

# BAY CITIES JOINT POWERS INSURANCE AUTHORITY

## EXECUTIVE COMMITTEE MEETING

### AGENDA

Thursday, March 28, 2024

9:00 a.m.

Via Zoom Teleconference

[Zoom Link](#)

Meeting ID: 817 0584 0016

Passcode: 224149

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All portions of this meeting will be conducted by teleconference in accordance with Government Code Section 54953(b). The teleconference meeting locations are as follows:

- CENTRAL MARIN FIRE AUTHORITY: 250 Doherty Drive, Larkspur, CA 94939
- CITY OF BERKELEY: 2180 Milvia Street, Berkeley, CA 94704
- CITY OF MILL VALLEY: 26 Corte Madera Avenue, Mill Valley, CA 94941
- CITY OF LARKSPUR: 400 Magnolia Avenue, Larkspur, CA 94939
- CITY OF LOS ALTOS: 1 N. San Antonio Road, Los Altos, CA 94022
- CITY OF PLEASANTON: 123 Main Street, Pleasanton, CA 94566
- CITY OF SAN ANSELMO: 525 San Anselmo Avenue, San Anselmo, CA 94960

Each location is accessible to the public, and members of the public may address the Committee from any teleconference location.

In compliance with the Americans with Disabilities Act, if you need a disability-related modification or accommodation to participate in this meeting, please contact John Burdette at (916) 244-1169 or [John.Burdette@sedgwick.com](mailto:John.Burdette@sedgwick.com). 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 provided to the Bay Cities Joint Powers Insurance Authority (BCJPIA) less than 72 hours prior to a regular meeting will be available for public inspection. Please contact John Burdette at (916) 244-1169 or [John.Burdette@sedgwick.com](mailto:John.Burdette@sedgwick.com)

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|--------------------|---|
| <b><u>Page</u></b> | <b>1. CALL TO ORDER</b>                             |
|                    | <b>2. INTRODUCTIONS</b>                             |
|                    | <b>3. APPROVAL OF AGENDA AS POSTED (OR AMENDED)</b> |

4. **PUBLIC COMMENTS** - The Public may submit any questions in advance of the meeting by contacting John Burdette at: [John.Burdette@sedgwick.com](mailto:John.Burdette@sedgwick.com). This time is reserved for members of the public to address the Committee relative to matters of the BCJPIA 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**  
If a Committee member would like to discuss any item listed, it may be pulled from the Consent Calendar.
- 5        \*A. Minutes from the January 25, 2024, Executive Committee Meeting  
10       \*B. Minutes from February 22, 2024, Executive Committee Meeting  
12       \*C. Workers' Compensation Manager's Report for 2023  
*Recommendation: Staff recommends the Committee formally consider approval of the Consent Calendar as presented.*
6. **FINANCIAL MATTERS**
- 14       \*A. Discussion Regarding Liquidity Fund  
*Recommendation: Staff recommends the Committee consider approving a California Asset Management Program (CAMP) pool liquidity fund.*
7. **WORKERS' COMPENSATION MATTERS**
- 52       \*A. Structured Return-to-Work Update & Company Nurse Contract Renewal  
*Recommendation: Staff recommends approval of the Company Nurse draft contract as presented.*
8. **PRESENTATIONS**
- 61       \*A. Presentation by CARMA Executive Director, Rob Kramer  
*Recommendation: Discuss and provide feedback as needed.*
- 106      \*B. Presentation by Heather Fregeau, Chief Claims Officer – Liability & Property, PRISM, Regarding PRISM GL1 Coverage  
*Recommendation: Discuss and provide feedback as needed.*
9. **LIABILITY PROGRAM MATTERS**
- 125      \*A. Recommendations from Ad Hoc Committee Regarding the BCJPIA Pooled Liability Program  
*Recommendation: Discuss the Ad Hoc Committee recommendations and provide a recommendation to the Board of Directors.*
- 175      \*B. Review of Excess Liability Coverage Options  
*Recommendation: Review and provide a recommendation to the Board of Directors regarding excess liability coverage for 2024/25.*

**10. EXECUTIVE DIRECTOR'S REPORT**

- A. Report by Executive Director  
*Recommendation: None.*

**11. CLOSED SESSION** – Pursuant to Government Code Section 54956.95(a), the Committee will hold a closed session to discuss the claims for the payment of tort liability losses, workers' compensation losses, or public liability losses incurred by the Joint Powers Authority:

Rose v. City of Larkspur  
Britt v. City of Mill Valley  
Locke v. City of Novato  
Hart v. City of Redwood City  
Cutler v. Town of San Anselmo

REPORT FROM CLOSED SESSION - Pursuant to Government Code Section 54957.1, the Committee must report in open session any action taken, or lack thereof, in closed session.

**12. CLOSING COMMENTS - This time is reserved for comments by the Committee and/or staff and to identify matters for future BCJPIA business.**

- A. Executive Committee  
B. Staff

**13. ADJOURNMENT**

**NOTICES:**

- The next BCJPIA Board of Directors meeting will be held on Monday, April 22, 2024. Location: Hyatt Place Emeryville/San Francisco Bay Area, 5700 Bay St, Emeryville, CA 94608 .
- The next ERMA Board of Directors Meeting will be held Monday, June 3, 2024, in Sacramento. The BCJPIA representative to the ERMA Board is Jason Castleberry, City of Union City, and the alternate is Jon Maginot, City of Los Altos.
- The next LAWCX Board of Directors Meeting will be held on Tuesday, June 4, 2024. Location: The Westin Sacramento, 4800 Riverside Blvd, Sacramento, CA 95822. The BCJPIA representative to the LAWCX Board is Ruben Martin, Central Marin Fire Authority, and the alternate is Adam Wolff, Town of Corte Madera.
- The next BCJPIA Board of Directors Meeting will be held on Thursday, June 6, 2024, Location: Hyatt Place Emeryville/ San Francisco Bay Area, 5700 Bay St, Emeryville, CA 94608.

March 28, 2024

Agenda Items 5.A.-C.

**CONSENT CALENDAR**

**SUBJECT: Consent Calendar**  
**Prepared and Presented by, Jaesa Cusimano, BCJPIA Executive Director**

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**BACKGROUND AND STATUS:**

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

**RECOMMENDATION:**

*Staff recommends the Committee formally consider approval of the Consent Calendar as presented.*

**REFERENCE MATERIALS ATTACHED:**

- \*A. Minutes from the January 25, 2024, Executive Committee Meeting
- \*B. Minutes from the February 22, 2024, Executive Committee Meeting
- \*C. Workers' Compensation Manager's Report for 2023

# BAY CITIES JOINT POWERS INSURANCE AUTHORITY (BCJPIA)

## EXECUTIVE COMMITTEE MEETING OF

January 25, 2024

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A regular meeting of the Executive Committee was held on January 25, 2024, via Zoom Teleconference.

**MEMBERS PRESENT:** Dan Schwarz, President, City of Larkspur (*Joined During Item 2.*)  
Julie Harryman, Vice President, City of Pleasanton  
Jon Maginot, Treasurer, City of Los Altos  
Marc Shapp, City of Berkeley  
Ruben Martin, Central Marin Fire Authority  
Jeffery Zuba, Town of San Anselmo

**MEMBERS ABSENT:** Todd Cusimano, City of Mill Valley

**OTHERS PRESENT:** Jaesa Cusimano, Executive Director  
Yahaira Velazquez, Assistant Executive Director  
John Burdette, Board Secretary  
Will Portello, Litigation Manager  
Jackie Miller, Workers' Compensation Manager (*Left After 7.A.*)  
Min Su, Interim Finance Manager (*Left after 7.A.*)  
Juliana Boehmer, Senior Accountant (*Left after 7.A.*)  
Kellie Murphy, Legal Counsel  
Conor Boughey, Alliant

### 1. **CALL TO ORDER**

The January 25, 2024, Executive Committee Meeting was called to order at 9:03 a.m. by Vice President Julie Harryman.

### 2. **INTRODUCTIONS**

A roll call was taken, and it was determined a quorum was present.

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

*Jeff Zuba moved to approve the agenda as posted. The motion was seconded by Julie Harryman. The motion passed unanimously by Dan Schwarz, Julie Harryman, Jon Maginot, Jeff Zuba, Marc Shapp, and Ruben Martin.*

#### 4. PUBLIC COMMENTS

None

#### 5. CONSENT CALENDAR

*Ruben Martin moved to approve the consent calendar items: A) Minutes from the September 28, 2023, Special Executive Committee Meeting; B) Minutes from the October 23, 2023, Special Executive Committee Meeting; C) BCJPIA Cash and Investment Report for the Quarter Ended September 30, 2023; D) Warrant Listings for the Months of October, November, December 2023; E) Workers' Compensation Lag Report as of September 30, 2023. Jeff Zuba seconded the motion. The motion passed unanimously by Dan Schwarz, Julie Harryman, Jon Maginot, Jeff Zuba, Marc Shapp, and Ruben Martin.*

#### 6. ADMINISTRATIVE MATTERS

##### A. Ad Hoc Committee Updates

Jaesa Cusimano, BCJPIA Executive Director, reminded the Executive Committee (EC) that an Ad Hoc Committee was assigned by the Board in October to review the Pooled Liability Program and is comprised of Marc Shapp from the City of Berkeley, Julie Harryman from the City of Pleasanton, Sylvia Peters from the City of Redwood City, and Trevor Atashkarian from the City of Mill Valley. Ms. Cusimano provided an update on the progress made by the Ad Hoc Committee noting they have met twice to date. She mentioned that in the first meeting, the group requested that Bickmore Actuarial conduct a special analysis of the Self-Insured Retention (SIR) options available to members as well as to make recommendations for individual members based on their loss experience. Should the EC be interested in these analyses, staff recommended the EC authorize \$4,000 to cover the cost of the reports.

Additional factors to be evaluated included examining the impact of dropping the \$1 million cap on claims data used to establish ex-mods to \$500,000 and \$750,000. She stated although the ad hoc committee will only be evaluating the pooled layer, staff will also be providing an analysis showing attachment points to excess at \$2 million as well as the current \$1 million attachment point during the excess liability coverage provider discussions with the EC and the Board.

At the ad hoc committees' second meeting, the group discussed alternatives to using payroll as the exposure base and considering other exposure options such as the use of member population. However, concerns were raised regarding the use of population as an exposure base, particularly for members without a population like the police and fire authorities. These members would need to employ a different form of exposure for premium calculation. Also discussed was the potential application of the members' ex-mod to the excess liability premium. The ad hoc recommended a phased increase that would go from the current 15% application of the ex-mod, to 25% the first year then to 50% in the following year.

***Ruben Martin moved to authorize the use of \$4,000 to contract with Bickmore Actuarial for the special analyses. Julie Harryman seconded the motion. The motion passed unanimously by Dan Schwarz, Julie Harryman, Jon Maginot, Jeff Zuba, Marc Shapp, and Ruben Martin.***

**B. Hotel Selections for 2024 Annual Board Meeting**

At the October 26, 2023, Annual Board of Directors Meeting, staff was tasked with identifying a venue for the 2024 Annual Board of Directors Meetings. Yahaira Velasquez, BCJPIA Assistant Executive Director, presented five hotel options from the hotels contacted: Portola Hotel & Spa, Dream Inn, Oceano Hotel & Spa, Silverado Resort, and Monterey Plaza Hotel. Additionally, the Committee discussed holding a strategic planning session in 2024 and directed staff to reach out to Rick Brush, Brush Strokes Consulting, for his availability to facilitate the session.

Upon discussing cost, location, and available dates, the Committee selected the Dream Inn as the first choice and Portola Hotel & Spa as the second to provide staff with flexibility to accommodate Mr. Brush's schedule.

**C. Consideration of Proposed Alliant Contract Addendum for one Year Extension**

BCJPIA's contract with Alliant expires on June 30, 2024, and the Committee was asked to consider a one-year extension to the existing contract that accounts for the broker, Conor Boughey's assistance in BCJPIA's evaluation of its excess liability program. Mr. Boughey, presented data detailing the expanded tasks and responsibilities undertaken by Alliant staff, pointing out that due to these substantial increases in workload over the last several years, Alliant was seeking a 16% increase to its fees for the contracted term.

***Julie Harryman moved to recommend approval of Alliant's one year contract extension with a 16% increase to the Board of Directors. Marc Shapp seconded the motion. The motion passed unanimously by Dan Schwarz, Julie Harryman, Jon Maginot, Jeff Zuba, Marc Shapp, and Ruben Martin.***

**D. Discussion Regarding Liquidity Fund**

Min Su, BCJPIA Interim Finance Manager, presented alternative options for short-term liquidity funds outside of the Local Agency Investment Fund (LAIF). He explained having other options provides BCJPIA the opportunity to maximize investment income while also diversifying the investment portfolio. The proposed alternatives included the California Asset Management Program (CAMP), CalTRUST, and California Cooperative Liquid Assets Securities System (CLASS). Mr. Su reviewed a comparison of each alternative showing the respective distribution yields over the last five years.

A discussion ensued and the EC concluded that CLASS, being a relatively new investment fund, was not a preferred option for BCJPIA. Regarding the other investment alternatives,

staff was directed to bring back additional information to the next EC meeting as there was interest in potentially opening accounts with CAMP and CalTRUST to have more available options.

Lastly, Mr. Su advised staff would be seeking approval from the Board to authorize the Finance Manager and the Treasurer to transfer funds between LAIF and other investment accounts as needed to eliminate the need for a special meeting every time an opportunity arises to move funds to a higher-yielding account.

**E. Consideration of Los Altos as New Member of the Workers' Compensation**

Ms. Cusimano reported to the EC that Los Altos, a member in good standing since 2012, expressed interest in joining BCJPIA's Workers' Compensation Program. Currently, the City obtains workers' compensation coverage from Public Risk Innovation, Solutions, and Management (PRISM). Ms. Cusimano reviewed the City's application materials with the EC noting Los Altos reported an estimated payroll of \$21,961,246 and a workforce of 160 employees. Over the past 10 years, they have filed 143 claims, with a total incurred amount of \$3,861,131, averaging \$27,014 per claim. Los Altos does not have a fire department but does have a police department.

Ms. Cusimano stated that during the 2022/23 program year, the City applied to join the program effective in 2023/24 and were included in the program's actuarial study; however, the City was not able to provide sufficient notice to PRISM to withdraw so they remained in PRISM for the additional year. Per the previous actuarial study, Los Altos was determined to have an ex-mod of .998. The City is likely to join with a \$250k Self-Insured Retention (SIR) and is only seeking coverage for future claims filed effective July 1, 2024.

*Jeff Zuba moved to recommend to the Board that the City of Los Altos be approved as a member of the BCJPIA Workers' Compensation Program at the City's desired SIR as of July 1, 2024. Ruben Martin seconded the motion. The motion passed unanimously by Dan Schwarz, Julie Harryman, Jon Maginot, Jeff Zuba, Marc Shapp, and Ruben Martin.*

**7. EXECUTIVE DIRECTOR'S REPORT**

**A. Report by Executive Director**

Ms. Cusimano reminded the EC that California Affiliated Risk Management Authorities (CARMA) renewals have been distributed and are due by February 1<sup>st</sup>, 2024.

## **8. CLOSED SESSION**

The Board convened to closed session, pursuant to Government Code sections 54956.95(a) at 10:20 a.m. to discuss the following liability matters:

- Britt v. City of Mill Valley
- Doe v. City of Novato
- Locke v. City of Novato
- Schultz v. City of Sausalito

## **REPORT FROM CLOSED SESSION**

The Board reconvened open session at 10:36 a.m. Ms. Kellie Murphy, BCJPIA Legal Counsel, advised there were no actions to report.

## **9. CLOSING COMMENTS**

### **A. Executive Committee**

None.

### **B. Staff**

None.

## **10. ADJOURNMENT**

The January 25, 2024, Executive Committee Meeting adjourned by consensus of the Committee members at 10:38 a.m.

*John Burdette*

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John Burdette, Board Secretary

# BAY CITIES JOINT POWERS INSURANCE AUTHORITY (BCJPIA)

## EXECUTIVE COMMITTEE MEETING OF

February 22, 2024

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A regular meeting of the Executive Committee was held on February 22, 2024, via Zoom Teleconference.

**MEMBERS PRESENT:** Dan Schwarz, President, City of Larkspur  
Julie Harryman, Vice President, City of Pleasanton  
Marc Shapp, City of Berkeley  
Ruben Martin, Central Marin Fire Authority  
Jeffery Zuba, Town of San Anselmo

**MEMBERS ABSENT:** Jon Maginot, Treasurer, City of Los Altos  
Todd Cusimano, City of Mill Valley

**OTHERS PRESENT:** Yahaira Velazquez, Assistant Executive Director  
John Burdette, Board Secretary  
Jacquelyn Miller, Workers' Compensation Program Manager  
Kellie Murphy, Legal Counsel

### 1. **CALL TO ORDER**

The February 22, 2024, Executive Committee Meeting was called to order at 9:01 a.m. by President Dan Schwarz.

### 2. **INTRODUCTIONS**

A roll call was taken, and it was determined a quorum was present.

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

*Ruben Martin moved to approve the agenda as posted. The motion was seconded by Jeff Zuba. The motion passed unanimously by Dan Schwarz, Julie Harryman, Jeff Zuba, Marc Shapp, and Ruben Martin.*

### 4. **PUBLIC COMMENTS**

None

## 5. **CLOSED SESSION**

The Board convened to closed session, pursuant to Government Code sections 54956.95(a) at 9:03 a.m. to discuss the following workers' compensation matters:

- Ferguson v. City of Brisbane
- Fraass v. City of Sausalito
- Kazarian v. City of Sausalito

## **REPORT FROM CLOSED SESSION**

The Board reconvened open session at 9:20 a.m. Ms. Kellie Murphy, BCJPIA Legal Counsel, advised there were no actions to report.

## 6. **CLOSING COMMENTS**

### A. **Executive Committee**

None.

### B. **Staff**

None.

## 7. **ADJOURNMENT**

The February 22, 2024, Executive Committee Meeting adjourned by consensus of the Committee members at 9:20 a.m.

*John Burdette*

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John Burdette, Board Secretary



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 Website: <http://www.bcjpia.org>

## WORKERS' COMPENSATION PROGRAM MANAGER'S REPORT

### 2023 Summary

#### **BACKGROUND AND STATUS**

Staff performs regular reviews of the workers' compensation claims managed by Innovative Claim Solutions (ICS). This report references the oversight reviews conducted in April, September, and December 2023. The three reviews were combined to provide a more complete evaluation of ICS' work product. A total of sixty files were selected randomly for the on-line review and measured against six criteria. The one remaining open file from Redwood City's claims administrator was also evaluated, but not calculated into the final results. The categories measured involve Plan of Action Addresses Issues, Unit Manager Involved/Guidance Provided, Reserve Accuracy, BCJPIA Reports Timely Accurate and Complete, Benefit Accuracy, and Authority Request Timely. An overall average score of 85% has been defined as the target in each review.

The work product from January 1, 2022, thru the date of the reviews was evaluated. The results of these reviews demonstrate that ICS is meeting or exceeding targeted goals in all but one category, Plan of Action. It is noted staffing turnover during 2023 has impacted the file documentation. With the staffing update, improvement is expected.

				<b>POA Addresses Issues</b>	<b>Unit Mgr Involved/Guidance Provided</b>	<b>Reserve Accuracy</b>	<b>BCJPIA/Excess Reports Timely, Current and</b>	<b>Benefit Accuracy</b>	<b>Authority Requested Timely</b>	
<b>Final Combined Score</b>				<b>87%</b>	<b>77%</b>	<b>86%</b>	<b>86%</b>	<b>92%</b>	<b>90%</b>	<b>89%</b>

#### **SUMMARY OF RESULTS**

##### **1. Strengths Noted**

It is recognized five of the six categories evaluated scored above the target and continue to be areas of achievement and strength for ICS:

- Unit Manager Involved/ Guidance Provided
- Reserve Accuracy
- BCJPIA/Excess Reports timely, Current and Complete
- Benefit Accuracy
- Authority Requested Timely

## **2. Opportunities for Improvement**

As stated above, one remaining category fell below the target of 85%. Staff will continue to monitor and work with ICS on this area, with expected improvement:

- Plan of Action Addresses Issues.

### **EVALUATION OF REMAINING REDWOOD CITY FILE**

Staff reviewed the one remaining open Redwood City file which is managed by Intercare Holdings Insurance Services (Intercare). This file was appropriately managed with the exception of lacking a Supervisory Review in 2023. This was noticed to Intercare, and a review was immediately conducted, and future reviews scheduled. Staff will continue to monitor this remaining file.

### **OVERVIEW**

Overall, ICS continues to provide appropriate claims administration services to BCJPIA with a focus on benefit delivery. The impact of staffing resources has been recognized in this review.

Intercare has implemented Supervisory diaries to address the need for continued management review.

The next oversight review will take place on-line in March 2024. Please contact Ms. Miller if there are any specific files you would like reviewed. Ms. Miller can be reached at (800) 541-4591, extension 4615, or [Jacquelyn.Miller@Sedgwick.com](mailto:Jacquelyn.Miller@Sedgwick.com)

March 28, 2024

Agenda Item 6.A.

**FINANCIAL MATTERS**

**SUBJECT: Discussion Regarding Liquidity Fund  
Prepared and Presented by Min Su, BCJPIA Finance Manager**

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**BACKGROUND AND STATUS:**

The BCJPIA currently invests its liquid funds not immediately needed for operations in the Local Agency Investment Fund (LAIF), which is managed by the State Treasurer's Office investment staff. During the January 25, 2024, Executive Committee meeting, the California Asset Management Program (CAMP), CalTRUST, and California Liquid Assets Securities System (CLASS) were discussed as alternatives to LAIF. When compared to LAIF, all options would provide for a higher rate of return in the near term while maintaining the necessary liquidity.

Staff were directed to explore the alternative options for participation in a liquidity fund. The yield currently offered by CAMP is several points higher than LAIF. CAMP is a California Joint Powers Authority established in 1989 to provide California public agencies with professional investment services. Investments are offered through the Cash Reserve Portfolio (the "Pool" or the "CAMP Pool") and CAMP Term (another product offered by CAMP that operates like a certificate of deposit but not being considered by the BCJPIA at this time). Attached is a Program Guide of CAMP.

Opening an account with CAMP is permitted through a Board-approved resolution. Attached is a CAMP Sample Resolution. Staff concluded opening an account was appropriate as it provided all the intended benefits with the least amount of fees. Additionally, during the annual review of the BCJPIA Investment Policy, staff will update the language to reflect the use of Joint Powers Authority Local Government Investment Pools.

Participation in CAMP does not affect the portfolio managed by Chandler Asset Management, but rather provides flexibility when staff and the BCJPIA Treasurer evaluate the best options for maintaining liquid funds and maximizing returns.

Lastly, the LAIF account will remain open because there will be a time when BCJPIA will want to reverse course and put funds back into LAIF during periods of stable or falling interest rate environments.

**RECOMMENDATION:**

*Staff recommends the Committee consider approving a California Asset Management Program (CAMP) pool liquidity fund.*

March 28, 2024

Agenda Item 6.A.  
Page 2

**REFERENCE MATERIALS ATTACHED:**

- CAMP Program Guide dated January 12, 2023
- CAMP Sample Resolution



# PROGRAM GUIDE

January 12, 2023

This Program Guide includes an Information Statement that contains important information on the California Asset Management Trust. Please read the Information Statement carefully before you invest in the Trust.

© 2023 California Asset Management Program

# CONTENTS

## Part 1

### Key Facts

*Part 1 presents key facts about the Portfolios, including information on costs, minimums, policies, and how to place transaction orders. Part 1 is descriptive, not definitive, and is qualified by the information contained in Part 2.*

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## Part 2

### Information Statement

*Part 2 contains supplemental information to Parts 1 and 3. Some of this information further defines or qualifies information presented in Part 1. There is also information on additional topics, such as the history of the Trust and a list of the Trustees. Parts 1, 2, and 3 together constitute the offering document for the Pool, Term, and Individual Portfolios.*

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## Part 3

### Individual Portfolios

*Part 3 presents key facts about an Individual Portfolio investment and is qualified by the information contained in Part 2.*

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## Part 1

### Terms Used in This Document

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**Account Application** The form to open a CAMP account.

**ACH** Automated clearing house is a secure payment transfer system that connects all U.S. financial institutions. The ACH network acts as the central clearing facility for all Electronic Fund Transfer (EFT) transactions that occur nationwide.

**Advisory Agreement** Investment advisory agreement between the Investment Adviser and the Trust.

**Act** California Joint Exercise of Powers Act (California Government Code Section 6500 et seq.).

**Board** The Trust's Board of Trustees. These individuals are employees of California Public Agencies which are Participants in the Trust.

**Business Day** Any day on which both the bond market (as determined by the Securities Industry and Financial Markets Association "SIFMA") and the Custodian are open for business. The Trust may close early on any days when the bond market closes early. In light of anticipated limited availability for money market securities and fixed income settlement capacity limitations, the Trust will not be open for business on Good Friday even if the primary trading markets are open.

**California Asset Management Program or CAMP or Program** The Program consisting of the Trust and Individual Portfolios.

**Cash Reserve Portfolio** A short-term portfolio and cash management vehicle (the "Pool") designed to earn a high rate of return while preserving principal, providing liquidity, and seeking a stable NAV of \$1.00.

**Custodian** U.S. Bank National Association or the designated bank, agent, or trust company responsible for safeguarding financial assets of the Trust and the Individual Portfolios.

**Connect** The Investment Adviser's web-based information and transaction service.

**FINRA** Financial Industry Regulatory Authority.

**Individual Portfolio** Professionally managed investment accounts which Shareholders may establish by separate agreement with the Investment Adviser.

**Internal Revenue Code** The Internal Revenue Code of 1986, as amended.

**Investment Adviser** PFM Asset Management LLC, the Trust's investment adviser, administrator, and transfer agent.

**Investor Agreement** The Agreement to become an Investor and purchase shares of the Investor Shares Series.

**Investors** Shareholders that invest in the Trust's Portfolios without joining the Trust.

**JPA** Joint Exercise of Powers Authority. The Trust is a JPA.

**MSRB** Municipal Securities Rulemaking Board.

**NAV** Net asset value.

**NRSRO** Nationally recognized statistical-rating organization.

**Officers** Executive officers of the Trust.

**PFMAM** PFM Asset Management LLC

**Pacific Time** The local West Coast time, either daylight or standard depending on time of year.

**Participants** Shareholders that invest in the Trust's Portfolios who have joined the Trust.

**Pool** The Trust's Cash Reserve Portfolio.

**Portfolios** The Cash Reserve Portfolio and Term Portfolio which are each professionally managed investment portfolios.

**Public Agency** As defined in California Government Code, Section 6500, and includes, but is not limited to, the federal government or any federal department or agency, this state, another state or any state department or agency, a county, county board of education, county superintendent of schools, city, public corporation, public district, regional transportation commission of this state or another state, a federally recognized Indian tribe, or any joint powers authority formed pursuant to this article by any of these agencies.

**Shares Series** Reference to the Participant Shares Series and the Investor Shares Series of the Cash Reserve Portfolio, or series of the CAMP Term Portfolio when applicable and, collectively, the "Shares Series," where applicable.

**Shares** Units representing an equal proportionate share of beneficial interest in the Portfolios of the Trust.

**Shareholders** Public agencies that invest in the Trust's Portfolios.

**Standard & Poor's** Standard & Poor's Rating Agency.

**Term** The Trust's CAMP Term Portfolio or individual series thereof.

**Trust** California Asset Management Trust.

**Trustees** Members of the Board of Trustees of the Trust.

**USBAM** U.S. Bancorp Asset Management, Inc.

**U.S. Bank** U.S. Bank National Association

# Portfolio Summary

## Cash Reserve Portfolio *Participant Shares and Investor Shares*

### Investment Objective

The objective of the Cash Reserve Portfolio is to earn a high rate of return while preserving principal, providing liquidity, and seeking a stable NAV of \$1.00.

For proceeds of debt issuances invested in the Pool, the objective of the Trust is to invest and account for such proceeds in compliance with the arbitrage rebate and yield restriction requirements as set forth in the Internal Revenue Code and the related U.S. Treasury regulations.

### Principal Investment Strategies

The Cash Reserve Portfolio invests exclusively in the following types of investments, all of which are authorized investments for Public Agencies pursuant to California Government Code Section 53601:

- U.S. Government and agency obligations
- Repurchase agreements collateralized by U.S. Government and agency obligations
- Bankers' acceptances
- Negotiable certificates of deposit
- Commercial paper
- Corporate notes
- Supranationals
- Asset-Backed Securities
- Money Market Funds

The Investment Adviser may adjust exposure to interest rate risk, typically seeking to protect against possible rises in interest rates and to preserve yield when interest rates appear likely to fall.

The Pool is managed to maintain a dollar-weighted average maturity of no more than 60 days and a dollar-weighted average life (final maturity, adjusted for demand features but not interest rate adjustments) of no more than 120 days. In addition, it only buys investments that have a remaining maturity of three hundred ninety-seven (397) days or less at the time of purchase (except for variable-rate notes issued by the U.S. Government or its agencies or instrumentalities, which must have remaining maturities of 762 days or less).

The Pool has received a rating of AAAM from Standard & Poor's.

*For a more complete description of authorized investments and investment restrictions for the Portfolio, see the "Authorized Investments" section in Section 2 of this document.*

### Main Risks

As with any similar pooled investment, there are several factors that could hurt the Pool's performance, cause Shareholders to lose money, or cause the Pool's performance to be less than that of other investments.

- **Interest rate risk** When short-term interest rates fall, the Pool's yield is likely to fall. When interest rates rise, especially if the rise is sharp or unexpected, the Pool's share price could fall.
- **Credit risk** The issuer of a security could fail to pay interest or principal in a timely manner. The credit quality of the Pool's holdings could change rapidly in certain markets, and the default or decline in credit quality of even a single investment could cause the Pool's share price to fall.
- **Liquidity risk** The Pool's share price could fall during times when there are abnormal levels of redemption requests or markets are illiquid.
- **Management risk** Performance could be hurt by decisions made by the Investment Adviser, such as choice of investments or timing of buy/sell decisions.

*An investment in the Pool is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Pool seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Pool.*

## Management

**Investment Adviser** PFM Asset Management LLC.

*The features of the Pool are summarized below.*

## Fees and Expenses

These are the fees and expenses Shareholders will pay when they buy and hold Shares in this Pool. The figures shown here do not reflect the effects of any voluntary expense reductions. Going forward, actual expenses may be higher or lower. The Investment Adviser is obligated to reimburse the Pool for the amount by which annual operating expenses, including investment management, custodian, legal, and audit fees, exceed 0.22% of average daily net assets. There were no reimbursements to the Pool for the year ended December 31, 2021.

### Annual Pool Operating Expenses

**(Fees and expenses shown are based on the prior year's audited financial statements and may be subject to certain fee waivers or recoupment thereof.)**

Management and administrative fees	0.10%
Other operating expenses	0.01%
<b>Total annual operating expenses</b>	<b>0.11%</b>

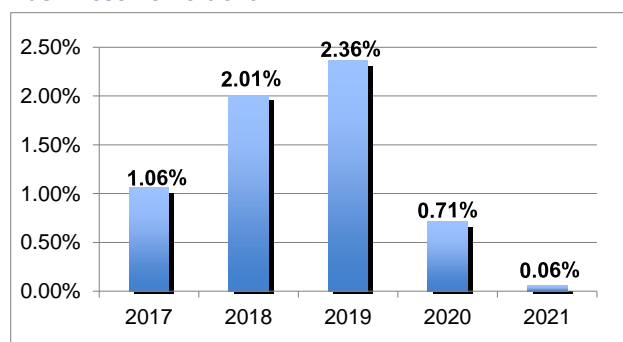
*For a more complete description of the fees and expenses for this Portfolio, see the Expenses of the Trust section in Part 2 of this document.*

## Past Performance

All performance figures shown here assume that dividends were reinvested. Figures shown are for the five most recent audited calendar years. For current yield information, call (800) 729-7665. Past performance may not indicate future results.

### Calendar Year Total Returns (%)

#### Cash Reserve Portfolio



## Purchase and Sale of Pool Shares

**Minimum Initial Investment** No minimum.

**Minimum Account Balance** No minimum.

**Minimum Holding Period** 1 day.

You can place orders to buy or sell Shares by wire, ACH transfer, check or via the Internet using Connect.

## Placing Orders

To place orders, contact us at:

**Online** [www.camponline.com](http://www.camponline.com)

**Phone** (800) 729-7665

Wire transfer orders can be processed the same Business Day if they are received and accepted by the Investment Adviser by 11:00 a.m. Pacific Time and if the Pool's Custodian receives federal funds by wire prior to the close of business. Wire orders received after 11:00 a.m. Pacific Time are processed on the next Business Day. ACH transfer orders are processed on the next Business Day if requested by 1:00 p.m. Pacific Time. ACH orders received after 1:00 p.m. Pacific Time are processed on the second Business Day after the Business Day on which they are received.

*For more complete information on buying and selling Shares, see "Buying Shares" and "Redeeming Shares." For information on the potential tax consequences of investing in the Pool, see "Tax Information."*

# CAMP Term Portfolio

## Investment Objective

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To provide an investment subject to pre-set redemptions occurring from 60 days to one year from the date of investment, and that will produce the highest earnings consistent with maintaining safety of principal at maturity and meeting the redemption schedule. The CAMP Term Portfolio seeks to assure the return of principal on the planned maturity date, although principal value may fluctuate prior to that date, and therefore may be greater or less than \$1.00 a share. There may be a penalty for early withdrawal, and the NAV prior to a pre-set redemption may be more or less than \$1.00 a share.

The securities will be valued using market values to determine fair value of the Portfolio. The CAMP Term Portfolio does not offer daily liquidity and therefore does not qualify under GASB Statement No. 79 to utilize amortized cost for external GAAP financial reporting. Rather, it utilizes market prices to determine fair value for external GAAP financial reporting in accordance with GASB Statement No. 31. Annual financial statements issued for the Portfolio will include a statement of net position and statement of changes in net position.

The Portfolio may also maintain a rating from a NRSRO and implement corresponding policies and procedures designed to comply with additional rating guidelines to achieve the Portfolio's investment objective.

## Principal Investment Strategies

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The Term Portfolio invests exclusively in the following types of investments, all of which are authorized investments for Public Agencies pursuant to California Government Code Section 53601:

- U.S. Government and agency obligations
- Repurchase agreements collateralized by U.S. Government and agency obligations
- Bankers' acceptances
- Negotiable certificates of deposit
- Commercial paper
- Corporate notes
- Supranationals
- Asset-Backed Securities
- Money Market Funds

*For a more complete description of authorized investments and investment restrictions for the Portfolio, see the "Authorized Investments" section in Section 2 of this document.*

## Main Risks

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As with any similar pooled investment, there are several factors that could hurt the Portfolio's performance, cause you to lose money, or cause the Portfolio's performance to trail that of other investments.

- **Credit risk** The issuer of a security could fail to pay interest or principal in a timely manner. The credit quality of the Portfolio's holdings could change rapidly in certain markets, and the default or decline in credit quality of even a single holding could cause the Portfolio's share price to fall.
- **Early redemption risk** Early redemption penalties charged to a Shareholder by the Portfolio could reduce or eliminate investment gains and could mean that the amount that Investor receives back is less than the initial investment.
- **Management risk** Performance could be hurt by decisions made by the Investment Adviser, such as choice of investments or investment maturities or timing of buy/sell decisions.

*An investment in the Portfolio is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Portfolio seeks to preserve the value of your investment on the planned redemption date at \$1.00 per share, it is possible to lose money by investing in the Portfolio.*

## Past Performance

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The performance of each individual series of the Portfolio and of each Shareholder's individual investment therein may vary. Past performance may not indicate future results.

## Management

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**Investment Adviser** PFM Asset Management LLC

## Fees and Expenses

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These are the fees and expenses you will pay when you buy and hold shares in this Portfolio. The figures shown on the following page do not reflect the effects of any voluntary expense reductions which would lower expenses.

## Annual Portfolio Operating Expenses

(Fees and expenses shown may be subject to certain fee waivers)

Management and administrative fees	0.15%
Other operating expenses	0.07%
<b>Maximum total annual operating expenses</b>	<b>0.22%</b>

The Portfolio may charge significant fees/penalties for any redemptions prior to the agreed upon redemption date. As these charges are based on protecting the interests of other Portfolio Shareholders, the actual amount of the fees cannot be stated in advance.

*For a more complete description of the fees and expenses for this Portfolio, see the Expenses of the Trust section in Part 2 of this document.*

## Purchase and Sale of CAMP Term Portfolio Shares

**Minimum Investment** \$1,000,000.

**Minimum Term** 60 days. Premature withdrawal may result in a fee/penalty.

**Maximum Term** 1 year.

## Placing Orders

Prior to placing any order, call CAMP's toll-free number to discuss the amount and term of your investment and to get information on the projected yield. Once your investment has been approved, you can place orders to buy Term shares by redeeming available Pool shares. Any additional funds needed to cover the purchase of shares may be sent to the Shareholder's Pool account via separate wire, or automated clearing house (ACH) transfer.

All transactions for purchases in a CAMP Term series are dependent upon funds being available in the Shareholder's Pool account from which the transaction originated.

To arrange or place orders, contact us at:

**Phone** 800-729-7665

Orders can be processed the same day if funds are available in the Shareholder's Pool account by 10:00 am Pacific Time. Otherwise, they are processed on the next business day so long as funds are made available in the Shareholder's Pool account.

*For more complete information on buying and redeeming shares, see "Buying Shares—CAMP Term Portfolio" and "Redeeming Shares—CAMP Term Portfolio." For information on the potential tax consequences of investing in the Portfolio, see "Tax Information."*

# Investing

## Opening an Account

### Eligible Shareholders

The Trust is a JPA and a California common law trust. The Trust will not accept funds for investment from sources other than California Public Agencies.

### Account Opening Process

- Complete the appropriate Account Application. To obtain additional forms, call (800) 729-7665 or visit [www.camponline.com](http://www.camponline.com) to download them.
- *If Participant Shares are being purchased* for the initial account, provide a copy of an ordinance or resolution authorizing participation in the Trust, and execute a conformed copy of the Declaration of Trust.
- *If Investor Shares are being purchased*, execute a copy of the Investor Agreement. To obtain a copy of the Investor Agreement, call (800) 729-7665 or visit [www.camponline.com](http://www.camponline.com). Complete a separate Account Application, signed by an authorized person, for each account.
- Provide a completed IRS W-9 form.

Send the above documents via U.S. mail to:

CAMP Client Services Group  
P. O. Box 11760  
Harrisburg, PA 17108-1760

*Please note: UPS and Federal Express will not deliver packages to a P.O. Box. If using one of these shipping methods, please contact CAMP at (800) 729-7665 for an alternative delivery address.*

Or send by fax to:

(888) 535-0120

## Buying Shares—CAMP Cash Reserve Portfolio

Once a Shareholder's application has been accepted, an investment in the Pool can be made using one of the methods in the table on the following page. Funds used to purchase investments must be in U.S. dollars and must be drawn on a U.S. Bank or a U.S. branch of a foreign bank. **All investments must meet the terms described in the Portfolio Summary.**

### Special Requirements for the Proceeds of Debt Issues.

Shareholders are advised to invest proceeds of tax-exempt borrowings by same-day wire transfer as any other method could result in delays in investing funds and, for rebate calculation purposes, may limit the Investment Adviser's ability to track the investment of all the proceeds of a debt issue through a single account from the time of actual settlement on the debt issue.

Unless all proceeds from a particular debt issue are invested through the Trust immediately upon receipt by the

Shareholder, and unless the recommended withdrawal procedures are followed, the Investment Adviser may decline to provide arbitrage compliance assistance or may require additional information from the Shareholder, otherwise, the Investment Adviser may not be able to complete a rebate calculation report or may have to qualify the rebate calculation report. The Trust may accept the proceeds of debt issues which previously have been deposited or invested outside of the Trust, subject to the preparation of a rebate calculation report for the period prior to deposit with the Trust. The Investment Adviser will provide instructions and assistance in arranging for preparation of this report (see Part 2 - Rebate Calculation Services for the Proceeds of Debt Issues).

Method	Instructions	Additional information
<b>Wire (same-day settlement)</b>	<ul style="list-style-type: none"> <li>● Initiate the transaction on the Internet at <a href="http://www.camponline.com">www.camponline.com</a> or by calling the Investment Adviser at (800) 729-7665 before 11:00 a.m. Pacific Time.</li> <li>● Provide the following information: <ul style="list-style-type: none"> <li>— Shareholder's account name and account number</li> <li>— Amount being wired</li> <li>— Whether the transfer is by Federal funds wire (preferred) or bank wire</li> <li>— Name of bank sending wire</li> </ul> </li> <li>● Instruct your bank to initiate the wire on the same day to U.S. Bank National Association. Detailed instructions can be obtained on the Internet at <a href="http://www.camponline.com">www.camponline.com</a> or by calling the Investment Adviser at (800) 729-7665.</li> </ul>	<ul style="list-style-type: none"> <li>● The Pool does not charge fees for receiving wires. However, the sending bank may charge for wiring funds. To reduce potential charges, use ACH transfers as described below.</li> <li>● Important—A Shareholder must initiate an Internet transaction or notify the Investment Adviser by telephone of a deposit before 11:00 a.m., Pacific Time, and a Federal Reserve wire or bank wire convertible to Federal Funds on a same-day basis must be received that day by the Custodian if the investment is to begin earning income that day.</li> </ul>
<b>ACH transfer (settles next Business Day)</b>	<ul style="list-style-type: none"> <li>● Before making your first transfer, call the Investment Adviser at (800) 729-7665 and register for ACH transfers.</li> <li>● A Shareholder may initiate an Internet transaction at <a href="http://www.camponline.com">www.camponline.com</a> or call the Investment Adviser at (800) 729-7665 prior to 1:00 p.m., Pacific Time, and give instructions for the movement of funds from its financial institution to its Pool account.</li> </ul>	<ul style="list-style-type: none"> <li>● Funds will transfer overnight and begin earning income the next Business Day.</li> <li>● Funds may be transferred to the Trust by ACH according to the written banking instructions provided by an authorized person.</li> <li>● A Shareholder must notify the Trust in writing of any changes to the specified banking instructions.</li> </ul>
<b>Check (settles two or more Business Days after the order arrives)</b>	<ul style="list-style-type: none"> <li>● Instructions for depositing checks by mail are available by contacting the Investment Adviser at (800) 729-7665.</li> <li>● Checks will be deposited when received by the Custodian, and proceeds will be invested when they are converted to Federal Funds. This procedure may take two or more Business Days.</li> </ul>	<ul style="list-style-type: none"> <li>● It is not advisable to use checks for investment of proceeds of tax-exempt borrowings.</li> </ul>
<b>Online</b>	<ul style="list-style-type: none"> <li>● Before making your first online transaction, submit a Contact Record Form, which may be obtained either by calling the Investment Adviser at (800) 729-7665 or by visiting <a href="http://www.camponline.com">www.camponline.com</a>.</li> <li>● Use Connect to place wire or ACH orders with the Investment Adviser.</li> <li>● Instruct your bank to initiate the wire on the same day to U.S. Bank National Association. Detailed instructions can be obtained on the Internet at <a href="http://www.camponline.com">www.camponline.com</a> or by calling the Investment Adviser at (800) 729-7665.</li> </ul>	

## Redeeming Shares—CAMP Cash Reserve Portfolio

A Shareholder may withdraw all or any portion of the funds in its Pool account at any time by redeeming Shares. Shares will be redeemed at the NAV per share next determined after receipt of a request for withdrawal in

proper form. The NAV determination is made at the conclusion of each Business Day. Funds may be withdrawn in any of the ways shown below.

