simple pooling is involved, like in the individual JPA's that comprise CARMA's membership, there should be a more conservative approach to closing years. In these JPA's an IBNR claim in a closed-out year generates assessments for the other members of the JPA. Also, the JPA manager is one step farther removed from the claims, because claims are reported to a city or agency before

the city or agency reports to the JPA. An IBNR claim in a closed-out year will generate an assessment for the other members of the JPA that participated in that year.

The problem is significantly worse with a “superpool” like CARMA. Here the manager is two steps removed from the actual claims. Claims need to be reported first to a city or agency, which then reports to a JPA. Then the JPA reports the claim to CARMA. Everything needs to go exactly right twice in a row if CARMA’s claims database is going to stay current.

I recommend waiting at least twelve years before CARMA closes out a program year, and maybe more, if that is feasible. Last year one of our public school self-insurance clients received multiple IBNR claims from the early and mid-1990’s. Before these claims came in IBNR’s this old had been thought impossible. These IBNR claims had to do with ex-students’ “recovered memories” of sexual molestation by school employees. While the schools are a more likely source of these specific types of claims, the point is that everyone thought that IBNR claims from 1993 were impossible.

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**California Affiliated Risk Management Authorities
Actuarial Review and Funding Recommendation**

Summary Exhibits

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California Affiliated Risk Management Authorities
Liability Program

Projected Loss Funding Rate for 2013-14

\$3 Million Excess of \$1 Million Layer

(1) Discounted Loss Rate:
(as of July 1, 2013, 2.0% interest rate)

Loss Rates
\$0.333

<u>Probability Levels</u>		
Probability Level <u>(2)</u>	Probability Factor <u>(3)</u>	Discounted * Rate <u>(4)</u>
0.50	0.75	0.250
0.60	0.95	0.316
Central Estimate	1.00	\$0.333
0.70	1.21	0.403
0.75	1.37	0.456
0.80	1.57	0.523
0.85	1.82	0.606
0.90	2.19	0.729

* Multiply by 1.111 to obtain undiscounted values.

Notes:

- (1) [Page 21, Column (3), Cumulative] x [Page 39, Item (4)].
- (2) Estimated probability that the level of funding shown will be adequate.
- (3) Estimated by BAC through analysis of CARMA claims information.
- (4) (1) x (3).

California Affiliated Risk Management Authorities
Liability Program

Projected Loss Funding Rate for 2013-14

\$4 Million Excess of \$1 Million Layer

(1) Discounted Loss Rate:
(as of July 1, 2013, 2.0% interest rate)

Loss Rates
\$0.357

<u>Probability Levels</u>		
Probability Level <u>(2)</u>	Probability Factor <u>(3)</u>	Discounted * Rate <u>(4)</u>
0.50	0.75	0.268
0.60	0.95	0.339
Central Estimate	1.00	\$0.357
0.70	1.21	0.432
0.75	1.37	0.489
0.80	1.56	0.557
0.85	1.82	0.650
0.90	2.19	0.782

* Multiply by 1.111 to obtain undiscounted values.

Notes:

- (1) [Page 21, Item (4), Cumulative] x [Page 39, Item (4)].
- (2) Estimated probability that the level of funding shown will be adequate.
- (3) Estimated by BAC through analysis of CARMA claims information.
- (4) (1) x (3).

California Affiliated Risk Management Authorities
Liability Program

Projected Loss Funding Rate for 2013-14

\$2 Million Excess of \$1 Million Layer

(1) Discounted Loss Rate: Loss Rates
\$0.287
(as of July 1, 2013, 2.0% interest rate)

<u>Probability Levels</u>		
Probability Level (2)	Probability Factor (3)	Discounted * Rate (4)
0.60	0.96	0.276
Central Estimate	1.00	\$0.287
0.70	1.21	0.347
0.75	1.36	0.390
0.80	1.56	0.448
0.85	1.80	0.517
0.90	2.16	0.620

* Multiply by 1.111 to obtain undiscounted values.

Notes:

- (1) [Page 21, Column (2), Cumulative] x [Page 39, Item (4)].
- (2) Estimated probability that the level of funding shown will be adequate.
- (3) Estimated by BAC through analysis of CARMA claims information.
- (4) (1) x (3).

California Affiliated Risk Management Authorities
Liability Program

Projected Loss Funding Rate for 2013-14

\$2 Million Excess of \$2 Million Layer

(1) Discounted Loss Rate:
(as of July 1, 2013, 2.0% interest rate)

Loss Rates
\$0.138

<u>Probability Levels</u>		
Probability Level <u>(2)</u>	Probability Factor <u>(3)</u>	Discounted * Rate <u>(4)</u>
0.50	0.66	0.091
0.60	0.93	0.128
Central Estimate	1.00	\$0.138
0.70	1.25	0.173
0.75	1.45	0.200
0.80	1.70	0.235
0.85	2.02	0.279
0.90	2.48	0.342

* Multiply by 1.111 to obtain undiscounted values.

Notes:

- (1) 3X1 Rate - 1X1 Rate, discounted.
- (2) Estimated probability that the level of funding shown will be adequate.
- (3) Estimated by BAC through analysis of CARMA claims information.
- (4) (1) x (3).

California Affiliated Risk Management Authorities
Liability Program

Projected Loss Funding Rate for 2013-14

\$2 Million Excess of \$3 Million Layer

(1) Discounted Loss Rate: Loss Rates
\$0.071
(as of July 1, 2013, 2.0% interest rate)

<u>Probability Levels</u>		
Probability Level (2)	Probability Factor (3)	Discounted * Rate (4)
0.60	0.63	0.045
Central Estimate	1.00	\$0.071
0.70	1.23	0.087
0.75	1.56	0.111
0.80	1.91	0.136
0.85	2.35	0.167
0.90	2.96	0.210

* Multiply by 1.111 to obtain undiscounted values.

Notes:

- (1) 4X1 Rate - 2x1 Rate, discounted.
- (2) Estimated probability that the level of funding shown will be adequate.
- (3) Estimated by BAC through analysis of CARMA claims information.
- (4) (1) x (3).

California Affiliated Risk Management Authorities
Liability Program

Projected Loss Funding Rate for 2013-14

\$3 Million Excess of \$2 Million Layer

(1) Discounted Loss Rate:
(as of July 1, 2013, 2.0% interest rate)

Loss Rates
\$0.163

<u>Probability Levels</u>		
Probability Level (2)	Probability Factor (3)	Discounted * Rate (4)
0.50	0.60	0.098
0.60	0.89	0.145
Central Estimate	1.00	\$0.163
0.70	1.24	0.202
0.75	1.45	0.236
0.80	1.71	0.279
0.85	2.04	0.333
0.90	2.52	0.411

* Multiply by 1.111 to obtain undiscounted values.

Notes:

- (1) 4X1 Rate - 1X1 Rate, discounted.
- (2) Estimated probability that the level of funding shown will be adequate.
- (3) Estimated by BAC through analysis of CARMA claims information.
- (4) (1) x (3).

California Affiliated Risk Management Authorities
Liability Program

Projected Loss Funding Rate for 2013-14

\$1 Million Excess of \$2 Million Layer

(1) Discounted Loss Rate:
(as of July 1, 2013, 2.0% interest rate)

Loss Rates
\$0.092

<u>Probability Levels</u>		
Probability Level (2)	Probability Factor (3)	Discounted * Rate (4)
0.50	0.73	0.067
0.60	0.95	0.087
Central Estimate	1.00	\$0.092
0.70	1.24	0.114
0.75	1.42	0.131
0.80	1.65	0.152
0.85	1.94	0.178
0.90	2.36	0.217

* Multiply by 1.111 to obtain undiscounted values.

Notes:

- (1) [Page 21, Column (2), SELECTED] x [Page 39, Item (4)].
- (2) Estimated probability that the level of funding shown will be adequate.
- (3) Estimated by BAC through analysis of CARMA claims information.
- (4) (1) x (3).

California Affiliated Risk Management Authorities
Liability Program

Selection of Excess Rate

Type of Fit	Indicated \$1M x \$1M Rate (1)	Indicated \$1M x \$2M Rate (2)	Indicated \$1M x \$3M Rate (3)	Indicated \$1M x \$4M Rate (4)
E-150K - 1M	\$0.211	\$0.120	\$0.064	\$0.033
G-150K - 1M	0.222	0.093	0.042	0.020
E-400K - 800K	0.217	0.124	0.066	0.034
G-400K - 800K	0.209	0.093	0.044	0.021
E-100K - 1M	0.210	0.120	0.064	0.033
G-100K - 1M	0.234	0.094	0.041	0.019
E-250K - 1000K	0.211	0.121	0.064	0.033
G-250K - 1000K	0.209	0.091	0.043	0.021
E-0 - 1M	0.218	0.124	0.066	0.034
G-0 - 1M	0.281	0.086	0.030	0.011
E-0 - 2M	0.216	0.123	0.066	0.034
G-0 - 2M	0.269	0.082	0.029	0.010
Selected	\$0.216	\$0.103	\$0.051	\$0.028

Cumulative Rates

\$1M x \$1M	\$2M x \$1M	\$3M x \$1M	\$4M x \$1M
\$0.216	\$0.319	\$0.370	\$0.397

Notes:
(1) through (4) Items (3) on pages 43, 44, 45, 46, 48, and 49.

California Affiliated Risk Management Authorities
Liability Program

Projected Liability for Unpaid Losses as of June 30, 2013

Net After 25% Quota Share Cession

(1) Projected Unpaid Losses as of 6/30/13:	\$12,630,428
(2) Discounted Unpaid Losses as of 6/30/13: (2.0% Interest Rate)	\$11,847,927

Probability Level (3)	Undiscounted Probability Level Funding (4)	Discounted Probability Level Funding (5)
30%	\$7,704,561	\$7,227,235
40%	9,093,908	8,530,507
50%	10,609,559	9,952,259
60%	12,377,819	11,610,968
Central Estimate	\$12,630,428	\$11,847,927
70%	14,524,992	13,625,116
75%	15,788,035	14,809,909
80%	17,556,295	16,468,619
90%	22,734,770	21,326,269

Notes:

- (1) Page 25, Column (3).
- (2) Page 40, Column (3).
- (3) Estimated probability that the level of funding shown will be adequate.
- (4) Estimated by BAC through analysis of CARMA claims information.
- (5) Estimated by BAC through analysis of CARMA claims information.

California Affiliated Risk Management Authorities
Liability Program

Projected Liability for Unpaid Losses as of June 30, 2013

Gross Without Regard to Quota Share Cession

(1) Projected Unpaid Losses as of 6/30/13:	\$12,729,819
(2) Discounted Unpaid Losses as of 6/30/13: (2.0% Interest Rate)	\$11,941,161

Probability Level (3)	Undiscounted Probability Level Funding (4)	Discounted Probability Level Funding (5)
30%	\$7,765,190	\$7,284,108
40%	9,165,470	8,597,636
50%	10,693,048	10,030,575
60%	12,475,223	11,702,338
Central Estimate	\$12,729,819	\$11,941,161
70%	14,639,292	13,732,335
75%	15,912,274	14,926,451
80%	17,694,449	16,598,213
90%	22,913,675	21,494,089

Notes:

- (1) Page 29, Column (6).
- (2) (1) x Page 40, item (4).
- (3) Estimated probability that the level of funding shown will be adequate.
- (4) Estimated by BAC through analysis of CARMA claims information.
- (5) Estimated by BAC through analysis of CARMA claims information.

**California Affiliated Risk Management Authorities
Actuarial Review and Funding Recommendation**

Projected Liability at June 30, 2013

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California Affiliated Risk Management Authorities
Liability Program

Limited Liabilities after Quota Share

As of 06/30/13

Fiscal Year	Projected Direct Liabilities at 06/30/13 (1)	Effect of Quota Share (2)	Projected Limited Liability After Quota Share (3)
2001-02	\$0	75.0%	\$0
2002-03	397,566	75.0%	298,174
2003-04	388,572	100.0%	388,572
2004-05	141,111	100.0%	141,111
2005-06	281,053	100.0%	281,053
2006-07	531,722	100.0%	531,722
2007-08	1,088,247	100.0%	1,088,247
2008-09	378,090	100.0%	378,090
2009-10	926,786	100.0%	926,786
2010-11	1,290,328	100.0%	1,290,328
2011-12	3,606,344	100.0%	3,606,344
2012-13	3,700,000	100.0%	3,700,000
Total	\$12,729,819		\$12,630,428

Notes:

- (1) Page 29, Column (6).
- (2) Provided by Bickmore.
- (3) (1) x (2).

California Affiliated Risk Management Authorities
Liability Program

Projected Unpaid Losses as of June 30, 2013

Before Quota Share

70% Probability Level

Program Year	Estimated Ultimate Losses (1)	Projected Paid Losses @ 6/30/13 (2)	Projected Case Reserves @ 6/30/13 (3)	Projected Reported Losses @ 6/30/13 (4)	Projected IBNR Liability @ 6/30/13 (5)	Projected Unpaid Losses @ 6/30/13 (6)
2001-02	\$1,988,620	\$1,988,620	\$0	\$1,988,620	\$0	\$0
2002-03	2,000,000	1,602,434	382,339	1,984,773	15,227	397,566
2003-04	1,200,000	811,428	311,530	1,122,958	77,042	388,572
2004-05	7,059,652	6,918,540	0	6,918,540	141,111	141,111
2005-06	6,400,000	6,118,947	9,162	6,128,109	271,891	281,053
2006-07	2,734,523	2,495,248	85,717	2,580,965	153,558	239,275
2007-08	3,310,882	2,211,753	275,701	2,487,454	823,428	1,099,129
2008-09	2,533,640	2,321,910	49,435	2,371,345	162,295	211,730
2009-10	833,178	73,214	559,579	632,792	200,386	759,965
2010-11	1,732,259	209,672	209,796	419,468	1,312,791	1,522,587
2011-12	4,421,269	93,656	622,641	716,297	3,704,971	4,327,613
2012-13	4,477,000	0	18,546	18,546	4,458,454	4,477,000
Total	\$38,691,024	\$24,845,423	\$2,524,447	\$27,369,870	\$11,321,154	\$13,845,601

Notes:

- (1) Page 29, Column (1), adjusted to 70% probability level. Each program year at standalone 70% PL.
- (2) Page 29, Column (2).
- (3) (4) - (2).
- (4) Page 29, Column (4).
- (5) (1) - (4).
- (6) (3) + (5).

