



A California Public Agency

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

AGENDA

**Lake Tahoe Resort Hotel
4130 Lake Tahoe Boulevard
South Lake Tahoe, California
(530) 544-5400
www.tahoeresorthotel.com**

And

**Via Teleconference
Call in # 1-866-715-6499
Participant Passcode # 448479**

**Friday, September 18, 2015
9:30 a.m.**

All or portions of this meeting will be conducted by teleconferencing in accordance with Government Code Section 54953(b). Teleconference locations for members of the public to participate are as follows:

City of Porterville, 291 North Main Street, Porterville, CA; City of Gonzales, 147 Fourth Street, Gonzales, CA; and Sacramento-Yolo MVCD, 8631 Bond Road, Elk Grove, CA.

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

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

Page

- 1. CALL TO ORDER**
- 2. INTRODUCTIONS**
- 3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)**

- 4. PUBLIC COMMENTS** - This time is reserved for members of the public to address the Board relative to matters of the California Affiliated Risk Management Authorities not on the agenda. No action may be taken on non-agenda items unless authorized by law. Comments will be limited to five minutes per person and twenty minutes in total.
- 5. CONSENT CALENDAR**
- | | | |
|-----|--|-----------|
| *A. | Minutes of the June 17, 2015, Board of Directors' Meeting | 5 |
| *B. | Warrant Listings from June 1, 2015, through August 31, 2015 | 10 |
| *C. | Internal Financial Statements for the Year Ended June 30, 2015 | 11 |
| *D. | Treasurer's Report as of June 30, 2015 | 19 |
| *E. | CARMA 2015/2016 Liability Renewal – Alliant Underwriting Fees
Annual Disclosure | 39 |
- Recommendation: Approval of the Consent Calendar.*
- 6. ADMINISTRATIVE MATTERS**
- | | | |
|-----|--|-----------|
| *A. | Recap of Excess Coverage Renewal and AmTrust Proposed Coverage
Renewal | 41 |
| | <i>Recommendation: Consider the proposal from AmTrust to enter
into a two-year rate stabilization plan.</i> | |
| *B. | Review of the CARMA Goals and Objectives for 2015 | 53 |
| | <i>Recommendation: None.</i> | |
| *C. | Proposed Revisions to the Master Program Document | 55 |
| | <i>Recommendation: The Board consider the proposed changes to
the Master Program Document.</i> | |
| *D. | Discussion Regarding the 23 rd Board of Directors' Annual Workshop on
January 7-8, 2016, at the Dream Inn in Santa Cruz, CA | 71 |
| | <i>Recommendation: The Board of Directors to provide direction as
to the content and format the Board desires for the January 2016
Workshop.</i> | |
- 7. FINANCIAL MATTERS**
- | | | |
|-----|--|-----------|
| *A. | Consideration of the June 30, 2015, Independent Financial Audit Prepared
by Sampson, Sampson, and Patterson, LLP | 74 |
| | <i>Recommendation: Staff recommends the Board of Directors accept
and file the June 30, 2015, audit report as presented.</i> | |
- 8. 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 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:
- Shaanan v. City of Los Altos (BCJPIA)
Garcia v. King City (MBASIA)
Padgett Arbitration

* = Material on agenda item enclosed

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

B. Report from Closed Session

Pursuant to Government Code Section 54957.1, the Board must report in open session any action, or lack thereof, taken in closed session.

9. CLOSING COMMENTS

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

A. Board

B. Staff

10. ADJOURNMENT

NOTICES

- The CARMA Board of Directors' Annual Workshop is currently scheduled for Thursday-Friday, January 7-8, 2016, at the Bodega Bay Lodge & Resort in Bodega Bay.

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 June 17, 2015, Board of Directors' Meeting
- B. Warrant Listings from June 1, 2015, through August 31, 2015
- C. Internal Financial Statements for the Year Ended June 30, 2015
- D. Treasurer's Report as of June 30, 2015
- E. CARMA 2015/2016 Liability Renewal – Alliant Underwriting Fees Annual Disclosure

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

**DRAFT MINUTES OF THE BOARD OF DIRECTORS'
MEETING OF JUNE 17, 2015**

A regular meeting of the Board of Directors of CARMA was held on June 17, 2015, via teleconference.

BOARD MEMBERS PRESENT: Tim Przybyla, CSJVRMA, President
Dan Schwarz, BCJPIA, Vice President
Karen Thesing, MPA
Rene Mendez, MBASIA
Gary Goodman, VCJPA

ALTERNATE MEMBERS PRESENT: Patrice Hildreth, CSJVRMA
Tamara Davis, VCJPA

OTHERS PRESENT: Rob Kramer, Executive Director
Jaesa McCulligan, Board Secretary
Nancy Broadhurst, Finance Manager
Michael Groff, Litigation Manager
Katie Achterberg, Bickmore
Chee Xiong, Bickmore
Breanne Hughey, Bickmore
Craig Farmer, Board Counsel
Seth Cole, Alliant Insurance Services
Mike Simmons, Alliant Insurance Services
Conor Boughey, MBASIA/Alliant Insurance Services
Jeanette Workman, CSJVRMA Administrator
Adrienne Beatty, BCJPIA Assistant Administrator

1. CALL TO ORDER

The June 17, 2015, Board of Directors' meeting was called to order at 10:08 a.m. by President Tim Przybyla.

2. INTRODUCTIONS

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

3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)

Gary Goodman moved to approve the agenda as posted. Seconded by Rene Mendez. A roll call was taken and the motion passed unanimously.

4. **PUBLIC COMMENTS**

None.

5. **CONSENT CALENDAR**

Karen Thesing moved to approve/accept the following items: A) Minutes of the April 15, 2015, Board of Directors' Meeting; B) Warrant Listing from April 1, 2015, through May 31, 2015; C) Treasurer's Report as of March 31, 2015; D) CARMA 2015/2016 Memorandum of Coverage; and E) CARMA 2015/2016 Strategic Goals & Action Items Update. Seconded by Gary Goodman. A roll call was taken and the motion passed unanimously.

6. **ADMINISTRATIVE MATTERS**

- A. Resolution of the Board of Directors of CARMA Establishing Meeting Dates for the 2015/2016 Fiscal Year

Mr. Rob Kramer, Executive Director, advised that the proposed meeting dates are scheduled similarly to the current year's meeting dates. It was noted that the September meeting is held in conjunction with CAJPA and the Annual Workshop is held in early January. Mr. Kramer reminded the Board that the prior Annual Workshop was held in Santa Cruz at the Dream Inn due to construction at the Bodega Bay Lodge. The Board discussed the workshop location and came to a consensus to hold the 2016 Annual Workshop at the Dream Inn.

The Board advised there are no conflicts with any of the proposed meeting dates.

Gary Goodman moved to adopt Resolution No. 2-2014/2015, with the change to the workshop location to the Dream Inn. Seconded by Karen Thesing. A roll call was taken and the motion passed unanimously.

7. **COVERAGE MATTERS**

- A. Renewal Rates for Specific Reinsurance and Excess Coverage for the 2015/2016 Program Year

Prior to the meeting, the Board received a renewal proposal from Mr. Cole for CARMA's reinsurance and excess layers effective July 1, 2015. Mr. Cole advised that AmTrust has offered their renewal quote with terms and conditions per the expiring reinsurance contract. Payroll increased 4.1% from the prior year. The premium quoted in the letter was \$1,195,168. Mr. Cole noted that following the distribution of the renewal letter, Alliant was informed that the City of Gilroy would be joining the Municipal Pooling Authority (MPA);

therefore, the premium quoted in the letter is slightly increased to include Gilroy in the excess coverage. The final premium is expected to come in approximately \$28,000 higher due to the addition of Gilroy.

Mr. Cole noted that Colony has also offered their renewal quote with terms and conditions per expiring. As was discussed at the April Board meeting, Colony's renewal pricing is triggered off of AmTrust's premium. Colony's renewal premium also represents a 4% increase. The increase in premium for the addition of Gilroy will be approximately \$11,000.

Karen Thesing moved to approve placement of reinsurance in the Alliant ANML program with \$10 million limits, and excess of \$15 million from Colony for a total of \$25 million excess of the CARMA pooled layer. Seconded by Dan Schwarz. A roll call was taken and the motion passed unanimously.

8. FINANCIAL MATTERS

A. Presentation of the Internal Financial Statements as of March 31, 2015

Ms. Nancy Broadhurst, Finance Manager, reviewed the internal financial statements as of March 31, 2015, with the Board. Ms. Broadhurst advised that typically the financial statements are placed on the consent calendar for approval. However, due to the decrease in equity as a result of the recent actuarial ultimate loss revisions and the inclusion of the recent dividend release, staff thought it would be advantageous to give a brief update of the results during the meeting.

Ms. Broadhurst noted that CARMA's equity at June 30, 2014, was approximately \$13 million. Since that time, dividends were returned in the amount of \$2.6 million. However, only \$1.6 million was returned to the members and the additional \$1 million was set aside for the future implementation of a Mid-Layer Pool (MLP).

Currently, the balance sheet reflects a total net position of \$7.6 million as of March 31, 2015. This is reflective of the actuarial study that was received in April. In the actuarial study, the ultimate loss projections increased by \$4.7 million. Subsequent to the Annual Workshop in January, one claim was reserved at the full limit of \$3 million. The March financials include this \$3 million increase in loss projections. In addition, the additional loss projections were included in the financials, and the dividend was released. All of these factors decreased the equity to \$7.6 million. Ms. Broadhurst advised that there is no immediate concern regarding the loss of equity, unless this trend continues for additional years.

Mr. Kramer advised that the funds for the MLP can remain in the fund until future dividends are released, even if they are not released during the next retrospective adjustment.

Rene Mendez moved to approve the CARMA Internal Financial Statements as of March 31, 2015. Seconded by Karen Thesing. A roll call was taken and the motion passed unanimously.

B. CARMA Annual Operating Budget for the 2015/2016 Program Year

Ms. Broadhurst reminded the Board that a budget was presented to the Board at the April Board meeting, and advised that the only change from that presented budget is the addition of the City of Gilroy to MPA. The excess and reinsurance represent a 6% increase over the prior year. Of this 6% increase, 4% is attributable to an increase in payroll. The total budget represents a 12.3% increase from the prior year's budget.

Dan Schwarz moved to adopt the CARMA 2015/2016 Annual Operating Budget at the 75% confidence level, and using a 2% discount factor. Seconded by Gary Goodman. A roll call was taken and the motion passed unanimously.

9. ELECTION AND APPOINTMENT OF OFFICERS

A. Nomination and Election of President and Vice President and Appointment of Treasurer for the 2015/2016 Program Year

President Przybyla opened the floor for nominations for the position of CARMA President.

Dan Schwarz moved to nominate Tim Przybyla for the position of CARMA President. Seconded by Gary Goodman. A roll call was taken and the motion passed unanimously.

President Przybyla opened the floor for nominations for the position of CARMA Vice President.

Gary Goodman moved to nominate Dan Schwarz for the position of Vice President. Seconded by Rene Mendez. A roll call was taken and the motion passed unanimously.

President Przybyla appointed Karen Thesing as CARMA Treasurer.

Gary Goodman moved to elect Tim Przybyla as CARMA President, Dan Schwarz as CARMA Vice President, and to accept the appointment Karen Thesing as CARMA Treasurer. Seconded by Rene Mendez. A roll call was taken and the motion passed unanimously.

10. CLAIMS MATTERS

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

Pursuant to Government Code Section 54956.95(a), the Board recessed to closed session at 10:34 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:

- Victorino v. City of Manteca (MPA)
- Skoumbas v. Orinda (MPA)
- Padgett v. Wright (BCJPIA)

B. Report from Closed Session

The Board reconvened to open session at 11:12 a.m. It was reported that the Board met in closed session and took action on all three matters and CARMA will proceed as directed.

11. CLOSING COMMENTS

A. Board

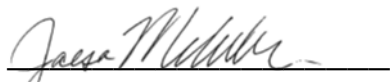
Ms. Karen Thesing advised that one of the members of MPA has installed an aquatic obstacle course and inquired if any other members had experienced this within their JPA. The other Board members advised they had not come across this but staff indicated they would research this to ensure there is not an exclusion for coverage.

B. Staff

None.

12. ADJOURNMENT

The June 17, 2015, Board of Directors' meeting adjourned at 11:15 a.m. by general consensus of the Board.



Jaesa McCulligan, Board Secretary

Ranges: From: To: From: To:
 Check Number First Last Check Date 6/1/2015 8/31/2015
 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
2043	BI100	Bickmore	6/16/2015	CBT GENERAL	PMCHK00000148	\$29,615.23
2044	FA115	Farmer Smith and Lane, LLP	6/16/2015	CBT GENERAL	PMCHK00000148	\$3,576.69
2045	PR115	Tim Przybyla	6/16/2015	CBT GENERAL	PMCHK00000148	\$362.25
2046	VC100	VCJPA	6/16/2015	CBT GENERAL	PMCHK00000148	\$2,824.00
2047	BE080	Kyree Beatty, a minor, by and	6/16/2015	CBT GENERAL	PMCHK00000148	\$598,067.00
2048	BE085	Kyree Beatty, a minor, by and	6/16/2015	CBT GENERAL	PMCHK00000148	\$52,931.00
2049	BH100	BHG Structured Settlements, In	6/16/2015	CBT GENERAL	PMCHK00000148	\$349,001.00
2050	DR100	Alliant Insurance Services, In	7/6/2015	CBT GENERAL	PMCHK00000149	\$1,223,288.00
2051	DR100	Alliant Insurance Services, In	7/6/2015	CBT GENERAL	PMCHK00000149	\$569,148.00
2052	DR100	Alliant Insurance Services, In	7/6/2015	CBT GENERAL	PMCHK00000149	\$72,828.00
2053	BI100	Bickmore	7/6/2015	CBT GENERAL	PMCHK00000149	\$28,296.00
2054	CA105	CAJPA	7/6/2015	CBT GENERAL	PMCHK00000149	\$450.00
2055	FA115	Farmer Smith and Lane, LLP	7/6/2015	CBT GENERAL	PMCHK00000149	\$1,547.45
2056	RO115	Rick N. Robertson, PH.D.	7/6/2015	CBT GENERAL	PMCHK00000149	\$4,025.00
* 2057	PA100	PARMA	7/6/2015	CBT GENERAL	PMCHK00000149	\$150.00
2058	CO135	Consumers' Law Group and Girar	7/6/2015	CBT GENERAL	PMCHK00000149	\$728,393.64
2059	PA115	Pacific Life & Annuity Service	7/6/2015	CBT GENERAL	PMCHK00000149	\$271,606.36
2060	PA100	PARMA	7/6/2015	CBT GENERAL	PMCHK00000150	\$150.00
2061	AG100	AGRIP	8/5/2015	CBT GENERAL	PMCHK00000151	\$1,077.03
2062	BI100	Bickmore	8/5/2015	CBT GENERAL	PMCHK00000151	\$27,858.50
2063	DR100	Alliant Insurance Services, In	8/5/2015	CBT GENERAL	PMCHK00000151	\$1,035.00
2064	FA115	Farmer Smith and Lane, LLP	8/5/2015	CBT GENERAL	PMCHK00000151	\$227.50

Total Checks: 22 Total Amount of Checks: \$3,966,307.65
 =====

California Affiliated Risk Management Authorities

~ BALANCE SHEET ~

As of June 30, 2015

(Audited)

ASSETS

CURRENT ASSETS

Cash in Bank	\$	2,249
Local Agency Investment Fund		4,350,536
Market Valuation - LAIF		1,636
Investments - Managed Portfolio		3,309,440
Market Valuation - Investment		1,876
Accounts Receivable		55,677
Accounts Receivable - Misc.		5,468
Interest Receivable		79,560
Prepaid Expenses		31,152
Prepaid Insurance		<u>0</u>

TOTAL CURRENT ASSETS 7,837,597

NONCURRENT ASSETS

Investments - Managed Portfolio		23,488,265
Market Valuation - Investment		<u>32,115</u>

TOTAL OTHER ASSETS 23,520,377

TOTAL ASSETS \$ 31,357,974

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts Payable	\$	5,212
Deferred Revenue		0
Equity Payable to Withdrawn Member		368,042
Reserve for Claims		<u>3,564,000</u>

TOTAL CURRENT LIABILITIES 3,937,254

NONCURRENT LIABILITIES

Equity Payable to Withdrawn Member		597,734
Reserve for Claims		1,986,138
Reserve for IBNR		<u>15,937,706</u>

TOTAL NONCURRENT LIABILITIES 18,521,578

TOTAL LIABILITIES **22,458,832**

NET POSITION

Undesignated Net Assets - Prior Years*		12,380,673
Designated Net Assets - Future Mid Layer Pool		1,000,000
Net Position - Current Year		<u>(4,481,532)</u>

TOTAL NET POSITION 8,899,142

TOTAL LIABILITIES AND NET POSITION \$ 31,357,974

* Reflects Prior Year Net Assets less Designated Net Assets

California Affiliated Risk Management Authorities
~ INCOME STATEMENT ~
For the Four Quarters Ended June 30, 2015
(Audited)

OPERATING:	Actual	Budget	% Used	\$ Variance
OPERATING REVENUES				
Deposit Premium	\$ 7,293,204	\$ 7,293,204	100%	\$ -
Investment Income	311,935	0		(311,935)
Misc Income	0	0		0
TOTAL OPERATING REVENUES	7,605,139	7,293,204	104%	(311,935)
OPERATING EXPENSES				
Direct Expenses				
Claims Paid	\$ 888,780	5,083,779	* { 163%	(3,185,973)
Incr/(Decr) in Reserves	7,380,972			
Subtotal Claims Expense	8,269,752	5,083,779	163%	(3,185,973)
Reinsurance	1,220,600	1,220,600	100%	0
Excess Insurance	536,640	538,952	100%	2,312
Subtotal All Direct Expenses	10,026,992	6,843,331	147%	(3,183,661)
General & Administrative Expenses				
Program Management	\$ 320,441	320,441	100%	0
Membership Dues	1,575	1,600	98%	25
Financial Audit	8,950	8,950	100%	0
Claims Audit	29,400	30,000	98%	600
Actuarial Services	7,280	7,283	100%	3
Legal Services	21,971	30,000	73%	8,029
Marketing, Consultants and Website	600	1,000	60%	400
Board Meetings	1,569	2,000	78%	431
Annual Retreat	7,222	10,000	72%	2,778
Fidelity Bond	1,035	1,100	94%	65
Accreditation	1,417	1,500	94%	83
Investment Management Fees	28,316	26,000	109%	(2,316)
Bank Fees	1,429	0		(1,429)
Contingency	0	10,000	0%	10,000
Subtotal General & Admin Expenses	431,205	449,873	96%	18,669
TOTAL OPERATING EXPENSES	10,458,197	7,293,204	143%	(5,793,467)
OPERATING SURPLUS / (DEFICIT)	(2,853,057)	0		
NON-OPERATING:				
NON-OPERATING REVENUE				
Dividend Retained for Future Mid-Layer Pool	1,000,000	0		(1,000,000)
NON-OPERATING EXPENSE				
Member Equity Distribution	2,628,475	0		(2,628,475)
NON-OPERATING SURPLUS / (DEFICIT)	(1,628,475)	0		
CHANGE IN NET POSITION	\$ (4,481,532)	0		

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

California Affiliated Risk Management Authorities
~ Balance Sheet ~
As of June 30, 2015
(Audited)

Assets:	2001/2002	2002/2003	2003/2004	2004/2005 *	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	Designated Net Assets - Future Mid Layer Pool	Total
Cash, L.A.I.F. & Investments	11	66,043	174,590	1,441	1,942	5,227	1,712,188	695,552	4,051,635	3,223,243	3,997,377	4,608,488	5,686,807	5,925,952	1,000,000	31,150,489
Market Valuation-LAIF & Investments														35,627		35,627
Prepaid Expenses														31,152		31,152
Interest Receivable														79,560		79,560
Accounts Receivable														61,145		61,145
Total Assets	11	66,043	174,590	1,441	1,942	5,227	1,712,188	695,552	4,051,635	3,223,243	3,997,377	4,608,488	5,686,807	6,133,437	1,000,000	31,357,974
Liabilities:																
Accounts Payable														5,212		5,212
Deferred Revenue														0		0
Return of Equity														0		0
Equity Payable														965,776		965,776
Reserve for Claims (1)	0	0	71,571	243,500	0	0	195,442	191,800	0	3,669,625	725,400	0	92,000	360,800		5,550,138
Reserve for IBNR (2)	(0)	65,137	963	103,699	409,051	488,071	647,353	1,430,653	1,130,062	1,566,452	1,262,068	2,009,498	3,060,886	3,763,821		15,937,706
Total Liabilities	(0)	65,137	72,534	347,199	409,051	488,071	842,795	1,622,453	1,130,062	5,236,077	1,987,468	2,009,498	3,152,886	5,095,608	0	22,458,833
Retained Earnings:																
Reserve for Adverse Development (3)	0	0	0	0	0	0	384,547	912,501	950,246	1,409,937	1,318,514	1,258,962	1,828,674	2,268,541		10,331,923
Contingency Funds (4)	11	907	102,056	(345,758)	(407,108)	(482,844)	484,846	(1,839,402)	1,971,326	(3,422,771)	691,394	1,340,026	705,247	(1,230,713)		(2,432,779)
Total Retained Earnings	11	907	102,056	(345,758)	(407,108)	(482,844)	869,393	(926,901)	2,921,573	(2,012,834)	2,009,908	2,598,990	2,533,921	1,037,828	1,000,000	8,899,142
Total Liabilities and Retained Earnings	11	66,043	174,590	1,441	1,942	5,227	1,712,188	695,552	4,051,635	3,223,243	3,997,377	4,608,488	5,686,807	6,133,437	1,000,000	31,357,974

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 \$5,876,058 by \$325,920 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 Four Quarters Ended June 30, 2015