Method	Instructions	Additional information
<b>Wire (same-day settlement)</b>	<ul style="list-style-type: none"> <li>Initiate the transaction on the Internet at <a href="http://www.camponline.com">www.camponline.com</a> or call the Investment Adviser at (800) 729-7665 on any Business Day to request a withdrawal and the transfer of proceeds. Funds will be transferred to the Trust according to the written banking instructions provided by an authorized person.</li> <li>If your request is received before 11:00 a.m. Pacific Time, funds will be wired on that same day.</li> <li>Requests received after 11:00 a.m. Pacific Time will be processed on the following Business Day.</li> </ul>	<ul style="list-style-type: none"> <li>Funds may be transferred to the Trust by wire according to the written banking instructions provided by an authorized person.</li> <li>A Shareholder must notify the Trust in writing of any changes to the specified banking instructions.</li> </ul>
<b>ACH transfer (settles next Business Day)</b>	<ul style="list-style-type: none"> <li>Before making your first transfer, call the Investment Adviser at (800) 729-7665 and register for ACH transfers.</li> <li>Initiate the transaction on the Internet at <a href="http://www.camponline.com">www.camponline.com</a> or by calling the Investment Adviser at (800) 729-7665 <b>before 1:00 p.m. Pacific Time.</b></li> </ul>	<ul style="list-style-type: none"> <li>Funds will transfer overnight and be available the next Business Day.</li> <li>Funds will remain invested in the Shareholder's Pool account until the day they are transferred.</li> <li>Funds may be transferred from the Trust by ACH according to the written banking instructions provided by an authorized person.</li> <li>A Shareholder must notify the Trust in writing of any changes to the specified banking instructions.</li> </ul>
<b>Check</b>	<ul style="list-style-type: none"> <li>Upon request, the Investment Adviser will provide a Shareholder with a supply of checks imprinted with the Shareholder's name and account number for each Pool account.</li> <li>Checks may be made payable to anyone and deposited by the payee as with any other check.</li> <li>When these checks are presented to the Custodian for payment, the Trust will redeem the appropriate number of full or fractional Shares from the Shareholder's Pool account to cover the amount of the check.</li> </ul>	<ul style="list-style-type: none"> <li>There is currently no charge for checkwriting.</li> <li>Funds will continue to earn income until the check clears.</li> <li>If you use checks, you will receive images of checks paid with monthly statements.</li> <li>Do not use a check to withdraw all available funds or to close your account. Please contact the Investment Adviser for instructions on how to fully redeem your shares.</li> <li>You may be charged a fee for writing a check that is returned for insufficient funds.</li> </ul>

## Buying Shares—CAMP Term Portfolio

Once your application to open a CAMP Term Portfolio account has been accepted, you may invest in the CAMP Term Portfolio by authorizing the Investment Adviser to invest funds in a CAMP Term Portfolio account.

Prior to placing any order, call us to discuss the amount and term of your investment and to get information on the

projected yield. Each investment will be given its own projected yield. Yields may vary according to the term of the investment and the interest rates available at the time of investment.

The Investment Adviser may refuse any investment or limit the size of an investment.

## Redeeming Shares—CAMP Term Portfolio

Funds may be withdrawn only as described in the table below. Be sure that one or more bank accounts have been pre-authorized to receive redemptions proceeds. If there is

more than one pre-authorized bank account, call 800 729-7665 in advance to let the Trust know which account is to receive redemption proceeds.

Type of Redemption	Instructions	Additional information
<b>Maturity</b>	<ul style="list-style-type: none"> <li>No action required. Proceeds will be automatically transferred to the Pool account from which funds for the original purchase were withdrawn.</li> </ul>	<ul style="list-style-type: none"> <li>Redemption value per share will equal the purchase price plus dividends (at the projected yield) minus any losses incurred by the series (not counting those resulting from premature redemptions).</li> </ul>
<b>Premature Redemption</b> <i>Redemption prior to maturity date</i>	<ul style="list-style-type: none"> <li>Send a letter to the Investment Adviser requesting redemption prior to the maturity date. Alternatively, you can notify the Investment Adviser by calling (800) 729-7665 and following up with written confirmation of your instructions.</li> <li>7 days after we receive your request, redemption proceeds will be transferred to your Pool account from which funds for the original purchase were withdrawn.</li> </ul>	<ul style="list-style-type: none"> <li>Premature redemption amounts must be for the entire investment or, for partial redemptions, must be in increments of \$100,000.</li> <li>Redemption value per share will equal the purchase price plus dividends earned to date minus any losses incurred by the Term series and any premature redemption penalty.</li> </ul>
<b>Planned Early Redemption</b> <i>Redemption prior to maturity date</i>	<ul style="list-style-type: none"> <li>At the time an order for shares is placed, Shareholders may submit a request for redemption on a Planned Early Redemption Date prior to the termination date for the Term series without the imposition of a penalty.</li> <li>No action necessarily required. Proceeds will be automatically transferred to the Pool account from which funds for the original purchase were withdrawn.</li> </ul>	<ul style="list-style-type: none"> <li>The redemption value per share for shares being redeemed on a Planned Early Redemption Date is equal to the original purchase price for such shares plus dividends thereon, less such shares' allocation of any losses incurred by the Term series (other than losses resulting from Premature Redemption of shares of the series).</li> </ul>

## Special Withdrawal Procedures for Proceeds of Tax-Exempt Obligations

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It is recommended that checks payable to the Shareholder and wire transfers to the Shareholder's account be used only to reimburse the Shareholder for project costs already incurred and that appropriate documentation of such reimbursement be retained by the Shareholder to maintain a clear audit trail of the expenditure of funds for rebate calculation purposes. Failure to follow this procedure could result in additional rebate calculation costs and/or issuance of a qualified rebate calculation report or a rebate exceptions compliance report.

If, at the time the debt instruments are issued, a Shareholder expects to make rebate payments and designates this on Schedule A - Bond Issue Information of the Account Application, the Investment Adviser will track withdrawals and will notify the Shareholder when cumulative withdrawals from an account total the amount of the original proceeds of a debt issue deposited in that account. Within five days of such notice, the Investment Adviser will provide an estimate of the Shareholder's rebate obligation, if any, with respect to the account. To the extent the Shareholder has rebate liability, it is recommended that the Shareholder open a separate account and fund it in an amount at least equal to the estimated rebate liability or reserve an amount equal to the estimated rebate liability in its project funds.

Upon receiving the above-described notification, the Shareholder should promptly request preparation of a rebate calculation report by calling the Investment Adviser at (800) 729-7665 (see Part 3 - Rebate Calculation Services for the Proceeds of Debt Issues).

Upon completion of the rebate calculation report, the Investment Adviser will provide the Shareholder with copies of the rebate calculation report. The Investment Adviser recommends that the Shareholder open a separate account to deposit the rebate amount identified in the rebate calculation report. It is further recommended that the Shareholder withdraw the balance in the separate account and make the required rebate payment within sixty (60) days of the installment computation date (as defined in the applicable U.S. Treasury regulations).

A Shareholder could be liable for rebate payments in addition to the amount identified in the rebate calculation report if, among other things, the date of the rebate calculation report does not correspond with an installment computation date, if payment of the amount is not made within sixty (60) days of the installment computation date, or if some future action by the Shareholder changes the yield of the related tax-exempt obligations.

It is advisable that a Shareholder not withdraw all of its funds prior to completion of rebate estimates and a rebate calculation report in order to track all earnings accurately

and to fulfill its rebate obligation. Failure by the Shareholder to follow these guidelines may result in the Shareholder having to fulfill its rebate obligation from other sources of funds and may make it impossible for the Investment Adviser to prepare an unqualified rebate calculation report.

If a Shareholder withdraws funds from the Program prior to the end of a rebate calculation period and reinvests them elsewhere, the Investment Adviser will be unable to issue an unqualified rebate calculation report.

## Emergencies: Right to Suspend Withdrawals

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The Declaration of Trust permits the Trustees to suspend the right of withdrawal from the Trust or to postpone the date of payment of redemption proceeds if the New York Stock Exchange is closed other than for customary weekend and holiday closings, if trading on the New York Stock Exchange is restricted, or if, in the opinion of the Trustees, an emergency exists such that disposal of the Trust's securities or determination of its net asset value is not reasonably practicable.

If the right of withdrawal is suspended, a Shareholder may either withdraw its request for that withdrawal or receive payment based on the net asset value of the Trust next determined after termination of the suspension of the right of withdrawal.

## Other Redemption Policies

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The Trust may redeem Shares owned by a Shareholder to reimburse the Trust for any failure by that Shareholder to make full payment for Shares purchased by the Shareholder.

Redemption payments may be made in whole or in part in securities or other property of the Trust. Shareholders receiving any such securities or other property on redemption will bear any costs of sale.

## Additional Account Features

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**The Trust offers certain additional account features at no extra charge, including:**

- **Statements** Confirmations of each investment in and withdrawal from a Trust account will be made available online at [www.camponline.com](http://www.camponline.com) within two days of the transaction. A statement of each account will be mailed (or obtained online at [www.camponline.com](http://www.camponline.com)) each month to each Shareholder. This statement will show the dividend paid and the account balance as of the statement date. The statement will also show total income earned during the year. Any checks the Shareholder has written against a Trust account which have been paid

by the Trust and canceled during the month will be returned to the writer by U.S. Bank National Association.

- **Information Services** Toll-free telephone service ((800) 729-7665) is available to provide Shareholders with information including current yield, up-to-date account information and transaction history, and to receive instructions for the investment or withdrawal of funds.
- **Technical Assistance** Technical and operational assistance ((800) 729-7665) is available to Shareholders and Public Agency officials who are considering the Trust for investment purposes.
- **Estimated Earnings on the Proceeds of Debt Issue and Projected Draws** Upon request, the Investment Adviser will provide estimates of future earnings on the proceeds of a debt issue for Shareholders. This estimate will be based on the projected drawdown schedule provided by the Shareholder. The Investment Adviser may request estimates of project drawdown schedules from Shareholders from time to time to facilitate efficient investment of funds.
- **Website** Account information and information regarding the Trust can be found at [www.camponline.com](http://www.camponline.com). A password and user identification is required to initiate a transaction or access account information. The system can be accessed through the Trust's website by selecting "Access Your Account." Instructions on how to obtain a password and user identification can be received by contacting investor services at (800) 729-7665.
- **Information on Portfolio Holdings** The Trust discloses a summary of each Portfolio's holdings online monthly and a full description of holdings in the annual audited financial reports.

*For our policy on the disclosure of Portfolio holdings, see Part 2.*

#### **Rights the Trust reserves**

The Trust reserves the right to do any of the following:

- Add, change, or remove account minimums at any time without advance notice.
- Reject any investment or limit the size of any Shareholder's account.
- Limit the frequency of purchases for any reason.
- Establish a minimum check amount, or terminate, suspend, or alter check writing privileges.

## **Policies Specific to the CAMP Term Portfolio**

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### **Dividends and Distributions**

A projected dividend rate is determined when shares are purchased, and the dividend is declared and paid on the maturity or on the planned redemption date.

Dividends on shares in the series constituting the CAMP Term Portfolio shall be paid on the termination date of the series, except for dividends on shares redeemed pursuant to a planned early redemption or a premature redemption before the termination date, which will be paid when such dividends on shares in the series are redeemed.

The yield for any CAMP Term Portfolio investment is determined by dividing the expected net income per share for the period from the settlement date to the termination date by the purchase price per share, dividing this result by the actual number of days between the settlement date and termination date, and then multiplying the result by 365/366.

*For more detail about Dividends and Distributions, see Part 2.*

### **Premature Redemption Penalty**

Shareholders may be charged a premature redemption penalty equal to (i) all penalty charges, losses, banking fees and other costs (including, without limitation, interest paid on funds borrowed to pay the redemption) associated with amending, terminating, selling or otherwise affecting any of the investments in the series and (ii) an amount sufficient to maintain the projected yield on the remaining shares to the stated termination date for the series or to the planned early redemption dates, as the case may be, less any losses affecting projected yield attributable to such shares.

### **Allocation of Losses**

Any losses incurred by a CAMP Term Portfolio series (other than losses resulting from Premature Redemptions of shares of the series or in the normal course of portfolio management) will be allocated among all shares of the series outstanding at the time such loss is incurred. Such a loss may result from a default on an investment or from a sale of an investment. If such a loss occurs, the redemption value per share could be lower than that on which the projected yield was quoted at the time of issuance of the share.

### **Calculating Share Price**

Any losses incurred by a CAMP Term Portfolio series (other than the redemption value per share for any series of the Portfolio) will be determined on any day when redemption is made and on termination of the series. It is the intent of the Trust to manage each series in the Portfolio

in a manner that produces a share price of at least \$1.00 on the termination date.

The Investment Adviser, on behalf of CAMP, determines the net asset value of the shares of the Portfolio at the close of each Business Day for the purpose of computing expenses and fees. The net asset value per share for each series of the Portfolio is calculated by dividing the total value of investments and other assets less any liabilities by the total outstanding shares of the series as of the day the calculation is made.

### **Tax Information**

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We suggest that you check with your tax advisor before investing in the Trust or an Individual Portfolio. Relevant considerations include:

- Section 115(1) of the Internal Revenue Code, which provides that the gross income of a state or political subdivision does not include income derived from the exercise of any essential government function.
- Section 148 of the Internal Revenue Code (and related regulations) covering rebate requirements, which may apply to anyone investing tax-exempt or tax-credit bond proceeds.
- Section 148 of the Internal Revenue Code (and related regulations) covering arbitrage limitations or rebate requirements under which states and municipalities may be required to pay the U.S. Treasury a portion of earnings they derive from the investment of certain funds.

### **Use of Amortized Cost**

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The Board of Trustees has determined, in consultation with the Investment Adviser, that it will manage the Trust's Cash Reserve Portfolio in accordance with GASB 79 requirements, as applicable, for continued use of amortized cost.

### **Financial Highlights**

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The Trust's financial statements are audited by Ernst & Young LLP and are included in the CAMP Annual Report for the Trust's most recent fiscal year end. The Annual Report is available upon request or on the Trust's website ([www.camponline.com](http://www.camponline.com)).

## Part 2 – Information Statement

### General Information

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#### The Trust

##### History

The California Asset Management Trust was established in 1989 as a California JPA and as a California common law trust to meet local government investments needs. The Trust is responsible for the management of the Cash Reserve and Term Portfolios. The Trust's activities are directed by the Board. Because the Trust is accountable only to its Public Agency Shareholders, it has adapted over time to meet their changing needs. Initially, the Trust was formed to assist California public agencies with investing proceeds of tax-exempt debt issues and complying with the arbitrage regulations. Responding to needs of its Shareholders, the Trust was later expanded to include investment of operating funds and capital reserves.

In 2005, in response to changes in the law and the needs of California Public Agencies for a more flexible investment option, the Trust was amended to create two new Shares Series: Investor Shares and Participant Shares. Participant Shares are available to California Public Agencies that have joined the JPA as members. Shares of the Investor Shares are available to California Public Agencies that have not joined the JPA as a member. Shares of both Series are invested in the same portfolios. As such, the Participant and Investor Shares will realize the same investment results. **Please review Parts 1 and 2 of the Program Guide carefully for a more detailed description of the respective rights, privileges, preferences, and restrictions of investment in any Portfolios of the Trust.**

Additionally, in 2005, in response to a change in the law, the Trust was amended to expand the definition of Public Agency to include certain California nonprofit corporations, membership of which is limited to California Public Agencies or public officials, and again in 2021 to include federally recognized Indian tribes. These changes allow California nonprofit corporations and federally recognized Indian Tribes that meet the expanded definition of Public Agency to either join or invest in the JPA.

##### Organization and Purpose

The Trust is a JPA and Public Agency created by the Declaration of Trust and established under the provisions of the Act for the purpose of exercising the common power of its Participants to invest funds. The Trust cannot accept funds for investment from other sources.

The Trust provides Shareholders a Cash Reserve and a Term portfolio for comprehensive investment management and accounting services. For proceeds of tax-exempt debt issues, the Trust also offers Arbitrage Rebate calculations. Public Agencies invest in the Pool by contributing assets to the Trust, which are used to purchase Shares in the Pool.

Shares of the Pool and Term are currently divided into two Shares Series: "Participant Shares" and "Investor Shares." Public Agencies may invest in the Pool and Term by formally joining the Trust or by not joining the Trust and only purchasing shares of the Investor Shares Series which have no voting rights. Participants must become parties to the Declaration of Trust, dated as of December 15, 1989, as amended and restated as of October 25, 2022.

Public Agencies that own Participant Shares have voting rights on matters affecting the operation of the Trust. Public Agencies may also invest in the Pool and Term without joining the Trust. Public Agencies that own Investor Shares have rights similar to the Participant Shares except that voting rights are reserved for owners of the Participant Shares.

The Trust seeks to provide Shareholders with the following features through the Portfolios:

**Preservation of Principal** Investments in the Portfolios are made only in high-quality investments in which Public Agencies are permitted by California statute to invest their funds and in accordance with other investment policies of the Trust designed to preserve capital. While the Pool seeks to maintain a stable NAV of \$1.00 per Share and Term seeks to maintain \$1.00 upon planned maturity date, it is possible to lose money investing in either the Pool or Term. An investment in the Portfolios is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

**Liquidity** Investments in the Pool may be made at any time, and Shareholders may withdraw funds from the Pool on any Business Day. Term Portfolio investments are structured to provide liquidity on the predetermined maturity date.

**Income** The Pool seeks to earn a high rate of income consistent with preserving principal and maintaining liquidity. Term seeks to produce the highest earnings consistent with maintaining safety of principal at maturity and meeting the redemption schedule of Shareholders.

**Arbitrage Rebate Compliance** For the proceeds of tax-exempt debt issues, the Trust is designed to assist Shareholders in complying with certain arbitrage rebate requirements of the Internal Revenue Code. Investments are purchased and investment documentation is maintained in accordance with requirements of the Internal Revenue Code, and rebate calculation reports are prepared by the Investment Adviser upon request in a manner and at such times as to enable Shareholders to comply with these requirements. The Trust is also designed to assist Shareholders in determining whether they have satisfied the expenditure test for any available exceptions to the arbitrage rebate requirements and to provide calculations of penalties due in lieu of rebate payments.

**Convenience** The Trust offers the option of investing by electronic funds transfer or check. Shareholders that invest the proceeds of debt issues in the Pool do not have to schedule investment maturities to meet project draw schedules. Shareholders can use the Internet to check account balances and activity and to initiate transactions.

**Professional Management** Investments in the Portfolios are managed by investment professionals who are experienced in managing local government investment pools like the Trust and who follow both general economic and current market conditions affecting interest rates.

**Diversification** The Shares of the Pool and Term represent beneficial interests in diversified portfolios of certain high-quality instruments authorized for investment by Public Agencies by the California Government Code Section 53601 (a) through (q).

**Accounting, Safekeeping and Separate Accounts** The Trust does all of the bookkeeping and safekeeping associated with the ownership of securities accounts for each Shareholder's funds to facilitate Shareholder's compliance with governmental accounting and auditing requirements.

A Public Agency can also enter into a separate agreement with the Investment Adviser to manage a separate portfolio that is not part of the Trust. These Individual Portfolios allow a Public Agency to invest its funds in a segregated account (not within the Trust) for a term that is longer than the average maturity of the Pool or Term.

The Trust also provides record keeping and custodial and arbitrage rebate calculation services for the proceeds of debt issues.

For further information or assistance, call toll free (800) 729-7665.

## The Declaration of Trust

The Trust is a JPA and a separate Public Agency established as a common law trust under the laws of the State of California by execution of a Declaration of Trust by two California Public Agencies as the initial Participants in the Trust. Additional Public Agencies have become Participants in the Trust by enacting an ordinance or passing a resolution to adopt the Declaration of Trust and by signing a conformed copy of the Declaration of Trust. As of the date of these materials, January 12, 2023, 120 Public Agencies were Participants in the Trust. Additional Public Agencies may become Participants by following the same procedure as outlined above in this paragraph.

Copies of the Declaration of Trust and the By-Laws of the Trust may be obtained from the Investment Adviser or online at [www.camponline.com](http://www.camponline.com) and should be read carefully before joining the Trust. All descriptions contained in this Information Statement are subject to and limited by provisions set forth in the Declaration of Trust and the By-Laws.

The Declaration of Trust permits the Trustees to issue an unlimited number of Shares. The Trustees, in their discretion, may authorize the division of Shares into one or more Shares Series. The Trust consists of one class known as the Cash Reserve Portfolio and one class known as Term. Each Portfolio consists of two Shares Series known as Participant Shares and Investor Shares. Participant Shares are issued to Public Agencies that have joined the Trust, and, as Participants in the Trust, they have certain voting rights provided by the Declaration of Trust. Investor Shares are issued to Public Agencies that invest in the Trust but have not become a party to the Declaration of Trust. Investor Shares are similar to Participant Shares but lack voting rights. Both the Participant Shares and the Investor Shares represent an equal proportionate interest in the respective Portfolio.

The Shares of each Shares Series are only payable from that portion of the Trust's assets held by the Trust. Each Share represents an equal proportionate interest in the Trust with each other outstanding Share. Upon redeeming Shares, a

Shareholder receives the current net asset value per Share. If liquidation should occur, Shareholders will be entitled to receive their proportionate share of the assets of the applicable Portfolio less any liabilities of the that Portfolio including, but not limited to, all expenses, costs, charges, and reserves attributable to that Portfolio, as well as their proportionate share of any general assets and liabilities of the Trust. The Shares of each Shares Series are fully paid and non-assessable, except as set forth in Part 2 under “Participant and Trustee Liability,” and have no preemptive or conversion rights.

Shareholders can sell shares or purchase additional Shares in accordance with the procedures outlined in Part 1 of this Program Guide. The Trust also permits transfers of Shares directly between eligible California Public Agencies; however, the Trust reserves the right to require Shareholders to provide proof of authorization, evidence of the genuineness of such authorization, and such other matters as may reasonably be required in order to effect such purchases and sales. Upon such delivery, the transaction will be recorded on the register of the Trust. Until such record is made, the Shareholder of record will be deemed to be the holder of such Shares for all purposes, and neither the Trustees nor any transfer agent officer, employee, or agent of the Trust will be affected by any notice of the proposed transfer. No Shares may be transferred to a transferee other than a Public Agency, or to the Trust itself.

For all matters requiring action by the Shareholders, such action will be taken by a vote of the Participant Shares Series Shareholders, who will be entitled to that number of votes equal to the number of full and fractional Participant Shares held by each Participant Shares Series Shareholder.

The Trust may be terminated by the vote of a majority of its Trustees with the approval of the holders of two-thirds of the Shares of the Participant Shares Series. Upon the termination of the Trust, and after paying or adequately providing for the payment of all liabilities and upon receipt of such releases, indemnities, and refunding agreements as they may deem necessary for their protection, the Trustees may distribute the remaining Trust assets, in cash or in kind or partly in cash and partly in kind, among the Shareholders according to their respective beneficial interests.

The Declaration of Trust may be amended by the vote of the Trustees, with the approval of the holders of a majority of the Shares of the Participant Shares Series. The Trustees may also amend the Declaration of Trust without the approval of Participants for the following reasons: to change the name of the Trust or any Series; to establish additional Series or classes of Shares; to supply omissions or correct or supplement ambiguous, defective, or inconsistent provisions; or, if they deem it necessary, to conform the Declaration of Trust to the requirements of applicable laws and regulations or to eliminate or reduce any taxes which may be payable by the Trust or the Participants, but the Trustees will not be liable for failing to do so. No amendment may be made which would change any rights of any Shares by reducing the amount payable thereon upon liquidation of the Trust or by diminishing or eliminating any approval rights pertaining thereto except with the vote of a majority of the Trustees and the approval of the holders of two-thirds of the Shares of the Participant Shares Series.

## The Trustees

The Trust is currently governed by a Board of seven Trustees, all of whom are officials or employees of Public Agencies that are Participants in the Trust. The Trustees are appointed pursuant to, and are provided authority under, the Declaration of Trust. The Trustees are responsible for setting overall policies and procedures for the Trust and for hiring and supervising the activities of the Investment Adviser, the Custodian, and other agents of the Trust and monitoring the investment performance of the Portfolios and the method of valuing Shares. The names and business addresses of the current Trustees and Officers of the Trust and their principal occupations and other affiliations during the past five years are as follows:

**Karen D. Adams, CPA**—Ms. Adams has served as a Trustee since February 2010 and is the Treasurer of the Trust. Since October 2002, Ms. Adams has served as the Treasurer-Tax Collector, Merced County, 2222 M Street, Merced, California 95340. Ms. Adams was Assistant Treasurer-Tax Collector, Merced County, October 1996 – October 2002.

Past President, California Association of County Treasurers and Tax Collectors (CACTTC); Member of the Government Finance Officers Association (GFOA), Government Investment Officers Association (GIOA), California Municipal Treasurers Association (CMTA), California Revenue Officers Association (CROA); Finance Committee Member, Merced County Community Foundation; Past President of Kiwanis Club of Greater Merced; and Past Treasurer of Business & Professional Women (BPW).

**Steve Dial**—Mr. Dial has served as a Trustee since August 2002 and is the President of the Trust. Since February 2006, Mr. Dial has served as the Deputy Executive Director and Chief Financial Officer, San Joaquin Council of Governments (SJCOG), 555 East Weber Avenue, Stockton, California 95202, and SJCOG’s subsidiaries: SJCOG, Inc., Commute Connection, Inc., and the San Joaquin County Transportation Authority. In 2009, Mr. Dial was designated Treasurer and Controller for SJCOG. From 1985 to February 2006, he was Director of Administration and Chief Financial Officer for SJCOG.

Former Chair, Financial Affairs Committee, National Association of Regional Councils; Board Member of the Child Abuse Prevention Council of San Joaquin County; Past Treasurer of the Leadership Stockton Alumni Association; Past President of the Board of Directors for United Cerebral Palsy of San Joaquin County; Past Vice President of the United Way of San Joaquin County; and Member of the Government Finance Officers Association (GFOA) and California Society of Municipal Finance Officers (CSMFO).

**André Douzjian**—Mr. Douzjian has served as a Trustee since May 2014. Since October 2019, Mr. Douzjian has served as the Chief Financial Officer, San Diego Association of Governments (SANDAG), 401 B Street, Suite 800, San Diego, California 92101. Mr. Douzjian served as the Director of Finance for SANDAG from June 2012 – October 2019. Prior to June 2012, he worked in the private sector, and from 1991 – 2000 was the Financial Services Manager for SANDAG.

Member of the Government Finance Officers Association (GFOA), American Institute of Certified Public Accountants (AICPA); CFO, Roundtable of San Diego; and Former Treasurer of the Entrepreneurs Organization, San Diego Chapter.

**Jordan Kaufman**—Mr. Kaufman has served as a Trustee since January 2022. Since January 2015, Mr. Kaufman has served as the elected Treasurer-Tax Collector, Kern County, 1115 Truxum Avenue, Bakersfield, California 93301. Mr. Kaufman was the Assistant Treasurer-Tax Collector 2006 – 2015 and the Deputy County Administrative Officer 1995 – 2006.

President, California Association of County Treasurers and Tax Collectors (CACTTC); Treasurer and past President, Kern County Management Council; Treasurer and past President United Way of Kern County; Treasurer Boy Scouts of America Southern Sierra Council; Commissioner, California Statewide Communities Development Authority (CSCDA); Statutory Trustee, past elected Trustee, past Chairman, Kern County Employees Retirement Association (KCERA); Member, Rotary Club of Bakersfield, Downtown; and Adjunct Professor, California State University Bakersfield.

**David Persselin**—Mr. Persselin has served as a Trustee since January 2022. Since January 2014, Mr. Persselin has served as the Finance Director/Treasurer, City of Fremont, 3300 Capitol Avenue, Fremont, California 94537. January 2012 – May 2016, Mr. Persselin was an Adjunct Faculty/Lecturer at San Jose State University. He was the Assistant Finance Director, City of Pleasanton, 2011 – 2013, and from 2001 – 2011 worked for the City of San Jose.

Member of the Government Finance Officers Association (GFOA), California Society of Municipal Finance Officers (CSMFO), and International City/County Management Association (ICMA).

**Lauren Warrem**—Ms. Warrem has served as a Trustee since January 2022. Prior to January 2022, Ms. Warrem served as a Trustee from 2017 – 2019. Since March 2019, Ms. Warrem has served as the Chief Deputy Treasurer, San Diego County, 1600 Pacific Highway, Room 152, San Diego, California 92101. Ms. Warrem worked as the Finance Director/City Treasurer, City of Vista, from April 2015 – February 2019. Prior to April 2015, Ms. Warrem worked in the private sector, and from 2001 – 2012 she worked at the San Diego Association of Governments (SANDAG), Finance Manager 2001 – 2009 and Director of Finance 2009 – 2012.

Member of the Government Finance Officers Association (GFOA), California Society of Municipal Finance Officers (CSMFO), and California Municipal Treasurers Association (CMTA).

**Duane Wolterstorff, CPA**—Mr. Wolterstorff has served as a Trustee since May 2014. Since November 2000, Mr. Wolterstorff has served as the Senior Director, Planning and Facilities, Modesto City Schools, 426 Locust Street, Modesto, California, 95351.

Secretary and Administrative Executive of Salida Area Public Facilities Financing Agency (SAPFFA) and Schools Infrastructure Financing Agency (SIFA); Treasurer of the Youth Committee and member of the Finance Committee, Pacific Association, USA Track and Field; Member of California Society of Certified Public Accountants (CalCPA) and American Institute of Certified Public Accountants (AICPA).

The Trustees are appointed by the Board of Trustees and each must be a member of the governing body, officer, or full-time employee of a Public Agency that is a Participant in the Trust, and the appointment must be approved annually by the Participants. Except in the case of resignation or removal, each Trustee holds office until such person's successor is appointed. In order to assure representation on the Board of the several classes of Public Agencies participating in the Trust, at least one of the Trustees must be either a member of the governing body, an officer, or a full-time employee of each of the following: a California county, a city, and a public district (including a JPA), as long as there is at least one Public Agency from that class that is a Participant of the Trust. The Officers of the Trust serve at the discretion of the Board. No Trustee or Officer has an immediate family member serving as a Trustee or Officer of the Trust.

The present Trustees and Officers, or other persons on CAMP official business upon approval of the Trustees, serve without compensation but all are reimbursed by the Trust for reasonable travel and other out-of-pocket expenses incurred in connection with their duties as Trustees and Officers.

### Participant and Trustee Liability

Under California law, members of a common law trust may be held personally liable for the obligations of the trust if they are deemed to control the management of the trust. Because the Board has ultimate control over all matters relating to the Trust, the Trust does not believe that Participants would be deemed to have such control. The Declaration of Trust contains an express disclaimer of Participant liability for acts or obligations of the Trust. The Declaration of Trust also provides that the Trust will indemnify each Participant against all claims and liabilities out of the assets of the Series of the Trust in respect of which such claim or liability arose.

The Declaration of Trust provides that no Trustee, officer, employee, or agent of the Trust will be liable for any action or failure to act that does not involve bad faith, willful misfeasance, gross negligence, or reckless disregard of duty. Each Trustee, officer, employee, and agent of the Trust will be indemnified by the Trust against claims and liabilities as provided in the By-Laws and to the fullest extent provided by California law. The Trustees may also purchase, and pay out of Trust assets, insurance policies insuring the Trustees, Officers, Agents, Participants, employees, investment advisers, distributors, or independent contractors of the Trust against all claims arising by reason of holding any such position or by reason of any action taken or omitted by any such person in such capacity.

The Act provides that all immunities from liability which apply to the activity of officers, agents or employees of Participants when performing their functions within the territorial limits of their respective Public Agencies will apply to them to the same extent while engaged in the performance of any of their functions associated with the Trust.

Under the Declaration of Trust, the Trustees may obtain insurance or establish self-insurance funds to cover certain liabilities. This may be done on a joint basis with other similar entities, and the Trust may contribute more than its pro rata share of such insurance premiums or self-insurance funds.

### Services Providers

**Investment Adviser and Administrator** PFMAM, an investment advisory firm with offices at One California Street, Suite 1000, San Francisco, California 94111 and 213 Market Street, Harrisburg, Pennsylvania 17101, is the Trust's investment adviser and administrator. The daily management of the investment affairs and research relating to the Portfolios is conducted by or under the supervision of the Investment Adviser. PFMAM is an investment adviser registered with the U.S. Securities and Exchange Commission, under the Investment Advisers Act of 1940, as amended, and a subsidiary of USBAM. USBAM is a subsidiary of U.S. Bank. U.S. Bank is a separate entity and subsidiary of U.S. Bancorp. Shares of the Portfolios are distributed by the Investment Adviser's affiliate, PFM Fund Distributors, Inc., a member of FINRA and subject to the rules of the MSRB. The Investment Adviser is also the investment manager and/or program administrator for 17 other local government investment pool programs, which provide services similar to those provided by the Trust.

*Advisory Services.* The Investment Adviser manages the investment of the assets of the Trust's Portfolios, including the placement of orders for the purchase and sale of investments, pursuant to an Advisory Agreement. The Investment Adviser obtains and evaluates such information and advice relating to the economy and the securities markets as it considers necessary or useful to manage continuously the assets of the Trust in a manner consistent with the Trust's investment objectives and policies. The Investment Adviser also administers and maintains the Trust's website which provides access to Connect. The Investment Adviser also serves as the rebate calculation agent for the Program, which requires, among other duties, collecting relevant information from, and sending notices to, Shareholders, and making calculations and

preparing rebate reports. Rebate calculation services are subject to a separate agreement, and separate fee schedule, between each Shareholder and the Investment Adviser. The Advisory Agreement will remain in effect until the specified termination date, unless terminated sooner, and may not be assigned by the Investment Adviser without the consent of the Trustees. The Advisory Agreement may be terminated by either party, at any time and without penalty, upon at least one hundred eighty (180) days prior written notice to the other party.

*Investment Transactions.* The Investment Adviser is responsible for decisions to buy and sell securities for the Trust and arranges for the execution of security transactions on behalf of the Trust. Purchases of securities are made from broker/dealers, underwriters, and issuers. Sales prior to maturity are made to dealers and other persons. Money market securities bought from dealers are generally traded on a “net” basis, with dealers acting as principal for their own accounts without a stated commission, although the price of the instrument usually includes a profit to the dealer. Thus, the Trust does not normally incur any brokerage commission expense on such transactions. Securities purchased in underwritten offerings include a fixed amount of compensation to the underwriter, generally referred to as the underwriter’s commission or discount. When securities are purchased or sold directly from or to an issuer, no commissions or discounts are paid.

The policy of the Trust regarding purchases and sales of securities is that primary consideration will be given to obtaining the most favorable price and efficient execution of transactions. In seeking to implement this policy, the Investment Adviser will effect transactions with those dealers whom the Investment Adviser believes provide the most favorable price and efficient execution. If the Investment Adviser believes such price and execution can be obtained from more than one dealer, it may give consideration to placing portfolio transactions with those dealers who also furnish research and other services to the Trust. Such services may include, but are not limited to, any one or more of the following: information as to the availability of securities for purchase or sale; statistical or factual information or opinions pertaining to investments; wire services; and appraisals or evaluations of portfolio securities. The services received by the Investment Adviser from dealers may be of benefit in the management of accounts of some or all of its other clients and may not in all cases benefit the Trust directly. While such services are useful and important in supplementing its own research and facilities, the Investment Adviser believes the value of such services is not determinable and does not significantly reduce its expenses. The Trust does not reduce the management fee paid to the Investment Adviser by any amount that may be attributable to the value of such services.

*Administrative Services.* The Investment Adviser also provides the following administrative services to the Trust in accordance with the Advisory Agreement:

- *Customer Service.* Operation of an Internet website and a toll-free telephone facility to be used exclusively by Shareholders or by Public Agencies interested in investing in the Trust.
- *Administration and Marketing.* Maintenance of the books and records of the Portfolios, including Shareholder account records; supervision, under the general direction of the Trustees, of all administrative aspects of operations; periodic updating and preparation of the Information Statement; preparation of tax returns, financial statements, and reports for all Portfolios; supervision and coordination of the activities of the Custodian; determination of dividends and net asset value of each Portfolio in accordance with the policies of the Trust; provision of office space, equipment, and personnel to administer the Trust; distribution to Public Agencies of the Program Guide; preparation and distribution of other explanatory and promotional materials; and provision of technical assistance and guidance to Public Agencies considering use of the Trust as an investment vehicle.
- *Shareholder Account Reports.* Preparation and provision to Shareholders of confirmation of each Shareholder investment and redemption transaction and of monthly statements summarizing transactions, earnings, and assets of each Shareholder account.
- *Rebate Calculation Services.* Preparation and provision to Shareholders, upon request, of interim rebate calculation estimates and of rebate calculation reports and rebate exceptions compliance reports to Shareholders in the Trust. If applicable, provision of notice to Shareholders prior to any expenditure test date related to any exception from rebate requirements and preparation of an exception compliance report.

**Custodian** U.S. Bank National Association, Minneapolis, Minnesota, is the custodian for the Trust. The Custodian holds cash and securities of the Portfolios and also acts as the check clearing and disbursing agent for the Pool and Term. In addition to internal governance, numerous federal agencies, including the Office of the Comptroller of the Currency (OCC), the Federal Reserve System and the Consumer Financial Protection Bureau (CFPB), supervise and inspect U.S. Bank and its parent company, U.S. Bancorp, to ensure sound banking practices and to protect clients. Appropriate information barriers relating to activities and data exist to facilitate fully independent and segregated oversight of client assets as custodian. The Custodian does not participate in determining the investment policies of the Trust or in investment decisions. The

Investment Adviser may not invest funds of the Portfolios with, nor buy or sell any securities through, any affiliated service provider. Securities purchased under certain repurchase agreements may be held by other custodians agreed to by the Trust and the other parties to the repurchase agreements.

**Trust Counsel** Nossaman LLP, with an office at 50 California Street, 34th Floor, San Francisco, California 94111, is legal counsel to the Trust for certain matters.

**Auditor** The financial statements of the Trust are audited annually by Ernst & Young LLP with an office at 560 Mission Street, Suite 1600, San Francisco, California 94105. The fiscal year for the Trust ends December 31.

## Expenses of the Trust

The Trust has entered into arrangements for the Pool and Term for investment management, custodial, legal, accounting, audit, and rebate calculation services. The Trust also pays for organizational expenses, insurance premiums, Trustees' expenses, and other expenses not expressly assumed by the Investment Adviser. All expenses related to operation of the Portfolios are paid from the income of the Portfolios (see "Dividends").

For the services provided to the Pool by the Investment Adviser, effective January 1, 2023, the Investment Adviser is paid a monthly fee based on the following percentages of the average daily net assets of the Pool:

### Average Cash Reserve Portfolio Daily Net Assets Annual Rate

First \$1 billion	0.145%
Next \$1 billion	0.110%
Next \$2 billion	0.100%
Next \$2 billion	0.095%
Next \$4 billion	0.085%
Next \$5 billion	0.80%
In excess of \$15 billion	0.075%

The Investment Adviser may, from time to time, waive some or all of its fees. Such waiver will have the effect of increasing the yield of the Pool during the period the fees are waived.

For the services provided to Term by the Investment Adviser, the Investment Adviser is paid a monthly fee based on the following percentages of the average daily net assets of Term:

### Average Term Portfolio Daily Net Assets Annual Rate

All Assets	0.150%
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Under the Advisory Agreement, the Investment Adviser has agreed to reimburse the Pool and Term for the amount by which the "annual operating expenses" of the Pool exceed 0.22% of its average daily net assets. "Annual operating expenses" generally include all expenses of the Pool (including investment management, administration, marketing, custodial, legal, accounting, and audit fees), other than any reserves established by the Trustees to pay for extraordinary costs.

As of December 31, 2022, the Pool had reserved \$156,855 to pay for extraordinary costs that it may incur from time to time, such as special legal, audit, and consulting fees. The Trustees may determine to reserve additional amounts, not expected to exceed, on an annual basis, 0.02% of the average daily net assets of the Pool, for those and other similar purposes in the future.

## Tax Matters

Pursuant to Section 115(1) of the Internal Revenue Code, federal gross income does not include income derived from the exercise of any essential governmental function that accrues to a state or any political subdivision of a state. In the opinion of Counsel to the Trust, the Trust is not subject to Federal or California income tax upon the income realized by it.

**Arbitrage Rebate: General** The Internal Revenue Code generally requires issuers of tax-exempt obligations to rebate to the federal government their arbitrage profits derived from investment of gross proceeds in non-purpose obligations. Various exceptions from the rebate requirements are available, and each Shareholder should consult with its bond counsel to determine whether and to what extent appropriate exceptions might be available. The investment by Shareholders of gross proceeds of debt issues in the Trust will be an investment in a non-purpose obligation and will be taken into account in determining any rebate liability.

**Treatment of Administrative Costs of the Portfolios** U.S. Treasury Regulations Title 26 Section 1.148-5 limits the ability for the expenses of an external commingled fund, like the Pool, to be treated as qualified administrative costs within the arbitrage rebate and yield restriction liability calculations. The limitations apply to an external commingled fund in which an individual Shareholder owns more than 10% of the beneficial interest of the fund. From time to time, the Pool may contain one or more Shareholders that individually own more than 10% of the beneficial interest of the fund. Therefore, Shareholders should consider the use of the gross yields of the Pool in all arbitrage rebate and yield restriction liability calculations.

The limitations regarding an external commingled fund in which an individual Shareholder owns more than 10% of the beneficial interest of the fund applies only to the Pool and not the Term Portfolio. The 10% rule in U.S. Treasury Regulations Title 26 Section 1.148-5 is not followed by Term.

**The foregoing summary of federal income tax matters affecting Shareholders in the Portfolios does not purport to be complete. Shareholders should consult their bond counsel for advice as to the application of federal income tax law to their particular investment in the Portfolios.**

## Arbitrage Rebate Compliance

To further the objective of providing Shareholders with simplified arbitrage rebate compliance for proceeds of tax-exempt borrowings, the Trust has adopted the following recommended set of practices. The Trust strongly recommends that they be followed to minimize the Shareholder's rebate compliance costs.

1. A Shareholder should deposit all the proceeds of a debt issue subject to arbitrage rebate in the Trust on the same day as they are received by the Shareholder. This will enable the Investment Adviser to track the investment and expenditure of these funds.
2. A Shareholder should identify all the proceeds of a debt issue subject to the same yield at the time of initial investment. A separate account should be established for each fund or group of funds having a different yield by completing an Account Application. The Investment Adviser will provide advice on the number and type of accounts that will be needed to provide a clear audit trail.
3. Federal tax law requires issuers of tax-exempt obligations either to make certain rebate payments to the Federal government or to meet certain expenditure guidelines. If the Shareholder expects to meet one of the expenditure exceptions, it should notify the Investment Adviser when making its initial investment so the Investment Adviser can provide information regarding the expenditure of the proceeds of an issue.
4. If the Shareholder expects to make rebate payments, it should note that Federal tax law requires issuers of tax-exempt obligations to meet certain rebate payment requirements at least every five years. However, a Shareholder may need to account for its rebate liability on an annual basis. The Investment Adviser will provide estimates of rebate amounts at any time for a Shareholder, and the Investment Adviser will provide a rebate calculation report more frequently than every five years if requested. There will be a separate charge for each rebate calculation report (see Part 2 - Rebate Calculation Services for the Proceeds of Debt Issues).
5. If the Shareholder is eligible and has elected to pay a penalty in lieu of making rebate payments, it should notify the Investment Adviser by designating this on Schedule A - Bond Issue Information when making its initial investment.
6. It is recommended that Shareholders not draw down the entire proceeds of a debt issue account before providing for any rebate requirement or penalty payment.

**If any Shareholder and any parties related to the Shareholder own more than ten percent (10%) of the Shares of the Pool, such ownership may adversely affect the rebate liability of all Shareholders (see "Tax Matters").**

**Documentation of Market Price** The Investment Adviser will follow certain procedures to document that investments are purchased at a "market price" in accordance with requirements of the Internal Revenue Code and related rulings and

regulations. These procedures include obtaining three bids or offers for all securities transactions on the secondary market, documenting transaction prices using independent pricing services, and following practices to avoid making “prohibited payments” or receiving “imputed receipts” (as these terms are used in the applicable U.S. Treasury regulations) that improperly reduce the yield on investments.

### **Rebate Exception Services for the Proceeds of Debt Issues**

Upon initial investment of the proceeds of a debt issue, a Shareholder should inform the Investment Adviser, by designating on Schedule A - Bond Issue Information, if it expects to qualify for an expenditure exception to the Federal rebate requirements or if it has elected to pay a penalty in lieu of rebate. If the Investment Adviser has been so informed thirty (30) days before any expenditure test date related to such an exception from the rebate requirements, the Investment Adviser will provide a notice to the Shareholder that tracks the cumulative percentage of proceeds of a debt issue drawn from funds invested in the Trust from any debt issue whose proceeds are then invested in the Trust and compares the cumulative percentage of funds drawn to the requirements of the exception to assist the Shareholder in determining its eligibility for such exception. Thirty (30) days after any expenditure test date, the Investment Adviser will provide a report (a “rebate exceptions compliance report”) to such Shareholder showing the cumulative percentage of the proceeds of a debt issue (including investment income) actually drawn and calculating the penalty, if any, due to the Internal Revenue Service if actual amounts drawn do not meet the expenditure test.

### **Rebate Calculation Services for the Proceeds of Debt Issues**

With respect to proceeds of tax-exempt borrowings invested in the Trust, including funds whose cash flows are tracked through Shareholder accounts in the Trust, the Investment Adviser will, upon request, provide interim rebate calculation estimates to enable Shareholders to estimate rebate liabilities for financial reporting purposes. There is no charge for these estimates.