California Affiliated Risk Management Authorities
Liability Program

Projected Unpaid Losses as of June 30, 2013

Before Quota Share

80% Probability Level

Program Year	Estimated Ultimate Losses (1)	Projected Paid Losses @ 6/30/13 (2)	Projected Case Reserves @ 6/30/13 (3)	Projected Reported Losses @ 6/30/13 (4)	Projected IBNR Liability @ 6/30/13 (5)	Projected Unpaid Losses @ 6/30/13 (6)
2001-02	\$1,988,620	\$1,988,620	\$0	\$1,988,620	\$0	\$0
2002-03	2,000,000	1,602,434	382,339	1,984,773	15,227	397,566
2003-04	1,200,000	811,428	311,530	1,122,958	77,042	388,572
2004-05	7,059,652	6,918,540	0	6,918,540	141,111	141,111
2005-06	6,400,000	6,118,947	9,162	6,128,109	271,891	281,053
2006-07	3,218,390	2,495,248	85,717	2,580,965	637,425	723,143
2007-08	3,985,595	2,211,753	275,701	2,487,454	1,498,141	1,773,842
2008-09	2,707,562	2,321,910	49,435	2,371,345	336,216	385,652
2009-10	1,379,982	73,214	559,579	632,792	747,190	1,306,769
2010-11	2,480,649	209,672	209,796	419,468	2,061,181	2,270,977
2011-12	5,755,616	93,656	622,641	716,297	5,039,319	5,661,960
2012-13	5,846,000	0	18,546	18,546	5,827,454	5,846,000
Total	\$44,022,067	\$24,845,423	\$2,524,447	\$27,369,870	\$16,652,197	\$19,176,644

Notes:

- (1) Page 29, Column (1), adjusted to 80% probability level. Each program year at standalone 80% PL.
- (2) Page 29, Column (2).
- (3) (4) - (2).
- (4) Page 29, Column (4).
- (5) (1) - (4).
- (6) (3) + (5).

California Affiliated Risk Management Authorities
Liability Program

Projected Unpaid Losses as of June 30, 2013

Before Quota Share

90% Probability Level

Program Year	Estimated Ultimate Losses (1)	Projected Paid Losses @ 6/30/13 (2)	Projected Case Reserves @ 6/30/13 (3)	Projected Reported Losses @ 6/30/13 (4)	Projected IBNR Liability @ 6/30/13 (5)	Projected Unpaid Losses @ 6/30/13 (6)
2001-02	\$1,988,620	\$1,988,620	\$0	\$1,988,620	\$0	\$0
2002-03	2,000,000	1,602,434	382,339	1,984,773	15,227	397,566
2003-04	1,200,000	811,428	311,530	1,122,958	77,042	388,572
2004-05	7,059,652	6,918,540	0	6,918,540	141,111	141,111
2005-06	7,032,369	6,118,947	9,162	6,128,109	904,260	913,422
2006-07	4,175,491	2,495,248	85,717	2,580,965	1,594,526	1,680,243
2007-08	5,160,902	2,211,753	275,701	2,487,454	2,673,448	2,949,149
2008-09	3,558,264	2,321,910	49,435	2,371,345	1,186,919	1,236,354
2009-10	2,399,448	73,214	559,579	632,792	1,766,655	2,326,234
2010-11	3,719,364	209,672	209,796	419,468	3,299,896	3,509,692
2011-12	8,027,613	93,656	622,641	716,297	7,311,315	7,933,957
2012-13	8,214,000	0	18,546	18,546	8,195,454	8,214,000
Total	\$54,535,722	\$24,845,423	\$2,524,447	\$27,369,870	\$27,165,852	\$29,690,299

Notes:

- (1) Page 29, Column (1), adjusted to 90% probability level. Each program year at standalone 90% PL.
- (2) Page 29, Column (2).
- (3) (4) - (2).
- (4) Page 29, Column (4).
- (5) (1) - (4).
- (6) (3) + (5).

California Affiliated Risk Management Authorities
Liability Program

Projected Unpaid Losses as of June 30, 2013

Before Quota Share

Program Year	Estimated Ultimate Losses (1)	Projected Paid Losses @ 6/30/13 (2)	Projected Case Reserves @ 6/30/13 (3)	Projected Reported Losses @ 6/30/13 (4)	Projected IBNR Liability @ 6/30/13 (5)	Projected Unpaid Losses @ 6/30/13 (6)
2001-02	\$1,988,620	\$1,988,620	\$0	\$1,988,620	\$0	\$0
2002-03	2,000,000	1,602,434	382,339	1,984,773	15,227	397,566
2003-04	1,200,000	811,428	311,530	1,122,958	77,042	388,572
2004-05	7,059,652	6,918,540	0	6,918,540	141,111	141,111
2005-06	6,400,000	6,118,947	9,162	6,128,109	271,891	281,053
2006-07	3,026,970	2,495,248	85,717	2,580,965	446,005	531,722
2007-08	3,300,000	2,211,753	275,701	2,487,454	812,546	1,088,247
2008-09	2,700,000	2,321,910	49,435	2,371,345	328,655	378,090
2009-10	1,000,000	73,214	559,579	632,792	367,208	926,786
2010-11	1,500,000	209,672	209,796	419,468	1,080,532	1,290,328
2011-12	3,700,000	93,656	622,641	716,297	2,983,703	3,606,344
2012-13	3,700,000	0	18,546	18,546	3,681,454	3,700,000
Total	\$37,575,242	\$24,845,423	\$2,524,447	\$27,369,870	\$10,205,372	\$12,729,819

Notes:

- (1) Page 32, Column (4).
- (2) Page 30, Column (3).
- (3) (4) - (2).
- (4) Page 30, Column (6).
- (5) (1) - (4).
- (6) (3) + (5).

California Affiliated Risk Management Authorities
Liability Program

Projected Paid and Reported Losses as of June 30, 2013

Before Quota Share

Program Year	Paid Losses @ 12/31/12 (1)	Projected Losses Paid 1/1/13 - 6/30/13 (2)	Projected Paid Losses @ 6/30/13 (3)	Reported Losses @ 12/31/12 (4)	Projected Losses Reported 1/1/13 - 6/30/13 (5)	Projected Reported Losses @ 6/30/13 (6)
2001-02	\$1,988,620	\$0	\$1,988,620	\$1,988,620	\$0	\$1,988,620
2002-03	1,469,470	132,964	1,602,434	1,969,470	15,303	1,984,773
2003-04	643,107	168,321	811,428	1,097,192	25,766	1,122,958
2004-05	6,845,307	73,234	6,918,540	6,845,307	73,234	6,918,540
2005-06	6,078,222	40,725	6,118,947	6,089,156	38,953	6,128,109
2006-07	2,385,698	109,550	2,495,248	2,385,698	195,267	2,580,965
2007-08	1,922,501	289,252	2,211,753	2,322,501	164,953	2,487,454
2008-09	2,286,599	35,311	2,321,910	2,286,599	84,746	2,371,345
2009-10	0	73,214	73,214	500,000	132,792	632,792
2010-11	0	209,672	209,672	100,000	319,468	419,468
2011-12	0	93,656	93,656	500,000	216,297	716,297
2012-13	0	0	0	0	18,546	18,546
Total	\$23,619,525	\$1,225,897	\$24,845,423	\$26,084,544	\$1,285,326	\$27,369,870

Notes:

- (1) Page 31, Column (2).
- (2) Projected by BAC.
- (3) (1) + (2).
- (4) Page 31, Column (4).
- (5) Projected by BAC.
- (6) (4) + (5).

California Affiliated Risk Management Authorities
Liability Program

Estimated Unpaid Losses as of December 31, 2012

Before Quota Share

Program Year	Estimated Ultimate Losses @ 12/31/12 (1)	Paid Losses @ 12/31/12 (2)	Case Reserves @ 12/31/12 (3)	Reported Losses @ 12/31/12 (4)	Estimated IBNR Liability @ 12/31/12 (5)	Estimated Unpaid Losses @ 12/31/12 (6)
2001-02	\$1,988,620	\$1,988,620	\$0	\$1,988,620	\$0	\$0
2002-03	2,000,000	1,469,470	500,000	1,969,470	30,530	530,530
2003-04	1,200,000	643,107	454,085	1,097,192	102,808	556,893
2004-05	7,059,652	6,845,307	0	6,845,307	214,345	214,345
2005-06	6,400,000	6,078,222	10,934	6,089,156	310,844	321,778
2006-07	3,026,970	2,385,698	0	2,385,698	641,272	641,272
2007-08	3,300,000	1,922,501	400,000	2,322,501	977,499	1,377,499
2008-09	2,700,000	2,286,599	0	2,286,599	413,401	413,401
2009-10	1,000,000	0	500,000	500,000	500,000	1,000,000
2010-11	1,500,000	0	100,000	100,000	1,400,000	1,500,000
2011-12	3,700,000	0	500,000	500,000	3,200,000	3,700,000
2012-13	1,850,000	0	0	0	1,850,000	1,850,000
Total	\$35,725,242	\$23,619,525	\$2,465,019	\$26,084,544	\$9,640,698	\$12,105,717

Notes:

- (1) Page 32, Column (4).
2011-12 adjusted to reflect half-year exposure through 12/31/12.
- (2) Page 33, Column (2).
- (3) (4) - (2).
- (4) Page 33, Column (1).
- (5) (1) - (4).
- (6) (1) - (2).

California Affiliated Risk Management Authorities
Liability Program

Estimated Ultimate Losses
Bornhuetter-Ferguson Method

Program Year	Reported Losses (1)	Estimated Unreported Losses (2)	Bornhuetter-Ferguson Estimate (3)	Selected Losses (4)
2001-02	\$1,988,620	\$0	\$1,988,620	\$1,988,620
2002-03	1,969,470	0	1,969,470	2,000,000
2003-04	1,097,192	93,128	1,190,320	1,200,000
2004-05	6,845,307	214,345	7,059,652	7,059,652
2005-06	6,089,156	301,008	6,390,164	6,400,000
2006-07	2,385,698	641,272	3,026,970	3,026,970
2007-08	2,322,501	918,785	3,241,286	3,300,000
2008-09	2,286,599	330,343	2,616,942	2,700,000
2009-10	500,000	449,232	949,232	1,000,000
2010-11	100,000	1,284,981	1,384,981	1,500,000
2011-12	500,000	3,115,532	3,615,532	3,700,000
2012-13	0	3,650,825	3,650,825	3,700,000
Total	\$26,084,544	\$10,999,451	\$37,083,995	\$37,575,242

Notes:

- (1) Page 33, Column (1).
- (2) Page 35, Column (1).
- (3) (1) + (2).
- (4) Selected by BAC.

California Affiliated Risk Management Authorities
Liability Program

CARMA Loss Data as of 12/31/12

Before Quota Share

Program Year	CARMA Losses Reported (1)	CARMA Losses Paid (2)	CARMA Case Reserves (3)
2001-02	\$1,988,620	\$1,988,620	\$0
2002-03	1,969,470	1,469,470	500,000
2003-04	1,097,192	643,107	454,085
2004-05	6,845,307	6,845,307	0
2005-06	6,089,156	6,078,222	10,934
2006-07	2,385,698	2,385,698	0
2007-08	2,322,501	1,922,501	400,000
2008-09	2,286,599	2,286,599	0
2009-10	500,000	0	500,000
2010-11	100,000	0	100,000
2011-12	500,000	0	500,000
2012-13	0	0	0
Total	\$26,084,544	\$23,619,525	\$2,465,019

Notes:

(1), (2). Provided by Bickmore.

(3) (1) - (2).

FINANCIAL MATTERS

SUBJECT: Consideration of the Proposed Annual Budget Scenarios for the 2013/14 Fiscal Year

BACKGROUND AND STATUS:

At the January 10, 2013, Annual Workshop, the Board directed staff to develop proposed budget scenarios at the 75% confidence level, and featuring discount rates of both 2.5% and 2.0%, the latter a decrease from the current year budget.

Attached are Proposed Annual Budget models for the 2013/2014 program year as described above, as well as the current year's Approved Budget, which is included for your reference.

The first Proposed Budget features the 75% confidence level, discounted at 2.0%, a decrease from the 2.5% discount factor adopted last year, and reflects an overall increase of \$483,222, or 7.32%, over last year's budget.

Changes included from the prior year include:

- The removal of the experience modification reinsurance allocation, as the three-year phase out of the application has been completed; and
- PARSAC's administration allocation is no longer reflected, as it was finalized with the 2012/2013 budget process.

Total premium reflects the following assumptions and significant factors:

- Funding for losses at the discounted 75% confidence level at the actuarially-determined rate of .456 per \$100 of payroll; an increase of approximately 10.9% over the prior study's 75% rate of .411;
- Discount rate of 2.0% (A decrease from the prior year's discount factor of 2.5%);
- Actual 2012 payroll for all JPAs, representing a 1.3% decrease from last year's total payroll;
- Funding for losses at \$3 million excess of \$1 million (Adopted retention level for prior year) for all members;
- Assumption of a 5.0% estimated increase in rates for both reinsurance (\$10 million ex \$4 million) and excess (\$15 million ex \$14 million); and
- A decrease in the administration budget of 1.7%. Variances include:
 - Program Administration – 2.5% contractual increase;
 - Financial Audit – 2.3% contractual increase;
 - Claims Audit scope – 36.8% bi-annual decrease - Audit for CARMA members only;
 - Actuarial Review – 2.0% contractual increase;
 - Legal Services – 25.0% decrease due to anticipated decrease in actual expense;and

- Genex Fees – An increase to \$12,000 from the prior year in anticipation of a renewed contract with Genex. Should the Board decide to make other reporting fee arrangements, this line item will be adjusted in the final Budget proposed at the June meeting.