(Audited)

Revenue:	2001/2002	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	Total
Deposit Premiums														7,293,204	7,293,204
Interest Income	12	2,755	4,016	1,438	1,945	5,227	14,292	25,167	40,529	24,018	40,532	44,220	50,095	29,373	283,619 *
Dividend Retained for Future Mid-Layer Pool															1,000,000
Misc Income														0	0
Total Revenue	12	2,755	4,016	1,438	1,945	5,227	14,292	25,167	40,529	24,018	40,532	44,220	50,095	7,322,577	8,576,823
														<i>* Net of Investment Management Fees</i>	
Direct Expenses:															
Claims Paid	0	167,031	70	0	0	0	3,261	0	262,576	228,642	227,200	0	0	0	888,780
Incr./(Decr.) in Reserves	0	(165,180)	(98,108)	347,199	409,051	488,071	(858,359)	952,066	(147,775)	3,020,636	296,455	(550,328)	(437,376)	4,124,621	7,380,972
Incr./(Decr.) in Rate Stab Due Member															0
Dividend/Assessment/Equity Distribution	1,848	170,192	372,097	226,422	306,281	823,054	(340,308)	2,940,009	0	(1,160,662)	0	0	(710,458)	0	2,628,475
Reinsurance / Excess														1,757,240	1,757,240
Total Direct Expenses	1,848	172,042	274,059	573,621	715,332	1,311,125	(1,195,406)	3,892,075	114,801	2,088,616	523,656	(550,328)	(1,147,834)	5,881,861	12,655,467
Indirect Expenses:															
General Management														320,441	320,441
Membership Dues														1,575	1,575
Financial Audit														8,950	8,950
Claims Audit														29,400	29,400
Actuarial Services														7,280	7,280
Legal Services**														21,971	21,971
Marketing/Consultants/Website														600	600
Board Meetings														1,569	1,569
Annual Retreat														7,222	7,222
Fidelity Bond														1,035	1,035
Accreditation Fees														1,417	1,417
Bank Fees														1,429	1,429
Contingency														0	0
Total Indirect Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	402,888	402,888
Net Income/(Loss)	(1,836)	(169,288)	(270,043)	(572,183)	(713,386)	(1,305,898)	1,209,698	(3,866,909)	(74,272)	(2,064,598)	(483,124)	594,548	1,197,929	1,037,828	(4,481,532)

California Affiliated Risk Management Authorities

~ Member Allocation of Undesignated Pool Equity ~

As of June 30, 2015

Program Year	Member	"Expected" Fund Balance	Additional IBNR at 75% Conf. Level	"70% Conf." Fund Balance	Additional IBNR at 80% Conf. Level	"80% Conf." Fund Balance
2001/2002:	BCJPIA	6	0	6	0	6
	CSJVRMA	2	0	2	0	2
	MPA	1	0	1	0	1
	PARSAC	2	0	2	0	2
	VCJPA	(0)	0	(0)	0	(0)
	PERMA	0	0	0	0	0
	Total	<u>11</u>	<u>0</u>	<u>11</u>	<u>0</u>	<u>11</u>
2002/2003:	BCJPIA	237	0	237	0	237
	CSJVRMA	205	0	205	0	205
	MPA	267	0	267	0	267
	PARSAC	165	0	165	0	165
	VCJPA	33	0	33	0	33
	PERMA	0	0	0	0	0
	Total	<u>907</u>	<u>0</u>	<u>907</u>	<u>0</u>	<u>907</u>
2003/2004	BCJPIA	27,468	0	27,468	0	27,468
	CSJVRMA	26,400	0	26,400	0	26,400
	MBASIA	3,054	0	3,054	0	3,054
	MPA	24,167	0	24,167	0	24,167
	PARSAC	17,427	0	17,427	0	17,427
	VCJPA	3,541	0	3,541	0	3,541
	Total	<u>102,056</u>	<u>0</u>	<u>102,056</u>	<u>0</u>	<u>102,056</u>
2004/2005*	BCJPIA	(91,647)	0	(91,647)	0	(91,647)
	CSJVRMA	(85,009)	0	(85,009)	0	(85,009)
	MBASIA	(17,104)	0	(17,104)	0	(17,104)
	MPA	(87,607)	0	(87,607)	0	(87,607)
	PARSAC	(54,605)	0	(54,605)	0	(54,605)
	VCJPA	(9,785)	0	(9,785)	0	(9,785)
	PERMA*	0	0	0	0	0
Total	<u>(345,758)</u>	<u>0</u>	<u>(345,758)</u>	<u>0</u>	<u>(345,758)</u>	
2005/2006	BCJPIA	(101,028)	0	(101,028)	0	(101,028)
	CSJVRMA	(98,317)	0	(98,317)	0	(98,317)
	MBASIA	(15,518)	0	(15,518)	0	(15,518)
	MPA	(106,205)	0	(106,205)	0	(106,205)
	PARSAC	(70,517)	0	(70,517)	0	(70,517)
	VCJPA	(15,523)	0	(15,523)	0	(15,523)
	Total	<u>(407,108)</u>	<u>0</u>	<u>(407,108)</u>	<u>0</u>	<u>(407,108)</u>

California Affiliated Risk Management Authorities

~ Member Allocation of Undesignated Pool Equity ~

As of June 30, 2015

Program Year	Member	"Expected" Fund Balance	Additional IBNR at 75% Conf. Level	"70% Conf." Fund Balance	Additional IBNR at 80% Conf. Level	"80% Conf." Fund Balance
2006/2007	BCJPIA	(111,216)	0	(111,216)	0	(111,216)
	CSJVRMA	(139,660)	0	(139,660)	0	(139,660)
	MBASIA	(17,148)	0	(17,148)	0	(17,148)
	MPA	(111,467)	0	(111,467)	0	(111,467)
	PARSAC	(82,372)	0	(82,372)	0	(82,372)
	VCJPA	(20,982)	0	(20,982)	0	(20,982)
	Total		<u>(482,844)</u>	<u>0</u>	<u>(482,844)</u>	<u>0</u>
2007/2008	BCJPIA	188,548	0	188,548	(83,397)	105,151
	CSJVRMA	248,599	0	248,599	(109,960)	138,639
	MBASIA	28,782	0	28,782	(12,731)	16,051
	MPA	205,717	0	205,717	(90,992)	114,725
	PARSAC	162,055	0	162,055	(71,680)	90,376
	VCJPA	35,693	0	35,693	(15,788)	19,905
	Total		<u>869,393</u>	<u>0</u>	<u>869,393</u>	<u>(384,547)</u>
2008/2009	BCJPIA	(200,680)	(43,580)	(244,260)	(197,561)	(398,241)
	CSJVRMA	(250,422)	(54,382)	(304,804)	(246,532)	(496,954)
	MBASIA	(31,097)	(6,753)	(37,850)	(30,614)	(61,711)
	MPA	(220,970)	(47,986)	(268,956)	(217,538)	(438,508)
	PARSAC	(188,448)	(40,924)	(229,372)	(185,521)	(373,969)
	VCJPA	(35,283)	(7,662)	(42,945)	(34,735)	(70,018)
	Total		<u>(926,901)</u>	<u>(201,287)</u>	<u>(1,128,188)</u>	<u>(912,501)</u>
2009/2010	BCJPIA	1,028,662	(80,467)	948,194	(334,574)	694,089
	CSJVRMA	961,782	(75,236)	886,546	(312,821)	648,961
	MBASIA	126,248	(9,876)	116,372	(41,062)	85,186
	MPA	702,456	(54,950)	647,506	(228,475)	473,981
	VCJPA	102,425	(8,012)	94,413	(33,314)	69,111
	PARSAC	0	0	0	0	0
	Total		<u>2,921,573</u>	<u>(228,541)</u>	<u>2,693,032</u>	<u>(950,246)</u>
2010/2011	BCJPIA	(753,659)	(182,041)	(935,700)	(527,918)	(1,281,577)
	CSJVRMA	(562,353)	(135,832)	(698,186)	(393,914)	(956,267)
	MBASIA	(81,295)	(19,636)	(100,931)	(56,945)	(138,239)
	MPA	(541,456)	(130,785)	(672,241)	(379,276)	(920,732)
	VCJPA	(74,071)	(17,891)	(91,962)	(51,885)	(125,956)
	PARSAC	0	0	0	0	0
	Total		<u>(2,012,834)</u>	<u>(486,185)</u>	<u>(2,499,019)</u>	<u>(1,409,937)</u>

California Affiliated Risk Management Authorities

~ Member Allocation of Undesignated Pool Equity ~

As of June 30, 2015

Program Year	Member	"Expected" Fund Balance	Additional IBNR at 75% Conf. Level	"70% Conf." Fund Balance	Additional IBNR at 80% Conf. Level	"80% Conf." Fund Balance
2011/2012	BCJPIA	767,332	(165,170)	602,162	(503,376)	263,957
	CSJVRMA	527,413	(113,527)	413,886	(345,986)	181,427
	MBASIA	89,309	(19,224)	70,085	(58,587)	30,721
	MPA	545,194	(117,354)	427,839	(357,651)	187,543
	VCJPA	80,661	(17,362)	63,298	(52,914)	27,747
	PARSAC	0	0	0	0	0
	Total	<u>2,009,908</u>	<u>(432,638)</u>	<u>1,577,270</u>	<u>(1,318,514)</u>	<u>691,394</u>
2012/2013	BCJPIA	998,114	(158,861)	839,252	(483,491)	514,621
	CSJVRMA	682,314	(108,598)	573,716	(330,516)	351,798
	MBASIA	110,925	(17,655)	93,270	(53,733)	57,193
	MPA	708,581	(112,779)	595,802	(343,240)	365,341
	VCJPA	99,055	(15,766)	83,290	(47,983)	51,073
	PARSAC	0	0	0	0	0
	Total	<u>2,598,990</u>	<u>(413,659)</u>	<u>2,185,331</u>	<u>(1,258,962)</u>	<u>1,340,026</u>
2013/2014	BCJPIA	855,082	(234,076)	621,006	(617,094)	237,989
	CSJVRMA	764,245	(209,210)	555,035	(551,539)	212,706
	MBASIA	112,550	(30,810)	81,740	(81,225)	31,326
	MPA	701,772	(192,108)	509,664	(506,454)	195,319
	VCJPA	100,270	(27,449)	72,822	(72,363)	27,908
	PARSAC	0	0	0	0	0
	Total	<u>2,533,921</u>	<u>(693,653)</u>	<u>1,840,268</u>	<u>(1,828,674)</u>	<u>705,247</u>
2014/2015	BCJPIA	337,047	(267,904)	69,143	(736,735)	(399,688)
	CSJVRMA	313,015	(248,802)	64,213	(684,206)	(371,190)
	MBASIA	55,678	(44,256)	11,422	(121,703)	(66,025)
	MPA	290,361	(230,795)	59,566	(634,688)	(344,326)
	VCJPA	41,727	(33,167)	8,560	(91,210)	(49,483)
	PARSAC	0	0	0	0	0
	Total	<u>1,037,828</u>	<u>(824,924)</u>	<u>212,904</u>	<u>(2,268,541)</u>	<u>(1,230,713)</u>
Total:	BCJPIA	2,944,265	(1,132,099)	1,812,166	(3,484,146)	(539,881)
	CSJVRMA	2,388,212	(945,587)	1,442,625	(2,975,473)	(587,261)
	MBASIA	364,384	(148,210)	216,174	(456,600)	(92,216)
	MPA	2,110,812	(886,758)	1,224,054	(2,758,313)	(647,501)
	PARSAC	(216,293)	(40,924)	(257,217)	(257,201)	(473,494)
	VCJPA	307,761	(127,310)	180,451	(400,191)	(92,430)
	PERMA	0	0	(0)	0	0
Total Equity		<u>7,899,144</u>	<u>(3,280,887)</u>	<u>4,618,254</u>	<u>(10,331,923)</u>	<u>(2,432,779)</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 June 30, 2015

Member	Original Balance @ 7/1/2002	Cumulative Interest 2002/2003 - 2005/2006	2006/2007			2007/2008			Cumulative Interest 2008/2009 - 2012/2013	2013/2014		2014/2015			Balance @ 06/30/15
			Interest as of 9/30/06	Member Contribution / Withdrawal 9/30/06 & 3/31/07 *	Interest from 10/1/06 - 06/30/07	YE Interest as of 6/30/08	Member Withdrawal June 2008	Member Billing 6/30/08**		1/10/14 Member Contribution	YE Interest as of 6/30/14	1/9/15 Member Contribution	YE Interest as of 6/30/15	4/14/15 & 6/16/15 Member Withdrawal	
BCJPIA	380,979	33,811	7,692	445,979 *	31,721	63,690	(970,226)	6,354	0	0	0	0	0	0	(0)
PARSAC	201,011	17,839	4,058	(222,909)	0	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	8,773	306,333	1,945	55,947	4,038	(459,600)	0
CSJVRMA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MBASIA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
MPA	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	610,155	54,150	12,319	286,321	35,201	70,679	(992,616)	6,354	8,773	306,333	1,945	55,947	4,038	(459,600)	(0)

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. After 6/30/2015, CARMA's Rate Stabilization Fund has a zero balance and will no longer be included in the 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


California Affiliated Risk Management Authorities
Treasurer's Report
As of June 30, 2015

	Book Value	Market Value	% of Total	Effective Yield
California Bank & Trust – General Operating	2,249	2,249	0.01%	0.00%
State of California Local Agency Investment Fund	4,350,536	4,352,172	13.96%	0.30%
CAMP - Money Market	80,985	80,985	0.26%	0.09%
CAMP - Investments managed by PFM	26,716,720	26,750,711	85.78%	1.10%
Total Cash and Investments	\$ 31,150,490	\$ 31,186,117	100.00%	0.99%

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

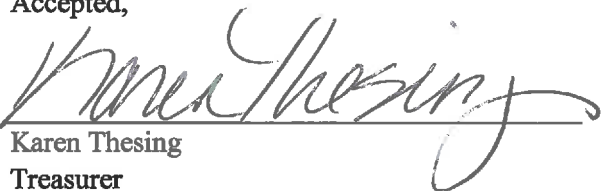
I certify that this report reflects all cash and investments and is in conformance with the Agency's Investment Policy. The investment program herein shown provides sufficient cash flow liquidity to meet the Agency's expenditures for the next six months.

Respectfully submitted,



Nancy Broadhurst
Assistant Treasurer

Accepted,



Karen Thesing
Treasurer



Account Statement - Transaction Summary

For the Month Ending **June 30, 2015**

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES - CARMA - 615-00

CAMP Pool	
Opening Market Value	44,866.49
Purchases	565,542.34
Redemptions	(529,423.52)
Unsettled Trades	0.00
Change in Value	0.00

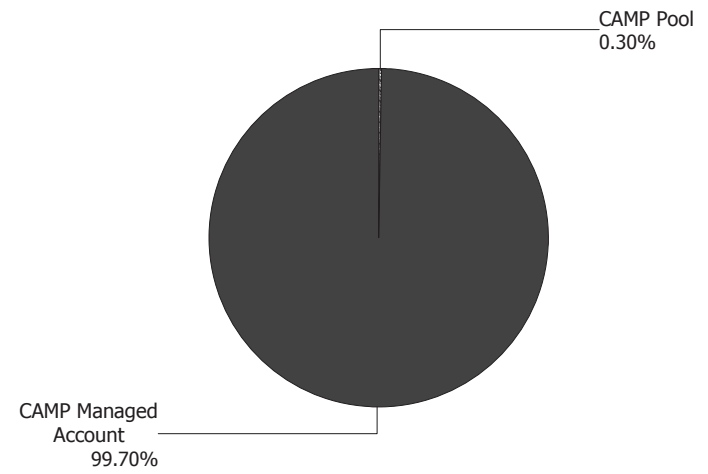
Closing Market Value	\$80,985.31
Cash Dividends and Income	5.53

CAMP Managed Account	
Opening Market Value	26,803,422.67
Purchases	525,000.00
Redemptions	(517,929.69)
Unsettled Trades	0.00
Change in Value	(59,781.98)

Closing Market Value	\$26,750,711.00
Cash Dividends and Income	13,708.68

Asset Summary		
	June 30, 2015	May 31, 2015
CAMP Pool	80,985.31	44,866.49
CAMP Managed Account	26,750,711.00	26,803,422.67
Total	\$26,831,696.31	\$26,848,289.16

Asset Allocation





Managed Account Detail of Securities Held

For the Month Ending **June 30, 2015**

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

Security Type/Description	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury Bond / Note											
US TREASURY NOTES DTD 06/02/2014 0.375% 05/31/2016	912828WM8	675,000.00	AA+	Aaa	06/02/14	06/03/14	674,894.53	0.38	214.40	674,951.45	675,474.53
US TREASURY NOTES DTD 06/30/2011 1.500% 06/30/2016	912828QR4	250,000.00	AA+	Aaa	01/15/15	01/15/15	254,287.11	0.32	10.19	252,933.52	252,890.50
US TREASURY NOTES DTD 11/30/2011 0.875% 11/30/2016	912828RU6	1,500,000.00	AA+	Aaa	10/31/13	11/01/13	1,511,601.56	0.62	1,111.68	1,505,360.13	1,508,788.50
US TREASURY NOTES DTD 11/30/2011 0.875% 11/30/2016	912828RU6	1,800,000.00	AA+	Aaa	11/27/13	12/03/13	1,815,468.75	0.58	1,334.02	1,807,350.98	1,810,546.20
US TREASURY NOTES DTD 05/31/2012 0.625% 05/31/2017	912828SY7	1,300,000.00	AA+	Aaa	06/02/14	06/03/14	1,292,789.06	0.81	688.18	1,295,363.98	1,299,797.20
US TREASURY NOTES DTD 07/31/2012 0.500% 07/31/2017	912828TG5	570,000.00	AA+	Aaa	02/06/15	02/10/15	565,235.16	0.84	1,188.81	565,979.63	567,995.88
US TREASURY NOTES DTD 11/30/2012 0.625% 11/30/2017	912828UA6	100,000.00	AA+	Aaa	07/02/14	07/07/14	98,269.53	1.15	52.94	98,763.63	99,570.30
US TREASURY NOTES DTD 11/30/2012 0.625% 11/30/2017	912828UA6	250,000.00	AA+	Aaa	07/29/14	07/31/14	245,400.39	1.19	132.34	246,649.74	248,925.75
US TREASURY NOTES DTD 04/30/2013 0.625% 04/30/2018	912828UZ1	250,000.00	AA+	Aaa	07/29/14	07/31/14	243,271.48	1.36	263.25	244,889.09	247,754.00
US TREASURY NOTES DTD 04/30/2013 0.625% 04/30/2018	912828UZ1	525,000.00	AA+	Aaa	07/02/14	07/07/14	511,300.78	1.33	552.82	514,769.23	520,283.40
US TREASURY NOTES DTD 07/31/2013 1.375% 07/31/2018	912828VO0	625,000.00	AA+	Aaa	02/02/15	02/04/15	634,716.80	0.92	3,584.69	633,601.56	631,250.00
US TREASURY NOTES DTD 12/02/2013 1.250% 11/30/2018	912828A34	70,000.00	AA+	Aaa	07/29/14	07/31/14	69,111.33	1.55	74.11	69,295.01	70,175.00
US TREASURY NOTES DTD 12/02/2013 1.250% 11/30/2018	912828A34	525,000.00	AA+	Aaa	07/02/14	07/07/14	518,622.07	1.54	555.84	520,013.11	526,312.50
US TREASURY NOTES DTD 12/31/2013 1.500% 12/31/2018	912828A75	400,000.00	AA+	Aaa	12/29/14	12/31/14	399,609.38	1.53	16.30	399,657.18	403,937.60



Managed Account Detail of Securities Held

For the Month Ending **June 30, 2015**

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 01/31/2014 1.500% 01/31/2019	912828B33	675,000.00	AA+	Aaa	07/29/14	07/31/14	671,862.30	1.61	4,223.41	672,483.76	681,170.18
US TREASURY NOTES DTD 03/31/2014 1.625% 03/31/2019	912828C65	100,000.00	AA+	Aaa	09/02/14	09/04/14	100,109.38	1.60	408.47	100,090.60	101,195.30
US TREASURY NOTES DTD 10/01/2012 1.000% 09/30/2019	912828TR1	315,000.00	AA+	Aaa	02/26/15	02/27/15	309,130.66	1.42	791.80	309,553.07	309,118.32
US TREASURY NOTES DTD 09/30/2014 1.750% 09/30/2019	912828F39	325,000.00	AA+	Aaa	03/26/15	03/27/15	330,040.04	1.39	1,429.64	329,755.22	328,910.08
US TREASURY NOTES DTD 11/30/2012 1.000% 11/30/2019	912828UB4	650,000.00	AA+	Aaa	05/28/15	05/29/15	637,457.03	1.44	550.55	637,701.04	635,781.25
Security Type Sub-Total		10,905,000.00					10,883,177.34	0.96	17,183.44	10,879,161.93	10,919,876.49
Municipal Bond / Note											
CA ST DEPT OF WATER TXBL REV BONDS DTD 09/27/2012 0.650% 12/01/2015	13066KX87	165,000.00	AAA	Aa1	09/19/12	09/27/12	165,000.00	0.65	89.38	165,000.00	165,178.20
ORANGE CNTY, CA TXBL REV PO BONDS DTD 01/13/2015 0.780% 05/02/2016	68428LDJ0	330,000.00	AA-	NR	01/09/15	01/13/15	330,000.00	0.78	1,201.20	330,000.00	330,778.80
UNIV OF CAL TXBL REV BONDS DTD 10/02/2013 0.907% 05/15/2016	91412GSX4	45,000.00	AA	Aa2	09/26/13	10/02/13	45,000.00	0.91	52.15	45,000.00	45,132.75
UNIV OF CAL TXBL REV BONDS DTD 03/14/2013 0.659% 05/15/2016	91412GPX7	100,000.00	AA	Aa2	02/28/13	03/14/13	100,000.00	0.66	84.21	100,000.00	100,061.00
CT ST TXBL GO BONDS DTD 03/25/2015 1.974% 03/15/2019	20772JZK1	150,000.00	AA	Aa3	03/16/15	03/25/15	150,421.50	1.90	789.60	150,393.95	151,312.50
Security Type Sub-Total		790,000.00					790,421.50	0.96	2,216.54	790,393.95	792,463.25
Federal Agency Bond / Note											
FANNIE MAE GLOBAL NOTES DTD 02/15/2013 0.500% 03/30/2016	3135GOVA8	240,000.00	AA+	Aaa	02/14/13	02/15/13	239,726.40	0.54	303.33	239,934.14	240,332.88