The Investment Adviser will provide each Shareholder who so requests with a rebate calculation report for any given report period that summarizes calculations of

- the allowable investment yield,
- investment activities for the Report Period, and
- a calculation of the rebate liability at the end of the Report Period using the methodology prescribed by the applicable U.S. Treasury regulations.

When an account for the proceeds of a debt issue is opened, the Investment Adviser will request certain information from a Shareholder, including information necessary to permit scheduling of the rebate calculation report or Rebate Exceptions Compliance Report. The Investment Adviser will require additional information from a Shareholder, including copies of the official statement, non-arbitrage or tax certificate, debt issue resolution, and similar documents, before the first such rebate calculation report or Rebate Exceptions Compliance Report can be prepared.

Normally, the rebate calculation report will be completed and furnished to the Shareholder for each debt issue no later than thirty (30) days after the Installment Computation Date, provided that the Shareholder has authorized its preparation and provided the necessary information to the Investment Adviser, but a Shareholder may request that a rebate calculation report be completed at shorter intervals. Every effort will be made to honor such requests, although no assurance can be given that reports can be completed in a shorter time period.

If an account is opened for the proceeds of a debt issue that have been invested outside of the Trust, the Investment Adviser will require a rebate calculation report from the date of debt issuance to the date of investment in the Trust.

There will be a separate charge for each rebate calculation report. The fee for a rebate calculation report prepared by the Investment Adviser will be billed separately to the Shareholder at the following rates for debt issues, the proceeds of which are invested exclusively through the Trust from their date of issuance until the date of calculation of the rebate calculation report:

One-time set-up fee, per debt issue:..... \$ 250

Each rebate calculation report, per debt issue:..\$3,000

There will be additional charges for refundings requiring allocations of transferred proceeds and for other calculations involving more extensive services. For proceeds of tax-exempt debt issues invested outside the Trust, due to differences of elapsed time since the issuance of the debt, types of investments, volume and type of transactions, number of funds, and

condition and availability of records, the Investment Adviser cannot charge a standard fee. However, at the request of the Shareholder, the Investment Adviser will provide an estimated cost based on the Shareholder's specific circumstances.

In addition to the rebate calculation services offered by the Investment Adviser, Shareholders also have the option of contracting directly with another service provider for rebate calculation services. If another service provider is used, the scope of the services provided and the fees charged are entirely the responsibility of the Shareholder and its service provider.

## Information Common to All Portfolios

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### Authorized Investments

The Investment Adviser will invest available cash in the Cash Reserve Portfolio and Term Portfolio exclusively in the following investments, which are authorized investments under the California Government Code Section 53601. It is noted that certain other investment types, although authorized by the applicable sections of the California Government Code, may not be approved for inclusion in this investment policy. Except as otherwise provided in sub-paragraph (1) under "Investment Restrictions" below, a change in authorized investments requires approval of the Trustees and the Participants holding a majority of the outstanding Participant Shares of the Trust.

- (1) United States Treasury notes, bonds, bills, or certificates of indebtedness or other obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest.
- (2) Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
- (3) Repurchase agreements with respect to securities described in paragraphs (1) and (2) above, provided that the term of any such repurchase agreement shall be one year or less at the time of purchase.
- (4) Bills of exchange or time drafts drawn on and accepted by a commercial bank (otherwise known as bankers' acceptances) which are eligible for purchase by the Federal Reserve System, provided that such bankers' acceptances may not exceed one hundred eighty (180) days maturity or forty percent (40%) of the assets of the Portfolio and no more than ten percent (10%) of the Portfolio's assets are invested in the bankers' acceptances of any one commercial bank and further provided that the accepting bank has the highest short-term letter and numerical rating as provided by at least one NRSRO.
- (5) Negotiable certificates of deposit issued by a nationally or state-chartered bank or by a savings association or a federal association (as defined in Section 5102 of the California Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank, provided that no more than thirty percent (30%) of the assets of the Portfolio may be invested in certificates of deposit and further provided that the deposits in any one institution shall not exceed the shareholders' equity of such institution.
- (6) Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by at least one NRSRO, provided that its maturity may not exceed two hundred seventy (270) days. No more than forty percent (40%) of the assets of the Portfolio may be invested in eligible commercial paper; if assets of the Portfolio fall below \$100,000,000, no more than twenty-five percent (25%) of assets may be invested in eligible commercial paper; and no more than ten percent (10%) of the Portfolio's total investment assets may be invested in the commercial paper and the medium-term notes of any single corporate issuer. The entity that issues the commercial paper shall meet all of the following conditions either in (a) or (b) as follows: (a) the entity is organized and operating in the United States as a general corporation, has total assets in excess of five hundred million dollars (\$500,000,000), and has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by at least one NRSRO or (b) the entity is organized within the United States as a special purpose corporation, trust, or limited liability company, has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond, and has commercial paper that is rated "A-1" or higher, or the equivalent, by at least one NRSRO.
- (7) United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of 397 days or less, and eligible for purchase and sale within

the United States. Investments shall be rated in a rating category of “AA” or its equivalent or better by an NRSRO and shall not exceed 30 percent of the assets of the Portfolio.

(8) Medium-term notes, defined as all corporate and depository institution debt securities, with a maximum remaining maturity of 397 days or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Investments shall be rated in a rating category of “A” or its equivalent or better by an NRSRO and shall not exceed 30 percent of the assets of the Portfolio. No more than 10 percent (10%) of the Portfolio’s total investment assets may be invested in the commercial paper and the medium-term notes of any single issuer.

(9) A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond. Investments shall be rated in a rating category of “AA” or its equivalent or better by an NRSRO, have a maximum remaining maturity of 397 days or less, and shall not exceed 20 percent of the assets of the Portfolio.

(10) Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.). The company shall have met either of the following criteria: (a) attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs or (b) retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years’ experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000). The purchase price of shares of beneficial interest purchased pursuant to this subdivision shall not include commission that the companies may charge and shall not exceed 20 percent of the assets of the Portfolio.

*Obligations of Agencies or Instrumentalities of the United States Government* Certain short-term obligations of agencies or instrumentalities of the United States Government purchased for the Portfolios may be backed only by the issuing agency or instrumentality and may not be backed by the full faith and credit of the United States Government. For example, Fannie Mae and Freddie Mac have agreements with the U.S. Treasury to provide them with capital in exchange for senior preferred stock. Securities issued by the Federal Home Loan Banks are supported only by the credit of the agency and not by the United States Government, and securities issued by the Federal Farm Credit System are supported by the agency’s right to borrow money from the U.S. Treasury under certain circumstances.

*Repurchase Agreements* A repurchase agreement involves the sale of securities to the Portfolio and the concurrent agreement by the seller to repurchase the securities within a specified period of time at an agreed upon price, thereby establishing the yield during the buyer’s holding period. The yield established for the repurchase agreement is determined by current short-term rates and may be more or less than the interest rate on the underlying securities. The securities underlying a repurchase agreement are, in effect, collateral under the agreement. Securities purchased by the Portfolio and subject to repurchase agreements are limited to the obligations of the United States Government and agencies of the United States but may have maturities longer than one year. At the time a repurchase agreement is made, the underlying securities will have a market value at least equal to one hundred and two percent (102%) of the price plus the price differential. If an agreement is in effect for more than one day, the Investment Adviser is responsible for monitoring the value of the underlying securities, and, in the event their value drops below one hundred and two percent (102%) of the price plus price differential, the counterparty to the repurchase transaction is required to provide additional securities or money within one Business Day so that the value of the collateral is not less than one hundred and two percent (102%) of the price plus price differential. All securities underlying repurchase agreements are required to be delivered to the Custodian or to another custodian agreed to by the Trust and the counterparty. At the expiration of each agreement, the Custodian receives payment of the price plus price differential as a condition for the transfer of the underlying securities to the counterparty. If the counterparty fails to pay the agreed upon price plus price differential on the repurchase date, the risks to the Portfolio would include any difference between the liquidation value of the underlying securities and the price plus price differential, any costs of disposing of such securities, any costs related to foreclosure, and any loss resulting from a delay in foreclosing on such securities.

Funds placed by the Trust into the Portfolios will be invested in accordance with the prudent investor standard set forth in Section 53600.3 of the California Government Code. The Portfolios will not invest in any inverse floaters, range notes or mortgage derived, interest-only strips, or in any security that could result in a zero-interest accrual if held to maturity.

**The Trust is not registered as an investment company under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.) and, accordingly, is not subject to the provisions of the Investment Company Act of 1940 and the rules and regulations promulgated thereunder including rules relating to registered money market mutual funds.**

The authorizing statute, charter, or bylaws of a Public Agency or the trust indenture or ordinance or resolution under which the debt obligations of a Public Agency are issued or its funds are invested may contain investment restrictions which prohibit or otherwise limit investment in one or more of the above-described investments. Accordingly, Public Agencies should consult with their legal counsel or financial adviser regarding the legality of investing bond proceeds under the Trust prior to participating in the Trust or investing in the Shares issued by the Trust.

## Investment Restrictions

The Trustees have adopted the following investment restrictions and fundamental policies, which, except as otherwise provided in (1) below, may be changed only by approval of the Trustees and the Shareholders holding a majority of the outstanding Participant Shares of the Portfolios. The Trust will not:

- (1) Purchase any securities other than those described under “Investment Objectives and Policies” unless California law at some future date redefines the types of securities which are legal investments for some or all classes of Shareholders, in which case the permitted investments for the Portfolios may be changed by the Trustees to conform to California law, provided that prior written notification is given to Shareholders of the Trust.
- (2) Invest in securities of any issuer in which a Trustee, Officer, employee, agent, or adviser of the Trust is an officer, director, or ten percent (10%) shareholder unless such investment is periodically authorized by resolutions adopted by a majority of the Trustees who are not officers, directors, or ten percent (10%) shareholders of such issuer.
- (3) Make loans, except that the Portfolios may enter into repurchase agreements.
- (4) Borrow money or pledge, hypothecate, or mortgage its assets to an extent greater than twenty percent (20%) of the market value of the total assets of the Portfolios, and then only as a temporary measure for extraordinary or emergency purposes to facilitate withdrawal requests which might otherwise require untimely dispositions of portfolio securities. All such borrowings may be secured only by the assets of the Portfolios and must be repaid before the Portfolios make any additional investments. Interest paid on such borrowings will reduce net income of the Portfolios.
- (5) Purchase any security or enter into a repurchase agreement if, as a result, more than ten percent (10%) of the Portfolios’ total assets would be invested in securities subject to restrictions on resale, securities for which there is no readily available market, and repurchase agreements with maturities exceeding seven (7) days and not terminable at approximately the carrying value before that time.
- (6) Purchase the securities of any single issuer (other than obligations issued and guaranteed as to principal and interest by the government of the United States, its agencies, or instrumentalities) if, as a result, more than ten percent (10%) of the Portfolios’ total assets would be invested in the securities of any one issuer.
- (7) Invest more than 5% of net assets in illiquid investments. Illiquid investments are securities that cannot be sold or disposed of in the ordinary course of business at approximately the value ascribed to it by the Trust. Illiquid investments include:
  - Restricted investments (those that, for legal reasons, cannot be freely sold).
  - Fixed time deposits with a maturity of more than seven days that are subject to early withdrawal penalties.
  - Any repurchase agreement maturing in more than seven days and not terminable at approximately the carrying value in the Trust before that time.
  - Other investments that are not readily marketable at approximately the carrying value in the Trust.

If the 5% limitation on investing in illiquid securities is adhered to at the time of investment but later increases beyond 5%, resulting from a change in the values of the Trust’s portfolio securities or total assets, the Trust shall then bring the percentage of illiquid investments back into conformity as soon as practicably possible. The Trust believes that these liquidity requirements are reasonable and appropriate to assure that the securities in which the Trust invests are sufficiently liquid to meet reasonably foreseeable redemptions of Shares.

Any percentage limitation or rating requirement described under “Authorized Investments” will be applied at the time of purchase.

## Procedures for Investment in the Trust

Public Agencies have two options for investing in the Trust. One option is for a Public Agency to become a Participant in the Trust by adopting an ordinance/resolution thereby becoming a member of the JPA. A copy of a sample ordinance/resolution can be obtained by contacting the Investment Adviser and is available on the Trust's website ([www.camponline.com](http://www.camponline.com)). Participation in the Trust requires the formal approval of the governing body of the Public Agency by ordinance/resolution, as appropriate, and execution of the Declaration of Trust. In addition to the rights provided to all Shareholders, Participants are provided approval rights on certain matters as provided in the Declaration of Trust. Public Agencies should consult with their legal counsel regarding the required form of action (ordinance/resolution) and the procedures for enactment or adoption of the ordinance/resolution. No representation is made as to the legal sufficiency of the model form for any given Public Agency. Only members of the governing body, officers, or full-time employees of a Public Agency that is a Participant in the Trust may serve as a Trustee of the Trust.

Alternatively, a Public Agency may purchase Investor Shares of any of the Trust's Portfolios without joining the Trust. Such purchase requires authorization by the Public Agency and execution of the Investor Agreement. A copy of the Investor Agreement can be obtained by contacting the Investment Adviser and is available on the Trust's website ([www.camponline.com](http://www.camponline.com)). Public Agencies owning Investor Shares are provided certain rights with regard to their Shares; however, Investors do not have the approval rights provided to Participants under the Declaration of Trust.

For the proceeds of debt issues, to provide for the investment in the Trust, the Public Agency should either list the Trust in the permitted investments section of the trust indenture or state that bond proceeds can be invested in a permitted investment under Section 53601 of the California Government Code. Sample language is available online at [www.camponline.com](http://www.camponline.com).

Every prospective Shareholder in the Trust (or the applicable trustee of a debt issue) must complete an Account Application (available online at [www.camponline.com](http://www.camponline.com) or by calling the Investment Adviser at (800) 729-7665) and an appropriate Checkwriting Authorization if check writing is desired and forward them along with, if a Participant, (i) a certified copy of the ordinance/resolution as adopted and (ii) an executed copy of the Declaration of Trust, or if an Investor, a completed and executed Investor Agreement, to the Program Administrator via U.S. mail at the following address:

California Asset Management Program  
P. O. Box 11760  
Harrisburg, Pennsylvania 17101

*Please note: UPS and Federal Express will not deliver packages to a P.O. Box. If using one of these shipping methods, please contact CAMP at (800) 729-7665 for an alternative delivery address.*

There is no limit to the number of accounts that can be opened by a Shareholder. Additional Account Applications are provided for this purpose. The Investment Adviser will notify the Public Agency of its approval of the application(s) and the account number(s) assigned. The Trust and the Investment Adviser each reserve the right to reject any application in their sole discretion.

Instructions provided by the Shareholder in the Account Application will remain in effect until the Investment Adviser receives written notification from the Shareholder to change them. Any changes to addresses, account applications, names or signatures of authorized officials, or other critical information will require appropriate documentation. Instructions or forms may be obtained by calling the Investment Adviser at (800) 729-7665 or online at [www.camponline.com](http://www.camponline.com).

## Information Specific to the CAMP Cash Reserve Portfolio

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### Investment Restrictions

The Trust's investment policies and objectives require that all Pool investments have a remaining maturity of three hundred ninety-seven (397) days or less at the time of purchase (except for variable rate notes issued by the U.S. Government or its agencies or instrumentalities, which must have remaining maturities of 762 days or less), and that the dollar-weighted average maturity of Pool investments will not exceed sixty (60) days, and that the dollar-weighted average life (portfolio maturity computed to final maturity without regard to interest rate adjustments on investments) will not exceed one hundred

twenty (20) days. The repurchase date of a repurchase agreement is used to determine its maturity. Debt obligations purchased by the Pool may have interest rates that are periodically adjusted at specified intervals or whenever a reference rate or index changes. These adjustable-rate securities may have demand features which give the Pool the right to demand repayment of principal on specified dates or after giving a specified notice. Adjustable-rate securities and securities with demand features that meet the definition of “Adjustable Rate Government Securities” in Rule 2a-7 of the Investment Company Act of 1940 Rules and Regulations may be deemed to have maturities shorter than their stated maturity dates.

## Dividends

Net income of the Pool shall be determined on the accrual basis as of the conclusion of each Business Day and declared as dividends to each Shareholder at the time of such determination in proportion to the number of shares in the Pool then held by each Shareholder.

Net income of the Pool shall consist of interest earned, plus any discount ratably amortized to the date of maturity plus or minus all realized gains and losses on the sale of securities prior to maturity, less ratable amortization of any premium and all accrued expenses of the Pool including the fees payable to the Investment Advisor/ Administrator, and others who provide services to the Pool. Dividends declared by the Pool are paid to Shareholders as of the last Business Day of each calendar month in the form of additional shares which are credited to each Shareholder’s account. If the net income of the Pool at the time of such determination is a negative amount, the Trust shall have the power and authority (i) to allocate such negative amount among such Shareholders in proportion to the number of shares held at the time of such determination and to offset the allocable share of each Shareholder of such negative amount against any income accrued to such Shareholder, and/or (ii) reduce the number of outstanding shares of the Pool by reducing the number of shares of each Shareholder by that number of shares which represents the amount of its allocable share of such negative amount which is not offset against income accrued to such Shareholder.

## Valuation of Shares

The Investment Adviser, on behalf of the Pool, determines the NAV of Shares of the Pool as of 11:00 a.m. Pacific Time on each Business Day. The NAV per Share of the Pool is computed by dividing the total value of the securities and other assets of the Pool, less any liabilities, by the total number of outstanding Shares of the Pool. Liabilities include all accrued expenses and fees of the Pool, including fees of the Investment Adviser, Custodian, and others who provide services to the Pool, which are accrued daily (see “Expenses of the Trust”).

For the purposes of calculating the NAV per Share of the Pool, the By-Laws of the Trust provide that investments held by the Pool be valued at original cost, plus or minus any amortized discount or premium.

The result of this calculation will be a per Share value which is rounded to the nearest penny. Accordingly, the price at which Pool Shares are sold or redeemed will not reflect unrealized gains or losses on Pool securities which amount to less than \$.005 per Share. The Pool will endeavor to minimize the amount of such gains or losses. However, if unrealized gains or losses were to exceed \$.005 per Share, the amortized cost method of verification would not be used, and the NAV per Share of the Pool would change from \$1.00.

It is a fundamental policy of the Pool to maintain a NAV of \$1.00 per Share, but for the reasons discussed here, there can be no assurance that the NAV of the Pool’s Shares will not vary from \$1.00 per Share. The market value basis NAV per Share for a Pool may be affected by general changes in interest rates resulting in increases or decreases in the value of securities held by the Pool. The market value of such securities will tend to vary inversely to changes in prevailing interest rates. Thus, if interest rates rise after a security is purchased, such a security, if sold, might be sold at a price less than its amortized cost. Similarly, if interest rates decline, such a security, if sold, might be sold at a price greater than its amortized cost. If a security is held to maturity, no loss or gain is normally realized as a result of these price fluctuations; however, withdrawals by Investors could require the sale of Pool securities prior to maturity.

The Investment Adviser and the Trustees will periodically monitor, as they deem appropriate and at such intervals as are reasonable in light of current market conditions, the relationship between the amortized cost value per Share and a NAV per Share based upon available indications of market value. In the event that the difference between the amortized cost basis NAV per Share and market value basis NAV per Share exceeds 1/2 of 1 percent, the Investment Adviser and the Trustees will consider what, if any, corrective action should be taken to minimize any material dilution or other unfair results which might arise from differences between the two. This action may include the reduction of the number of outstanding Shares by having each Shareholder proportionately contribute Shares to the Pool’s capital, suspension or rescission of dividends, declaration of a special capital distribution, sales of Pool securities prior to maturity to reduce the average maturity or to

realize capital gains or losses, transfers of Pool securities to a separate account, or redemptions of Shares in kind in an effort to maintain the net asset value at \$1.00 per Share. If the number of outstanding Shares is reduced in order to maintain a constant NAV of \$1.00 per Share, Shareholders will contribute proportionately to the Pool's capital the number of Shares that represents the difference between the amortized cost valuation and market valuation of the Pool. Each Shareholder will be deemed to have agreed to such contribution by its investment in the Pool.

To minimize the possible adverse effects of changes in interest rates and to help maintain a stable NAV of \$1.00 per Share, the Pool will maintain a dollar-weighted average portfolio maturity of not more than sixty (60) days and a dollar-weighted average life of not more than one hundred twenty (120) days and will not purchase any security with a remaining maturity of more than three hundred ninety-seven (397) days and will only invest in securities determined by the Investment Adviser to be of high-quality with minimal credit risk.

## Yield

Current yield information for the Pool may, from time to time, be quoted in reports, literature, and advertisements published by the Trust. The current yield of the Pool, which is also known as the current annualized yield or the current seven-day yield, represents the net change, exclusive of capital changes and income other than investment income, in the value of a hypothetical account with a value of one Share (normally \$1.00 per share) over a seven-day base period expressed as a percentage of the value of one Share at the beginning of the seven-day period. This resulting net change in account value is then annualized by multiplying it by  $365/7$ .

The Trust may also quote a current effective yield of the Pool from time to time. The current effective yield represents the current yield compounded to assume reinvestment of dividends. The current effective yield is computed by adding 1 to the net change in account value (exclusive of capital changes and income other than investment income) over a seven-day base period, raising the sum to a power of  $365/7$ , and subtracting 1 from the result. The current effective yield will normally be slightly higher than the current yield because of the compounding effect of the assumed reinvestment.

The Trust also may publish a "monthly distribution yield" on each Shareholder's month-end account statement or provide it to Shareholders upon request. The monthly distribution yield represents the net change in the value of a hypothetical account with a value of one Share (normally \$1.00 per Share) resulting from all dividends declared during a month by the Pool expressed as a percentage of the value of one Share at the beginning of the month. This resulting net change is then annualized by multiplying it by 365 and dividing it by the number of calendar days in the month.

At the request of the Trustees or Shareholders, the Trust may also quote the current yield of the Pool from time to time on bases other than seven days for the information of its Shareholders.

The yields quoted by the Trust or any of its representatives should not be considered a representation of the yield of the Pool in the future since the yield is not fixed. Actual yields will depend on the type, quality, yield, and maturities of securities held by the Pool, changes in interest rates, market conditions, and other factors.

Since the yield on the Pool may fluctuate daily, Shareholders should consult with their counsel or financial adviser as to the appropriateness of investing proceeds of tax-exempt bonds in the Pool in the event that covenants with bondholders or provisions of the Internal Revenue Code restrict the yield on investment of the bond proceeds.

## Information Specific to the CAMP Term Portfolio

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### Maturity

The CAMP Term Portfolio is a fixed-term investment portfolio of the California Asset Management Program with a maturity of up to one year, depending on the termination date of any particular series within the Portfolio.

### Dividends

Dividends on shares in the series constituting the CAMP Term Portfolio shall be paid on the termination date of the series, except for dividends on shares redeemed pursuant to a planned early redemption or a premature redemption before the termination date, which will be paid when such dividends on shares in the series are redeemed. For the purpose of calculating dividends for any series, net income shall consist of interest earned, plus any discount ratably amortized to the date of maturity, plus or minus all realized gains and losses on the sale of securities prior to maturity, less ratable amortization of any premium and all accrued expenses of that series.

Dividends on shares of the series of the CAMP Term Portfolio which are declared and paid are equal to the projected yield for such shares to the redemption date, less any losses affecting projected yield attributable to such shares (other than losses resulting from premature redemptions of shares of the series). Dividends on shares of the series of the CAMP Term Portfolio declared and paid on a premature redemption date are equal to the projected yield for such shares to the premature redemption date, less any losses affecting projected yield attributable to such shares and less a premature redemption penalty, if any. Investors may be charged a premature redemption penalty equal to (i) all penalty charges, losses, banking fees and other costs (including, without limitation, interest paid on funds borrowed to pay the redemption) associated with amending, terminating, selling or otherwise affecting any of the investments in the series and (ii) an amount sufficient to maintain the projected yield on the remaining shares to the stated termination date for the series or to the planned early redemption dates, as the case may be, less any losses affecting projected yield attributable to such shares.

Any excess net income of a series of a CAMP Term Portfolio on the termination date will be distributed as an additional dividend to the shares of the series that were issued over the life of the series and the excess net income will be allocated on a pro rata basis based on the average shares outstanding during that time period. Investments may be distributed to Shareholders in any series in lieu of cash whenever the Trust determines that such distribution would be in the best interest of Shareholders of the CAMP Term Portfolio.

### Valuation of Shares

For the purpose of calculating the net asset value per share of the series constituting the CAMP Term Portfolio each Business Day, investments held therein shall be valued using the amortized cost method. The amortized cost method of valuation shall mean the acquisition cost of the investment as adjusted for the amortization of premiums or accretion of discounts, regardless of the impact of fluctuating interest rates on the market value of the investment. Amortized cost valuation provides certainty in valuation but may result in periods during which the value of an investment, as determined by amortized cost, is higher or lower than the price that would be received if the investment were sold. For external period-end reporting, all assets will be valued at fair value determined in good faith by the Trust or adviser acting under contract with the Program as required under statutory and applicable accounting standards. Such fair value-based determinations will only be used to satisfy applicable external reporting standards unless the Trust or adviser has determined that use of the fair value method instead of the amortized cost method would be in the best interest of the holders of outstanding shares of a series of the CAMP Term Portfolio.

The redemption value per share will be determined on any day when redemption is made and on the termination date of a series of the CAMP Term Portfolio. Except as otherwise provided below, the redemption value per share is equal to the original purchase price for such share, plus dividends thereon, less such share's allocation of any losses incurred by the series (other than losses resulting from premature redemptions of shares of the series). The redemption value per share for shares redeemed on a premature redemption date is equal to the original purchase price for such share, plus dividends thereon, less such share's allocation of any losses incurred by the series, less a premature redemption penalty, if any, determined as described in the "Dividends" section above.

Each CAMP Term Series provides for a fixed-rate, fixed-term investment by Shareholders, but the market value of the underlying assets will, prior to their maturity, tend to fluctuate inversely with the direction of interest rates. It is the intent of the CAMP Term Portfolio to manage each of its series in a manner that produces a share price of at least \$1.00 on the termination date for the Shareholder that redeems on said date.

### Yield

The projected yield quoted for any investment in the CAMP Term Portfolio is determined by dividing the expected net income per share for the period from the settlement date to the termination date by the purchase price per share, dividing this result by the actual number of days between the settlement date and the termination date, and multiplying the result by 365.

## Part 3 – Individual Portfolios

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### Purpose

Individual Portfolios are designed to offer California Public Agencies a comprehensive program to meet their investment needs. Shareholders may invest in longer-term investments in a manner that the Investment Adviser will coordinate with the Public Agency. Created pursuant to separate agreements between the Shareholder, the Investment Adviser, and the Custodian, these Individual Portfolios will be managed solely by the Investment Adviser in accordance with specific instructions from the Shareholder. Individual Portfolios are designed to complement investment in the Pool by providing specific investments for surplus funds or for a portion of the proceeds of a debt issue where liquidity is not needed or where specific expenditures are to be funded. For proceeds of debt issues, an Individual Portfolio may be appropriate for Shareholders with relatively lengthy project drawdown schedules, or for Shareholders that wish to match expected construction draws more closely with investment maturities to fix earnings on some or all of their funds. Individual Portfolios may also be appropriate for the investment of debt service reserve funds and certain funds subject to investment yield restrictions. The Investment Adviser will assist each Shareholder in evaluating the possible use of an Individual Portfolio. For further information, call the Investment Adviser at (800) 729-7665. In order to establish an Individual Portfolio, the Shareholder must first establish an account with the Trust either as a Participant or an Investor. The Custodian will hold assets in an Individual Portfolio in a separate account in the Shareholder's name. ***However, Individual Portfolios are not assets of the Trust and are not under the management or supervision of the Board of Trustees.***

### Investment Policies

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Assets in an Individual Portfolio may be invested in those investments that are legal investments for the Shareholder under the California Government Code and the Shareholder's investment policy or are permitted under the terms of related debt issue documents, if any. Individual Portfolios are not governed by the investment policy of the Trust. The Investment Adviser will invest assets in the Individual Portfolios in accordance with the prudent investor standard of the California Government Code. A Shareholder should discuss the characteristics of specific investments in an Individual Portfolio with the Investment Adviser.

### Opening an Individual Portfolio

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The Investment Adviser offers advice on Individual Portfolio investments to Shareholders in order to provide Shareholders with the benefits of coordinating the investments in an Individual Portfolio with investing in the Pool and the economies achieved by using the Trust's Custodian. Accordingly, before Public Agency funds are invested in an Individual Portfolio, the Public Agency must first join the Trust or become an Investor (See Part 1 - Investing). A Shareholder may then open an Individual Portfolio by signing a separate agreement with PFM Asset Management LLC and U.S. Bank National Association, Minneapolis, Minnesota. Shareholders should contact the Investment Adviser directly at (800) 729-7665 regarding investments in an Individual Portfolio.

### Individual Portfolio Transactions

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The Investment Adviser will arrange for the execution of all security transactions in an Individual Portfolio on behalf of the Shareholder. Individual Portfolio transactions are normally conducted through the Shareholder's pre-designated Pool account using the Pool's convenient and economic cash management tools. In arranging for security transactions, the Investment Adviser will give primary consideration to obtaining the most favorable price and efficient execution of transactions. Investment transactions can only be executed on Business Days during normal operating hours.

**Individual Portfolio Investments** The Investment Adviser will purchase investments for an Individual Portfolio based upon specific instructions received from the Shareholder. When investing the proceeds of debt issues, the Investment Adviser will request a schedule of expected withdrawals, which will be used in managing investments to help assure adequate liquidity. Investment purchases for an Individual Portfolio are settled by the Custodian using funds made available from the Shareholder's pre-designated Pool account (see Part 1 - Investing).

**Individual Portfolio Withdrawals** Shareholders may arrange for the sale of investments in an Individual Portfolio by contacting the Investment Adviser directly at (800) 729-7665. Sales made prior to maturity will be made at the current market price which may be lower or higher than the investment's book value. Proceeds and earnings from the maturity, sale, or coupon payment of any investment in a Shareholder's Individual Portfolio will be deposited automatically into the Shareholder's pre-designated Pool account where they may be withdrawn by the Shareholder in accordance with Pool withdrawal procedures (see Part 1 - Investing).

## Arbitrage Rebate Compliance

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The Investment Adviser has agreed to provide arbitrage rebate compliance services for proceeds of tax-exempt debt issues invested in the Trust and will provide similar services for funds invested in an Individual Portfolio.

The Investment Adviser has agreed to manage Individual Portfolios that the Shareholder designates for the proceeds of a debt issue in accordance with arbitrage rebate regulations. At the Shareholder's request, the Investment Adviser will provide arbitrage rebate compliance services for the proceeds of tax-exempt debt issues to include funds in both the Shareholder's Pool, Term, and Individual Portfolio accounts (see Part 2 - Rebate Calculation Services for the Proceeds of Debt Issues).

Since the yield on an Individual Portfolio may not be fixed, Shareholders should consult with their counsel or financial adviser as to the appropriateness of investing proceeds of tax-exempt bonds in an Individual Portfolio in the event that covenants with bondholders or provisions of the Internal Revenue Code restrict the yield on investment of the bond proceeds.

## Individual Portfolio Costs

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All costs associated with an Individual Portfolio will be charged separately to the Shareholder that has set up the Individual Portfolio. Unless an alternative fee schedule has been negotiated, for services provided to Individual Portfolios by the Investment Adviser, the Shareholder will be billed a fee, in monthly installments, based on the following percentages of the average daily net assets of each Individual Portfolio:

Average Daily Net Assets	Annual Rate
First \$25 million	0.10%
Over \$25 million	0.08%

Individual Portfolios will also be charged an annual custody administration fee of \$200, plus a portfolio market value-based fee of 1/3 basis point (0.003333%), plus applicable custody transaction fees. A detailed schedule of custody fees is available upon request.

All Individual Portfolios of a single Shareholder will be aggregated to determine the fee for that Shareholder.

## Custodian

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The Trust has arranged for its Custodian, U.S. Bank National Association, Minneapolis, Minnesota, to provide custody for assets of each Individual Portfolio.

The Custodian holds cash and securities of each Individual Portfolio in a separate account in the name of the appropriate Shareholder. The Custodian does not participate in determining investment decisions for the Individual Portfolios. The Investment Adviser may invest in the Custodian's obligations and may buy or sell securities through the Custodian.

*For further information or assistance regarding Individual Portfolios, please call the Investment Adviser at (800) 729-7665.*



CALIFORNIA ASSET  
MANAGEMENT PROGRAM  

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JOINT POWERS AUTHORITY

ONE CALIFORNIA STREET  
SUITE 1000  
SAN FRANCISCO  
CALIFORNIA 94111

213 MARKET STREET  
HARRISBURG  
PENNSYLVANIA 17101

PHONE (800) 729-7665  
FAX (888) 535-0120

[www.camponline.com](http://www.camponline.com)

CAMP® is a registered trademark and the CAMP logos and designs are trademarks owned by the California Asset Management Trust (Trust).

## ATTACHMENT A

### MODEL ORDINANCE/RESOLUTION

**Model Ordinance/Resolution.** Participation in the Trust requires the formal approval of the governing body of the Public Agency by ordinance or resolution as appropriate. Model ordinances/resolutions for Participants and Investors are shown below. Public Agencies should consult with their legal counsel regarding the required form of action (either ordinance or resolution) and the procedures for enactment or adoption. No representation is made as to the legal sufficiency of the model form for any given Public Agency.

[ORDINANCE/RESOLUTION] NO. \_\_\_\_

[ORDINANCE/RESOLUTION] AUTHORIZING \_\_\_\_\_ (THE "PUBLIC AGENCY")  
TO JOIN WITH OTHER PUBLIC AGENCIES  
AS A PARTICIPANT OF THE  
CALIFORNIA ASSET MANAGEMENT TRUST  
AND TO INVEST IN SHARES OF THE TRUST  
AND IN INDIVIDUAL PORTFOLIOS

**WHEREAS**, Section 6509.7 of Title 1, Division 7, Chapter 5 of the Government Code of the State of California (the "Joint Exercise of Powers Act") provides that, if authorized by their legislative or other governing bodies, two or more public agencies that have the authority to invest funds in their treasuries may, by agreement, jointly exercise that common power;

**WHEREAS**, under Sections 6500 and 6509.7(b) of the Joint Exercise of Powers Act, a "public agency" includes, but is not limited to, any California county, county board of education, county superintendent of schools, city, public corporation, public district, regional transportation commission, state department or agency, any joint powers authority formed pursuant to the Joint Exercise of Powers Act by public agencies or any nonprofit corporation whose membership is confined to public agencies or public officials;

**WHEREAS**, public agencies that constitute local agencies, as that term is defined in Sections 53600 of Title 5, Division 2, Part 1, Chapter 4, Article 2 of the Government Code of the State of California (the "California Government Code"), are authorized pursuant to Section 53601(p), to invest all money belonging to, or in the custody of, a local agency not required for its immediate need in shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 of the California Government Code that invests in the securities and obligations authorized in subdivisions (a) to (q), inclusive, of Government Code Section 53601;

**WHEREAS**, the California Asset Management Trust (the “Trust”) was established, pursuant to and in accordance with the Joint Exercise of Powers Act, by a Declaration of Trust, made as of December 15, 1989, as subsequently amended from time to time (the “Declaration of Trust”), as a vehicle for public agencies to jointly exercise their common power to invest the proceeds of debt issues and Public Agency surplus funds;

**WHEREAS**, pursuant to and in accordance with the Joint Exercise of Powers Act, the Public Agency desires to join the other public agencies which are or will be Participants of the Trust by adopting and executing the Declaration of Trust, a form which is on file in the office of the [Treasurer/Finance Director];

**WHEREAS**, the Public Agency is a “public agency” as that term is defined in Sections 6500 and 6509.7(b) of the Joint Exercise of Powers Act and a “local agency” as that term is defined in Section 53600 of the California Government Code;

**WHEREAS**, the Public Agency is otherwise permitted to be a Participant of the Trust and to invest funds in the Trust and in the individual portfolios to be managed by the Investment Adviser to the Trust (“Individual Portfolios”); and

**WHEREAS**, a program guide describing the Trust and the Individual Portfolios (the “Program Guide”) is on file in the office of the [Treasurer/Finance Director].

**NOW, THEREFORE, BE IT [ORDAINED/RESOLVED]** by the [Governing Body] of the Public Agency as follows:

Section 1. The Public Agency shall join with other public agencies pursuant to and in accordance with the Joint Exercise of Powers Act by executing the Declaration of Trust and thereby becoming a Participant in the Trust, which Declaration of Trust is hereby approved and adopted. A copy of the Declaration of Trust, which is available in the office of the [Treasurer/Finance Director] shall be filed with the minutes of the meeting at which this [Ordinance/Resolution] was [enacted/adopted]. The [Presiding Officer of Governing Body] is hereby authorized to execute, and the [Attesting Officer of Governing Body] is hereby authorized to attest and deliver, the Declaration of Trust.

Section 2. The Public Agency is hereby authorized to purchase shares in the Trust from time to time with available funds of the Public Agency, and to redeem some or all of those shares from time to time as such funds are needed.

Section 3. The Public Agency is hereby authorized to invest available funds of the Public Agency from time to time in one or more Individual Portfolios managed by the Investment Adviser to the Trust and described in the Program Guide.

Section 4. The appropriate officers, agents and employees of the Public Agency are hereby authorized and directed in the name and on behalf of the Public Agency to take all actions and to make and execute any and all certificates, requisitions, agreements, notices, consents, warrants and other documents, and any changes, amendments, modifications, or waivers thereto which they, or any of them, might deem necessary or appropriate in order to accomplish the purposes of this [Ordinance/Resolution].

Section 5. This [Ordinance/Resolution] shall take effect at the earliest date permitted by law.

By: \_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)

ATTEST:

By: \_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Date)

March 28, 2024

Agenda Item 7.A.

**WORKERS' COMPENSATION MATTERS**

**SUBJECT: Structured Return-to-Work Update & Company Nurse Contract Renewal,  
Prepared and Presented by Sarah Centeno, Workers' Compensation Services**

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**BACKGROUND AND STATUS:**

The Structured Return to Work Program (SRTWP) was implemented in July 2006 and provides early intervention services to Members and augments the existing set of workers' compensation cost containment measures in place.

The following are brief program highlights for the period from January 2023 through December 2023:

- A total of 277 calls were received by the injury hotline with a monthly average of 23.
- A total of 69 cases were tracked and closed (involving work restrictions or time loss).
- There is an average treatment non-referral rate of 40% as confirmed through triage data.
- Of injuries reported through the triage hotline, 30% have sought treatment prior to calling, thus not medically triaged through the SRTW process.
- A total of 3,103 modified days were tracked, reflecting an estimated productivity value of \$717,755 as related to wage replacement costs based on the 2023 statutory maximum temporary disability rate.

**Company Nurse Contract Renewal**

A major component of the SRTWP includes Telephonic Injury Reporting and Nurse Triage services provided by Company Nurse (CN) and member access to RTW resources and tools.

Employees are encouraged to report new incidents through the injury hotline run by CN. The call center is staffed with registered nurses who perform triage to assist the employee in determining the appropriate level of medical care. If care is warranted or requested by the employee, a referral is made to the preferred occupational medical provider. This establishes immediate control over medical treatment. Immediately after the call is completed, notice of the injury or illness is provided to the Member and to the SRTW Manager. This early notice allows the appropriate parties to begin assessing the employee's work abilities allowing the department supervisors to consider light duty or transitional work assignments as soon as possible.

The service contract for CN is renewed annually and set to expire on June 30, 2024. The fee schedule for the service is based on a per claim rate multiplied by the previous year's claim volume. The claim volume is assessed for the period from February of the previous year (2023) through January of the current year (2024). CN's per claim fee for 2023/2024 is set at \$165. Staff has confirmed with CN that there will be a 3% increase in the per claim fee this renewal, to \$170 per

claim, as related to impact on cost of conducting business. As note, there was no increase at last year's renewal.

For the period from February 2023 through January 2024 there has been a decrease in overall claims volume from 236 (as reported for the prior's year's evaluation period) to 193 claims. As pricing for CN is determined using a projected annual claims volume based on claims filed in the prior year, the decrease in claims volume has resulted in *a decrease in the overall annual fee of CN's services* – from \$38,940 to **\$32,810** (a total decrease of \$6,130), despite the slight increase in the annual claim fee.

A history of the compensation terms is displayed in the table below:

Period	CN
July 1, 2006, to June 30, 2007	\$48,650
July 1, 2007, to June 30, 2008	\$35,700
July 1, 2008, to June 30, 2009	\$30,975
July 1, 2009, to June 30, 2010	\$41,730
July 1, 2010, to June 30, 2011	\$41,535
July 1, 2011, to June 30, 2012	\$38,850
July 1, 2012 to June 30, 2013	\$30,600
July 1, 2013 to June 30, 2014	\$35,250
July 1, 2014 to June 30, 2015	\$38,250
July 1, 2015 to June 30, 2016	\$32,850
July 1, 2016 to June 30, 2017	\$30,870
July 1, 2017 to June 30, 2018	\$33,862.50
July 1, 2018 to June 30, 2019	\$32,917.50
July 1, 2019 to June 30, 2020	\$27,720
July 1, 2020 to June 30, 2021	\$32,445
July 1, 2021 to June 30, 2022	\$27,650
July 1, 2022 to June 30, 2023	\$35,145
July 1, 2023 to June 30, 2024	\$38,940
July 1, 2024 to June 30, 2025	\$32,810

**RECOMMENDATION:**

*Staff recommends approval of the Company Nurse draft contract as presented.*

**REFERENCE MATERIALS ATTACHED:**

- Company Nurse Draft Contract for 2024-2025



Lintelio, LLC  
EIN: 81-1176565  
W9 form: [https://lintelio.com/documents/Lintelio\\_W9](https://lintelio.com/documents/Lintelio_W9)

# QUOTE

Quote # **CB-02-27-2024-1157**  
Quote Date **Feb 27, 2024**  
Expiry Date **28 Mar, 2024 23:59 MST**

Customer ID  
**AzZddhT8m3Gxj3SQB**

Payment Terms **Net 20**

**BILLED TO**  
Sarah Centeno  
BCJPA (Bay Cities JPIA)  
1750 CREEKSIDE OAKS DRIVE, SUITE  
200  
SACRAMENTO, California 95833  
United States  
sarah.centeno@sedgwick.com  
(916) 244-1142

### Subscription Details

Subscription Start Date **01 Jul, 2024 16:29 MST**  
No of billing cycles **Renewed until cancellation**  
Billing Frequency **every 3 months**

### Recurring charges

DESCRIPTION	AMOUNT (USD)
<b>Program Operation Fee - Quarterly</b>	<b>\$8,202.50</b>
Includes set-up, maintenance, unique toll-free number/QR code access, administrative portal and secure incident reporting module, Lin digital intake assistant, benefits content module. -- The following Terms and Conditions are hereby incorporated into this QUOTE form as if fully stated herein and are accepted by both parties, as provided at: <a href="https://lintelio.com/documents/CN_Terms_of_Service_for_Lintelio">https://lintelio.com/documents/CN_Terms_of_Service_for_Lintelio</a>	
<b>Benefits</b>	<b>\$0.00</b>
<b>WC Incidents</b>	<b>\$0.00</b>
<b>Sub Total</b>	<b>\$8,202.50</b>
<b>Total</b>	<b>\$8,202.50</b>

### NOTES

Workplace Injury Contact Center Service Fee: Client shall pay COMPANY a Service Fee of \$32,810.00 for the 12-month period listed on this Quote, calculated at \$170.00 Per Claim times 193 Claims as counted by the previous year, to be billed quarterly at \$8202.50. "Claim" means any injury reported to Company Nurse that results in an opened medical Claim. To validate billing records, Client will agree to share claim log data with Company.  
Preferred payment via credit card or direct debit. Request payment link: [AKumar@Lintelio.com](mailto:AKumar@Lintelio.com) Checks Payable to: Lintelio, LLC, 8360 E Via de Ventura Blvd, Ste L200, Scottsdale, Az 85258

**BANK TRANSFER**

Send ACH remittance advise to: [AKumar@Lintelio.com](mailto:AKumar@Lintelio.com) - preferred method

BANK NAME

**BNC National Bank**

ACCOUNT NUMBER

**19064772**

ROUTING NUMBER

**122105896**

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**STATEMENT OF WORK**

This Statement of Work (“SOW”), adopts and incorporates by reference the terms and conditions of the Master Service Agreement (“Master Agreement”), which was entered into on March 12, 2024 between BCJPA (Bay Cities JPIA) (“Client”), and Company Nurse LLC, an Nevada limited liability company (“Company Nurse”) and together with Client, the “Parties,” and each, a “Party”), as it may be amended from time to time. Transactions performed under this SOW will be conducted in accordance with and be subject to the terms and conditions of this SOW and the Master Agreement. Capitalized terms used but not defined in this SOW shall have the meanings set out in the Master Agreement.