Experience Modification Calculation:

- Individual losses from \$100k to \$1 million were used in the ex-mod calculation;
- For the six years prior to the current year, the JPA ex-mod had been applied to the reinsurance premium, which currently covers the \$10 million excess \$4 million layer. Beginning with the 2011/12 Budget, the allocation was revised. Two-thirds of the premium continued to be applied to the JPA ex-mod, while one-third of the premium was not. In 2012/13 the allocation was reversed as one third of the premium was applied to the JPA's ex-mod, while two-thirds of the premium was not. With the current 2013/14 Proposed Budget, the ex-mod is no longer applied to the reinsurance layer;
- The range of years used in the ex-mod calculation continues to be the oldest four of the most current six. This budget incorporates the range between 2006/2007 and 2009/2010;
- The losses are valued as of 12/31/2012;
- A credibility factor is applied which places a proportionately heavier weight on the larger members; and
- Ex-mod factors continue to be capped at .75 on the low end and 1.25 at the high end, with the exception of inverse condemnation claims, which are capped at 1.50 at the high end. (Note: Only one inverse condemnation claim continues to be applied to this higher cap, and will drop out of the calculation next year.)

Alternate Budget Scenario:

In addition to the primary Proposed Budget, staff has prepared an Alternative Budget at the 75% confidence level, using a 2.5% discount rate. This model reflects an increase of \$355,851 over last year's budget and a \$127,371 increase from the 2013/2014 Proposed Operating Budget which uses a 2.0% discount rate.

RECOMMENDATION:

Staff recommends approval of the 2013/2014 Proposed Annual Operating Budget at the 75% confidence level, using a discount factor of 2.0%.

REFERENCE MATERIALS ATTACHED:

- 2013/2014 Proposed Annual Operating Budget at the 75% CL, 2.0% discount rate
- 2013/2014 Alternative Proposed Annual Operating Budget at the 75% CL, 2.5% discount rate – Funding sheet only
- 2012/2013 Approved Annual Operating Budget

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

~ 2013/14 Proposed Operating Budget ~

Funding For Pooled Losses at the 75% Confidence Level ~ Discount Factor 2.0%

~ Reinsurance Purchase \$10 million ex of \$4 million - Am Trust Financial ~

~ Excess Purchase \$15 million ex of \$14 million - Colony ~

MEMBER AGENCY	2012 PAYROLL NOTE 1	FUNDING FOR POOLED LOSSES NOTE 2	EXPERIENCE MOD FACTOR NOTE 3	LOST ADJUSTED FOR EX MOD NOTE 4	OFF-BALANCE FACTOR NOTE 5	ADJUSTED POOLED LOSSES NOTE 6
BCJPIA	\$391,145,148	\$1,783,622	0.914	\$1,629,599	1.0267	\$1,673,057
CSJVRMA	\$350,887,860	1,600,049	0.886	1,417,405	1.0267	1,455,204
MBASIA	\$43,315,560	197,519	0.868	171,399	1.0267	175,970
MPA	\$241,972,196	1,103,393	1.250	1,379,242	1.0267	1,416,023
VCJPA	\$46,999,945	214,320	0.812	174,008	1.0267	178,649
TOTALS	\$1,074,320,709	\$4,898,902	0.946	\$4,771,653		\$4,898,902

(average)

LAYER "B" RATE	\$3 X \$1 Rate for Discounted Losses and ALAE (75% Confidence Level)	0.456
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LAYER "C" RATE ((\$5-14 MIL))	Reinsurance Rate + Broker's Fee Broker's Fee (included in reinsurance rate)	\$0.11232 \$70,000
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LAYER "D" RATE	Excess (\$15-\$29 Mil) Insurance Rate	\$0.05210
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MEMBER AGENCY	ADJUSTED POOLED LOSSES NOTE 6	Reinsurance PREMIUM \$10 Mil X \$4 Mil NOTE 7	EXCESS PREMIUM \$15Mil x \$14Mil NOTE 8	ADMIN PREMIUM NOTE 9	2013-2014 CARMA PREMIUM NOTE 10	RATE PER \$100 PAYROLL
BCJPIA	\$1,673,057	\$439,351	\$203,791	\$93,139	\$2,409,338	\$0.616
CSJVRMA	1,455,204	394,132	182,816	\$90,453	2,122,604	\$0.605
MBASIA	175,970	48,654	22,568	\$67,667	314,859	\$0.727
MPA	1,416,023	271,793	126,070	\$138,589	1,952,475	\$0.807
VCJPA	178,649	52,792		\$52,767	284,208	\$0.605
TOTALS	\$4,898,902	\$1,206,723	\$535,244	\$442,615	\$7,083,484	\$0.659

Estimated 5% increase over last year's rate

Revisions from prior year:

- ~ Removed reinsurance allocation as three year ex mod application phase out is completed
- ~ PARSAC's admin allocation was finalized with 2012/2013 budget process.

LAYER "A" \$0 - \$1 MIL - NOT ACTIVATED
LAYER "B" \$3 MIL EX \$1 MIL
LAYER "C" \$10 MIL EX \$4 MIL
LAYER "D" \$15 MIL EX \$14 MIL

NOTES:

- 1 2011 Payroll
- 2 Payroll/100 * Rate Discounted at 2.0%
- 3 Minimum of .75 AND Maximum of 1.25 (Page 2)
- 4 (2)*(3)
- 5 Total (2) / Total (4)
- 6 (4) * (5).
- 7 (Payroll/100) * Reinsurance Rate
- 8 (Payroll/100) * Excess Insurance Rate
- 9 From Page 4
- 10 Sum of (6) Through (9)

COMPARISON TO PRIOR YEAR		
2012-2013 CARMA PREMIUM	INCREASE (DECREASE)	Percentage INCREASE (DECREASE)
2,534,759	(\$125,422)	-4.95%
1,732,770	\$389,834	22.50%
281,700	\$33,158	11.77%
1,799,477	\$152,998	8.50%
251,556	\$32,653	12.98%
\$6,600,262	\$483,222	7.32%

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES
Actuarial and Reinsurance Rates
~ 2013/14 Proposed Operating Budget ~

~ Reinsurance Purchase \$10 million ex of \$4 million - Am Trust Financial ~

~ Excess Purchase \$15 million ex of \$14 million - Colony ~

Actuarial Rates - Discounted at 2.0%								
Actuarial Data Discounted Range	50% Rate	60% Rate	Expected Rate	70% Rate	75% Rate	80% Rate	85% Rate	90% Rate
\$2 mil ex \$1 mil		0.276	0.287	0.347	0.390	0.448	0.517	0.620
\$3 mil ex \$1 mil	0.250	0.316	0.333	0.403	0.456	0.523	0.606	0.729
\$4 mil ex \$1 mil	0.268	0.339	0.357	0.432	0.489	0.557	0.650	0.782
\$1 mil ex \$2 mil	0.067	0.087	0.092	0.114	0.131	0.152	0.178	0.217
\$2 mil ex \$2 mil	0.091	0.128	0.138	0.173	0.200	0.235	0.279	0.342
\$3 mil ex \$2 mil	0.098	0.145	0.163	0.202	0.236	0.279	0.333	0.411
\$2 mil ex \$3 mil		0.045	0.071	0.087	0.111	0.136	0.167	0.210

Insurance Rates and Premiums				
Am Trust Financial Group			Colony Excess Insurance \$15mil ex \$14mil	
	With Broker Fees	Without Fees	Premium	\$559,731.83
Premium \$10mil ex \$4mil	\$1,206,723	\$1,136,722.63	Rate/\$100 PR	\$0.05210
Rate/\$100 PR	\$0.11232	\$0.10581		

Estimated 5% increase over last year's rate

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES
Experience Modification Calculations
~ 2013/14 Proposed Operating Budget ~

Losses from \$100k & Capped at \$1 million* - Valued at 12/31/12

EXPERIENCE MODIFICATION SECTION	1	2	3	4	5	6	7	8	9	10	%age Change Current to Prior Year
	4 YEAR AVERAGE LOSS	4 YEAR AVERAGE PAYROLL	4 YEAR LOSS RATE \$100/PR	AVERAGE EXPECTED LOSSES	MEMBER EXPERIENCE RATIO	CREDIBILITY FACTOR	DEVIATION FROM NORM MULTIPLIED By CREDIBILITY	FACTORED EXPERIENCE MODIFIER	CAPPED EXPERIENCE MODIFIER	2012/13 Ex Mod (For comparison)	
BCJPIA	\$1,698,448	\$399,572,519	0.425	\$1,984,074	0.856	0.600	-0.086	0.914	0.914	1.133	-19.4%
CSJVRMA	1,460,811	367,071,977	0.398	1,822,692	0.801	0.575	-0.114	0.886	0.886	0.774	14.4%
MBASIA	74,589	44,377,704	0.168	220,357	0.338	0.200	-0.132	0.868	0.868	0.826	5.1%
MPA	2,272,748	257,207,841	0.884	1,277,163	1.780	0.481	0.375	1.375	1.250	1.250	0.0%
VCJPA	7,500	42,253,482	0.018	209,809	0.036	0.195	-0.188	0.812	0.812	0.808	0.5%
	\$5,514,096	\$1,110,483,523	\$0.497	\$5,514,096	0.762			0.971	0.946	0.958	-1.3%

(Average)

(Average)

(Average)

LOSSES	11/12	10/11	09/10	08/09	07/08	06/07	05/06	04/05	03-04	AVERAGE	
BCJPIA	\$95,000	\$1,880,605	\$1,294,446	\$2,539,919	\$1,736,427	\$1,223,000	\$6,222,209	\$735,635	\$1,668,373	\$1,698,448	
CSJVRMA	1,165,000	825,470	2,672,907	1,431,268	726,201	1,012,868	2,028,250	755,768	2,051,276	\$1,460,811	
MBASIA	0	970,662	180,310	0	57,252	60,792	33,183	29,479	0	\$74,589	
MPA	7,089	1,280,648	2,165,628	1,091,829	2,122,952	3,710,583	1,924,857	1,447,400	673,088	\$2,272,748	
VCJPA	0	3,599	30,000	0	0	0	0	0	0	\$7,500	
TOTAL	\$1,267,089	\$4,960,984	\$6,343,291	\$5,063,015	\$4,642,833	\$6,007,243	\$10,208,499	\$2,968,282	\$4,392,737	\$5,514,096	
Percentage Change	-74.46%	-21.79%	25.29%	9.05%	-22.71%	-41.15%	243.92%	-32.43%	-20.34%		

PAYROLL	2012	2011	2010	2009	2008	2007	2006	2005	2004	AVERAGE	%age Change Current to Prior Year
BCJPIA	\$391,145,148	\$390,729,978	\$401,302,755	\$413,754,180	\$401,982,626	\$381,250,515	\$357,364,622	\$327,996,526	\$315,827,024	\$399,572,519	0.1%
CSJVRMA	350,887,860	357,297,500	363,564,040	379,275,595	376,687,142	348,761,131	312,599,759	274,795,881	258,067,089	\$367,071,977	-1.8%
MBASIA	43,315,560	45,516,827	41,784,220	46,702,440	45,767,695	43,256,460	40,218,695	38,352,066	39,268,949	\$44,377,704	-4.8%
MPA	241,972,196	248,950,133	257,593,483	267,123,031	263,185,935	240,928,914	220,634,505	203,649,180	195,402,288	\$257,207,841	-2.8%
VCJPA	46,999,945	46,286,921	45,758,398	43,685,667	41,950,723	37,619,142	35,973,784	33,133,287	29,149,315	\$42,253,482	1.5%
TOTAL	\$1,074,320,709	\$1,088,781,359	\$1,110,002,896	\$1,150,540,914	\$1,129,574,120	\$1,051,816,162	\$966,791,365	\$877,926,941	\$837,714,665	\$1,110,483,523	-1.3%
Percentage Change	-1.33%	-1.91%	-3.52%	1.86%	7.39%	8.79%	10.12%	4.80%	-24.56%		

NOTE:

* Losses are claims in excess of \$100,000 and capped at \$1,000,000, with the exception of inverse condemnation claims which are capped at \$1,500,000.
 Only the oldest four of the last six years of losses are utilized, 2006/07 through 2009/10

Calculation Notes:					
3	4	5	6	7	8
"1" / ("2"/100)	("2"/100) * Total "3"	"1" / "4"	SqRt ("2"/Total "2")	(1-"5") * "6"	1 + "7"

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES
Administration Budget
~ 2013/14 Proposed Operating Budget ~