Managed Account Detail of Securities Held

For the Month Ending **June 30, 2015**

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
Federal Agency Bond / Note											
FHLB NOTES DTD 08/07/2014 0.500% 09/28/2016	3130A2T97	710,000.00	AA+	Aaa	08/06/14	08/07/14	708,402.50	0.61	917.08	709,071.13	710,168.27
FREDDIE MAC GLOBAL NOTES DTD 06/25/2012 1.000% 07/28/2017	3137EADJ5	605,000.00	AA+	Aaa	08/12/14	08/14/14	604,959.47	1.00	2,571.25	604,971.86	607,817.49
FANNIE MAE GLOBAL NOTES DTD 10/01/2013 1.625% 11/27/2018	3135G0YT4	665,000.00	AA+	Aaa	10/22/14	10/23/14	671,317.50	1.39	1,020.59	670,281.40	673,047.17
FREDDIE MAC NOTES DTD 04/16/2012 1.750% 05/30/2019	3137EADG1	225,000.00	AA+	Aaa	12/01/14	12/03/14	227,556.00	1.49	339.06	227,236.63	227,448.45
Security Type Sub-Total		2,445,000.00					2,451,961.87	0.99	5,151.31	2,451,495.16	2,458,814.26
Corporate Note											
JPMORGAN CHASE & CO GLOBAL NOTES DTD 10/18/2012 1.100% 10/15/2015	46623EJR1	150,000.00	A	A3	10/15/12	10/18/12	149,938.50	1.11	348.33	149,993.97	150,135.90
PEPSICO INC GLOBAL NOTES DTD 02/28/2013 0.700% 02/26/2016	713448CE6	170,000.00	A	A1	02/25/13	02/28/13	169,940.50	0.71	413.19	169,986.90	170,103.53
WELLS FARGO & COMPANY DTD 07/29/2013 1.250% 07/20/2016	94974BFL9	330,000.00	A+	A2	07/22/13	07/29/13	329,683.20	1.28	1,844.79	329,886.42	331,398.54
BERKSHIRE HATHAWAY FIN GLOBAL NOTES DTD 08/15/2013 0.950% 08/15/2016	084664BX8	300,000.00	AA	Aa2	08/06/13	08/15/13	299,841.00	0.97	1,076.67	299,939.99	300,629.70
JPMORGAN CHASE & CO DTD 02/18/2014 1.350% 02/15/2017	46623EJY6	400,000.00	A	A3	02/12/14	02/18/14	399,800.00	1.37	2,040.00	399,890.48	400,349.20
PEPSICO CORP NOTES DTD 02/28/2014 0.950% 02/22/2017	713448CL0	500,000.00	A	A1	02/25/14	02/28/14	499,430.00	0.99	1,702.08	499,683.60	499,960.50
CISCO SYSTEMS INC GLOBAL NOTES DTD 03/03/2014 1.100% 03/03/2017	17275RAT9	335,000.00	AA-	A1	02/24/14	03/03/14	334,979.90	1.10	1,207.86	334,988.72	336,183.89
APPLE INC CORP NOTE DTD 05/06/2014 1.050% 05/05/2017	037833AM2	675,000.00	AA+	Aa1	04/29/14	05/06/14	674,642.25	1.07	1,082.81	674,778.55	677,019.60
JOHN DEERE CAPITAL CORP NOTES DTD 06/12/2014 1.125% 06/12/2017	24422ESN0	425,000.00	A	A2	06/09/14	06/12/14	424,800.25	1.14	252.34	424,869.58	425,285.18



Managed Account Detail of Securities Held

For the Month Ending **June 30, 2015**

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

Security Type/Description	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate Note											
HSBC USA INC DTD 06/23/2014 1.300% 06/23/2017	40434CAA3	225,000.00	A	A2	06/16/14	06/23/14	224,658.00	1.35	65.00	224,772.99	224,892.23
CATERPILLAR FINANCIAL SE DTD 08/20/2014 1.250% 08/18/2017	14912L6D8	295,000.00	A	A2	08/13/14	08/20/14	294,852.50	1.27	1,362.33	294,894.45	295,461.97
AMERICAN EXPRESS CREDIT CORP NOTES DTD 09/23/2014 1.550% 09/22/2017	0258M0DR7	145,000.00	A-	A2	09/18/14	09/23/14	144,805.70	1.60	618.06	144,854.89	145,472.41
TOYOTA MOTOR CREDIT CORP NOTE DTD 01/12/2015 1.450% 01/12/2018	89236TCA1	175,000.00	AA-	Aa3	01/07/15	01/12/15	174,760.25	1.50	1,191.22	174,797.07	175,168.35
IBM CORP NOTES DTD 02/06/2015 1.125% 02/06/2018	459200HZ7	675,000.00	AA-	Aa3	02/03/15	02/06/15	672,941.25	1.23	3,058.59	673,213.44	670,713.75
EXXON MOBIL CORP NOTES DTD 03/06/2015 1.305% 03/06/2018	30231GAL6	525,000.00	AAA	Aaa	03/04/15	03/06/15	525,000.00	1.31	2,188.59	525,000.00	524,573.70
BANK OF NEW YORK MELLON CORP DTD 05/29/2015 1.600% 05/22/2018	06406HDB2	525,000.00	A+	A1	05/22/15	05/29/15	524,952.75	1.60	746.67	524,954.04	524,690.25
CISCO SYSTEMS INC GLOBAL NOTES DTD 03/03/2014 2.125% 03/01/2019	17275RAR3	245,000.00	AA-	A1	08/29/14	09/04/14	247,327.50	1.90	1,735.42	246,914.61	246,703.73
AMERICAN HONDA FINANCE GLOBAL NOTES DTD 09/09/2014 2.250% 08/15/2019	02665WAH4	525,000.00	A+	A1	09/04/14	09/09/14	524,028.75	2.29	4,462.50	524,177.89	528,561.60
GENERAL ELECTRIC CAP CORP NOTES DTD 01/08/2010 5.500% 01/08/2020	36962G4J0	450,000.00	AA+	A1	03/20/15	03/25/15	520,348.50	2.05	11,893.75	516,620.05	510,129.00
WELLS FARGO & CO DTD 02/02/2015 2.150% 01/30/2020	94974BGF1	225,000.00	A+	A2	02/02/15	02/05/15	226,572.75	2.00	2,002.19	226,450.53	222,852.15
TOYOTA MOTOR CORP NOTES DTD 03/12/2015 2.150% 03/12/2020	89236TCF0	175,000.00	AA-	Aa3	03/23/15	03/27/15	176,554.00	1.96	1,139.20	176,476.07	174,946.28
ABBOTT LABORATORIES DTD 03/10/2015 2.000% 03/15/2020	002824AZ3	375,000.00	A+	A2	03/24/15	03/27/15	377,478.75	1.86	2,312.50	377,354.80	372,138.75
Security Type Sub-Total		7,845,000.00					7,917,336.30	1.44	42,744.09	7,914,499.04	7,907,370.21



Managed Account Detail of Securities Held

For the Month Ending **June 30, 2015**

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

Security Type/Description	Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Certificate of Deposit												
WESTPAC BANKING CORP NY LT FLOAT CD DTD 04/17/2014 0.455% 04/15/2016		96121TWF1	550,000.00	AA-	Aa2	04/16/14	04/17/14	550,000.00	0.41	535.61	550,000.00	550,332.75
BANK OF NOVA SCOTIA HOUS CD FLOAT DTD 06/13/2014 0.462% 06/10/2016		06417HMU7	550,000.00	A+	Aa2	06/11/14	06/13/14	549,667.80	0.28	148.29	549,842.57	549,913.10
GOLDMAN SACHS BANK USA CD DTD 08/19/2014 0.900% 08/12/2016		38147J2L5	525,000.00	A-1	P-1	08/14/14	08/19/14	525,000.00	0.90	1,708.77	525,000.00	525,979.13
HSBC BANK USA NA CD DTD 02/13/2015 0.880% 08/15/2016		40428AC54	400,000.00	A-1+	P-1	02/11/15	02/13/15	400,000.00	0.88	1,349.33	400,000.00	400,250.00
CANADIAN IMPERIAL BANK NY YCD DTD 04/10/2015 1.010% 04/06/2017		13606JYY9	525,000.00	A-1	P-1	04/06/15	04/10/15	525,000.00	1.01	1,193.06	525,000.00	524,133.75
RABOBANK NEDERLAND NV CERT DEPOS DTD 04/27/2015 1.070% 04/21/2017		21684BXH2	550,000.00	A-1	P-1	04/22/15	04/27/15	550,000.00	1.07	1,046.22	550,000.00	548,383.00
NORDEA BANK FINLAND NY CD DTD 05/29/2015 1.150% 05/26/2017		65558LFA5	525,000.00	AA-	Aa3	05/27/15	05/29/15	525,000.00	1.15	553.44	525,000.00	523,490.63
TORONTO DOMINION BANK NY YCD DTD 06/19/2015 1.240% 06/16/2017		89113ESN7	525,000.00	AA-	Aa1	06/16/15	06/19/15	525,000.00	1.25	217.00	525,000.00	524,997.38
US BANK NA CINCINNATI (CALLABLE) CD DTD 09/11/2014 1.375% 09/11/2017		90333VPF1	525,000.00	AA-	Aa3	09/09/14	09/11/14	524,154.75	1.41	2,205.73	524,380.72	524,707.05
Security Type Sub-Total			4,675,000.00					4,673,822.55	0.92	8,957.45	4,674,223.29	4,672,186.79
Managed Account Sub-Total			26,660,000.00					26,716,719.56	1.10	76,252.83	26,709,773.37	26,750,711.00
Money Market Fund												
CAMP Pool			80,985.31	AAAm	NR			80,985.31		0.00	80,985.31	80,985.31
Money Market Sub-Total			80,985.31					80,985.31		0.00	80,985.31	80,985.31



Managed Account Detail of Securities Held

For the Month Ending **June 30, 2015**

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

Securities Sub-Total	\$26,740,985.31	\$26,797,704.87	1.10%	\$76,252.83	\$26,790,758.68	\$26,831,696.31
Accrued Interest						\$76,252.83
Total Investments						\$26,907,949.14



Managed Account Security Transactions & Interest

For the Month Ending **June 30, 2015**

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										
06/16/15	06/19/15	TORONTO DOMINION BANK NY YCD DTD 06/19/2015 1.240% 06/16/2017	89113ESN7	525,000.00	(525,000.00)	0.00	(525,000.00)			
Transaction Type Sub-Total				525,000.00	(525,000.00)	0.00	(525,000.00)			
INTEREST										
06/01/15	06/01/15	CA ST DEPT OF WATER TXBL REV BONDS DTD 09/27/2012 0.650% 12/01/2015	13066KX87	165,000.00	0.00	536.25	536.25			
06/10/15	06/10/15	BANK OF NOVA SCOTIA HOUS CD FLOAT DTD 06/13/2014 0.462% 06/10/2016	06417HMU7	550,000.00	0.00	624.91	624.91			
06/12/15	06/12/15	JOHN DEERE CAPITAL CORP NOTES DTD 06/12/2014 1.125% 06/12/2017	24422ESN0	425,000.00	0.00	2,390.63	2,390.63			
06/23/15	06/23/15	HSBC USA INC DTD 06/23/2014 1.300% 06/23/2017	40434CAA3	225,000.00	0.00	1,462.50	1,462.50			
06/30/15	06/30/15	US TREASURY NOTES DTD 12/31/2013 1.500% 12/31/2018	912828A75	400,000.00	0.00	3,000.00	3,000.00			
06/30/15	06/30/15	US TREASURY NOTES DTD 06/30/2011 1.500% 06/30/2016	912828QR4	250,000.00	0.00	1,875.00	1,875.00			
Transaction Type Sub-Total				2,015,000.00	0.00	9,889.29	9,889.29			
SELL										
06/16/15	06/19/15	US TREASURY NOTES DTD 06/30/2010 2.500% 06/30/2017	912828NK2	500,000.00	517,929.69	5,870.17	523,799.86	(2,050.78)	2,042.46	SPEC LOT
Transaction Type Sub-Total				500,000.00	517,929.69	5,870.17	523,799.86	(2,050.78)	2,042.46	
Managed Account Sub-Total					(7,070.31)	15,759.46	8,689.15	(2,050.78)	2,042.46	
Total Security Transactions					(\$7,070.31)	\$15,759.46	\$8,689.15	(\$2,050.78)	\$2,042.46	



Managed Account Security Transactions & Interest

For the Month Ending **May 31, 2015**

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										
05/22/15	05/29/15	BANK OF NEW YORK MELLON CORP DTD 05/29/2015 1.600% 05/22/2018	06406HDB2	525,000.00	(524,952.75)	0.00	(524,952.75)			
05/27/15	05/29/15	NORDEA BANK FINLAND NY CD DTD 05/29/2015 1.150% 05/26/2017	65558LFA5	525,000.00	(525,000.00)	0.00	(525,000.00)			
05/28/15	05/29/15	US TREASURY NOTES DTD 11/30/2012 1.000% 11/30/2019	912828UB4	650,000.00	(637,457.03)	(3,214.29)	(640,671.32)			

Transaction Type Sub-Total **1,700,000.00** **(1,687,409.78)** **(3,214.29)** **(1,690,624.07)**

INTEREST										
05/06/15	05/06/15	APPLE INC CORP NOTE DTD 05/06/2014 1.050% 05/05/2017	037833AM2	675,000.00	0.00	3,543.75	3,543.75			
05/15/15	05/15/15	UNIV OF CAL TXBL REV BONDS DTD 03/14/2013 0.659% 05/15/2016	91412GPX7	100,000.00	0.00	329.50	329.50			
05/15/15	05/15/15	UNIV OF CAL TXBL REV BONDS DTD 10/02/2013 0.907% 05/15/2016	91412GSX4	45,000.00	0.00	204.08	204.08			
05/27/15	05/27/15	FANNIE MAE GLOBAL NOTES DTD 10/01/2013 1.625% 11/27/2018	3135G0YT4	665,000.00	0.00	5,403.13	5,403.13			
05/30/15	05/30/15	FREDDIE MAC NOTES DTD 04/16/2012 1.750% 05/30/2019	3137EADG1	225,000.00	0.00	1,968.75	1,968.75			
05/31/15	05/31/15	US TREASURY NOTES DTD 11/30/2012 1.000% 11/30/2019	912828UB4	650,000.00	0.00	3,250.00	3,250.00			
05/31/15	05/31/15	US TREASURY NOTES DTD 06/02/2014 0.375% 05/31/2016	912828WM8	675,000.00	0.00	1,265.63	1,265.63			
05/31/15	05/31/15	US TREASURY NOTES DTD 12/02/2013 1.250% 11/30/2018	912828A34	525,000.00	0.00	3,281.25	3,281.25			
05/31/15	05/31/15	US TREASURY NOTES DTD 11/30/2011 0.875% 11/30/2016	912828RU6	1,500,000.00	0.00	6,562.50	6,562.50			
05/31/15	05/31/15	US TREASURY NOTES DTD 12/02/2013 1.250% 11/30/2018	912828A34	70,000.00	0.00	437.50	437.50			
05/31/15	05/31/15	US TREASURY NOTES DTD 11/30/2012 0.625% 11/30/2017	912828UA6	100,000.00	0.00	312.50	312.50			
05/31/15	05/31/15	US TREASURY NOTES DTD 11/30/2012 0.625% 11/30/2017	912828UA6	250,000.00	0.00	781.25	781.25			



Managed Account Security Transactions & Interest

For the Month Ending **May 31, 2015**

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

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
INTEREST										
05/31/15	05/31/15	US TREASURY NOTES DTD 05/31/2012 0.625% 05/31/2017	912828SY7	1,300,000.00	0.00	4,062.50	4,062.50			
05/31/15	05/31/15	US TREASURY NOTES DTD 11/30/2011 0.875% 11/30/2016	912828RU6	1,800,000.00	0.00	7,875.00	7,875.00			
Transaction Type Sub-Total				8,580,000.00	0.00	39,277.34	39,277.34			
SELL										
05/22/15	05/29/15	BANK OF NEW YORK MELLON (CALLABLE) DTD 03/06/2013 0.700% 03/04/2016	06406HCG2	200,000.00	200,280.00	330.55	200,610.55	398.00	310.34	SPEC LOT
05/22/15	05/29/15	BANK OF NEW YORK MELLON (CALLABLE) DTD 03/06/2013 0.700% 03/04/2016	06406HCG2	150,000.00	150,210.00	247.92	150,457.92	298.50	232.75	SPEC LOT
05/26/15	05/29/15	BANK OF NEW YORK MELLON (CALLABLE) DTD 10/25/2012 0.700% 10/23/2015	06406HCD9	125,000.00	125,113.75	87.50	125,201.25	242.50	131.11	SPEC LOT
05/27/15	05/29/15	FANNIE MAE GLOBAL NOTES DTD 02/15/2013 0.500% 03/30/2016	3135G0VA8	100,000.00	100,176.00	81.94	100,257.94	290.00	206.70	SPEC LOT
05/27/15	05/29/15	US TREASURY NOTES DTD 11/01/2010 1.250% 10/31/2015	912828PE4	450,000.00	452,214.84	443.27	452,658.11	(6,082.03)	541.91	SPEC LOT
05/28/15	05/29/15	FHLB (EX-CALLABLE) GLOBAL NOTES DTD 12/30/2013 0.375% 12/30/2015	3130A0GK0	625,000.00	625,587.50	970.05	626,557.55	775.00	642.59	SPEC LOT
Transaction Type Sub-Total				1,650,000.00	1,653,582.09	2,161.23	1,655,743.32	(4,078.03)	2,065.40	
Managed Account Sub-Total						(33,827.69)	38,224.28	4,396.59	(4,078.03)	2,065.40
Total Security Transactions						(\$33,827.69)	\$38,224.28	\$4,396.59	(\$4,078.03)	\$2,065.40



Managed Account Security Transactions & Interest

For the Month Ending **April 30, 2015**

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										
04/06/15	04/10/15	CANADIAN IMPERIAL BANK NY YCD DTD 04/10/2015 1.010% 04/06/2017	13606JYY9	525,000.00	(525,000.00)	0.00	(525,000.00)			
04/22/15	04/27/15	RABOBANK NEDERLAND NV CERT DEPOS DTD 04/27/2015 1.070% 04/21/2017	21684BXH2	550,000.00	(550,000.00)	0.00	(550,000.00)			
Transaction Type Sub-Total				1,075,000.00	(1,075,000.00)	0.00	(1,075,000.00)			
INTEREST										
04/15/15	04/15/15	WESTPAC BANKING CORP NY LT FLOAT CD DTD 04/17/2014 0.455% 04/15/2016	96121TWF1	550,000.00	0.00	595.79	595.79			
04/15/15	04/15/15	JPMORGAN CHASE & CO GLOBAL NOTES DTD 10/18/2012 1.100% 10/15/2015	46623EJR1	150,000.00	0.00	825.00	825.00			
04/23/15	04/23/15	BANK OF NEW YORK MELLON (CALLABLE) DTD 10/25/2012 0.700% 10/23/2015	06406HCD9	125,000.00	0.00	437.50	437.50			
04/30/15	04/30/15	US TREASURY NOTES DTD 04/30/2013 0.625% 04/30/2018	912828UZ1	525,000.00	0.00	1,640.63	1,640.63			
04/30/15	04/30/15	US TREASURY NOTES DTD 04/30/2013 0.625% 04/30/2018	912828UZ1	250,000.00	0.00	781.25	781.25			
04/30/15	04/30/15	US TREASURY NOTES DTD 11/01/2010 1.250% 10/31/2015	912828PE4	450,000.00	0.00	2,812.50	2,812.50			
Transaction Type Sub-Total				2,050,000.00	0.00	7,092.67	7,092.67			
SELL										
04/06/15	04/10/15	US TREASURY NOTES DTD 12/31/2009 3.250% 12/31/2016	912828MD9	525,000.00	550,245.12	4,713.40	554,958.52	(4,819.33)	1,196.48	SPEC LOT
04/22/15	04/27/15	RABOBANK NEDERLAND NV NY CD DTD 05/13/2014 0.716% 05/06/2016	21684BPV0	550,000.00	550,742.50	1,871.20	552,613.70	742.50	742.50	SPEC LOT
Transaction Type Sub-Total				1,075,000.00	1,100,987.62	6,584.60	1,107,572.22	(4,076.83)	1,938.98	



Managed Account Security Transactions & Interest

For the Month Ending **April 30, 2015**

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									
Managed Account Sub-Total					25,987.62	13,677.27	39,664.89	(4,076.83)	1,938.98	
Total Security Transactions					\$25,987.62	\$13,677.27	\$39,664.89	(\$4,076.83)	\$1,938.98	

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

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

July 09, 2015

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

June 2015 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
6/19/2015	6/18/2015	RW	1470183	NANCY BROADHURST	-265,000.00

Account Summary

Total Deposit:	0.00	Beginning Balance:	4,615,536.31
Total Withdrawal:	-265,000.00	Ending Balance:	4,350,536.31

CARMA
LAIF Fair Market Valuation
6/30/2015

LAIF Statement Balance		<u>\$4,350,536.31</u>
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FAIR VALUE FACTOR:		
Performance Rate as of:	6/30/2015	1.000375979

Market Value		<u>\$4,352,172.02</u>
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LAIF Market Value as of:	6/30/2015	\$1,635.71
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BETTY T. YEE

California State Controller

LOCAL AGENCY INVESTMENT FUND
REMITTANCE ADVICE

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

As of 07/15/2015, your Local Agency Investment Fund account has been directly credited with the interest earned on your deposits for the quarter ending 06/30/2015.