Quote #: **CB-02-27-2024-1157**

Physical Address Information:

**1750 CREEKSIDE OAKS DRIVE, SUITE 200  
SACRAMENTO CA**

Billing Contact Name: Sarah Centeno

Billing Email Address: Sarah.Centeno@Sedgwick.com

Billing Phone: (916) 244-1142

Start Date\*: **7/1/2024**

PO Number (if required):

1. Term. This SOW is effective beginning on the date stated above (\*“Effective Date”) and will remain in effect in accordance with the terms and conditions of the Master Agreement and subject to the termination provisions therein.

2. Scope of Work. Company Nurse will provide the following services:

(a) *Reporting of Workplace Injuries*. Company Nurse will provide the Client’s employees with communication media offered by Company as access to report workplace injuries and to triage by Registered Nurses who will provide advice concerning reported injuries. Services consist of: intake of data for Report of Injury; first aid advice and assistance; medical referral services; and reporting distribution. The

Services shall not include any professional medical services. The parties acknowledge and agree that (1) the Services are limited to workplace injuries that may be covered by worker's compensation insurance, and (2) the Health Insurance and Portability Act of 1996, as amended ("HIPAA"), does not apply because Client is not a "covered entity" or "business associate" under HIPAA. Client shall notify Company Nurse if Client is aware of any state laws that may be implicated by the Services that govern the maintenance and transmission of any employee information.

(b) *Verified Provider Database.* Company Nurse maintains a verified provider database to ensure that all injured employees are referred to an available treatment facility that can provide timely medical care. The Client may submit additional preferred providers to Company Nurse at any time. Upon successful completion of Company Nurse's assurance process, Company Nurse will add the requested Client providers to Company Nurse's database to be available for referral.

(c) *Telephone Injury Triage.* Client employees and supervisors may reach Company Nurse's service via a toll-free telephone call, mobile app, SMS or other communication media that may be offered by Company and made available during the term of this agreement as options for Clients.

(d) *Intake.* Intake personnel will:

- (i) Gather all demographic details for report of injury.
- (ii) Gather detailed information about the injury and incident.
- (iii) Set up the chart for triage by nurse.

Nursing professionals, utilizing on physician-approved protocols, will:

- (i) Assess the extent of the injury with the help of the employee and supervisor.
- (ii) Recommend an appropriate course of action with regard to standard medical triage guidelines including minor self-administered first aid, and/or a referral to a designated medical facility or ER as needed.
- (iii) Answer employee and supervisor questions about the employee's injury, medical care and follow-up procedures.
- (iv) Provide directions to a designated medical facility location, if applicable.
- (v) Provide First Aid Only opinion by Registered Nurse.

(e) *Storage of Interactions.* All calls and digital interactions will be recorded and stored for minimum of 60 months.

(f) *Report Delivery.* The following reports will be automatically delivered to permissioned Client administrative portal:

(i) CN Report of Injury.

(ii) Injury Alert notice to referred medical facility via fax or email, where available.

(iii) Prepopulated, partially completed First Report of Injury or other state workers' comp forms, at the request of the Client.

(g) *Monthly Incident Summary Reports.* Company Nurse will submit monthly reports to the Client summarizing incidents and outcomes.

(h) *Emergency Care Exclusion.* The services covered by this Statement of Work are not intended to provide emergency care for life- or limb-threatening conditions. If Company Nurse receives a call that is assessed as an emergency, Company Nurse will immediately direct the caller to hang up and access the local Emergency Medical Services. The Client shall make its employees aware of this policy so as not to delay emergency care.

(i) *Triage Service to Minors.* In the event that the Company is contacted by an employee of the Client who is under the legal age of majority under applicable state law, the Company will provide triage services to such injured employee in accordance with the terms and conditions of this Agreement and the protocols established by the Company. The Client acknowledges and agrees that the Company is under no obligation to verify the actual age of any employee of the Client and the Client will be solely responsible for any post-injury notification to the parents or guardians of an injured minor employee of the Client and any other obligations required by applicable laws, rules or regulations. The Client shall indemnify, defend, protect and hold the Company and its employees, officers, members, successors and assigns harmless for, from and against any and all harm, liabilities, damages, lawsuits, proceedings, costs and expenses (including reasonable attorneys' fees and costs) arising out of or related to the provision of triage services by the Company to a minor employee of the Client, including, without limitation, any notification or other requirement of applicable laws, rules and regulations.

### 3. Set-Up Procedures.

(a) *Client Information Requirements.* Client shall deliver a complete worksite location list, report distribution list, and a preferred medical provider list to Company Nurse for verification. Please refer to enrollment template, access to which is provided upon signing, for details.

(b) *Informing Employees.* Company Nurse will provide access to electronic versions of materials to aid the Client in introducing and explaining Company Nurse Services to the administrative staff and employees of the Client. Materials may include 8-1/2" x 11" wall posters and stickers with custom phone number, QR code, and instructions for contacting Company Nurse.

(c) *Computer Files.* Company Nurse will establish a computerized database of the Client's Unit locations, certain medical facilities ("Designated Medical Facilities,"

or individually, a “Designated Medical Facility”) and Designated Medical Facility locations, and other pertinent information required to deliver its services.

(d) *Client Communication.* The Client will identify a main point of contact that will facilitate most of the communication between the Client and Company Nurse regarding enrollment and ongoing services.

4. Special Terms. The following special terms apply to the Master Agreement and to the extent that such terms conflict between the terms and conditions of the Master Agreement, the terms and conditions of this Statement of Work shall govern:

Section IX. Choice of Law in the MSA is changed to read: This Agreement shall be construed and enforced in accordance with the laws of the State of California. Venue for any legal action relating to this Agreement shall exclusively lie in a court of appropriate jurisdiction within California.

- **THE FOLLOWING TERMS ARE HEREBY INCORPORATED INTO THIS STATEMENT OF WORK AS IF FULLY STATED HEREIN AND ARE ACCEPTED BY BOTH PARTIES, AS PROVIDED AT THE FOLLOWING LINKS:**

1. Company Nurse Master Service Agreement:
  - [https://lintelio.com/documents/CompanyNurse\\_MSA](https://lintelio.com/documents/CompanyNurse_MSA)
2. Company Nurse Terms of Service for Lintelio:
  - [https://lintelio.com/documents/CN\\_Terms\\_of\\_Service\\_for\\_Lintelio](https://lintelio.com/documents/CN_Terms_of_Service_for_Lintelio)

5. General Provisions. This Statement of Work may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. This Statement of Work shall be governed by the laws as provided in the Master Agreement. Except as specifically amended hereby, the Master Agreement, as amended by this Statement of Work, is and shall remain in full force and effect. In the event of a conflict between the terms and conditions of this Statement of Work and the Master Agreement, the terms and conditions of this Statement of Work shall govern.

[Signature page follows]

IN WITNESS HEREOF, the parties have signed this Statement of Work and it shall be effective as indicated above.

COMPANY NURSE, LLC

\_\_\_\_\_

\_\_\_\_\_

By:

By:

Its:

Its:

Signature Date:

Signature Date:

**March 28, 2024**

**Agenda Items 8.A.**

**PRESENTATIONS**

**SUBJECT: Presentation by CARMA Executive Director, Rob Kramer  
Prepared and Presented by Rob Kramer, CARMA Executive Director**

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**BACKGROUND AND STATUS:**

BCJPIA has been a member of the California Affiliated Risk Management Authority (CARMA) for excess liability coverage since CARMA's inception in 1993. Since 1993, BCJPIA has maintained a \$1 million self-insured retention (SIR) in CARMA. CARMA is a "pool of pools", with six current members. Each member has a Board Representative and an Alternate Representative. While there are six pools within CARMA, CARMA provides excess liability coverage to over 200 California public agencies (all municipalities and special districts).

Mr. Rob Kramer, CARMA Executive director, will be in attendance to provide the Committee with a presentation regarding CARMA. Mr. Kramer will also discuss the proposed language changes to the CARMA Memorandum of Coverage (MOC) regarding coverage provided for claims related to inverse condemnation.

**RECOMMENDATION:**

*Discuss and provide feedback as needed.*

**REFERENCE MATERIALS ATTACHED:**

- CARMA Presentation to BCJPIA Executive Committee
- CARMA Memo to Board of Directors Regarding Inverse Condemnation Coverage
- Draft CARMA 2024/25 Memorandum of Coverage

# California Affiliated Risk Management Authorities

***BCJPIA***

***Executive Committee***

**March 28, 2024**



**BAY CITIES**

*Joint Powers Insurance Authority*



BAY CITIES

*Joint Powers Insurance Authority*

20

**VCJPA**

VECTOR CONTROL JOINT POWERS AGENCY

35

**MPA**

MUNICIPAL POOLING AGENCY

20

**MBASIA.org**

Monterey Bay Area Self Insurance Authority

10



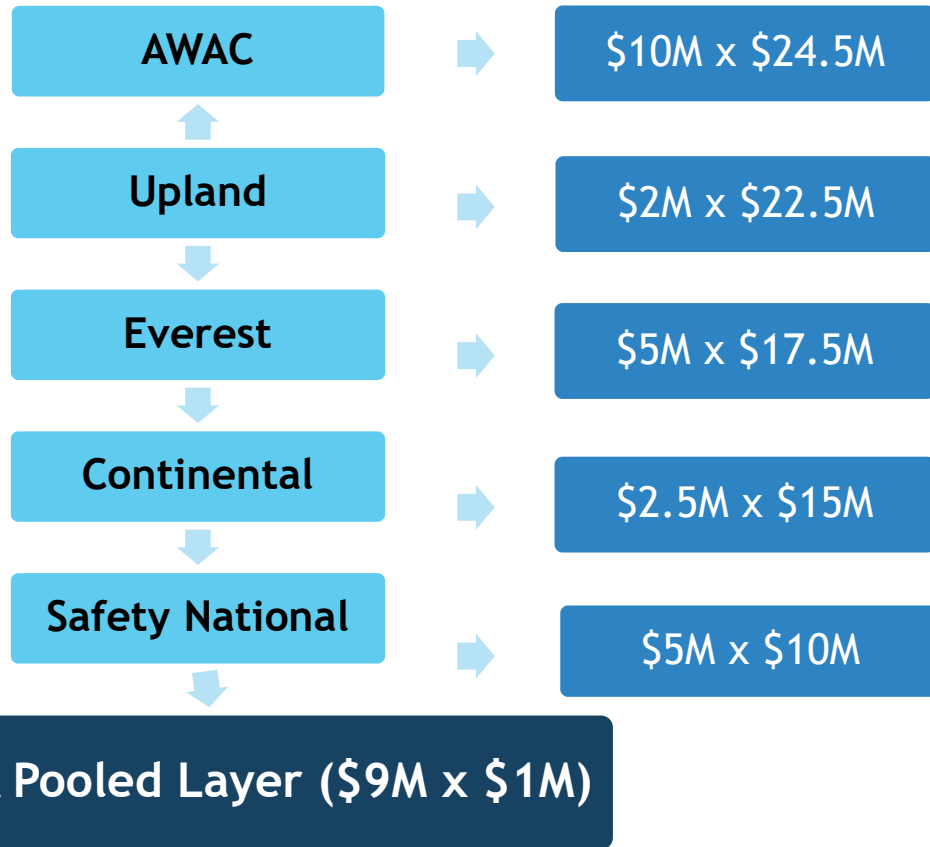
**CSJVRMA**

54



28

# Coverage Tower



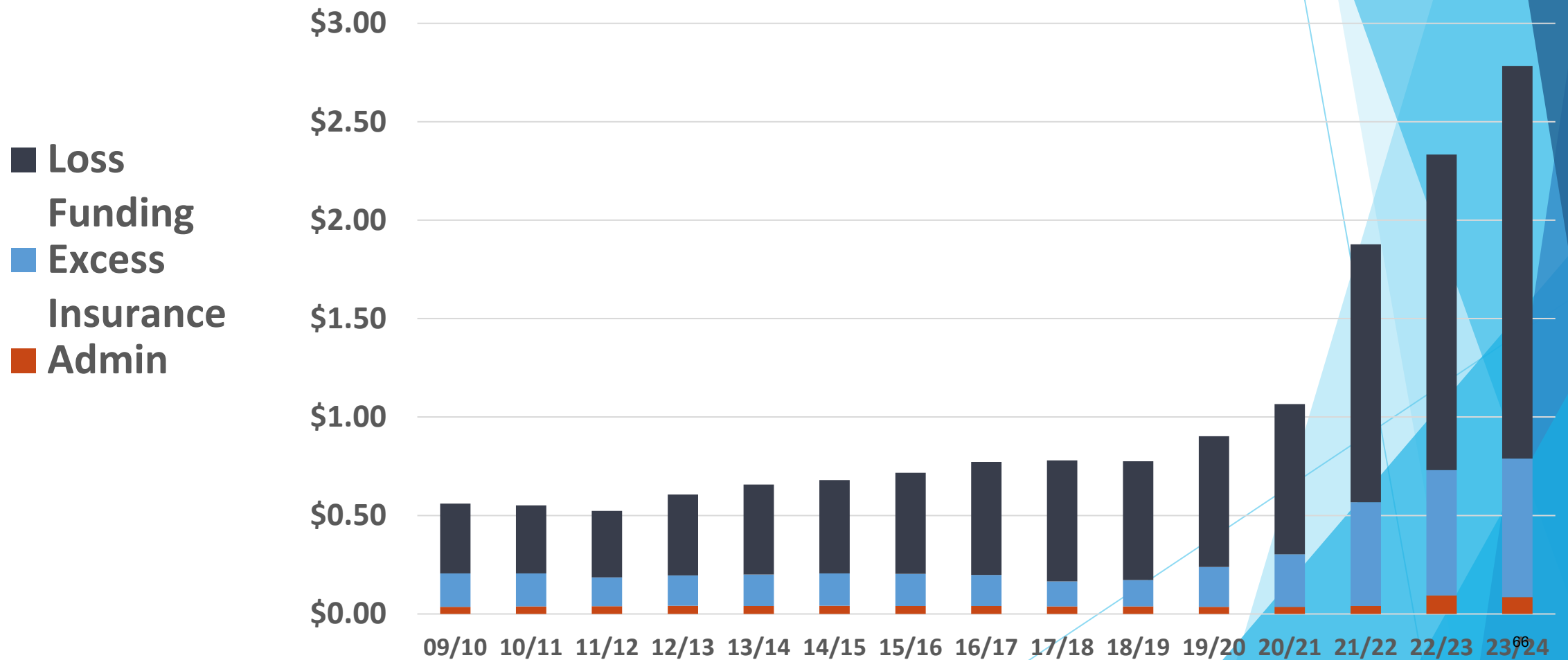
▶ Through a combination of excess insurance and reinsurance, CARMA provides up to \$34.5 million per occurrence in the event of catastrophic losses (excess of \$1M)

## ▶ CARMA At a Glance

- ▶ 30-year partnership
- ▶ Tough 3 years from a loss perspective
  - ▶ Some of the increase is attributed to 80% CL funding of \$9M ex \$1M
  - ▶ Don't know yet what the "effective" rates will be for those years (See Slide)
- ▶ Board wants to be responsive to member concerns/needs

# Rate Contributions

*Funding per \$100 of Payroll*



### CARMA Effective Rates

Loss Funding Rate vs Pool Effective Rate



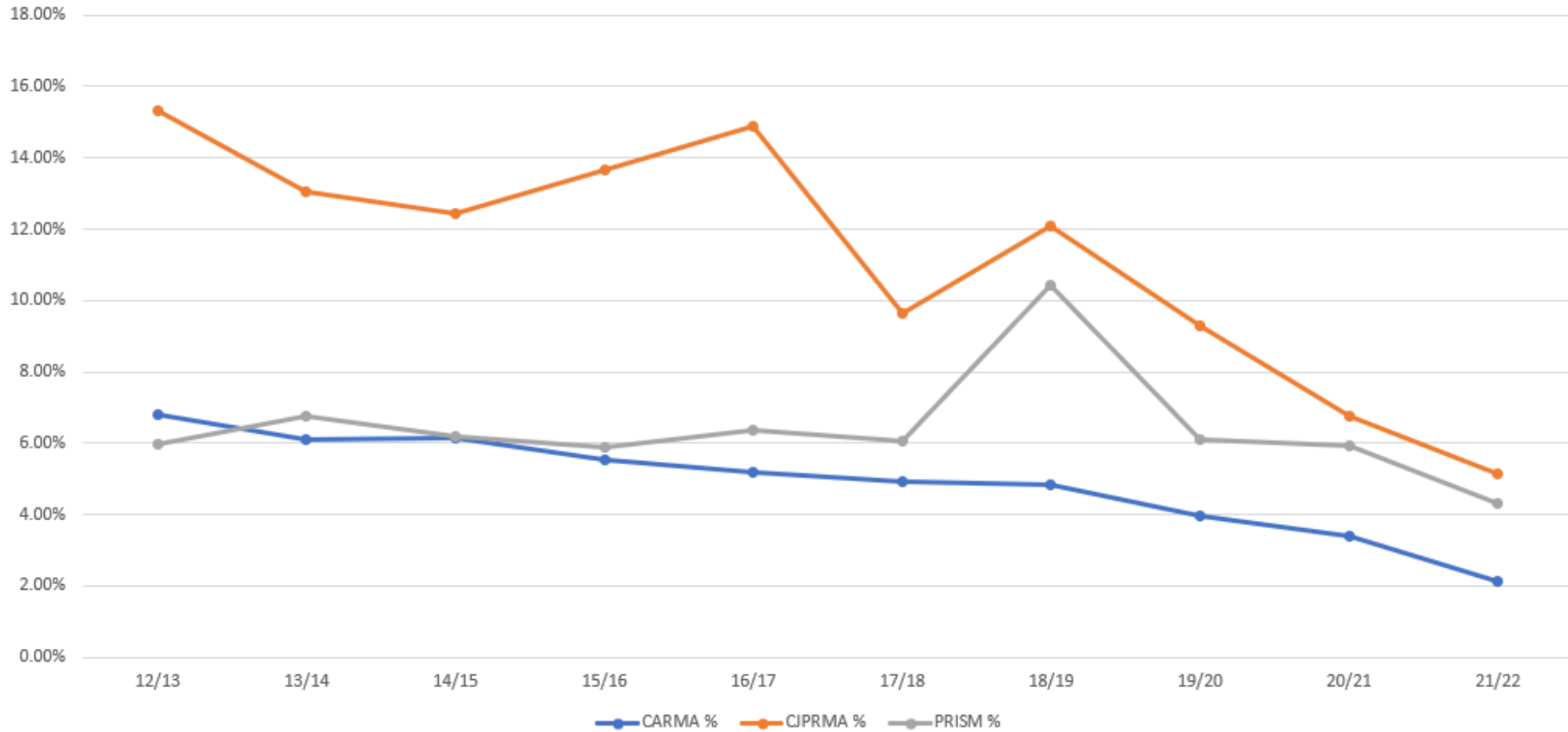
# Some Differences from PRISM

- Manageable Size: direct control as a member of BOD
  - Exclusive focus on Excess Liability
- Program Year Accounting
  - Dividends (3-yr) and Assessments (immediately)
  - Equity (no eligibility for dividend put must pay assessments)
- Coverage Flexibility
  - Inverse changes
  - Plaintiff's Attorney Fees

# Low Administrative Costs

## CARMA ADMINISTRATIVE COST COMPARISON

Adminstration % of Contributions



# Ability to be Nimble Through Governance

- ▶ Inverse Condemnation Coverage
- ▶ SAM
- ▶ Drones
- ▶ Cyber
- ▶ Contribution Formula
- ▶ Training

# Inverse Condemnation Coverage - 2024-25

- ▶ Proposed Coverage to “at least” \$9M ex \$1M
  - ▶ Coverage above that will depend on CARMA’s reinsurance and excess insurance partners
- ▶ NO Subsidence Exclusion (CJPRMA and PRISM)
- ▶ Damages includes attorneys fees awarded to plaintiffs (PRISM)
- ▶ Proposed change to exclusion simply deletes sublimit and aggregates
- ▶ Proposed change to definition of Occurrence to ensure incidents in one City related to “separate systems” are considered separate occurrences (factually driven)

# Inverse Condemnation Coverage - 2024-25

## 9. Claims arising out of:

(a) Land use regulations or planning policies, annexation, eminent domain by whatever name called, no matter how or under what theory such claims are alleged.

Notwithstanding this exclusion, coverage under this Memorandum is provided, in excess of the \$1,000,000 *Covered Party's Retained Limit* first paid and any commercial insurance coverage available to the *Covered Party* not purchased by the *Authority* and intended to apply in excess of CARMA's self-insurance, for any claims or suits alleging *Property Damage* due to inverse condemnation as a result of any of the following: weather acting upon or with the *Covered Party's* property or equipment; accidental failure of the *Covered Party's* property or equipment; negligent design, maintenance of, or inadequate design of a public work or public improvement.

(b) The initiative process, whether or not liability accrues directly against any *Covered Party* by reason of any agreement which a *Covered Party* has entered.

# Inverse Condemnation Coverage - 2024-25

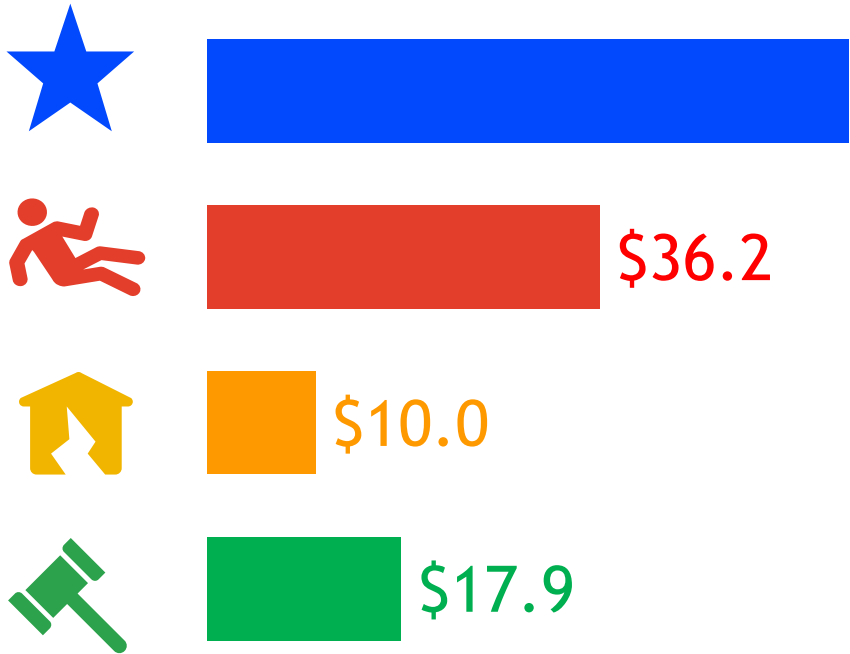
17. "Occurrence" means:

- (a) With respect to *Bodily Injury* or *Property Damage*: an accident, including continuous or repeated exposure to substantially the same generally harmful conditions, which results in *Bodily Injury* or *Property Damage* neither expected nor intended from the standpoint of the *Covered Party*. Loss of use of tangible property that is not physically injured shall be deemed to occur at the time of the *Occurrence* that caused it.

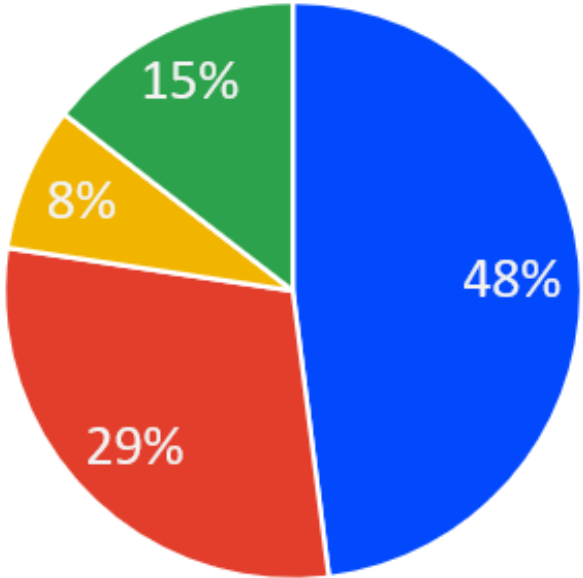
Additionally, the inverse condemnation exception affording coverage under Exclusion 9 of this Memorandum of Coverage, is a temporary or permanent taking of third-party real or personal property as the result of a public work or public improvement system failure and, in the case of a weather-related event, happening within 72 hours of such event acting upon or together with the public work or public improvement such as, but not limited to, a drainage system, roadway or other public work or public improvement. The number of inverse condemnation Occurrences where the exception to Exclusion 9 applies to two or more claims of takings within a single 72-hour period and shall depend upon whether the takings were the result of the same or separate public work or improvement system failures.

# CARMA - Total Incurred – All Occurrences 2012-22

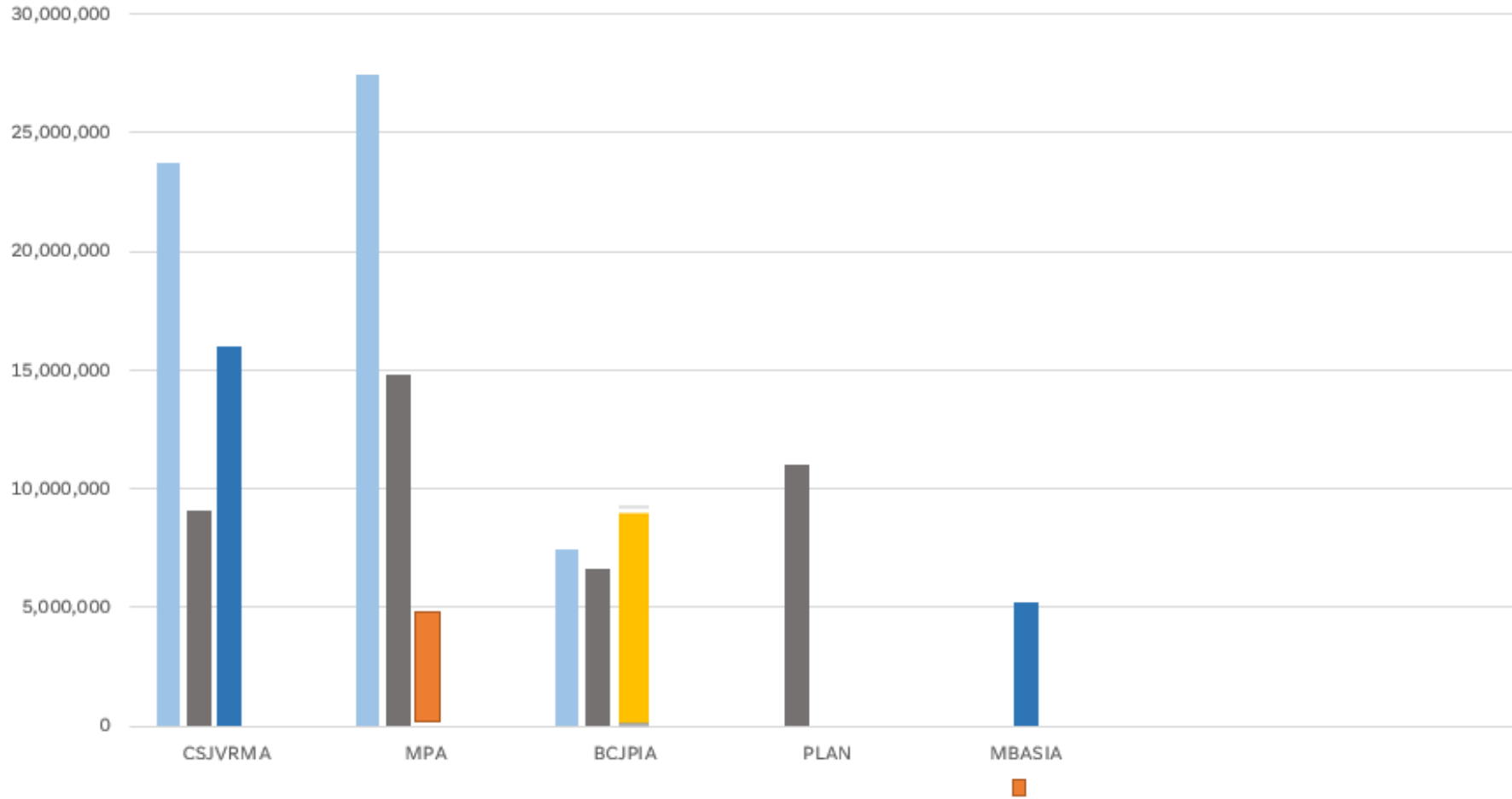
★ Police / Civil Rights    🚶 Dangerous Conditions    🏠 Inverse Condemnation    ⚖ Negligence



\$59.2 million



# Total Incurred for The Top 25 Occurrences by Member and Type (as of January 2, 2024)



**NOTE** – Total Incurred = Paid + Reserves for the last 10 program years

■ Police ■ Dangerous Condition ■ Auto ■ Inverse ■ Child Abuse

# ▶ CARMA Responses

- Captive Creation (CARMAC)
  - Investment enhancement
  - Other potential uses (High Excess layers, Property, Cyber)?
- Excess Claims Handling and Litigation Management
- Training (police liability)
  - Active Bystandership for Law Enforcement (ABLE)



**ABLE**  
Active Bystandership  
for Law Enforcement

# Portfolio as of March 12, 2024

Balance Summary as of Mar 12, 2024 ⓘ

**\$68,970,726.55**

MTD Balance \$ Change ▲ \$647,741.49

MTD Balance % Change ▲ 0.95%

Account Breakdown ▾



## Accounts

Collapse All:

Account	Market Value
<input type="checkbox"/> CARMAC INVESTMENT ACCOUNT	\$68,970,726.55



GEORGETOWN LAW



**ABLE**

Active Bystandership  
for Law Enforcement

**SheppardMullin**

Welcome To ABLÉ

**Reduce Mistakes**



**Prevent Misconduct**



**Promote Health & Wellness**



## The Three Pillars of ABLÉ



Active Bystandership  
for Law Enforcement



**FARMER CURTIS**  
— L L P —

Craig E. Farmer  
cfarmer@farmercurtislaw.com  
(916) 679-6565 x 208  
(916) 679-1240 Direct

March 12, 2024

Via email to [Rob.Kramer@Sedgwick.com](mailto:Rob.Kramer@Sedgwick.com)

Rob Kramer  
CARMA  
1750 Creekside Oaks Drive  
Suite 200  
Sacramento, CA 95833

RE: CARMA coverage for inverse condemnation exposures of its members

For several years the CARMA Memorandum of Coverage has provided a sub-limit for claims of inverse condemnation resulting in Property Damage against its Members. Under Section VI-Exclusions, Exclusion 9 has provided that CARMA's MOC affords coverage for claims and suits alleging Property Damage due to inverse condemnation if resulting from (1) weather acting upon or with the Covered Party's property or equipment; (2) accidental failure of the Covered Party's property or equipment; or (3) negligent design, maintenance of, or inadequate design of a public work or public improvement. That coverage has been sub-limited to the amount of \$2,000,000 per Occurrence excess of a \$1,000,000 Covered Party Retained Limit and subject to a \$4,000,000 aggregate limit per Member.

It is our understanding the Board of CARMA desires to expand the available coverage for inverse condemnation claims and suits to the amount of the full Ultimate Net Loss coverage limit assuming CARMA's broker is able to obtain such coverage under the reinsurance/excess policies that apply beyond the Member Retained Limit (MRL) and CARMA's \$9,000,000. In the 2023-2024 Memorandum Period, those layers were reinsurance up to the \$24,500,000 amount and excess insurance for the last \$10,000,000. However, each of those coverages includes a policy aggregate. Accordingly, market conditions may or may not limit the Authority's ability to eliminate aggregates in the reinsurance and excess layers.

In any event, in the effort to expand CARMA's coverage for inverse condemnation, Exclusion 9 could be modified to read:

"9. Claims arising out of

(a) Land use regulations or planning policies, annexation, eminent domain by whatever name called, no matter how or under what theory such claims are alleged.

Mr. Rob Kramer

Re: CARMA coverage for inverse condemnation exposures of its members

March 12, 2024

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Notwithstanding this exclusion, coverage under this Memorandum is provided, in excess of the \$1,000,000 Covered Party's Retained Limit first paid and any commercial insurance coverage available to the Covered Party not purchased by the Authority and intended to apply in excess of CARMA'S self-insurance for any claims or suits alleging Property Damage due to inverse condemnation as a result of any of the following: weather acting upon or with the Covered Party's property or equipment; accidental failure of the Covered Party's property or equipment; negligent design, maintenance of, or inadequate design of a public work or public improvement.

I did not think that the final paragraph of the current Exclusion 9 would be needed. That provision was added because of the coverage dispute that occurred with Sausalito over the landslide event which included inverse condemnation claims against the City as well as some emotional distress claims relating to the Property Damage losses and in a couple of cases physical Bodily Injuries. By those allegations the City asserted full limits of CARMA's coverage should be available rather than the sub-limited amounts in exception to Exclusion 9. Assuming the coverage of inverse condemnation can be expanded, it would not seem the Sausalito issues are likely to arise as an impediment to coverage taking place in future Memorandum years. So I would delete the last paragraph of the current Exclusion 9(a).

Because CARMA's definition of Ultimate Net Loss includes both Damages and Defense Costs, and because the term Damages has been defined to include monetary compensation recovered by a third party for loss or detriment it has suffered through the acts of a Covered Party and "attorney's fees not based on contract awarded against the Covered Party" and "costs, for which the Covered Party is liable if the costs arise from an Occurrence to which coverage applies", I believe Damages recovered in the inverse condemnation case for the plaintiff's attorney's fees and extra costs allowed under CCP1036 would come within the Damages definition under the CARMA MOC.

If the coverage for inverse condemnation under CARMA's MOC is changed, it would be broader than what is afforded under the 2023-2024 PRISM and California Joint Powers Risk Management Authority Memoranda for several reasons. I have reviewed the General Liability 1 program MOC form 47/1/22. That form used by PRISM provides under Exclusions the following:

"G. To liability, directly or indirectly, arising out of or in any connection with the principles of eminent domain, condemnation proceedings or inverse condemnation, by whatever name called, whether grounded in federal or state law regardless of whether such claims are made directly against the covered party or by virtue of any agreement entered into by or on behalf of the covered party.

Mr. Rob Kramer

Re: CARMA coverage for inverse condemnation exposures of its members

March 12, 2024

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This exclusion does not apply to any aspect of inverse condemnation liability directly arising out of physical injury to, or destruction of, tangible property neither expected nor intended from the standpoint of the covered party; provided; however, this exception does not apply to any non-physical consequential damages or to expert or attorney's fees claimed by or awarded to a claimant or a plaintiff in a suit. (Emphasis added).

Additionally, the PRISM memorandum includes Exclusion I to property damage arising out of subsidence. Accordingly, PRISM's coverage appears narrower than what CARMA would afford because PRISM excludes the additional costs typically awarded under an inverse condemnation claim. These include attorney's fees and additional expert costs under CCP Section 1036. Property damage arising out of subsidence which may sometimes be asserted as a taking for inverse condemnation also might be excluded by PRISM. CARMA by a change to the exception of Exclusion 9 of its MOC would cover the additional costs recoverable and CARMA does not exclude subsidence.

The CJPRMA sub-limits the coverage it affords for subsidence to \$7,500,000 per occurrence. There is no subsidence limitation in CARMA's coverage. Additionally, the CJPRMA document under its land use exclusion excludes "claims arising out of or in connection with ... the principles of eminent domain, condemnation proceedings or inverse condemnation by whatever name called, and whether or not liability accrues directly against any covered party by virtue of any agreement entered into by or on behalf of any covered party. ..." By that means, it appears CJPRMA excludes claims arising out of inverse condemnation.

If CARMA's reinsurers are unwilling to accept coverage for inverse condemnation beyond the pooled self-insurance, CARMA could still revise the exception to Exclusion 9 to provide a sub-limit of up to the \$9,000,000 in group self-insurance. However, that issue may or may not arise depending upon the reinsurers and excess insurers' positions being addressed by Seth Cole.

We have also given some consideration to adding a second paragraph to the Occurrence definition which reads in CARMA's 2023 MOC:

"Occurrence means with respect to Property Damage an accident including continuous or repeated exposure to substantially the same general harmful conditions, which results in Property Damage neither expected nor intended from the standpoint of the Covered Party. Loss of use of tangible property that is not physically injured shall be deemed to occur at the time of the Occurrence that caused it."

Mr. Rob Kramer

Re: CARMA coverage for inverse condemnation exposures of its members

March 12, 2024

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To this, one might add a further provision that:

“The inverse condemnation exception affording coverage under Exclusion 9 of this Memorandum of Coverage is a temporary or permanent taking of third-party real or personal property as the result of a public work or public improvement system failure and, in the case of a weather-related event, happening within 72 hours of such event acting upon or together with the public work or public improvement such as, but not limited to, a drainage system, roadway or other public work or public improvement. The number of inverse condemnation Occurrences where the exception to Exclusion 9 applies to two or more claims of takings within a single 72-hour period and shall depend upon whether the takings were the result of the same or separate public work or improvement system failures.”

This additional Occurrence language would be intended to result, for examples, in coverage for poor maintenance causing blockage of a drainage system resulting in flooding, a mudslide or earth movement resulting from poor or inadequate design of a roadway, resulting from or contributed to by poor or inadequate design of a roadway where either happened due to heavy rains of a 72 hour timeframe. Also, if there were a drain blockage with flooding in one area of a covered city and a mudslide due to a roadway systems failure in a different area of that city or flooding due to the blockage of a separate drainage system in the same city, these could be viewed as multiple Occurrences in respect to inverse condemnation liability exposure of that single city.

Very truly yours,

FARMER CURTIS, LLP

  
Craig E. Farmer  
Partner

CEF:lhf

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

**MEMORANDUM OF COVERAGE**

FOR THE 2023-24 PROGRAM YEAR

EFFECTIVE JULY 1, 2023

MEMORANDUM NUMBER – CARMA 2023-GL

**MEMORANDUM OF COVERAGE  
FOR THE  
CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES  
(CARMA)**

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**MEMORANDUM OF COVERAGE  
FOR THE  
CALIFORNIA AFFILIATED RISK MANAGEMENT AUTHORITIES  
(CARMA)**

In consideration of the payment of the deposit premium, the *Authority* agrees with the *Covered Parties* as follows:

**SECTION I – COVERAGE**

The *Authority* will pay up to the *Limit of Coverage* those sums for *Ultimate Net Loss* in excess of \$1,000,000 that the *Covered Parties* pay out of their own funds, unless otherwise provided herein, as *Damages* because of *Bodily Injury*, *Non-Employment Sexual Abuse*, *Property Damage*, *Personal Injury*, or *Public Officials Errors and Omissions* as those terms are herein defined and to which this agreement applies, caused by an *Occurrence* during the *Coverage Period*, except as otherwise excluded.

This Memorandum of Coverage does not provide insurance, but instead provides for pooled risk sharing. This Memorandum is a negotiated agreement amongst the *Members* of the Authority and none of the parties to the Memorandum is entitled to rely on any contract interpretation principles that require interpretation of ambiguous language against the drafter of such Memorandum. This Memorandum shall be applied according to the principles of contract law, giving full effect to the intent of the *Members* of the Authority, acting through the Board of Directors in adopting this Memorandum of Coverage. As the Authority is not an insurer, it has no obligation to provide “Cumis” counsel to a *Covered Party* in disputed coverage situations under Civil Code §2860.

**SECTION II - DEFINITIONS**

1. "Aircraft" means a vehicle designed for the transportation of persons or property principally in the air. *Aircraft* does not mean an *Unmanned Aircraft*.
2. "Authority" means the California Affiliated Risk Management Authorities.
3. "Automobile" means a land motor vehicle, trailer, or semi-trailer.
4. "Bodily Injury" means bodily injury, sickness, disease, or emotional distress sustained by a person, including death resulting from any of these at any time. *Bodily Injury* includes *Damages* claimed by any person or organization for care, loss of services, or death resulting at any time from the *Bodily Injury*. However, *Bodily Injury* does not include harm of any kind arising from, connected with or resulting from *Non-Employment Sexual Abuse*.
5. "Coverage Period" means that term prescribed for coverage by the *Authority* as set forth in the Declarations page.
6. "Covered Indemnity Contract" means that part of any contract or agreement pertaining to the *Covered Party's* routine governmental operations under which the *Covered Party* assumes the tort liability of another party to pay for *Bodily Injury* or *Property Damage* to

a third person or organization. This definition applies only to tort liability arising out of an *Occurrence* to which this agreement applies. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

7. "Covered Party" means:

- (a) A *Member* of the *Authority*. This includes all entities named in its Declarations page, including any and all commissions, agencies, districts, authorities, boards (including the governing board), or similar bodies coming under the *Member's* direction or control, or for which the *Member's* board members sit as the governing body, except a hospital board or commission, regardless of how such body is denominated.
- (b) An *Entity* which is a member of a joint powers authority (JPA) which is a *Member* of the *Authority* herein, which *Entity* participates in said JPA's liability program. This includes all *Entities* named in said JPA's Declarations page, including any and all commissions, agencies, districts, authorities, boards (including the governing board), or similar bodies coming under such *Entity's* direction or control, or for which the *Entity's* board member sits as the governing body, except a hospital board or commission, regardless of how such body is denominated.
- (c) Any *Member* or *Entity* or person identified as a *Covered Party* in a certificate of coverage to third parties duly issued by the *Authority* for *Occurrences* during the *Coverage Period* identified in the certificate of coverage, the *Member* or *Entity* or person is a *Covered Party* only for *Occurrences* arising out of the described activity.
- (d) Any official, employee, or volunteer of a *Member*, *Entity* or person covered by (a), (b), or (c) herein, whether or not compensated, while acting in an official capacity for or on behalf of such *Member* or *Entity* or person including while acting on any outside board at the direction of such *Member* or *Entity* or person except a hospital board or commission, regardless of how such a body is denominated.
- (e) The *Authority* itself and its Board of Directors individually.
- (f) With respect to any *Automobile* owned or leased by a *Member*, or loaned to or hired for use by or on behalf of the *Member*, any person while using such *Automobile* and any person or organization legally responsible for the use thereof, provided the actual use is with the permission of the *Member*, but this protection does not apply to:
  - i. Any person or organization, or any agent or employee thereof, operating an *Automobile* sales agency, repair shop, service station, storage garage, or public parking place, with respect to an *Occurrence* arising out of the operation thereof;
  - ii. The owner or any lessee, other than the *Member*, of any *Automobile* hired by or loaned to the *Member* or to any agent or employee of such owner or

lessee.

- (g) No *Member* or *Entity* or person is a *Covered Party* with respect to the conduct of any current or past partnership, joint venture, or joint powers authority that is not shown as a named *Covered Party* in the Declarations; however, for any person (1) who is an official, employee, or volunteer of a *Member* or *Entity* covered by (a) or (b) herein, (2) who participates in the activities of the partnership, joint venture, or joint powers authority (or any separate agency or *Entity* created under any joint powers agreement by the named *Member*), and (3) who is acting for or on behalf of a *Member* or *Entity* covered by (a) or (b) herein at the time of the *Occurrence*, then coverage is afforded by this agreement. Such coverage will be in excess of and shall not contribute with any collectible insurance or other coverage provided to the other joint powers authority, *Entity*, or *Member*.
- (h) Notwithstanding sections (d) and (e) above, the defense and indemnity coverage afforded by this agreement to a past or present official, employee, or volunteer of a *Member* or *Entity* is not broader than the *Member's* or *Entity's* duty to defend and indemnify its official, employee, or volunteer pursuant to California Government Code Section 815, 815.3, 825 to 825.6, 995 to 996.6, inclusive, and any amendments thereof. If the *Member* or *Entity* which employs the official, employee, or volunteer is not obligated under the California Government Code to provide a defense, or to provide indemnity for a claim, or if said *Member* or *Entity* refuses to provide such defense and/or indemnity to said official, employee, or volunteer, then this agreement shall not provide any such defense or indemnity coverage to said official, employee, or volunteer. All immunities, defenses, rights, and privileges afforded to a *Member* or *Entity* under California Government Code Section 815, 815.3, 825 to 825.6, 995 to 996.6, inclusive, and any amendments thereof, shall be afforded to the Authority to bar any defense or indemnity coverage under this agreement to that *Member's* or *Entity's* official, employee, or volunteer.
8. "Cyber Liability" means any liability arising out of or related to the acquisition, storage, security, use, misuse, disclosure, or transmission of electronic data of any kind, including, but not limited to, technology errors and omissions, information security and privacy, privacy notification cost, penalties for regulatory defense or penalties, website media content, disclosure or misuse of confidential information, failure to prevent unauthorized disclosure or misuse of confidential information, improper or inadequate storage or security or personal or confidential information, unauthorized access to computer systems containing confidential information, or transmission or failure to prevent transmission of a computer virus or other damaging material.
9. "Dam" means any artificial barrier, together with appurtenant works, which does or may impound or divert water, and which either (a) is 25 feet or more in height from the natural bed of the stream or watercourse at the downstream toe of the barrier, or from the lowest elevation of the outside limit of the barrier, if it is not across a stream, channel, or watercourse, to the maximum possible water storage elevation; or (b) has an impounding capacity of 50 acre-feet or more.