BUDGET LINE ITEMS:	ACTUAL COSTS 2009-2010	ACTUAL COSTS 2010-2011	ACTUAL COSTS 2011-2012	PROJECTED COSTS 2012-2013	CARMA BUDGET 2012-2013	CARMA BUDGET 2013-2014	PERCENTAGE CHANGES FROM PRIOR YEAR	BUDGET EXPLANATIONS
1 Management Contracted Services	\$289,053	\$289,000	\$288,480	\$305,000	\$305,000	\$312,625	2.5%	Bickmore Contract - Per contract
2 Membership Dues	1,517	1,498	1,531	1,450	1,600	1,600	0.0%	CAJPA, PRIMA, AGRIP membership
3 Financial Audit	7,800	8,100	8,400	8,550	8,550	8,750	2.3%	Independent financial auditors
4 Claims Audit	18,900	29,900	18,900	29,900	29,900	18,900	-36.8%	Claims audit for CARMA members only
5 Actuarial Services	6,560	6,724	6,858	7,000	7,000	7,140	2.0%	Per 12/15/10 letter, 2% increase per year
6 Legal Services	81,740	50,698	11,265	17,000	40,000	30,000	-25.0%	Coverage matters and legal counsel
7 Marketing/Consultants/Website	1,194	600	600	600	1,000	1,000	0.0%	Expenses for marketing consultants/materials.
8 Board Meeting Expense	1,391	1,558	2,159	2,000	2,000	2,000	0.0%	1 meeting in Tahoe, 2 meetings in Sacramento.
9 Annual Retreat Expense	8,847	7,113	6,423	5,325	10,000	10,000	0.0%	2 day retreat for Board members and staff
10 Fidelity Bond Premiums	1,033	1,033	1,033	1,036	1,100	1,100	0.0%	Bonded coverage for those who control JPA funds.
11 Accreditation Fees	1,500	1,500	1,400	1,425	1,500	1,500	0.0%	Pro-rated CAJPA accreditation fees for 3 years
12 Investment Management Services	19,146	26,218	25,112	26,000	26,000	26,000	0.0%	Investment management and custodial fees
13 Genex Fees			18,259	6,000	6,500	12,000	84.6%	Reporting fees for Medicare Set-aside
14 Contingency	52	236	0	0	10,000	10,000	0.0%	Contingency
	\$438,733	\$424,178	\$390,420	\$411,286	\$450,150	\$442,615	-1.7%	

Administration Allocation Calculation							
MEMBER	Non Claims Related Member Share	Unmodified Member Ex Mod Ratio	Claims Related Expenses	Claims Related Adjusted	Off-Balance Factor	Claims Related Member Share	TOTAL Calculated Administration Share
	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7
BCJPIA	\$51,008	0.856	\$37,515	32,114	1.3119	\$42,131	93,139
CSJVRMA	\$51,008	0.801	\$37,515	30,067	1.3119	\$39,445	90,453
MBASIA	\$51,008	0.338	\$37,515	12,698	1.3119	\$16,659	67,667
MPA	\$51,008	1.780	\$37,515	66,759	1.3119	\$87,581	138,589
VCJPA	\$51,008	0.036	\$37,515	1,341	1.3119	\$1,759	52,767
TOTAL	\$255,040	0.762 (Average)	\$187,575	\$142,980		\$187,575	442,615

NOTES:	
1	Includes 40% of Management Contracted Services and 100% of all other items.
2	Member Experience Modifier (free floating)
3	Includes 60% of Management Contracted Services only.
4	(2)*(3)
5	TOTAL (3) / TOTAL (4)
6	(4)*(5)
7	Non Claims Related Member Share (1) Plus (+) Claims Related Member Share (6)

**CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES
Bickmore Worksheet**

	2012/13	Current Year	2014/15	2015/16	2016/17
		2013/14			
Bickmore Contract Price	\$305,000	\$312,625	\$320,441	\$328,452	\$336,663
Percentage Increase over previous year	5.86%	2.50%	2.50%	2.50%	2.50%
Adjustment for New Members					
Total	\$0	\$0	\$0	\$0	\$0
BICKMORE SHARE OF NEW PAYROLL/\$100	0.02%	0.02%	0.02%	0.02%	0.02%
INCREASE IN ADMIN FEES	\$0	\$0	\$0	\$0	\$0
BICKMORE CONTRACT PREMIUM	\$305,000	\$312,625	\$320,441	\$328,452	\$336,663

BCJPIA Loss Detail and Payroll

Losses Valued at 12/31/12*														Payroll					
	11-12	10-11	09-10	08-09	07-08	06-07	05-06	2012	2011	2010	2009	2008	2007	\$2,006					
1 Albany			\$245,587			\$32,629		\$6,915,472	\$7,172,226	\$7,541,694	\$7,571,400	\$7,133,602	\$6,719,341	\$6,270,503					
2 Albany JPA								1,576,112	1,679,224	1,773,288	2,002,546	1,887,818	1,648,501	1,540,820					
3 Berkeley		\$289,000	\$160,460	\$384,962		\$45,750	\$171,522	135,277,380	135,577,653	137,461,012	141,810,019	132,945,068	126,868,098	117,595,615					
4 Brisbane								6,728,406	6,580,972	7,198,185	7,608,947	7,477,338	7,319,645	6,895,390					
5 Emeryville			\$243,712		\$900,000			5,608,446	7,073,502	6,997,432	6,916,604	7,141,021	6,097,524	5,653,964					
6 Emeryville MESA								7,282,298	7,333,130	7,629,193	8,219,556	7,322,533	7,149,257	6,903,006					
7 Fairfax							\$401,678	2,361,135	2,412,447	2,524,323	2,555,109	2,557,965	2,375,794	2,218,600					
8 Larkspur				\$172,628			\$1,317,308	5,146,643	5,204,604	5,006,762	5,135,174	5,162,446	4,754,855	4,489,663					
9 Los Altos (7/1/12)		\$900,000			\$109,490		\$150,000	11,353,102	10,937,602	11,543,237	11,818,666	10,929,358	9,684,636	9,071,118					
10 Menlo Park					\$255,092	\$47,500	\$134,306	22,470,728	22,828,825	22,702,024	23,180,947	22,959,814	21,101,406	19,160,987					
11 Mill Valley		\$200,000		\$74,832	\$96,581		\$2,049,391	12,787,894	12,959,766	12,705,290	12,785,513	12,145,840	11,465,669	10,866,323					
12 Monte Sereno								748,721	734,938	728,211	710,308	675,878	621,996	534,626					
13 Novato	\$95,000		\$10,748	\$830,514			\$63,090	15,115,658	16,439,086	19,010,871	20,197,782	20,728,955	19,294,376	17,996,855					
14 Piedmont						\$8,790		10,243,266	10,033,574	10,272,372	10,403,144	9,660,940	9,092,265	8,284,421					
15 Pleasanton			\$232,763				\$198,739	35,315,090	35,023,054	36,399,043	37,970,188	35,371,912	34,474,058	32,829,920					
16 Pleasanton fire								16,621,265	16,914,816	17,449,387	17,805,178	16,930,123	16,260,750	15,314,862					
17 Redwood City		\$487,500	\$276,176	\$921,502		\$1,088,331		58,791,435	54,867,896	52,272,619	55,283,166	54,289,688	51,556,200	49,369,650					
18 San Anselmo		\$4,105					\$1,736,175	5,035,349	4,901,115	4,809,247	4,886,643	4,703,687	4,393,391	4,392,932					
19 Sausalito								6,460,758	7,297,236	6,972,284	6,973,698	6,156,440	5,614,534	5,755,776					
20 Twin Cities				\$155,481	\$22,848			3,321,528	3,404,975	3,682,612	3,846,593	3,847,925	3,585,605	3,480,997					
21 Union City			\$125,000		\$352,416			21,984,463	21,353,339	26,623,669	26,073,000	31,954,278	31,172,614	28,738,594					
TOTALS	\$95,000	\$1,880,605	\$1,294,446	\$2,539,919	\$1,736,427	\$1,223,000	\$6,222,209	\$391,145,148	\$390,729,978	\$401,302,755	\$413,754,180	\$401,982,626	\$381,250,515	\$357,364,622					
								0.11%	-2.63%	-3.01%	2.93%	5.44%	6.68%	8.95%					
* Inverse condemnation claims capped at \$1.5 million																			
Losses from \$100k & capped at \$1 million *																			

CSJVRMA Loss Detail and Payroll

Losses Valued at 12/31/12*															Payroll					
	11-12	10-11	09-10	08-09	07-08	06-07	05-06	2012	2011	2010	2009	2008	2007	\$2,006						
1 ANGELS CAMP								\$2,121,012	\$2,056,267	\$2,272,058	\$2,420,825	\$2,279,043	\$2,285,453	\$2,226,950						
2 ARVIN								2,701,953	2,963,706	2,875,267	2,737,316	2,354,414	2,439,296	2,087,230						
3 ATWATER		\$5,000		\$3,264			\$218,702	6,002,418	7,621,679	8,454,573	8,042,220	8,950,313	7,721,587	6,864,802						
4 AVENAL								2,729,050	2,563,719	1,721,633	1,308,113	1,234,170	1,286,880	1,254,139						
5 CERES				\$47,208		\$20,000		13,889,098	13,867,847	14,132,375	14,917,938	13,653,640	12,540,069	11,331,810						
6 CHOWCHILLA					\$260,194			3,161,572	2,940,031	3,158,967	4,780,928	4,539,350	4,255,027	3,853,000						
7 CLOVIS			\$33,574		\$165,835			36,667,359	36,573,952	35,064,579	36,319,502	38,855,397	38,576,764	34,633,822						
8 CORCORAN								3,454,923	3,766,259	3,808,284	3,829,517	3,534,289	3,189,863	2,997,544						
9 DELANO			\$503,334					10,651,075	11,044,652	11,374,896	10,942,445	9,709,149	8,832,804	7,804,468						
10 DINUBA				\$78,335				8,899,573	8,051,017	8,258,231	9,344,322	8,860,628	7,941,276	6,749,926						
11 DOS PALOS								1,145,018	1,206,440	1,245,898	1,133,554	1,089,607	1,018,760	931,020						
12 ESCALON	\$10,000							1,909,338	2,005,007	2,097,135	2,422,288	2,595,142	2,357,017	2,079,052						
13 EXETER		\$75,455						2,504,976	2,511,720	2,234,970	2,397,104	2,300,288	2,170,942	2,061,136						
14 FARMERSVILLE					\$5,000			1,653,134	1,743,547	1,809,415	1,875,699	1,846,958	1,579,170	1,320,297						
15 FIREBAUGH								1,925,343	1,917,289	1,790,980	1,882,990	2,026,474	1,725,807	1,565,314						
16 FOWLER								1,691,133	1,753,233	1,776,370	1,816,262	1,870,872	1,739,487	1,540,303						
17 GUSTINE								1,373,180	1,343,202	1,450,672	1,420,455	1,342,969	1,314,186	1,109,548						
18 HUGHSON								886,378	955,665	1,232,118	1,255,328	1,315,594	1,306,046	1,129,113						
19 HURON								991,241	1,041,189	1,111,754	1,392,951	1,455,236	1,195,839	1,250,045						
20 KERMAN								3,315,796	3,343,750	3,328,713	3,241,635	3,240,597	3,006,550	2,674,182						
21 KINGSBURG								2,883,926	3,300,101	3,689,391	3,801,068	3,716,674	3,528,340	3,120,535						
22 LATHROP			\$10,250					4,731,110	4,331,437	4,518,762	5,814,328	5,423,844	5,957,399	4,775,869						
23 LEMOORE								5,338,028	5,466,471	5,814,614	6,185,921	5,732,705	4,870,371	4,834,877						
24 LINDSAY					\$13,160			3,772,110	4,421,318	4,497,494	4,349,077	4,351,353	3,785,606	3,183,603						
25 LIVINGSTON								3,361,821	3,605,351	3,670,396	3,464,551	3,722,610	3,895,504	3,342,949						
26 LOS BANOS	\$900,000					\$50,000		8,658,796	9,134,945	9,170,699	9,445,135	10,097,209	9,168,286	7,631,509						
27 MADERA			\$242,500	\$57,397		\$48,047		14,783,946	15,557,259	14,430,550	15,232,187	14,186,968	14,015,450	12,607,337						
28 MARICOPA								108,986	242,090	303,895	340,524	346,083	335,724	199,663						
29 MCFARLAND		\$91,034						1,778,553	1,871,862	1,719,145	671,940	550,521	528,081	535,830						
30 MENDOTA								1,649,416	1,578,059	1,596,621	1,127,617	934,365	881,901	851,816						
31 MERCED		\$186,481	\$9,509		\$18,000	\$63,576	\$900,000	30,052,390	31,454,022	33,082,749	37,114,632	36,338,116	33,755,250	29,146,632						
32 NEWMAN								1,956,999	1,870,768	1,835,569	2,005,202	1,999,836	1,796,158	1,677,360						
33 OAKDALE					\$138,512	\$59,163		8,335,920	8,540,307	8,924,623	10,237,407	10,072,028	9,639,027	8,432,167						
34 ORANGE COVE								2,007,800	2,104,585	2,071,167	1,030,234	887,119	807,624	759,934						
35 PARLIER							\$29,283	2,480,563	2,547,840	2,519,591	2,421,557	1,963,305	1,775,730	1,619,926						
36 PATTERSON		\$467,500						4,994,353	4,502,653	4,611,441	4,766,127	4,407,064	3,783,753	3,166,806						
37 PORTERVILLE	\$250,000		\$900,000					17,446,565	17,534,832	17,271,465	17,385,018	15,903,701	12,810,276	12,022,507						
38 REEDLEY								6,436,016	6,628,158	6,855,040	6,791,821	6,597,188	6,505,324	5,959,888						
39 RIPON								5,232,922	5,223,221	5,643,488	6,140,871	6,696,074	5,930,533	5,365,558						
40 RIVERBANK						\$15,942	\$592,138	3,244,266	3,514,529	3,725,586	3,661,862	3,656,440	3,302,560	2,788,688						
41 SAN JOAQUIN								674,610	657,486	678,949	625,597	552,657	541,594	432,073						
42 SANGER								6,795,107	7,028,211	7,489,557	7,690,288	8,709,553	8,751,049	8,048,070						
43 SELMA			\$451,739					5,288,865	5,357,188	5,405,021	6,377,988	8,182,282	7,755,647	7,034,762						
44 SHAFTER				\$93,546				5,726,183	5,709,674	4,995,143	4,935,405	4,937,393	4,518,700	4,092,358						
45 SONORA				\$900,000				2,699,520	2,771,786	3,419,489	3,353,387	3,607,299	3,353,858	3,102,431						
46 SUTTER CREEK			\$410,615					879,858	904,123	1,029,321	1,239,742	1,344,060	1,264,324	1,098,462						
47 TAFT								3,313,028	3,205,666	3,327,022	3,221,006	3,088,488	3,081,921	2,906,595						
48 TEHACHAPI								3,354,651	3,198,571	3,098,284	3,091,624	3,344,135	3,020,429	2,312,713						