Earnings Ratio	.00000776875573384
Interest Rate	0.28%
Dollar Day Total	\$ 425,716,731.25
Quarter End Principal Balance	\$ 4,350,536.31
Quarterly Interest Earned	\$ 3,307.29



**JOHN CHIANG
TREASURER
STATE OF CALIFORNIA**



PMIA Performance Report

Date	Daily Yield*	Quarter to Date Yield	Average Maturity (in days)
07/02/15	0.32	0.32	245
07/03/15	0.32	0.32	244
07/04/15	0.32	0.32	244
07/05/15	0.32	0.32	244
07/06/15	0.32	0.32	243
07/07/15	0.32	0.32	240
07/08/15	0.32	0.32	239
07/09/15	0.32	0.32	238
07/10/15	0.32	0.32	239
07/11/15	0.32	0.32	239
07/12/15	0.32	0.32	239
07/13/15	0.32	0.32	238
07/14/15	0.32	0.32	237
07/15/15	0.32	0.32	238

*Daily yield does not reflect capital gains or losses

LAIF Performance Report

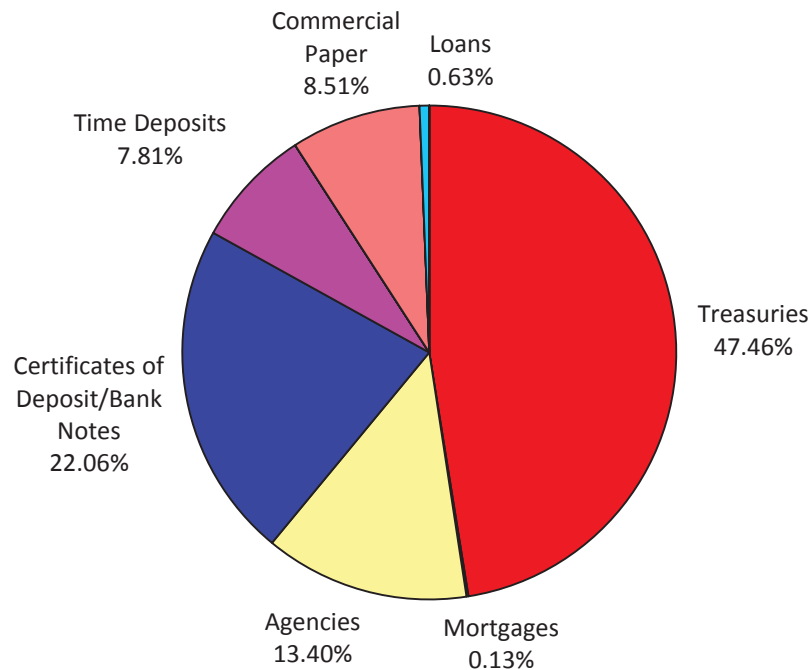
Quarter Ending 06/30/15

Apportionment Rate: 0.28%
 Earnings Ratio: 0.00000776875573384
 Fair Value Factor: 1.000375979
 Daily: 0.31%
 Quarter to Date: 0.29%
 Average Life: 239

PMIA Average Monthly Effective Yields

JUN 2015 0.299%
 MAY 2015 0.290%
 APR 2015 0.283%

**Pooled Money Investment Account
Portfolio Composition
\$69.6 billion
6/30/15**





**State of California
Pooled Money Investment Account
Market Valuation
6/30/2015**

Description	Carrying Cost Plus		Fair Value	Accrued Interest
	Accrued Interest	Purch.		
United States Treasury:				
Bills	\$ 12,478,798,026.25	\$ 12,486,334,849.86	\$ 12,490,802,500.00	NA
Notes	\$ 20,558,752,232.85	\$ 20,555,536,741.39	\$ 20,580,129,500.00	\$ 21,455,182.50
Federal Agency:				
SBA	\$ 585,671,321.30	\$ 585,666,243.58	\$ 581,898,249.19	\$ 515,761.93
MBS-REMICs	\$ 88,086,151.74	\$ 88,086,151.74	\$ 94,368,771.34	\$ 419,094.47
Debentures	\$ 1,356,989,977.45	\$ 1,356,980,116.34	\$ 1,357,742,600.00	\$ 3,825,064.96
Debentures FR	\$ -	\$ -	\$ -	\$ -
Discount Notes	\$ 6,937,478,493.01	\$ 6,939,792,520.75	\$ 6,941,176,500.00	NA
GNMA	\$ -	\$ -	\$ -	\$ -
Supranational Debenture	\$ 450,178,265.15	\$ 450,178,265.15	\$ 450,788,000.00	\$ 759,031.50
CDs and YCDs FR	\$ -	\$ -	\$ -	\$ -
Bank Notes	\$ 700,000,000.00	\$ 700,000,000.00	\$ 699,897,195.93	\$ 433,666.67
CDs and YCDs	\$ 14,650,014,748.62	\$ 14,650,014,748.62	\$ 14,642,625,872.59	\$ 4,375,027.76
Commercial Paper	\$ 5,921,030,472.27	\$ 5,922,910,944.52	\$ 5,922,245,201.40	NA
Corporate:				
Bonds FR	\$ -	\$ -	\$ -	\$ -
Bonds	\$ -	\$ -	\$ -	\$ -
Repurchase Agreements	\$ -	\$ -	\$ -	\$ -
Reverse Repurchase	\$ -	\$ -	\$ -	\$ -
Time Deposits	\$ 5,437,540,000.00	\$ 5,437,540,000.00	\$ 5,437,540,000.00	NA
AB 55 & GF Loans	\$ 441,948,027.07	\$ 441,948,027.07	\$ 441,948,027.07	NA
TOTAL	\$ 69,606,487,715.71	\$ 69,614,988,609.02	\$ 69,641,162,417.52	\$ 31,782,829.79

Fair Value Including Accrued Interest \$ 69,672,945,247.31

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 **(1.000375979)**.
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 \$20,007,519.59 or \$20,000,000.00 x **1.000375979**.

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

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

June 02, 2015

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

May 2015 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
5/14/2015	5/13/2015	RW	1467752	NANCY BROADHURST	-50,000.00

Account Summary

Total Deposit:	0.00	Beginning Balance:	4,665,536.31
Total Withdrawal:	-50,000.00	Ending Balance:	4,615,536.31

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

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

May 04, 2015

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

April 2015 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
4/15/2015	4/14/2015	RW	1465695	NANCY BROADHURST	-485,000.00
4/15/2015	4/14/2015	QRD	1463851	SYSTEM	4,076.64

Account Summary

Total Deposit:	4,076.64	Beginning Balance:	5,146,459.67
Total Withdrawal:	-485,000.00	Ending Balance:	4,665,536.31

August 5, 2015

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

CARMA 2015/2016 Liability Renewal – Alliant Underwriting Fees Annual Disclosure

Dear Rob:

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

As you are aware, CARMA continues to purchase a portion of its liability coverage through the Alliant National Municipal Liability Program (ANML) currently placed with AmTrust. As your retail broker, Alliant earned a fee of \$72,828 from CARMA documented in our Broker/Consultant Agreement. *This fee is equal to a 3.94% commission rate on the placement of all policy limits.* The Underwriting Services Fee earned by Alliant Underwriting Services for CARMA's participation in ANML for the 15/16 program year was 5.83%, or \$68,575.

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

Sincerely,



Seth Cole, ARM
Senior Vice President
Alliant Insurance Services, Inc.
(415) 403-1419
scole@alliant.com

Encl.

cc: Michael Simmons, Vice Chairman – Public Entities



June 23, 2015

Rob Kramer, JD, MBA, ARM
Executive Vice President
Bickmore Risk Services
1750 Creekside Oaks Drive, Suite 200
Sacramento, CA 95833

Line of Coverage: CARMA / Alliant Municipal Liability Program (ANML)
Effective Date: July 1, 2015

Dear Rob,

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

In addition to the agreed-to fees that Alliant will receive on this placement, Alliant Underwriting Services will also receive additional compensation from the carrier for providing Underwriting services equal to 5.83%. A fee of \$0 has been included on your invoice for Loss Control, Engineering, Appraisal and/or HR services provided by Alliant Business Services.

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

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

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

For additional information please send a written request to:

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

ADMINISTRATIVE MATTERS

SUBJECT: Recap of Excess Coverage Renewal and AmTrust Proposed Coverage Renewal

BACKGROUND AND STATUS:

Mr. Seth Cole, Alliant Insurance Services, Inc. will be present to discuss the excess coverage renewal with the Board.

The Board will be asked to review and consider the proposal from AmTrust to enter into a rate guarantee for the next two years for the \$10 million excess of \$4 million reinsurance layer. This rate stabilization plan would have certain conditions that Mr. Seth Cole will explain.

RECOMMENDATION:

Consider the proposal from AmTrust to enter into a two-year rate stabilization plan.

REFERENCE MATERIALS ATTACHED:

- Letter Regarding CARMA 2015/2016 Liability Rate Stabilization Plan
- Reinsurance Binder Confirmation from AmTrust Reinsurance
- Excess Binder Confirmation from Colony National Insurance Company

September 2, 2015

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

CARMA 2015/16 Liability Rate Stabilization Plan

Dear Rob:

CARMA's liability reinsurance layer (\$10 million xs \$4 million) renewed with AmTrust effective July 1, 2015 - July 1, 2016. AmTrust has offered a Rate Stabilization Plan (2-year premium guarantee) for the current policy term where the FY 16/17 renewal premium would be flat, subject to the terms of the Rate Stabilization Plan attached to this letter.

We would like to point out that Agreement Conditions (D.a.) in the Rate Stabilization Plan requires "The program structure including program limits, program attachments, and financial terms and conditions remains the same for the length of the agreement." CARMA has expressed an interest in exploring a higher SIR for the FY 16/17 renewal. AmTrust agrees that signing the Agreement would not prevent CARMA from pursuing a higher SIR option with AmTrust; however, the premium would of course change if CARMA selected a higher SIR.

The second layer excess with Colony (\$15 million xs \$14 million) would not be impacted by the Rate Stabilization Plan.

I look forward to discussing this with you and the Board at the September meeting. Please let me know if you have any questions in the meantime.

Sincerely,



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

cc: Michael Simmons, Vice Chairman – Public Entities



AmTrust Underwriters
An AmTrust Financial Company

California Affiliated Risk Management Authorities (CARMA) 2015/2016 Rate Stabilization Plan

This agreement is made this ___ day of _____, 2015 by and between Wesco Insurance Company and The California Affiliated Risk Management Authorities (CARMA).

CARMA agrees to have Wesco Insurance Company provide Reinsurance of The California Affiliated Risk Management Authorities Liability Program and Wesco Insurance Company agrees to provide such reinsurance, according to the terms and subject to the conditions herein and in the Reinsurance Contract issued by Wesco Insurance Company. In no way shall this agreement alter or modify the Reinsurance Contract issued by Wesco for CARMA and to the extent that any provision of this agreement shall be inconsistent with any provision of the Reinsurance Contract, then the provision of the Reinsurance Contract shall control and such inconsistent provisions shall be deemed amended, so that, as amended, such provisions shall be consistent with the provisions of the Reinsurance Contract.

Terms and Conditions

- A. Length of Agreement
Wesco Insurance Company and CARMA agree to a Two-Year program, consisting of two, one-year contracts, beginning 07/01/2015 and expiring no earlier than 07/01/2017, unless otherwise terminated pursuant to the Reinsurance Contract or terms of this agreement.
- B. Agreement Terms
The Excess Liability Premium for the 07/01/2015 to 07/01/2016 term was \$1,176,238 as defined in the Reinsurance Contract. The Excess Liability Premium for the 07/01/2016 to 07/01/2017 term will remain at \$1,176,238.
- C. Items Not Subject to the Agreement
 - a. Taxes, Assessments and Surcharges imposed by state regulators for any purpose are not subject to this agreement.



AmTrust Underwriters
An AmTrust Financial Company

D. Agreement Conditions

- a. The program structure including program limits, program attachments, and financial terms and conditions remains the same for the length of the agreement; and
- b. There is no material change in the underlying CARMA Liability Memorandum of Coverage without approval from AmTrust; and
- c. There is no material change in the operations or exposures of CARMA defined as entry into another operation other than cities and/or special district risks; and
- d. None of the lines of insurance/coverages covered by this agreement are cancelled or non-renewed by either party.

E. Termination of Agreement

This Rate Stabilization is agreed to by both AmTrust and CARMA. The parties can opt out of this rate stabilization under the following conditions.

- i) CARMA will have the option to opt out of the program if AmTrust exits the Public Entity marketplace or AmTrust's AM Best rating drops below A-.
- ii) AmTrust will have the option to opt out of the program if the Reported Layer Losses (losses excess of \$4,000,000 Retained Limit) valued as of 12/31/2015 for Policy Years 2011-2015 exceed \$1,000,000, or if CARMA expands outside of cities and/or special district risks, or if the payroll in the CARMA program changes by more than 10%.

Reinsurer: Wesco Insurance Company

Name:

Title:

Date:

Signature:

Cedent: California Affiliated Risk Management Authorities (CARMA)

Name:

Title:

Date:

Signature:

REINSURED:	California Affiliated Risk Management Authorities (CARMA) and the following members: Bay Cities Joint Powers Insurance Authority (BCJPIA) Central San Joaquin Valley Risk Management Authority (CSJVRMA) Monterey Bay Area Self Insurance Authority (MBASIA) Municipal Pooling Authority of Northern California (MPA) Vector Control Joint Powers Agency (VCJPA)	
ADDRESS:	1750 Creekside Drive, Suite 200 Sacramento, CA 95833	
POLICY PERIOD:	July 1, 2015 to July 1, 2016 At 12:01 AM standard time at the address of the Reinsured	
CARRIER:	Wesco Insurance Company (AmTrust Financial Group)	
FORM:	Facultative Reinsurance of California Affiliated Risk Management Authorities Memorandum of Coverage (7/1/15 ed.)	
BASIS OF ACCEPTANCE:	Excess of Loss	
CONTRACT NUMBER:	WPP1028723 04	
MOC LIMIT:	\$10,000,000	Each occurrence and aggregate where applicable in excess of MOC
MOC RETENTION:	\$4,000,000	Each occurrence
REINSURANCE OFFERED:	\$10,000,000	Each occurrence and aggregate where applicable in excess of retained limit
	\$10,000,000	Annual Aggregate for Property Damage as respects coverage for subsidence, per Member JPA of CARMA, in excess of retained limit
ANNUAL PREMIUM:	\$1,176,238	Annual Premium
ALLIANT COMMISSION:	0%	Net
AMWINS FEE:	\$47,050	(AmWINS fee is in addition to annual premium)
TOTAL PREMIUM & FEE:	\$1,223,288	
CONDITIONS:	<ol style="list-style-type: none">1. Acceptable review of CARMA Memorandum of Coverage for 2015-2016 prior to binding. Any change in MOC from 2014-2015 may alter Wesco premium, terms and or conditions2. Premium payment is due and payable within 20 days from the Effective date.3. 25% Minimum Earned Premium4. Maximum liability for Property Damage arising from Subsidence coverage, regardless of the number of occurrences shall not exceed a policy aggregate of \$10,000,000 for each Member JPA of CARMA5. Any change in claim servicing must be prior approved by AmTrust.	

- FORMS & ENDORSEMENTS:**
1. Schedule of Endorsements
 2. Schedule of Participating Members Endorsement
 3. War Exclusion Endorsement
 4. Notification of Claim or Suit Endorsement
 5. MOC Sublimit/Limits Less than Retention Limitation Endorsement (Exclude any amount of loss, cost, or expense that is subject to (1) Any sublimit(s) in the MOC and/or (2) Any Limits(s) of Coverage in the MOC that is less than the MOC Retention amount)
 6. Property Damage from Subsidence Endorsement

DATE PREPARED: 6/19/15

NOTE: THIS BINDER IS FOR INFORMATIONAL PURPOSES ONLY AND DOES NOT AMEND, EXTEND OR ALTER THE POLICY IN ANY WAY. PLEASE REFER TO THE POLICY FORM FOR COMPLETE COVERAGE AND EXCLUSION INFORMATION.

Please note that these conditions are not necessarily in compliance with conditions requested in your submission. We will not be obligated to provide coverage not addressed in this binder even though they may have been requested in your submission. This binder contains only a general description of coverages provided. For a detailed description of the terms of a policy, you must refer to the policy itself.

This binder is provided on the basis that all information given to Insurer by or on behalf of the Insured in its underwriting submission and/or in its responses to the underwriter's requests for information is reliable, truthful, and complete to the best of the Insured's information and knowledge. The Insurer relies on the "duty of disclosure" as it exists under applicable law, and rejects any attempt to negate that duty wholly or partially. The Insured, by accepting this binder, waives the effect of any purported disclaimers of the Insured's duty to disclose to underwriters all material facts to the best of its knowledge that may be contained in such submission or in its responses to questions or requests for information, or in emails, cd roms, or internet websites used in providing or transmitting underwriting information.

Disclosures:

This proposal of insurance is provided as a matter of convenience and information only. All information included in this proposal, including but not limited to personal and real property values, locations, operations, products, data, automobile schedules, financial data and loss experience, is based on facts and representations supplied to Alliant Specialty Insurance Services, Inc. and Alliant Insurance Services, Inc. by you. This proposal does not reflect any independent study or investigation by Alliant Specialty Insurance Services, Inc. and/or Alliant Insurance Services, Inc. or its agents and employees.

Please be advised that this proposal is also expressly conditioned on there being no material change in the risk between the date of this proposal and the inception date of the proposed policy (including the occurrence of any claim or notice of circumstances that may give rise to a claim under any policy which the policy being proposed is a renewal or replacement). In the event of such change of risk, the insurer may, at its sole discretion, modify, or withdraw this proposal whether or not this offer has already been accepted.

This proposal is not confirmation of insurance and does not add to, extend, amend, change, or alter any coverage in any actual policy of insurance you may have. All existing policy terms, conditions, exclusions, and limitations apply. For specific information regarding your insurance coverage, please refer to the policy itself. Alliant Specialty Insurance Services, Inc. and Alliant Insurance Services, Inc. will not be liable for any claims arising from or related to information included in or omitted from this proposal of insurance.

Alliant Specialty Insurance Services, Inc. and Alliant embraces a policy of transparency with respect to its compensation from insurance transactions. Details on our compensation policy, including the types of income that Alliant Specialty Insurance Services, Inc. and/or Alliant may earn on a placement, are available on our website at www.alliant.com. For a copy of our policy or for any inquiries regarding compensation issues pertaining to your account you may also contact us at: Alliant Insurance Services, Inc., Attention: General Counsel, 701 B Street, 6th Floor, San Diego, CA 92101.

Analyzing insurers' over-all performance and financial strength is a task that requires specialized skills and in-depth technical understanding of all aspects of insurance company finances and operations. Insurance brokerages such as Alliant Insurance typically rely upon rating agencies for this type of market analysis. Both A.M. Best and Standard and Poor's have been industry leaders in this area for many decades, utilizing a combination of quantitative and qualitative analysis of the information available in formulating their ratings.

A.M. Best has an extensive database of nearly 6,000 Life/Health, Property Casualty and International companies. You can visit them at www.ambest.com. For additional information regarding insurer financial strength ratings visit Standard and Poor's website at www.standardandpoors.com.

Our goal is to procure insurance for you with underwriters possessing the financial strength to perform. Alliant does not, however, guarantee the solvency of any underwriters with which insurance or reinsurance is placed and maintains no responsibility for any loss or damage arising from the financial failure or insolvency of any insurer. We encourage you to review the publicly available information collected to enable you to make an informed decision to accept or reject a particular underwriter. To learn more about companies doing business in your state, visit the Department of Insurance website for that state.

NY Regulation 194

Alliant Insurance Services, Inc. is an insurance producer licensed by the State of New York. Insurance producers are authorized by their license to confer with insurance purchasers about the benefits, terms and conditions of insurance contracts; to offer advice concerning the substantive benefits of particular insurance contracts; to sell insurance; and to obtain insurance for purchasers. The role of the producer in any particular transaction typically involves one or more of these activities.

Compensation will be paid to the producer, based on the insurance contract the producer sells. Depending on the insurer(s) and insurance contract(s) the purchaser selects, compensation will be paid by the insurer(s) selling the insurance contract or by another third party. Such compensation may vary depending on a number of factors, including the insurance contract(s) and the insurer(s) the purchaser selects. In some cases, other factors such as the volume of business a producer provides to an insurer or the profitability of insurance contracts a producer provides to an insurer also may affect compensation.

The insurance purchaser may obtain information about compensation expected to be received by the producer based in whole or in part on the sale of insurance to the purchaser, and (if applicable) compensation expected to be received based in whole or in part on any alternative quotes presented to the purchaser by the producer, by requesting such information from the producer.



CA License #0778135

50 California Street Suite 2000 San Francisco, CA 94111 Phone: 415-986-5050 Fax: 415-986-5004

Jun 23, 2015

Alliant Insurance Services, Inc. - San Francisco
100 Pine Street 11th Floor
San Francisco, CA 94111

RE: California Affiliated Risk Mgt. Authorities
Policy#: AR6460089
Effective 7/1/2015 to 7/1/2016

Dear Seth:

We are pleased to confirm the attached binder for **Excess Liability** being offered with **Colony Insurance Company**. This carrier is **Non-Admitted** in the state of **CA**. Please note that this binder is based on the coverage, terms and conditions as stated in the attached binder, which may be different from those requested in your original submission. As you are the representative of the Insured, it is incumbent upon you to review the terms of this binder carefully with your Insured, and reconcile any differences from the terms requested in the original submission. CRC Insurance Services, Inc. disclaims any responsibility for your failure to reconcile with the Insured any differences between the terms bound as per the attached and those terms originally requested. This coverage may not be bound without a fully executed CRC brokerage agreement.