Any such barrier which is not in excess of 6 feet in height, regardless of storage capacity,

or which has a storage capacity not in excess of 15 acre-feet, regardless of height, shall not be considered a *Dam*.

No obstruction in a canal used to raise or lower water therein or divert water there from, no levee, including but not limited to, a levee on the bed of a natural lake the primary purpose of which levee is to control floodwaters, no railroad fill or structure, no road or highway fill or structure, no tank constructed of steel or concrete or of a combination thereof, no tank elevated above the ground, no water or waste water treatment facility, and no barrier which is not across a stream channel, watercourse, or natural drainage area and which has the principal purpose of impounding water for agricultural use or storm water detention or water recharging or use as a sewage sludge drying facility shall be considered a *Dam*. In addition, no obstruction in the channel of a stream or watercourse which is 15 feet or less in height from the lowest elevation of the obstruction and which has the single purpose of spreading water within the bed of the stream or watercourse upstream from the construction for percolation underground shall be considered a *Dam*. Nor shall any impoundment constructed and utilized to hold treated water from a sewage treatment plant be considered a *Dam*. Nor shall any wastewater treatment or storage pond exempted from State regulations and supervision by Water Code Section 6025.5 be considered a *Dam*.

10. "Damages" means compensation in money recovered by a third party for loss or detriment it has suffered through the acts of a *Covered Party* or for liability assumed by the *Covered Party* under a *Covered Indemnity Contract*. *Damages* include (1) attorney fees not based on contract awarded against the *Covered Party*, (2) interest on judgments, or (3) costs, for which the *Covered Party* is liable either by adjudication or by compromise with the written consent of the *Authority*, if the fees, interest, or costs arise from an *Occurrence* to which this coverage applies.
11. "Defense Costs" means all fees and expenses incurred by any *Covered Party*, caused by and relating to the adjustment, investigation, defense, or litigation of a claim to which this coverage applies, including attorney's fees, court costs, premiums for appeal bonds, and interest on judgments accruing after entry of judgment. *Defense Costs* shall include adjusting expenses of a third-party claims administrator that are specifically identifiable with a claim subject to this coverage. *Defense Costs* shall include reasonable attorney fees and necessary litigation expenses incurred by or for a party other than the *Covered Party*, that are assumed by the *Covered Party* in a *Covered Indemnity Contract* where such attorney fees or costs are attributable to a claim for *Damages* covered by this Memorandum. *Defense Costs* shall include fees and expenses relating to coverage issues or disputes that arise after a written denial of coverage, between any *Covered Party* named in the Declarations and the *Authority*, if the *Covered Party* named in the Declarations prevails in such dispute. *Defense Costs* shall not include the office expenses, salaries of employees and officials, or expenses of the *Covered Party* or the *Authority*, or attorney fees or costs awarded to a prevailing plaintiff against the *Covered Party*.
12. "Limit of Coverage" shall be the amount of coverage stated in the declaration page or certificate of coverage, or sublimits as stated therein for each *Covered Party* per *Occurrence*, subject to any lower sublimit stated in this Memorandum. For each *Occurrence*, there shall be only one *Limit of Coverage* regardless of the number of

claimants or *Covered Parties* against whom a claim is made. In the event that a structured settlement, whether purchased from or through a third-party, or paid directly by the *Covered Party* in installments, is utilized in the resolution of a claim or suit, the Authority will pay only up to the amount stated in the Declarations or certificate of coverage in present value of the claim, as determined on the date of settlement, regardless of whether the full value of the settlement exceeds the amount stated in the Declarations or certificate of coverage.

13. "Medical Malpractice" means the rendering of or failure to render any of the following services:
- (a) Medical, surgical, dental, psychiatric, psychological counseling, x-ray, or nursing service or treatment or the furnishing of food or beverages in connection therewith; or any services provided by a health care provider as defined in Section 6146 (c), (2), (3), of the California Business and Professions Code.
  - (b) Furnishing or dispensing of drugs or medical, dental, or surgical supplies or appliances.

*Medical Malpractice* does not include emergency medical services or first aid administered by employees, nor does it include advice or services rendered by a 911 emergency dispatcher.

14. "Member" shall mean any organization that is a party to the Agreement creating the California Affiliated Risk Management Authorities.
15. "Non-Employment Sexual Abuse" means actual or alleged unwelcome or offensive conduct of a sexual nature directed towards any claimant(s), including any sexual act, contact or touching of a sexual nature, sexual assault, abuse, molestation or harassment of a sexual nature, or verbal, written, recorded, or electronic correspondence, transmission or communication of a sexual nature alleged to have resulted in Damages.
16. "Nuclear Material" means *Source Material*, *Special Nuclear Material*, or *Byproduct Material*. "Source Material", "Special Nuclear Material", and "Byproduct Material" have the meanings given to them by the Atomic Energy Act of 1954 or in any law amendatory thereof.
17. "Occurrence" means:

(a) With respect to *Bodily Injury* or *Property Damage*: an accident, including continuous or repeated exposure to substantially the same generally harmful conditions, which results in *Bodily Injury* or *Property Damage* neither expected nor intended from the standpoint of the *Covered Party*. Loss of use of tangible property that is not physically injured shall be deemed to occur at the time of the *Occurrence* that caused it.

Additionally, the inverse condemnation exception affording coverage under Exclusion 9 of this Memorandum of Coverage, is a temporary or permanent taking

of third-party real or personal property as the result of a public work or public improvement system failure and, in the case of a weather-related event, happening within 72 hours of such event acting upon or together with the public work or public improvement such as, but not limited to, a drainage system, roadway or other public work or public improvement. The number of inverse condemnation Occurrences where the exception to Exclusion 9 applies to two or more claims of takings within a single 72-hour period and shall depend upon whether the takings were the result of the same or separate public work or improvement system failures.

- (b) With respect to *Non-Employment Sexual Abuse*: a *Covered Party's* alleged vicarious or indirect liability exposure to any claimant(s) for *Non-Employment Sexual Abuse* related to or resulting from the *Covered Party's* failure to prevent, control, supervise, or warn of any such misconduct. All such acts of Non-Employment Sexual Abuse arising from substantially similar acts, conditions or causes, regardless of the number of Members, whether there is a single perpetrator or multiple perpetrators acting in concert, claims made, suits brought, persons or organizations making claims or bringing suits, victims, incidents, or locations at which Non-Employment Sexual Abuse is alleged to have taken place, shall be combined and treated as a single Occurrence with a date of loss determined to be the date when the sexual misconduct was first committed.
  - (c) With respect to *Personal Injury*: an offense described in the definition of that term in this coverage agreement.
  - (d) With respect to *Public Officials Errors and Omissions*: any actual or alleged misstatement or misleading statement or act or omission as described in the definitions of the term in this coverage agreement.
18. "Personal Injury" means injury arising out of one or more of the following offenses:
- (a) False arrest, detention or imprisonment, or malicious prosecution;
  - (b) Abuse of legal process;
  - (c) Wrongful entry into, or eviction of a person from, a room, dwelling, or premises that a person occupies;
  - (d) Publication or utterance of material, including continuous or repeated, that slanders or libels a person or organization or disparages a person's or organization's goods, products or services, or oral or written publication of material that violates a person's right of privacy;
  - (e) Discrimination or violation of civil rights; and
  - (f) Injury resulting from the use of force for the purpose of protecting persons or property.
19. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including,

but not limited to, smoke, vapor, soot, fumes, acids, alkalis, chemicals, airborne particles or fibers, electromagnetic fields, and waste. Waste includes materials to be recycled, reconditioned, or reclaimed. The term *Pollutants* as used herein does not mean potable water, agricultural water, water furnished to commercial users, or water used for fire suppression.

20. "Property Damage" means:
- (a) Physical injury or destruction of tangible property, including all resulting loss of use of that property; or
  - (b) Loss of use of tangible property that is not physically injured or destroyed.
21. "Public Officials Errors and Omissions" means any (including continuous or repeated) actual or alleged misstatement or misleading statement or act or omission by any *Covered Party* (individually or collectively) arising in the course and scope of their duties with the *Covered Party* or claimed against them solely by reason of their being or having been public officials or employees, and which results in damage neither expected nor intended from the standpoint of the *Covered Party*. All claims involving the same misstatement or misleading statement or act or omission or a series of contiguous or interrelated misstatements or misleading statements or acts or omissions will be considered as arising out of one *Occurrence*.
22. "Retained Limit" means the amount, identified in the applicable Declaration or certificate, of *Ultimate Net Loss* for which the *Covered Party* pays out of its own funds, unless otherwise provided herein, before the *Authority* is obligated to make payment, subject to the following:
- (a) For each *Occurrence*, there shall be only one *Retained Limit* regardless of the number of claimants or *Covered Parties* against whom a claim is made.
  - (b) Payment of the *Retained Limit* shall be apportioned among the *Covered Parties* in accordance with their proportionate shares of liability. If the payment is for a settlement, the *Retained Limit* shall be apportioned among the *Covered Parties*, in accordance with the respective parties' agreed upon or court-determined share of liability. In the event that the apportionment requires court determination, the *Covered Parties* will pay all costs of the *Authority* in seeking such determination, including its attorney's fees in proportion to the court's determination of liability.
23. "Unmanned Aircraft" means an aircraft (with its aerial system or control device) that is not designed, manufactured, or modified after manufacture to be controlled directly by a person from within or on the aircraft.
24. "Ultimate Net Loss" means the sums actually paid by the *Covered Parties* comprising the total of all *Defense Costs* and all *Damages*.

### **SECTION III - DEFENSE AND SETTLEMENT**

The *Authority* shall have no duty to assume charge of investigation or defense of any claim. However, the *Authority*, at its own expense, shall have the right to assume the control of the negotiation, investigation, defense, appeal, or settlement of any claim the *Authority* determines, in its sole discretion, to have reasonable probability of resulting in an *Ultimate Net Loss* in excess of the applicable *Retained Limit*. The *Covered Party* shall fully cooperate in all matters pertaining to such claim or proceeding.

If the *Authority* assumes the control of the handling of a claim, the *Covered Parties* shall be obligated to pay at the discretion of the *Authority* any sum necessary for the defense and settlement of a claim, or to satisfy liability imposed by law, up to the applicable *Retained Limit*.

No claim shall be settled for an amount in excess of the *Retained Limit* without the prior written consent of the *Authority*, and the *Authority* shall not be required to contribute to any settlement to which it has not consented.

### **SECTION IV - CARMA'S LIMIT OF COVERAGE**

Regardless of the number of (1) *Covered Parties* under this Memorandum, (2) persons or organizations who sustain injury or damage, or (3) claims made or suits brought, the *Authority's* liability is limited as follows:

- (a) With respect to coverage provided, the *Authority's* liability for any one *Occurrence* shall be limited to the *Ultimate Net Loss* that is in excess of \$1,000,000, which shall be the *Covered Party's Retained Limit*, but then only up to the sum set forth in the Declarations as the *Authority's* limit of liability for any one *Occurrence*. In the event that a structured settlement, whether purchased from or through a third-party, or paid directly by the *Covered Party* in installments, is utilized in the resolution of a claim or suit, the *Authority* will pay only up to the amount stated in the Declarations or certificate of coverage in present value of the claim, as determined on the date of settlement, regardless of whether the full value of the settlement exceeds the amount stated in the Declarations or certificate of coverage.
- (b) The *Limit of Coverage* for any additional *Covered Party* as defined in Section 2, Paragraph 7, Subparagraph (c), subject to the per *Occurrence* limitation above, shall not exceed the limit stated in its additional *Covered Party* certificate regardless of the limit which applies to the *Member*.
- (c) All related *Personal Injury Occurrences* and all related *Non-Employment Sexual Abuse Occurrences* involving the same individual or multiple individuals acting together as alleged perpetrators or involving the same alleged claimant or group of claimants and whether happening in one or multiple *Coverage Periods*, shall be subject to just one *Occurrence Limit of Coverage*.

Nothing contained herein shall operate to increase the *Authority's* limit of liability under this Memorandum.

## **SECTION V - COVERAGE PERIOD AND TERRITORY**

This agreement applies to *Bodily Injury*, *Non-Employment Sexual Abuse*, *Property Damage*, *Personal Injury*, or *Public Officials Errors and Omissions* that occurs anywhere in the world during the *Coverage Period* identified in the applicable Declaration or certificate of coverage.

## **SECTION VI - EXCLUSIONS**

This agreement does not apply to:

1. With respect to Pollution:
  - (a) Any liability arising out of the actual, alleged, or threatened discharge, dispersal, seepage, migration, release, or escape of *Pollutants* anywhere in the world.
  - (b) Any loss, cost or expense arising out of any governmental direction or request that the *Authority*, the *Covered Party* or any other person or organization test for, monitor, clean-up, remove, contain, treat, detoxify, neutralize, or assess the effects of *Pollutants*; or
  - (c) Any loss, cost, or expense, including but not limited to costs of investigation or attorneys' fees, incurred by a governmental unit or any other person or organization to test for, monitor, clean-up, remove, contain, treat, detoxify, or neutralize *Pollutants*.

However, this exclusion shall not apply to *Bodily Injury* or *Property Damage* caused by a *Covered Party's* response to contamination caused by a third party unrelated to a *Covered Party*. Response includes clean up, removal, containment, treatment, detoxification, and neutralization of *Pollutants*. In addition this exclusion does not apply to direct and immediate *Bodily Injury* or *Property Damage* arising out of operations involving the use, application, or spraying of any pesticide at or from any site or location not owned or controlled by the *Covered Party* on which the *Covered Party* or any contractors or subcontractors working directly or indirectly on behalf of the *Covered Party*, are performing operations if the operation(s) performed meet all standards of any statute, ordinance, regulation, or license requirement of any federal, state, or local government which apply to those operations.

- (d) The exclusions set forth in (a), (b), or (c) above do not apply if said discharge, dispersal, release, or escape of *Pollutants* meets all of the following conditions:
  - i. It was accidental and neither expected nor intended by the *Covered Party*; and
  - ii. It was demonstrable as having commenced on a specific date during the term of this memorandum; and

- iii. Its commencement became known to the *Member* within seven (7) calendar days; and
  - iv. Its commencement was reported in writing to the *Authority* within forty (40) calendar days of becoming known to the *Member*; and
  - v. Reasonable effort was expended by the *Member* to terminate the discharge, dispersal, release, or escape of *Pollutants* as soon as conditions permitted.
- (e) The exclusions set forth in (a), (b), or (c) above do not apply if said discharge, dispersal, release, or escape arises from materials being collected as part of any drop off or curbside recycling program implemented and operated by the *Covered Party*, unless the materials have been stored by the *Covered Party* or parties for a continuous period exceeding ninety (90) days.
- (f) Nothing contained in this agreement shall operate to provide any coverage with respect to:
- i. Any site or location principally used by the *Covered Party*, or by others in the *Covered Party's* behalf, for the handling, storage, disposal, dumping, processing, or treatment of waste material; except as provided in Section VI, paragraph 1, subparagraph (e)
  - ii. Any fines or penalties;
  - iii. Any clean-up costs ordered by the Superfund Program, or any federal, state, or local governmental authority. However, this specific exclusion (c) shall not serve to deny coverage for third party clean-up costs otherwise covered by this endorsement simply because of the involvement of a governmental authority;
  - iv. Acid rain; or
  - v. Clean-up, removal, containment, treatment, detoxification, or neutralization of *Pollutants* situated on premises the *Covered Party* owns, rents, or occupies at the time of the actual discharge, dispersal, seepage, migration, release, or escape of said *Pollutants*.
2. Claims, including attorney's fees or salary or wage loss claims, by any potential, present, or former employee or official of the *Covered Party*, arising out of, but not limited to, a violation of civil rights or employment-related practices, policies, acts, or omissions, including termination, coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, or discrimination directed at that person. This exclusion extends to claims of the spouse, child, unborn child or fetus, parent, brother, or sister of that person as a consequence of injury to the person at whom any of the employment-related practices, policies, acts, or omissions described above are directed.

3. *Bodily Injury* to:

- (a) An employee of the *Covered Party* arising out of and in the course of:
  - i. Employment by the *Covered Party*; or
  - ii. Performing duties related to the conduct of the *Covered Party's* business; or
- (b) The spouse, child, unborn child or fetus, parent, brother, or sister of the employee as a consequence of paragraph (1) above.

This exclusion applies to any obligation to share *Damages* with or repay someone else who must pay *Damages* because of the injury. However, this exclusion does not apply to liability assumed under contract.

4. Any obligation under any workers' compensation, unemployment compensation, or disability benefits law or any similar law.

These exclusions 2, 3, and 4 apply whether the *Covered Party* may be liable as an employer or in any other capacity.

5. Claims arising out of ownership, maintenance, management, supervision, or the condition of any hospital.

6. Claims because of *Bodily Injury, Non-Employment Sexual Abuse, Personal Injury, or Property Damage* arising out of ownership, maintenance, management, supervision, or the condition of any airport, including but not limited to liability arising out of ownership, operation, maintenance, or entrustment of *Automobiles* while used in airport operations.

7. Claims arising out of any *Medical Malpractice*:

- (a) Committed by a doctor, osteopath, chiropractor, dentist, or veterinarian; or
- (b) Committed by any health care provider, as defined in Business & Professions Code Section 6146(c)(2), working for any hospital or hospital operated out-patient, in-patient, or other clinic at the time of the occurrence giving rise to the loss.

8. Claims arising out of the hazardous properties of *Nuclear Material*.

9. Claims arising out of:

- (a) Land use regulations or planning policies, annexation, eminent domain by whatever name called, no matter how or under what theory such claims are alleged.

Notwithstanding this exclusion, coverage under this Memorandum is provided, in excess of the \$1,000,000 *Covered Party's Retained Limit* first paid and any commercial insurance coverage available to the *Covered Party* ~~that is~~ not purchased

by ~~or for CARMA~~ the Authority and intended to apply in excess of CARMA's self-insured coverage, ~~for Damages and Defense Costs combined of up to \$2,000,000 per Occurrence and subject to an aggregate limit of \$4,000,000 per Member~~ for any claims or suits alleging *Property Damage* due to inverse condemnation as a result of any of the following: weather acting upon or with the *Covered Party's* property or equipment; accidental failure of the *Covered Party's* property or equipment; negligent design, maintenance of, or inadequate design of a public work or public improvement.

~~The above limited exception to Exclusion 9 is intended to sub-limit the Authority's liability to all Damages due to Property Damage as well as any consequential injury of any other type and all Defense Costs of every nature, regardless of whether sought only on an inverse condemnation theory or also sought by or with any tort theories such as, but not limited to, negligence, nuisance, trespass, or dangerous condition of public property.~~

- (b) The initiative process, whether or not liability accrues directly against any *Covered Party* by reason of any agreement which a *Covered Party* has entered.
10. *Property Damage* to:
- (a) Property owned by the *Covered Party*;
  - (b) Property rented to or leased by the *Covered Party* where it has assumed liability for damage to or destruction of such property, unless the *Covered Party* would have been liable in the absence of such assumption of liability; and
  - (c) *Aircraft, Unmanned Aircraft* or watercraft in the *Covered Party's* care, custody, or control.
11. Claims arising out of the ownership, operation, use, maintenance, or entrustment to others of: (a) any *Aircraft* or (b) any *Unmanned Aircraft* or (c) any watercraft being used for commercial purposes. Ownership, operation, use, or maintenance as used herein does not include static displays of aircraft in a park or museum setting.
- “This exclusion does not apply to claims arising out of the ownership, operation, use, maintenance or entrustment to others of any *Unmanned Aircraft* that is a small unmanned aircraft system owned or operated by or rented to or loaned by or on behalf of any *Member* of the *Authority* or *Entity* if operated in accordance with all federal, state, and local laws, rules and regulations, including but not limited to Federal Aviation Administration (FAA) Rules and Regulations for a small unmanned aircraft system detailed in part 107 of Title 14 of the Code of Federal Regulations and if the Governing Body of the *Member* of the *Authority* or *Entity* before use has approved use of small unmanned aircraft systems.”
12. Claims arising out of the failure to supply or provide an adequate supply of gas, water, electricity, or sewage capacity when such failure is a result of the inadequacy of the *Covered Party's* facilities to supply or produce sufficient gas, water, electricity, or sewage

capacity to meet the demand.

This exclusion does not apply if the failure to supply results from direct and immediate accidental injury to tangible property owned or used by any *Covered Party* to procure, produce, process, or transmit the gas, water, electricity, or sewage.

13. Claims arising out of the ownership, maintenance, or use of any trampoline or any other rebound tumbling device.
14. Claims arising out of a *Covered Party's* sponsored or controlled skateboard activities or facilities unless those activities or facilities are covered by the *Member* joint powers authority.
15. Claims arising out of bungee jumping or propelling activities sponsored or controlled by the *Covered Party*.
16. Claims arising out of a failure to perform or breach of a contractual obligation.
17. Claims arising out of liability assumed under any contract or agreement, except liability that would be imposed by law in the absence of the contract or agreement, or when such assumption is the subject of a duly issued Certificate of Additional *Covered Party*; but such assumption is covered only up to the *Limit of Coverage* stated in the certificate. This exclusion does not apply to liability assumed in a contract or agreement that is a *Covered Indemnity Contract*, provided the *Bodily Injury* or *Property Damage* occurs subsequent to the execution of the contract or agreement.
18. Fines, assessments, penalties, restitution, disgorgement, exemplary or punitive *Damages*. This exclusion applies whether the fine, assessment, penalty, restitution, disgorgement, exemplary or punitive damage is awarded by a court or by an administrative or regulatory agency. Restitution and disgorgement as used herein refer to the order of a court or administrative agency for the return of a specific item of property or a specific sum of money, because such item of property or sum of money was not lawfully or rightfully acquired by the *Covered Party*.
19. *Ultimate Net Loss* arising out of relief, or redress, in any form other than money *Damages*.
20. Claims arising out of the manufacture of, mining of, use of, sale of, installation of, removal of, distribution of or exposure to radon, asbestos, asbestos products, asbestos fibers, asbestos dust, or other asbestos containing materials, or:
  - (a) Any obligation of the *Covered Party* to indemnify any party because of such claims, or
  - (b) Any obligation to defend any suit or claims against the *Covered Party* because of such claims.
21. Claims for injury or *Damages* caused by intentional conduct done by the *Covered Party* with willful and conscious disregard of the rights or safety of others, or with malice.

However, as to any other *Covered Party* that did not authorize, ratify, participate in, consent to, or have knowledge of such conduct by its past or present employee, elected or appointed official, or volunteer, and where the claim against that *Covered Party* is based solely on its vicarious liability arising from its relationship with such employee, official, or volunteer, this exclusion does not apply to said *Covered Party*.

22. Claims arising out of partial or complete structural failure of a *Dam*.
23. Claims by any *Covered Party* against its own past or present elected or appointed officials, employees, volunteers, or additional covered parties where such claim seeks *Damages* payable to the *Covered Party*.
24. Claims arising out of oral or written publication of material, if done by or at the direction of the *Covered Party* with knowledge of its falsity.
25. Claims arising out of liability imposed on any *Covered Party* under any uninsured/underinsured motorist law or *Automobile* no-fault law.
26. The cost of providing reasonable accommodation pursuant to the Americans with Disabilities Act, Fair Employment and Housing Act, or similar law.
27. Refund or restitution of taxes, fees, or assessments.
28. Claims for refund, reimbursement, or repayment of any monies to which a *Covered Party* was not legally entitled.
29. Claims arising in whole or in part out of the violation of a statute, ordinance, order, or decree of any court or other judicial or administrative body, or rule of law, committed by or with the knowledge or consent of the *Covered Party*.
30. Claims arising out of estimates of probable cost or cost estimates being exceeded or faulty preparation of bid specifications or plans including architectural plans unless prepared by a qualified, licensed and/or registered engineer or architect who is the appointed City Engineer or an employee of the *Covered Party*.
31. Under *Public Officials Errors and Omissions Coverage*:
  - (a) *Bodily Injury, Non-Employment Sexual Abuse, Personal Injury*, or physical injury to tangible property, including all resulting loss of use of that property.
  - (b) Benefits payable under any employee benefit plan.
32. Claims arising out of Cyber Liability. “Notwithstanding this exclusion, coverage under this Memorandum is provided, in excess of the \$1,000,000 Covered Party’s Retained Limit and any other available insurance first paid, for *Damages* and *Defense Costs* of up to \$1,000,000 per Occurrence and subject to an aggregate limit of \$4,000,000 per member.”
33. Claims arising out of, resulting as a consequence of, or related to:

1. Silica;
2. Mold; and/or
3. Fungus;

whether or not there is another cause of loss which may have contributed concurrently or in sequence to a loss.

## **SECTION VII - CONDITIONS**

### 1. Covered Party's Duties in the Event of Occurrence, Claim, or Suit

The following provisions are conditions precedent to being afforded coverage under this Memorandum. The *Covered Party's* failure to comply with any of these provisions shall void the coverage provided herein, unless otherwise specifically stated.

(a) Notice Conditions

From the time when any of the following occurs the *Covered Party* shall notify the *Authority* within 30 days:

1. Establishment of a reserve on any claim or suit (including multiple claims or suits arising out of one *Occurrence*), amounting to at least fifty percent of the *Retained Limit*;

2. For any claim or case alleging a violation/denial of civil rights under the color of law including, but not limited to, Title 42 USC §1983, California Civil Code §52.1, California Civil Code §51.7, negligence, battery, assault, and, wrongful arrest:

- i. Any claim or case where a Complaint has not yet been served and the combined total of paid and reserved amounts reaches twenty-five percent of the *Retained Limit*; or
- ii. Any claim or case in which a Complaint has been filed and served on a *Covered Party*.

3. Regardless of service or reserve, any claim involving any:

- i. Fatality,
- ii. Amputation,
- iii. Loss of use of any sensory organ,
- iv. Spinal cord injuries (quadriplegia or paraplegia),
- v. Third degree burns involving ten percent or more of the body,
- vi. Facial disfigurement,
- vii. Paralysis,
- viii. Closed head injuries,
- x. Loss of use of any body function, or
- xi. Hospitalization for at least 30 consecutive days when known by the Member entity.

xii. Non-Employment Sexual Abuse conduct

If the *Covered Party* fails to comply with any of these notice conditions and the *Authority's* Board of Directors find by a majority vote that the delay was unreasonable, the *Authority* shall limit the coverage provided herein, as follows:

- i. If notice is given to the *Authority* within 180 days after the date on which it should have been given, any *Ultimate Net Loss* that would have been owing to the *Covered Party*, if notice had been timely given to the *Authority*, shall be reduced by twenty-five percent (25%).
- ii. If notice is given to the *Authority* between 181 days and 365 days after the date on which it should have been given, any *Ultimate Net Loss* that would have been owing to the *Covered Party*, if notice had been timely given to the *Authority*, shall be reduced by fifty percent (50%).
- iii. If notice is given to the *Authority* between 366 days and 730 days after the date on which it should have been given, any *Ultimate Net Loss* that would have been owing to the *Covered Party*, if notice had been timely given to the *Authority*, shall be reduced by seventy-five percent (75%).
- iv. If notice is given to the *Authority* over 730 days after the date on which it should have been given, the *Authority* shall deny any coverage and shall pay no *Ultimate Net Loss*.

In determining whether or not the delay was unreasonable, the *Authority's* Board of Directors shall consider all facts and circumstances that caused the delay. Prejudice to the *Authority* is a factor but is neither conclusive nor required.

Written notice containing particulars sufficient to identify the *Covered Party* and also reasonably obtainable information with respect to the time, place, and circumstances thereof, and the names and addresses of the *Covered Party* and of available witnesses, shall be given to the *Authority* or any of its authorized agents as soon as possible.

- (b) If a claim is made or suit is brought against the *Covered Party* and such claim or suit falls within the descriptions in paragraph (a) above, the *Covered Party* shall be obligated to forward to the *Authority* every demand, notice, summons, or other process received by it or its representative.
- (c) The *Covered Party* shall cooperate with the *Authority* and upon its request assist in making settlements, in the conduct of suits and in enforcing any right of contribution or indemnity against any person or organization who may be liable to the *Covered Party* because of *Bodily Injury, Non-Employment Sexual Abuse, Personal Injury, Property Damage, or Public Officials Errors and Omissions* with respect to which coverage is afforded under this agreement; and the *Covered Party* shall attend hearings and trials and assist in securing and giving evidence and obtaining the attendance of witnesses. The *Covered Party* shall not, except at its

own cost, voluntarily make any payment, assume any obligation, or incur any expense toward the settlement of any claim for which the Authority has accepted responsibility and has so notified the *Covered Party*.

- (d) As to any claim for which the Authority has accepted responsibility and has so notified the *Covered Party*, if the *Covered Party* prevents settlement of the claim for a reasonable amount, defined as the amount the Authority is willing to pay and the claimant is willing to accept, and increases the *Covered Party's* potential liability for *Damages* and continued *Defense Costs*, the *Covered Party* shall pay or shall reimburse the Authority for those *Defense Costs* incurred after the claim could have been settled, and for any *Damages* awarded or settlement agreed upon in excess of the amount for which the claim could have been settled.
- (e) The *Authority* shall be entitled to complete access of the *Covered Party's* claim file, the defense attorney's complete file, and all investigation material and reports, including all evaluations and information on negotiations. The *Covered Party* shall be responsible to report on the progress of the litigation and any significant developments at least quarterly to the *Authority*, and to provide the *Authority* with simultaneous copies of all correspondence provided to the *Covered Party* by its defense attorneys and/or agents.

## 2. Bankruptcy or Insolvency

Bankruptcy or insolvency of the *Covered Party* shall not relieve the *Authority* of any of its obligations hereunder.

## 3. Other Coverage

- (a) Except as provided in 3(b), in order for coverage herein to apply, the *Covered Party* must pay the full amount of its *Retained Limit*. Payment of the *Retained Limit* by the *Covered Party* is required in addition to, and regardless of, any payment or payments from any other source for or on behalf of that *Covered Party*. If insurance or any other coverage with any insurer, joint powers authority or other source is available to the *Covered Party* covering a loss also covered hereunder (whether on a primary, excess or contingent basis), the coverage hereunder shall be in excess of, and shall not contribute with, such other insurance or coverage. This coverage shall be in excess of, and shall not contribute with, any insurance or coverage which names a *Covered Party* herein as an additional *Covered Party* or additional insured party, where coverage is extended to a loss also covered hereunder.
- (b) Commercial coverage purchased directly by a *Covered Party* for the sole purpose of insuring all or a portion of its *Retained Limit* may be utilized to pay all, or a portion of, a *Covered Party's Retained Limit*.

## 4. Severability of Interests

The term *Covered Party* is used severally and not collectively, but the inclusion herein of

more than one *Covered Party* shall not operate to increase the limits of the *Authority's* liability or the *Retained Limit* applicable per *Occurrence*.

5. Accumulation of Limits

A claim which contains allegations extending to a duration of more than one *Coverage Period* shall be treated as a single *Occurrence* arising during the first *Coverage Period* when the *Occurrence* begins.

6. Termination

This agreement may be terminated at any time in accordance with the Bylaws of the *Authority*.

7. Changes

Notice to any agent or knowledge possessed by any agent of the *Authority* or by any other person shall not effect a waiver or a change in any part of this Memorandum of Coverage, nor shall the terms of this Memorandum of Coverage be waived or changed, except by endorsement issued to form a part of this Memorandum of Coverage.

8. Subrogation

The *Authority* shall be subrogated to the extent of any payment hereunder to all the *Covered Parties'* rights of recovery thereof and the *Covered Parties* shall do nothing after loss to prejudice such right and shall do everything necessary to secure such right. Any amounts so recovered shall be apportioned as follows:

- (a) The highest layer of coverage shall be reimbursed first and if there are sufficient recoveries then the next highest layer shall be reimbursed until all recoveries are used up.
- (b) The expenses of all such recovery proceedings shall be paid before any reimbursements are made. If there is no recovery in the proceedings conducted by the *Authority*, it shall bear the expenses thereof.

9. Coverage Dispute Resolution Procedures

Decisions by the *Authority* whether to assume control of the negotiation, investigation, defense, appeal, or settlement of a claim, or whether or not coverage exists for a particular claim or part of a claim shall be made by the Board of Directors of the *Authority* (*Board*). An appeal to the Board from a coverage decision must be made in writing to the *Authority* by the *Covered Party* within sixty (60) days of receipt of such decision.

The Board will take action on any such written appeal within sixty (60) days after its receipt or at the next scheduled Board meeting following receipt, whichever is later. The action taken by the Board will include written notice to the *Covered Party* of the Board's final decision.

After exhausting its right to appeal, the *Covered Party* may pursue binding arbitration against the *Authority* or, alternatively, may file an action for Declaratory Relief to resolve the coverage dispute. The *Covered Party* shall provide prompt written notice to the Board as to which approach the *Covered Party* will take.

If Declaratory Relief is the approach elected, such action shall be filed in the Superior Court within 90 days of the *Covered Party's* receipt of the Board's final decision and any unexpired statute of limitations shall be tolled until expiration of that 90 day period. If the Declaratory Relief Action is not thereafter filed in the Superior Court within the time limitations of this paragraph, notwithstanding any statute of limitations provided in the California Code of Civil Procedure or otherwise, the *Covered Party* shall be deemed to have waived and be barred from pursuing any further relief, adjudication, action, arbitration or appeal regarding the coverage dispute.

The Declaratory Relief Action shall be limited to seeking a judicial interpretation of this Memorandum, and, as appropriate, determination and declaration of the amount, if any, to be paid by the *Authority* for *Ultimate Net Loss* under this Memorandum. No other legal theories or causes of action relating to or arising out of the coverage dispute shall be allowed, and any such other legal theories or causes of action are expressly waived. Neither the *Authority* or the *Covered Party* shall be entitled to a trial by jury nor shall either be entitled to any *Damages* or relief other than as provided in this paragraph. The Declaratory Relief action shall be subject to appeal before an appellate court as provided by California Law.

If the *Authority* and the *Covered Party* agree in writing, then the coverage dispute shall be resolved by binding arbitration. In that event both the *Authority* and the *Covered Party* agree that each shall be deemed to have waived any right to pursue any adjudication or relief as to the coverage dispute in any other forum and the arbitrators decision shall be final and binding, and shall not be subject to appeal except as provided for in California Code of Civil Procedure sections 1286.2 and 1286.6.

The Arbitration shall be conducted pursuant to the California Code of Civil Procedure including sections 1283.05 relating to depositions and discovery. It shall be conducted by a single neutral arbitrator having at least ten years of prior experience arbitrating group self-insured risk pooling disputes under California Law. No arbitrator shall be employed or affiliated with the *Authority*, *Covered Party* or any of their attorneys.

Selection of the arbitrator shall take place within (30) calendar days from the receipt of the request for arbitration by mutual agreement of the *Authority* and *Covered Party*. If not agreed within (30) days, an immediate petition to the Superior Court for appointment of a neutral arbitrator having the above reference qualifications shall be filed by the *Authority*.

The arbitration hearing shall commence within (60) calendar days from the date of the mutual selection or court appointment of the arbitrator.

Each party shall bear equally the cost of the selected or appointed arbitrator. In addition, each party shall be responsible for its own costs and expenses of arbitration.

Except for notification of appointment and as provided for in the California Code of Civil

Procedure, there shall be no communication between the “parties” or their attorneys with the arbitrator relating to the subject of the arbitration other than at oral hearings in the presence of all parties and their attorneys.

If any coverage dispute results in a settlement, or in a judgment or arbitration award, the amount paid by the *Authority* shall be the *Ultimate Net Loss* under this Memorandum, and shall be considered and treated as any other payment of *Ultimate Net Loss* by the *Authority* as if there had been no coverage dispute.

March 28, 2024

Agenda Items 8.B.

**PRESENTATIONS**

**SUBJECT: Presentation by Heather Fregeau, Chief Claims Officer – Liability & Property, PRISM, Regarding PRISM GL1 Coverage  
Prepared and Presented by Heather Fregeau, PRISM**

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**BACKGROUND AND STATUS:**

Ms. Heather Fregeau, PRISM Chief Claims Officer – Liability & Property, will be in attendance to provide the Committee with a presentation regarding PRISM’s GL1 coverage, with a specific focus on the program’s coverage for inverse condemnation claims.

**RECOMMENDATION:**

*Discuss and provide feedback as needed.*

**REFERENCE MATERIALS ATTACHED:**

- PRISM Presentation to BCJPIA Executive Committee



# GL1 Coverage Discussion

Inverse Condemnation & Subsidence

Heather Fregeau  
Chief Claims Officer – Liability & Property



# Agenda

- **Introduction**
- **Governance**
- **Memorandum of Coverage Language**
- **Example Case Scenarios**

# Introduction

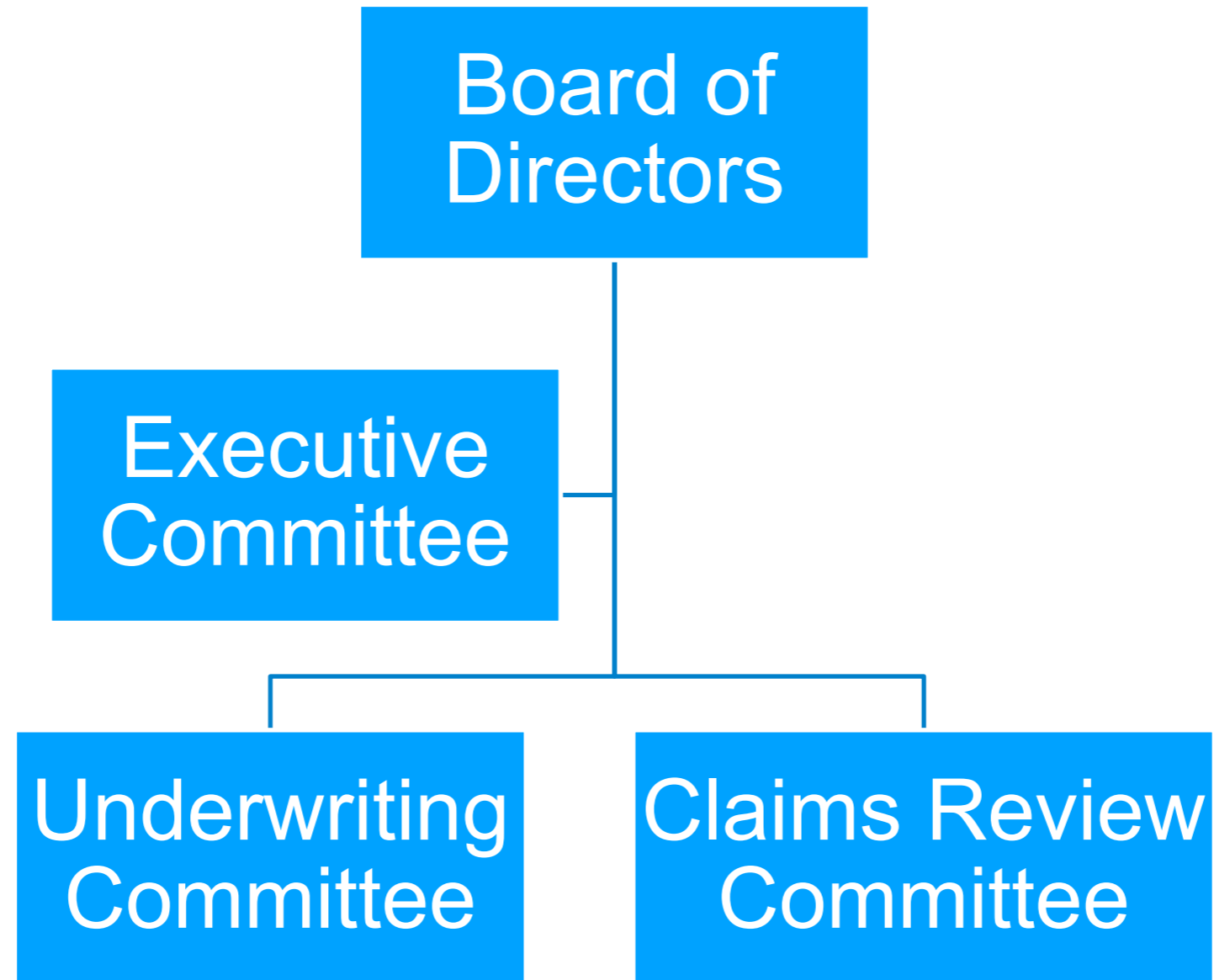
## Heather Fregeau

- Chief Claims Officer – Liability & Property
  - Medical Malpractice
- Direct employee of PRISM for 21 ½ years
- Contact information:
  - [hfregneau@prismrisk.gov](mailto:hfregneau@prismrisk.gov)
  - 916-850-7300



# GL1 Governance

## Member Driven Committee Structure



# GL1 Governance

## Member Driven Committee Structure

### Board of Directors

- Oversees all PRISM organizational functions and Programs.
- Reviews/approves the annual budget.
- Vested with authority to conduct all business with PRISM.

### Executive Committee

- Develops policies/procedures.
- Oversees operational affairs.
- Makes recommendations to the Board.
- Appoint Committee members.
- Oversees advisory Committees.
- Discusses settlement authority in excess of \$5M.

# Governance

## Member Driven Committee Structure

### Underwriting Committee

- Makes recommendations to Executive Committee regarding:
  - New Members.
  - Premium allocation.
  - Program funding.
  - Reinsurance renewals.

### Claims Review Committee

- Reviews GL1 and EWC claims.
- Authorizes settlements up to \$5M.
- Provides recommendation to Executive Committee regarding large claims.
- Reviews claims handling procedures and requirements.

# Memorandum of Coverage

## Self-Insured Reimbursement Coverage

- Provides reimbursement of covered claims and associated defense fees/costs in excess of a self-insured retention.
- Self-insured retention only eroded by covered claims and related defense fees/costs.
- Not a duty to defend coverage.
- Coverage is determined at the conclusion of a claim.



# Memorandum of Coverage

## Inverse Condemnation

To liability, directly or indirectly, arising out of or in connection with the principles of eminent domain, condemnation proceedings or inverse condemnation, by whatever name called, whether grounded in federal or state law, regardless of whether such claims are made directly against the **covered party** or by virtue of any agreement entered into by or on behalf of the **covered party**.

This exclusion does not apply to any aspect of inverse condemnation liability directly arising out of physical injury to, or destruction of, tangible property neither expected nor intended from the standpoint of the **covered party**; provided; however, this exception does not apply to any nonphysical consequential **damages** or to expert or attorney fees claimed by or awarded to a claimant or a plaintiff in a **suit**.

# Memorandum of Coverage

## Subsidence

### Exclusion:

- To **property damage** arising out of **subsidence**

### Definition:

- “**Subsidence**” means any **property damage** directly or indirectly arising out of, caused by, resulting from, contributed to or aggravated by the settling, sinking, slipping, falling away, caving in, shifting, eroding, mud flow, rising, tilting, or any other movement of land or earth.



# DISCLAIMER

The following scenarios are examples only.

Each claim shall be decided upon its merits in accordance with the applicable MOC.