CSJVRMA Loss Detail and Payroll

CSJVRMA Loss Detail and Payroll														
	Losses Valued at 12/31/12*							Payroll						
	11-12	10-11	09-10	08-09	07-08	06-07	05-06	2012	2011	2010	2009	2008	2007	\$2,006
49 TRACY	\$5,000				\$18,000	\$306,317	\$126,736	38,033,056	37,393,127	38,308,727	41,562,060	40,475,502	36,600,917	32,549,578
50 TULARE			\$16,459					19,795,480	20,036,118	20,046,644	19,393,809	18,633,276	16,801,554	17,910,597
51 TURLOCK					\$107,500	\$449,823	\$152,000	22,085,117	23,121,962	25,129,154	26,752,493	27,536,562	23,792,113	20,777,171
52 WASCO							\$9,391	2,908,322	2,799,962	3,037,427	3,118,786	3,543,932	3,773,283	3,036,834
53 WATERFORD			\$94,928					891,074	890,510	835,840	774,333	713,668	679,225	568,700
54 WOODLAKE				\$251,518				1,514,931	1,523,137	1,612,287	1,670,604	1,381,002	1,270,799	1,242,260
TOTALS	\$1,165,000	\$825,470	\$2,672,907	\$1,431,268	\$726,201	\$1,012,868	\$2,028,250	\$350,887,860	\$357,297,500	\$363,564,040	\$379,275,595	\$376,687,142	\$348,761,131	\$312,599,759
								-1.79%	-1.72%	-4.14%	0.69%	8.01%	11.57%	13.76%
* Inverse condemnation claims capped at \$1.5 million														
Losses from \$100k & capped at \$1 million *														

MBASIA Loss Detail and Payroll

MBASIA Loss Detail and Payroll														
	Losses Valued at 12/31/12*						Payroll							
	11-12	10-11	09-10	08-09	07-08	06-07	05-06	2012	2011	2010	2009	2008	2007	2006
1 Capitola		\$902,000	\$180,310					\$5,079,776	\$5,400,712	\$5,388,301	\$6,057,085	\$5,574,567	\$ 5,450,707	\$ 5,075,270
2 Del Ray Oaks								901,890	938,149	981,337	851,353	826,796	728,430	703,097
3 Gonzales								2,445,800	2,276,473	2,300,829	2,324,012	2,284,153	2,088,521	1,976,732
4 Greenfield								2,677,861	2,858,645	3,051,941	2,926,868	2,701,726	2,733,460	2,733,646
5 Hollister								9,664,561	9,803,583	7,678,611	10,906,537	10,351,750	9,549,691	9,972,732
6 King City		\$68,662				\$57,252		2,395,611	2,513,276	2,789,997	2,785,334	2,799,571	2,607,259	2,238,325
7 Marina								8,756,163	8,519,813	6,537,137	8,407,026	8,136,327	7,372,914	5,988,604
8 Sand City								2,296,451	2,436,058	2,451,156	2,383,774	2,318,657	2,152,756	1,908,987
9 Scotts Valley								4,863,016	4,736,984	4,622,599	4,911,286	4,969,940	5,700,353	5,730,971
10 Soledad								\$33,183	4,234,429	6,033,135	5,982,312	5,149,165	5,804,209	4,872,368
TOTALS	\$0	\$970,662	\$180,310	\$0	\$57,252	\$60,792	\$33,183	\$43,315,560	\$45,516,827	\$41,784,220	\$46,702,440	\$45,767,695	\$ 43,256,460	\$ 40,218,695
								-4.84%	8.93%	-10.53%	2.04%	5.81%	7.55%	4.87%
Losses from \$100k & capped at \$1 million *														

MPA Loss Detail and Payroll

		Losses Valued at 12/31/12*							Payroll							
		11-12	10-11	09-10	08-09	07-08	06-07	05-06	2012	2011	2010	2009	2008	2007	2006	
1	Antioch		\$168,500	\$207,675	\$42,041	\$272,206	\$2,639,344		\$24,072,622	\$24,204,989	\$26,298,219	\$29,829,993	\$30,971,652	\$28,822,952	\$26,152,973	
2	Brentwood		\$138,275		\$940,293			\$212,336	25,319,380	25,343,162	24,549,012	24,245,162	25,394,950	24,586,213	22,582,127	
3	Clayton				\$41,836		\$1,000,000		2,049,023	2,181,420	2,104,342	2,101,779	2,034,690	1,907,554	1,701,022	
4	Danville							\$93,496	6,925,327	7,105,116	7,209,408	7,160,897	6,976,211	6,578,450	6,016,579	
5	El Cerrito			\$70,000				\$51,116	16,922,907	16,779,698	16,424,867	15,751,245	15,338,807	14,092,215	12,963,703	
6	Hercules								5,860,900	8,037,293	9,815,688	9,883,697	8,069,811	7,358,694	6,630,507	
7	Lafayette			\$135,000					3,480,721	3,467,526	3,561,889	3,588,147	3,335,073	3,104,041	2,777,007	
8	Manteca		\$600,115				\$27,862		28,766,455	30,026,590	30,138,818	32,209,737	31,824,488	28,211,354	25,582,392	
9	Martinez	\$7,089	\$47,500	\$6,166			\$16,884		11,492,091	11,518,453	11,981,627	12,056,458	11,979,334	11,678,783	10,981,200	
10	Moraga		\$62,500	\$15,000					3,029,754	2,870,942	2,920,429	2,709,640	2,738,533	2,877,265	2,532,920	
11	MPA Staff								1,324,973	1,301,513	1,325,723	1,289,220	1,206,186	1,128,631	1,047,816	
12	Oakley								1,733,029	1,683,461	1,768,337	2,130,148	2,291,053	1,904,418	1,829,761	
13	Orinda		\$50,000	\$532,040			\$9,258	\$315,236	2,930,792	3,141,422	3,073,737	3,044,409	2,913,286	2,592,991	2,462,494	
14	Pinole			\$156,650				\$386,817	9,096,503	9,934,964	11,226,420	12,670,279	12,521,685	11,776,010	10,338,047	
15	Pittsburg		\$8,900	\$23,940	\$67,659	\$1,156,471		\$385,881	20,652,941	21,413,281	22,615,658	23,259,943	25,655,151	22,862,903	21,619,577	
16	Pleasant Hill			\$198,370		\$24,275	\$17,235	\$51,202	11,141,989	11,023,097	11,138,737	11,267,320	10,981,980	10,837,439	10,187,283	
17	San Pablo		\$204,858	\$710,000				\$354,406	12,250,834	12,164,771	12,928,776	12,716,464	12,068,111	10,390,833	10,765,739	
18	San Ramon			\$110,786		\$642,500		\$74,367	24,438,479	25,023,685	25,805,717	25,837,283	23,532,765	18,624,126	14,318,726	
19	Walnut Creek					\$27,500			30,483,476	31,728,750	32,706,079	35,371,212	33,352,168	31,594,043	30,144,633	
TOTALS		\$7,089	\$1,280,648	\$2,165,628	\$1,091,829	\$2,122,952	\$3,710,583	\$1,924,857	\$241,972,196	\$248,950,133	\$257,593,483	\$267,123,031	\$263,185,935	\$240,928,914	\$220,634,505	
									-2.80%	-3.36%	-3.57%	1.50%	9.24%	9.20%	8.34%	
* Inverse condemnation claims capped at \$1.5 million																
Losses from \$100k & capped at \$1 million *																

VCJPA Loss Detail and Payroll

VCJPA Loss Detail and Payroll														
	Losses Valued at 12/31/12*						Payroll							
	11-12	10-11	09-10	08-09	07-08	06-07	05-06	2012	2011	2010	2009	2008	2007	2006
1 Alameda County			\$30,000					\$1,048,932	\$1,134,109	\$1,024,684	\$937,596	\$811,940	\$812,103	\$843,338
2 Burney Basin								76,395	73,103	69,237	71,481	70,749	64,888	60,351
3 Butte County								1,256,229	1,220,865	1,155,277	1,046,311	1,056,094	978,350	999,072
4 Coachella Valley								3,581,260	3,435,476	3,595,218	3,517,311	3,094,494	1,912,970	2,092,661
5 Coalinga-Huron								16,900	14,900	15,600	12,675	5,100	11,520	11,630
6 Colusa								173,540	173,870	172,894	170,966	161,077	171,177	122,805
7 Compton Creek								85,563	76,994	76,165	75,065	73,856	72,620	70,067
8 Consolidated								1,149,013	1,190,048	1,180,304	1,168,728	1,119,849	1,068,120	1,046,158
9 Contra Costa County								2,794,749	2,749,771	2,682,779	2,860,890	2,908,166	2,706,044	2,409,863
10 Delta VCD								1,058,417	1,066,091	977,501	896,087	858,333	786,071	
11 Durham								58,405	54,937	55,529	53,286	50,889	48,324	44,180
12 Fresno								521,785	544,000	580,711	642,244	607,954	600,075	561,214
13 Glenn County								117,799	116,087	130,011	126,225	114,887	91,038	56,341
14 Greater Los Angeles County								4,940,975	4,747,297	4,637,545	4,340,120	3,971,323	3,725,632	3,413,940
15 Kings MAD								766,175	755,418	686,872	663,141	549,826		
16 Lake County								601,769	567,736	575,044	519,073	492,481	440,684	403,732
17 Los Angeles County West								2,628,882	2,618,141	2,544,935	2,426,285	2,319,368	2,240,099	2,236,127
18 Marin-Sonoma								3,197,489	2,948,196	2,892,694	2,624,097	2,642,004	2,501,328	2,324,099
19 Napa County								651,661	648,637	687,214	671,668	648,174	586,795	512,719
20 Northern Salinas Valley								485,870	441,260	442,790	465,690	518,945	588,847	940,816
21 Northwest								1,144,918	1,117,782	1,174,803	1,149,878	1,119,015	909,881	886,948
22 Orange County								5,363,381	5,267,574	5,374,748	4,735,074	4,533,410	4,094,636	4,335,195
23 Oroville								70,757	67,957	71,061	45,583	49,518	41,413	32,817
24 Pine Grove								34,105	34,745	36,761	33,520	33,466	34,600	48,630
25 Placer								1,098,553	1,061,024	980,837	790,317	670,988	614,699	609,774
26 Sacramento Yolo								4,293,806	4,416,127	4,357,682	4,286,495	4,339,032	3,991,640	3,818,858
27 San Gabriel Valley		\$3,599						1,627,476	1,609,915	1,481,230	1,519,933	1,550,331	1,430,302	1,319,997
28 San Joaquin County								2,269,192	2,240,799	2,193,677	2,095,112	2,087,338	1,948,166	1,892,964
29 San Mateo County								1,504,818	1,576,242	1,652,723	1,514,017	1,328,087	1,324,771	1,178,899
30 Santa Barbara Costal								397,101	384,758	384,578	342,647	345,362	239,190	326,126
31 Shasta								1,017,460	1,005,545	965,664	941,780	883,195	862,249	834,743
32 Sutter-Yuba								965,060	925,370	883,581	912,009	898,482	875,806	842,924
33 Tehama County								295,768	304,343	312,116	302,416	283,650	291,986	246,905
34 Turlock								748,429	756,485	749,291	773,849	760,025	703,520	680,824
35 West Valley								957,313	941,318	956,643	954,097	993,315	849,599	769,069
TOTALS	\$0	\$3,599	\$30,000	\$0	\$0	\$0	\$0	\$46,999,945	\$46,286,921	\$45,758,398	\$43,685,667	\$41,950,723	\$37,619,142	\$35,973,784
Losses from \$100k & capped at \$1 million *								1.54%	1.16%	4.74%	4.14%	11.51%	4.57%	8.57%

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

~ 2013/14 Proposed Operating Budget ~

Funding For Pooled Losses at the 75% Confidence Level ~ Discount Factor 2.5%

~ Reinsurance Purchase \$10 million ex of \$4 million - Am Trust Financial ~

~ Excess Purchase \$15 million ex of \$14 million - Colony ~

MEMBER AGENCY	2012 PAYROLL NOTE 1	FUNDING FOR POOLED LOSSES NOTE 2	EXPERIENCE MOD FACTOR NOTE 3	LOST ADJUSTED FOR EX MOD NOTE 4	OFF-BALANCE FACTOR NOTE 5	ADJUSTED POOLED LOSSES NOTE 6
BCJPIA	\$391,145,148	\$1,737,248	0.914	\$1,587,230	1.0267	\$1,629,558
CSJVRMA	\$350,887,860	1,558,447	0.886	1,380,552	1.0267	1,417,368
MBASIA	\$43,315,560	192,383	0.868	166,943	1.0267	171,395
MPA	\$241,972,196	1,074,705	1.250	1,343,381	1.0267	1,379,206
VCJPA	\$46,999,945	208,747	0.812	169,484	1.0267	174,004
TOTALS	\$1,074,320,709	\$4,771,531	0.946	\$4,647,590		\$4,771,531

(average)

LAYER "B" RATE	\$3 X \$1 Rate for Discounted Losses and ALAE (75% Confidence Level)	0.444
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LAYER "C" RATE	Reinsurance Rate + Broker's Fee	\$0.11232
(\$5-14 MIL)	Broker's Fee (included in reinsurance rate)	\$70,000

LAYER "D" RATE	Excess (\$15-\$29 Mil) Insurance Rate	\$0.05210
-----------------------	--	------------------

LAYER "A" \$0 - \$1 MIL - NOT ACTIVATED
LAYER "B" \$3 MIL EX \$1 MIL
LAYER "C" \$10 MIL EX \$4 MIL
LAYER "D" \$15 MIL EX \$14 MIL
NOTES:
1 2011 Payroll
2 Payroll/100 * Rate Discounted at 2.5%
3 Minimum of .75 AND Maximum of 1.25 (Page 2)
4 (2)*(3)
5 Total (2) / Total (4)
6 (4) * (5).
7 (Payroll/100) * Reinsurance Rate
8 (Payroll/100) * Excess Insurance Rate
9 From Page 4
10 Sum of (6) Through (9)

MEMBER AGENCY	ADJUSTED POOLED LOSSES NOTE 6	Reinsurance PREMIUM \$10 Mil X \$4 Mil NOTE 7	EXCESS PREMIUM \$15Mil x \$14Mil NOTE 8	ADMIN PREMIUM NOTE 9	2013-2014 CARMA PREMIUM NOTE 10	RATE PER \$100 PAYROLL
BCJPIA	\$1,629,558	\$439,351	\$203,791	\$93,139	\$2,365,838	\$0.605
CSJVRMA	1,417,368	394,132	182,816	\$90,453	2,084,769	\$0.594
MBASIA	171,395	48,654	22,568	\$67,667	310,283	\$0.716
MPA	1,379,206	271,793	126,070	\$138,589	1,915,659	\$0.792
VCJPA	174,004	52,792		\$52,767	279,563	\$0.595
TOTALS	\$4,771,531	\$1,206,723	\$535,244	\$442,615	\$6,956,113	\$0.647

COMPARISON TO PRIOR YEAR		
2012-2013 CARMA PREMIUM	INCREASE (DECREASE)	Percentage INCREASE (DECREASE)
2,534,759	(\$168,921)	-6.66%
1,732,770	\$351,999	20.31%
281,700	\$28,583	10.15%
1,799,477	\$116,182	6.46%
251,556	\$28,008	11.13%
\$6,600,262	\$355,851	5.39%

Estimated 5% increase over last year's rate

Revisions from prior year:

- ~ Removed reinsurance allocation as three year ex mod application phase out is completed
- ~ PARSAC's admin allocation was finalized with 2012/2013 budget process.