NOTE: If insured is located outside your resident state, we must have a copy of your non-resident license on file.

Mailing Address: c/o Brickmore Risk Services
1750 Creekside Oaks Drive, #200
Sacramento, CA 95833

Physical Address: c/o Brickmore Risk Services,
1750 Creekside Oaks Drive, #200
Sacramento, CA 95833

Coverage as bound per the attached. Premium and Commission are as follows:

Premium:	\$551,500.00
TRIA Premium:	- REJECTED
State Tax	\$16,545.00
Stamping Fee:	\$1,103.00
Total:	\$569,148.00

Tax Filings are the responsibility of: ()Your Agency (X)CRC () Not Applicable

CRC is compensated in a variety of ways, including commissions and fees paid by insurance companies and fees paid by clients. Some insurance companies pay brokers supplemental commissions (sometimes referred to as “contingent commissions” or “incentive commissions”), which is compensation that is based on a broker's performance with that carrier. These supplemental commissions may be based on volume, profitability, retention, growth or other measures. Even if a contingent commission agreement exists with a carrier, we recognize that our responsibility is to promote the best interests of the policyholder in the selection of an insurance company. For more information on CRC's compensation, please contact your CRC broker.

Financing Insurance Premiums

Premium financing budgets insurance payments and improves liquidity for other business objectives: working capital, business growth, building expansion.

If your clients choose to pay their insurance in monthly installments, it's fast and easy with AFCO & Prime Rate Insurance Premium Finance Companies, which are affiliates of CRC. AFCO provides premium financing solutions for large and mid-size corporate accounts; Prime Rate offers solutions for smaller commercial and personal lines.

Find out how premium financing works and how it can expand your relationship with your clients by e-mailing premiumfinance@afco.com; or call toll- free **866-669-0937** and press **81**. Additional information is available at www.afco.com and www.primeratepfc.com.

Should you have any questions, please feel free to contact our office.

Sincerely,

Dennis Gamble
(415) 675-2229
dgamble@crcins.com
3523749

CONFIDENTIAL

Casualty Excess Binder

Date: 6/22/2015
 To: CRC INSURANCE SERVICES, INC - SF (CALIFORNIA ST)
 Attn: Dennis Gamble

RISK BOUND
Policy #: AR6460089
Effective: 7/1/15 - 7/1/16
<i>Per terms and conditions listed herein.</i>

Insured: CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES (CARMA) C/O BICKMORE RISK SERVIC
 Expiring Pol. #: AR6460089
 Insurance Co.: Colony Insurance Company
 Rated A XII by AM Best.

Please disregard the attached SLB Data sheet - It is not required for this risk.

Thank you for the opportunity to quote the above account. We are pleased to offer the following binder:

NOTE: Coverage to be written on an excess policy. The underlying General Liability is on an occurrence form.

Policy Limit: \$15,000,000	Each Occurrence Limit
\$15,000,000	Aggregate Limit
Excess of: \$14,000,000	
Annual Premium: \$551,500	
Terrorism Coverage Prem.: N/A	
Annual Total Prem. w/Terr. Cov.: \$551,500	

(100% Minimum & Deposit)

Minimum Earned: 25%

Policy Term: 12 months

Terrorism Rejected

The underlying policies from the schedule of underlying limits noted below are due within 60 days of inception. At 60 days from inception, without further notice, we will forward a Notice of Cancellation if any outstanding underlying policies are not received by Colony Specialty. *Employers Liability policies are exempt.*

Schedule of Underlying Limits

Our binder is based upon the following underlying requirements placed with a carrier rated A- (VI) or better by A.M. Best's:

Excess Liability

\$10,000,000 Each Occurrence

\$10,000,000 Aggregate

Excess of: \$4,000,000

Carrier: Wesco Insurance Company

ADDITIONAL INFORMATION OR REMARKS:

Based on payroll value of \$1,148,574,128 which includes City of Gilroy but excludes Vector JPA.

Please note we will no longer show underlying policy information including policy number and effective/expiration dates on the Schedule A-Schedule of Underlying Insurance. We require a Signed Acord application, copy of the primary General Liability policy (if not Colony) including any non-ISO endorsements, copy of Auto policy (including auto schedule) and copy of the Employers Liability policy dec page. Other underlying policies may be requested.

This is a Non Admitted Policy. Coverage is bound upon issuance of policy number by the Company.

If Coverage applies on a Claims Made basis an Optional Extended Reporting period available if policy is terminated or not renewed; restrictions apply.

ADMINISTRATIVE MATTERS

SUBJECT: Review of the CARMA Goals and Objectives for 2015

BACKGROUND AND STATUS:

At the 2015 Annual Workshop, the Board of Directors established the following goals and specific actions for the 2015/2016 year:

1. Investigation of Terrorism Risk Insurance Act (TRIA);
2. Further investigation of cyber liability with respect to third party actions;
3. Continuing implementation of the Mid-Layer Pool, with focus on the governing docs; and
4. Internal marketing.

The 2015/2016 strategic goals and action item list is attached to this report. Staff will provide an update on the status of each of the above goals at the meeting.

RECOMMENDATION:

None.

REFERENCE MATERIALS ATTACHED:

- CARMA 2015/2016 Strategic Goals & Action Item List

2013/2014	2014/2015	2015/2016
<p>Coverage:</p> <ul style="list-style-type: none"> • CARMA did not undergo an aggressive marketing campaign for 2012/13. Renewed with AmTrust/ANML Program for a two year term, renewed with Colony at the excess level. • Review of underlying MOCs as compared to CARMA completed. 	<p>Coverage:</p> <ul style="list-style-type: none"> • CARMA did not undergo an aggressive marketing campaign for 2014/15. Renewed with AmTrust/ANML Program for a two year term, renewed with Colony at the excess level. 	<p>Coverage:</p> <ul style="list-style-type: none"> • Investigation of Terrorism Risk Insurance Act (TRIA). • Further investigation of cyber liability with respect to third party actions.
<p>Communications/Marketing:</p> <ul style="list-style-type: none"> • Continued outreach to JPA Members (as requested, we would like to do more); Assisted JPA’s regarding understanding the Finances of CARMA. 	<p>Communications/Marketing:</p> <ul style="list-style-type: none"> • Continued outreach to JPA Members (as requested, we would like to do more); Assisted JPA’s regarding understanding the Finances of CARMA. 	<p>Communications/Marketing:</p> <ul style="list-style-type: none"> • Continued outreach to JPA Members (as requested, we would like to do more); Assisted JPA’s regarding understanding the Finances of CARMA.
<p>Operations:</p> <ul style="list-style-type: none"> • Detailed work completed for this meeting on the possible return of equity and other uses of equity. • Provide Budgets representing a 75% Confidence Level with a further decrease in Discount Rates • Focused in the Litigation Management area on consistency in reserving in the CARMA layer and also a review of member reserving practices (via actuarial review and Tim Farley) 	<p>Operations:</p> <ul style="list-style-type: none"> • Detailed work completed for this meeting on the possible return of equity and other uses of equity. • Move to a 0-5 Year Treasury Index. This was completed in April 2015. 	<p>Operations:</p> <ul style="list-style-type: none"> • Continuing implementation of the Mid-Layer Pool, with focus on the governing documents.

ADMINISTRATIVE MATTERS

SUBJECT: Proposed Revisions to the Master Program Document

BACKGROUND AND STATUS:

At the January 9, 2015, Board of Directors' meeting, the Board approved the initial investment of \$1 million for the future implementation of a mid-layer pool (MLP) for the \$4 million to \$5 million layer of coverage. As a part of CARMA's goals and objectives, the Board directed staff to review CARMA's governing documents to allow the implementation of the MLP.

CARMA staff and Mr. Craig Farmer, Legal Counsel, have reviewed the CARMA Bylaws, Memorandum of Coverage, and Master Program Document. Both staff and Mr. Farmer agree no changes are required to the Bylaws and Memorandum of Coverage. The majority of changes to the Master Program Document are with respect to the MLP option, but staff is proposing additional clean-up language as well.

The Master Program Document is attached with staff and Mr. Farmer's proposed changes. Staff will review the proposed changes with the Board.

RECOMMENDATION:

The Board consider the proposed changes to the Master Program Document.

REFERENCE MATERIALS ATTACHED:

- CARMA Master Program Document in redline/strikeout

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

LIABILITY MASTER PROGRAM DOCUMENT

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

LIABILITY MASTER PROGRAM DOCUMENT

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

LIABILITY MASTER PROGRAM DOCUMENT

A. LIABILITY PROGRAM

The Joint Powers Authority created by the California Affiliated Risk Management Authorities (CARMA) offers participation in a risk sharing pool covering excess losses of affiliated joint powers authorities and other public agencies in accordance with the Agreement adopted by the *Members*. The assets of the pooled program shall be maintained at all times as the assets of the *Members*. Such assets of the *Members* shall be held in trust for the *Member* and disbursed by CARMA on behalf of the *Member*. *Member* assets may be disbursed only on the authority of the *Board*, and no *Member* shall have an individual right to exercise control over said assets except as provided in the Joint Exercise of Powers Agreement creating CARMA.

B. COVERAGE PROVIDED

The Liability Program provides coverage for Bodily Injury and Property Damage, Personal Injury, and Public Officials Errors and Omissions under the terms and conditions set forth in the Memorandum of Coverage. Initially, CARMA intends to provide coverage for a limit of between \$9,000,000 excess of \$1,000,000 and \$34,000,000 excess of \$1,000,000 through a combination of pooling and purchasing of coverages. The type of liability coverage, and/or limits of coverage, may be modified and changed upon *Board* approval. The amount of coverage to be pooled or purchased is at the discretion of the *Board*.

C. DEFINITION

1. "Assessment" shall mean an amount determined by the *Board* to be paid by each *Member* as necessary to meet *CARMA's* obligations.
2. "Board" or "Board of Directors" shall mean the governing body of *CARMA* composed of a representative of each *Member*.
3. "CARMA" shall mean the California Affiliated Risk Management Authorities, an agency created by the Agreement.
4. "Claim" shall mean, if not otherwise defined within the context of the Memorandum of Coverage, to be all demands for compensation by third party claimants against a covered party arising out of one occurrence.
5. "Deposit Premium" shall mean the annual dollar amount determined by the *Board* which is payable by each *Member* as its established share of the funding required to cover the financial obligations of this coverage program.
- ~~6. "Member" shall mean any organization that is a party to the Agreement.~~
- ~~6. "Management Contract" means that written agreement entered into between *CARMA* and its group administrator.~~
- ~~7. "Member" shall mean any organization that is a party to the Agreement.~~
- ~~7. "Mid-Layer Pool" means a non-equity pool of money established by the *Board* to pre-fund a level of catastrophic loss within the *CARMA* program.~~
8. "Off-Balance Adjustment" shall mean any difference in dollar amounts between the *Deposit Premium* before adjustments for the experience modification and after.
9. "Program Year" shall mean a period of time determined by the *Board*, usually 12 months, into which this coverage program shall be segregated for purposes of accounting and record-keeping.
10. "Retained Limit" shall mean the amount of all *Claims* arising out of one *Occurrence* which will be paid directly by the *Member*.

D. *DEPOSIT PREMIUM*

The Liability Program is funded through *deposit premiums*, and *Assessments* (if necessary).

The Liability Program funding is determined as follows:

1. *Deposit Premiums*

On or before ~~March 31~~April 30 of each year, the *Board* shall adopt the *deposit premium* rate for the next following *Program Year*.

Each *Member* shall pay a *deposit premium* to *CARMA* each *Program Year*. Such *deposit premiums* shall consist of the amount needed to cover administrative expenses, purchased insurance and/or reinsurance, and expected losses, plus a margin for added confidence as determined by the *Board*.

Except for administrative expenses and purchased insurance and/or reinsurance, the *deposit premium* shall be calculated for each *Member* by taking the *Member's* expected annual payroll multiplied by the *Board* adopted rate per \$100 of payroll and then multiplied by the experience modification factor. An *Off-Balance Adjustment* to the calculation shall be made whenever the amount calculated for experience modification varies from the amount calculated by the payroll/adopted rate. That portion of the *deposit premium* for administrative expenses shall be spread dividing 40% of the *Management Contract* and 100% of all other administrative costs equally and dividing the remaining 60% of the *Management Contract* using the uncapped experience modification factor. That portion of the *deposit premium* for purchased insurance or reinsurance in the layer above the *CARMA* self-insured retention up to \$10,000,000 shall be spread by taking the *Member's* expected annual payroll multiplied by the *Board* adopted rate per \$100 of payroll ~~and then multiplied by the experience modification factor. Any additional purchased insurance and/or reinsurance shall be spread based strictly on the rate per \$100 of payroll for each Member.~~

2. *Experience Modification Factor*

The most recent six years of loss experience will be collected to determine the experience modification for each *Program Year*. However, only the oldest four years, years 3, 4, 5, and 6 will be used in the calculation. This will be accomplished by utilizing the rolling six-year method, whereby the experience of the most recently completed *Program Year* for which data is available is added, and the oldest year is dropped annually. Only the oldest four of the six years will be utilized in the

experience calculation.

The experience modification factor shall be calculated annually using the incurred amount of each loss exceeding \$100,000 limited to \$1,000,000 per occurrence. Inverse condemnation claims are capped at \$1,500,000. Losses shall be valued as close as possible to December 31 each year.

The minimum experience modification factor shall be .75 for those *Members* with an average loss rate better than the group average, and the maximum experience modification factor shall be 1.25 for those *Members* that have an average loss experience worse than the group average.

A credibility factor will be used in the experience modification calculation that will be calculated by using the square root of the payroll of each *Member* divided by the combined payroll of *CARMA* as a group. This factor will then be multiplied by the deviation from the norm of the *Member* experience ratio. Finally, the sum of 1 minus the deviation calculation will be used to come up with the factored experience modifier.

3. Rate Setting

The rates used for determining *deposit premiums* shall be set by the **Board** after considering the recommendations of the actuary. Such rate shall ensure that sufficient funds are collected by *CARMA* to cover administrative expenses and expected losses, plus a margin for greater confidence as determined by the *Board*.

E. **ACTUARIALLY SOUND YEARS**

The *Board of Directors* shall strive to maintain each *Program Year* actuarially sound and assure that the Liability Program is actuarially sound as a whole. A *deposit premium* based on the findings of an actuarial sound study shall be charged annually and allocated to the *Members* in accordance with the individual *Member's* exposure to loss.

To maintain actuarial soundness, actuarial studies shall be performed every year, and action shall be immediately taken by the *Board of Directors* to make up the deficit funding, if the Liability Program as whole should be found to be actuarially deficient.

F. **DIVIDENDS AND ASSESSMENTS**

1. Dividends

Dividends may be declared and paid solely at the discretion of the *Board* after a *Program Year* is at least 5 years old and reaches a 70% confidence level and provided that the combined assets of the *Program Years* after the dividend shall equal or exceed a 70% confidence level. Each share of the dividend declared shall

be allocated based on *deposit premiums*.

2. **Assessments**

Assessments in the amount of and against a *Program Year* as determined by the *Board* shall be levied on the *Members* at such time that an actuary finds that the assets of the Liability Program, as a whole, do not meet the expected losses of the Program, inclusive of claims Incurred But Not Reported (IBNR) and Unallocated Loss Adjustment Expenses (ULAE). Each *Member's* share of the *assessment* shall be based upon the *deposit premiums* collected for the *Program Year* being assessed provided that the amount of any assessment levied may not exceed 25% of the *deposit premium* paid during the assessed *Program Year*. If such *assessment* is not sufficient to relieve the pool of its actuarial deficit in the year of the *assessment*, such *assessment* shall be levied each subsequent year until the actuarial deficit is relieved.

3. **Frequency of Dividends or Assessments**

More than one dividend or *assessment* may be declared for each *Program Year*. However, such dividend or *assessment* shall not occur more often than once every fiscal year.

G. MID-LAYER POOL

1. **PURPOSE**

The Board may establish a Mid-Layer Pool to reduce the effect of severe claims from impacting the CARMA risk sharing pool. The Mid-Layer Pool would be a separate, optional feature of the CARMA program. The accountability for the funds of the Mid-Layer Pool would be maintained separately from the funds for the primary risk sharing pool.

2. **DESCRIPTION**

- a. The Mid-Layer Pool would be a separate fund from which claims and related costs may be paid whenever the claims and related costs, including indemnity, legal fees, and claims adjusting fees, from any one occurrence exceeds the attachment point.
- b. The Mid-layer Pool would be financed by a deposit premium from each participating Member periodically, from the use of debt, or from other sources approved by the Board. It would be different from the primary risk-sharing pool in that it would not have separate program years. The monies contributed to the Mid-Layer Pool would be commingled into a single non-equity account that would pay losses of Members that are to be paid by the Mid-Layer Pool without charging such loss against any one program year.
- c. Members would have no specific rights to the non-equity funds deposited into the Mid-Layer Pool.

d. The Board may elect to collect money to fund the Mid-Layer Pool over time and may elect when the protection will and will not be in affect

4.3. ATTACHMENT POINT

a. The Mid-Layer Pool would pay liabilities of CARMA in excess of \$4,000,000 per occurrence and up to the \$5,000,000 level. The amount of liability the primary risk sharing pool must sustain prior to payment by this Mid-Layer Pool would be called the Attachment Point.

b. Initially, the Attachment Point would be \$4,000,000. The Attachment Point for the Mid-Layer Pool may be revised occasionally from year to year by resolution of the Board.

G.H. RATE STABILIZATION FUND

The Board may establish a Rate Stabilization Fund so that dividends returned to the Members pursuant to Section F of the CARMA Master Program Document may be kept on deposit with CARMA.

The potential uses for the Rate Stabilization Fund include:

- A. Use as an offset against subsequent years' increase in contribution;
- B. Use to pay for any assessment levied by the Board resulting from adverse loss development or increased costs attendant to a specific Program Year;
- C. Use to assist with the expansion of current, or institution of new, programs; and/or
- D. Use to provide greater risk margin for the Member.

Contributions to the Rate Stabilization Fund would be at the election of the Member, may be returned to the Member at any time at the Members' election with thirty (30) days advance written notice, would not be dedicated to any one specific Program Year, and would not be considered when determining the target equity of CARMA.

The Rate Stabilization Fund's contribution amounts would be maintained in a separate equity account, and earn interest at the prevailing rates, and such interest earnings would be allocated proportionally based on each Member's balance on deposit in the Rate Stabilization Fund at the end of each quarter.

The accumulated Rate Stabilization Fund amounts would be returned in the same relative proportion as collected from each Member and at the discretion of the Member.

H.I. ADMINISTRATION

CARMA shall engage a group administrator by written agreement to act as the Manager of the Liability Program. The Manager shall:

1. General

- a. use his/her best efforts to administer the Liability Program to achieve the objectives and goals of the Liability Program and of *CARMA*; and
- b. administer the Liability Program in a manner that will provide claim and cost accountability for each *Program Year*, separate and apart from all other *Program Years*, and from other programs of *CARMA*.

2. Claims Administration

- a. prepare, or cause to be prepared, a report annually which shows claims activity, paid claims, case reserves, obligated reserves, and status of program funds of each *Program Year*;
- b. obtain the services of a claims auditor to review claim activities of *Member* and present the findings to the *Board*, provided the cost of these services are within the approved annual budget; and
- c. oversee performance of the *Member's* claims adjusters on the handling of open claims which may penetrate the Liability Program, including but not limited to:
 - (1) review, specifically, all open reportable claims and, if necessary, recommend action on such claims;
 - (2) periodically, review *Member's* claim reports and relay findings to the *Board* of any significant trends that may be developing.

3. Financial and Actuarial

- a. ensure dividend or assessment allocations for previous *Program Years*, and rates and *deposit premiums* for each new *Program Year* are calculated as set forth in this document;
- b. obtain actuarial services and present the findings to the *Board*, provided the cost of these services are within the approved annual budget; and
- c. evaluate and present to the *Board* the recommendations of the actuarial studies with recommended actions where *Program Years* are, or are likely to be, in the near future actuarially unsound.

I.J. SETTLEMENT AUTHORITY

1. The Litigation Manager shall have the right to assume the control of the negotiation, investigation, defense, appeal, or settlement of any *Claim* the *Board* determines, in its sole discretion, to have reasonable probability of resulting in an Ultimate Net Loss in excess of the applicable *Retained Limit*. The *Members* shall fully cooperate in all matters pertaining to such *Claim* or proceeding.
2. The Litigation Manager shall have the authority to settle any *Claim* with an Ultimate Net Loss, as defined in the Memorandum of Coverage applicable to that *Claim*, equal to or less than one hundred thousand dollars (\$100,000) in excess of the *Retained Limit* of the *Member* involved.
3. The *Board of Directors* shall have the authority to settle any *Claim* equal to or less than the limit of coverage of *CARMA* and any reinsurance coverage. However, such authority shall only apply to those *Claims* whose Ultimate Net Loss is in excess of the settlement authority given to the Litigation Manager and above the *Retained Limit* of the *Member* involved.

J.K. CLAIMS AUDIT

The *Board* shall cause at least biennial claims audit to be made on each *Member* and a report of such audit shall be filed with each *Member*. All costs of such claims audit shall be paid by *CARMA* and shall be charged against the *Members* in the same manner as all other administrative costs.