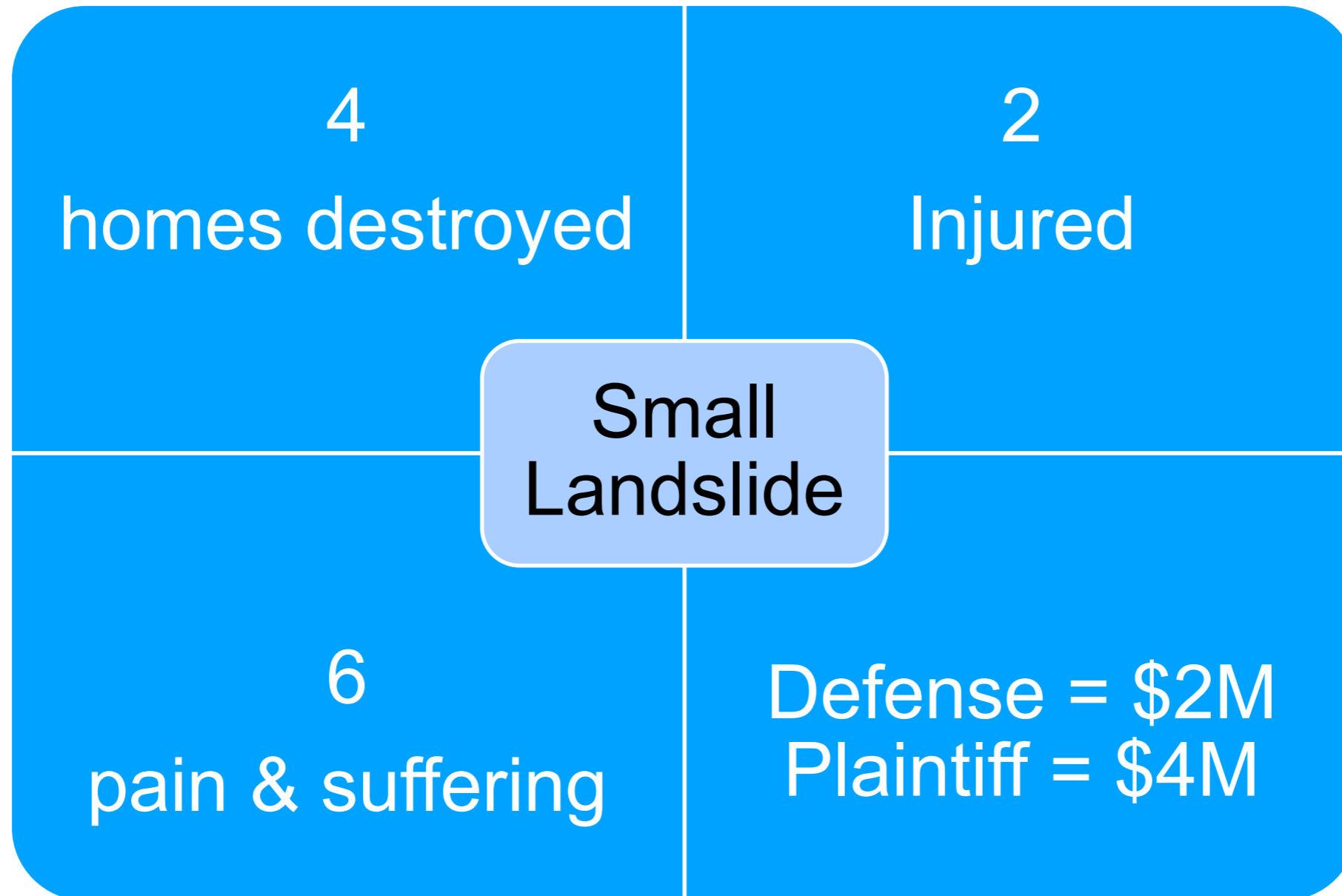
Final coverage determinations are made at the conclusion of a claim.



# Scenario Basics

- 5 causes of action in each scenario.
- 2 of those causes of action are covered, the other 3 are not.
  - 20% of defense fees/costs related to covered claims.
- Inverse condemnation and/or subsidence will apply in each scenario.
- Reminder - Self-insured Retention only eroded by covered claims.

# Scenario 1

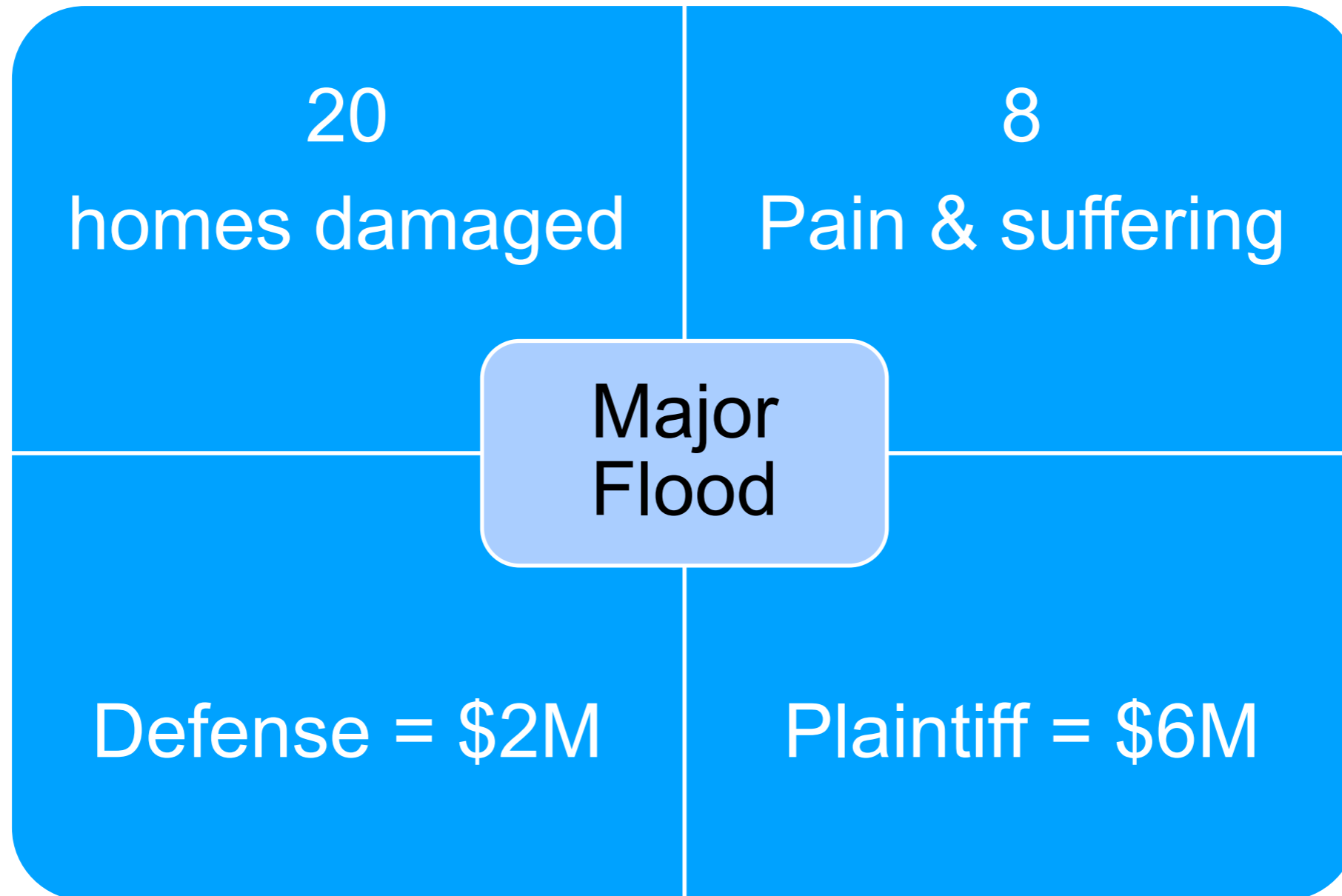


# Scenario 1

<b>Damages</b>	<b>Coverage</b>
4 homes = \$2M each (\$1M tangible property; \$1M diminution in value)	\$0
2 injures = \$3M each	\$6,000,000
6 pain/suffering claims (Typically 20% of exposure)	\$800,000
Defense fees/costs = \$2M (MOC covers only related defense fees/costs)	\$400,000
Plaintiff fees/costs = \$4M (Inverse excludes Plaintiff attorney fees)	\$0
Total	\$7,200,000
Less SIR	(\$1,000,000)
Potential reimbursement	\$6,200,000

\*Exclusion for Inverse Condemnation & Subsidence apply.

# Scenario 2

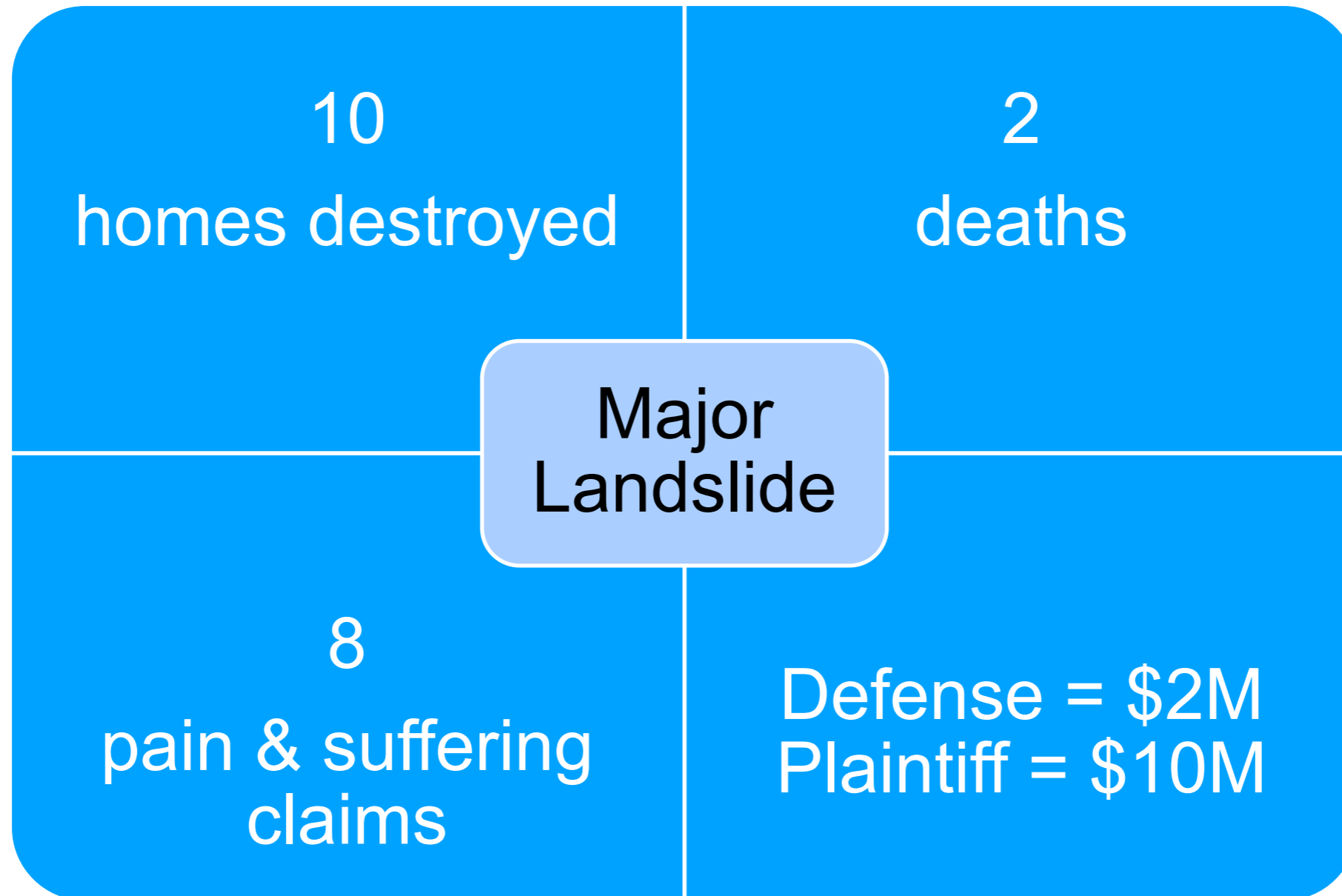


# Scenario 2

<b>Damages</b>	<b>Coverage</b>
20 homes = \$250k each (\$200k tangible property; \$50k diminution in value)	\$4,000,000
8 pain/suffering claims (Typically 20% of exposure)	\$800,000
Defense fees/costs = \$2M (MOC covers only related defense fees/costs)	\$400,000
Plaintiff fees/costs = \$6M (Inverse excludes Plaintiff attorney fees)	\$0
Total	\$5,280,000
Less SIR	(\$1,000,000)
Potential reimbursement	\$4,200,000

\*Exclusion for Inverse Condemnation applies.

# Scenario 3



# Scenario 3

<b>Damages</b>	<b>Coverage</b>
10 homes = \$2M each (\$1M tangible property; \$1M diminution in value)	\$0
2 deaths = \$5M each	\$10,000,000
8 pain/suffering claims (Typically 20% of exposure)	\$2,000,000
Defense fees/costs = \$2M (MOC covers only related defense fees/costs)	\$400,000
Plaintiff fees/costs = \$10M (Inverse excludes Plaintiff attorney fees)	\$0
Total	\$12,400,000
Less SIR	(\$1,000,000)
Potential reimbursement	\$11,400,000

\*Exclusion for Inverse Condemnation & Subsidence applies.



**March 28, 2024**

**Agenda Item 9.A.**

**LIABILITY PROGRAM MATTERS**

**SUBJECT: Recommendations from Ad Hoc Committee Regarding the BCJPIA Pooled Liability Program  
Prepared and Presented by Jaesa Cusimano, BCJPIA Executive Director**

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**BACKGROUND AND STATUS:**

Since November of 2023, and throughout three meetings, the Ad-hoc Committee has met and discussed numerous topics and recommendations. To aid in further discussions and or confirmation, staff is providing a summary of the items discussed and recommendations for review by the Ad-hoc Committee.

1. Continue to use payroll as the exposure base for allocating contributions.
  - a. Move to utilizing prior year actual calendar year payroll instead of estimated program year payroll.
2. Apply each member's ex-mod to 50% of the excess contributions in the liability program. Over two years, increase the application to 25% in the 2024/25 program year and 50% in the 2025/26 program year.
3. Increase the ceiling of the ex-mod range from 1.50 to 2.0 for more responsiveness towards adverse claims development.
4. Retain \$5,000 and \$10,000 Member Retained Limit options and add a \$750,000 Member Retained Limit option for future marketability of BCJPIA.
5. Increase from a \$30,000 minimum premium in the Liability Program to a \$75,000 minimum.

**RECOMMENDATION:**

*Discuss the Ad Hoc Committee recommendations and provide a recommendation to the Board of Directors.*

**REFERENCE MATERIALS ATTACHED:**

- Agenda and Presentation from January 16, 2024, Liability Sub-Committee Meeting
- Agenda from March 21, 2024, Liability Sub-Committee Meeting

# BCJPIA SUBCOMMITTEE

Allocation

Member Exmod

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1.16.2024

# ALLOCATION, PAYROLL VS POPULATION

## 2023/24 Liability Program Contributions

	Per Approved Budget	Allocation by Population										
	Note 1	Note 2	Rank	Payroll	Population Census	Rank	\$ Diff	% Diff	% of Payroll	% of Population		
Albany	823,839	834,529	10	15,683,547	20,031	8	10,690	1.30%	2.83%	3.36%	Albany	
Berkeley	6,676,509	5,045,193	1	189,794,178	122,726	1	-1,631,316	-24.43%	34.21%	20.61%	Berkeley	
Brisbane	890,480	225,278	12	13,497,719	4,576	17	-665,202	-74.70%	2.43%	0.77%	Brisbane	
Central Marin Fire Auth.	349,735	35,057	13	7,437,152	0	19	-314,678	-89.98%	1.34%	0.00%	Central Marin Fire Auth.	
Central Marin PA	430,530	34,290	15	6,869,979	0	19	-396,240	-92.04%	1.24%	0.00%	Central Marin PA	
Corte Madera	313,841	423,985	16	5,301,070	9,833	14	110,144	35.10%	0.96%	1.65%	Corte Madera	
Emeryville	1,313,232	521,652	6	19,516,391	11,875	12	-791,580	-60.28%	3.52%	1.99%	Emeryville	
Fairfax	278,324	331,662	18	4,202,300	7,561	15	53,338	19.16%	0.76%	1.27%	Fairfax	
Larkspur	262,009	524,719	19	4,057,130	12,236	11	262,710	100.27%	0.73%	2.06%	Larkspur	
Los Altos	796,724	1,244,984	8	18,017,905	30,281	7	448,260	56.26%	3.25%	5.09%	Los Altos	
Menlo Park	1,658,570	1,485,511	5	34,400,000	34,934	6	-173,059	-10.43%	6.20%	5.87%	Menlo Park	
Mill Valley	775,560	623,025	9	16,212,533	14,323	9	-152,535	-19.67%	2.92%	2.41%	Mill Valley	
Monte Sereno	108,469	169,165	20	1,012,418	3,491	18	60,696	55.96%	0.18%	0.59%	Monte Sereno	
Novato	836,769	2,172,055	7	18,360,491	53,351	5	1,335,286	159.58%	3.31%	8.96%	Novato	
Piedmont	1,060,587	501,841	11	15,000,000	11,335	13	-558,746	-52.68%	2.70%	1.90%	Piedmont	
Pleasanton	2,665,963	3,356,528	3	55,000,000	80,247	3	690,565	25.90%	9.91%	13.48%	Pleasanton	
Redwood City	3,023,866	3,398,349	2	82,980,078	84,466	2	374,483	12.38%	14.96%	14.19%	Redwood City	
San Anselmo	339,935	535,050	17	4,281,545	12,513	10	195,115	57.40%	0.77%	2.10%	San Anselmo	
Sausalito	611,245	332,654	14	7,406,226	7,094	16	-278,591	-45.58%	1.34%	1.19%	Sausalito	
Tiburon											Tiburon	
Union City	1,626,373	3,047,032	4	35,700,000	74,501	4	1,420,659	87.35%	6.55%	12.51%	Union City	
<b>Total</b>	<b>24,842,560</b>	<b>24,842,560</b>		<b>554,730,663</b>	<b>595,374</b>							

# MEMBER EXMOD PER REPORT

Bay Cities Joint Powers Insurance Authority  
Liability Program

All Claims  
Incurred Losses as of 12/31/2022

Member	All Claims \$0 to \$1M					Wtd. Average
	Program Year					
	2017-18	2018-19	2019-20	2020-21	2021-22	
Weight	20%	20%	20%	20%	20%	100%
Albany	8,162	73,745	10,234	8,421	18,745	23,861
Berkeley	940,153	2,645,376	1,087,605	906,437	1,666,211	1,449,157
Brisbane	61,599	32,045	224,900	250,181	2	113,745
Central Marin FA	0	0	220	5,760	0	1,196
Central Marin PA	698,461	20,346	162,539	47,976	7,342	187,333
Corte Madera	12,736	0	1,220	0	185,001	39,791
Emeryville	95,062	15,366	53,315	385,027	66,589	123,072
Fairfax	11,398	22,189	5,675	41,172	1	16,087
Larkspur	141,488	9,725	403,185	0	210,001	152,880
Los Altos	113,583	99,011	61,417	178,628	17,737	94,075
Menlo Park	1,045,608	1,114,379	254,157	192,459	299,224	581,165
Mill Valley	48,877	19,300	291,918	289,212	879,870	305,835
Monte Sereno	0	964,250	0	30,000	0	198,850
Novato	87,818	254,663	61,949	535,040	99,770	207,848
Piedmont	55,502	172,763	755,181	358,646	41,631	276,745
Pleasanton	1,531,236	1,399,877	1,202,148	81,725	153,206	873,638
Redwood City	322,451	1,174,806	536,657	277,969	199,262	502,229
San Anselmo	289,719	28,674	37,603	201,135	34,800	118,386
Sausalito	2,038,104	1,499,789	486,259	617,561	769,966	1,082,336
Union City	79,440	1,639,932	37,766	30,632	44,585	366,471
<b>Total</b>	<b>7,581,395</b>	<b>11,186,236</b>	<b>5,673,948</b>	<b>4,437,981</b>	<b>4,693,944</b>	<b>6,714,701</b>

Notes:

Losses only include all reported claims, regardless of reaching pool layer.  
Losses are net of recoveries.

# MEMBER EXMOD PER REPORT

Bay Cities Joint Powers Insurance Authority  
Liability Program

Payroll Statistics

	Fiscal Year					Weighted Average	Fiscal Year	
	2017-18	2018-19	2019-20	2020-21	2021-22		2022-23	2023-24
Weight	20%	20%	20%	20%	20%			
<u>Member</u>								
Albany	10,708,347	11,013,182	11,187,360	11,412,174	12,303,533	11,324,919	13,812,490	13,950,615
Berkeley	152,606,102	160,741,750	167,876,702	166,679,727	177,758,380	165,132,532	183,327,969	185,161,249
Brisbane	9,498,290	9,917,947	10,421,701	11,474,278	12,598,924	10,782,228	12,722,000	12,849,220
Central Marin FA	0	2,748,748	5,503,738	6,156,071	6,382,519	4,158,215	6,542,945	6,608,374
Central Marin PA	4,567,788	5,194,450	5,675,185	5,638,684	5,801,035	5,375,429	5,513,005	5,568,135
Corte Madera	5,849,706	4,425,910	3,375,654	3,622,874	3,787,898	4,212,409	4,613,478	4,659,613
Emeryville	13,943,124	15,116,537	14,631,564	14,962,213	14,526,368	14,635,961	15,697,572	15,854,548
Fairfax	2,746,776	2,961,672	3,139,513	3,137,865	3,429,553	3,083,076	4,000,000	4,040,000
Larkspur	6,326,211	4,876,469	3,650,088	3,160,347	3,321,730	4,266,969	3,937,201	3,976,573
Los Altos	14,244,670	13,844,535	13,963,530	14,599,317	16,525,534	14,635,517	17,982,530	18,162,355
Menlo Park	28,200,246	30,540,758	32,178,283	29,470,790	30,937,147	30,265,445	29,918,201	30,217,383
Mill Valley	16,652,885	17,365,860	17,021,970	15,985,388	17,355,527	16,876,326	17,926,351	18,105,615
Monte Sereno	805,839	940,768	860,626	845,169	957,671	882,015	985,272	995,125
Novato	17,726,193	17,467,695	18,558,919	17,206,062	17,866,183	17,765,011	10,500,000	10,605,000
Piedmont	12,977,193	13,777,797	14,044,423	14,211,367	15,127,820	14,027,720	15,166,104	15,317,765
Pleasanton	42,929,042	43,844,728	50,665,040	45,092,407	48,396,842	46,185,612	53,970,416	54,510,120
Redwood City	77,710,543	77,625,541	81,337,089	85,898,226	80,913,561	80,696,992	85,188,000	86,039,880
San Anselmo	3,257,458	3,412,263	3,322,515	2,823,043	3,515,122	3,266,080	3,830,967	3,869,277
Sausalito	6,387,682	6,639,453	6,516,660	6,599,289	4,433,057	6,115,228	2,520,000	2,545,200
Union City	26,834,197	26,349,056	26,590,063	25,915,441	28,068,527	26,751,457	32,231,835	32,554,153
<b>Total</b>	<b>453,972,292</b>	<b>468,805,119</b>	<b>490,520,625</b>	<b>484,890,733</b>	<b>504,006,930</b>	<b>480,439,140</b>	<b>520,386,336</b>	<b>525,590,199</b>

# MEMBER EXMOD PER REPORT

Bay Cities Joint Powers Insurance Authority  
Liability Program

Exhibit 1  
Page 2

Calculation of Experience Modification Factors by Member  
Based on \$0-\$1M Incurred Losses, *All Claims*

Member (A)	2017-18 to 2021-22 Average 0-1M Losses (B)	2017-18 to 2021-22 Average Payroll (C)	5-Year Loss Rate \$100/PR (D)	Average Expected Losses (E)	Indicated Differential (F)	Credibility (G)	Indicated Experience Modification Factor (H)	Bounded Experience Modification Factor (I)	Prior Experience Modification Factor (J)	Capped Change (K)	Capped Experience Modification Factor (L)
Albany	23,861	11,324,919	0.211	158,279	0.151	17.1%	0.855	0.855	1.066	-20%	0.855
Berkeley	1,449,157	165,132,532	0.878	2,307,921	0.628	75.0%	0.721	0.721	0.683	6%	0.721
Brisbane	113,745	10,782,228	1.055	150,694	0.755	16.4%	0.960	0.960	0.991	-3%	0.960
Central Marin FA	1,196	4,158,215	0.029	58,116	0.021	7.0%	0.931	0.931	0.987	-6%	0.931
Central Marin PA	187,333	5,375,429	3.485	75,128	2.494	8.9%	1.133	1.133	1.391	-19%	1.133
Corte Madera	39,791	4,212,409	0.945	58,873	0.676	7.1%	0.977	0.977	0.979	0%	0.977
Emeryville	123,072	14,635,961	0.841	204,555	0.602	21.0%	0.916	0.916	0.996	-8%	0.916
Fairfax	16,087	3,083,076	0.522	43,090	0.373	5.3%	0.967	0.967	1.031	-6%	0.967
Larkspur	152,880	4,266,969	3.583	59,636	2.564	7.2%	1.112	1.112	1.259	-12%	1.112
Los Altos	94,075	14,635,517	0.643	204,549	0.460	21.0%	0.887	0.887	0.984	-10%	0.887
Menlo Park	581,165	30,265,445	1.920	422,995	1.374	35.5%	1.133	1.133	1.149	-1%	1.133
Mill Valley	305,835	16,876,326	1.812	235,866	1.297	23.5%	1.070	1.070	1.082	-1%	1.070
Monte Sereno	198,850	882,015	22.545	12,327	16.131	1.6%	1.239	1.239	1.100	13%	1.239
Novato	207,848	17,765,011	1.170	248,287	0.837	24.4%	0.960	0.960	1.045	-8%	0.960
Piedmont	276,745	14,027,720	1.973	196,054	1.412	20.3%	1.084	1.084	1.102	-2%	1.084
Pleasanton	873,638	46,185,612	1.892	645,498	1.353	45.6%	1.161	1.161	1.172	-1%	1.161
Redwood City	502,229	80,696,992	0.622	1,127,835	0.445	59.4%	0.670	0.670	0.780	-14%	0.670
San Anselmo	118,386	3,266,080	3.625	45,647	2.593	5.6%	1.089	1.089	1.166	-7%	1.089
Sausalito	1,082,336	6,115,228	17.699	85,467	12.664	10.0%	2.166	1.500	1.493	1%	1.500
Union City	366,471	26,751,457	1.370	373,883	0.980	32.7%	0.994	0.994	1.091	-9%	0.994
<b>Total</b>	<b>6,714,701</b>	<b>480,439,140</b>	<b>1.398</b>	<b>6,714,701</b>							

# MEMBER EXMOD -> CARMA PREM

2023/24 Liability Program Contributions									
	Per Approved Budget								
	Note 1	Note 2	Note 3	Note 4					
	15%	0%	25%	50%		Rank	Payroll	Exmod	Rank
Albany	823,839	825,491	822,704	819,738		10	15,683,547	0.855	18
Berkeley	6,676,509	6,807,299	6,586,597	6,351,704		1	189,794,178	0.721	19
Brisbane	890,480	885,727	893,748	902,285		12	13,497,719	0.960	13
Central Marin Fire Auth.	349,735	348,056	350,890	353,906		13	7,437,152	0.931	15
Central Marin PA	430,530	422,932	435,752	449,397		15	6,869,979	1.133	4
Corte Madera	313,841	311,581	315,394	319,452		16	5,301,070	0.977	11
Emeryville	1,313,232	1,310,100	1,315,385	1,321,009		6	19,516,391	0.916	16
Fairfax	278,324	276,716	279,430	282,318		18	4,202,300	0.967	12
Larkspur	262,009	257,893	264,838	272,229		19	4,057,130	1.112	6
Los Altos	796,724	796,109	797,146	798,250		8	18,017,905	0.887	17
Menlo Park	1,658,570	1,620,527	1,684,722	1,753,045		5	34,400,000	1.133	4
Mill Valley	775,560	762,081	784,827	809,035		9	16,212,533	1.070	9
Monte Sereno	108,469	106,882	109,560	112,411		20	1,012,418	1.239	2
Novato	836,769	830,303	841,214	852,826		7	18,360,491	0.960	13
Piedmont	1,060,587	1,047,201	1,069,789	1,093,830		11	15,000,000	1.084	8
Pleasanton	2,665,963	2,598,429	2,712,389	2,833,676		3	55,000,000	1.161	3
Redwood City	3,023,866	3,099,488	2,971,882	2,836,071		2	82,980,078	0.670	20
San Anselmo	339,935	336,021	342,626	349,656		17	4,281,545	1.089	7
Sausalito	611,245	591,212	625,016	660,994		14	7,406,226	1.500	1
Tiburon									
Union City	1,626,373	1,608,512	1,638,651	1,670,728		4	35,700,000	0.994	10
<b>Total</b>	<b>24,842,560</b>	<b>24,842,560</b>	<b>24,842,560</b>	<b>24,842,560</b>			<b>554,730,663</b>		

Notes:

Note 1: Total Liability Contribution with 15% Ex-mod applied to CARMA Contribution (APPROVED BUDGET)

Note 2: Total Liability Contribution with 0% Ex-mod applied to CARMA Contribution

Note 3: Total Liability Contribution with 25% Ex-mod applied to CARMA Contribution

Note 4: Total Liability Contribution with 50% Ex-mod applied to CARMA Contribution

# MEMBER EXMOD -> CARMA PREM

\$ Difference			% Difference			% of Contributions				
0%	25%	50%	0%	25%	50%	15%	0%	25%	50%	
1,652	-1,135	-4,101	0.20%	-0.14%	-0.50%	3.32%	3.32%	3.31%	3.30%	Albany
130,790	-89,912	-324,805	1.96%	-1.35%	-4.86%	26.88%	27.40%	26.51%	25.57%	Berkeley
-4,753	3,268	11,805	-0.53%	0.37%	1.33%	3.58%	3.57%	3.60%	3.63%	Brisbane
-1,679	1,155	4,171	-0.48%	0.33%	1.19%	1.41%	1.40%	1.41%	1.42%	Central Marin Fire Auth.
-7,598	5,222	18,867	-1.76%	1.21%	4.38%	1.73%	1.70%	1.75%	1.81%	Central Marin PA
-2,260	1,553	5,611	-0.72%	0.49%	1.79%	1.26%	1.25%	1.27%	1.29%	Corte Madera
-3,132	2,153	7,777	-0.24%	0.16%	0.59%	5.29%	5.27%	5.29%	5.32%	Emeryville
-1,608	1,106	3,994	-0.58%	0.40%	1.44%	1.12%	1.11%	1.12%	1.14%	Fairfax
-4,116	2,829	10,220	-1.57%	1.08%	3.90%	1.05%	1.04%	1.07%	1.10%	Larkspur
-615	422	1,526	-0.08%	0.05%	0.19%	3.21%	3.20%	3.21%	3.21%	Los Altos
-38,043	26,152	94,475	-2.29%	1.58%	5.70%	6.68%	6.52%	6.78%	7.06%	Menlo Park
-13,479	9,267	33,475	-1.74%	1.19%	4.32%	3.12%	3.07%	3.16%	3.26%	Mill Valley
-1,587	1,091	3,942	-1.46%	1.01%	3.63%	0.44%	0.43%	0.44%	0.45%	Monte Sereno
-6,466	4,445	16,057	-0.77%	0.53%	1.92%	3.37%	3.34%	3.39%	3.43%	Novato
-13,386	9,202	33,243	-1.26%	0.87%	3.13%	4.27%	4.22%	4.31%	4.40%	Piedmont
-67,534	46,426	167,713	-2.53%	1.74%	6.29%	10.73%	10.46%	10.92%	11.41%	Pleasanton
75,622	-51,984	-187,795	2.50%	-1.72%	-6.21%	12.17%	12.48%	11.96%	11.42%	Redwood City
-3,914	2,691	9,721	-1.15%	0.79%	2.86%	1.37%	1.35%	1.38%	1.41%	San Anselmo
-20,033	13,771	49,749	-3.28%	2.25%	8.14%	2.46%	2.38%	2.52%	2.66%	Sausalito
										Tiburon
-17,861	12,278	44,355	-1.10%	0.75%	2.73%	6.55%	6.47%	6.60%	6.73%	Union City

# TAKEAWAYS

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## Payroll

- Industry standard
- Actual Quarterly DE9
- Contractors 1099

## Population

- Census Population
- Employees/Staff
- Central Marin Fire/Police

## Exmod

- Full 5 years for payroll and losses
- Credibility - 75% Berkeley, 25% Pool
- Capped at \$1M
- Floor/Ceiling - 0.65/1.50
  - +/- 25% YoY
- 15% of CARMA or 0%, 25%, 50%

# THANK YOU



Juli Boehmer

Min Su



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[min.su@sedgwick.com](mailto:min.su@sedgwick.com)



916-244-1134

916-906-3086

**BAY CITIES JOINT POWERS INSURANCE AUTHORITY**  
**LIABILITY PROGRAM SUBCOMMITTEE MEETING**

**AGENDA**

**Thursday, March 21, 2024**  
**9:00 a.m.**

**Zoom Teleconference**  
[Zoom Link](#)

Meeting ID: 881 6919 7849  
Passcode: 031678

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**Page**

- |           |  |
|-----------|--|
| <b>2</b>  | <b>1. Discussion Regarding General Liability Member Retained Limits</b>          |
| <b>23</b> | <b>2. Discussion Regarding General Liability Experience Modification Options</b> |
| <b>40</b> | <b>3. Summary of Discussions and Recommendations</b>                             |

Agenda Item 1

ADMINISTRATIVE MATTERS

**SUBJECT: Discussion Regarding General Liability Member Retained Limits  
Prepared and Presented by Min Su, BCJPIA Finance Manager**

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**BACKGROUND AND STATUS:**

On March 6, 2024, Bickmore Actuarial completed the Member Self-Insured Retention study for the General Liability Program. The review was requested to gain a better understanding of BCJPIA membership and the appropriate Member Retained Limits. Each member selects a retained limit of \$5,000, \$10,000, \$25,000, \$50,000, \$100,000, \$250,000, \$350,000 or \$500,000. The addition of a \$750,000 member retained limit option will be presented at the April 22, 2024, Special Board of Directors meeting.

As explained in the report, the study was approached from two standpoints: 1) comparing the member's size using ground-up statistical measures, and 2) comparing which members had more loss experiences in the pool layer than others.

Based on the first approach of size, statistics show *Corte Madera* and *Central Marin Fire* may be more appropriate with a *lower* retained limit. And *Sausalito*, *Emeryville*, and *Piedmont* may be more appropriate with a *higher* retained limit.

Based on the second approach of loss experience, statistics show *Central Marin Fire* and *Los Altos* may be more appropriate with a *lower* retained limit. *Sausalito* may be more appropriate with a *higher* retained limit.

Listed below is a summary of the actuarial findings based on a combination of both approaches:

- Sausalito may be more appropriate with a higher retained limit.
- Central Marin Fire Authority may be more appropriate with a lower retained limit.
- All other members appear to be at a reasonable retained limit.

Staff does not recommend Central Marin Fire Authority be required to change their retained limit, but the Authority will be notified of the actuary's findings.

Ms. Susan Dunham, ACAS, MAAA, Actuarial Manager with Bickmore Actuarial will be present to discuss the results of the Member Retained Limits report with the Committee.

**RECOMMENDATION:**

*Staff recommends the Ad-hoc Committee recommend the Executive Committee receive and file the Member Retained Limit actuarial study.*

**REFERENCE MATERIALS ATTACHED:**

- Draft Actuarial Review of the Self-Insured Pooled Liability Program - Member Retained Limits, Dated March 6, 2024.



# Bickmore — Actuarial

## Actuarial Review of the Self-Insured Pooled Liability Program

*Member Retained Limits*

*Presented to*  
**Bay Cities Joint Powers Insurance Authority**

March 6, 2024 - DRAFT

March 6, 2024

Ms. Jaesa Cusimano  
Director, Pool Management, Sedgwick  
Bay Cities Joint Powers Insurance Authority  
1750 Creekside Oaks Drive, Suite 200  
Sacramento, CA 95833

Re: Self-Insured Pooled Liability Program - Member Retained Limits

Dear Ms. Cusimano:

As requested, we have completed our supplemental review of the Bay Cities Joint Powers Insurance Authority's self-insured pooled liability program. In this report, we present the results of our analysis of the appropriateness of member retained limits. Each member selects a retained limit of \$5,000, \$10,000, \$25,000, \$50,000, \$100,000, \$250,000, \$350,000 or \$500,000.

We approached the appropriateness of the members' current retained limit from two standpoints. First, we compared the members' "size" using "ground-up" statistical measures. This approach provides a good benchmark for initial ordering of the members' retained limits. Second, we compared the members' "burn" using "pool" statistics. This approach identifies those pool members who have had more loss experience in the pool layer than others. The results of these approaches are documented in this report.

A summary of the findings are as follows:

- Sausalito (\$50,000) may be more appropriate with a higher retained limit. This is indicated based upon annual payroll, ground-up losses and claim counts from the size approach AND based upon pooled claim counts and losses from the burn approach.
- Central Marin Fire Authority (\$250,000) may be more appropriate with a lower retained limit. This is indicated based upon annual payroll, ground-up losses and claim counts from the size approach AND based upon pooled claim counts and losses from the burn approach.
- All other members appear to be at a reasonable retained limit.

**The “Size” Approach**

Using the size approach, a number of statistics were considered.

1. Payroll – The payroll distribution is a general indicator of exposure. Generally, the greater the exposure, the greater the number of expected claims and the higher the likelihood of a large loss. Therefore, the retained limit should generally increase as payrolls increase.
2. Reported Claims – Generally, the greater the number of total reported claims, the higher the likelihood of a large loss and the larger the appropriate retained limit. We considered claims over a 10-year (stable) and 5-year (responsive) period.
3. Capped Losses – Generally, the greater the amount of losses (paid or incurred), the higher the likelihood of a large loss and the larger the appropriate retained limit. We considered losses capped at \$100,000 per claim over a 10-year (stable) and 5-year (responsive) period.

Aggregate and annualized size statistics based on ground up losses are shown on Exhibit 1, Page 1 and 2. The ranking of those statistics between the members is shown on Exhibit 1, Page 3. Rankings are re-indexed least (1) to greatest (20) on Exhibit 1, Page 4 relative to the ranking implied by their current retained limit. These statistics are based on loss data valued as of December 31, 2023.

For judging significance of the indicated change, one approach is to set a reasonable range of +/-25% based upon the number of pool members. Since there are 20 members in the pool, a standard would be an indicated change of change of +/-5 or more.

A summary of the size rankings is shown below for those members with the largest indicated changes, either up or down:

<u>Member</u>	<u>Current Retained Limit</u>	<u>Indicated Rank</u>	<u>Current Rank</u>	<u>Indicated Versus Current</u>
<b>Decrease Indicated</b>				
Corte Madera	100,000	2	8	-6
Central Marin Fire	250,000	4	12	-8
<b>Increase Indicated</b>				
Sausalito	50,000	12	7	+5
Emeryville	10,000	9	3	+6
Piedmont	25,000	16	5	+11

Based upon the size approach, statistics indicate Corte Madera and Central Marin Fire Authority may be more appropriate with a lower retained limit.

Based upon the size approach, statistics indicate Sausalito, Emeryville and Piedmont may be more appropriate with a higher retained limit.

## **The “Burn” Approach**

Using the burn approach a number of statistics were considered.

1. Pool Claims – The number of claims for which the loss amount (paid or incurred) has exceeded a member’s current retained limit is a measure of pool frequency. A member with an unusually high number of losses above its retained limit, or above a multiple of its retained limit, may be appropriate for a higher retained limit.
2. Pool Losses – Loss amounts (paid or incurred) that exceed the member’s retained limit are pooled and paid by all members; therefore, it might be appropriate that a member with an unusually high amount of losses in excess of its retained limit increase its retention.

Using current member retained limit, the annualized burn statistics based on claim counts are shown in Exhibit 2, Page 2, and the annualized burn statistics based on losses are shown in Exhibit 2, Page 4. These statistics are based on loss data valued as of December 31, 2023.

One way to gauge the appropriateness of a given member’s current retained limit is to compare burn statistics to pool averages. Claim indices are calculated in Exhibit 2, Page 5 based upon claim counts on Exhibit 2, Page 2. Loss indices are calculated in Exhibit 2, Page 6 based upon losses in Exhibit 2, Page 4. In this report, the loss index is determined by assigning a “-1” to member statistics which are less than 25% of the pool average for that statistic, and “+1” to member statistics which are greater than 300% of the pool average for that statistic.

Weighted indices are derived on Exhibit 2, Page 7. The claim count index is derived based upon the indices and weights shown on Exhibit 2, Page 5. The loss index is derived based upon the indices and weights shown on Exhibit 2, Page 6. These indices are then combined into a single index by weighting together the claim count and loss indices.

Weights are derived based upon the following assumptions:

- Statistics exceeding 2 times retained limit receive more weight than statistics exceeding 1 times retained limit, assuming those members who penetrate the pool layer more deeply should be considered more seriously for retained limit changes.
- Ten-year statistics receive more weight than five-year statistics, assuming retained limit changes should be based more on long-term statistics than short-term. All statistics are annualized before indexing.
- Closed claim and paid loss statistics are given more weight than reported claim and incurred loss statistics, assuming that retained limit changes should be based more on closed/paid losses given the uncertainty in case reserve estimates.
- Claim count statistics are given more weight than loss statistics assuming frequency should receive more weight than severity.

A combined index between -1.00 and 0.00 indicates a lower retained limit may be appropriate. A combined index between 0.00 and +1.00 indicates a higher retained limit may be appropriate. For stability, we recommend focusing attention on those members with a combined index between +0.7 and +1.0 for increases, and those members with a combined index between -0.7 and -1.0 for decreases.

## DRAFT

A summary of the weighted indices at the current retained limit are shown below for those members with the largest indicated changes, either up or down:

<u>Member</u>	<u>Current Retained Limit</u>	<u>Claim Count Index</u>	<u>Loss Index</u>	<u>Combined Index</u>
<b>Decrease Indicated</b>				
Central Marin Fire	250,000	-0.67	-1.00	-0.75
Los Altos	250,000	-0.67	-0.93	-0.73
<b>Increase Indicated</b>				
Sausalito	50,000	+0.80	+0.80	+0.80

Based upon the burn approach, statistics indicate Central Marin Fire Authority and Los Altos may be more appropriate with a lower retained limit.

Based upon the burn approach, statistics indicate Sausalito may be more appropriate with a higher retained limit.

### **Summary**

A summary of the findings are as follows:

- Sausalito (\$50,000) may be more appropriate with a higher retained limit. This is indicated based upon annual payroll, ground-up losses and claim counts from the size approach AND based upon pooled claim counts and losses from the burn approach.
- Central Marin Fire Authority (\$250,000) may be more appropriate with a lower retained limit. This is indicated based upon annual payroll, ground-up losses and claim counts from the size approach AND based upon pooled claim counts and losses from the burn approach.
- All other members appear to be at a reasonable retained limit.

Note that these observations identify members for which certain statistics indicate a change from one retained limit to another might be appropriate. There may be other qualitative information which provides a reasonable rationale for maintaining the current retained limit. These reasons may include a member's desire to retain more risk than indicated by the loss data or a change in member operations which may lead to fewer losses than contained in the historical loss data.

**DRAFT**

We appreciate the opportunity to be of service to the Bay Cities Joint Powers Insurance Authority in preparing this report. Please feel free to call Dana Winkler at (503) 419-0455 or Susan Dunham at (971) 345-8559 with any questions you may have concerning this report.

Sincerely,

Bickmore Actuarial

**DRAFT**

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Dana Winkler, MBA, ACAS, MAAA  
Partner, Bickmore Actuarial  
Associate, Casualty Actuarial Society  
Member, American Academy of Actuaries

**DRAFT**

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Susan Dunham, ACAS, MAAA  
Actuarial Manager, Bickmore Actuarial  
Associate, Casualty Actuarial Society  
Member, American Academy of Actuaries

## **CONSIDERATIONS AND KEY ASSUMPTIONS**

Several considerations should be taken into account when evaluating property/casualty claim liabilities and funding projections for upcoming years. The following is a list of issues that we have considered in this report, along with some key assumptions that we have made.

### **Data**

Data Quality: Our analysis is based on loss experience and exposure data provided to us by or on behalf of BCJPIA. While we have not independently audited or verified this information, we have reviewed it for reasonability and internal consistency. We have assumed that the data is accurate and complete. Any material inaccuracy or omission could invalidate the conclusions in this report and should be brought to our attention immediately.

Exposure: The exposure base utilized in this study is payroll, which was provided to us by or on behalf of BCJPIA.

Claims: The claims data utilized in this study was provided to us by or on behalf of BCJPIA.

Other Program Information: Key program information, including historical retentions, were provided to us by or on behalf of BCJPIA. We relied on this information without audit.

### **Key Dates**

Valuation Date: The data underlying this study are valued as of December 31, 2023.

Review Date and Information Date: We have not reflected any actual claims activity subsequent to the valuation date.