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

~ 2012/2013 Final Operating Budget ~

Funding For Pooled Losses at the 75% Confidence Level ~ Discount Factor 2.5%

~ Reinsurance Purchase \$10 million ex of \$4 million - Am Trust Financial ~

~ Excess Purchase \$15 million ex of \$14 million - Colony ~

MEMBER AGENCY	2011 PAYROLL NOTE 1	FUNDING FOR POOLED LOSSES NOTE 2	EXPERIENCE MOD FACTOR NOTE 3	LOST ADJUSTED FOR EX MOD NOTE 4	OFF-BALANCE FACTOR NOTE 5	ADJUSTED POOLED LOSSES NOTE 6
BCJPIA	\$390,729,978	\$1,605,900	1.133	\$1,819,750	0.9849	\$1,792,229
CSJVRMA	357,297,500	1,468,493	0.774	1,136,697	0.9849	1,119,506
MBASIA	45,516,827	187,074	0.826	154,497	0.9849	152,161
MPA	248,950,133	1,023,185	1.250	1,278,981	0.9849	1,259,638
PARSAC						
VCJPA	46,286,921	190,239	0.808	153,682	0.9849	151,357
TOTALS	\$1,088,781,359	\$4,474,891	0.958	\$4,543,607		\$4,474,891

(average)

LAYER "B" RATE	\$3 X \$1 Rate for Discounted Losses and ALAE (75% Confidence Level)	0.411
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LAYER "C" RATE	Reinsurance Rate + Broker's Fee	\$0.10702
(\$5-14 MIL)	Broker's Fee (included in reinsurance rate)	\$68,000

LAYER "D" RATE	Excess (\$15-\$29 Mil) Insurance Rate	\$0.04962
-----------------------	---------------------------------------	------------------

LAYER "A" \$0 - \$1 MIL - NOT ACTIVATED
LAYER "B" \$3 MIL EX \$1 MIL
LAYER "C" \$10 MIL EX \$4 MIL
LAYER "D" \$15 MIL EX \$14 MIL
NOTES:
1 2011 Payroll
2 Payroll/100 * Rate Discounted at 2.50%
3 Minimum of .75 AND Maximum of 1.25 (Page 2).
4 (2)*(3)
5 Total (2) / Total (4)
6 (4) * (5).
7 (Payroll/100) * Reinsurance Rate (1/3 applied to ex mod)
8 (Payroll/100) * Excess Insurance Rate
9 From Page 4
10 Sum of (6) Through (9)

MEMBER AGENCY	ADJUSTED POOLED LOSSES NOTE 6	REINSURANCE: \$10 Mil X \$4 Mil			EXCESS \$15Mil x \$14Mil NOTE 8	ADMIN PREMIUM NOTE 9	2012-2013 CARMA PREMIUM NOTE 10	RATE PER \$100 PAYROLL	COMPARISON TO PRIOR YEAR		
		1/3 Premium Applied to ExMod	2/3 Premium Not Applied to ExMod	Reinsurance Premium					2011-2012 CARMA PREMIUM	INCREASE (DECREASE)	Percentage INCREASE (DECREASE)
BCJPIA	\$1,792,229	\$155,557	\$278,770	\$434,327	\$193,879	\$114,324	\$2,534,759	\$0.649	\$2,268,556	\$266,203	11.73%
CSJVRMA	1,119,506	\$97,168	\$254,917	352,085	177,290	83,889	1,732,770	\$0.485	1,554,561	\$178,209	11.46%
MBASIA	152,161	\$13,207	\$32,474	45,681	22,585	61,273	281,700	\$0.619	244,058	\$37,642	15.42%
MPA	1,259,638	\$109,331	\$177,616	286,946	123,528	129,364	1,799,477	\$0.723	1,611,818	\$187,659	11.64%
PARSAC						7,262	7,262		14,523	(\$7,261)	-50.00%
VCJPA	151,357	\$13,137	\$33,024	46,161		54,037	251,556	\$0.543	238,467	\$13,089	5.49%
TOTALS	\$4,474,891	\$388,400	\$776,800	\$1,165,200	\$517,283	\$450,150	\$6,607,524	\$0.607	\$5,931,983	\$675,541	11.39%

Revisions from prior year:

- ~ Percentage Change comparisons for ex mods, losses, and payroll to prior year featured on "Xmod" tab ~ Addition of the City of Los Altos in BCJPIA
- ~ Revised reinsurance allocation: 1/3 of the reinsurance premium continues to be applied to the JPA ex mod, while 2/3 of the premium is not.
- ~ VCJPA no longer participating in excess
- ~ Deletion of the CCF's and Hanford in CSJVRMA
- ~ Deletion of SFRA in BCJPIA

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES
Actuarial and Reinsurance Rates
~ 2012/2013 Final Operating Budget ~

~ Reinsurance Purchase \$10 million ex of \$4 million - Am Trust Financial ~

~ Excess Purchase \$15 million ex of \$14 million - Colony ~

Actuarial Rates - Discounted at 2.50%								
Actuarial Data Discounted Range	50% Rate	60% Rate	Expected Rate	70% Rate	75% Rate	80% Rate	85% Rate	90% Rate
\$2 mil ex \$1 mil		0.249	0.259	0.313	0.355	0.404	0.469	0.565
\$3 mil ex \$1 mil	0.222	0.285	0.300	0.363	0.411	0.471	0.549	0.663
\$4 mil ex \$1 mil	0.238	0.306	0.322	0.390	0.441	0.506	0.589	0.708
\$2 mil ex \$2 mil	0.079	0.115	0.124	0.156	0.181	0.212	0.253	0.310
\$3 mil ex \$2 mil	0.085	0.128	0.146	0.181	0.213	0.251	0.302	0.374
\$2 mil ex \$3 mil		0.036	0.063	0.076	0.098	0.122	0.151	0.190

Insurance Rates and Premiums				
Am Trust Financial Group			Colony Excess Insurance \$15mil ex \$14mil	
	With Broker Fees	Without Fees	Premium	
Premium \$10mil ex \$4mil	\$1,165,200	\$1,097,200	Rate/\$100 PR	\$517,283
Rate/\$100 PR	\$0.10702	\$0.10077		\$0.04962

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES
Experience Modification Calculations
~ 2012/2013 Final Operating Budget ~
Losses from \$100k & Capped at \$1 million* - Valued at 12/31/11

	1	2	3	4	5	6	7	8	9	10	
EXPERIENCE MODIFICATION SECTION	4 YEAR AVERAGE LOSS	4 YEAR AVERAGE PAYROLL	4 YEAR LOSS RATE \$100/PR	AVERAGE EXPECTED LOSSES	MEMBER EXPERIENCE RATIO	CREDIBILITY FACTOR	DEVIATION FROM NORM MULTIPLIED By CREDIBILITY	FACTORED EXPERIENCE MODIFIER	CAPPED EXPERIENCE MODIFIER	2011/12 Ex Mod (For comparison)	%age Change Current to Prior Year
BCJPIA	\$2,760,221	\$367,148,572	0.752	\$2,261,574	1.220	0.604	0.133	1.133	1.133	1.152	-1.6%
CSJVRMA	1,221,786	328,210,978	0.372	2,021,725	0.604	0.571	-0.226	0.774	0.774	0.752	2.9%
MBASIA	37,807	41,898,729	0.090	258,089	0.146	0.204	-0.174	0.826	0.826	0.859	-3.9%
MPA	2,180,227	232,099,633	0.939	1,429,695	1.525	0.480	0.252	1.252	1.250	1.249	0.1%
VCJPA	0	37,169,234	0.000	228,956	0.000	0.192	-0.192	0.808	0.808	0.810	-0.3%
	\$6,200,041	\$1,006,527,147	\$0.616	\$6,200,041	0.699			0.959	0.958	0.964	-0.6%
						(Average)			(Average)	(Average)	

LOSSES	10/11	09/10	08/09	07/08	06/07	05/06	04/05	03-04	02-03	AVERAGE	% age Change
BCJPIA	\$986,926	\$1,616,661	\$1,610,306	\$2,032,870	\$1,175,500	\$6,222,209	\$735,635	\$1,668,373	\$1,623,798	\$2,760,221	-39.0%
CSJVRMA	261,936	1,781,574	1,287,903	637,890	933,101	2,028,250	755,768	2,051,276	2,384,664	\$1,221,786	-85.3%
MBASIA	120,255	259,639	0	57,252	60,792	33,183	29,479	0	241,269	\$37,807	-53.7%
MPA	680,673	1,194,567	1,002,041	2,028,873	3,765,136	1,924,857	1,447,400	673,088	998,426	\$2,180,227	-43.0%
VCJPA	0	0	0	0	0	0	0	0	0	\$0	
TOTAL	\$2,049,790	\$4,852,441	\$3,900,250	\$4,756,885	\$5,934,529	\$10,208,499	\$2,968,282	\$4,392,737	\$5,248,157	\$6,200,041	-57.8%

PAYROLL	2011	2010	2009	2008	2007	2006	2005	2004	2003	AVERAGE	% age Change
BCJPIA	\$390,729,978	\$401,302,755	\$413,754,180	\$401,982,626	\$381,250,515	\$357,364,622	\$327,996,526	\$315,827,024	\$305,522,046	\$367,148,572	-2.6%
CSJVRMA	357,297,500	363,564,040	379,275,595	376,687,142	348,761,131	312,599,759	274,795,881	258,067,089	239,643,880	\$328,210,978	-1.7%
MBASIA	45,516,827	41,784,220	46,702,440	45,767,695	43,256,460	40,218,695	38,352,066	39,268,949	40,710,135	\$41,898,729	8.9%
MPA	248,950,133	257,593,483	267,123,031	263,185,935	240,928,914	220,634,505	203,649,180	195,402,288	184,970,782	\$232,099,633	-3.4%
VCJPA	46,286,921	45,758,398	43,685,667	41,950,723	37,619,142	35,973,784	33,133,287	29,149,315	26,508,262	\$37,169,234	1.2%
TOTAL	\$1,088,781,359	\$1,110,002,896	\$1,150,540,914	\$1,129,574,120	\$1,051,816,162	\$966,791,365	\$877,926,941	\$837,714,665	\$797,355,105	\$1,006,527,147	-1.9%

Percentage Change - Current Membership*	2011	2010	2009	2008	2007	2006	2005	2004	2003	
	-1.91%	-3.52%	1.86%	7.39%	8.79%	10.12%	4.80%	5.06%		

* Prior Year payroll (2010) including Hanford, CCF's and SFRA: \$1,133,371,484 Percentage Change to current year: -3.93%

NOTE: * Losses are claims in excess of \$100,000 and capped at \$1,000,000, with the exception of inverse condemnation claims which are capped at \$1,500,000. Only the oldest four of the last six years of losses are utilized, 2005/06 through 2008/09.