K.L. MEMBERS PARTICIPATION

1. Eligibility and Application
 - a. Eligibility
 - (1) Only *Members* may participate in the Liability Program.
 - (2) The *Member* must initially commit to at least three full *Program Years* of participation in the Liability Program.
 - (3) Any applicant wishing to become a *Member* must submit an application with an application fee which shall be determined by the *Board*, and provide a completed and signed Resolution obligating the *Member* to participate for the required three (3) *Program Years* and accepting the rules and regulations set forth in the governing

documents of *CARMA*. The *Member* requesting to participate in the Liability Program shall submit at least six (6) years of liability loss experience, complete an Exposure Analysis Questionnaire, and provide copies of the last six (6) years quarterly DE-6, DE-9 or Federal 941 payroll reports of each of its members.

- (4) The applicant shall provide the obligatory Resolution, the experience information, and the DE-6, DE-9 or Federal 941 payroll reports at least sixty (60) days prior to the inception of the *Program Year* in which the applicant will commence participation, or the date the applicant desires coverage to begin.
- (5) In the event the applicant is not accredited by the California Association of Joint Powers Authorities (CAJPA), the applicant shall, at its own expense, be evaluated by a consultant to be chosen by the *Board* for an evaluation and recommendation.

b. Approval of Application

- (1) The *Board* shall, from a review of the Resolution, other underwriting criteria, and the advice of the Manager, determine the acceptability of the exposures presented by the requesting applicant.
- (2) The Manager shall advise, in writing, the requesting applicant of the decision of the *Board* to accept or reject the request within ten (10) working days after the decision.

c. Date of Membership

It is desirable that a new *Member* enter the Liability Program at the commencement of a new *Program Year*. If the new applicant enters at any other time, the *deposit premium* may be pro rated for the remainder of the *Program Year*, and covered losses of the new *Member* which occur on or after the date of membership will be paid; however, the new *Member* shall be required to share losses for the pool for the entire *Program Year*, just as if it had begun its membership in the pool at the beginning of the *Program Year*.

2. Member Duties

a. Cooperation with *CARMA*

- (1) Each *Member* shall provide a payroll report for the calendar year,

detailed by quarter, by February 1. Each *Member* shall also provide copies its member's DE-6, DE-9 or Federal 941 payroll report quarterly within thirty (30) days after filing with the State.

- (2) Each *Member* shall disclose the addition of any new member(s) to the Program.
- (3) Each *Member* shall cooperate with *CARMA* in the claim management, loss control, underwriting, and actuarial activities of *CARMA*.

b. Payment of *Deposit Premiums* and Other Charges

- (1) Annual Billings - Each year, not later than July 1, *CARMA* shall bill each *Member* for a Liability *deposit premium* for the next *Program Year*. The annual billing shall be due and payable on July 31, and shall be delinquent if not paid on or before the first working day in August.
- (2) Assessment Billings - A *Member* may be billed an *Assessment* for a *Program Year*. This billing is due and payable upon receipt and delinquent if not paid on or before thirty (30) calendar days after receipt. The date of receipt shall be determined as the date the billing was presented in person to the representative of the *Member* or the date the billing was posted in the U.S. Mail.
- (3) Failure to Pay Billings, Penalties, or Interest - Failure to pay billings, penalties, or the accrued interest shall be considered grounds for removal of the *Member* from the Liability Program and may result in expulsion of the *Member* from *CARMA* in accordance with the *CARMA* Agreement.
- (4) Duties of Withdrawn or Expelled *Members* - Withdrawn or expelled *Members* which have formerly participated in the Liability Program shall be required to pay all applicable billings for the *Program Years* in which they participated. Delinquent billings shall be treated in the same manner as set forth above as if the withdrawn or expelled *Member* still participated in the Liability Program.

3. Termination of Participation

a. Voluntary Termination

- (1) A *Member* which has completed its mandatory three-year commitment to *CARMA* may terminate participation in the next *Program Year* by providing to *CARMA*, at least six months before the initiation of the next *Program Year*, a written request to terminate participation. Such termination from *CARMA* shall terminate the *Member's* membership in *CARMA* pursuant to the Joint Powers Agreement and Bylaws effective at the end of the current *Program Year*.
- (2) *CARMA* reserves the right to withhold from the sums due to the withdrawing member, in addition to any other remedies available to *CARMA* Bylaws, an amount sufficient to cover administrative costs associated with such untimely withdrawal but not more than 10% of the renewal premium contribution.
- (3) A participating *Member* that has not completed its mandatory three-year commitment to *CARMA* shall not be permitted, at its request, to withdraw from *CARMA* prior to the end of its commitment period.

b. Involuntary Termination

- (1) The *Board* may, by 2/3rds vote of the representatives of the *Members* participating in this program, terminate future participation by a *Member* for, but not limited to, the following reasons:
 - i. Declination to cover the *Member* by the entity providing excess coverage;
 - ii. Nonpayment of past premiums, Assessments, retrospective adjustments, or other charges;
 - iii. Habitual late payment of premiums, Assessments, retrospective adjustments, and/or other charges;
 - iv. Failure to provide requested underwriting information;
 - v. Development of an extraordinarily poor loss history;
 - vi. Substantial change in exposures which are not acceptable in *CARMA*; and/or
 - vii. Financial impairment which is likely to jeopardize *CARMA's* ability to collect amounts due in the future.
- (2) The *Board* may terminate future participation by a *Member* with or without cause with 2/3rds vote of the representatives of the *Members*

participating in this Program.

- (3) Termination of an underlying member of a *Member* of *CARMA* will automatically terminate that underlying member's participation in the program.
 - (4) The President shall send a notice of termination to the *Member* at least thirty (30) days prior to termination.
- c. Termination of participation, whether voluntary or involuntary, does not relieve the terminated *Member* of any benefits or obligations of those *Program Years* in which the terminated *Member* participated. These obligations include payment of administrative overhead, *Assessments*, retrospective adjustments, continuing administration costs, or any other amounts due and payable. When termination of participation, whether voluntary or involuntary occurs, all positive account balances for that *Member*, will be withheld from redistribution and applied to future years with negative balances until such time as the *Member's* account balances for all *Program Years* in which the *Member* participated are positive.
- d. Once a *Program Year* in which the terminated *Member* participated is seven full years old, an assessment will be levied or a dividend may be declared for that *Program Year* in an amount sufficient to bring the *Member's* account balance to the expected confidence level for that *Program Year*. Notwithstanding this provision, the *Board* may elect to levy *Assessments* or declare dividends at an earlier time pursuant to the target equity policy and this Master Program Document.

L.M. AMENDMENTS TO THE PLAN

The provisions of this Document may be amended or repealed by a two-thirds vote of the representatives of the *Members* participating in the Program provided prior written notice has been given to the *Members*.

M.N. SEVERABILITY

Should any portion, term, condition or provision of this document be decided by a court of competent jurisdiction to be illegal or in conflict with any law of the State of California, or the United States, or be otherwise rendered unenforceable or ineffectual, the validity of the remaining portions, terms, conditions and provisions shall not be affected thereby.

N.O. SUBORDINATION

If this Document is in conflict with the Joint Powers Agreement, Bylaws, and/or the Memorandum of Coverage, the terms of the Master Program Document will be subordinate to the Joint Powers Agreement, Bylaws, and/or the Memorandum of Coverage.

O.P. DISPUTES

Claims disputes between *Members* and *CARMA* will be resolved according to procedure as described in the Memorandum of Coverage.

ADMINISTRATIVE MATTERS

SUBJECT: Discussion Regarding the 23rd Board of Directors' Annual Workshop on January 7-8, 2016, at the Dream Inn in Santa Cruz, CA

BACKGROUND AND STATUS:

At the June 17, 2015, Board of Directors' meeting, the Board established meeting dates for the 2015/2016 Fiscal Year, including the Annual Workshop and Board of Directors' Meeting to be held in Santa Cruz on January 7-8, 2016.

Included with this report for the Board's discussion is a draft agenda for the January 7, 2016, CARMA Board of Directors' Workshop. Staff is seeking input as to any additional topics which should be included on the agenda and the format for the Workshop.

RECOMMENDATION:

The Board of Directors to provide direction as to the content and format the Board desires for the January 2016 Workshop.

REFERENCE MATERIALS ATTACHED:

- Draft Agenda for the January 7, 2016, Annual Workshop



A California Public Agency

California Affiliated Risk Management Authorities
1750 Creekside Oaks Drive, Suite 200
Sacramento, CA 95833
(800) 541-4591 ~ FAX (916) 244-1199
email RKramer@bickmore.net

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

**23rd ANNUAL WORKSHOP
A G E N D A**

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

**Thursday, January 7, 2016
11:00 a.m. – 5:00 p.m.**

PAGE

- A. Introductions and Welcome – President Tim Przybyla
- B. Strategic Exercise
- C. Current Status of CARMA
 - 1. History and Accomplishments
 - 2. Review of 2015 Action Plan
- D. Measurements of How We Are Doing
 - 1. Claims – Frequency and Severity Analysis
 - 2. Financial Benchmarks
 - a. Target Equity Ratios as of June 30, 2015
 - b. Retrospective Adjustment Calculation as of June 30, 2015
 - c. Financial Review
- E. Looking Forward to 2016 and Beyond
 - 1. State of the Market Presentation
 - 2. Terrorism Risk Insurance Act and Cyber Liability
 - 3. Succession Planning
- F. Strategies and Initiatives for 2016

G. Service Provider Evaluations – Board of Directors

1. Actuary: Bay Actuarial Consultants
2. Administrator: Bickmore
3. Board Counsel: Farmer, Smith, & Lane LLP
4. Broker of Record: Alliant Insurance Services
5. Claims Auditor: Farley Consulting Services
6. Financial Auditor: Sampson, Sampson, & Patterson LLP
7. Financial/Investment Advisor: Public Financial Management (PFM)

H. Closing

FINANCIAL MATTERS

SUBJECT: Consideration of the June 30, 2015, Independent Financial Audit Prepared by Sampson, Sampson, and Patterson, LLP

BACKGROUND AND STATUS:

The financial audit for the year ending June 30, 2015, which was prepared by Sampson, Sampson, and Patterson, LLP, is attached for the Board's consideration. Mr. Bill Patterson, Partner at Sampson, Sampson, and Patterson, LLP, will be in attendance to review the financial audit with the Board and answer any questions.

RECOMMENDATION:

Staff recommends the Board of Directors accept and file the June 30, 2015, audit report as presented.

REFERENCE MATERIALS ATTACHED:

- Management Representation Letter
- Auditor's Letter to the Governing Board
- Draft 2015 Financial Audit Report

CARMA

A California Public Agency

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

September 3, 2015

Sampson, Sampson & Patterson, LLP
3148 Willow Ave., Suite 102
Clovis, CA 93612

This representation letter is provided in connection with your audit of the financial statements of California Affiliated Risk Management Authorities (CARMA) as of June 30, 2015 which comprise the financial position, change in financial position and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of September 3, 2015, the following representations made to you during your audit:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated June 30, 2015, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all financial information of CARMA required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

6. Related party relationships and transactions, if any, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
8. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
9. Guarantees, whether written or oral, under which CARMA is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

10. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within CARMA from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Board of Directors or summaries of actions of recent meetings for which minutes have not yet been prepared.
11. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
12. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
13. We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
14. We have no knowledge of any allegations of fraud or suspected fraud affecting CARMA's financial statements communicated by employees, former employees, regulators, or others.

15. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or abuse, whose effects should be considered when preparing financial statements.
16. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
17. We have disclosed to you the identity of CARMA's related parties and all the related party relationships and transactions of which we are aware, if any.

Entity - Specific

18. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
19. We have identified to you any previous audits, attestation engagements, and other studies, if any, related to the audit objectives and whether related recommendations have been implemented.
20. CARMA has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
21. We are responsible for compliance with the laws, regulations, and provisions of contracts and agreements applicable to us.
22. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
23. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
24. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
25. As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.





September 3, 2015

To the Governing Board
California Affiliated Risk Management Authorities
Sacramento, California

We have audited the financial statements of California Affiliated Risk Management Authorities (CARMA) for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 30, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by CARMA are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2015. We noted no transactions entered into by CARMA during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting CARMA's financial statements was the provision for unpaid claims.

Management's estimate of the provision for unpaid claims is based on estimates of the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported. We evaluated the key factors and assumptions used to develop the provision for unpaid claims in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreement with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no misstatements detected as a result of audit procedures performed.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 3, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to CARMA's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as CARMA's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis and claims development information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the Board of Directors and Management of CARMA and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Sampson, Sampson & Patterson, LLP

Sampson, Sampson & Patterson, LLP

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

REPORT ON AUDITED
FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2015

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, 2015

INDEPENDENT AUDITOR'S REPORT

Governing Board
California Affiliated Risk Management Authorities
Sacramento, California

We have audited the accompanying financial statements of California Affiliated Risk Management Authorities (CARMA) as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise CARMA's basic financial statements as listed in the table of contents. The prior year comparative information has been derived from the financial statements of CARMA for the year ended June 30, 2014, and in our report dated September 4, 2014, we expressed an unmodified opinion on those financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to CARMA's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CARMA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CARMA as of June 30, 2015, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's office and state regulations governing special districts.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and claims development information on pages 3 through 12 and 28 through 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated , 2015 on our consideration of CARMA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CARMA's internal control over financial reporting and compliance.

JUNE 30, 2015

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The management of the California Affiliated Risk Management Authorities (CARMA) is pleased to present the following discussion and analysis of the operating results, financial condition, and liquidity of CARMA for the fiscal year ended June 30, 2015. This discussion should be read in conjunction with the financial statements and notes to the financial statements included with this report.

General Program Highlights

CARMA is a public agency created in 1993 by and among various joint powers authorities in California to provide a pooled approach to excess liability insurance pursuant to the California Government Code. As their mission statement attests, "CARMA is dedicated to innovative approaches in providing financial protection for public entities against catastrophic loss." CARMA consists of five members who are also joint powers authorities and provide primary level liability coverage to their underlying members, consisting of municipalities and special districts. CARMA provides reinsurance and excess insurance coverage above its pooled layer. Total CARMA coverage for each member is from \$1 million to \$29 million.

CARMA is a member of the California Association of Joint Powers Authorities (CAJPA), and for eighteen years has held the distinguished designation of "Accreditation With Excellence." This is the highest level of accreditation offered by CAJPA and places it among the elite of accredited JPAs in California. The accreditation review process involves an in-depth review of CARMA's operations, financial stability, performance, and overall management effectiveness.

CARMA contracts with Bickmore, a firm specializing in the management of joint powers authorities and private self-insurance groups, to handle the day-to-day operations of CARMA. The firm's employees provide general administrative, financial accounting, underwriting, claims management oversight, risk and litigation management and other services as necessary for the operations of CARMA.

In an excess liability program such as CARMA, managing the claims development process is critical. Claims that are large enough to reach the CARMA layer are generally challenging and complex claims making effective litigation management vital to protecting CARMA's financial position. Each claim is carefully reserved and the actuary's task in determining each program year's ultimate loss projection is complicated.

2014/2015 Highlights

- The Board of Directors approved an equity distribution in the amount of \$2.6 million for program years 2001/2002 through 2008/2009, inclusive of an adjustment to augment current program years, 2010/2011 and 2013/2014, in a deficit position. This dividend release represented a return of equity at the 80% confidence level for current and past members of CARMA for program years that were a full five years old.
- The Board of Directors approved the initial funding of \$1.0 million for the future implementation of a Mid-Layer Pool (MLP) which will likely cover the \$4.0 million to \$5.0 million layer of coverage. The funds were collected in conjunction with the equity distribution. The intent is to activate the MLP in conjunction with a future dividend release.
- The Board of Directors approved a change in the investment portfolio to include supranational investments and pass-through securities, specifically asset-backed securities (ABS), to the list of permitted investments.

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2015

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Financial Highlights for the Fiscal Year Ended June 30, 2015

Revenues	\$8.6 million	Total revenues, operating and non-operating, increased 17.3% due to an increase in operating premium revenue of 3.9%, the non-operating retention of \$1.0 million from the dividend release for the future implementation of a MLP, and a decrease in non-operating investment income of 1.6%.
Expenses	\$13.1 million	Increased 16.1% over the prior year as a result of a substantial 123.8% increase in the provision for claims and claims adjustment expenses, offset by the reduction in the equity distribution from the prior year by \$2.8 million.
Assets	\$31.4 million	Increased \$3.3 million, or 11.7%, resulting primarily from a 13.2% increase in cash and investments due to a significant reduction in claims payments over the prior year and the retention of cash as each year is funded in advance but paid out over a period of time.
Liabilities	\$22.5 million	Increased \$7.8 million or 52.8%, due to a corresponding increase in claims reserves, as well as an increase in the dividend payable to a prior member.

Description of the Basic Financial Statements

CARMA’s financial statements are prepared in conformity with generally accepted accounting principles and include certain amounts based upon reliable estimates and judgments. The financial statements include the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; the Statement of Cash Flows; the Statement of Fiduciary Net Position; and the Statement of Changes in Fiduciary Net Position, along with accompanying Notes to Financial Statements.

The **Statement of Net Position** presents information on CARMA’s assets and liabilities and the difference between the two representing net position, or pool equity.

The **Statement of Revenues, Expenses, and Changes in Net Position** presents information regarding revenues versus expenses and the change in CARMA’s net position during the fiscal year. All revenues and expenses are recognized as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in the collection or disbursement of cash during future fiscal years (e.g., interest and accounts receivable, and the expense associated with payable and liability accruals, both involving cash transactions beyond the date of the financial statements).

The **Statement of Cash Flows** presents the changes in CARMA’s cash and cash equivalents during the fiscal year. The statement is prepared using the direct method of cash flows. The statement details the sources and uses of CARMA’s cash and cash equivalents into two categories: operating activities and investing activities.

The **Statement of Fiduciary Net Position** presents information on the Rate Stabilization Fund’s assets and net position.

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

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The **Statement of Changes in Fiduciary Net Position** includes information about the contributions to, withdrawals from, and net increase (or decrease) for the year in net position of the Rate Stabilization Fund.

The **Notes to Financial Statements** provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes describe the nature of CARMA's operations and significant accounting policies as well as clarify unique financial information.

CARMA's accounting system is organized so that each program year can be accounted for and evaluated independently. The assets, liabilities, revenues, and expenses are reported on a full-accrual basis. There were no significant accounting changes during the year.

Sampson, Sampson & Patterson, LLP, Certified Public Accountants, has performed an independent audit of the accompanying financial statements in accordance with generally accepted auditing standards. Their opinion is included in the Financial Section of this report. Bay Actuarial Consultants provided an independent actuarial review to value the amounts recorded as outstanding claims liabilities for each program year.

Analysis of Overall Financial Position and Results of Operations

CARMA Statement of Net Position (Excluding Fiduciary Funds)			
	<u>June 30, 2015</u>	<u>June 30, 2014</u>	Percentage Change
Current Assets	\$7,837,597	\$3,891,823	101.4%
Investment with maturities in excess of one year	<u>23,520,377</u>	<u>24,189,426</u>	-2.8%
Total Assets	<u>\$31,357,974</u>	<u>\$28,081,249</u>	11.7%
Current Liabilities	\$3,937,254	\$2,997,660	31.3%
Non-Current Liabilities	<u>18,521,578</u>	<u>11,702,915</u>	58.3%
Total Liabilities	22,458,832	14,700,575	52.8%
Designated Net Assets - Future Mid Layer Pool	1,000,000	0	
Undesignated Net Assets	<u>7,899,142</u>	<u>13,380,674</u>	-41.0%
Net Position	8,899,142	13,380,674	-33.5%
Total Liabilities & Net Position	<u>\$31,357,974</u>	<u>\$28,081,249</u>	11.7%

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

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CARMA Pool Assets

Total assets (excluding fiduciary funds) increased \$3.3 million, attributable to an increase in the retention of cash as each year is funded in advance, but paid out over a period of time, and significantly lower claims payments over the prior year, from \$2.6 million in 2013/2014 to \$888,800 in 2014/2015.

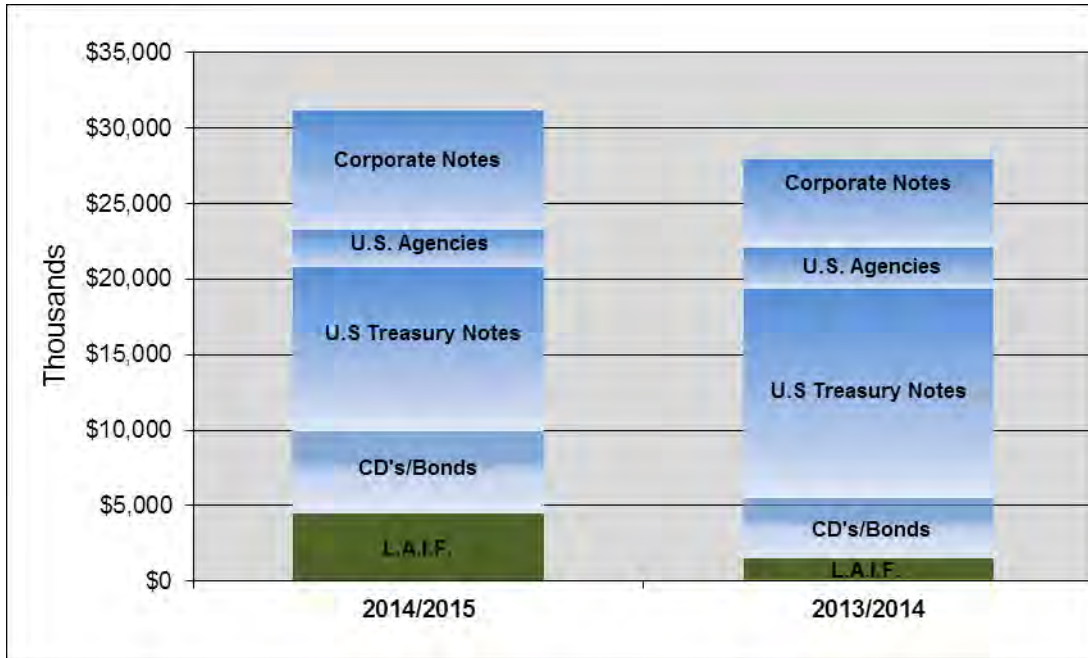
CARMA maintains funds not immediately needed for the payment of claims and administrative expenses, approximately \$4.4 million, in the Local Agency Investment Fund (LAIF), which is administered by the State Treasurer's Office in Sacramento. These funds are available, should they be needed, on a same-day notice basis.