### **Other Actuarial Considerations**

Operational Changes: This analysis has not made special adjustment for any specific operational changes by BCJPIA or its underlying members.

## **CONDITIONS AND LIMITATIONS**

It is important to recognize that the indications in this report are based on one point in time and are subject to future changes. Since the emergence and settlement of claims are subject to uncertainty, actual developments likely will vary, perhaps significantly, from the amounts used in this report. No warranty is expressed or implied that such variance will not occur. The accuracy of the conclusions in this report depends on many factors, including the following:

Loss Activity since the Evaluation Date: The losses in this study were valued as of December 31, 2023. It is possible that there has been significant loss activity that has occurred since that date which would change the findings of this report.

Data Accuracy: This report relies on unaudited loss and exposure information provided by the City. The accuracy of our projections relies on the accuracy of this data.

Future Law Changes: We cannot predict, nor have we attempted to predict, the impact of future law changes and court rulings on claims costs.

New Classes of Claims: We make no provision for the extraordinary future emergence of new classes of loss or types of loss not sufficiently represented in BCJPIA's historical data, or which are not yet quantifiable.

## **DISTRIBUTION AND USE**

This report was prepared for the sole use of Sedgwick, BCJPIA and its members. This report is neither intended nor necessarily suitable for any other use. Any distribution of this report requires the express written consent of Bickmore Actuarial. If such consent is granted, the report should be forwarded in its entirety, including all exhibits. It should also be understood that Bickmore Actuarial would be available to answer any questions regarding this report and its conclusions.

BCJPIA

LIABILITY

Member Retained Limit Analysis - Ground Up Losses  
Exposure, Claim Count, and Loss Statistics (Aggregate)

Member (A)	Current Retained Limit (B)	2024-2025 Payroll (C)	13/14-22/23	18/19-22/23	13/14-22/23	18/19-22/23	13/14-22/23	18/19-22/23	13/14-22/23	18/19-22/23
			Non-Zero Reported Claims (D)	Non-Zero Reported Claims (E)	Non-Zero Closed Claims (F)	Non-Zero Closed Claims (G)	Incurred Losses Capped at \$100K (H)	Incurred Losses Capped at \$100K (I)	Paid Losses Capped at \$100K (J)	Paid Losses Capped at \$100K (K)
Monte Sereno	5,000	1,113,784	3	1	2	0	153,123	25,001	129,575	1,453
Emeryville	10,000	5,833,247	75	23	69	17	1,160,187	599,575	856,359	295,747
San Anselmo	10,000	4,211,741	33	11	28	6	693,941	249,408	572,165	127,632
Brisbane	25,000	13,966,743	20	4	19	3	480,971	215,754	465,967	200,750
Piedmont	25,000	16,406,450	173	74	167	68	1,603,392	996,451	1,338,372	731,432
Fairfax	50,000	3,643,837	22	4	22	4	397,122	47,281	397,122	47,281
Sausalito	50,000	5,558,607	101	45	86	32	2,978,713	1,362,618	2,289,320	690,906
Albany	100,000	13,794,430	87	20	81	14	809,825	42,821	806,254	39,250
Central Marin PA	100,000	6,018,499	24	5	23	4	799,333	256,723	797,087	254,476
Corte Madera	100,000	4,232,038	4	3	3	2	117,619	104,883	53,887	41,151
Larkspur	100,000	3,909,127	19	6	17	4	694,810	290,980	594,810	190,980
Central Marin Fire	250,000	6,253,860	5	2	5	2	20,697	5,980	20,697	5,980
Los Altos	250,000	17,170,269	38	19	33	15	578,704	255,848	518,699	195,844
Menlo Park	250,000	33,210,582	113	44	95	27	2,019,852	983,010	1,605,686	630,725
Mill Valley	250,000	17,135,066	84	35	76	27	1,284,762	626,894	1,147,526	489,658
Novato	250,000	22,243,382	106	43	96	33	1,458,739	596,451	1,359,005	496,717
Pleasanton	250,000	51,757,364	214	98	191	74	2,550,375	1,064,227	2,291,837	836,386
Union City	250,000	32,628,163	109	45	88	24	1,531,352	498,621	1,191,093	158,363
Redwood City	350,000	83,984,879	278	105	247	76	4,367,777	1,783,910	3,763,610	1,179,744
Berkeley	500,000	197,948,616	828	361	739	273	8,580,329	4,178,243	6,352,434	2,010,898
Total		541,020,681	2,336	948	2,087	705	32,281,625	14,184,680	26,551,507	8,625,372

(B) Provided By BCJPIA.

(C) Provided By BCJPIA.

(D) thru (K) From Data as of December 31, 2023.

BCJPIA

LIABILITY

Member Retained Limit Analysis - Ground Up Losses  
Exposure, Claim Count, and Loss Statistics (Annual)

Member (A)	Current Retained Limit (B)	2024-2025 Payroll (C)	13/14-22/23	18/19-22/23	13/14-22/23	18/19-22/23	13/14-22/23	18/19-22/23	13/14-22/23	18/19-22/23
			Non-Zero Reported Claims (D)	Non-Zero Reported Claims (E)	Non-Zero Closed Claims (F)	Non-Zero Closed Claims (G)	Incurred Losses Capped at \$100K (H)	Incurred Losses Capped at \$100K (I)	Paid Losses Capped at \$100K (J)	Paid Losses Capped at \$100K (K)
Monte Sereno	5,000	1,113,784	0.3	0.2	0.2	0.0	15,312	5,000	12,957	291
Emeryville	10,000	5,833,247	7.5	4.6	6.9	3.4	116,019	119,915	85,636	59,149
San Anselmo	10,000	4,211,741	3.3	2.2	2.8	1.2	69,394	49,882	57,216	25,526
Brisbane	25,000	13,966,743	2.0	0.8	1.9	0.6	48,097	43,151	46,597	40,150
Piedmont	25,000	16,406,450	17.3	14.8	16.7	13.6	160,339	199,290	133,837	146,286
Fairfax	50,000	3,643,837	2.2	0.8	2.2	0.8	39,712	9,456	39,712	9,456
Sausalito	50,000	5,558,607	10.1	9.0	8.6	6.4	297,871	272,524	228,932	138,181
Albany	100,000	13,794,430	8.7	4.0	8.1	2.8	80,983	8,564	80,625	7,850
Central Marin PA	100,000	6,018,499	2.4	1.0	2.3	0.8	79,933	51,345	79,709	50,895
Corte Madera	100,000	4,232,038	0.7	0.6	0.5	0.4	19,603	20,977	8,981	8,230
Larkspur	100,000	3,909,127	1.9	1.2	1.7	0.8	69,481	58,196	59,481	38,196
Central Marin Fire	250,000	6,253,860	1.0	0.4	1.0	0.4	4,139	1,196	4,139	1,196
Los Altos	250,000	17,170,269	3.8	3.8	3.3	3.0	57,870	51,170	51,870	39,169
Menlo Park	250,000	33,210,582	11.3	8.8	9.5	5.4	201,985	196,602	160,569	126,145
Mill Valley	250,000	17,135,066	8.4	7.0	7.6	5.4	128,476	125,379	114,753	97,932
Novato	250,000	22,243,382	10.6	8.6	9.6	6.6	145,874	119,290	135,901	99,343
Pleasanton	250,000	51,757,364	21.4	19.6	19.1	14.8	255,038	212,845	229,184	167,277
Union City	250,000	32,628,163	10.9	9.0	8.8	4.8	153,135	99,724	119,109	31,673
Redwood City	350,000	83,984,879	27.8	21.0	24.7	15.2	436,778	356,782	376,361	235,949
Berkeley	500,000	197,948,616	82.8	72.2	73.9	54.6	858,033	835,649	635,243	402,180
Total		541,020,681	234.4	189.6	209.4	141.0	3,238,074	2,836,936	2,660,813	1,725,074

(B) Provided By BCJPIA.

(C) Provided By BCJPIA.

(D) thru (K) Exhibit 1, Page 1 divided by applicable years of exposure.

BCJPIA

LIABILITY

Member Retained Limit Analysis - Ground Up Losses  
Exposure, Claim Count, and Loss Statistics (Rankings)

Member (A)	Current Retained Limit (B)	2024-2025 Payroll (C)	13/14-22/23 Non-Zero Reported Claims (D)	18/19-22/23 Non-Zero Reported Claims (E)	13/14-22/23 Non-Zero Closed Claims (F)	18/19-22/23 Non-Zero Closed Claims (G)	13/14-22/23 Incurred Losses Capped at \$100K (H)	18/19-22/23 Incurred Losses Capped at \$100K (I)	13/14-22/23 Paid Losses Capped at \$100K (J)	13/14-22/23 Paid Losses Capped at \$100K (K)	Weighted Rank (L)
Monte Sereno	5,000	20	20	20	20	20	19	19	18	20	19.8
Emeryville	10,000	14	11	10	11	10	10	8	10	9	11.7
San Anselmo	10,000	17	13	13	13	13	14	14	14	15	14.9
Brisbane	25,000	10	16	16	16	17	16	15	16	11	13.4
Piedmont	25,000	9	4	4	4	4	6	5	7	4	6.3
Fairfax	50,000	19	15	16	15	14	17	17	17	16	17.0
Sausalito	50,000	15	8	5	8	6	3	3	4	5	9.5
Albany	100,000	11	9	11	9	12	11	18	11	18	11.4
Central Marin PA	100,000	13	14	15	14	14	12	12	12	10	13.2
Corte Madera	100,000	16	19	18	19	18	18	16	19	17	17.3
Larkspur	100,000	18	17	14	17	14	13	11	13	13	15.9
Central Marin Fire	250,000	12	18	19	18	18	20	20	20	19	16.1
Los Altos	250,000	7	12	12	12	11	15	13	15	12	10.3
Menlo Park	250,000	4	5	7	6	7	5	6	5	6	5.2
Mill Valley	250,000	8	10	9	10	7	9	7	9	8	8.5
Novato	250,000	6	7	8	5	5	8	9	6	7	6.4
Pleasanton	250,000	3	3	3	3	3	4	4	3	3	3.1
Union City	250,000	5	6	5	7	9	7	10	8	14	6.7
Redwood City	350,000	2	2	2	2	2	2	2	2	2	2.0
Berkeley	500,000	1	1	1	1	1	1	1	1	1	1.0
Weight		40.0%	10.0%	10.0%	10.0%	10.0%	5.0%	5.0%	5.0%	5.0%	100.0%

(B) Provided By BCJPIA.

(C) thru (K) Exhibit 1, Page 2 ranked from greatest (1) to least (20).

(L) weighted average of (C) through (K).

BCJPIA

LIABILITY

Member Retained Limit Analysis - Ground Up Losses  
Current vs. Weighted Ranks for Indicated Change In Retained Limit

Member (A)	Current Retained Limit (B)	Weighted Rank (C)	Current Rank (D)	Difference (E)	Indicator (F)
Monte Sereno	5,000	1	1		
Emeryville	10,000	9	3	+6	Increase
San Anselmo	10,000	6	2	+4	
Brisbane	25,000	7	4	+3	
Piedmont	25,000	16	5	+11	Increase
Fairfax	50,000	3	6	-3	
Sausalito	50,000	12	7	+5	Increase
Albany	100,000	10	11	-1	
Central Marin PA	100,000	8	10	-2	
Corte Madera	100,000	2	8	-6	Decrease
Larkspur	100,000	5	9	-4	
Central Marin Fire	250,000	4	12	-8	Decrease
Los Altos	250,000	11	13	-2	
Menlo Park	250,000	17	17		
Mill Valley	250,000	13	14	-1	
Novato	250,000	15	16	-1	
Pleasanton	250,000	18	18		
Union City	250,000	14	15	-1	
Redwood City	350,000	19	19		
Berkeley	500,000	20	20		

(B) Provided By BCPIA.

(C) Exhibit 1, Page 3 weighted rank from least (1) to greatest (20).

(D) Current SIR rank from least (1) to greatest (20).

(E) Difference in ranks from columns (C) and (D).

(F) Indicated Increase/Decrease if +/-5 or More in (E).

BCJPIA

LIABILITY

Member Retained Limit Analysis - Pooled Losses  
Claim Count Statistics (Aggregate)

Member (A)	Current Retained Limit (B)	13/14-22/23	18/19-22/23	13/14-22/23	18/19-22/23	13/14-22/23	18/19-22/23	13/14-22/23	18/19-22/23
		Non-Zero Closed Claims Over Limit (C)	Non-Zero Closed Claims Over Limit (D)	Non-Zero Closed Claims Over 2 X Limit (E)	Non-Zero Closed Claims Over 2 X Limit (F)	Non-Zero Reported Claims Over Limit (G)	Non-Zero Reported Claims Over Limit (H)	Non-Zero Reported Claims Over 2 X Limit (I)	Non-Zero Reported Claims Over 2 X Limit (J)
Monte Sereno	5,000	2	0	2	0	3	1	3	1
Emeryville	10,000	12	3	9	3	17	8	14	8
San Anselmo	10,000	8	1	6	1	10	3	8	3
Brisbane	25,000	6	2	3	2	6	2	3	2
Piedmont	25,000	11	6	5	3	16	11	8	6
Fairfax	50,000	3	0	0	0	3	0	0	0
Sausalito	50,000	13	1	12	1	26	12	22	10
Albany	100,000	4	0	2	0	4	0	2	0
Central Marin PA	100,000	5	1	4	0	6	2	5	1
Corte Madera	100,000	0	0	0	0	1	1	1	1
Larkspur	100,000	2	0	1	0	4	2	2	1
Central Marin Fire	250,000	0	0	0	0	0	0	0	0
Los Altos	250,000	0	0	0	0	1	1	0	0
Menlo Park	250,000	2	0	2	0	2	0	2	0
Mill Valley	250,000	4	2	1	0	4	2	1	0
Novato	250,000	2	0	1	0	2	0	1	0
Pleasanton	250,000	6	0	3	0	8	1	5	1
Union City	250,000	1	0	1	0	2	1	2	1
Redwood City	350,000	2	0	1	0	6	3	4	2
Berkeley	500,000	2	0	1	0	3	1	1	0
Total		85	16	54	10	124	51	84	37

(B) Provided By BCJPIA.

(C) thru (J) From Data as of December 31, 2023.

BCJPIA

LIABILITY

Member Retained Limit Analysis - Pooled Losses  
Claim Count Statistics (Annual)

Member (A)	Current Retained Limit (B)	13/14-22/23	18/19-22/23	13/14-22/23	18/19-22/23	13/14-22/23	18/19-22/23	13/14-22/23	18/19-22/23
		Non-Zero Closed Claims Over Limit (C)	Non-Zero Closed Claims Over Limit (D)	Non-Zero Closed Claims Over 2 X Limit (E)	Non-Zero Closed Claims Over 2 X Limit (F)	Non-Zero Reported Claims Over Limit (G)	Non-Zero Reported Claims Over Limit (H)	Non-Zero Reported Claims Over 2 X Limit (I)	Non-Zero Reported Claims Over 2 X Limit (J)
Monte Sereno	5,000	0.20	0.00	0.20	0.00	0.30	0.20	0.30	0.20
Emeryville	10,000	1.20	0.60	0.90	0.60	1.70	1.60	1.40	1.60
San Anselmo	10,000	0.80	0.20	0.60	0.20	1.00	0.60	0.80	0.60
Brisbane	25,000	0.60	0.40	0.30	0.40	0.60	0.40	0.30	0.40
Piedmont	25,000	1.10	1.20	0.50	0.60	1.60	2.20	0.80	1.20
Fairfax	50,000	0.30	0.00	0.00	0.00	0.30	0.00	0.00	0.00
Sausalito	50,000	1.30	0.20	1.20	0.20	2.60	2.40	2.20	2.00
Albany	100,000	0.40	0.00	0.20	0.00	0.40	0.00	0.20	0.00
Central Marin PA	100,000	0.50	0.20	0.40	0.00	0.60	0.40	0.50	0.20
Corte Madera	100,000	0.00	0.00	0.00	0.00	0.17	0.20	0.17	0.20
Larkspur	100,000	0.20	0.00	0.10	0.00	0.40	0.40	0.20	0.20
Central Marin Fire	250,000	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Los Altos	250,000	0.00	0.00	0.00	0.00	0.10	0.20	0.00	0.00
Menlo Park	250,000	0.20	0.00	0.20	0.00	0.20	0.00	0.20	0.00
Mill Valley	250,000	0.40	0.40	0.10	0.00	0.40	0.40	0.10	0.00
Novato	250,000	0.20	0.00	0.10	0.00	0.20	0.00	0.10	0.00
Pleasanton	250,000	0.60	0.00	0.30	0.00	0.80	0.20	0.50	0.20
Union City	250,000	0.10	0.00	0.10	0.00	0.20	0.20	0.20	0.20
Redwood City	350,000	0.20	0.00	0.10	0.00	0.60	0.60	0.40	0.40
Berkeley	500,000	0.20	0.00	0.10	0.00	0.30	0.20	0.10	0.00
Total		8.50	3.20	5.40	2.00	12.47	10.20	8.47	7.40
Average		0.43	0.16	0.27	0.10	0.62	0.51	0.42	0.37
Lower Limit	25%	0.11	0.00	0.07	0.00	0.16	0.00	0.11	0.00
Upper Limit	300%	1.28	0.48	0.81	0.30	1.87	1.53	1.27	1.11

(B) Provided By BCJPIA.

(C) thru (J) Exhibit 2, Page 1 divided by applicable years of exposure.

BCJPIA

LIABILITY

Member Retained Limit Analysis - Pooled Losses  
Loss Statistics (Aggregate)

Member (A)	Current Retained Limit (B)	13/14-22/23 Paid Over Limit (C)	18/19-22/23 Paid Over Limit (D)	13/14-22/23 Paid Over 2 X Limit (E)	18/19-22/23 Paid Over 2 X Limit (F)	13/14-22/23 Incurred Over Limit (G)	18/19-22/23 Incurred Over Limit (H)	13/14-22/23 Incurred Over 2 X Limit (I)	18/19-22/23 Incurred Over 2 X Limit (J)
Monte Sereno	5,000	951,159	0	941,159	0	971,160	20,001	956,160	15,001
Emeryville	10,000	1,288,702	337,317	1,181,634	290,972	1,612,529	661,144	1,471,806	581,144
San Anselmo	10,000	672,846	98,139	585,884	78,139	909,319	334,612	812,357	304,612
Brisbane	25,000	640,231	410,077	530,719	360,077	640,231	410,077	530,719	360,077
Piedmont	25,000	1,043,438	829,600	836,188	697,663	1,587,292	1,373,453	1,304,930	1,166,405
Fairfax	50,000	74,948	0	0	0	74,948	0	0	0
Sausalito	50,000	9,323,660	360,333	8,492,922	173,477	14,469,042	5,366,033	13,262,479	4,821,033
Albany	100,000	643,286	0	374,701	0	643,286	0	374,701	0
Central Marin PA	100,000	1,883,073	61,135	1,421,938	0	2,133,073	311,135	1,571,938	150,000
Corte Madera	100,000	0	0	0	0	185,001	185,001	85,001	85,001
Larkspur	100,000	894,814	187,168	668,261	87,168	1,532,489	824,842	1,255,936	674,842
Central Marin Fire	250,000	0	0	0	0	0	0	0	0
Los Altos	250,000	43,700	43,700	0	0	73,497	73,497	0	0
Menlo Park	250,000	1,831,620	0	1,331,620	0	1,831,620	0	1,331,620	0
Mill Valley	250,000	572,739	185,228	113,532	0	572,739	185,228	113,532	0
Novato	250,000	3,075,434	0	2,600,086	0	3,075,434	0	2,600,086	0
Pleasanton	250,000	12,774,660	257,795	11,132,199	7,795	13,577,981	297,888	11,935,520	47,888
Union City	250,000	1,909,187	0	1,659,187	0	2,509,187	600,000	2,009,187	350,000
Redwood City	350,000	678,318	0	62,827	0	4,831,063	3,350,000	3,328,428	2,630,000
Berkeley	500,000	1,824,935	0	1,195,812	0	1,929,935	105,000	1,195,812	0
Total		40,126,750	2,770,492	33,128,670	1,695,291	53,159,827	14,097,912	44,140,214	11,186,004

(B) Provided By BCJPIA.

(C) thru (J) From Data as of December 31, 2023.

BCJPIA

LIABILITY

Member Retained Limit Analysis - Pooled Losses  
Loss Statistics (Annual)

Member (A)	Current Retained Limit (B)	13/14-22/23 Paid Over Limit (C)	18/19-22/23 Paid Over Limit (D)	13/14-22/23 Paid Over 2 X Limit (E)	18/19-22/23 Paid Over 2 X Limit (F)	13/14-22/23 Incurred Over Limit (G)	18/19-22/23 Incurred Over Limit (H)	13/14-22/23 Incurred Over 2 X Limit (I)	18/19-22/23 Incurred Over 2 X Limit (J)
Monte Sereno	5,000	95,116	0	94,116	0	97,116	4,000	95,616	3,000
Emeryville	10,000	128,870	67,463	118,163	58,194	161,253	132,229	147,181	116,229
San Anselmo	10,000	67,285	19,628	58,588	15,628	90,932	66,922	81,236	60,922
Brisbane	25,000	64,023	82,015	53,072	72,015	64,023	82,015	53,072	72,015
Piedmont	25,000	104,344	165,920	83,619	139,533	158,729	274,691	130,493	233,281
Fairfax	50,000	7,495	0	0	0	7,495	0	0	0
Sausalito	50,000	932,366	72,067	849,292	34,695	1,446,904	1,073,207	1,326,248	964,207
Albany	100,000	64,329	0	37,470	0	64,329	0	37,470	0
Central Marin PA	100,000	188,307	12,227	142,194	0	213,307	62,227	157,194	30,000
Corte Madera	100,000	0	0	0	0	30,834	37,000	14,167	17,000
Larkspur	100,000	89,481	37,434	66,826	17,434	153,249	164,968	125,594	134,968
Central Marin Fire	250,000	0	0	0	0	0	0	0	0
Los Altos	250,000	4,370	8,740	0	0	7,350	14,699	0	0
Menlo Park	250,000	183,162	0	133,162	0	183,162	0	133,162	0
Mill Valley	250,000	57,274	37,046	11,353	0	57,274	37,046	11,353	0
Novato	250,000	307,543	0	260,009	0	307,543	0	260,009	0
Pleasanton	250,000	1,277,466	51,559	1,113,220	1,559	1,357,798	59,578	1,193,552	9,578
Union City	250,000	190,919	0	165,919	0	250,919	120,000	200,919	70,000
Redwood City	350,000	67,832	0	6,283	0	483,106	670,000	332,843	526,000
Berkeley	500,000	182,493	0	119,581	0	192,993	21,000	119,581	0
Total		4,012,675	554,098	3,312,867	339,058	5,328,316	2,819,582	4,419,688	2,237,201
<=50,000 SIR Average		199,928	58,156	179,550	45,724	289,493	233,295	261,978	207,094
<=50,000 SIR Lower Limit	25%	49,982	14,539	44,888	11,431	72,373	58,324	65,494	51,773
<=50,000 SIR Upper Limit	300%	599,785	174,469	538,650	137,171	868,480	699,885	785,934	621,281
>50,000 SIR Average		201,014	11,308	158,155	1,461	253,990	91,271	198,911	60,580
>50,000 SIR Lower Limit	25%	50,253	2,827	39,539	365	63,497	22,818	49,728	15,145
>50,000 SIR Upper Limit	300%	603,041	33,924	474,465	4,383	761,969	273,812	596,733	181,741

(B) Provided By BCJPIA.

(C) thru (J) Exhibit 2, Page 3 divided by applicable years of exposure.

BCJPIA

LIABILITY

Member Retained Limit Analysis - Pooled Losses  
Change Index Based on Claim Count Statistics

Member (A)	Current Retained Limit (B)	13/14-22/23	18/19-22/23	13/14-22/23	18/19-22/23	13/14-22/23	18/19-22/23	13/14-22/23	18/19-22/23
		Non-Zero Closed Claims Over Limit (C)	Non-Zero Closed Claims Over Limit (D)	Non-Zero Closed Claims Over 2 X Limit (E)	Non-Zero Closed Claims Over 2 X Limit (F)	Non-Zero Reported Claims Over Limit (G)	Non-Zero Reported Claims Over Limit (H)	Non-Zero Reported Claims Over 2 X Limit (I)	Non-Zero Reported Claims Over 2 X Limit (J)
Monte Sereno	5,000								
Emeryville	10,000		+1	+1	+1		+1	+1	+1
San Anselmo	10,000								
Brisbane	25,000				+1				
Piedmont	25,000		+1		+1		+1		+1
Fairfax	50,000			-1				-1	
Sausalito	50,000	+1		+1		+1	+1	+1	+1
Albany	100,000								
Central Marin PA	100,000								
Corte Madera	100,000	-1		-1					
Larkspur	100,000								
Central Marin Fire	250,000	-1		-1		-1		-1	
Los Altos	250,000	-1		-1		-1		-1	
Menlo Park	250,000								
Mill Valley	250,000							-1	
Novato	250,000							-1	
Pleasanton	250,000								
Union City	250,000	-1							
Redwood City	350,000								
Berkeley	500,000							-1	
Weight		13.33%	6.67%	26.67%	13.33%	8.89%	4.44%	17.78%	8.89%

(B) Provided By BCJPIA.

(C) thru (J) Based upon statistics and averages from Exhibit 2, Page 2. Member statistic < lower limit --> -1, Member statistic > upper limit --> +1

BCJPIA

LIABILITY

Member Retained Limit Analysis - Pooled Losses  
Change Index Based on Loss Statistics

Member (A)	Current Retained Limit (B)	13/14-22/23 Paid Over Limit (C)	18/19-22/23 Paid Over Limit (D)	13/14-22/23 Paid Over 2 X Limit (E)	18/19-22/23 Paid Over 2 X Limit (F)	13/14-22/23 Incurred Over Limit (G)	18/19-22/23 Incurred Over Limit (H)	13/14-22/23 Incurred Over 2 X Limit (I)	18/19-22/23 Incurred Over 2 X Limit (J)
Monte Sereno	5,000								
Emeryville	10,000								
San Anselmo	10,000								
Brisbane	25,000					-1		-1	
Piedmont	25,000				+1				
Fairfax	50,000	-1	-1	-1	-1	-1	-1	-1	-1
Sausalito	50,000	+1		+1		+1	+1	+1	+1
Albany	100,000		-1	-1	-1		-1	-1	-1
Central Marin PA	100,000				-1				
Corte Madera	100,000	-1	-1	-1	-1	-1		-1	
Larkspur	100,000		+1		+1				
Central Marin Fire	250,000	-1	-1	-1	-1	-1	-1	-1	-1
Los Altos	250,000	-1		-1	-1	-1	-1	-1	-1
Menlo Park	250,000		-1		-1		-1		-1
Mill Valley	250,000		+1	-1	-1	-1		-1	-1
Novato	250,000		-1		-1		-1		-1
Pleasanton	250,000	+1	+1	+1		+1		+1	-1
Union City	250,000		-1		-1				
Redwood City	350,000		-1	-1	-1		+1		+1
Berkeley	500,000		-1		-1		-1		-1
Weight		13.33%	6.67%	26.67%	13.33%	8.89%	4.44%	17.78%	8.89%

(B) Provided By BCJPIA.

(C) thru (J) Based upon statistics and averages from Exhibit 2, Page 4. Member statistic < lower limit --> -1, Member statistic > upper limit --> +1

BCJPIA

LIABILITY

Member Retained Limit Analysis - Pooled Losses  
Weighted Indices for Indicated Change In Retained Limit

Member (A)	Current Retained Limit (B)	Claim Count Index (C)	Loss Index (D)	Combined Index (E)	Indicator (F)
Monte Sereno	5,000				
Emeryville	10,000	+0.78		+0.58	
San Anselmo	10,000				
Brisbane	25,000	+0.13	-0.27	+0.03	
Piedmont	25,000	+0.33	+0.13	+0.28	
Fairfax	50,000	-0.44	-1.00	-0.58	
Sausalito	50,000	+0.80	+0.80	+0.80	Increase
Albany	100,000		-0.78	-0.19	
Central Marin PA	100,000		-0.13	-0.03	
Corte Madera	100,000	-0.40	-0.87	-0.52	
Larkspur	100,000		+0.20	+0.05	
Central Marin Fire	250,000	-0.67	-1.00	-0.75	Decrease
Los Altos	250,000	-0.67	-0.93	-0.73	Decrease
Menlo Park	250,000		-0.33	-0.08	
Mill Valley	250,000	-0.18	-0.69	-0.31	
Novato	250,000	-0.18	-0.33	-0.22	
Pleasanton	250,000		+0.64	+0.16	
Union City	250,000	-0.13	-0.20	-0.15	
Redwood City	350,000		-0.33	-0.08	
Berkeley	500,000	-0.18	-0.33	-0.22	
Weight		75%	25%	100%	

(B) Provided By BCJPIA.

(C) Claim Count Index based on indices and weights from Exhibit 2, Page 5.

(D) Loss Index based on indices and weights from Exhibit 2, Page 6.

(E) Combined Index based on indices and weights from columns (C) and (D).

(F) Indicated Increase/Decrease if +/-0.7 or More in (E).

**Agenda Item 2**

**ADMINISTRATIVE MATTERS**

**SUBJECT: Discussion Regarding General Liability Experience Modification Options  
Prepared and Presented by Min Su, BCJPIA Finance Manager**

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**BACKGROUND AND STATUS:**

On March 13, 2024, Bickmore Actuarial completed an analysis for alternate loss capping options for the 2023-24 experience modification (ex-mod) factors. The specific study was to compare the ex-mod factors produced by capping losses at \$500,000 and \$750,000 options, as compared to the current cap of \$1,000,000 per occurrence. Furthermore, without such a loss limit, a member incurring one catastrophic loss will pay disproportionately higher premiums as long as that loss remains in the experience period. The member will not realize financial benefits from loss control, even though its claim frequency may have decreased.

As a reminder, the ex-mod for each member represents the relationship between the experience of the member and the experience of the pool as a whole. Generally, a factor greater than 1.00 indicates that the member's expected loss rate is worse than the pool average. Conversely, a factor less than 1.00 indicates that the member's expected loss rate is better than the pool average. The calculation of the ex-mod is based upon the latest five full years of incurred loss experience and the latest five years of payroll.

The number of years of loss experience utilized depends on the stability versus responsiveness desired. Using more years may stabilize year-to-year premium changes but will not be responsive to changes in loss experience. On the other hand, using a limited number of years results in a quick response to changes in loss experience, but changes in year-to-year premiums by members will be dramatic. To limit some dramatic changes, an ex-mod range is in place from a floor of 0.65 to a ceiling of 1.50. Additionally, each member's ex-mod is limited to plus/minus 25% year-over-year change.

Staff recommends the following regarding the ex-mod calculation:

- Continue the capping of losses at \$1,000,000 per occurrence; and
- Expand the upper range cap from 1.50 to 1.75 for more responsiveness to adverse claims development.

Susan Dunham, ACAS, MAAA, Actuarial Manager with Bickmore Actuarial will be present to discuss the results of the Capping Options with the Committee.

**RECOMMENDATION:**

*Staff recommends the Ad-hoc Committee recommend the Executive Committee receive and file the Experience Modification actuarial study.*

**REFERENCE MATERIALS ATTACHED:**

- Draft Experience Modification Plan Options for the Self-Insured Pooled Liability Program  
– Forecast for Program Year 2023-24



# Bickmore — Actuarial

## Experience Modification Plan Options For the Self-Insured Pooled Liability Program

*Forecast for Program Year 2023-24*

*Presented to*  
**Bay Cities Joint Powers Insurance Authority**

March 13, 2024 - DRAFT

## SCOPE

Bay Cities Joint Powers Insurance Authority (“BCJPIA”, the Pool) has engaged Bickmore Actuarial to analyze alternate loss capping options for the 2023-24 experience modification factors (x-mods) for its self-insured pooled liability program utilizing data valued as of December 31, 2022. This is an addendum to the experience modification analysis dated April 4, 2023 and uses the same data, methodology and assumptions contained in that report.

The specific objective of this study is to compare the experience modification factors for 2023-24 produced by capping losses at \$500,000 and \$750,000 options, as compared to the original cap of \$1,000,000 per occurrence.

## RESULTS

The table below displays the 2022-23 x-mod and the original 2023-24 x-mod with \$1M capping, as well as the alternative x-mods based on capping losses at \$500,000 and \$750,000.

Member (A)	Prior 2022-23	2023-24 X-Mod Based on		
	X-Mod \$0-\$1M Losses (B)	<b>\$0-\$1M Losses (C)</b>	\$0-\$750K Losses (D)	\$0-\$500K Losses (E)
Albany	1.066	<b>0.920</b>	0.922	0.925
Berkeley	0.683	<b>0.775</b>	0.815	0.854
Brisbane	0.991	<b>1.032</b>	1.043	1.058
Central Marin FA	0.987	<b>1.001</b>	1.001	1.002
Central Marin PA	1.391	<b>1.218</b>	1.237	1.205
Corte Madera	0.979	<b>1.051</b>	1.055	1.061
Emeryville	0.996	<b>0.985</b>	0.996	1.012
Fairfax	1.031	<b>1.040</b>	1.041	1.044
Larkspur	1.259	<b>1.196</b>	1.212	1.235
Los Altos	0.984	<b>0.953</b>	0.961	0.974
Menlo Park	1.149	<b>1.218</b>	1.162	1.105
Mill Valley	1.082	<b>1.150</b>	1.175	1.150
Monte Sereno	1.100	<b>1.332</b>	1.290	1.233
Novato	1.045	<b>1.033</b>	1.050	1.076
Piedmont	1.102	<b>1.165</b>	1.190	1.226
Pleasanton	1.172	<b>1.249</b>	1.178	1.107
Redwood City	0.780	<b>0.721</b>	0.713	0.709
San Anselmo	1.166	<b>1.171</b>	1.184	1.202
Sausalito	1.493	<b>1.500</b>	1.500	1.500
Union City	1.091	<b>1.068</b>	1.045	1.024

## **SIGNATURE**

We appreciate the opportunity to be of service to the Pool in preparing this report. Please feel free to call Dana Winkler at (503) 419-0455 with any questions you may have concerning this report.

Dana Winkler and Susan Dunham meet the Casualty Actuarial Society continuing education requirements and the American Academy of Actuaries' qualification standards to sign Statements of Actuarial Opinion.

**DRAFT**

**DRAFT**

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Dana Winkler, MBA, ACAS, MAAA  
Partner

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Susan Dunham, ACAS, MAAA  
Actuarial Manager

**DRAFT**

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Sarah Ashworth  
Senior Actuarial Analyst

Bay Cities Joint Powers Insurance Authority  
Liability Program

Experience Modification Factors by Member  
Based on Funding @ 80% Confidence Level, 2.0% Discount Factor

Member (A)	2023-24 SIR (B)	2023-24 Payroll (C)	SIR-\$1M Unadjusted Loss & ALAE Rate (D)	SIR-\$1M Unadjusted Loss & ALAE Funding (E)	Capped Experience Modification Factor (F)	SIR-\$1M X-Mod Adjusted Contribution (G)	SIR-\$1M Balanced Contribution (H)	Final Experience Modification Factor (I)	Prior Experience Modification Factor (J)	Final Change (K)
Albany	50,000	13,950,615	3.041	424,238	0.855	362,761	390,119	0.920	1.066	-14%
Berkeley	500,000	185,161,249	0.715	1,323,903	0.721	954,440	1,026,420	0.775	0.683	13%
Brisbane	25,000	12,849,220	3.472	446,125	0.960	428,208	460,501	1.032	0.991	4%
Central Marin FA	250,000	6,608,374	1.367	90,336	0.931	84,122	90,466	1.001	0.987	1%
Central Marin PA	100,000	5,568,135	2.400	133,635	1.133	151,392	162,810	1.218	1.391	-12%
Corte Madera	100,000	4,659,613	2.400	111,831	0.977	109,254	117,494	1.051	0.979	7%
Emeryville	10,000	15,854,548	3.874	614,205	0.916	562,815	605,260	0.985	0.996	-1%
Fairfax	50,000	4,040,000	3.041	122,856	0.967	118,773	127,730	1.040	1.031	1%
Larkspur	100,000	3,976,573	2.400	95,438	1.112	106,173	114,180	1.196	1.259	-5%
Los Altos	250,000	18,162,355	1.367	248,279	0.887	220,115	236,715	0.953	0.984	-3%
Menlo Park	250,000	30,217,383	1.367	413,072	1.133	467,869	503,154	1.218	1.149	6%
Mill Valley	250,000	18,105,615	1.367	247,504	1.070	264,732	284,697	1.150	1.082	6%
Monte Sereno	5,000	995,125	4.064	40,442	1.239	50,093	53,870	1.332	1.100	21%
Novato	250,000	10,605,000	1.367	144,970	0.960	139,209	149,708	1.033	1.045	-1%
Piedmont	25,000	15,317,765	3.472	531,833	1.084	576,287	619,748	1.165	1.102	6%
Pleasanton	250,000	54,510,120	1.367	745,153	1.161	865,311	930,569	1.249	1.172	7%
Redwood City	350,000	86,039,880	0.976	839,749	0.670	562,831	605,278	0.721	0.780	-8%
San Anselmo	10,000	3,869,277	3.874	149,896	1.089	163,275	175,588	1.171	1.166	0%
Sausalito	50,000	2,545,200	3.041	77,400	1.500	116,099	116,099	1.500	1.493	1%
Union City	250,000	32,554,153	1.367	445,015	0.994	442,130	475,474	1.068	1.091	-2%
Total		525,590,199		7,245,881		6,745,889	7,245,881			
						(L) Offset Adjustment	1.07542			

Actuarial Rates per \$100 of Payroll, 80% Confidence Level, Discounted at 2.0%

Layer Rate	2023-24			Member SIR	RRA (P)	SIR to 500K (Q)
	(M) \$0-\$500K	(N) \$500K-\$1M	(O) \$0-\$1M			
	3.690	0.715	4.405	0		3.690
				5,000	0.908	3.349
				10,000	0.856	3.159
				25,000	0.747	2.757
				50,000	0.630	2.326
				100,000	0.457	1.685
				250,000	0.177	0.652
				350,000	0.071	0.261
				500,000	0.000	0.000

Notes:

- (C) Exhibit 3.
- (D) (N)+(Q).
- (E) (C)/100 x (D).
- (F) Exhibit 1, Page 2, (L).
- (G) (C)/100 x (D) x (F).
- (H) (G) x (L)
- (I) (H) / [(D) \* [(C)/100]].
- (K) (I) / (J) -1.
- (L) Offset adjustment factor to balance total contribution while maintaining bounds and caps on x-mods.
- (M),(N) Exhibit 2 of April 2023 actuarial report.
- (P),(Q) Exhibit 3 of April 2023 actuarial report.

Bay Cities Joint Powers Insurance Authority  
Liability Program

Calculation of Experience Modification Factors by Member  
Based on \$0-\$1M Incurred Losses, **All Claims**

Member (A)	2017-18 to 2021-22 Average 0-1M Losses (B)	2017-18 to 2021-22 Average Payroll (C)	5-Year Loss Rate \$100/PR (D)	Average Expected Losses (E)	Indicated Differential (F)	Credibility (G)	Indicated Experience Modification Factor (H)	Bounded Experience Modification Factor (I)	Prior Experience Modification Factor (J)	Capped Change (K)	Capped Experience Modification Factor (L)
Albany	23,861	11,324,919	0.211	158,279	0.151	17.1%	0.855	0.855	1.066	-20%	0.855
Berkeley	1,449,157	165,132,532	0.878	2,307,921	0.628	75.0%	0.721	0.721	0.683	6%	0.721
Brisbane	113,745	10,782,228	1.055	150,694	0.755	16.4%	0.960	0.960	0.991	-3%	0.960
Central Marin FA	1,196	4,158,215	0.029	58,116	0.021	7.0%	0.931	0.931	0.987	-6%	0.931
Central Marin PA	187,333	5,375,429	3.485	75,128	2.494	8.9%	1.133	1.133	1.391	-19%	1.133
Corte Madera	39,791	4,212,409	0.945	58,873	0.676	7.1%	0.977	0.977	0.979	0%	0.977
Emeryville	123,072	14,635,961	0.841	204,555	0.602	21.0%	0.916	0.916	0.996	-8%	0.916
Fairfax	16,087	3,083,076	0.522	43,090	0.373	5.3%	0.967	0.967	1.031	-6%	0.967
Larkspur	152,880	4,266,969	3.583	59,636	2.564	7.2%	1.112	1.112	1.259	-12%	1.112
Los Altos	94,075	14,635,517	0.643	204,549	0.460	21.0%	0.887	0.887	0.984	-10%	0.887
Menlo Park	581,165	30,265,445	1.920	422,995	1.374	35.5%	1.133	1.133	1.149	-1%	1.133
Mill Valley	305,835	16,876,326	1.812	235,866	1.297	23.5%	1.070	1.070	1.082	-1%	1.070
Monte Sereno	198,850	882,015	22.545	12,327	16.131	1.6%	1.239	1.239	1.100	13%	1.239
Novato	207,848	17,765,011	1.170	248,287	0.837	24.4%	0.960	0.960	1.045	-8%	0.960
Piedmont	276,745	14,027,720	1.973	196,054	1.412	20.3%	1.084	1.084	1.102	-2%	1.084
Pleasanton	873,638	46,185,612	1.892	645,498	1.353	45.6%	1.161	1.161	1.172	-1%	1.161
Redwood City	502,229	80,696,992	0.622	1,127,835	0.445	59.4%	0.670	0.670	0.780	-14%	0.670
San Anselmo	118,386	3,266,080	3.625	45,647	2.593	5.6%	1.089	1.089	1.166	-7%	1.089
Sausalito	1,082,336	6,115,228	17.699	85,467	12.664	10.0%	2.166	1.500	1.493	1%	1.500
Union City	366,471	26,751,457	1.370	373,883	0.980	32.7%	0.994	0.994	1.091	-9%	0.994
Total	6,714,701	480,439,140	1.398	6,714,701							

Notes:

- (B) Exhibit 2.
- (C) Exhibit 3.
- (D)  $(B) / [(C) / 100]$ .
- (E)  $(C) / 100 \times \text{Total of (D)}$ .
- (F)  $(B) / (E)$ .
- (G) Based on max payroll having 75% credibility.
- (H)  $(F) \times (G) + (1 - (G))$ .
- (I) X-Mod has a minimum of 0.65 and a maximum of 1.5.
- (K)  $(I) / (J) - 1$ . Change is limited to 25%.
- (L)  $(J) \times [(K) + 1]$ .

Bay Cities Joint Powers Insurance Authority  
Liability Program

**\$0-\$1M**  
Exhibit 2

All Claims  
Incurred Losses as of 12/31/2022

Member	All Claims \$0 to \$1M					Wtd. Average
	Program Year					
	2017-18	2018-19	2019-20	2020-21	2021-22	
Weight	20%	20%	20%	20%	20%	100%
Albany	8,162	73,745	10,234	8,421	18,745	23,861
Berkeley	940,153	2,645,376	1,087,605	906,437	1,666,211	1,449,157
Brisbane	61,599	32,045	224,900	250,181	2	113,745
Central Marin FA	0	0	220	5,760	0	1,196
Central Marin PA	698,461	20,346	162,539	47,976	7,342	187,333
Corte Madera	12,736	0	1,220	0	185,001	39,791
Emeryville	95,062	15,366	53,315	385,027	66,589	123,072
Fairfax	11,398	22,189	5,675	41,172	1	16,087
Larkspur	141,488	9,725	403,185	0	210,001	152,880
Los Altos	113,583	99,011	61,417	178,628	17,737	94,075
Menlo Park	1,045,608	1,114,379	254,157	192,459	299,224	581,165
Mill Valley	48,877	19,300	291,918	289,212	879,870	305,835
Monte Sereno	0	964,250	0	30,000	0	198,850
Novato	87,818	254,663	61,949	535,040	99,770	207,848
Piedmont	55,502	172,763	755,181	358,646	41,631	276,745
Pleasanton	1,531,236	1,399,877	1,202,148	81,725	153,206	873,638
Redwood City	322,451	1,174,806	536,657	277,969	199,262	502,229
San Anselmo	289,719	28,674	37,603	201,135	34,800	118,386
Sausalito	2,038,104	1,499,789	486,259	617,561	769,966	1,082,336
Union City	79,440	1,639,932	37,766	30,632	44,585	366,471
<b>Total</b>	<b>7,581,395</b>	<b>11,186,236</b>	<b>5,673,948</b>	<b>4,437,981</b>	<b>4,693,944</b>	<b>6,714,701</b>

Notes:

Losses only include all reported claims, regardless of reaching pool layer.  
Losses are net of recoveries.