Calculation Notes:					
3	4	5	6	7	8
"1" / ("2"/100)	("2"/100) * Total "3"	"1" / "4"	SqRt ("2"/Total "2")	(1-"5") * "6"	1 + "7"

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES
Administration Budget
~ 2012/2013 Final Operating Budget ~

BUDGET LINE ITEMS:	ACTUAL COSTS 2009-2010	ACTUAL COSTS 2010-2011	PROJECTED COSTS 2011-2012	CARMA BUDGET 2011-2012	CARMA BUDGET 2012-2013	PERCENTAGE CHANGES FROM PRIOR YEAR	BUDGET EXPLANATIONS
1 Management Contracted Services	\$289,053	\$289,000	\$288,480	\$288,480	\$305,000	5.7%	BRS Contract - Per re-negotiated contract
2 Membership Dues	1,517	1,498	1,460	1,600	1,600	0.0%	CAJPA, PRIMA, AGRIP membership
3 Financial Audit	7,800	8,100	8,400	8,400	8,550	1.8%	Independent financial auditors
4 Claims Audit	18,900	29,900	18,900	18,900	29,900	58.2%	Claims audit for CARMA and JPA members
5 Actuarial Services	6,560	6,724	6,860	6,860	7,000	2.0%	Per 12/15/10 letter, 2% increase per year
6 Legal Services	81,740	50,698	25,000	60,000	40,000	-33.3%	Coverage matters and legal counsel
7 Marketing/Consultants/Website	1,194	600	600	5,000	1,000	-80.0%	Expenses for marketing consultants/materials.
8 Board Meeting Expense	1,391	1,558	2,200	1,500	2,000	33.3%	1 meeting in Tahoe, 2 meetings in Sacramento.
9 Annual Retreat Expense	8,847	7,113	8,000	10,000	10,000	0.0%	2 day retreat for Board members and staff
10 Fidelity Bond Premiums	1,033	1,033	1,035	1,000	1,100	10.0%	Bonded coverage for those who control JPA funds.
11 Accreditation Fees	1,500	1,500	1,500	1,500	1,500	0.0%	Pro-rated CAJPA accreditation fees for 3 years
12 Investment Management Services	19,146	26,218	26,000	26,000	26,000	0.0%	Investment management and custodial fees
13 Genex Fees			12,250	6,500	6,500	0.0%	Reporting fees for Medicare Set-aside
14 Contingency	52	236	1,000	10,000	10,000	0.0%	Contingency
	\$438,733	\$424,178	\$401,685	\$445,740	\$450,150	1.0%	

Administration Allocation Calculation								
MEMBER	Non Claims Related Member Share	Unmodified Member Ex Mod Ratio	Claims Related Expenses	Claims Related Adjusted	Off-Balance Factor	Claims Related Member Share	TOTAL Calculated Administration Share	Additional Administration Calculation PARSAC's Calculated Share
	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7	Note 8
BCJPIA	\$44,525	1.220	\$30,500	37,225	1.3344	\$49,674	94,199	114,324
CSJVRMA	\$44,525	0.604	\$30,500	18,432	1.3344	\$24,596	69,121	83,889
MBASIA	\$44,525	0.146	\$30,500	4,468	1.3344	\$5,962	50,487	61,273
MPA	\$44,525	1.525	\$30,500	46,511	1.3344	\$62,067	106,592	129,364
PARSAC	\$44,525	1.000	\$30,500	30,500	1.3344	\$40,700	85,225	7,262
VCJPA	\$44,525	0.000	\$30,500	0	1.3344	\$0	44,525	54,037
TOTAL	\$267,150	0.749	\$183,000	\$137,136		\$183,000	450,150	450,150

(Average)

- NOTES:**
- Includes 40% of Management Contracted Services and 100% of all other items.
 - Member Experience Modifier (free floating)
 - Includes 60% of Management Contracted Services only.
 - (2)*(3)
 - TOTAL (3) / TOTAL (4)
 - (4)*(5)
 - Non Claims Related Member Share (1) Plus (+) Claims Related Member Share (6)
 - Calculation of PARSAC's calculated admin portion, with remainder allocated to other members proportionately

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

PARSAC Administration Budget Portion

~ Fiscal Years 2009 / 2010 through 2012 / 2013 ~

BUDGET LINE ITEMS:	2009-2010 Calc	2010-2011 Calc	2011-2012 Calc	2012-2013 Calc	Total PARSAC Admin Fees
Management Contracted Services	\$ 32,104	\$ 20,581	\$ 12,841	\$ 7,740	\$ 73,266
Membership Dues					
Financial Audit					
Claims Audit	2,570	1,928	1,285	643	6,426
Actuarial Services	497	332	199	133	1,160
Legal Services					
Marketing/Consultants/Website					
Conference					
Board Meeting Expense					
Annual Retreat Expense					
Fidelity Bond Premiums	136	102	68	34	340
Accreditation Fees					
Investment Management Services	2,720	2,040	1,360	680	6,800
Contingency					
Totals	\$ 38,027	\$ 24,982	\$ 15,754	\$ 9,229	\$ 87,992
Allocation based on Agreed upon Total	\$ 29,046	\$ 21,785	\$ 14,523	\$ 7,262	\$ 72,615

CARMA Admin 2009-2010
\$300,111
1,800
7,800
18,900
7,800
35,000 *
5,000
0
2,000
15,000
1,000
1,500
20,000
10,000
\$425,911

Key
Not included
75/50/30/20 allocation
Actuary - Prior Liabilities - 50% of study
BRS - Litigation - 51.7%
75/50/30/20 allocation
Admin & Finance - 48.3%
50/30/20/10 allocation

2009-2010 Payroll Percentage Calculation		
Member	Payroll	Payroll %age
BCJPIA	\$401,025,744	0.289
CSJVRMA	400,867,123	0.289
MBASIA	45,723,997	0.033
MPA	263,185,935	0.190
PARSAC	235,766,612	0.170
VCJPA	41,400,897	0.030
TOTALS	\$1,387,970,307	1.000

* - Legal services will be billed according to time and expense that pertains to PARSAC.

**CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES
BRS Worksheet**

	Current Year				
	2012/13	2013/14	2014/15	2015/16	2016/17
BRS Contract Price	\$305,000	\$312,625	\$320,441	\$328,452	\$336,663
Percentage Increase over previous year	5.86%	2.50%	2.50%	2.50%	2.50%
Adjustment for New Members					
Total	\$0	\$0	\$0	\$0	\$0
BRS SHARE OF NEW PAYROLL/\$100	0.02%	0.02%	0.02%	0.02%	0.02%
INCREASE IN ADMIN FEES	\$0	\$0	\$0	\$0	\$0
BRS CONTRACT PREMIUM	\$305,000	\$312,625	\$320,441	\$328,452	\$336,663

BCJPIA Loss Detail and Payroll

	Losses Valued at 12/31/11*							Payroll						
	10-11	09-10	08-09	07-08	06-07	05-06	04-05	2011	2010	2009	2008	2007	2006	2005
1 Albany		252500			\$32,629			\$7,172,226	\$7,541,694	\$7,571,400	\$7,133,602	\$6,719,341	\$6,270,503	\$6,000,071
2 Albany JPA								1,679,224	1,773,288	2,002,546	1,887,818	1,648,501	1,540,820	1,447,192
3 Berkeley		\$178,002	\$253,631		\$45,750	\$171,522		135,577,653	137,461,012	141,810,019	132,945,068	126,868,098	117,595,615	111,512,510
4 Brisbane								6,580,972	7,198,185	7,608,947	7,477,338	7,319,645	6,895,390	6,373,842
5 Emeryville		\$401,500		\$900,000				7,073,502	6,997,432	6,916,604	7,141,021	6,097,524	5,653,964	5,711,375
6 Emeryville MESA								7,333,130	7,629,193	8,219,556	7,322,533	7,149,257	6,903,006	6,534,363
7 Fairfax						\$401,678		2,412,447	2,524,323	2,555,109	2,557,965	2,375,794	2,218,600	1,904,868
8 Larkspur			\$54,040			\$1,317,308	\$252,219	5,204,604	5,006,762	5,135,174	5,162,446	4,754,855	4,489,663	4,390,231
9 Los Altos (7/1/12)	\$900,000			\$137,234		\$150,000		10,937,602	11,543,237	11,818,666	10,929,358	9,684,636	9,071,118	
10 Menlo Park	\$30,126			\$255,092		\$134,306	\$205,287	22,828,825	22,702,024	23,180,947	22,959,814	21,101,406	19,160,987	19,615,574
11 Mill Valley			\$74,832	\$95,581		\$2,049,391		12,959,766	12,705,290	12,785,513	12,145,840	11,465,669	10,866,323	10,178,479
12 Monte Sereno								734,938	728,211	710,308	675,878	621,996	534,626	525,945
13 Novato			\$150,820			\$63,090		16,439,086	19,010,871	20,197,782	20,728,955	19,294,376	17,996,855	17,429,262
14 Piedmont					\$8,790		\$28,537	10,033,574	10,272,372	10,403,144	9,660,940	9,092,265	8,284,421	8,065,878
15 Pleasanton	\$56,800	\$301,118				\$198,739	\$160,180	35,023,054	36,399,043	37,970,188	35,371,912	34,474,058	32,829,920	30,918,696
16 Pleasanton fire								16,914,816	17,449,387	17,805,178	16,930,123	16,260,750	15,314,862	14,384,229
17 Redwood City		\$358,541	\$921,502		\$1,088,331		\$84,295	54,867,896	52,272,619	55,283,166	54,289,688	51,556,200	49,369,650	47,941,932
18 San Anselmo						\$1,736,175		4,901,115	4,809,247	4,886,643	4,703,687	4,393,391	4,392,932	4,194,255
19 Sausalito								7,297,236	6,972,284	6,973,698	6,156,440	5,614,534	5,755,776	5,203,000
20 Twin Cities			\$155,481	\$24,039				3,404,975	3,682,612	3,846,593	3,847,925	3,585,605	3,480,997	3,175,228
21 Union City		\$125,000		\$620,924			\$5,117	21,353,339	26,623,669	26,073,000	31,954,278	31,172,614	28,738,594	22,489,596
TOTALS	\$986,926	\$1,616,661	\$1,610,306	\$2,032,870	\$1,175,500	\$6,222,209	\$735,635	\$390,729,978	\$401,302,755	\$413,754,180	\$401,982,626	\$381,250,515	\$357,364,622	\$327,996,526
								-2.63%	-3.01%	2.93%	5.44%	6.68%	8.95%	3.85%
* Inverse condemnation claims capped at \$1.5 million														
Losses from \$100k & capped at \$1 million *														

CSJVRMA Loss Detail and Payroll

Losses Valued at 12/31/11*															Payroll				
	11-12	10-11	09-10	08-09	07-08	06-07	05-06	04-05	2011	2010	2009	2008	2007	2006	2005				
1 ANGELS CAMP									\$2,056,267	\$2,272,058	\$2,420,825	\$2,279,043	\$2,285,453	\$2,226,950	\$1,983,813				
2 ARVIN									2,963,706	2,875,267	2,737,316	2,354,414	2,439,296	2,087,230	1,735,372				
3 ATWATER				\$3,264			\$218,702		7,621,679	8,454,573	8,042,220	8,950,313	7,721,587	6,864,802	6,090,485				
4 AVENAL									2,563,719	1,721,633	1,308,113	1,234,170	1,286,880	1,254,139	1,166,622				
5 CERES				\$47,162					13,867,847	14,132,375	14,917,938	13,653,640	12,540,069	11,331,810	10,128,242				
6 CHOWCHILLA					\$260,194				2,940,031	3,158,967	4,780,928	4,539,350	4,255,027	3,853,000	3,076,210				
7 CLOVIS					\$187,250				36,573,952	35,064,579	36,319,502	38,855,397	38,576,764	34,633,822	31,358,673				
8 CORCORAN									3,766,259	3,808,284	3,829,517	3,534,289	3,189,863	2,997,544	2,644,163				
9 DELANO			\$204,500						11,044,652	11,374,896	10,942,445	9,709,149	8,832,804	7,804,468	7,366,321				
10 DINUBA				\$78,335					8,051,017	8,258,231	9,344,322	8,860,628	7,941,276	6,749,926	6,056,701				
11 DOS PALOS									1,206,440	1,245,898	1,133,554	1,089,607	1,018,760	931,020	841,509				
12 ESCALON									2,005,007	2,097,135	2,422,288	2,595,142	2,357,017	2,079,052	1,783,475				
13 EXETER		\$75,455							2,511,720	2,234,970	2,397,104	2,300,288	2,170,942	2,061,136	1,684,115				
14 FARMERSVILLE									1,743,547	1,809,415	1,875,699	1,846,958	1,579,170	1,320,297	1,114,197				
15 FIREBAUGH									1,917,289	1,790,980	1,882,990	2,026,474	1,725,807	1,565,314	1,375,164				
16 FOWLER									1,753,233	1,776,370	1,816,262	1,870,872	1,739,487	1,540,303	1,017,881				
17 GUSTINE									1,343,202	1,450,672	1,420,455	1,342,969	1,314,186	1,109,548	993,717				
18 HUGHSON									955,665	1,232,118	1,255,328	1,315,594	1,306,046	1,129,113	955,306				
19 HURON									1,041,189	1,111,754	1,392,951	1,455,236	1,195,839	1,250,045	984,632				
20 KERMAN									3,343,750	3,328,713	3,241,635	3,240,597	3,006,550	2,674,182	2,164,773				
21 KINGSBURG								\$594,000	3,300,101	3,689,391	3,801,068	3,716,674	3,528,340	3,120,535	2,874,496				
22 LATHROP									4,331,437	4,518,762	5,814,328	5,423,844	5,957,399	4,775,869	4,281,615				
23 LEMOORE									5,466,471	5,814,614	6,185,921	5,732,705	4,870,371	4,834,877	4,124,668				
24 LINDSAY					\$13,160				4,421,318	4,497,494	4,349,077	4,351,353	3,785,606	3,183,603	2,606,848				
25 LIVINGSTON									3,605,351	3,670,396	3,464,551	3,722,610	3,895,504	3,342,949	3,098,094				
26 LOS BANOS	\$900,000					\$40,000			9,134,945	9,170,699	9,445,135	10,097,209	9,168,286	7,631,509	6,401,478				
27 MADERA						\$48,047			15,557,259	14,430,550	15,232,187	14,186,968	14,015,450	12,607,337	10,658,673				
28 MARICOPA									242,090	303,895	340,524	346,083	335,724	199,663	109,686				
29 MCFARLAND									1,871,862	1,719,145	671,940	550,521	528,081	535,830	562,477				
30 MENDOTA									1,578,059	1,596,621	1,127,617	934,365	881,901	851,816	688,139				
31 MERCED		\$186,481				\$68,000	\$900,000		31,454,022	33,082,749	37,114,632	36,338,116	33,755,250	29,146,632	24,888,187				
32 NEWMAN									1,870,768	1,835,569	2,005,202	1,999,836	1,796,158	1,677,360	1,638,112				
33 OAKDALE					\$84,786	\$59,163			8,540,307	8,924,623	10,237,407	10,072,028	9,639,027	8,432,167	7,149,773				
34 ORANGE COVE									2,104,585	2,071,167	1,030,234	887,119	807,624	759,934	638,555				
35 PARLIER							\$29,283		2,547,840	2,519,591	2,421,557	1,963,305	1,775,730	1,619,926	1,591,750				
36 PATTERSON			\$900,000						4,502,653	4,611,441	4,766,127	4,407,064	3,783,753	3,166,806	2,296,464				
37 PORTERVILLE			\$70,000						17,534,832	17,271,465	17,385,018	15,903,701	12,810,276	12,022,507	11,466,279				
38 REEDLEY									6,628,158	6,855,040	6,791,821	6,597,188	6,505,324	5,959,888	5,104,028				
39 RIPON									5,223,221	5,643,488	6,140,871	6,696,074	5,930,533	5,365,558	4,550,778				
40 RIVERBANK						\$15,942	\$592,138		3,514,529	3,725,586	3,661,862	3,656,440	3,302,560	2,788,688	2,308,040				
41 SAN JOAQUIN									657,486	678,949	625,597	552,657	541,594	432,073	351,522				
42 SANGER									7,028,211	7,489,557	7,690,288	8,709,553	8,751,049	8,048,070	6,843,734				
43 SELMA			\$180,000						5,357,188	5,405,021	6,377,988	8,182,282	7,755,647	7,034,762	6,132,780				
44 SHAFTER				\$29,779					5,709,674	4,995,143	4,935,405	4,937,393	4,518,700	4,092,358	3,611,157				
45 SONORA				\$877,845					2,771,786	3,419,489	3,353,387	3,607,299	3,353,858	3,102,431	2,688,658				
46 SUTTER CREEK			\$410,615						904,123	1,029,321	1,239,742	1,344,060	1,264,324	1,098,462	1,000,346				
47 TAFT									3,205,666	3,327,022	3,221,006	3,088,488	3,081,921	2,906,595	2,539,541				
48 TEHACHAPI									3,198,571	3,098,284	3,091,624	3,344,135	3,020,427	2,312,713	1,949,425				
49 TRACY	\$5,000					\$248,814	\$126,736	\$30,480	37,393,127	38,308,727	41,562,060	40,475,502	36,600,917	32,549,578	30,051,378				
50 TULARE			\$16,459						20,036,118	20,046,644	19,393,809	18,633,276	16,801,554	17,910,897	13,700,435				