CARMA's excess funds are invested in the California Asset Management Program Trust (CAMP), a joint powers authority that contracts with Public Financial Management, Inc. (PFM) to provide investment management services. Custodial services are provided by U.S Bank. Holdings in CARMA's portfolio were \$26.8 million at June 30, 2015. Holdings are maintained in treasury and agency securities, municipal bonds, certificates of deposit, U.S. Government supported corporate debt, and corporate notes. CARMA's investment earnings remained steady over the prior year, with a negligible overall decrease in total earnings of 1.6%. Actual interest income decreased by \$134,300, while the market value of investments increased by \$131,400. The investment environment is described in detail in the **Description of Facts or Conditions that are Expected to have a Significant Effect on Financial Position or Results of Operations** in the last section of this report. At June 30, 2015, the fair value of CARMA's investments was \$34,000 more than the book value. The ability of CARMA's excess funds to earn investment income has a direct effect on program rates, as this income is used to discount future liabilities. The discount factor assumed in these challenging economic times becomes an increasingly critical judgment call. When investment yields fall short of projections, additional funding may be required to meet actuarial estimates.

At its Board of Directors meeting in September 2003, CARMA established a Rate Stabilization Fund (Fund) retroactive to July 1, 2003, to receive the dividends issued on June 30, 2002. The purpose of the Fund was to allow CARMA's members to safeguard this cash resource for possible future assessments or premium fluctuations. Each member has discretion over the use of its portion of the Fund. CARMA presents the cash assets in the Fund in a separate fiduciary fund on the financial statements. Results are reported in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. Notwithstanding the separate reporting described above, the CARMA Bylaws allow for the fiduciary funds to be commingled with the general operating funds for the purposes of investment. As of June 30, 2015, the balance of this Fund is \$0.

The chart on the following page depicts the make-up of CARMA's cash assets. Cash and investments include fiduciary funds of \$0 and \$399,615, respectively, at June 30, 2015 and 2014.

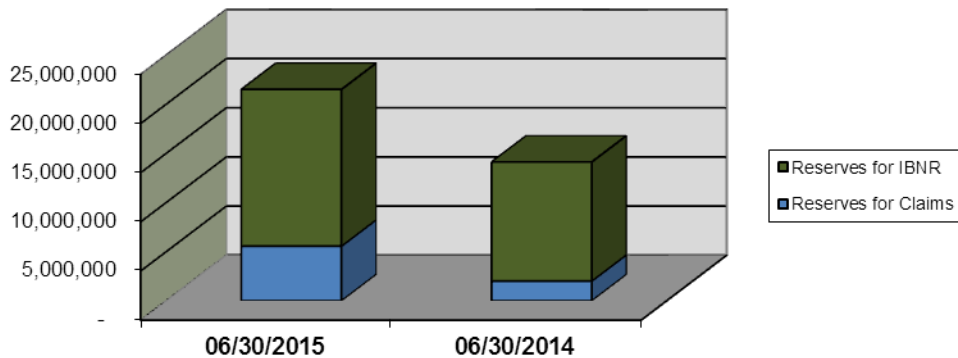
Total Cash by Category at June 30, 2015, and June 30, 2014



CARMA Pool Liabilities

As shown below, claim liabilities increased by \$7.4 million over the prior year. Reserves for known claims increased by \$3.6 million, and reserves for anticipated future claims (IBNR) increased by \$3.8 million.

Comparison of Pool Liabilities at June 30, 2015, and June 30, 2014



CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

MANAGEMENT'S DISCUSSION AND ANALYSIS

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The portion of claims considered to be currently payable (less than one year) was actuarially determined. CARMA's current claims liability at June 30, 2015, is projected to be \$3.6 million, an increase of \$792,000 over last year's prediction. Its long term claims liability is projected to be \$17.9 million.

CARMA Revenues and Expenses

CARMA Statements of Revenue, Expenses, and Changes in Net Position (Excluding Fiduciary Fund Income)			
	Fiscal Year Ended June 30, 2015	Fiscal Year Ended June 30, 2014	Percentage Change
Revenues:			
Deposit premiums	\$7,293,204	\$7,019,369	3.9%
Investment income	311,935	316,923	-1.6%
Misc income	0	30	
Total Revenues	<u>\$7,605,139</u>	<u>\$7,336,322</u>	<u>3.7%</u>
Expenses:			
Reinsurance / Excess insurance	1,757,240	1,725,050	1.9%
Claims Payments	888,780	2,643,673	-66.4%
Change in Claims Liabilities	7,380,971	1,052,286	601.4%
Administrative fees	320,441	312,625	2.5%
Professional services	96,517	94,187	2.5%
Other operating expenses	14,247	13,504	5.5%
Total Operating Expenses	<u>10,458,196</u>	<u>5,841,325</u>	<u>79.0%</u>
Net Income before Net Equity Distribution	(2,853,057)	1,494,997	-290.8%
Dividend Retained for Future Mid-Layer Pool	1,000,000	0	
Equity Distribution	<u>(2,628,475)</u>	<u>(5,432,714)</u>	<u>51.6%</u>
Net Equity Distribution	(1,628,475)	(5,432,714)	70.0%
Changes in Net Position	(4,481,532)	(3,937,717)	13.8%
Net Position, Beginning of Year	13,380,674	17,318,391	-22.7%
Net Position, End of Year	<u>\$8,899,142</u>	<u>\$13,380,674</u>	<u>-33.5%</u>

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2015

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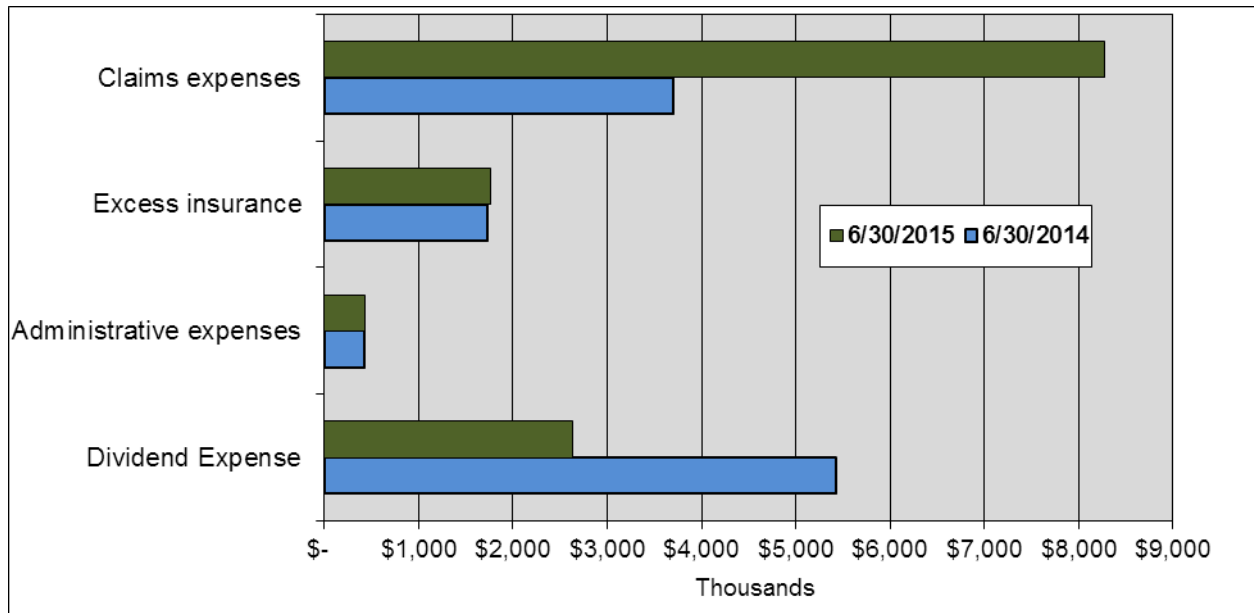
Total revenues, operating and non-operating, increased by 17.3%, or \$1.3 million, over the prior year. Revenues consist primarily of deposit premiums. Deposit premiums in 2014/2015 increased by 3.9%, or \$273,800, commensurate with the increase in the pooling rate of 3.9%. Investment income decreased 1.6%, as discussed in a previous section. CARMA earned interest income of \$291,002 (including fiduciary fund earnings), with market appreciation on investments of \$24,971, increasing overall investment income to \$315,974.

During the prior year, total revenues, operating and non-operating, had increased 8.7%, or \$587,200, over the previous year. Deposit premiums in 2013/2014 had increased by 5.9% due to the increase in the pooling rate of 10.9% which included a reduction in the discount factor from 2.5% to 2.0%, offset by a decrease in payroll of 1.3%. Investment income had increased by 161% over the previous year.

Operating expenses increased 79.0%, or \$4.6 million, over the prior year, directly attributable to the increase in claims expense. Although claims payments decreased by \$1.8 million from the prior year, changes in claims reserves increased by \$6.3 million. The actuary’s revaluation of ultimate loss projections during the current year yielded an increase in projections of \$4.7 million as compared to the prior year’s decrease in actuarial projections of \$222,000. Changes in actuarial projections of ultimate loss exposure have a direct result on claims expense. These large swings in annual claims costs illustrate the volatility inherent in excess liability pools.

In the current year, the significant increase in claims expense offset by the decrease in equity distribution from the prior year brought total expense to \$13.1 million, a 16.1% increase in total expense over the prior year. Total expense exceeded total revenue by \$4.5 million during the current fiscal year, compared to the prior year during which total expense had exceeded revenue by \$3.9 million.

Expenses for the Years Ended June 30, 2015, and June 30, 2014



JUNE 30, 2015

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Insurance Expense

CARMA is an excess liability pool, and its underlying members are also joint powers authorities (JPAs). Since July 1, 2008, CARMA has pooled excess liability coverage from \$1 million to \$4 million, and purchased reinsurance coverage to cover losses in excess of its pooled coverage layer to \$14 million. In addition, CARMA purchases excess insurance to cover losses from \$14 million to \$29 million.

Reinsurance and excess insurance expense demonstrated negligible change over the prior year. The excess insurance premium increased by 1.6%, while the reinsurance premium, including broker fees, increased by 2.0%.

Provision for Insured Events

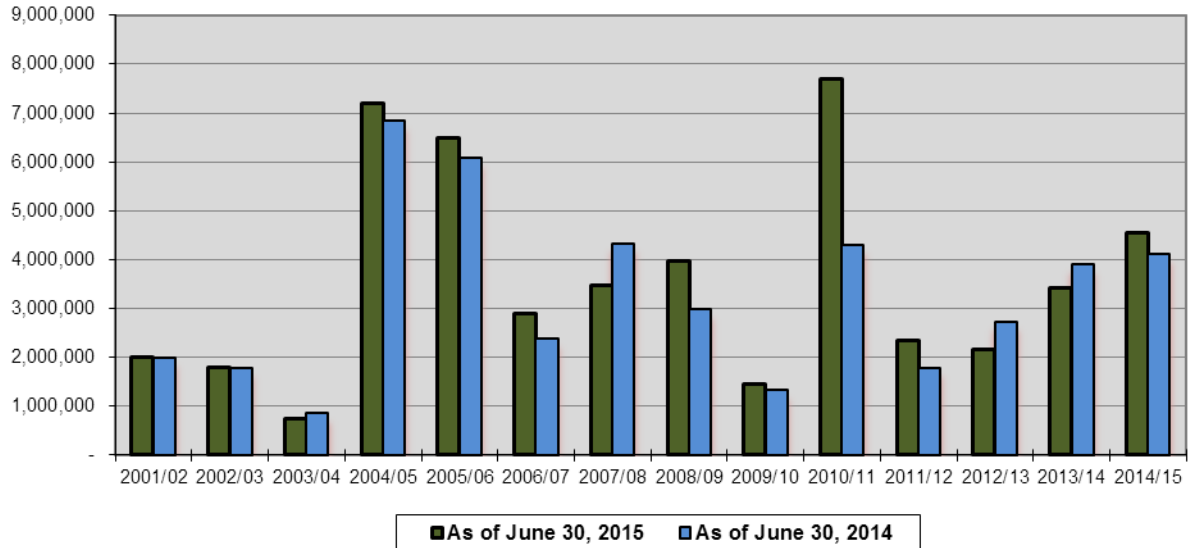
CARMA contracts with Bay Actuarial Consultants for an actuarial valuation of its outstanding claims liability as well as a recommendation of funding levels for the coming year. Funding for the 2014/2015 program year was calculated at the 75% confidence level and discounted at a 2.0% discount rate to recognize the future investment earnings on those funds. The 75% confidence level assumes that there is a 75% chance that the amount collected to cover losses will be sufficient. For financial statement purposes, the liability for claims has been recorded at the expected confidence level (which the actuary has determined approximates the 62% confidence level). The prior three years were also funded at the 75% confidence level.

Since CARMA is an excess liability pool, it, as well as other similar agencies, can experience dramatic swings in both actual and actuarial determined loss development. In addition, the actuary considers primary member level claims data when determining rates for CARMA's pooled funding, even though CARMA provides only excess pooled coverage. Dramatic increases in underlying member pool claims development can play a large role in affecting CARMA's rates, and hence, their actuarially determined losses.

The graph on the following page illustrates the actuarially determined expected ultimate losses (anticipated claims costs) for CARMA's open program years, identifying the introduction of the current year claim costs, and changes to those of prior years. For the most recent actuarial study, the actuary based his projections on data valued as of December 31, 2014.

As previously stated regarding claims costs, the large swings in annual claims activity resulting in the appropriate revaluation of ultimate loss projections illustrate the volatility inherent in excess liability pools.

**Comparison of Ultimate Losses by Program Year
June 30, 2015 and June 30, 2014**



General Administrative Expenses

Total general administrative and other operating expenses increased 2.6% over the prior year, due the bi-annual increase in scope of the claims audit, offset by a decrease in legal services. Total general administrative expenses represent 5.9% and 6.0% respectively of the total premiums for each of the fiscal years ended June 30, 2015 and June 30, 2014.

Economic Factors

In developing the budget for the fiscal year ended June 30, 2015, pool administration staff and the Board of Directors took into account the factors that had significant potential to affect the budgeted figures: primarily the claims, investment, and insurance environments. Projections for investment income took into consideration the trends in the interest income generated by CARMA’s cash and the resulting affect that would have on the funding levels.

CARMA enjoys the stability of a JPA which has been in operation for twenty-two years, coupled with a strong retained earnings base. Although one member withdrew from the program on July 1, 2009, membership has been stable and current funding appears to be sufficient to meet future obligations.

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Description of Facts or Conditions that are Expected to have a Significant Effect on Financial Position or Results of Operations

The first six months of 2015 have experienced a great deal of volatility in interest rates, with yields for a 2-year Treasury security higher than one year ago. Investor anticipation about a possible change in Fed policy and a rise in the Federal Funds Target Rate, as well as market shifts due to uncertainty about the insolvency of Greek sovereign debt, continue to drive the overall rate level for maturities shorter than five years. It is anticipated that an associated improvement in domestic economic conditions will eventually lead the Fed to raise the Federal Funds Target Rate sometime soon, but recent mixed economic news and the uncertain future of European finances have made the timing of the rate change uncertain.

Over the past year, the Authority's investment portfolio has experienced a decline in the supply of federal agency obligations available for purchase as a result of the U.S. Treasury's gradual wind-down of the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC). This has had the effect of 1) increasing the value of government-sponsored enterprise (GSE) obligations already held in the portfolio, and 2) decreasing the amount of yield earned for newly-purchased GSEs. As with most other local government investors, the Authority will have to explore other asset classes as an alternative to shrinking GSE debt. In the meantime, the Authority has continued to meet its goals of safety, liquidity, and yield/return through execution of an actively-managed strategy that seeks to identify undervalued securities that help the Authority meet its investment goals safely.

It is anticipated that the gradual rise in rates will continue to provide new opportunities to reinvest at higher rate levels, increasing interest income, but any new investment opportunities are weighed against the probability for further rate increases and their potential to diminish the fair value of the Authority's investments.

CARMA, through its investment advisor, PFM Asset Management LLC, continues to pursue a policy of diversification of issuers, credit, bond market sectors, and maturities. Likewise, it monitors closely market changes that place upward pressure on interest rates for buying opportunities as well as for any negative effects on the fair market value of its holdings. Additionally, all investments are carefully analyzed and monitored to ensure that the portfolio maintains safety and liquidity, and all holdings continue to be appropriate for the Authority's goals. CARMA's investment advisor will continue to monitor the markets for new risks and opportunities, assessing the investment marketplace and its impact on the portfolio in light of these current market forces.

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CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

STATEMENT OF NET POSITION

(Prior Year Data for Comparison Purposes Only)

ASSETS

	June 30,	
	2015	2014
Current Assets:		
Cash and cash equivalents	\$ 4,435,406	\$ 1,480,541
Investments	3,230,334	1,871,934
Receivables:		
Member	5,468	461,943
Reinsurance	55,677	
Interest	79,560	45,456
Prepaid expenses	<u>31,152</u>	<u>31,949</u>
Total Current Assets	<u>7,837,597</u>	<u>3,891,823</u>
Non-Current Assets:		
Investments	<u>23,520,377</u>	<u>24,189,426</u>
Total Non-Current Assets	<u>23,520,377</u>	<u>24,189,426</u>
Total Assets	<u>\$31,357,974</u>	<u>\$28,081,249</u>

LIABILITIES AND NET POSITION

Liabilities:		
Current Liabilities:		
Accounts payable	\$ 5,212	\$ 4,201
Equity payable to withdrawn member	368,042	221,459
Current portion of claims liabilities	<u>3,564,000</u>	<u>2,772,000</u>
Total Current Liabilities	<u>3,937,254</u>	<u>2,997,660</u>
Non-Current Liabilities:		
Equity payable to withdrawn member	597,734	368,042
Claims liabilities	<u>17,923,844</u>	<u>11,334,873</u>
Total Non-Current Liabilities	<u>18,521,578</u>	<u>11,702,915</u>
Total Liabilities	<u>22,458,832</u>	<u>14,700,575</u>
Net Position - unrestricted	<u>8,899,142</u>	<u>13,380,674</u>
Total Liabilities and Net Position	<u>\$31,357,974</u>	<u>\$28,081,249</u>

See independent auditors' report and notes to financial statements.

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CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

(Prior Year Data for Comparison Purposes Only)

	Year Ended June 30,	
	2015	2014
OPERATING REVENUES		
Deposit premiums	\$ 7,293,204	\$ 7,019,369
Other		30
Total Operating Revenues	<u>7,293,204</u>	<u>7,019,399</u>
OPERATING EXPENSES:		
Claims paid	888,780	2,643,673
Change in claims liabilities	7,380,971	1,052,286
Insurance	1,757,240	1,725,050
Contract administration	320,441	312,625
General and administrative	110,764	107,691
Total Operating Expenses	<u>10,458,196</u>	<u>5,841,325</u>
Operating Income (Loss)	(3,164,992)	1,178,074
NON-OPERATING REVENUES (EXPENSES):		
Investment earnings	311,935	316,923
Member dividend	(2,628,475)	(5,432,714)
Dividend retained for future mid-layer pool	1,000,000	
Total Non-Operating Revenues (Expenses)	<u>(1,316,540)</u>	<u>(5,115,791)</u>
Change in Net Position	(4,481,532)	(3,937,717)
Net Position, Beginning of Year	<u>13,380,674</u>	<u>17,318,391</u>
Net Position, End of Year	<u>\$ 8,899,142</u>	<u>\$13,380,674</u>

See independent auditors' report and notes to financial statements.

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CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

STATEMENT OF CASH FLOWS

(Prior Year Data for Comparison Purposes Only)

	Year Ended June 30,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from:		
Members	\$ 7,293,204	\$ 6,557,426
Other		30
Cash payments for:		
Claims	(487,982)	(2,643,673)
Insurance	(1,757,240)	(1,725,050)
Contract administration	(321,109)	(313,276)
General and administrative	<u>(108,288)</u>	<u>(113,535)</u>
Net cash provided by operating activities	4,618,585	1,761,922
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Member dividend distributions	<u>(1,252,200)</u>	<u>(4,843,213)</u>
Net cash used by capital and related financing activities	<u>(1,252,200)</u>	<u>(4,843,213)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Net increase in investments	(689,351)	(3,891,162)
Investment income	<u>277,831</u>	<u>335,436</u>
Net cash used by investing activities	<u>(411,520)</u>	<u>(3,555,726)</u>
Net increase (decrease) in cash and cash equivalents	2,954,865	(6,637,017)
Cash and cash equivalents, beginning of year	<u>1,480,541</u>	<u>8,117,558</u>
Cash and cash equivalents, end of year	<u>\$ 4,435,406</u>	<u>\$ 1,480,541</u>
 RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$(3,164,992)	\$ 1,178,074
Changes in assets and liabilities:		
Member receivables	456,475	(461,943)
Prepaid expenses	797	(2,091)
Accounts payable	1,011	(4,404)
Claims liabilities	7,380,971	1,052,286
Reinsurance receivable	<u>(55,677)</u>	<u></u>
Net cash provided by operating activities	<u>\$ 4,618,585</u>	<u>\$ 1,761,922</u>

See independent auditors' report and notes to financial statements.