Bay Cities Joint Powers Insurance Authority  
Liability Program

Payroll Statistics

	Fiscal Year					Weighted Average	Fiscal Year	
	2017-18	2018-19	2019-20	2020-21	2021-22		2022-23	2023-24
Weight	20%	20%	20%	20%	20%			
<u>Member</u>								
Albany	10,708,347	11,013,182	11,187,360	11,412,174	12,303,533	11,324,919	13,812,490	13,950,615
Berkeley	152,606,102	160,741,750	167,876,702	166,679,727	177,758,380	165,132,532	183,327,969	185,161,249
Brisbane	9,498,290	9,917,947	10,421,701	11,474,278	12,598,924	10,782,228	12,722,000	12,849,220
Central Marin FA	0	2,748,748	5,503,738	6,156,071	6,382,519	4,158,215	6,542,945	6,608,374
Central Marin PA	4,567,788	5,194,450	5,675,185	5,638,684	5,801,035	5,375,429	5,513,005	5,568,135
Corte Madera	5,849,706	4,425,910	3,375,654	3,622,874	3,787,898	4,212,409	4,613,478	4,659,613
Emeryville	13,943,124	15,116,537	14,631,564	14,962,213	14,526,368	14,635,961	15,697,572	15,854,548
Fairfax	2,746,776	2,961,672	3,139,513	3,137,865	3,429,553	3,083,076	4,000,000	4,040,000
Larkspur	6,326,211	4,876,469	3,650,088	3,160,347	3,321,730	4,266,969	3,937,201	3,976,573
Los Altos	14,244,670	13,844,535	13,963,530	14,599,317	16,525,534	14,635,517	17,982,530	18,162,355
Menlo Park	28,200,246	30,540,758	32,178,283	29,470,790	30,937,147	30,265,445	29,918,201	30,217,383
Mill Valley	16,652,885	17,365,860	17,021,970	15,985,388	17,355,527	16,876,326	17,926,351	18,105,615
Monte Sereno	805,839	940,768	860,626	845,169	957,671	882,015	985,272	995,125
Novato	17,726,193	17,467,695	18,558,919	17,206,062	17,866,183	17,765,011	10,500,000	10,605,000
Piedmont	12,977,193	13,777,797	14,044,423	14,211,367	15,127,820	14,027,720	15,166,104	15,317,765
Pleasanton	42,929,042	43,844,728	50,665,040	45,092,407	48,396,842	46,185,612	53,970,416	54,510,120
Redwood City	77,710,543	77,625,541	81,337,089	85,898,226	80,913,561	80,696,992	85,188,000	86,039,880
San Anselmo	3,257,458	3,412,263	3,322,515	2,823,043	3,515,122	3,266,080	3,830,967	3,869,277
Sausalito	6,387,682	6,639,453	6,516,660	6,599,289	4,433,057	6,115,228	2,520,000	2,545,200
Union City	26,834,197	26,349,056	26,590,063	25,915,441	28,068,527	26,751,457	32,231,835	32,554,153
Total	453,972,292	468,805,119	490,520,625	484,890,733	504,006,930	480,439,140	520,386,336	525,590,199

Experience Modification Factors by Member  
Based on Funding @ 80% Confidence Level, 2.0% Discount Factor

Member (A)	2023-24 SIR (B)	2023-24 Payroll (C)	SIR-\$1M Unadjusted Loss & ALAE Rate (D)	SIR-\$1M Unadjusted Loss & ALAE Funding (E)	Capped Experience Modification Factor (F)	SIR-\$1M X-Mod Adjusted Contribution (G)	SIR-\$1M Balanced Contribution (H)	Final Experience Modification Factor (I)	Prior Experience Modification Factor (J)	Final Change (K)
Albany	50,000	13,950,615	3.041	424,238	0.857	363,627	390,967	<b>0.922</b>	1.066	-14%
Berkeley	500,000	185,161,249	0.715	1,323,903	0.758	1,003,913	1,079,395	<b>0.815</b>	0.683	19%
Brisbane	25,000	12,849,220	3.472	446,125	0.970	432,585	465,110	<b>1.043</b>	0.991	5%
Central Marin FA	250,000	6,608,374	1.367	90,336	0.931	84,132	90,458	<b>1.001</b>	0.987	1%
Central Marin PA	100,000	5,568,135	2.400	133,635	1.150	153,745	165,304	<b>1.237</b>	1.391	-11%
Corte Madera	100,000	4,659,613	2.400	111,831	0.981	109,680	117,927	<b>1.055</b>	0.979	8%
Emeryville	10,000	15,854,548	3.874	614,205	0.926	568,974	611,754	<b>0.996</b>	0.996	0%
Fairfax	50,000	4,040,000	3.041	122,856	0.968	118,966	127,911	<b>1.041</b>	1.031	1%
Larkspur	100,000	3,976,573	2.400	95,438	1.127	107,570	115,658	<b>1.212</b>	1.259	-4%
Los Altos	250,000	18,162,355	1.367	248,279	0.894	222,018	238,711	<b>0.961</b>	0.984	-2%
Menlo Park	250,000	30,217,383	1.367	413,072	1.081	446,452	480,020	<b>1.162</b>	1.149	1%
Mill Valley	250,000	18,105,615	1.367	247,504	1.093	270,495	290,832	<b>1.175</b>	1.082	9%
Monte Sereno	5,000	995,125	4.064	40,442	1.200	48,516	52,164	<b>1.290</b>	1.100	17%
Novato	250,000	10,605,000	1.367	144,970	0.976	141,559	152,202	<b>1.050</b>	1.045	0%
Piedmont	25,000	15,317,765	3.472	531,833	1.106	588,385	632,624	<b>1.190</b>	1.102	8%
Pleasanton	250,000	54,510,120	1.367	745,153	1.096	816,552	877,946	<b>1.178</b>	1.172	1%
Redwood City	350,000	86,039,880	0.976	839,749	0.663	556,584	598,432	<b>0.713</b>	0.780	-9%
San Anselmo	10,000	3,869,277	3.874	149,896	1.101	165,003	177,409	<b>1.184</b>	1.166	1%
Sausalito	50,000	2,545,200	3.041	77,400	1.500	116,099	116,099	<b>1.500</b>	1.493	1%
Union City	250,000	32,554,153	1.367	445,015	0.972	432,442	464,956	<b>1.045</b>	1.091	-4%
Total		525,590,199		7,245,881		6,747,297	7,245,881			
						(L) Offset Adjustment	1.07519			

**Actuarial Rates per \$100 of Payroll, 80% Confidence Level, Discounted at 2.0%**

Layer Rate	2023-24			Member SIR	RRA (P)	SIR to 500K (Q)
	(M) \$0-\$500K	(N) \$500K-\$1M	(O) \$0-\$1M			
	3.690	0.715	4.405	0		3.690
				5,000	0.908	3.349
				10,000	0.856	3.159
				25,000	0.747	2.757
				50,000	0.630	2.326
				100,000	0.457	1.685
				250,000	0.177	0.652
				350,000	0.071	0.261
				500,000	0.000	0.000

Notes:

- (C) Exhibit 3.
- (D) (N)+(Q).
- (E) (C)/100 x (D).
- (F) Exhibit 1, Page 2, (L).
- (G) (C)/100 x (D) x (F).
- (H) (G) x (L)
- (I) (H) / [(D) \* [(C)/100]].
- (K) (I) / (J) -1.
- (L) Offset adjustment factor to balance total contribution while maintaining bounds and caps on x-mods.
- (M),(N) Exhibit 2 of April 2023 actuarial report.
- (P),(Q) Exhibit 3 of April 2023 actuarial report.

Bay Cities Joint Powers Insurance Authority  
Liability Program

Calculation of Experience Modification Factors by Member  
Based on \$0-\$750K Incurred Losses, **All Claims**

Member (A)	2017-18 to 2021-22 Average 0-750K Losses (B)	2017-18 to 2021-22 Average Payroll (C)	5-Year Loss Rate \$100/PR (D)	Average Expected Losses (E)	Indicated Differential (F)	Credibility (G)	Indicated Experience Modification Factor (H)	Bounded Experience Modification Factor (I)	Prior Experience Modification Factor (J)	Capped Change (K)	Capped Experience Modification Factor (L)
Albany	23,861	11,324,919	0.211	146,643	0.163	17.1%	0.857	0.857	1.066	-20%	0.857
Berkeley	1,449,157	165,132,532	0.878	2,138,247	0.678	75.0%	0.758	0.758	0.683	11%	0.758
Brisbane	113,745	10,782,228	1.055	139,616	0.815	16.4%	0.970	0.970	0.991	-2%	0.970
Central Marin FA	1,196	4,158,215	0.029	53,843	0.022	7.0%	0.931	0.931	0.987	-6%	0.931
Central Marin PA	187,333	5,375,429	3.485	69,605	2.691	8.9%	1.150	1.150	1.391	-17%	1.150
Corte Madera	39,791	4,212,409	0.945	54,545	0.730	7.1%	0.981	0.981	0.979	0%	0.981
Emeryville	123,072	14,635,961	0.841	189,516	0.649	21.0%	0.926	0.926	0.996	-7%	0.926
Fairfax	16,087	3,083,076	0.522	39,922	0.403	5.3%	0.968	0.968	1.031	-6%	0.968
Larkspur	152,880	4,266,969	3.583	55,252	2.767	7.2%	1.127	1.127	1.259	-10%	1.127
Los Altos	94,075	14,635,517	0.643	189,510	0.496	21.0%	0.894	0.894	0.984	-9%	0.894
Menlo Park	481,165	30,265,445	1.590	391,897	1.228	35.5%	1.081	1.081	1.149	-6%	1.081
Mill Valley	305,033	16,876,326	1.807	218,526	1.396	23.5%	1.093	1.093	1.082	1%	1.093
Monte Sereno	156,000	882,015	17.687	11,421	13.659	1.6%	1.200	1.200	1.100	9%	1.200
Novato	207,848	17,765,011	1.170	230,033	0.904	24.4%	0.976	0.976	1.045	-7%	0.976
Piedmont	276,745	14,027,720	1.973	181,640	1.524	20.3%	1.106	1.106	1.102	0%	1.106
Pleasanton	723,638	46,185,612	1.567	598,042	1.210	45.6%	1.096	1.096	1.172	-6%	1.096
Redwood City	452,229	80,696,992	0.560	1,044,919	0.433	59.4%	0.663	0.663	0.780	-15%	0.663
San Anselmo	118,386	3,266,080	3.625	42,291	2.799	5.6%	1.101	1.101	1.166	-6%	1.101
Sausalito	982,336	6,115,228	16.064	79,184	12.406	10.0%	2.140	1.500	1.493	1%	1.500
Union City	316,471	26,751,457	1.183	346,396	0.914	32.7%	0.972	0.972	1.091	-11%	0.972
Total	6,221,048	480,439,140	1.295	6,221,048							

Notes:

- (B) Exhibit 2.
- (C) Exhibit 3.
- (D)  $(B) / [(C) / 100]$ .
- (E)  $(C) / 100 \times \text{Total of (D)}$ .
- (F)  $(B) / (E)$ .
- (G) Based on max payroll having 75% credibility.
- (H)  $(F) \times (G) + (1 - (G))$ .
- (I) X-Mod has a minimum of 0.65 and a maximum of 1.5.
- (K)  $(I) / (J) - 1$ . Change is limited to 25%.
- (L)  $(J) \times [(K) + 1]$ .

Bay Cities Joint Powers Insurance Authority  
Liability Program

\$0-\$750K  
Exhibit 2

All Claims  
Incurred Losses as of 12/31/2022

Member	All Claims \$0 to \$750K					Wtd. Average
	Program Year					
	2017-18	2018-19	2019-20	2020-21	2021-22	
Weight	20%	20%	20%	20%	20%	100%
Albany	8,162	73,745	10,234	8,421	18,745	23,861
Berkeley	940,153	2,645,376	1,087,605	906,437	1,666,211	1,449,157
Brisbane	61,599	32,045	224,900	250,181	2	113,745
Central Marin FA	0	0	220	5,760	0	1,196
Central Marin PA	698,461	20,346	162,539	47,976	7,342	187,333
Corte Madera	12,736	0	1,220	0	185,001	39,791
Emeryville	95,062	15,366	53,315	385,027	66,589	123,072
Fairfax	11,398	22,189	5,675	41,172	1	16,087
Larkspur	141,488	9,725	403,185	0	210,001	152,880
Los Altos	113,583	99,011	61,417	178,628	17,737	94,075
Menlo Park	795,608	864,379	254,157	192,459	299,224	481,165
Mill Valley	48,877	19,300	291,918	289,212	875,858	305,033
Monte Sereno	0	750,000	0	30,000	0	156,000
Novato	87,818	254,663	61,949	535,040	99,770	207,848
Piedmont	55,502	172,763	755,181	358,646	41,631	276,745
Pleasanton	1,281,236	1,149,877	952,148	81,725	153,206	723,638
Redwood City	322,451	924,806	536,657	277,969	199,262	452,229
San Anselmo	289,719	28,674	37,603	201,135	34,800	118,386
Sausalito	1,788,104	1,249,789	486,259	617,561	769,966	982,336
Union City	79,440	1,389,932	37,766	30,632	44,585	316,471
<b>Total</b>	<b>6,831,395</b>	<b>9,721,986</b>	<b>5,423,948</b>	<b>4,437,981</b>	<b>4,689,932</b>	<b>6,221,048</b>

Notes:

Losses only include all reported claims, regardless of reaching pool layer.  
Losses are net of recoveries.

Bay Cities Joint Powers Insurance Authority  
Liability Program

Payroll Statistics

	Fiscal Year					Weighted Average	Fiscal Year	
	2017-18	2018-19	2019-20	2020-21	2021-22		2022-23	2023-24
Weight	20%	20%	20%	20%	20%			
<u>Member</u>								
Albany	10,708,347	11,013,182	11,187,360	11,412,174	12,303,533	11,324,919	13,812,490	13,950,615
Berkeley	152,606,102	160,741,750	167,876,702	166,679,727	177,758,380	165,132,532	183,327,969	185,161,249
Brisbane	9,498,290	9,917,947	10,421,701	11,474,278	12,598,924	10,782,228	12,722,000	12,849,220
Central Marin FA	0	2,748,748	5,503,738	6,156,071	6,382,519	4,158,215	6,542,945	6,608,374
Central Marin PA	4,567,788	5,194,450	5,675,185	5,638,684	5,801,035	5,375,429	5,513,005	5,568,135
Corte Madera	5,849,706	4,425,910	3,375,654	3,622,874	3,787,898	4,212,409	4,613,478	4,659,613
Emeryville	13,943,124	15,116,537	14,631,564	14,962,213	14,526,368	14,635,961	15,697,572	15,854,548
Fairfax	2,746,776	2,961,672	3,139,513	3,137,865	3,429,553	3,083,076	4,000,000	4,040,000
Larkspur	6,326,211	4,876,469	3,650,088	3,160,347	3,321,730	4,266,969	3,937,201	3,976,573
Los Altos	14,244,670	13,844,535	13,963,530	14,599,317	16,525,534	14,635,517	17,982,530	18,162,355
Menlo Park	28,200,246	30,540,758	32,178,283	29,470,790	30,937,147	30,265,445	29,918,201	30,217,383
Mill Valley	16,652,885	17,365,860	17,021,970	15,985,388	17,355,527	16,876,326	17,926,351	18,105,615
Monte Sereno	805,839	940,768	860,626	845,169	957,671	882,015	985,272	995,125
Novato	17,726,193	17,467,695	18,558,919	17,206,062	17,866,183	17,765,011	10,500,000	10,605,000
Piedmont	12,977,193	13,777,797	14,044,423	14,211,367	15,127,820	14,027,720	15,166,104	15,317,765
Pleasanton	42,929,042	43,844,728	50,665,040	45,092,407	48,396,842	46,185,612	53,970,416	54,510,120
Redwood City	77,710,543	77,625,541	81,337,089	85,898,226	80,913,561	80,696,992	85,188,000	86,039,880
San Anselmo	3,257,458	3,412,263	3,322,515	2,823,043	3,515,122	3,266,080	3,830,967	3,869,277
Sausalito	6,387,682	6,639,453	6,516,660	6,599,289	4,433,057	6,115,228	2,520,000	2,545,200
Union City	26,834,197	26,349,056	26,590,063	25,915,441	28,068,527	26,751,457	32,231,835	32,554,153
Total	453,972,292	468,805,119	490,520,625	484,890,733	504,006,930	480,439,140	520,386,336	525,590,199

Bay Cities Joint Powers Insurance Authority  
Liability Program

Experience Modification Factors by Member  
Based on Funding @ 80% Confidence Level, 2.0% Discount Factor

Member (A)	2023-24 SIR (B)	2023-24 Payroll (C)	SIR-\$1M Unadjusted Loss & ALAE Rate (D)	SIR-\$1M Unadjusted Loss & ALAE Funding (E)	Capped Experience Modification Factor (F)	SIR-\$1M X-Mod Adjusted Contribution (G)	SIR-\$1M Balanced Contribution (H)	Final Experience Modification Factor (I)	Prior Experience Modification Factor (J)	Final Change (K)
Albany	50,000	13,950,615	3.041	424,238	0.860	364,921	392,351	<b>0.925</b>	1.066	-13%
Berkeley	500,000	185,161,249	0.715	1,323,903	0.804	1,064,497	1,130,739	<b>0.854</b>	0.683	25%
Brisbane	25,000	12,849,220	3.472	446,125	0.984	439,122	472,129	<b>1.058</b>	0.991	7%
Central Marin FA	250,000	6,608,374	1.367	90,336	0.931	84,148	90,473	<b>1.002</b>	0.987	2%
Central Marin PA	100,000	5,568,135	2.400	133,635	1.120	149,734	160,989	<b>1.205</b>	1.391	-13%
Corte Madera	100,000	4,659,613	2.400	111,831	0.986	110,317	118,609	<b>1.061</b>	0.979	8%
Emeryville	10,000	15,854,548	3.874	614,205	0.941	578,173	621,633	<b>1.012</b>	0.996	2%
Fairfax	50,000	4,040,000	3.041	122,856	0.971	119,254	128,218	<b>1.044</b>	1.031	1%
Larkspur	100,000	3,976,573	2.400	95,438	1.149	109,656	117,898	<b>1.235</b>	1.259	-2%
Los Altos	250,000	18,162,355	1.367	248,279	0.906	224,860	241,763	<b>0.974</b>	0.984	-1%
Menlo Park	250,000	30,217,383	1.367	413,072	1.028	424,709	456,634	<b>1.105</b>	1.149	-4%
Mill Valley	250,000	18,105,615	1.367	247,504	1.069	264,649	284,542	<b>1.150</b>	1.082	6%
Monte Sereno	5,000	995,125	4.064	40,442	1.147	46,374	49,860	<b>1.233</b>	1.100	12%
Novato	250,000	10,605,000	1.367	144,970	1.001	145,068	155,973	<b>1.076</b>	1.045	3%
Piedmont	25,000	15,317,765	3.472	531,833	1.140	606,455	652,040	<b>1.226</b>	1.102	11%
Pleasanton	250,000	54,510,120	1.367	745,153	1.029	767,088	824,748	<b>1.107</b>	1.172	-6%
Redwood City	350,000	86,039,880	0.976	839,749	0.659	553,797	595,424	<b>0.709</b>	0.780	-9%
San Anselmo	10,000	3,869,277	3.874	149,896	1.118	167,583	180,180	<b>1.202</b>	1.166	3%
Sausalito	50,000	2,545,200	3.041	77,400	1.500	116,099	116,099	<b>1.500</b>	1.493	1%
Union City	250,000	32,554,153	1.367	445,015	0.952	423,728	455,578	<b>1.024</b>	1.091	-6%
Total		525,590,199		7,245,881		6,760,232	7,245,881			
						(L) Offset Adjustment	1.07517			

**Actuarial Rates per \$100 of Payroll, 80% Confidence Level, Discounted at 2.0%**

Layer Rate	2023-24			Member SIR	RRA (P)	SIR to 500K (Q)
	(M) \$0-\$500K	(N) \$500K-\$1M	(O) \$0-\$1M			
	3.690	0.715	4.405	0		3.690
				5,000	0.908	3.349
				10,000	0.856	3.159
				25,000	0.747	2.757
				50,000	0.630	2.326
				100,000	0.457	1.685
				250,000	0.177	0.652
				350,000	0.071	0.261
				500,000	0.000	0.000

Notes:

- (C) Exhibit 3.
- (D) (N)+(Q).
- (E) (C)/100 x (D).
- (F) Exhibit 1, Page 2, (L).
- (G) (C)/100 x (D) x (F).
- (H) (G) x (L)
- (I) (H) / [(D) \* [(C)/100]].
- (K) (I) / (J) -1.
- (L) Offset adjustment factor to balance total contribution while maintaining bounds and caps on x-mods.
- (M),(N) Exhibit 2 of April 2023 actuarial report.
- (P),(Q) Exhibit 3 of April 2023 actuarial report.

Bay Cities Joint Powers Insurance Authority  
Liability Program

Calculation of Experience Modification Factors by Member  
Based on \$0-\$500K Incurred Losses, **All Claims**

Member (A)	2017-18 to 2021-22 Average 0-500K Losses (B)	2017-18 to 2021-22 Average Payroll (C)	5-Year Loss Rate \$100/PR (D)	Average Expected Losses (E)	Indicated Differential (F)	Credibility (G)	Indicated Experience Modification Factor (H)	Bounded Experience Modification Factor (I)	Prior Experience Modification Factor (J)	Capped Change (K)	Capped Experience Modification Factor (L)
Albany	23,861	11,324,919	0.211	132,134	0.181	17.1%	0.860	0.860	1.066	-19%	0.860
Berkeley	1,423,332	165,132,532	0.862	1,926,687	0.739	75.0%	0.804	0.804	0.683	18%	0.804
Brisbane	113,745	10,782,228	1.055	125,802	0.904	16.4%	0.984	0.984	0.991	-1%	0.984
Central Marin FA	1,196	4,158,215	0.029	48,516	0.025	7.0%	0.931	0.931	0.987	-6%	0.931
Central Marin PA	147,641	5,375,429	2.747	62,718	2.354	8.9%	1.120	1.120	1.391	-19%	1.120
Corte Madera	39,791	4,212,409	0.945	49,148	0.810	7.1%	0.986	0.986	0.979	1%	0.986
Emeryville	123,072	14,635,961	0.841	170,765	0.721	21.0%	0.941	0.941	0.996	-5%	0.941
Fairfax	16,087	3,083,076	0.522	35,972	0.447	5.3%	0.971	0.971	1.031	-6%	0.971
Larkspur	152,880	4,266,969	3.583	49,785	3.071	7.2%	1.149	1.149	1.259	-9%	1.149
Los Altos	94,075	14,635,517	0.643	170,760	0.551	21.0%	0.906	0.906	0.984	-8%	0.906
Menlo Park	381,165	30,265,445	1.259	353,123	1.079	35.5%	1.028	1.028	1.149	-10%	1.028
Mill Valley	255,033	16,876,326	1.511	196,905	1.295	23.5%	1.069	1.069	1.082	-1%	1.069
Monte Sereno	106,000	882,015	12.018	10,291	10.300	1.6%	1.147	1.147	1.100	4%	1.147
Novato	207,848	17,765,011	1.170	207,274	1.003	24.4%	1.001	1.001	1.045	-4%	1.001
Piedmont	276,745	14,027,720	1.973	163,669	1.691	20.3%	1.140	1.140	1.102	3%	1.140
Pleasanton	573,638	46,185,612	1.242	538,871	1.065	45.6%	1.029	1.029	1.172	-12%	1.029
Redwood City	402,229	80,696,992	0.498	941,533	0.427	59.4%	0.659	0.659	0.780	-15%	0.659
San Anselmo	118,386	3,266,080	3.625	38,107	3.107	5.6%	1.118	1.118	1.166	-4%	1.118
Sausalito	882,336	6,115,228	14.429	71,350	12.366	10.0%	2.137	1.500	1.493	1%	1.500
Union City	266,471	26,751,457	0.996	312,123	0.854	32.7%	0.952	0.952	1.091	-13%	0.952
Total	5,605,532	480,439,140	1.167	5,605,532							

Notes:

- (B) Exhibit 2.
- (C) Exhibit 3.
- (D) (B)/[(C)/100].
- (E) (C)/100 x Total of (D).
- (F) (B)/(E).
- (G) Based on max payroll having 75% credibility.
- (H) (F) x (G) + (1-(G)).
- (I) X-Mod has a minimum of 0.65 and a maximum of 1.5.
- (K) (I) / (J) -1. Change is limited to 25%.
- (L) (J) x [(K)+1].

Bay Cities Joint Powers Insurance Authority  
Liability Program

\$0-\$500K  
Exhibit 2

All Claims  
Incurred Losses as of 12/31/2022

Member	All Claims \$0 to \$500K					Wtd. Average
	Program Year					
	2017-18	2018-19	2019-20	2020-21	2021-22	
Weight	20%	20%	20%	20%	20%	100%
Albany	8,162	73,745	10,234	8,421	18,745	23,861
Berkeley	940,153	2,516,253	1,087,605	906,437	1,666,211	1,423,332
Brisbane	61,599	32,045	224,900	250,181	2	113,745
Central Marin FA	0	0	220	5,760	0	1,196
Central Marin PA	500,000	20,346	162,539	47,976	7,342	147,641
Corte Madera	12,736	0	1,220	0	185,001	39,791
Emeryville	95,062	15,366	53,315	385,027	66,589	123,072
Fairfax	11,398	22,189	5,675	41,172	1	16,087
Larkspur	141,488	9,725	403,185	0	210,001	152,880
Los Altos	113,583	99,011	61,417	178,628	17,737	94,075
Menlo Park	545,608	614,379	254,157	192,459	299,224	381,165
Mill Valley	48,877	19,300	291,918	289,212	625,858	255,033
Monte Sereno	0	500,000	0	30,000	0	106,000
Novato	87,818	254,663	61,949	535,040	99,770	207,848
Piedmont	55,502	172,763	755,181	358,646	41,631	276,745
Pleasanton	1,031,236	899,877	702,148	81,725	153,206	573,638
Redwood City	322,451	674,806	536,657	277,969	199,262	402,229
San Anselmo	289,719	28,674	37,603	201,135	34,800	118,386
Sausalito	1,538,104	999,789	486,259	617,561	769,966	882,336
Union City	79,440	1,139,932	37,766	30,632	44,585	266,471
<b>Total</b>	<b>5,882,934</b>	<b>8,092,863</b>	<b>5,173,948</b>	<b>4,437,981</b>	<b>4,439,932</b>	<b>5,605,532</b>

Notes:

Losses only include all reported claims, regardless of reaching pool layer.  
Losses are net of recoveries.

Bay Cities Joint Powers Insurance Authority  
Liability Program

Payroll Statistics

	Fiscal Year					Weighted Average	Fiscal Year	
	2017-18	2018-19	2019-20	2020-21	2021-22		2022-23	2023-24
Weight	20%	20%	20%	20%	20%			
<u>Member</u>								
Albany	10,708,347	11,013,182	11,187,360	11,412,174	12,303,533	11,324,919	13,812,490	13,950,615
Berkeley	152,606,102	160,741,750	167,876,702	166,679,727	177,758,380	165,132,532	183,327,969	185,161,249
Brisbane	9,498,290	9,917,947	10,421,701	11,474,278	12,598,924	10,782,228	12,722,000	12,849,220
Central Marin FA	0	2,748,748	5,503,738	6,156,071	6,382,519	4,158,215	6,542,945	6,608,374
Central Marin PA	4,567,788	5,194,450	5,675,185	5,638,684	5,801,035	5,375,429	5,513,005	5,568,135
Corte Madera	5,849,706	4,425,910	3,375,654	3,622,874	3,787,898	4,212,409	4,613,478	4,659,613
Emeryville	13,943,124	15,116,537	14,631,564	14,962,213	14,526,368	14,635,961	15,697,572	15,854,548
Fairfax	2,746,776	2,961,672	3,139,513	3,137,865	3,429,553	3,083,076	4,000,000	4,040,000
Larkspur	6,326,211	4,876,469	3,650,088	3,160,347	3,321,730	4,266,969	3,937,201	3,976,573
Los Altos	14,244,670	13,844,535	13,963,530	14,599,317	16,525,534	14,635,517	17,982,530	18,162,355
Menlo Park	28,200,246	30,540,758	32,178,283	29,470,790	30,937,147	30,265,445	29,918,201	30,217,383
Mill Valley	16,652,885	17,365,860	17,021,970	15,985,388	17,355,527	16,876,326	17,926,351	18,105,615
Monte Sereno	805,839	940,768	860,626	845,169	957,671	882,015	985,272	995,125
Novato	17,726,193	17,467,695	18,558,919	17,206,062	17,866,183	17,765,011	10,500,000	10,605,000
Piedmont	12,977,193	13,777,797	14,044,423	14,211,367	15,127,820	14,027,720	15,166,104	15,317,765
Pleasanton	42,929,042	43,844,728	50,665,040	45,092,407	48,396,842	46,185,612	53,970,416	54,510,120
Redwood City	77,710,543	77,625,541	81,337,089	85,898,226	80,913,561	80,696,992	85,188,000	86,039,880
San Anselmo	3,257,458	3,412,263	3,322,515	2,823,043	3,515,122	3,266,080	3,830,967	3,869,277
Sausalito	6,387,682	6,639,453	6,516,660	6,599,289	4,433,057	6,115,228	2,520,000	2,545,200
Union City	26,834,197	26,349,056	26,590,063	25,915,441	28,068,527	26,751,457	32,231,835	32,554,153
Total	453,972,292	468,805,119	490,520,625	484,890,733	504,006,930	480,439,140	520,386,336	525,590,199

**Agenda Item 3**

**ADMINISTRATIVE MATTERS**

**SUBJECT: Summary of Discussions and Recommendations  
Prepared and Presented by Min Su, BCJPIA Finance Manager**

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**BACKGROUND AND STATUS:**

Since November of 2023, and throughout three meetings, the Ad-hoc Committee has met and discussed numerous topics and recommendations. To aid in further discussions and or confirmation, staff is providing a summary of the items discussed and recommendations for review by the Ad-hoc Committee.

1. Continue to utilize payroll as the exposure base for allocating contributions.
  - a. Move to utilizing prior year actual calendar year payroll instead of estimated program year payroll.
2. Apply each member's ex-mod to 50% of the excess contributions in the liability program. Over two years, increase the application to 25% in the 2024/25 program year and 50% in the 2025/26 program year.
3. Increase the ceiling of the ex-mod range from 1.50 to 1.75 for more responsiveness towards adverse claims development.
4. Retain \$5,000 and \$10,000 as Member Retained Limit options and add a \$750,000 Member Retained Limit option for future marketability of BCJPIA.
5. Increase from a \$30,000 minimum premium in the Liability Program to a \$75,000 minimum.

**RECOMMENDATION:**

*Staff recommends the Ad-hoc Committee recommend the summary to the Executive Committee.*

**REFERENCE MATERIALS ATTACHED:**

None.

March 28, 2024

Agenda Items 9.B.

**LIABILITY PROGRAM MATTERS**

**SUBJECT: Review of Excess Liability Coverage Options  
Prepared and Presented by Jaesa Cusimano, Executive Director**

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**BACKGROUND AND STATUS:**

The BCJPIA Board of Directors directed staff at its October 26, 2023, meeting to evaluate excess liability coverage options for 2023/24. Through the process, the Executive Committee reviewed various options, including attaching directly to the excess market and joining another excess liability pool, such as CJPRMA and PRISM. The Committee narrowed down potential options to BCJPIA's current excess liability pool, CARMA, and PRISM's GL1 program.

Staff has conducted a detailed analysis of both options and will walk the Committee through the expected financial impact as well as a high-level comparison of both pools.

**RECOMMENDATION:**

*Review and provide a recommendation to the Board of Directors regarding excess liability coverage for 2024/25.*

**REFERENCE MATERIALS ATTACHED:**

- CARMA/PRISM Financial Impact Analysis for 2023/24
- CARMA/PRISM Program Comparison

## Excess Liability Program Options Analysis Summary

<b>\$1M Attachment Options</b>		<b>\$2M Attachment Options</b>			
<b>Option 1</b>	Pool Funding	\$7,771,984	<b>Option 3</b>	Pool Funding	\$10,079,664
	CARMA	<u>\$15,820,523</u>		CARMA	<u>\$13,162,385</u>
	Total Cost	\$23,592,507		Total Cost	\$23,242,049
<b>Option 2</b>	Pool Funding	\$7,771,984	<b>Option 4</b>	Pool Funding	\$10,079,664
	PRISM	<u>\$14,500,000-\$15,500,000</u>		PRISM	<u>\$10,500,000-\$11,500,000</u>
	Total Cost	\$22,271,984-\$23,271,984		Total Cost	\$20,579,664-\$21,579,664
<b>Cost Difference</b>		\$320,523 - \$1,320,523			\$1,662,385 - \$2,662,385
<b>\$1-2M Layer Cost Difference</b>					
	Pooled in BCJPIA:	\$2,307,680			
	CARMA:	\$2,658,138			
	PRISM:	\$4,000,000			

**Bay Cities Joint Powers Insurance Authority  
2023/24 Liability Program Contributions Analysis**

	POOL LAYER				EXCESS LAYER \$1M SIR			EXCESS LAYER \$2M SIR		
	\$1M	\$2M	\$ Diff	% Diff	CARMA	PRISM High	PRISM Low	CARMA	PRISM High	PRISM Low
<b>Albany</b>	332,001	395,451	63,450	19%	445,632	436,604	408,435	370,758	323,932	295,764
<b>Berkeley</b>	1,112,889	1,760,388	647,499	58%	5,282,004	5,174,992	4,841,122	4,394,529	3,839,510	3,505,637
<b>Brisbane</b>	457,531	518,843	61,312	13%	389,698	381,803	357,171	324,222	283,273	258,641
<b>Central Marin FA</b>	100,897	133,660	32,763	32%	213,781	209,450	195,937	177,862	155,399	141,886
<b>Central Marin PA</b>	192,715	229,545	36,830	19%	203,525	199,401	186,536	169,329	147,943	135,078
<b>Corte Madera</b>	128,230	152,736	24,506	19%	153,443	150,334	140,635	127,661	111,537	101,839
<b>Emeryville</b>	702,118	786,707	84,589	12%	559,726	548,385	513,005	465,682	406,866	371,487
<b>Fairfax</b>	126,187	145,415	19,228	15%	121,455	118,995	111,317	101,048	88,286	80,609
<b>Larkspur</b>	111,700	133,047	21,347	19%	119,822	117,394	109,821	99,690	87,099	79,526
<b>Los Altos</b>	232,889	308,512	75,623	32%	514,473	504,049	471,530	428,031	373,972	341,453
<b>Menlo Park</b>	567,952	752,373	184,421	32%	1,019,106	998,459	934,043	847,878	740,793	676,376
<b>Mill Valley</b>	252,789	334,872	82,083	32%	475,849	466,208	436,130	395,898	345,896	315,819
<b>Monte Sereno</b>	51,639	57,574	5,935	11%	30,460	29,843	27,918	25,343	22,142	20,216
<b>Novato</b>	256,849	340,250	83,401	32%	530,094	519,354	485,847	441,029	385,327	351,820
<b>Piedmont</b>	574,130	651,069	76,939	13%	441,175	432,237	404,351	367,050	320,693	292,806
<b>Pleasanton</b>	930,504	1,232,650	302,146	32%	1,636,095	1,602,948	1,499,532	1,361,201	1,189,284	1,085,868
<b>Redwood City</b>	595,760	858,829	263,069	44%	2,290,911	2,244,498	2,099,692	1,905,996	1,665,272	1,520,466
<b>San Anselmo</b>	183,124	205,186	22,062	12%	126,021	123,468	115,501	104,847	91,605	83,640
<b>Sausalito</b>	344,977	397,544	52,567	15%	231,253	226,568	211,951	192,398	168,099	153,482
<b>Union City</b>	517,103	685,013	167,910	32%	1,036,000	1,015,010	949,526	861,933	753,072	687,587
<b>Total</b>	<b>7,771,984</b>	<b>10,079,664</b>	<b>2,307,680</b>	<b>30%</b>	<b>15,820,523</b>	<b>15,500,000</b>	<b>14,500,000</b>	<b>13,162,385</b>	<b>11,500,000</b>	<b>10,500,000</b>

**Bay Cities Joint Powers Insurance Authority  
2023/24 Liability Program Contributions Analysis (cont'd)**

**TOTAL CONTRIBUTIONS  
(Pool, Excess, Admin)**

\$1M SIR							
<i>Option 1</i> <b>CARMA</b> (per approved budget)	<i>Option 2</i> <b>PRISM High</b>	<i>Option 2</i> <b>PRISM Low</b>	<b>Diff \$ (CARMA vs PRISM High)</b>	<b>Diff % (CARMA vs PRISM High)</b>	<b>Diff \$ (CARMA vs PRISM Low)</b>	<b>Diff % (CARMA vs PRISM Low)</b>	
<b>Albany</b>	823,839	814,811	786,642	-9,028	-1.1%	-37,197	-4.5%
<b>Berkeley</b>	6,676,509	6,569,497	6,235,627	-107,012	-1.6%	-440,882	-6.6%
<b>Brisbane</b>	890,480	882,585	857,953	-7,895	-0.9%	-32,527	-3.7%
<b>Central Marin FA</b>	349,735	345,404	331,891	-4,331	-1.2%	-17,844	-5.1%
<b>Central Marin PA</b>	430,530	426,406	413,541	-4,124	-1.0%	-16,989	-3.9%
<b>Corte Madera</b>	313,841	310,732	301,033	-3,109	-1.0%	-12,808	-4.1%
<b>Emeryville</b>	1,313,232	1,301,891	1,266,511	-11,341	-0.9%	-46,721	-3.6%
<b>Fairfax</b>	278,324	275,864	268,186	-2,460	-0.9%	-10,138	-3.6%
<b>Larkspur</b>	262,009	259,581	252,008	-2,428	-0.9%	-10,001	-3.8%
<b>Los Altos</b>	796,724	786,300	753,781	-10,424	-1.3%	-42,943	-5.4%
<b>Menlo Park</b>	1,658,570	1,637,923	1,573,507	-20,647	-1.2%	-85,063	-5.1%
<b>Mill Valley</b>	775,560	765,919	735,841	-9,641	-1.2%	-39,719	-5.1%
<b>Monte Sereno</b>	108,469	107,852	105,927	-617	-0.6%	-2,542	-2.3%
<b>Novato</b>	836,769	826,029	792,522	-10,740	-1.3%	-44,247	-5.3%
<b>Piedmont</b>	1,060,587	1,051,649	1,023,763	-8,938	-0.8%	-36,824	-3.5%
<b>Pleasanton</b>	2,665,963	2,632,816	2,529,400	-33,147	-1.2%	-136,563	-5.1%
<b>Redwood City</b>	3,023,866	2,977,453	2,832,647	-46,413	-1.5%	-191,219	-6.3%
<b>San Anselmo</b>	339,935	337,382	329,415	-2,553	-0.8%	-10,520	-3.1%
<b>Sausalito</b>	611,245	606,560	591,943	-4,685	-0.8%	-19,302	-3.2%
<b>Union City</b>	1,626,373	1,605,383	1,539,899	-20,990	-1.3%	-86,474	-5.3%
<b>Total</b>	<b>24,842,560</b>	<b>24,522,037</b>	<b>23,522,037</b>	<b>-320,523</b>	<b>-1.3%</b>	<b>-1,320,523</b>	<b>-5.3%</b>

**Bay Cities Joint Powers Insurance Authority  
2023/24 Liability Program Contributions Analysis (cont'd)**

**TOTAL CONTRIBUTIONS  
(Pool, Excess, Admin)**

\$2M SIR						
Option 3 CARMA	Option 4 PRISM High	Option 4 PRISM Low	Diff \$ (CARMA vs PRISM High)	Diff % (CARMA vs PRISM High)	Diff \$ (CARMA vs PRISM Low)	Diff % (CARMA vs PRISM Low)

Albany	812,415	765,589	737,421	-46,826	-5.8%	-74,994	-9.2%
Berkeley	6,436,533	5,881,514	5,547,641	-555,019	-8.6%	-888,892	-13.8%
Brisbane	886,316	845,367	820,735	-40,949	-4.6%	-65,581	-7.4%
Central Marin FA	346,579	324,116	310,603	-22,463	-6.5%	-35,976	-10.4%
Central Marin PA	433,164	411,778	398,913	-21,386	-4.9%	-34,251	-7.9%
Corte Madera	312,565	296,441	286,743	-16,124	-5.2%	-25,822	-8.3%
Emeryville	1,303,777	1,244,961	1,209,582	-58,816	-4.5%	-94,195	-7.2%
Fairfax	277,145	264,383	256,706	-12,762	-4.6%	-20,439	-7.4%
Larkspur	263,224	250,633	243,060	-12,591	-4.8%	-20,164	-7.7%
Los Altos	785,905	731,846	699,327	-54,059	-6.9%	-86,578	-11.0%
Menlo Park	1,671,763	1,564,678	1,500,261	-107,085	-6.4%	-171,502	-10.3%
Mill Valley	777,692	727,690	697,613	-50,002	-6.4%	-80,079	-10.3%
Monte Sereno	109,287	106,086	104,160	-3,201	-2.9%	-5,127	-4.7%
Novato	831,105	775,403	741,896	-55,702	-6.7%	-89,209	-10.7%
Piedmont	1,063,401	1,017,044	989,157	-46,357	-4.4%	-74,244	-7.0%
Pleasanton	2,693,215	2,521,298	2,417,882	-171,917	-6.4%	-275,333	-10.2%
Redwood City	2,902,020	2,661,296	2,516,490	-240,724	-8.3%	-385,530	-13.3%
San Anselmo	340,823	327,581	319,616	-13,242	-3.9%	-21,207	-6.2%
Sausalito	624,957	600,658	586,041	-24,299	-3.9%	-38,916	-6.2%
Union City	1,620,216	1,511,355	1,445,870	-108,861	-6.7%	-174,346	-10.8%
<b>Total</b>	<b>24,492,102</b>	<b>22,829,717</b>	<b>21,829,717</b>	<b>-1,662,385</b>	<b>-6.8%</b>	<b>-2,662,385</b>	<b>-10.9%</b>

	<b>PRISM</b>	<b>CARMA</b>
<b>Membership</b>	All public entity types: 130 members in GL1 <ul style="list-style-type: none"> <li>• Counties</li> <li>• Municipalities</li> <li>• Schools</li> <li>• JPAs</li> </ul>	Pool of Pools (167 underlying members) <ul style="list-style-type: none"> <li>• BCJPIA</li> <li>• CSJVRMA</li> <li>• MBASIA</li> <li>• MPA</li> <li>• VCJPA</li> <li>• PLAN JPA</li> </ul>
<b>Governance</b>	Limited Board representation. PRISM is governed by a 62 member Board of Directors, composed of one representative from each member county and seven members elected by the public entity membership. Has many committees for member participation options.	All members have seat on board with equal voting (one vote per member)
<b>Member Services</b>	Some Risk Control Services provided	ABLE program
<b>Prospective funding confidence level</b>	85%	80%
<b>Commitment/Withdrawal</b>	Requires 1 year commitment, 60 day notice to withdraw	3 year commitment, withdrawal 6 months prior to end of program year or Dec 31.
<b>Exclusions/Sublimits</b>	-Land Use/Inverse - Exception for property damage not expected or intended -Subsidence - Property damage excluded -Plaintiff attorney fees in inverse claims – excluded -ADA Claims – often not covered -Diminution in Value related to inverse claims - excluded	Limited coverage for: -Inverse condemnation (aggregated) in 2023/24 but new proposed language would increase coverage to at least \$9Mx\$1M and remove the aggregate limit
<b>EPL</b>	Broad EPL coverage but potential coverage gap when date of loss placed in last Memorandum Period if primary Memorandum of Coverage places date of loss in first Memorandum Period	No EPL Coverage Provided
<b>Dividends/Equity/ Assessments</b>	Must be in program for 3 years before eligible for dividends or assessments. Dividends and assessments are based on each member's percentage of participation over the prior ten years. Dividends and assessments are based on overall PRISM financials, not tracked by program/program year participation.  Withdrawn members are not eligible for dividends but are required to pay any assessments.	Dividends are based on each member's percentage of participation in the program years from which the dividend is to be released. Dividends may be declared after a Program Year is at least five years old.  Assessments may be levied once it is actuarially determined that a Program Year is not adequately funded. Assessments are based on each member's percentage of participation in the program year that is being assessed.  Withdrawn members are eligible for dividends and are also responsible for assessments.