CSJVRMA Loss Detail and Payroll

CSJVRMA Loss Detail and Payroll															
	Losses Valued at 12/31/11*								Payroll						
	11-12	10-11	09-10	08-09	07-08	06-07	05-06	04-05	2011	2010	2009	2008	2007	2006	2005
51 TURLOCK				\$251,518	\$92,500	\$453,135	\$152,000		23,121,962	25,129,154	26,752,493	27,536,562	23,792,113	20,777,171	20,108,207
52 WASCO							\$9,391		2,799,962	3,037,427	3,118,786	3,543,932	3,773,283	3,036,834	2,564,112
53 WATERFORD									890,510	835,840	774,333	713,668	679,225	568,700	564,931
54 WOODLAKE								\$131,288	1,523,137	1,612,287	1,670,604	1,381,002	1,270,799	1,242,260	1,130,144
TOTALS	\$905,000	\$261,936	\$1,781,574	\$1,287,903	\$637,890	\$933,101	\$2,028,250	\$755,768	\$357,297,500	\$363,564,040	\$379,275,595	\$376,687,142	\$348,761,131	\$312,599,759	\$274,795,881
									-1.72%	-4.14%	0.69%	8.01%	11.57%	13.76%	6.48%
* Inverse condemnation claims capped at \$1.5 million															
Losses from \$100k & capped at \$1 million *															

MBASIA Loss Detail and Payroll

MBASIA Loss Detail and Payroll																	
	Losses Valued at 12/31/11*							Payroll									
	10-11	09-10	08-09	07-08	06-07	05-06	04-05	2011	2010	2009	2008	2007	2006	2005			
1 Capitola	\$35,000	\$1,500						\$5,400,712	\$5,388,301	\$6,057,085	\$5,574,567	\$5,450,707	\$ 5,075,270	\$ 4,769,082			
2 Del Ray Oaks											938,149	981,337	851,353	826,796	728,430	703,097	652,276
3 Gonzales		\$258,139								\$2,221	2,276,473	2,300,829	2,324,012	2,284,153	2,088,521	1,976,732	1,836,253
4 Greenfield									\$60,792		2,858,645	3,051,941	2,926,868	2,701,726	2,733,460	2,733,646	1,806,540
5 Hollister								\$57,252		\$27,258	9,803,583	7,678,611	10,906,537	10,351,750	9,549,691	9,972,732	11,071,462
6 King City	\$85,255										2,513,276	2,789,997	2,785,334	2,799,571	2,607,259	2,238,325	1,936,989
7 Marina											8,519,813	6,537,137	8,407,026	8,136,327	7,372,914	5,988,604	6,019,286
8 Sand City											2,436,058	2,451,156	2,383,774	2,318,657	2,152,756	1,908,987	1,656,252
9 Scotts Valley											4,736,984	4,622,599	4,911,286	4,969,940	5,700,353	5,730,971	5,677,868
10 Soledad										\$33,183	6,033,135	5,982,312	5,149,165	5,804,209	4,872,368	3,890,332	2,926,058
TOTALS	\$120,255	\$259,639	\$0	\$57,252	\$60,792	\$33,183	\$29,479	\$45,516,827	\$41,784,220	\$46,702,440	\$45,767,695	\$43,256,460	\$ 40,218,695	\$ 38,352,066			
								8.93%	-10.53%	2.04%	5.81%	7.55%	4.87%	-2.33%			
Non-covered (EPL, Land use)							\$201,234										
TOTALS including Non-covered							\$230,713										
Losses from \$100k & capped at \$1 million *																	

MPA Loss Detail and Payroll

		Losses Valued at 12/31/11*							Payroll						
		10-11	09-10	08-09	07-08	06-07	05-06	04-05	2011	2010	2009	2008	2007	2006	2005
1	Antioch		\$167,675	\$42,041	\$286,745	\$2,642,459			\$24,204,989	\$26,298,219	\$29,829,993	\$30,971,652	\$28,822,952	\$ 26,152,973	\$ 24,396,770
2	Brentwood			\$950,000			\$212,336		25,343,162	24,549,012	24,245,162	25,394,950	24,586,213	22,582,127	20,797,328
3	Clayton					\$1,050,000			2,181,420	2,104,342	2,101,779	2,034,690	1,907,554	1,701,022	1,861,031
4	Danville						\$93,496		7,105,116	7,209,408	7,160,897	6,976,211	6,578,450	6,016,579	5,486,122
5	El Cerrito						\$51,116		16,779,698	16,424,867	15,751,245	15,338,807	14,092,215	12,963,703	11,596,294
6	Hercules								8,037,293	9,815,688	9,883,697	8,069,811	7,358,694	6,630,507	5,417,446
7	Lafayette		\$35,000						3,467,526	3,561,889	3,588,147	3,335,073	3,104,041	2,777,007	2,681,442
8	Manteca	\$500,000				\$27,862			30,026,590	30,138,818	32,209,737	31,824,488	28,211,354	25,582,392	23,638,042
9	Martinez		\$6,166			\$18,322			11,518,453	11,981,627	12,056,458	11,979,334	11,678,783	10,981,200	10,454,096
10	Moraga	\$62,500							2,870,942	2,920,429	2,709,640	2,738,533	2,877,265	2,532,920	2,242,265
11	MPA Staff								1,301,513	1,325,723	1,289,220	1,206,186	1,128,631	1,047,816	1,037,791
12	Oakley								1,683,461	1,768,337	2,130,148	2,291,053	1,904,418	1,829,761	1,721,860
13	Orinda	\$35,000	\$110,000			\$9,258	\$315,236	\$547,400	3,141,422	3,073,737	3,044,409	2,913,286	2,592,991	2,462,494	2,437,852
14	Pinole		\$129,791				\$386,817		9,934,964	11,226,420	12,670,279	12,521,685	11,776,010	10,338,047	8,931,453
15	Pittsburg		\$15,000	\$10,000	\$1,204,566		\$385,881		21,413,281	22,615,658	23,259,943	25,655,151	22,862,903	21,619,577	20,047,152
16	Pleasant Hill				\$24,275	\$17,235	\$51,202		11,023,097	11,138,737	11,267,320	10,981,980	10,837,439	10,187,283	9,467,053
17	San Pablo	\$83,173	\$710,000				\$354,406	\$900,000	12,164,771	12,928,776	12,716,464	12,068,111	10,390,833	10,765,739	9,326,804
18	San Ramon		\$20,935		\$513,287		\$74,367		25,023,685	25,805,717	25,837,283	23,532,765	18,624,126	14,318,726	13,112,099
19	Walnut Creek								31,728,750	32,706,079	35,371,212	33,352,168	31,594,043	30,144,633	28,996,279
TOTALS		\$680,673	\$1,194,567	\$1,002,041	\$2,028,873	\$3,765,136	\$1,924,857	\$1,447,400	\$248,950,133	\$257,593,483	\$267,123,031	\$263,185,935	\$240,928,914	\$220,634,505	\$203,649,180
									-3.36%	-3.57%	1.50%	9.24%	9.20%	8.34%	4.22%
* Inverse condemnation claims capped at \$1.5 million															
Losses from \$100k & capped at \$1 million *															

VCJPA Loss Detail and Payroll

VCJPA Loss Detail and Payroll														
	Losses Valued at 12/31/11*					Payroll								
	10-11	09-10	08-09	07-08	06-07	05-06	04-05	2011	2010	2009	2008	2007	2006	2005
1 Alameda County								\$1,134,109	\$1,024,684	\$937,596	\$811,940	\$812,103	\$843,338	\$894,633
2 Burney Basin								73,103	69,237	71,481	70,749	64,888	60,351	56,998
3 Butte County								1,220,865	1,155,277	1,046,311	1,056,094	978,350	999,072	943,195
4 Coachella Valley								3,435,476	3,595,218	3,517,311	3,094,494	1,912,970	2,092,661	1,354,155
5 Coalinga-Huron								14,900	15,600	12,675	5,100	11,520	11,630	11,605
6 Colusa								173,870	172,894	170,966	161,077	171,177	122,805	129,243
7 Compton Creek								76,994	76,165	75,065	73,856	72,620	70,067	68,395
8 Consolidated								1,190,048	1,180,304	1,168,728	1,119,849	1,068,120	1,046,158	1,048,733
9 Contra Costa County								2,749,771	2,682,779	2,860,890	2,908,166	2,706,044	2,409,863	2,139,488
10 Delta VCD								1,066,091	977,501	896,087	858,333	786,071		
11 Durham								54,937	55,529	53,286	50,889	48,324	44,180	38,385
12 Fresno								544,000	580,711	642,244	607,954	600,075	561,214	550,132
13 Glenn County								116,087	130,011	126,225	114,887	91,038	56,341	63,922
14 Greater Los Angeles County								4,747,297	4,637,545	4,340,120	3,971,323	3,725,632	3,413,940	3,209,438
15 Kings MAD								755,418	686,872	663,141	549,826			
16 Lake County								567,736	575,044	519,073	492,481	440,684	403,732	381,958
17 Los Angeles County West								2,618,141	2,544,935	2,426,285	2,319,368	2,240,099	2,236,127	2,015,909
18 Marin-Sonoma								2,948,196	2,892,694	2,624,097	2,642,004	2,501,328	2,324,099	2,172,745
19 Napa County								648,637	687,214	671,668	648,174	586,795	512,719	510,806
20 Northern Salinas Valley								441,260	442,790	465,690	518,945	588,847	940,816	541,250
21 Northwest								1,117,782	1,174,803	1,149,878	1,119,015	909,881	886,948	895,538
22 Orange County								5,267,574	5,374,748	4,735,074	4,533,410	4,094,636	4,335,195	4,281,332
23 Oroville								67,957	71,061	45,583	49,518	41,413	32,817	32,944
24 Pine Grove								34,745	36,761	33,520	33,466	34,600	48,630	30,000
25 Placer								1,061,024	980,837	790,317	670,988	614,699	609,774	536,223
26 Sacramento Yolo								4,416,127	4,357,682	4,286,495	4,339,032	3,991,640	3,818,858	3,561,693
27 San Gabriel Valley								1,609,915	1,481,230	1,519,933	1,550,331	1,430,302	1,319,997	1,295,868
28 San Joaquin County								2,240,799	2,193,677	2,095,112	2,087,338	1,948,166	1,892,964	1,759,213
29 San Mateo County								1,576,242	1,652,723	1,514,017	1,328,087	1,324,771	1,178,899	1,204,463
30 Santa Barbara Costal								384,758	384,578	342,647	345,362	239,190	326,126	305,263
31 Shasta								1,005,545	965,664	941,780	883,195	862,249	834,743	785,827
32 Sutter-Yuba								925,370	883,581	912,009	898,482	875,806	842,924	792,180
33 Tehama County								304,343	312,116	302,416	283,650	291,986	246,905	160,725
34 Turlock								756,485	749,291	773,849	760,025	703,520	680,824	663,848
35 West Valley								941,318	956,643	954,097	993,315	849,599	769,069	697,182
TOTALS	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$46,286,921	\$45,758,398	\$43,685,667	\$41,950,723	\$37,619,142	\$35,973,784	\$33,133,287
Losses from \$100k & capped at \$1 million *								1.16%	4.74%	4.14%	11.51%	4.57%	8.57%	13.67%

CLAIMS MATTERS

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

BACKGROUND AND STATUS:

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

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

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

REFERENCE MATERIALS ATTACHED:

- The Litigation Manager's Report dated March 25, 2013, was mailed under separate cover with the agenda packet and will be collected at the meeting.