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CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

STATEMENT OF FIDUCIARY NET POSITION

(Prior Year for Comparison Purposes Only)

	<u>Investment Trust Fund</u>	
	<u>June 30,</u>	
	<u>2015</u>	<u>2014</u>
ASSETS:		
Investments	\$ _____	<u>\$399,615</u>
TOTAL ASSETS	\$ _____	<u>\$399,615</u>
NET POSITION:		
Held in trust for rate stabilization fund participants	\$ _____	<u>\$399,615</u>
TOTAL NET POSITION	\$ _____	<u>\$399,615</u>

See independent auditors' report and notes to financial statements.

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CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

(Prior Year for Comparison Purposes Only)

	<u>Investment Trust Fund</u>	
	<u>Year Ended June 30,</u>	
	<u>2015</u>	<u>2014</u>
ADDITIONS:		
Member contribution	\$ 55,947	\$306,333
Investment Income	<u>4,038</u>	<u>1,945</u>
TOTAL ADDITIONS	<u>59,985</u>	<u>308,278</u>
DEDUCTIONS:		
Member withdrawals	<u>(459,600)</u>	<u> </u>
TOTAL DEDUCTIONS	<u>(459,600)</u>	<u> </u>
CHANGES IN NET POSITION	(399,615)	308,278
NET POSITION - BEGINNING OF YEAR	<u>399,615</u>	<u>91,337</u>
NET POSITION - END OF YEAR	<u>\$ </u>	<u>\$399,615</u>

See independent auditors' report and notes to financial statements.

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

NOTE 1 - ORGANIZATION:

The California Affiliated Risk Management Authorities (CARMA) was established by a Joint Powers Agreement in July, 1993, in accordance with Title I, Division 7, Chapter 5, Article I, Section 6500 of the California Government Code for the purpose of providing excess liability coverage through risk sharing among its members.

As of June 30, 2015, member entities included the Bay Cities Joint Powers Insurance Authority, the Vector Control Joint Powers Agency, the Municipal Pooling Authority, the Central San Joaquin Valley Risk Management Authority, and the Monterey Bay Area Self Insurance Authority.

CARMA is governed by a Board of Directors, which is comprised of appointed representatives from its member agencies. The Board approves the member deposit premiums necessary to cover each member's share of expected pooled program losses, insurance and administrative expenses.

Additional member premiums may be assessed if actuarially, the assets of the program as a whole are not sufficient to meet the expected losses of the program including claims incurred but not reported (IBNR) and unallocated loss adjustment expenses (ULAE). Likewise, the Board can declare a dividend after a program year is five years old and has reached a 70% confidence level, provided that the combined assets of the program as a whole after the dividend equal or exceed a confidence level of 70%.

Admission/Withdrawal of Members

Entities applying for membership must be approved by a majority vote of the Board members present and voting, and, if admitted, must pay an appropriate deposit contribution as established by the Board of Directors.

Upon three years of membership, members may withdraw from CARMA on July 1 of the following year by providing written notice to the Board of Directors by December 31 immediately preceding the withdrawal date. The effect of withdrawal (or termination) from the pooling program does not terminate the responsibility of the member to continue paying its share of assessments or other financial obligations incurred by reason of its previous participation. The Board may terminate a members' future membership with a two-thirds vote of the members' representatives.

Program Coverage

The Liability Program provides coverage for Bodily Injury and Property Damage, Personal Injury, and Public Officials Errors and Omissions under limited terms and conditions. The type of liability coverage, and/or limits of coverage, may be modified and changed upon Board approval. Coverage may be pooled or purchased at the discretion of the Board.

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CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

(Continued)

Excess liability coverage provided to its members from inception through June 30, 2015 is as follows:

July 1, 2008 to June 30, 2015

Member deductible:	\$1 million
JPA's SIR:	\$3 million in excess of \$1 million
Reinsurance:	\$10 million in excess of \$4 million
Excess insurance:	Excess of \$14 million to \$29 million

July 1, 2007 to June 30, 2008

Member deductible:	\$1 million
JPA's SIR:	\$4 million in excess of \$1 million
Reinsurance:	\$10 million in excess of \$5 million
Excess insurance:	Excess of \$15 million to \$25 million

July 1, 2005 to June 30, 2007

Member deductible:	\$1 million
JPA's SIR:	\$4 million in excess of \$1 million
Reinsurance:	\$5 million in excess of \$5 million
Excess insurance:	Excess of \$10 million to \$20 million

July 1, 2003 to June 30, 2005

Member deductible:	\$1 million
JPA's SIR:	\$3 million in excess of \$1 million
Reinsurance:	\$6 million in excess of \$4 million
Excess Insurance:	Excess of \$10 million to \$15 million

July 1, 2000 to June 30, 2003

Member deductible:	\$1 million
JPA's SIR:	\$2 million in excess of \$1 million
Reinsurance:	25% of claims from \$1 million to \$3 million \$7 million in excess of \$3 million
Excess Insurance:	Excess of \$10 million to \$15 million

July 1, 1998 to June 30, 2000

Member deductible:	\$1 million
JPA's SIR:	\$2 million in excess of \$1 million
Reinsurance:	25% of claims from \$1 million to \$3 million Excess of \$3 million to \$10 million

July 1, 1994 to June 30, 1998

Member deductible:	\$1 million
JPA's SIR:	\$2 million in excess of \$1 million
Reinsurance:	Excess of \$3 million to \$10 million

July 1, 1993 (inception) to June 30, 1994

Member deductible:	\$1 million
JPA's SIR:	\$4 million in excess of \$1 million
Excess insurance:	Excess of \$5 million to \$10 million

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

Accounting Method

The accompanying financial statements have been prepared on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded in the accounting period in which the liability is incurred. Since CARMA discounts claims liabilities, anticipated investment income is considered in determining if a premium deficiency exists. CARMA applies all applicable FASB pronouncements issued before November 30, 1989 in accounting and reporting for its operations, except where superseded by GASB pronouncements. CARMA has elected not to apply FASB pronouncements issued after November 30, 1989.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

As a governmental agency, CARMA is exempt from both federal income taxes and California state franchise taxes.

Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include all highly liquid short-term investments with an original maturity of three months or less.

Investments

Investments are stated at fair value on quoted market prices and consist primarily of Federal agency securities, U.S. treasury notes, U.S. Government supported corporate debt, corporate notes and deposits with the Local Agency Investment Fund (LAIF).

Excess Insurance/Reinsurance

CARMA has purchased specific occurrence excess insurance (reinsurance effective July 1, 1997) from commercial carriers for the Liability Program. For the 2014/15 year, CARMA purchased reinsurance of \$10 million in excess of \$4 million and excess insurance coverage of \$15 million in excess of \$14 million. The policies provide coverage for losses related to individual occurrences above the corresponding policy year's specific self-insured retention (SIR), and are limited to each policy year's specific coverage limit.

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

(Continued)

The JPA does not report any liabilities that are the responsibility of the excess insurance carrier.

Classification of Revenues

CARMA has classified its revenue as either operating or non-operating revenues. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, as defined by GASB Statement 34. Revenues and expenses are classified according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as insurance premiums, assessments for insured events and administration fees.

Non-operating revenues: Non-operating revenues include activities that have the characteristics of non exchange transactions and other revenue sources described in GASB Statement 34 such as investment earnings.

Financial Statement Presentation

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the prior year financial statements, from which this data was derived.

Certain reclassifications have been made to the prior year balances to conform to the current year presentation.

NOTE 3 - CASH AND INVESTMENTS:

Cash and investments held by CARMA are reflected in the accompanying statement of net position at June 30, 2015 as follows:

Cash and cash equivalents	<u>\$ 4,435,406</u>
Investments:	
Current	3,230,334
Non-current	<u>23,520,377</u>
Total Investments	<u>26,750,711</u>
Total	<u>\$31,186,117</u>

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

(Continued)

Cash and investments held by CARMA at June 30, 2015 consisted of the following:

Deposits	\$ 2,249
Investments	<u>31,183,868</u>
 Total	 <u>\$31,186,117</u>

Investments Authorized by the California Government Code and the Entity's Investment Policy

The table below identifies the investment types that are authorized for CARMA by the California Government Code and CARMA's investment policy. The table also identifies certain provisions of the California Government Code (or CARMA's investment policy, if more restrictive) that addresses interest rate risk and concentration of credit risk.

Investment Types Authorized by State Law	Authorized By Investment Policy	*Maximum Maturity	*Maximum Percentage of Portfolio	*Maximum Investment in One Issuer
Local Agency Bonds	Yes	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	40%	5%
Commercial Paper	Yes	270 days	25%	5%
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	Yes	15 days	None	None
Reverse Repurchase Agreements	No	N/A	N/A	N/A
Medium-Term Notes	Yes	5 years	30%	None
Mutual Funds	No	N/A	N/A	N/A
Money Market Mutual Funds	Yes	N/A	15%	None
Mortgage Pass-Through Securities	No	5 years	20%	None
County Pooled Investment Funds	No	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	\$50 million	None
California Asset Management Program (CAMP)	Yes	N/A	None	None
JPA Pools (other investment pools)	No	N/A	None	None
Supranationals	Yes	5 years	30%	N/A
Mortgage-Backed Securities	Yes	5 years	20%	N/A

*Based on state law requirements or investment policy requirements, whichever is more restrictive.

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CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

(Continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that CARMA manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of CARMA's investments to market interest rate fluctuations is provided by the following table that shows the distribution of CARMA's investments by maturity:

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturity (in Months)</u>		
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25-60 Months</u>
U.S. Treasury Notes	\$10,919,877	\$ 928,365	\$ 4,619,132	\$ 5,372,380
Federal Agency Securities	2,458,814	240,333	710,168	1,508,313
Municipal Bonds	792,463	641,151		151,312
Corporate Notes	7,907,370	320,239	3,195,719	4,391,412
Certificates of Deposit	4,672,187	1,100,246	3,047,234	524,707
State Investment Pool	4,352,172	4,352,172		
Money Market Funds	<u>80,985</u>	<u>80,985</u>		
Total	<u>\$31,183,868</u>	<u>\$7,663,491</u>	<u>\$11,572,253</u>	<u>\$11,948,124</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

CARMA's investments include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above):

<u>Highly Sensitive Investments</u>	<u>Fair Value at Year End</u>
Callable Certificates of Deposit. These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates.	\$524,707

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

(Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, CARMA's investment policy, or debt agreements, and the actual Standard and Poors rating as of year end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Rating as of Year End					Not Rated
			AAA _m	A-1	A	AA	AAA	
U.S. Treasury Notes	\$10,919,877	N/A	\$	\$	\$	\$10,919,877	\$	\$
Federal Agency Securities	2,458,814	N/A				2,458,814		
Municipal Bonds	792,463	N/A				627,285	165,178	
Corporate Notes	7,907,370	A			4,291,302	3,091,494	524,574	
Certificates of Deposit	4,672,187	A		1,998,746	549,913	2,123,528		
State Investment Pool	4,352,172	N/A						4,352,172
Money Market Fund	80,985	A	80,985					
Total	<u>\$31,183,868</u>		<u>\$80,985</u>	<u>\$1,998,746</u>	<u>\$4,841,215</u>	<u>\$19,220,998</u>	<u>\$689,752</u>	<u>\$4,352,172</u>

Concentration of Credit Risk

CARMA's investment policy provides for diversification of investments by security type and institution. There are no investments in any one issuer that represent 5% or more of total investments.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. None of CARMA's investments were subject to custodial credit risk. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF). The California Government Code and CARMA's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public entity deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

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CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

(Continued)

As of June 30, 2015, none of CARMA's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

Managed Investment Pools

CARMA is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code under the oversight of the Treasurer of the State of California. The fair value of CARMA's investment in this pool is reported in the accompanying financial statements at amounts based upon CARMA's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on the amortized cost basis.

As of June 30, 2015, CARMA's investments in the California Asset Management Program (CAMP) pool was \$80,985. A board of five trustees who are officials or employees of public agencies has oversight responsibility for CAMP. The value of the pool shares in CAMP, which may be withdrawn, is determined on an amortized cost basis.

NOTE 4 - UNPAID CLAIMS:

CARMA has established a reserve for unpaid claims, based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported, but not settled, and of claims that have been incurred, but not reported. The incurred but not reported claims have been estimated by management based upon an actuarial study performed by CARMA's consulting actuary at the expected confidence level and are discounted at 2% for both years presented. The claims reserves have been estimated by the litigation manager based upon prior experience with similar claims. Because actual costs depend on such factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claim liabilities does not necessarily result in an exact amount. Accordingly, the reserve for claims is recomputed annually to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. Adjustments to the reserves are charged to income or expense in the period in which they are made. The face value (undiscounted) amount of the liabilities for unpaid claims at June 30, 2015 and 2014 is \$22,878,536 and \$14,936,542, respectively.

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CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

(Continued)

The following represents changes in the total reserves for unpaid claims of CARMA during the past two years:

	2014/2015	2013/2014
Unpaid claims and claim adjustment expenses at beginning of the fiscal year	<u>\$14,106,873</u>	<u>\$13,054,587</u>
Incurred claims and claim adjustment expenses:		
Provision for insured events of the current fiscal year	4,124,621	3,590,262
Change in provision for insured events for prior fiscal years	<u>4,145,130</u>	<u>105,697</u>
Total incurred claims and claim adjustment expenses	<u>8,269,751</u>	<u>3,695,959</u>
Payments/Recoveries:		
Claims and claim adjustment expenses attributable to insured events of the prior fiscal years	<u>888,780</u>	<u>2,643,673</u>
Total payments	<u>888,780</u>	<u>2,643,673</u>
Total unpaid claims and claim adjustment expenses at the end of the fiscal year	<u>\$21,487,844</u>	<u>\$14,106,873</u>

The components of the unpaid claims and claim adjustment expenses as of June 30, 2015 and 2014 were as follows:

	2015	2014
Claims reserves	\$ 5,550,138	\$ 1,996,391
Claims incurred but not reported (IBNR)	15,830,801	12,040,299
Unallocated loss adjustment expenses (ULAE)	<u>106,905</u>	<u>70,183</u>
	<u>\$21,487,844</u>	<u>\$14,106,873</u>

NOTE 5 - RATE STABILIZATION FUND:

The Rate Stabilization Fund was established to give members' the option of either taking a distribution of board declared dividends or having CARMA retain the funds to invest on the members' behalf. These monies can then be used by members in future years to help stabilize rates. Investment income is allocated to the Rate Stabilization Fund based on its balance relative to the total balance of all cash and investments of CARMA. At June 30, 2015, the balance of the Rate Stabilization Fund was \$0. The activities of the Rate Stabilization Fund are reported in a fiduciary fund and therefore, have been excluded from the balance sheet.

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CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 6 – NET POSITION:

During the 2014/2015 year, the Board approved the designation of \$1,000,000 of net position to fund the future mid-layer pool for the \$4 million to \$5 million layer of coverage. Total net position at June 30, 2015 was as follows:

Undesignated net position	\$7,899,142
Designated for mid-layer pool	<u>1,000,000</u>
Total unrestricted net position	<u>\$8,899,142</u>

NOTE 7 – MEMBER DIVIDENDS:

In January, 2015, the Board of Directors approved the return of equity at the 80% confidence level totaling \$2,628,475 to members that participated in the program years from 2001/2002 to 2008/2009. The Board also approved a negative adjustment for the 2010/2011 and 2013/2014 program years at the 80% confidence level in the amounts of \$1,160,662 and \$710,458, respectively, in conjunction with the return of equity. CARMA's retrospective adjustment policy provides for the return of equity at the discretion of the Board of Directors for eligible program years that are at least five years old provided that equity remains above the 70% confidence level after this distribution.

As more fully explained in Note 6, \$1,000,000 of the dividends approved was retained by CARMA to provide initial funding for the future mid-layer pool.

REQUIRED SUPPLEMENTARY INFORMATION

CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

CLAIMS DEVELOPMENT INFORMATION

JUNE 30, 2015

The following table illustrates how CARMA's earned revenue (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the Program for its most current ten year period. The rows of the table are defined as follows:

- (1) This line shows the total of each fiscal year's gross earned premiums and reported investment revenue amounts of premiums ceded and reported premiums (net of reinsurance) and reported investment revenue.
- (2) This line shows each fiscal year's other operating costs of the Program including overhead and loss adjustment expenses not allocable to individual claims.
- (3) This line shows the Program's gross incurred losses and allocated loss adjustment expense, losses assumed by reinsurers, and net incurred losses and loss adjustment expense (both paid and accrued) as originally reported at the end of the year in which the event that triggered coverage occurred (called program year).
- (4) This section of rows shows the cumulative net amounts paid as of the end of successive years for each program year.
- (5) This line shows the latest reestimated amount of losses assumed by reinsurers for each program year.
- (6) This section of rows shows how each program year's net amount of losses increased or decreased as of the end of successive years. (This annual reestimation results from new information received on known losses, reevaluation of existing information on known losses, and emergence of new losses not previously known.)
- (7) This line compares the latest reestimated net incurred losses amount to the amount originally established (line 3) and shows whether this latest estimate of losses is greater or less than originally thought. As data for individual program years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of net incurred losses currently recognized in less mature program years. The columns of the table show data for successive program years.

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CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES

CLAIMS DEVELOPMENT INFORMATION

JUNE 30, 2015

	<u>2005/2006</u>	<u>2006/2007</u>	<u>2007/2008</u>	<u>2008/2009</u>	<u>2009/2010</u>	<u>2010/2011</u>	<u>2011/2012</u>	<u>2012/2013</u>	<u>2013/2014</u>	<u>2014/2015</u>
1. Required contribution and investment revenue:										
Earned	\$8,247,057	\$5,207,657	\$5,485,469	\$8,209,998	\$6,455,754	\$6,470,732	\$ 6,130,508	\$ 6,607,523	\$7,019,369	\$7,293,204
Ceded	<u>2,391,237</u>	<u>2,431,716</u>	<u>1,851,634</u>	<u>2,340,563</u>	<u>1,977,415</u>	<u>1,968,850</u>	<u>1,656,773</u>	<u>1,682,483</u>	<u>1,725,050</u>	<u>1,757,240</u>
Net earned before allocated interest	5,855,820	2,775,941	3,633,835	5,869,435	4,478,339	4,501,882	4,473,735	4,925,040	5,294,319	5,535,964
Allocated interest earned	821,356	768,521	686,096	400,549	255,457	156,839	116,896	83,215	73,769	29,373
Total net earned	6,677,176	3,544,462	4,319,931	6,269,984	4,733,796	4,658,721	4,590,931	5,008,255	5,368,088	5,565,337
2. Unallocated expenses	290,728	331,143	358,877	384,858	419,586	397,960	366,054	399,770	391,769	402,888
3. Estimated claims and expenses, end of program year:										
Incurred	2,808,665	2,672,246	3,437,232	3,236,455	2,538,500	2,604,570	3,605,940	3,406,146	3,590,262	4,124,621
Ceded										
Net incurred	<u>2,808,665</u>	<u>2,672,246</u>	<u>3,437,232</u>	<u>3,236,455</u>	<u>2,538,500</u>	<u>2,604,570</u>	<u>3,605,940</u>	<u>3,406,146</u>	<u>3,590,262</u>	<u>4,124,621</u>
4. Net paid (cumulative) as of:										
End of program year	250,000									
One year later	225,887									
Two years later	225,887		945,375	2,278,229						
Three years later	617,983	434,901	956,223	2,286,599		1,969,746	227,200			
Four years later	707,984	933,344	1,924,928	2,286,599		2,198,388				
Five years later	1,483,045	2,384,493	1,922,501	2,286,599	262,576					
Six years later	6,078,222	2,385,698	2,585,916	2,286,599						
Seven years later	6,078,222	2,385,698	2,589,177							
Eight years later	6,078,222	2,385,698								
Nine years later										
5. Reestimated ceded claims and expenses	1,172,810									
6. Reestimated net incurred claims and expenses:										
End of program year	2,808,665	2,672,246	3,437,232	3,236,455	2,538,500	2,604,570	3,605,940	3,406,146	3,590,262	4,124,621
One year later	2,484,890	3,015,138	3,519,853	5,783,645	2,566,637	2,995,151	3,469,361	2,559,825	3,152,886	
Two years later	2,176,689	2,291,421	2,290,248	4,430,931	1,395,945	1,417,050	1,691,013	2,009,498		
Three years later	4,068,383	2,123,243	2,534,634	3,143,063	950,730	4,185,188	2,214,668			
Four years later	7,321,096	2,726,738	2,566,739	2,683,786	1,277,837	7,434,465				
Five years later	7,869,582	3,165,557	3,254,280	2,956,986	1,392,638					
Six years later	7,924,628	3,007,619	4,287,070	3,909,052						
Seven years later	6,392,877	2,385,698	3,431,972							
Eight years later	6,078,822	2,873,769								
Nine years later	6,487,273									
7. Increase (decrease) in estimated net incurred claims and expenses from end of program year	\$3,678,608	\$ 201,523	\$ (5,260)	\$ 672,597	\$(1,145,862)	\$4,829,895	\$(1,391,272)	\$(1,396,648)	\$ (437,376)	

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OTHER INDEPENDENT AUDITOR'S REPORT

, 2015

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Governing Board
California Affiliated Risk Management Authorities
Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of California Affiliated Risk Management Authorities (CARMA) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise CARMA's basic financial statements, and have issued our report thereon dated _____, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CARMA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of CARMA's internal control. Accordingly, we do not express an opinion on the effectiveness of CARMA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of CARMA's financial statements will not be prevented, or detected or corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

California Affiliated Risk Management Authorities
, 2015

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CARMA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CARMA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CARMA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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 discussion, staff has been advised to place this item 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 claim for the payment of tort liability losses, public liability losses, or workers' compensation liability incurred by the joint powers authority.

By placing the discussion as a closed session item, the Board of Directors may discuss any or none of the claims presented.

RECOMMENDATION:

None.

REFERENCE MATERIALS ATTACHED:

None.